



Ms. Shirley Maskaant
MGM Energy
4100, 350 - 7th Avenue SW
Calgary, Alberta T2P 3N9
Canada

November 28, 2008

Re: Water Licenses 1797

Dear Ms. Maskaant,

This letter is to inform you that at a November 24th 2008 meeting of the Northwest Territories Water Board (NWTWB), the NWTWB evaluated MGM Energy Corp. (MGM) water licenses 1797 which is soon due to expire. Below is a summary of decisions made by the NWTWB concerning the licence.


Water Licence N7L1 - 1797

- Project summary – drilling program with a sump; Expiry Date – December 31, 2008; Security Deposit - \$325,000
- Indian and Northern Affairs Canada – North Mackenzie District (INAC – NMD) recommends the term of the licence be extended to include the monitoring requirements as stipulated in the licence.
- INAC - NMD recommends not returning the security deposit. INAC – NMD is not satisfied the reclamation of the area, specifically the sump, has been completed to the requirements of the Water Licence.

The NWTWB evaluated comments received from Indian and Northern Affairs Canada – North Mackenzie District (INAC – NMD) and INAC – Water Resources Division (WRD) and determined that the licence will be amended to reflect a new expiry date of **December 31, 2014**. In granting the extension the NWTWB will not return the MGM security at this time.

Please feel free to get in touch if you have any comments or questions.

Sincerely,


Mike Harlow

Executive Director - NWTWB

NORTHWEST TERRITORIES WATER BOARD

Pursuant to the *Northwest Territories Waters Act* and Regulations the Northwest Territories Water Board, hereinafter referred to as the Board, hereby grants to

MGM ENERGY CORP.

(Licensee)

4100, 350 - 7th AVENUE S.W.
CALGARY, ALBERTA T2P 3N9

of

(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water subject to the restrictions and conditions contained in the *Northwest Territories Waters Act* and Regulations made thereunder and subject to and in accordance with the conditions specified in this Licence.

Licence Number	<u>N7L1-1797</u>
Licence Type	<u>"B"</u>
Water Management Area	<u>NORTHWEST TERRITORIES 07</u>
Location	<u>MACKENZIE DELTA: BURNT LAKE</u> <u>Within a two kilometre radius of:</u> <u>N16:69°25'53.1" E/134°19'06"N</u> <u>NORTHWEST TERRITORIES</u>
Purpose	<u>TO USE WATER AND DISPOSE OF</u> <u>WASTE FOR MUNICIPAL AND</u> <u>INDUSTRIAL NDERTAKINGS</u>
Description	<u>OIL AND GAS</u>
Quantity of Water Not to be Exceeded	<u>1800 CUBIC METRES DAILY</u>
Effective Date of Licence	<u>DECEMBER 15, 2003</u>
Expiry Date of Licence	<u>DECEMBER 31, 2014</u>

This Licence issued and recorded at Yellowknife includes and is subject to the annexed conditions.

NORTHWEST TERRITORIES WATER BOARD



Witness



Chairman