

Appendix M

Letter of credit

***** LETTER OF CREDIT ISSUANCE ADVICE *****

DATE : DECEMBER 6, 2012

TO : *cdn Corp*
ONTARIO INTL TRADE
SERVICES,
61 FRONT STREET WEST, 4TH FLOOR,
TORONTO, ONTARIO, CANADA, M5H 1H1
18572

APPLICANT : BREAKWATER RESOURCES LTD.
ON BEHALF OF CANZINCO LTD.
95 WELLINGTON ST. WEST, SUITE 950,
TORONTO, ONTARIO, CANADA M5J 2N7

STANDBY
LETTER OF CREDIT NO. : S18572/341828

YOUR REF. NO. : S18572/341828

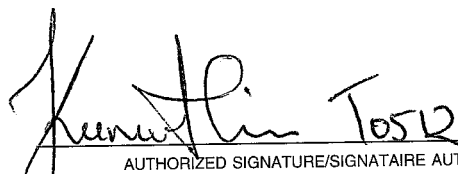
L/C AMOUNT : NOT EXCEEDING CAD 2,000,000.00

EXPIRY DATE : MARCH 31, 2014

WE HAVE TODAY ISSUED THE ABOVE LETTER OF CREDIT, A COPY OF WHICH IS ENCLOSED FOR YOUR FILES.

*We will
Collect courier
Charges from GWS
CAD 30.00*

*Please Collect issuance
Commission &
inform the client
according*


AUTHORIZED SIGNATURE/SIGNATAIRE AUTORISÉ


AUTHORIZED SIGNATURE/SIGNATAIRE AUTORISÉ

DATE OF ISSUE: DECEMBER 6, 2012

IRREVOCABLE STANDBY LETTER OF CREDIT
NO: S18572/341828

AMOUNT: NOT EXCEEDING CAD 2,000,000.00
DATE OF EXPIRY: MARCH 31, 2014

TO:
HER MAJESTY THE QUEEN IN RIGHT OF
CANADA AS REPRESENTED BY THE
MINISTER OF INDIAN AFFAIRS AND
NORTHERN DEVELOPMENT CANADA

APPLICANT:
BREAKWATER RESOURCES LTD.
ON BEHALF OF CANZINCO LTD.
95 WELLINGTON ST. WEST, SUITE 950,
TORONTO, ONTARIO, CANADA M5J 2N7

DEAR SIR(S) :

BENEFICIARY'S NAME AND ADDRESS: HER MAJESTY THE QUEEN IN RIGHT OF CANADA, AS
REPRESENTED BY THE MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT CANADA,
PAYABLE TO THE RECEIVER GENERAL OF CANADA, C/O P.O BOX 100, BLDG. 918, IQALUIT,
NUNAVUT, CANADA X0A 0H0

ATTN: REGIONAL DIRECTOR GENERAL, NUNAVUT REGIONAL OFFICE

RE: SECURITY PURSUANT TO WATER LICENCE 1AR-NAN0914

AT THE REQUEST AND FOR THE ACCOUNT OF BREAKWATER RESOURCES LTD., ON BEHALF OF
CANZINCO LTD. (THE "APPLICANT"), WE, THE BANK OF NOVA SCOTIA, HEREBY ESTABLISH
IN YOUR FAVOUR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. S18572/341828
("LETTER OF CREDIT" OR "CREDIT") FOR SUMS NOT EXCEEDING IN THE AGGREGATE
CAD2,000,000.00 (CANADIAN DOLLARS TWO MILLION).

THIS CREDIT IS AVAILABLE WITH US FOR DRAWING AT SIGHT, WITHOUT ENQUIRY AS TO
WHETHER YOU HAVE A RIGHT AS BETWEEN YOURSELF AND THE APPLICANT TO MAKE SUCH
DEMAND AND WITHOUT RECOGNIZING ANY CLAIM OF THE APPLICANT OR OBJECTION BY THE
APPLICANT, AGAINST PRESENTATION TO US, BY YOU OR YOUR DULY AUTHORIZED
REPRESENTATIVE OR AGENT, OF THE FOLLOWING DOCUMENTS:

1. A SIGHT DRAFT, PAYABLE TO THE RECEIVER GENERAL OF CANADA, DRAWN ON THE BANK
OF NOVA SCOTIA, ONTARIO INTERNATIONAL TRADE SERVICES, 61 FRONT STREET WEST, 4TH
FLOOR, TORONTO, ONTARIO, CANADA M5H 1H1; AND
2. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT NO. S18572/341828


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AUTHORIZED SIGNATURE/SIGNATAIRE AUTORISÉ

~~FOR ENDORSEMENT OF PAYMENT THEREON; AND~~

3. A STATEMENT SIGNED BY AN OFFICIAL OF THE DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT CANADA CERTIFYING

A) THAT THE SIGNATORY IS AN OFFICIAL OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT CANADA AND HAS THE AUTHORITY TO SIGN THE STATEMENT ON BEHALF OF THE MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT CANADA ('THE MINISTER'), AND

B) EITHER

I) THAT THE MINISTER IS ENTITLED TO APPLY THE AMOUNT DRAWN, BEING ALL OR PART OF THE SECURITY POSTED AND MAINTAINED PURSUANT TO WATER LICENSE 1AR-NAN0914 TYPE 'A' ISSUED BY THE NUNAVUT WATER BOARD, WHETHER AS ORIGINAL ISSUED OR AS AMENDED, RENEWED OR REPLACED FROM TIME TO TIME, OR

II) THAT THIS CREDIT IS DUE TO EXPIRE IN THIRTY (30) DAYS OR LESS AND THAT THE APPLICANT HAS NOT REPLACED THIS CREDIT BY POSTING WITH THE MINISTER OTHER SECURITY SATISFACTORY TO THE MINISTER.

PARTIAL DRAWINGS ARE PERMITTED.

THIS CREDIT IS EFFECTIVE FROM DECEMBER 6, 2012 AND SHALL EXPIRE AT OUR COUNTERS AT 5:00 P.M ON MARCH 31, 2014 (THE 'INITIAL EXPIRY DATE'). THIS CREDIT SHALL BE RENEWED AUTOMATICALLY WITHOUT AMENDMENT FOR AN ADDITIONAL ONE-YEAR PERIOD FROM THE INITIAL EXPIRATION DATE AND FOR AN ADDITIONAL ONE-YEAR PERIOD FROM EACH FUTURE EXPIRATION DATE (EACH SUCH EXPIRATION DATE, THE OPERATIVE EXPIRATION DATE), UNLESS AT LEAST NINETY (90) DAYS PRIOR TO THE OPERATIVE EXPIRATION DATE WE NOTIFY YOU IN WRITING BY REGISTERED MAIL OR COURIER THAT WE ELECT NOT TO CONSIDER THIS CREDIT RENEWED FOR SUCH ADDITIONAL PERIOD.

THE WATER LICENCE IS REFERRED TO HEREIN FOR REFERENCE PURPOSES AND DOES NOT FORM PART OF THE TERMS OF THIS CREDIT.

WE HEREBY AGREE THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT SHALL BE DULY HONoured BY US IF PRESENTED FOR PAYMENT ON OR BEFORE THE OPERATIVE EXPIRATION DATE.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600. NOTWITHSTANDING ARTICLE 36 OF SAID PUBLICATION, IF THIS CREDIT EXPIRES DURING AN INTERRUPTION OF BUSINESS AS DESCRIBED IN ARTICLE 36, WE AGREE TO EFFECT PAYMENT IF THIS CREDIT IS DRAWN ON US WITHIN THIRTY(30) DAYS AFTER RESUMPTION OF BUSINESS.

 10513
AUTHORIZED SIGNATURE/SIGNATAIRE AUTORISÉ

 20176
AUTHORIZED SIGNATURE/SIGNATAIRE AUTORISÉ

23814-3 (08/12) THE BANK OF NOVA SCOTIA/LA BANQUE DE NOUVELLE-ÉCOSSE

(ISSUING BANK NOTE: RETAIN IF ISSUED BY BRIEF CABLE/FULL CABLE/SWIFT)
(NOTE À LA BANQUE ÉMETTRICE : À CONSERVER SI AVIS BREF/COMPLÉT ÉMIS PAR CABLE/SWIFT)

1 - ORIGINAL
2 - CUSTOMER/CLIENT