



WOLFDEN RESOURCES INC.

Sent via Email

July 26, 2004

Ms. Dionne Filiatrault
Senior Technical Advisor
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Dear Ms. Filiatrault:

Re: High Lake Project, Notice of Proposed 2004 Geotechnical Investigations, High Lake Project

Wolfden Resources Inc. (Wolfden) is currently exploring the High Lake Greenstone belt for economical mineral deposits from two base camps located at Ulu and High Lake. Activities at Ulu are presently covered by Water Licence NWB1ULU0008. Activities at High Lake are covered under Water Licence NWB2HIG103. *The purpose of this letter is to inform the Nunavut Water Board of Wolfden's proposed 2004 geotechnical engineering program, and to seek confirmation that this program can occur under the existing water licenses held by Wolfden for the Ulu and High Lake properties.*

Wolfden will be conducting environmental, socio-economic and geotechnical baseline studies between Ulu and Gray's Bay in the summer of 2004 and 2005 to support an eventual regulatory application package to secure the necessary approvals for mine development of the High Lake Project. As part of these studies, a geotechnical program to investigate the physical characteristics of rock and overburden material is required to determine their suitability for construction activities related to the High Lake project and potential road development. Land use applications for the proposed geotechnical program were recently submitted to Indian and Northern Affairs Canada (INAC) and the Kitikmeot Inuit Association (KIA).

High Lake Project Background

Wolfdan Resources Inc. is a Canadian exploration and mining development company that has acquired the mineral rights for the High Lake property and has assumed ownership of the Ulu property from Kinross Gold Corporation. Both properties are located in the Kitikmeot Region of Nunavut and are located principally on Inuit Owned Land (IOL) south of the Coronation Gulf coast. The High Lake property contains copper, gold, silver and zinc, and consists of 15 mineral leases that cover approximately 1,730 ha. The Ulu property is a gold deposit – consisting of one mineral lease covering 950 ha. The long-term objective of the High Lake Project is to construct the infrastructure necessary to mine and process the High Lake deposit and to transport ore from the Ulu property to High Lake for processing. As part of the overall mine plan, a small shipping facility will be constructed in Gray's Bay on the Coronation Gulf, for the transport of metal concentrates to markets and to service the mine with goods, supplies and equipment. The following outlines the preliminary mining concepts:

- Three mineralized zones at High Lake will be mined by combination of open pit and underground methods;
- Ulu gold deposit will be mined by underground methods and transported to the High Lake site via winter road;
- Ore from Ulu and High Lake will be milled at the High Lake site;
- Ore from High Lake will be concentrated using industry-standard differential flotation techniques.
- Ulu ore will be concentrated using standard gold concentration methods; and,
- Copper and zinc concentrates from High Lake will be trucked to the port site at Gray's Bay and shipped to market.
- Ulu gold concentrates are expected to be shipped by air from the High Lake facilities.

Regulatory Background

Nunavut Water Board Water License No. NWBIULU0008 was previously issued to Wolfdan for water use and waste disposal associated with the Ulu camp and mineral exploration activities (expiry June 2008). The Ulu Property is located completely on Inuit-owned Land, CO-20. A land use license (KTL304C007) currently exists for the Ulu property to carry out an exploration drilling program.

Nunavut Water Board Water License No. NWB2HIG0305 (renewal to NWB2HIG0103) was previously issued to Wolfdan for water use and waste disposal associated with the High Lake camp and mineral exploration activities (expiry July 31, 2005).

The existing High Lake camp and potential locations of mine infrastructure (locations still being evaluated) are wholly contained within Inuit-owned Land (CO-29), and is currently permitted under IOL land use license KTL303C006. The purpose of the geotechnical program at the High Lake site is to assist in evaluating potential locations (e.g., mill site, tailings dam, waste rock dumps) for future mine development.

Summary of Proposed Geotechnical Program Activities

This section outlines the proposed 2004 project activities for the geotechnical program, anticipated to occur in mid to late August. It should be noted that some aspects of the 2004 program summarized here may be deferred until 2005.

The summer 2004 geotechnical program largely involves shallow overburden and bedrock drilling to collect samples, and surface geophysical surveys (electromagnetic) on Crown and Inuit-owned Lands. The program is proposed occur between Ulu and the Coronation Gulf in the vicinity of Gray's Bay. On the High Lake and Ulu properties themselves, the geotechnical program will be closely tied with the existing exploration program already approved by the KIA and federal government.

Boreholes and probe-holes will be drilled as part of the geotechnical program using:

- dry augering (no water used); or,
- diamond drilling and coring that requires and recycles water.

The proposed equipment to be used for the drilling operations includes: a Cat 311 backhoe, Boyles 17 or 37 diamond drill, Hydracore Drill, and a small hand-portable auger. A Hydra-core Drill is a hydraulically driven drill that can switch between high-speed coring (diamond drilling) and lower-speed augering. The Cat 311 backhoe, Boyles 17 and 37 drills and the Hydracore drill are currently located at the High Lake and/or Ulu sites for use in Wolfden's existing and approved exploration program. The use of this equipment will be extended to the geotechnical program (only on currently permitted land).

The exact drill target locations are unknown at this time, but Wolfden is working on determining the locations following a reconnaissance site visit that took place between June 28 and July 2, 2004 and additional desk-top work. For the purposes of this letter we have provided a description of general locations of drilling activities.

The geotechnical program will be based out of the existing camps set up at High Lake and Ulu; therefore a new camp will not be required for the above-noted geotechnical investigations. The geotechnical work at Ulu and High Lake will be directly tied to the approved exploration programs at these sites.

The source of the water for drilling may be adjacent lakes or streams close to the drill setup. In general, the required drilling water will be kept in closed circulation by the drill, with make-up water required only in the event of water losses down the hole.

Details of Proposed Geotechnical Program Activities

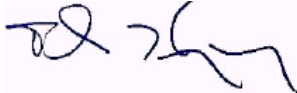
General Location	Proposed Major Activity	Proposed Equipment for Activity	Approximate Water Use (litres)
Ulu Property	Drill one (1) 25 m deep borehole	Boyles 17 or 37 diamond drill	113 litres (approximately 8 hours of drilling)
	Shallow test pits	Cat 311 Backhoe	None
Ulu Lake area to James River	Auger three (3) shallow (< 3 m) probe-holes	Small hand-portable auger	None
High Lake Property	Drill three (3) 10 to 20 m auger holes, geophysical surveys to extend drill hole	Hydracore Drill	None
	Drill six to seven (6 to 7) ~200 m deep boreholes, install three (3) deep thermistors	Boyles 17 or 37 diamond drill	6,328 litres (approximately 450 hours of drilling)
	Drill four (4) 25 m deep boreholes, install three (3) thermistors, connect boreholes with geophysical survey	Hydracore Drill	452 litres (approximately 32 hours of drilling)
	Drill five (5) 15 to 20 m deep boreholes, install two (2) thermistors, connect boreholes with geophysical survey	Hydracore Drill	458 litres (approximately 32 to 40 hours of drilling)
	Assume that three (3) boreholes will be drilled into “best option” airstrip location	Hydracore Drill	339 litres (approximately 24 hours of drilling)
High Lake Property to Coastline	Auger 18 shallow (< 3 m) probe-holes to quantify various terrain units	Small hand-portable auger	None
Port Site (near Gray’s Bay)	Three (3) boreholes at selected port site, install two (2) thermistors, on-shore geophysics to assess on-land conditions within footprint area of the port site.	Hydracore drill	339 litres (approximately 24 hours of drilling)

Closing

We look forward to your response as to whether the above-noted work can be conducted under the existing High Lake and Ulu water licences. Recent program reviews directed at reducing the estimated expenditures have delayed the submission of this letter. We regret this situation, but respectfully request your earliest possible attention to this matter.

Should you have any questions regarding the proposed geotechnical program or require further information, please do not hesitate to contact myself or Glenda Fratton, Gartner Lee Limited (403.262.4299, ext. 121). Gartner Lee is assisting Wolfden with applications related to the environmental and geotechnical work in support of the High Lake Project.

Yours truly,
Wolfden Resources Inc.

A handwritten signature in blue ink, appearing to read 'J. Knapp', is displayed on a light pink rectangular background.

John Knapp
V.P. Operations