

**WOLFDEN RESOURCES INC.**

**2004 ANNUAL REPORT**

**ULU GOLD PROJECT, NUNAVUT**

**NTS 76L 14/15**

**WATER LICENSE NWB1ULU0008**



## **EXECUTIVE SUMMARY**

Wolfden Resources Inc. purchased a 100% interest in the Ulu gold project from Kinross Gold Corporation in December 2003 as part of its exploration strategy to acquire advanced stage properties in the vicinity of its recently discovered High Lake Cu-Zn deposit, and from which synergies may develop through the utilization of a common milling complex.

In February 2004, the Ulu mine site was re-opened by Wolfden after being shut down by Echo Bay Mines Ltd. in 1997. Kinross Gold Corporation ("Kinross") acquired the Ulu mine property via an amalgamation of TVX Gold Inc. and Echo Bay Mines Ltd. in February 2003.

Between April and November 2004 Wolfden performed a 44 hole, NQ surface diamond drill program totaling 18,568.50 meters on the Ulu gold deposit.

The 2004 exploration program had three objectives:

1. To provide infill drilling at approximately 25 m centers to demonstrate geological and grade continuity of the mineralized veins in preparation for a resource calculation.
2. To define the limits of the known mineralized veins and to test for additional mineralization down plunge from known mineralization.
3. To discover new veins within and adjacent to the Ulu gold deposit.

Diamond drilling was performed by Major Drilling of Winnipeg, Manitoba. Two Boyles-17 drill rigs and a single Boyles-37 drill rig were used to conduct all the drilling.

Drill moves were completed through the use of an Astar-BA or Astar-B2, and Hughes 500-D helicopters contracted from Kitikmeot Helicopters of Yellowknife, Northwest Territories.

Catering and first aid services were provided by Kitikmeot Caters of Cambridge Bay, Nunavut.

In addition to the above, a resource calculation was performed for the Ulu deposit by Mr. George Wahl, a qualified person for the purposes of National Instrument 43-101, following the completion of the 2004 drill program. Mr. Wahl concluded the Ulu deposit has a contained inferred/indicated mineral resource of 1,130,000 million tonnes grading 11.34 g/t gold (373,748 oz).

In September 2004 the Ulu gravel airstrip was extended 150m to 1300m and widened 5m to 30m to accommodate Hercules-size aircraft. Larger size aircraft will be used to reduce transportation cost to the site.

During 2004 a total of 15 local Inuit, more than 50% of the Ulu workforce, were hired by Wolfden to work as heavy equipment operators, survey technicians, core technicians, general labourers or as assistants to environmental consultants hired by Wolfden Resources Inc. Similar, or greater, levels of employment for local Inuit are expected during 2005 and 2006.

In addition, Wolfden hired a minimum of 15 firms from the Nunavut and Northwest Territories area to provide goods and services to the Ulu gold project during 2004. These firms accounted for greater than 65% of the monies spent at Ulu in 2004, re-affirming Wolfden's commitment to the people and businesses of Nunavut.

During 2004 Wolfden also initiated a feasibility study for the High Lake Project. The High Lake Project, includes the Ulu gold deposit, but more importantly, the recently discovered high-grade, High Lake Cu-Zn deposit (15.6 Mt grading 2.24% Cu, 0.32% Pb, 3.52% Zn, 0.99 g/t Au, 74.77 g/t Ag) located 55 km north of Ulu. Wolfden's intent is to have High Lake and Ulu in to production by 2007.

As part of the feasibility study Gartner Lee Ltd. and BGC Engineering Inc. were contracted to perform various environmental and engineering baseline studies. These studies are on-going and will continue into 2005 in order to complete an Environmental Impact Assessment (EIS) report by December 2005. The EIS report will accompany a formal request to the Nunavut Government to allow Wolfden to advance the High Lake project in to production.

## **INTRODUCTION**

This report is submitted to fulfill the requirements of Part B, Item 5 of the renewed Water License NWB1ULU0008 issued by the Nunavut Water Board on July 1, 2000.

This Annual Report for 2004 contains information required for Part B, Items 5(a) through 5(q).

### **Part B, Item 5(a)**

Based on water meter readings Ulu consumed between 5m<sup>3</sup> to 20m<sup>3</sup> per day of water from West Lake for domestic and industrial use in 2004. Ulu's water license allows for up to 100m<sup>3</sup> per day of water to be drawn from West Lake.

### **Part B, Item 5(b)**

The underground workings at Ulu remained closed in 2004, therefore no water was pumped from the underground.

### **Part B, Item 5(c)**

Less than 2.0m<sup>3</sup> of gravity thickened sludge was removed from the primary and secondary settlement chambers of Ulu's RBC unit in 2004. This sludge was deposited on the up-hill side of the ore pad and covered with waste rock, a distance of 420m from East Lake. Runoff from the ore pad flows to East Lake, our greywater depository.

### **Part B, Item 5(d)**

Please refer to the attached letter to Mr. Philippe di Pizzo, dated November 22, 2004, for the water sample results from the Surveillance Network Program at Ulu in 2004. Due to the late arrival of sterilized water bottles only one set of water samples were collected in 2004 at Ulu.

**Part B, Item 5(e)**

During 2004 Wolfden built a dock to re-establish the water supply line between West Lake and the camp site. No construction, modification or major maintenance of the Waste Disposal Facility at Ulu was required in 2004.

The Buffalo Airways DC-4 wreckage, which occurred in 2003, was cut up and flown out to an approved landfill site in Yellowknife during June 2004.

**Part B, Item 5(f)**

No water samples were collected from the ore or waste rock pads to test for their acid generating potential in 2004. Wolfden has proposed a sampling protocol in its Waste Rock and Ore Storage Plan which will be implemented in 2005.

**Part B, Item 5(g)**

No unauthorized discharges occurred at Ulu in 2004.

**Part B, Item 5(h)**

Included with this Annual Report are copies of the following reports which will fulfill some of the requirements of Ulu's water license:

- 1) Spill Contingency Plan
- 2) Interim Abandonment and Restoration Plan
- 3) Waste Rock and Ore Storage Plan
- 4) Sewage Treatment and Solid Waste Disposal Facilities Operation and Maintenance Plan
- 5) Terms of Reference for Hydrological Assessment of West Lake

**Part B, Item 5(i)**

No revisions are required to the Contingency Plan, Interim Abandonment and Restoration Plan and Sewage Treatment and Solid Waste Disposal Facilities Operation and Maintenance Plan as they are being submitted with this Annual Report.

**Part B, Item 5(j)**

The Inuinaqtun translation of the Executive Summary is indicated below.

**HAVAOTIKHAT NAITOLIOGAT**

Wolfden Resources Inc. neoviktat tamaat ona 100% oyagakhiokvikhak ovani ona Ulu gold-nik oyagalik okonanga Kinross Gold Corporation-nit ovani Desaipa 2003 ona oyagakhiokvigiyami oktutikhak piyat tamat neovikhogo nalvaakhiokhimakniagamiko hanialo manikaknikakgonakhiok kanganoak nalvaakkamikhimavigiyat ona High Lake Cu-Zn manikaknik, onalo tabkoa manikakniit ehivgioktaoyukhat kanok aktigiyakhaita mankakninik ovani atoklotik pilokyiligivikaklotik iglokpakmik.

Ovani Febyoali 2004-mi, tamna Ulu oyagakhiokvik angmafaakhimayat oyagakhiokvik okoat Wolfdan umikhimagaloakmtjuk okoa Echo Bay Mines Ltd. ovani 1997. Kinross Gold Corporation ("Kinross") neovikpagat ona Ulu Oyagakhiokvik ekayuktikakhotik okonanga TVX Gold Inc. okoalo Echo Bay Mines Ltd. ovani Febyoali 2003.

Akongani ovani April ovanilo Novepa 2004 Wolfdan ehivgiokpagat ekootaknit 44 potokhimayut, NQ nunap kanganit ekootakhogo manikagiakha ehivgioktat kaffeetokhogo ekootaktat 18,568.50 meters ovani Ulu gold-kaknik kaiktok.

Ona 2004 oyagakhioktat nalvaakhiokhogo pingahonik oktutikakhotik:

1. Eniktigahoaktat ekootaknit enikhimaitot ovani aktigiot 25 m centers kanogitakhaita manikaknikaktot ovalo manikoktoyunakhiot manikaknigit ehivgioktait kanok maniktogitigiyakhaita naonaiyaktait.
2. Naonaiyaktaitlo kanok aktigiyakhaita elihimayatik manikaknigit kaiktok eloa golkaknia ovalo ekootaktat allaniklo pikkagonakhiok angiyugaloak allakagonakhiok naonaiyaktat nalvaakhiokhimaklogo.
3. Oktuhimaktot nutaanik manikaknikagonakhiok gold-nik ovalo hanialo Ulu nalvaakviop allakagonakhiok manikakninik.

Ekootaklotik nalvaakhiokhimakniaktot talvani ovani Ekootakyumiklogo kaiktok okoa Major Drilling okoa Winnipeg, Manitoba-miotat. Malgok Boyles-17 ekootaotik atokniaktait ovalo onalo avaleetok Boyles-37 ekootak atoklogo nalvaakhiogotiginiaktat manikakninik.

Ekootat agyaktakhimaliktot tahamonga nutikpagait ekootat atokhotik okonanga Astar-BA naliak Astar-B2, omingalo Hughes 500-D halikaptanik atokhotik kantolaktivlotik okonga Kitikmeot Helicopters Yellonaimiotat, Nunatiamit.

Nikkilioktikaktot ovalo first aid atoktait piotigiyait okoa Kitikmeot Caters Ikaluktutiakmiotat, Nunavutmi.

Hapkonanilo titigani elainni, manikakninik ekootakhimayunik ehivgiokhivaliktot okoa, kanok aktigiyakhaita manikaknik oktaktat ona Ulu manikaknik oma Mr. George Wahl, ona ayoitok oyagakhiokti atokhotik oyagaknik ehivgiogotmik atokhotik ominga National Instrument 43-101, enikmagit okoa ehivgiogani ovani okiok 2004 ekootaknikmi. Mr. Wahl enigami ominga Ulu-mi manikaknimik elittogiok pikaktuniktogok ona manikakninik/pikaktok nalvaaktok ema aktigiomik 1,130,000 million tonnes manikaknik 11.34 g/t gold-nik(373,748 oz).

Ovani Saptaipe 2004 ona Ulu oyagaliak milvik hanayaovaktok taghilikhogo 150m mit 1300m ovalo hilikhilikhogo 5m mit 30m ema angakmik ohiyuktomit Hercules tingmiamik. Angionik tingmianik agyaktatikalotik tamayanik agyapakniaktot akikitkiyaoyami tamayanik agyagiami.

Talvani 2004 tamaita okoa 15 tahamaniotat Inuit, amigaitkiatlo okoa 50% ovani Ulumi havaktit, piyaovaktot okonanga Wolfdan havaktikakjlotik aghaluhikiokhanik, ehivgioktikhanik, ekootakninik ehivgioktikhanik, havaktinik iglokakvikmi naliak ekayuktikhani nunalikioni havalokaktokhanik pivagait havaktikhatik okoa Wolfdan Resources Inc. Ajikotaitlo, naliak amigaitkiat, kanok havaktikakniaktot tahamanitanik Inuknik ovani 2005 ovanilo 2006.

Hamalo, Wolfdén pivaktot ovani kaffinik inuknik 15 nanminikaktonik havakviknik ovani Nunavut ovanilo Nunatiamit neovikvikaktot tamayanik ovalo neovaviknik omonga Ulu atoktakhainik ovani 2004. Tabkoa nanminikaknit atoktaoyut neovikviit emakak amigaitigiot 65% maniktutigiyait atokvigigamikik omonga Ulu-mot ovani 2004, atokvigihimakniaktait Wolfdén's tahamanikmiotani atogomagamik inuknik ovalo nanminikaktonik ovani Nunavutmi.

Talvani 2004 Wolfdén hamalo ehivgokhivaktot kanok manikagiakhayt ona oyagakaknik nalvaakvik ovani the High Lake Oyagakhiokvik. Ona High Lake Oyagakhiokvik, elangalo ona Ulu gold-kanik nalvaak, kihime hivototkiak, ona kanganoak nalvaakvigiyat angitkiamik manikaknimik, High Lake Cu-Zn manik (15.6 Mt grading 2.24% Cu, 0.32% Pb, 3.52% Zn, 0.99 g/t Au, 74.77 g/t Ag) ovani 55 km tonongani Ulu. Wolfdén's havaknaoaliktat ona High Lake onalo Ulu oyakikiviginiklogo ovani 2007.

Hamani kanok manikaknia ehivgiokniagamiko nuna okoat Gartner Lee Ltd. okoalo BGC Engineering Inc. kantolaktitaoyut havaktokhat allatkiinik nunalikotinik ovalo kanok nunami havaotikhainik havagiami. Okoa ehivgioknit aolahimaktot hajja ovalo ehivgioktaohimakniaktot tavonga 2005-mot ona manikagiakha allanik eniktikniaktat ona Nunamot Kanogitlitniaktot Ehivgioknik (EIS) onipkakhak ovani Desaipa 2005. Ona EIS onipkakhak elaoniaktok titigamik toghiotikaklotik okononga Nunavut Kavamanot ema Wolfdén oktokhimakniaktot omonga High Lake oyagakhiokvik aolaligiangani.

#### **Part B, Item 5(k)**

Please see the attached letter to Mr. Philippe di Pizzo, dated December 15, 2004, summarizing the estimated current mine restoration liability for Ulu.

#### **Part B, Item 5(l)**

There are no revisions required for the Interim Abandonment and Restoration Plan.

#### **Part B, Item 5(m)**

There was no abandonment or restoration work undertaken at Ulu in 2004 and nothing is contemplated for 2005.

#### **Part B, Item 5(n)**

Please see the attached letter to Mr. Philippe di Pizzo, dated December 15, 2004, summarizing the estimated current camp restoration liability for Ulu. There was no change to the camp plan in 2004 and none is anticipated in 2005.

#### **Part B, Item 5(o)**

List the community representatives Wolfdén has contacted about the High Lake/Ulu project:

<b>Community</b>	<b>Name</b>	<b>Organization</b>	<b>Date Contacted</b>	<b>Means</b>	<b>Tel / Fax /e-mail</b>
Kugluktuk	Many community residents	-	February 9, 2004	Community Open House	-
Kugluktuk	Jack Kaniak	KIA Lands manager	February 10, 2004	Face to face meeting	(867) 982-3310
Kugluktuk	Geoffrey Clark	KIA Environmental	February 10, 2004	Face to face meeting	(867) 982-3310

		Screener			
Kugluktuk	Cal Shaw	SAO, Hamlet of Kugluktuk	February 11, 2004	Face to face meeting	(867) 982-4471
Kugluktuk	Alex Buchan	Manager, Community Development	February 11, 2004	Face to face meeting	(867) 982-4471
Gjoa Haven	Many community residents	-	April 6, 2004	During KIA AGM presentation about High Lake Project and general discussion made. Session was open to the public, many attended.	-
Gjoa Haven	Raymond Kamookak	SAO, Hamlet of Gjoa Haven	April 6, 2004	Face to face meeting	(867) 360-7141
Gjoa Haven	Sterling Firlotte	Assistant SAO, Hamlet of Gjoa Haven	April 6, 2004	Face to face meeting	(867) 360-7141
Gjoa Haven	Dionne Filiatrault	Senior Technical Advisor, NWB	April 6, 2004	Face to face meeting	(867) 360-6338
Cambridge Bay	Many Community Residents	-	April 7, 2004	Community Open House	-
Cambridge Bay	Mark Calliou	SAO, Hamlet of Cambridge Bay	April 7, 2004	Face to face meeting	(867) 983-2337
Cambridge Bay	Colin Dickie	Lands Officer, Hamlet of Cambridge Bay	April 7, 2004	Face to face meeting	(867) 983-2371
Cambridge Bay	Wayne Weese, Director of Municipal Works; Chris King, Economic Development Officer; Helen Koaha, Human Resources; Kylo Harris, Recreation Coordinator; Sandi Gillis, Director of Finance; Derrick Anderson, Assistant Man. Public Works; Eric Johnson, Interim Assistant Director Wellness.	Various Hamlet Employees	April 7, 2004	Face to face meeting	(867) 983-2371
Cambridge Bay	Wayne Weese, Director of Municipal Works; Chris King, Economic Development Officer; Helen Koaha, Human Resources; Kylo Harris, Recreation Coordinator; Sandi Gillis, Director of Finance; Derrick Anderson, Assistant Man. Public Works; Eric Johnson, Interim Assistant Director Wellness.	Various Hamlet Employees	April 7, 2004	Face to face meeting	(867) 983-2371

### Part B, Item 5(p)

During Mr. Scott Stewart's, INAC, inspection of July 14, 2004 the infractions noted were two minor oil/diesel spills which were subsequently cleaned up. In regard to his 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.

Mr. Stewart also noted in his letter dated February 9, 2005 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. He also indicated we had not implemented a Surveillance Network Program (SNP) at Ulu.

Find enclosed a copy of Ulu's Spill Contingency and Interim Abandonment and Restoration Plans. 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 included analytical results for water samples collected by Wolfden in compliance with the SNP at Ulu. Other analytical results from Gartner Lee Ltd. and INAC are also included. 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.

All of the deficiencies noted by Mr. Stewart are now, or were previously, fulfilled.

**Part B, Item 5(q)**

The NWB did not request any other details on water use or waste disposal for 2004.