



**Indian and Northern Affairs Canada
Nunavut District Office
Box 100
Iqaluit, Nunavut
X0A 0H0**

**Licence Number
NWB1ULU0008**

**Wolfden Resources Inc.
309 Court Street South
Thunder Bay, ON
P7J 1H1**

February 9, 2005

Re: Ulu Camp Water Licence Inspection July 14, 2004.

Dear Mr. Stevenson;

I would like to thank Dave Stevens and Kirk Keller for their time and assistance in the course of the Water Licence Inspection. Problems have been identified with respect to provision of documents required under the Water Licence, posting of the required security, and inadequate spill reporting and clean-up at the site.

Potable Water

Ulu Camp is withdrawing approximately 2000 gallons of freshwater from West Lake every one and a half days. This amount is well within the licenced limit of 100 cubic metres per day. The intake at West Lake was under repair at the time of inspection (Figure 1). The repaired freshwater intake should include a screen to prevent entrainment of fish and should be situated in deep enough water to prevent increased turbidity. Water use should be metered and recorded in the annual report submitted to the Nunavut Water Board (NWB). Samples taken of the drinking water source for Ulu Camp exceeded Canadian Council of Ministries of the Environment (CCME) Guidelines for turbidity ($2 > 1.0$ NTU). Although elevated turbidity levels should be mitigated by the camps filtration system turbidity levels should be monitored to ensure they are not a problem.

Solid Waste

Solid waste is stored onsite until it can be transported south. Burnable waste is open burned and food waste is incinerated (Figure 2). Ash is collected and shipped south in 45-gallon drums (Figure 3). At the time of the Inspection there was not a large build up of waste on site.

Sewage Disposal

A Rotating Biological Contactor (RBC) (Figure 4) is used to treat sewage at Ulu Camp. At the time of the Inspection effluent was not being discharged from the RBC. Samples were taken from the discharge point at East Lake (Figure 5). All sample results were within licenced Guidelines.

Spill Reporting and Clean-up

There were a number of spills at the Ulu Camp site that had neither been reported nor cleaned up at the time of the Inspection. An oil (~5L) spill above the pump generator and another, older spill in camp went unreported and were not properly cleaned up (Figure 6 and Figure 7). These spills should have been cleaned up and the generator should be equipped with a spill pan and a spill kit. All spills need to be reported to the Nunavut /NT 24-hour Spill Line (867) 920-8130 and cleaned up as soon as possible.

Violations of the Act or Licence

An Annual Report for all activities pertaining to the Water Licence is to be provided to the NWB no later than March 31, 2005. On March 23, 2004 license NWB1ULU0008 was transferred from Echo Bay Mines to Wolfden Resources Inc. (WRI). At the time of the transfer, WRI was notified that an updated assessment of the restoration liability for the site needed to be submitted before September 12, 2004. WRI was also required to submit a revised Spill Contingency Plan and a revised Abandonment and Restoration Plan. A Surveillance Network Program must be implemented at the site once operations resume. These plans have not, to my knowledge, been submitted. Please submit them as soon as possible as they are required under the terms and conditions of the Water Licence. A security of \$1, 685, 210 is required to be posted. This security also has not, to my knowledge, been posted. In order for the Licencee to be considered compliant with the Water Licence the issues mentioned above need to be dealt with appropriately. The Licencee must also ensure that all spills of hazardous substances on site are reported to the Nunavut /NT 24-hour spill line and cleaned up as soon as possible.

If you have any questions or concerns please contact me.

Sincerely,



Scott Stewart
Water Resource Officer
Nunavut Field Operations
Indian and Northern Affairs Canada
Ph: (867) 975-4289
stewarts@inac.gc.ca

c.c.

Nunavut Water Board - Gjoa Haven (Dionne Filiatrault, Jim Wall)
Environment Canada - Iqaluit (Sid Bruinsma)
Environment Canada - Yellowknife (Anne Wilson)



Figure 1. The freshwater intake at West Lake that was under repair at the time of the Inspection.



Figure 2. The sea lift container containing the incinerator at Ulu Camp



Figure 3. Waste drums at Ulu camp that will eventually need to be shipped south for disposal.

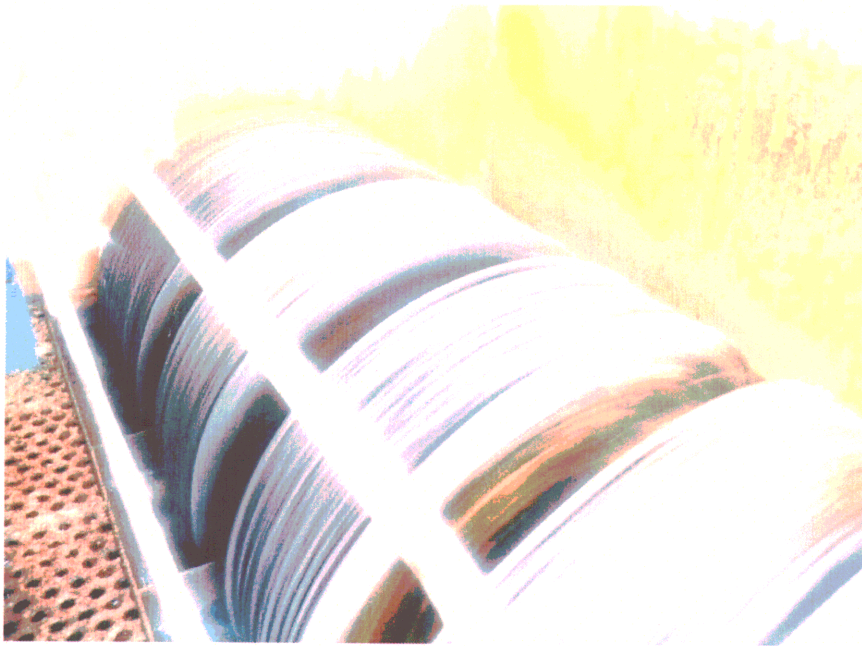


Figure 4. The Rotating Biological Contactor at Ulu Camp.



Figure 5. Sewage effluent discharge point for Ulu camp at East Lake.

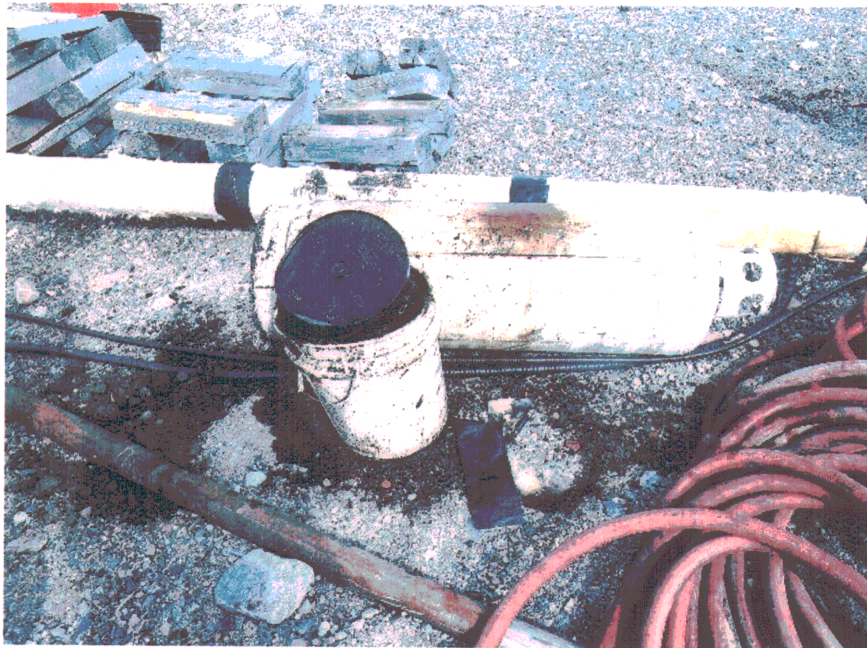


Figure 6. An oil spill just above the freshwater intake at West Lake.



Figure 7. An unknown spill at Ulu Camp that was neither reported to the spill line nor cleaned up in a timely fashion.