

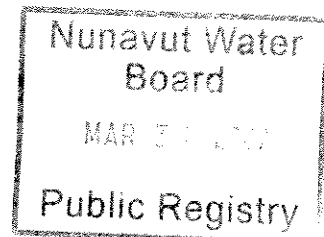


An ATCO Frontec and Pan Arctic Inuit Company

Serial No.: 1560-CNC

27 March 2007

Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0



Attention: Ms. Phyllis Beaulieu, Manager of Licensing

Subject: **Six (6) Water License Application Forms, Attached**

Reference: **A) Letter from PWGSC to Nasittuq Corporation Serial No. NWS-0663, dated 15 March 2007**
B) Contract No. W8485-98RH01/01-NX ("Contract") Section A, Article A2 and Section E, Article E7

Dear Ms. Beaulieu,

The North Warning System Project Office ("NWSO"), has highlighted in Reference "A" that Nasittuq Corporation ("Nasittuq") as the Contractor for the operation and maintenance of the North Warning System is to obtain and maintain all permits, licenses and certificates of approval in order to complete the Work under the Contract. Currently the Water Licenses for Cambridge Bay, Brevoort Island, Cape Dyer, Dewar Lakes, Hall Beach and Shepherd Bay, Nunavut are registered to the Department of National Defence ("DND").

In keeping with the direction from NWSO, Nasittuq has completed Water License Application Form Amendments ("Amendments") for the six (6) sites listed above. The purpose of the Amendments is to delete DND as the Licensee and replace with Nasittuq. Attached are the relevant Sections of the Contract, Reference "B", which corroborates that Nasittuq has care, custody and control of the NWS and that Nasittuq is responsible for obtaining and maintaining all permits, licenses, etc.

Should you have any questions or you require additional information please do not hesitate to contact the undersigned at (613) 787-3857.

Yours truly,
NASITTUQ CORPORATION

Louise Chawner
Senior Supervisor, Contracts

cc: Sr. Manager, Planning and Design, Senior Manager, Contracts, Senior Manager, Maintenance, and Environmental Specialist



North Warning System and Associated Projects
400 Cumberland St., 6th Floor
Ottawa, ON K1A 0K2

15 March 2007

02NX.W8485-98RH01

Ser. No. NWS-0663

Nasittuq Corporation
100-170 Laurier Avenue W.
Ottawa, ON K1P 5V5

Attention: Ivan Wawryk
NWS Project Director

Subject:

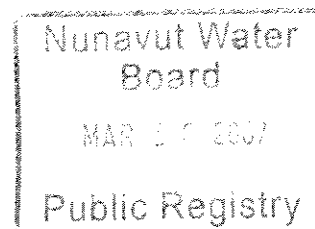
Reference: A) Contract No. W8485-98RH01/01NX

Dear Mr. Wawryk:

We are in receipt of the Licence numbered NWB6BAF0409 – Type “B” issued by the Nunavut Water Board pursuant to the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, which licence related to the BAF-3 North Warning System Long Range Radar Station, located at Brevoort Island, Baffin Region in Nunavut (the “Licence”). A copy of the Licence is attached for ease of reference.

Section 3 of Article E7 of the Contract requires the Contractor “... to obtain and maintain all permits, licenses and certificates of approval required for the performance of the Work to be performed under any applicable federal, provincial or municipal legislation.” The *Nunavut Waters and Nunavut Surface Rights Tribunal Act* prohibits the deposit of waste (as such term is defined in the Act) in waters in Nunavut or in any other place in Nunavut under the condition in which the waste, or any other waste that results from the deposit of that waste, may enter waters in Nunavut; except in accordance with the conditions of a licence.

It would appear that in the case of BAF-3 it was deemed that this Act applied and a licence was required. However, pursuant to the term of the Contract, Nasittuq Corporation is required to be the holder of the licence not the Department of National Defence. It is the “person” that is operating and managing the BAF-3 site and therefore will require the licence not the Department of National Defence.



Nasittuq shall immediately take all required steps to comply with the terms of the Contract and seek the appropriate licence from the Nunavut Water Board in respect to BAF-3. Furthermore, please ensure that all permits, licences and certificates of approval currently under the name of the Department of National Defence be cancelled and replaced with permits, licences and certificates of approval under the name of Nasittuq Corporation.

In the meantime, Nasittuq is requested to provide PWGSC with a plan along with action dates no later than 12:00 Noon, 30 March 2007.

We expect that Nasittuq Corporation will continue to perform all of its obligations under the Contract. Should Nasittuq Corporation fail to do so, we reserve our right to exercise all rights and remedies provided to us under the Contract.

Should you have any questions, please do not hesitate to contact me at 613-998-8674.

Yours truly,

A handwritten signature in black ink, appearing to read "Nancy Morin". The signature is fluid and cursive, with the first name "Nancy" and last name "Morin" clearly distinguishable.

Nancy Morin
Supply Team Leader/NWS Contracting Authority
North Warning System Project Office

c.c. DAEPM(R&CS)
PWGSC Legal Services

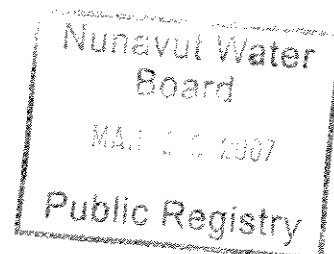
Attachments: (1)

ARTICLE A2 Infrastructure and Scope of Work for the North Warning System Operation and Maintenance

1. The North Warning System consists of a Contractor Management Office located in Ottawa; eleven Long Range Radar sites located in northern Canada and Labrador; thirty-six Short Range Radar sites in northern Canada; a communications component consisting of the on-site communications for local voice and ground/air/ground radio communications at the sites and the long haul satellite communications providing the operational and administrative links between the northern sites and the Canadian Air Defence Sector at North Bay, Ontario; five Logistic Support Sites located in northern Canada to support the Long Range Radar and Short Range Radar sites; a North Warning System Control Centre located at North Bay, Ontario; a North Warning System Support Centre located at North Bay, Ontario. The North Warning System is further described in Schedule "A".
2. The Contractor shall provide North Warning System operation and maintenance consisting of the Work described in the SOW attached as Schedule "A". Without restricting any obligation of the Contractor expressly contained elsewhere in this Contract, the operation and maintenance of the North Warning System consist only of the Work described in the SOW.
3. As of the Effective Date, possession and control over the North Warning System as defined in the SOW shall pass from the Crown over to the Contractor who shall have care and custody of the same. Without restricting any obligation of the Contractor expressly contained elsewhere in this Contract, the obligations of the Contractor with respect to care, custody and control of the North Warning System are only as described in the SOW.
4. Without restricting the generality of Subarticle 2, it is the responsibility of the Contractor, to inspect, test and correct deficiencies, if any, in the North Warning System according to the terms of the SOW.

The Contractor shall not be liable for any loss, Cost or expense associated with correcting deficiencies in the North Warning System, if the deficiencies are:

- a) not attributable to the act or omission of the Contractor; or
- b) hidden problems or defects not ascertainable in the performance of the Work.



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ARTICLE E7 Statutory Compliance

1. It is the responsibility of the Contractor to ensure that its employees and Subcontractors comply with all applicable statutes, ordinances and regulations of the Governments of Canada, Ontario, Newfoundland-Labrador, Yukon, Northwest Territories, and Nunavut Territory and municipal bylaws and regulations, as applicable in its performance of this Contract, including all laws concerning health and labour conditions and the protection of the environment and shall require compliance therewith by all of its subcontractors. Evidence of compliance with such laws shall be furnished by the Contractor to the Contracting Authority at such times as the Contracting Authority may reasonably request.
2. It is the responsibility of the Contractor to comply with all Land Claims Settlement Agreements and cooperation agreements where applicable.
3. The Contractor must obtain and maintain all permits, licenses and certificates of approval required for the Work to be performed under any applicable federal, provincial or municipal legislation. The Contractor shall be responsible for any charges imposed by such legislation or regulations. Upon request, the Contractor shall provide a copy of any such permit, license, or certificate to Canada.
4. The Contractor undertakes and agrees to comply with all standing orders or other regulations of any governmental body having jurisdiction, in force on the site where the Work is to be performed, relating to the safety of persons on the site or the protection of property against loss or damage from any and all causes including fire.
5. The Contractor is responsible for compliance with the immigration requirements applicable to non-permanent residents entering Canada to work on a temporary basis in fulfilment of the Contract. In some instances, the employment authorization necessary to enter Canada cannot be issued without prior approval of a Canada Employment Centre (CEC). A CEC should always be contacted as soon as the decision to bring in a non-permanent resident is made. The Contractor will be responsible for all Costs incurred as a result of non-compliance with immigration requirements.