

SAHTU Land and Water Board
P. O. Box 1
Fort Good Hope, NWT,
Canada X0E 0H0

Attn: Mr Govier - Executive Director SLWB
CC: Tawanis Testart - Case Officer MVEIRB
Norman Raines - HBR Logistics Manager

16 Feb 2008

DISCONTINUANCE OF DEVELOPMENT ACTIVITIES PER LAND USE PERMIT S07C-004

Dear Mr Govier

Please be informed that Hunter Bay Resources (HBR) hereby gives you notice that it plans on discontinuing development activities for which a land use permit is required on the property described in Land Use Permit S07C-004 (Mineral Exploration - McTavish Arm of Great Bear Lake, Deline District, Sahtu Settlement Area). HBR will be continuing its exploration programme within the area covered by its Great Bear Licences, but this programme will comprise reconnaissance exploration only which does not require a development permit. In particular, HBR does not plan to drill on the subject property covered by Land Use Permit S07C-004 in 2008. We therefore request that you provide an amended Land Use Permit S07C-004 to us with an expiry date as at 30th of April 2008, in accordance with section 37(3) of the Mackenzie Valley Land Use Regulations. We also request that you provide the required clearance certificate to us in due course in order that the security posted may be released in accordance with its terms and the applicable regulations. HBR nominates Mr Norman Raines (Logistics Manager) as the company's principle representative who will contact you shortly.

HBR would like to thank you and your staff at the Sahtu Land and Water Board for all of the assistance and help you have given HBR to date and we look forward to working together again in the future.

Sincerely,

Chris Wilson, PhD, FAusIMM (CP), FSEG
CEO and Director Hunter Bay Minerals