ANNUAL REPORT

Date:	March 2, 2005
Year being reported:	2004
License number:	NWB1ULU10008
Licensee:	Wolfden Resources Inc.
Mailing address:	309 Court Street South Thunder Bay, Ontario P7B 2Y1
Location of undertaking:	66° 54' 27.8" latitude 110° 58' 24.1 longitude
Name of Undertaking: (if applicable)	Ulu Project

The Licensee ***must*** provide the following information:

i ***A summary report of water use and waste disposal activities, including, but not limited to: methods of obtaining water; sewage and greywater management; solid and hazardous waste management.***

Drinking water for the camp site is obtained from West Lake via an insulated two-inch pipeline approximately 680 meters in length. Water is pumped from the lake using a 7 hp submersible electric pump installed on a floating dock. Two water storage tanks are present at the site; a 27,000 liter tank for general water use and a 63,000 liter tank for fire water storage. Water consumption for camp and exploration/mining purposes is expected to be less than 50 m^3 per day. On March 23, 2004 the Nunavut Water Board assigned the existing Ulu water license (NWB1ULU0008) from Echo Bay Mines Ltd. to Wolfden Resources Inc. This license permits the licensee to extract up to 100m^3 per day from West Lake.

Sewage and domestic wastewater from the camp facilities is treated on-site using a Rotating Biological Contactor (RBC) process. Treated sewage effluent is discharged to East Lake via a 550 meter, insulated two-inch pipeline. The treatment system is an aerobic, fixed-film biological treatment process designed to remove both biochemical oxygen demand (BOD) and total suspended solids (TSS) from the wastewater. Treated sewage effluent is discharged to East Lake via a 550 meter, insulated two-inch pipeline. Design conditions for the sewage treatment unit are based on 50 camp residents and include the following design parameters:

- Peak day hydraulic capacity: 11.4 m^3/day
- Peak hour hydraulic capacity:1.9 m^3 /hour

- BOD influent concentration: 250 mg/L
- TSS influent concentration: 250 mg/L
- BOD effluent concentration: 25 mg/L
- TSS effluent concentration: 25 mg/L

Based on the design loadings of the treatment unit (50 camp residents) it is estimated that approximately 0.02 m^3/day of (gravity thickened) sludge will accumulate in the RBC treatment unit. This volume of sludge production will require pump-out twice per year based on the primary settlement chamber capacity. Assuming the Ulu camp operates eight months of the year, it is estimated that approximately 5 m^3 of gravity thickened sludge will be generated in the treatment unit on a yearly basis. The bulk of the sewage sludge will be generated in the primary settling tank at an expected solids content of up to 10% by weight. Sewage sludge settled in the final settlement tank is expected to have a lower solids content (up to 5% by weight).

Records will be kept of sewage sludge volumes removed from the treatment unit and disposed of on-site. These records will be included in the annual report to the Nunavut Water Board, as specified in the water license.

Sewage sludge will be disposed of on-site in a shallow "above-ground sump". This sump will be signposted noting the potential exposure hazards and will be located within the site disturbance area, no closer than 30 meters from any waterbody. Deposited sewage sludge will be covered by waste rock.

Solid waste from the accommodation camp, kitchen and repair shops is burned in a packaged waste incinerator. The incinerator is diesel fired and located on the down wind side of the facilities. Burning is carried out on a regular basis to prevent the buildup of burnable wastes around the site, especially food wastes which may attract bears and other scavengers. Waste oil burners are used for the disposal of used oils and solvent while waste greases and other lubes are incinerated with the burnable solid wastes. Other wastes, such as waste metals, used tires and batteries, will be transported to an approved landfill site on an annual basis.

There is no hazardous waste, nor is there any anticipated to be on site, at Ulu.

ii A list of unauthorized discharges and a summary of follow-up actions taken

No unauthorized discharges occurred at Ulu in 2004.

iii Revisions to the Spill Contingency Plan and Abandonment and Restoration Plan

No revisions were made to either the Spill Contingency Plan or Abandonment and Restoration Plan in 2004.

iv Progressive reclamation work undertaken

No reclamation work was performed at Ulu in 2004.

v Results of the Monitoring Program including:

1 A summary, in cubic meters, of the daily quantities of water utilized for domestic and industrial operations.

Based on water meter readings Ulu consumed on average 15m^3 of water per day for domestic and industrial use in 2004.

2 The GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where sources of water are utilized.

West Lake is our source of fresh water and is located at approximately 66° 54' 50" latitude and 110° 58' 50" longitude (500645E, 7421071N – NAD 83, Zone 12).

The camp site is located at 66° 54' 27.8" latitude 110° 58' 24.1 longitude (501365E, 7421192N – NAD 83, Zone 12).

3 The GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where wastes associated with industrial operations are deposited.

East Lake is our depository for greywater and is located at 66° 54' 50" latitude and 110° 58' 00" longitude (501612E, 7420884N – NAD 83, Zone 12).

4 Any additional sampling and/or analysis that was requested by an Inspector.

See attached water analysis received from Mr. Scott Stewart, INAC for the sewage effluent from East Lake (SNP Station No. 200-1) and potable water from West Lake (SNP Station No. 100-1). Also attached are the results for water samples collected by Wolfden for the same SNP Station No.'s 100-1 and 200-1 and the results of a surface water sample from East Lake collected by Gartner Lee Ltd.

vi Any other details on water use or waste disposal requested by the Board by November 1 of the year being reported

None requested.

vii Any responses or follow-up actions on inspection/compliance reports

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 established a dock in West Lake from which we are now pumping water from the center of West Lake thereby negating elevated turbidity levels. Prior to use all water flows through a filtering and UV light system present in the water storage tank facility.

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. I apologize for not have sent these earlier as I thought I had. 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.

viii Any additional information as appropriate

No additional information is being submitted.

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By: Date:

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Email: Telephone: