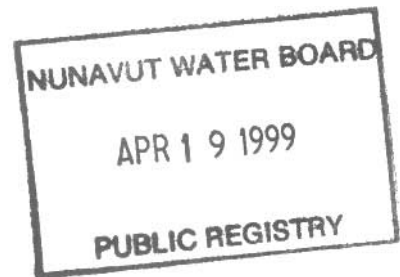




Via MAIL

March 31, 1999

Mr. Philippe di Pizzo  
Executive Director  
Nunavut Water Board,  
P.O. Box 119  
Gjoa Haven, NT, X0E 1J0



Dear Mr. di Pizzo,

**Re: Water License No. NWB2GEO9702**

In accordance with Part B, Section 3 of the General Conditions for the above captioned water license, Kit Resources wishes to report the following information for the 1998 calendar year:

- a. No water (0.00 m<sup>3</sup>) was pumped from George Lake.
- b. No waste water (0.00 m<sup>3</sup>) was discharged into George Lake.
- c. No data was generated under the "Surveillance Network Program".
- d. No construction, modification or maintenance work was carried out on the water supply or the waste disposal system or associated structures.
- e. There were no unauthorized discharges.
- f. There were no studies undertaken on behalf of the NWB that related to waste management, water use or restoration. There are no such studies planned for the future, at this time.
- g. There were no plans, reports or studies conducted according to this license.
- h. There were no revisions to the Abandonment and Restoration Plan.
- i. There was no abandonment or restoration work conducted during 1998.
- j. There were no revisions to the approved Spill Contingency Plan.
- k. There was no work conducted with regard to project restoration research or mine development monitoring.
- l. Public consultations have been ongoing with members of numerous Inuit organizations. Details are available upon request.
- m. There were no concerns or deficiencies identified in inspection reports or compliance reports.
- n. There were no other details on water use or waste disposal requested by the NWB.

We wish to confirm that Kit Resources does not anticipate pumping water or discharging waste water from / to George Lake during 1999. Enclosed please find our cheque, payable to Receiver General for Canada sufficient to cover the 1999 annual fee of \$30.00 for this right to use water.

KIT RESOURCES LTD.

If you have any questions or concerns, please do not hesitate to contact the undersigned.

Please be advised that Kit Resources Ltd. has recently moved their offices. Our new address is Suite 1500, 700 West Pender Street, Vancouver, BC, V6C 1G8. Our telephone number remains the same (604) 331-1818, but our fax number has changed to (604) 684-3123.

Sincerely,  
**Kit Resources Ltd.**

A handwritten signature in black ink, appearing to read 'J. Howe', is written over a light gray rectangular background.

Jane M. Howe  
Consultant

*enclosure*