



Indian and Northern
Affairs Canada
www.inac.gc.ca

Affaires indiennes
et du Nord Canada
www.ainc.gc.ca

Nunavut Regional Office
P.O. Box 2200
Iqaluit, NU, X0A 0H0

Your file - Votre référence
NWB1ULU0008
Our file - Notre référence

May 1st, 2006

Phyllis Beaulieu
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0
Tel: (867) 360-6338
Fax: (867) 360-6369
Email: licensing@nwb.nunavut.ca

**Re: NWB1ULU0008 - Wolfden Resources Ltd. - Ulu Gold Project -
2005 Annual Report Review**

On behalf of the Department of Indian Affairs and Northern Development (DIAND), I have reviewed the 2005 Annual Report, submitted by Wolfden Resources Ltd. With respect to the Ulu Gold Project. The following advice has been provided pursuant to DIAND's mandated responsibilities under the Department of Indian Affairs and Northern Development Act. The 2005 Annual report has been assessed with reference to Licence NWB1ULU0008.

The requirements for all annual reports are laid out in Part B, Section 5, Items a-q of Licence NWB1ULU0008. Item 'a' requires that monthly and annual quantities of water pumped from West Lake for industrial or camp purposes be reported. Although daily and annual values are reported, monthly values are not present.

On September 7, 2005, it was reported (Table 1, 2005 Annual report) that 149.41m³ of water was consumed. Whereas, Part C, Section 2 of Licence NWB1ULU0008 states the daily quantity of water withdrawn from West Lake should not exceed 100m³.

The Mine Sump is addressed in Item 'b' and acknowledges that total suspended solids (TSS) is a parameter in contravention of the Canadian Water Quality Guidelines for the Protection of Aquatic Health.

Item 'c' requires that monthly and annual quantities of solid waste removed from the Sewage Facilities for disposal be reported. Monthly values for these quantities are not present.

Item 'd' is in reference to the 2005 Surveillance Network Program and presents a host of data associated with different mine sites. Several of these site express parameters in excess of the water license water quality requirements. The Mine Sump Water sample, taken June 22, 2005 reports elevated concentrations for TSS. The Sewage sample, taken June 30, 2005 reports elevated concentrations for Biological Oxygen Demand (BOD), Coliforms and TSS. The Sewage sample taken, August 24, 2005 also recorded elevated concentrations of BOD and Coliforms.

Further to this there are gaps in the Surveillance Network Program data. Data for the Mine Sump, West Lake, Outflow lake, Inflow from East Lake and Outflow from Ulu Lake each present data for July and August, however data for June is absent. For West Lake, no data is reported for the months of July and August. For Sewage, no data was reported for July.

Item 'f' mentions elevated TSS in Seepage from the Ore Storage Pad during August sampling. Metals such as iron, cadmium and copper also exceed the CCME guidelines.

Also, please updated your Spill Contingency Plan to included Mr. Peter Kusugak, (867)975-4295 as your INAC contact.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4548 or by email at BathoryS@ainc-ianc.gc.ca.

Sincerely,

Stephen Bathory
Regional Coordinator