



February 22, 2006

Mr. David Hohnstein
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0

Dear Mr. Hohnstein,

**Re: 2006 Geotechnical Drill Program, Wolfden Resources, High Lake Project:
Water License NWB2HIG0506**

Further to your recent discussion with our consultant, Ms. Kathleen Wood, I am writing to enquire about the proposed 2006 geotechnical drill program and a potential inconsistency with Clause F.2 of the current water license.

On April 27th 2005, Wolfden filed a water license application with the Nunavut Water Board for water use and waste disposal activities during camp operations and drilling operations in conjunction with the High Lake project. This application was supplemented with additional information filed by Wolfden, specifically a letter dated June 28, 2005, concerning the geotechnical requirements. In that letter, Wolfden requested that Part F, Item 2 be amended to allow for the geotechnical program, including approximately 30 holes proposed to be drilled within 30 m of a water body. It was noted in the letter that the purpose of the drilling was to examine the foundation conditions below potential dam sites at High Lake and Granite Lake, and as such, it would be necessary to drill *in proximity to these water bodies and watercourses associated with these water bodies*.

It appears that the water license interpreted the request for an amendment to this clause in a narrow context, and authorized drilling only within 30 m of High Lake and Granite Lake, but did not provide for drilling in proximity to any other associated water body. In addition to several boreholes in proximity to High Lake and Granite Lake, the proposed 2006 drill program includes drilling boreholes in proximity to L17/L18 (Contact Lake south of High Lake), the polishing ponds (L30, L29, L28), and L15, located immediately northwest of High Lake (see attached map).

The June 28th letter also mentions that most of the holes will be less than 20 m depth, and it was intended to provide an approximation of the depth of most boreholes. The license appears to have taken a narrower interpretation than was intended by the applicant, and restricts the depth to not more than 20 m (see Part F, Item 2). The 2006 drill program proposes drilling about 25 holes at depths of approximately 25 m, but also includes six boreholes of approximately 50 m depth, and two or three deep boreholes of 200 – 300m depth. The deep boreholes are necessary to investigate the permafrost conditions under the dam structures, and the hydraulic conditions of the rock mass below the permafrost.

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Could you please advise us if it will be possible to adjust Clause F, Item 2 to reflect a broader interpretation as was intended in Wolfden's application, and if so, how this can best be achieved. Thank you for considering this matter. If you have any questions, please feel free to contact myself, or Kathleen Wood, Gartner Lee Limited (867.633.6474)

Yours truly,

A handwritten signature in black ink, appearing to read "Ian Neill".

Mr. Ian Neill, Project Manager
Wolfden Resources Inc. tel: (778) 772-5631

Attachment:
Figure identifying location of numbered lakes