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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI

File: 2BE-IZO

March 16, 2007

Mr. Andrew Mitchell
Project Manager
Wolfden Resources Inc.
403-1113 Jade Court
Thunder Bay, ON
P7B 6M7

Subject: NWB review of the submitted Water Licence Application for the Relicensing Program of the Izok and Hood Project

Dear Mr. Mitchell:

The Nunavut Water Board (NWB) requests further clarity on issues related to the Water Licence Application for the renewal of the water licence for the Izok Lake Exploration Drilling program. The following documents were consulted in the review:

- i. **Water Licence Application Form** – Wolfden Resources Inc. – *Izok Lake Project* (dated: December 6, 2006; received: December 18, 2006)
- ii. **Exploration/Remote Camp Supplementary Questionnaire** – Wolfden Resources Inc. – *Izok Lake Project* (December 6, 2006; received: December 18, 2006)
- iii. **Project Summary** – Wolfden Resources Inc. – *Izok Lake Project* (December 6, 2006; received: December 18, 2006)
- iv. **Spill Contingency Plan, Izok Lake Relicensing Project** – Wolfden Resources Inc. – *Izok Lake Project* (December 5, 2006; received: December 18, 2006)
- v. **Abandonment and Restoration Plan** – Wolfden Resources Inc. – *Izok Lake Project* (December 5, 2006; received: December 18, 2006)

The **NIRB Screening Decision Report** – Wolfden Resources Inc. – *Izok Lake Project* was provided to the NWB but it should be noted that this information is pertinent to NIRB's process and is not entirely applicable in a water licence application. If there are specific items in the NIRB document, that may be of assistance in providing information to the NWB, Wolfden is invited to appropriately reference these materials.

After a review of the above listed correspondence it has been determined that additional information and clarity is needed. The NWB requests additional information regarding the following listed items:

Water Licence Application Form

1. **Section 7 & 8 Quantity of Water Involved and Waste** – There are inconsistencies concerning water use within sections in the application. In Section 7 it is stated that the camp will use 5m³/day and the rigs will use 18-20m³/day (assuming this is a per rig figure). Thus the total consumption for the 3 rigs equals between 54-60 m³/day. Combining camp and rig waters under this scenario would equal 65 m³/day. The application states 100 m³/day will be used per day. In Section 8 the application states that the rigs will use 75 m³/day. The NWB requests clarification on the amount of water to be used.
2. **Section 8 Waste, Sludges** – It is stated that salt will occasionally be used to prevent freezing during drilling. Both NWB and Environment Canada would like to remind Wolfden Resources that CaCl is listed as a toxic substance in the *Canadian Environmental Protection Act*. Therefore when

CaCl is used as a drill additive all sumps containing CaCl must be properly constructed and located in such a manner as to ensure that the contents will not enter any water body. The NWB requests brief detail on the procedures the Company will implement to achieve this.

Exploration/Remote Camp Supplementary Questionnaire

1. **Question 21** – There are five drill additives listed in this section however within the attached Spill Contingency Plan there are only two additives listed in the Hazardous Material Inventory. Polydrill O.B.X, WestCoast Drilling Supplies (Linseed Soap) and Peladow (Calcium Chloride Salt) are not mentioned. The NWB requests additional clarity and consistency on information related to the additives to be used on site as identified above.
2. **Question 25** – The following is a set of NWB requests for more specific details concerning storage and handling procedures of fuel types:
 - a. Secondary Containment - It is understood that a secondary containment system has been put in place for the fuel storage areas. Further to DIAND's comments, the NWB requests engineering detail and qualifiers, such as but not limited to, an appropriately qualified engineering listing the state of the secondary containment system and its ability to provide a containment function, engineered As-Built Drawings, Inspection protocols and reporting on containment features of the infrastructure, and photographic record of the facility.
 - b. Structural Integrity of the Fuel Storage Container – Has hydrostatic testing been completed to evaluate the structural integrity of the Fuel Storage Containers? The NWB requests information pertinent to this containment function so it may be considered in the water licence application.
 - c. Additional Details on Fuel Storage: More complete information is also required concerning the details of the storage areas of the Gasoline, Propane and Jet Fuel, Where will these fuels be stored? Is secondary containment in place for these materials?
3. **Question 26 & 27** – There are inconsistencies as to what lake the camp will draw its water from. Will Wolfden be drawing from High Lake or Ham Lake? The NWB also requests brief details on the screens that will be used with water intake infrastructure. Finally more complete information regarding to which lakes will be drawn from for drilling purposes is needed.

Project Summary

The project summary is outdated as it discusses plans for 2006. Has Wolfden altered its 2007 program in light of the 2006 plans listed in the Project Summary? Understanding that if Wolfden plans to deposit waste in a Nunavut Municipality, Wolfden is to provide a letter of declaration from the Municipality indicating that they have an agreement in place with the Municipality and what types and quantities of waste are to be deposited in the Municipality.

Spill Contingency Plan (SCP)

The SCP needs to be revised so that it will encompass the entire span of licence, as it stands now it will expire part way through. The following points should also be reflected in a revision of the SCP to be resubmitted:

1. The spill disposal method for the hazardous material states: "Contact Federal and Territorial regulatory agencies to identify appropriate disposal methods before disposing of contaminated material." In an updated SPC the Company is requested to provide complete details on this matter.
2. Number 10 on the Initial Action Plan states: "If in doubt about cleaning procedures or for a very large spill, regulatory agencies can help." It is understood that regulatory agencies can provide feedback before finalization of the SPC. Does Wolfden agree that training and preparedness are

better measures to counter doubt? If so, what training and preparedness is Wolfden committing to to clarify its above statement?

3. In the Propane section the statement reads: "Do not attempt to contain the propane release if not absolutely sure on what to do." The NWB requests additional clarity on this statement.
4. In the Motor Oil, Hydraulic oil and Transmission fluid and Poly-Drill DR-133 sections Wolfden states that "Small amount can be incinerated.". No other statement in the SCP quantifies what constitutes a 'small' amount? The NWB requests additional clarity on this statement.
5. Disposal methods should include the location of disposal sites approved by appropriate regulators, treatment methods to be received at the disposal sites, the means of storage prior to disposal, and other approvals required. The NWB requests Wolfden to contact the appropriate Regulatory agencies to discuss approved disposal methods for the specified Hazardous Materials, through the SPC revision.
6. NWB requests that Wolfden place the MSDS sheets for the specific materials along with the instructions. Wolfden may also provide a table of contents for the MSDS sheets as the MSDS do not follow the same format and some are prepared by different companies (Poly-Drill, Petro-Canada etc.)
7. The NWB requests additional detail and description of the training provided to employees to respond to a spill.
8. The NWB requests the following revisions to Section 4.0: The Contact listing should include the Nunavut 24-Hour Spill Report Line, (867) 920-8130 and Peter Kusugak, Manger of Field Operations, (867) 975-4295, as an initial contact for INAC.

Abandonment and Restoration Plan (A&R)

The A&R needs to be updated so that it will encompass the entire span of licence, as it stands now it will expire part way through.

In Section 5.11 a statement reads: "Soil contaminated by hydrocarbons and unnoticed before abandonment will be treated as per the spill contingency plan." If regular inspections are performed by qualified individuals of the camp, why would any spill go unnoticed? The NWB requests additional information on how this is so. Wolfden should also include a reference and contact information to the INAC Water Resource Officer as the Inspector designated under the Nunavut Waters and Nunavut Surface Rights Tribunal Act.

In summary, the Board requests a formal response to each of the above stated provisions. Sufficient detail and an avoidance of ambiguity should be followed in submitting response materials to the listed provisions. If there are any questions whatsoever please contact Mr. Jason Ash at 613.852.1311 or jasonpash@gmail.com.

Sincerely,

Original signed by:
Joe Murdock
Director Technical Services