



February 10th, 2013

Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

**Re: 2012 Annual report for the Southampton project, Nunavut Water
Licence 2BE-SIP1117**

Dear All:

Please find enclosed the 2012 Vale Exploration Canada Inc. annual water use report for the Southampton project located on Southampton Island approximately 65km northeast of the community of Coral Harbour.

Please note that licence 2BE-SIP1117 superseded licence 2BE-SIP1114 on May 24th, 2012.

This report fulfills the Nunavut Water Board Licence requirements as outlined in Part B, item 2 which asks for an annual report to be submitted by March 31st of the following year which addresses the previous year of operation.

Vale Exploration Canada trusts that this annual report is a concise and useful summary of the activities conducted in 2012. Please do not hesitate to contact Christopher Hicks at 905-403-2552, chris.hicks@vale.com or Jason Rickard at 905-403-2548, jason.rickard@vale.com with any questions, concerns or comments.

Sincerely,

Christopher Hicks

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