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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: 2BE-MSX0712/TR/B2

October 20, 2010

Silvermet Corporation
8 King Street East, Suite 1700
Toronto, ON M5C 1B5
Email: rlahari@silvermet.ca

**Subject: Licence No. 2BE-MSX0712 “Muskox Project” Kitikmeot Region, Nunavut;
Submission of the 2007 Drill and Geophysical Survey Program Annual
Report**

Dear Sir,

The Nunavut Water Board (“NWB”) has completed a technical review of the 2007 Drill and Geophysical Survey Program Annual Report, which was received on October 10, 2010. The following documents were included with the report:

- Statement of Qualifications;
- Project Maps;
- DIAND Inspection Report; and
- Photos.

The NWB noted that no information is provided about the quantity of used water and produced waste. This information should be included with the Annual Report. An annual report form should be used for the submissions. This form is attached for your use. It was also noted that non-compliance issues were identified by Indian and Northern Affairs Canada (INAC) during the 2007 Inspection. These issues should be addressed by the Licensee.

The following documents are also to be submitted to the NWB to meet the reporting requirements of the current licence:

- 2008 and 2009 Annual Reports under Part B Item 2.
- Water use fees for the years 2009 and 2010 totaling \$60.00

Should you have any questions, please feel free to contact the undersigned at (867) 360-6338 Ext. 30, at your earliest convenience.

Yours truly,

Original signed by:

Karén Kharatyan
Technical Advisor

cc: Distribution List – Kitikmeot