

OR Comments: October 6/07

DRAFT

DATE OF ISSUE:

IRREVOCABLE STANDBY LETTER OF CREDIT NO. :

AMOUNT: CAD 25,500,000.00

DATE OF EXPIRY: (1 YEAR)

PLACE OF EXPIRY: TORONTO, ON

TO :

RECEIVER GENERAL FOR CANADA  
ON BEHALF OF THE MINISTER OF  
INDIAN AFFAIRS AND NORTHERN  
DEVELOPMENT

P.O. BOX 100, BLDG. 918

IQALUIT, NUNAVUT XOA OHO

ATTENTION: REGIONAL DIRECTOR  
GENERAL, NUNAVUT REGION

APPLICANT:

WOLFDEN RESOURCES INC.

[to be confirmed]

DEAR SIRs,

AT THE REQUEST OF AND ON BEHALF OF THE APPLICANT, WE, SOCIETE  
GENERALE (CANADA), TORONTO HEREBY ESTABLISH IN YOUR FAVOUR OUR  
IRREVOCABLE STANDBY LETTER OF CREDIT FOR A SUM NOT EXCEEDING  
CAD 25,500,000.00 ( CANADIAN DOLLARS TWENTY FIVE MILLION FIVE HUNDRED  
THOUSAND ONLY).

THIS STANDBY LETTER OF CREDIT SHALL BE AVAILABLE TO YOU UPON  
PRESENTATION TO SOCIETE GENERALE (CANADA), SUITE 1002, 100 YONGE  
STREET, TORONTO ONTARIO M5C 2W1, OF A STATEMENT SIGNED BY AN  
OFFICIAL OF THE DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN  
DEVELOPMENT CERTIFYING THAT THE SIGNATORY IS AN OFFICIAL OF THE  
DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT AND HAS  
AUTHORITY TO SIGN THE STATEMENT ON BEHALF OF THE MINISTER OF INDIAN  
AFFAIRS AND  
NORTHERN DEVELOPMENT (THE "MINISTER"), AND EITHER THAT THE  
MINISTER IS ENTITLED TO APPLY THE AMOUNT DRAWN, BEING ALL OR  
PART OF THE SECURITY POSTED AND MAINTAINED PURSUANT TO WATER

LICENSE NWB1LUP0008 ISSUED BY THE NUNAVUT WATER BOARD,  
WHETHER AS ORIGINALLY ISSUED OR AS AMENDED OR RENEWED FROM  
TIME TO TIME AND/OR PURSUANT TO LEASE 76E/14-1-9 OR LEASE 76E/14-2-10, OR  
THAT THIS CREDIT IS DUE TO EXPIRE IN 90 DAYS OR LESS AND THAT THE  
APPLICANT HAS NOT REPLACED THIS STANDBY LETTER OF CREDIT BY POSTING  
WITH THE MINISTER OTHER SECURITY SATISFACTORY TO THE MINISTER.

THE ORIGINAL STANDBY LETTER OF CREDIT MUST ACCOMPANY ANY DRAWING  
UNDER THIS STANDBY LETTER OF CREDIT.

IT IS UNDERSTOOD THIS STANDBY LETTER OF CREDIT IS ISSUED FOR THE  
PAYMENT OF MONIES ONLY AND WE HEREBY AGREE THAT WE SHALL HONOUR  
YOUR DEMAND FOR PAYMENT WITHOUT ENQUIRING WHETHER YOU HAVE A  
RIGHT AS BETWEEN YOURSELVES AND THE APPLICANT TO MAKE SUCH  
DEMAND AND WITHOUT RECOGNIZING ANY CLAIM OF THE APPLICANT.

PARTIAL DRAWINGS ARE PERMITTED

DRAWINGS MUST BE PRESENTED TO SOCIETE GENERALE (CANADA), TORONTO,  
NOT LATER THAN \_\_\_\_\_

WE HEREBY AGREE THAT DRAWINGS UNDER THIS STANDBY LETTER OF CREDIT  
WILL BE DULY HONoured UPON PRESENTATION PROVIDED THAT ALL TERMS  
AND CONDITIONS HAVE BEEN COMPLIED WITH.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE  
DEEMED TO BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE  
YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE HEREOF, UNLESS  
AT LEAST NINETY(90) DAYS PRIOR TO ANY SUCH DATE, WE SHALL NOTIFY YOU  
IN WRITING BY REGISTERED MAIL OR COURIER THAT WE ELECT NOT TO  
CONSIDER THIS STANDBY LETTER OF CREDIT RENEWED FOR ANY SUCH  
ADDITIONAL PERIOD.

EXCEPT AS OTHERWISE EXPRESSLY STATED THIS CREDIT IS ISSUED SUBJECT TO  
UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 2007  
REVISION, ICC PUBLICATION NO. 600. ← Note this is the updated version of

NOTWITHSTANDING ARTICLE 36 OF THE SAID PUBLICATION, IF THIS CREDIT  
EXPIRES DURING AN INTERRUPTION OF BUSINESS AS DESCRIBED IN ARTICLE 36, <sup>the rules</sup>  
WE AGREE TO EFFECT PAYMENT IF THIS CREDIT IS DRAWN ON US WITHIN <sup>but it</sup>  
FIFTEEN (15) DAYS AFTER THE RESUMPTION OF BUSINESS. <sup>is the correct description</sup>

was  
Section 17 under  
prior rules but this  
is the correct reference now.

*This should not form  
part of the letter of credit  
- if required, it should be  
an agreement between*

*the  
sacarter  
and  
the  
bank  
only.*

IN CONSIDERATION OF YOUR ISSUING YOUR IRREVOCABLE STANDBY LETTER  
OF CREDIT AS ABOVE AT OUR REQUEST,

WE .....

ISSUE IN YOUR FAVOUR OUR COUNTERGUARANTEE NO ..... FOR  
AN AMOUNT OF .CAD25, 500,000.00 AND UNDERTAKE TO PAY TO YOU ANY SUM  
OR SUMS NOT EXCEEDING CAD25,500,000.00 ( CANADIAN DOLLARS TWENTY FIVE  
MILLION FIVE HUNDRED THOUSAND ONLY) UPON RECEIPT BY US YOUR FIRST  
DEMAND BY AUTHENTICATED SWIFT STATING THE AMOUNT OF YOUR  
DEMAND

HEREUNDER AND STATING THAT THE AMOUNT OF YOUR SAID DEMAND IS THE  
AMOUNT WHICH YOU HAVE BEEN REQUIRED TO PAY UNDER YOUR  
IRREVOCABLE STANDBY LETTER OF CREDIT.

THIS COUNTERGUARANTEE WILL BE VALID UNTIL ( at least 15 days after the expiry  
date of the SBLC) AND WILL BE AUTOMATICALLY RENEWED FOR A ONE YEAR  
PERIOD UPON THE EXPIRATION DATE UNLESS AT LEAST 120 DAYS PRIOR TO  
ANY SUCH DATE, WE NOTIFY YOU IN WRITING BY AUTHENTICATED SWIFT THAT  
WE ELECT NOT TO SO RENEW THIS COUNTERGUARANTEE.

THIS COUNTERGUARANTEE IS SUBJECT TO THE UNIFORM RULES FOR DEMAND  
GUARANTEES OF THE ICC PUB 458.

*Signatures to be added*