



December 21, 1999

Bull, Housser & Tupper
3000 Royal Centre
P.O. Box 11130
1055 West Georgia Street
VANCOUVER, B.C. V6E 3R3

Attn: Shelley O'Callaghan

Dear Madam:

TRANSFER OF ROYAL OAK WATER LICENCE NO. N1L2-0043

I am writing to you to confirm that it is the position of the Northwest Territories Water Board that no transfer of the abovementioned Licence has in fact been effected by the Order of the Ontario Supreme Court of Justice dated December 13, 1999. No such transfer can be effected without the prior approval of this Board as required by Section 19 of the *Northwest Territories Waters Act*.

While the applicant for the assignment of the Licence, Miramar Giant Mine Ltd. duly submitted its application for the assignment in early November, the Board's review of this application had not yet been completed when we received notice from you of the Court Order purporting to transfer the Licence to DIAND. The *NWT Waters Act* clearly does not allow for a transfer to occur in this fashion. This Board, under Section 19(2) is obligated to satisfy itself that the applicant will not, in all likelihood, contravene or fail to comply with the *Act* or the Licence. In order to make this determination, the *Act* stipulates that the Board must consider the terms and conditions agreed to by the Licensee.

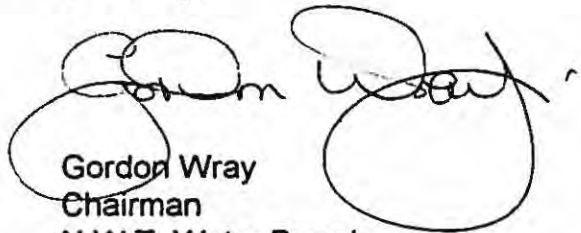
While this Board is not interested in all of the specifics of the agreement between the parties, it will require some details in order to satisfy itself under Section 19. Some of that information has now been provided.

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In light of the requirements of Section 19 of the Act we are surprised that DIAND apparently decided to proceed without authority to obtain a Court Order in this matter and before the Board could complete its review of the application to transfer.

This Board intends to complete its consideration of this application shortly and you will be advised of its decision in due course.

Sincerely,

A handwritten signature in black ink, appearing to be "Gordon Wray", written over a large, circular, light-colored stamp or seal.

Gordon Wray
Chairman
N.W.T. Water Board