



WOLFDEN RESOURCES INC.

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March 7, 2005

Mr. Scott Stewart
Indian and Northern Affairs Canada
Nunavut District Office
Box 100
Iqaluit, Nunavut
X0A 0H0

Dear Mr. Stewart:

Re: Ulu Camp Water License Inspection July 14, 2004

Thank you for your letter dated February 9, 2005 in regard to the water license inspection conducted by INAC on July 14, 2004.

Potable Water

In regard to your comment about elevated turbidity, at the time of the inspection we were pumping water from the edge of West Lake into a water truck for transport to the water storage tanks in camp. Since the inspection we have built a dock in West Lake from which we are now pumping water from the center of West Lake thereby negating elevated turbidity levels. However, prior to use, all water flows through a filtering and UV light system present in the water storage tank room. All water flows are metered and the volumes recorded.

The submersible pump used to pump water from West Lake to the water tanks in camp is covered by a screen mesh to prevent entrainment of fish. The pump is approximately 2-3 meter below the surface of West Lake.

Spill Reporting and Clean-up

The two minor oil/diesel spills noted in your inspection were subsequently cleaned up.

Violations of the Act or License

You also noted that the NWB did not have on file Wolfden's 1) Spill Contingency Plan, 2) Interim Abandonment and Restoration Plan 3) updated assessment of the restoration liability and 4)

\$1,685,210 security for Ulu nor had we implemented a Surveillance Network Program (SNP) at Ulu.

Find enclosed a copy of Ulu's Spill Contingency and Interim Abandonment and Restoration Plans. These are, or will be on file, with the NWB shortly.

Also enclosed are copies of letters to Mr. Philippe di Pizzo, Executive Director, NWB dated November 22, 2004 and December 15, 2004 and a letter from Stephen Traynor, Director, Operations, INAC, dated July 22, 2004.

The former letter to Mr. di Pizzo includes analytical results for water samples collected by Wolfden in compliance with the SNP at Ulu. At the time of the inspection we had not implemented the SNP program as our sterilized water bottles did not arrive on-site until early October. Other analytical results included are from a surface sample from East Lake collected by Gartner Lee Ltd. in August 2004. The latter letter to Mr. di Pizzo included an updated assessment of the restoration liability at Ulu. The letter from Mr. Traynor confirms receipt of Wolfden's security in the amount of \$1,685,210.00, received May 10, 2004.

If you have any further comments or questions please contact me at the address noted in the above or at (807) 346-1668.

Regards,

A handwritten signature in black ink, appearing to read 'D. Stevenson', with a stylized flourish at the end.

David B. Stevenson, M.Sc., P.Geo.
Project Manager, Ulu

cc Mr. P. di Pizzo, Executive Director, NWB