Environment Canada / Environnement Canada

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Via Facsimile

RE: NWB1ULU008 – 2004 Annual Report

On behalf of Environment Canada (EC), I have reviewed the information submitted with the above-mentioned application. The following specialist advice has been provided pursuant to Environment Canada's mandated responsibilities for the enforcement of the *Canadian Environmental Protection Act*, Section 36(3) of the *Fisheries Act*, the *Migratory Birds Convention Act*, and the *Species at Risk Act.*

Wolfden Resources Inc. has submitted a copy of their Ulu Gold Project 2004 Annual Report for review of the project water licence (NWB1ULU008) in accordance with the requirements set out in Part B, Item 5 of the licence. Wolfden Resources purchased a 100% interest in the Ulu Gold Project from Kinross Gold Corporation in December of 2003. Since that time, Wolfden Resources has identified an economically viable copper-zinc (Cu-Zn) deposit in the High Lake vicinity. The Ulu and High Lake projects are located within Nunavut's Kitikmeot region with Ulu having coordinates 66° 54'N, 110° 58'W and High Lake with coordinates 66° 50'N, 110° 40'W.

Between April and November of 2004 Wolfden Resources performed a 44 hole, NQ surface diamond drill program which totalled 18,568.5 m on the Ulu ground deposit. In addition, the Ulu gravel airstrip was extended from 150m to 1,300 m and widened from 5m to 30m to allow for the accommodation of Hercules-size aircraft. This company aspires to develop a synergy in its extraction of metals through the development of a common milling complex. Its intent is to have both the High Lake and Ulu mines in operation by 2007.

The source of fresh water for the Ulu Gold Project is West Lake (66° 54' 50"N, 110° 58' 50"W) whereas the depository for gray water is East Lake (66° 54' 50"N, 110° 58' 00"W). It has been calculated that in 2004 the Ulu Gold Project consumed $5m^3$ – $20m^3$ of water for domestic and industrial use per day, a quantity well below the 100 m^3 limit outlined in their water licence. All sewage and wastewater from camp facilities is treated on site

using a Rotating Biological Contactor (RBC) process. The treated sewage effluent is subsequently discharged into East Lake via a pipeline. Sewage sludge which results from the RBC process is disposed of on-site in a shallow above-ground sump within the site disturbance area, being no closer that 30m from any water body. Solid waste produced by the accommodation camp, kitchen, and repair shops is burned in a packaged waste incinerator. 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.

The Spill Contingency Plan and Interim Abandonment & Restoration Plan issued by Wolfden Resources are thorough and representative of the need to demonstrate proper stewardship of our natural resources.

Environment Canada is satisfied with the information presented in the 2004 Annual Report of the Ulu Gold Project for Licence NWB1ULU008. No adverse environmental impacts resulting from the assignment of a water licence are foreseen from the information that has been provided.

If there are any changes in the proposed project, EC should be notified, as further review may be necessary. Please do not hesitate to contact me if you have any questions or comments with regards to the foregoing at (867) 975-4631 or by email via david.abernethy@ec.gc.ca.

Regards,

David W. Abernethy

David W. Abernethy
Environmental Assessment Technician