



July 18, 2006

Mr. Kevin Buck
Nunavut Impact Review Board
P.O. Box 1360
Cambridge Bay NU X0B 0C0

Dear Kevin

**RE: High Lake Relicensing Program Proposal
NIRB File No. 06EN048**

Thank you for taking the time to inform Wolfden of the status of our application for the High Lake Relicensing Program through your letter of July 14, 2006. We understand from this letter and responses received from parties to the screening that some components of our proposal have generated concern from both an environmental perspective and regarding their connection with the foreseeable High Lake Mine development proposal.

The noted areas of concern are:

- 1450 m long gravel runway at Sand Lake
- 875,000 litre tank farm at Sand Lake
- 12 km all-weather road from the High Lake Camp to Sand Lake
- Four quarries for construction material
- Explosives storage
- 1800 m² landfill for non-hazardous solid waste disposal; and
- Grays Bay barge landing and laydown areas.

Wolfden would like to take this opportunity to clarify the scope and purpose of the High Lake Relicensing Project and propose certain changes to the proposal, based on our evolving understanding of site conditions, observations and advice from contractors as well the information provided in your letter.

Statement of Purpose for the Project

As stated in our project proposal, the applications filed for the High Lake Relicensing Project development are intended to facilitate advanced exploration activities at High Lake. Specifically, the objectives of the project are to:

1. provide a safer, healthier and more comfortable living environment for staff and contractor's personnel;

2. provide for a more efficient, reliable and economical means of year-round resupply for the site; and
3. move the camp from the shore of High Lake inland to honour a request from the KIA.

Wolfden would also like to provide the following key assurances with regard to the Relicensing Project:

- The Relicensing facilities will only be used for advanced exploration purposes; and
- The Relicensing facilities will not be used for mining at High Lake or to enable mining to commence at any of Wolfden's nearby properties. Any activities or facilities approved in the Relicensing Program will, to the extent they are required in the future, be included in Wolfden's application for **the full High Lake Mine development proposal for assessment and approval.**

We would like to note also that the submission of permit applications for the full-scale mine development and the full-scale submission of the accompanying comprehensive Environmental Impact Statement (EIS) is scheduled to take place in September of this year.

Modifications to Project

In the time period between submission of the Relicensing Project Proposal and now, Wolfden has taken the opportunity to derive further environmental assessment data and make more complete plans with contractors and with the project's engineers in preparation for mobilization. This is all part of the normal process of preparing to build a project of this nature. The data and observations so obtained now allow us to have a more detailed understanding of alternative means of completing the project. Based on this new information and understanding, we are prepared to make the following adjustments to the project as they affect the project components listed in your letter of July 12, 2006:

- The 875,000 litre fuel storage facility will be reduced in size to 500,000 litres and will be constructed using double-walled fuel tanks which are portable;
- The 12 km all-weather road from High Lake Camp to Sand Lake will be constructed without rock excavation and to a more rudimentary standard; and
- The four quarries will be reduced to two (Aggregate Source 1 and 3 will remain in the Relicensing Program).

The following components will be removed completely from the project:

- The explosives storage areas;
- The 1800 m² landfill;
- The Grays Bay barge landing (instead equipment coming from outside the region will be flown in to Sand Lake in the winter; and

- The winter trail from Grays Bay to Sand Lake.

In summary, the remaining features of the Relicensing Program proposal are:

- The 1450 m gravel runway
- 12 km of access road from the High Lake Camp to Sand Lake
- 250,000 litre fuel storage facility at Sand Lake
- The High Lake Camp

All of the elements of the Relicensing Program will be included in the cumulative effects analysis in the EIS. The elements of the original Relicensing Program that have been withdrawn by this letter will be given full assessment if they are included in the full High Lake Mine development proposal.

Clarification of Project Context

The Relicensing Project represents, by comparison to full-scale mine development, a modest undertaking. The purpose of this development as stated above is to facilitate exploration operations and not to commence commercial scale mining operations. Wolfden fully comprehends that the set of permits and licenses applied for in the Relicensing Project will not, if granted, in any way permit Wolfden to commence the building of the High Lake Mine proper, nor will they allow for the commercial scale extraction and processing of ore or any other activities that constitute mining.

We know that the permits will only allow for the construction of an airstrip, access road and camp at High Lake as proposed. The facilities have been planned and scaled for exploration operations only, and there is no plan by Wolfden to use the facilities constructed at High Lake for purposes other than those stated in the application documents and the project description.

Relationship in Size to Ulu and Full-Scale Development

To provide a better sense of the relative scale of the Relicensing Project the following table presents relevant factual information regarding the physical size and scale of the Relicensing Project when compared to our Ulu project, which are a comparable advanced exploration stage project and the future full scale development for the High Lake Mine.

Table 1 – Comparison of Scope of Work – Relicensing/Ulu/High Lake			
Project Component	Relicensing Scope	Ulu	High Lake Mine
Airstrip	1450 m x 45 m	1375 m x 45 m	1680 m x 60 m
Fuel Storage	500,000 L	3 Million L	20 Million Litres
Roads	12 km	7 km	55 km
Rock and Gravel movements	400,000 tonnes	500,000 tonnes (approximately)	60 Million tonnes (approximately)

Magnitude of Financial Investment

Another way one may choose to assess the scale of development is by looking at the required investment. The estimated capital cost of the Relicensing Project is approximately \$20 Million. The capital cost for the future High Lake Mine is currently estimated at approximately \$330 Million in United States Dollars.

Remaining Project Components

The following paragraphs present additional information regarding the enduring elements of the Relicensing Program for which Wolfden is making application and provides background and rationale for the final configurations as presented in the project description and amended in this letter.

Airstrip – The airstrip dimensions and location were chosen to permit the safe and reliable operation of a C130 Hercules cargo aircraft in to and out of Sand Lake. The C130 offers the most economical option for the transport of bulk commodities such as fuel in to the site and the transportation of wastes such as fuel drums, waste oil, scrap metal and other freight such as rock samples outbound. To land and take off safely, with the aircraft loaded to its full capacity requires an approximately 1450 m (4800 feet) long airstrip. This is a safety-based design element dictated by the air charter operator and national aviation standards that Wolfden and its engineers have no control over.

The airstrip's design standards have been limited to the immediate needs of the Relicensing Project for the movement of fuel and other goods. The strip will have to be enlarged and upgraded as part of the main mine development proposal, to follow. The airstrip constructed in the Relicensing Project will be included in the full EIS in the cumulative effects analysis and the upgrades will be fully assessed on their own merits in the direct effects analysis of the full EIS.

The Relicensing airstrip is located within the footprint of the future, full scale mine airstrip; however, it is situated there to reduce overall site footprint and minimize the environmental impact of the project.

Access Road

The 12 km all-season road is required to permit travel between the High Lake Camp and the Sand Lake airstrip. The road's design standards are quite rudimentary, in keeping with the relicensing/exploration stage development and the road will be upgraded as part of the main mine development proposal, to follow. The road constructed in the Relicensing Project will be included in the full EIS as a cumulative effect feature and future upgrades will be fully assessed on their own merits as direct effects.

There is no practical means to reduce the length of the road since it is dictated by the location of the camp and the airstrip and the nature of the terrain between the two sites. As presented in the Relicensing Project Description, several alternative sites were considered for the airstrip. The one chosen represented the best combination of safety and economical construction. There is simply no site materially closer to High Lake than the one chosen that will be safe and reliable to fly from that could be constructed at a reasonable cost.

The road will be incorporated into the larger project, with upgrades; however, this is unavoidable because we feel that it is prudent not to build roads indiscriminately for early stages of a project and return to build new roads outside the pioneering transportation corridors.

Aggregate Sources

The quarries selected for this project were selected to provide the appropriate aggregate for the planned construction at a reasonable cost.

The quarries used in the Relicensing Project may later become the site of future quarries used for the mine development project; however, as stated in the previous points, this is planned deliberately to reduce the overall footprint of site development and reduce the number of new aggregate quarries that will be required for the full project.

Summary

In closing, I would like to thank you again for your notification of the status of our proposal in your July 14th letter and in summary state that Wolfden intends to use the facilities developed in the Relicensing Project to provide a safer, healthier and more economical advanced mineral exploration operation at High Lake. We fully comprehend that activities beyond this are not permitted until such time as the fully developed mine proposal has been assessed and the permits for mining are issued.

If you have any questions regarding this letter, please call me at 807-346-1668 or contact me by e-mail at andrew.mitchell@wolfdenresources.com.

Sincerely

For: WOLFDEN RESOURCES INC.



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AM/

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