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## HAMLET OF ARCTIC BAY

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November 7, 2002

Mr. Thomas Kudloo Chairman Nunavut Water Board P.O. Box 119 GJOA HAVEN, NU X0B 1J0

Subject:

Licence NWB1NAN0208 - Closure and Reclamation of the Nanisivik Mine - CanZinco Limited's Request for Extension of

Delay to Furnish Security

Dear Mr. Kudloo

The Hamlet of Arctic Bay acknowledges receipt of a copy of the Nunavut Water Board's letter dated 29 October, 2002, to David Searle, Fasken Martineau Du Moulin LLP, concerning CanZinco Ltd.'s request of 29 October, 2002, for a 30-day extension of the deadline to furnish the \$17.6M security deposit required in the above-cited licence.

The Hamlet of Arctic Bay is encouraged that CanZinco has reportedly come to an agreement with the Department of Indian and Northern Department ("DIAND") regarding the issue of the outstanding July 31<sup>st</sup>, 2002 security deposit of \$1M. We understand that Breakwater Resources Ltd. has confirmed, in its 28 October, 2002, letter to DIAND, that it is prepared to guarantee CanZinco's unsettled security instalment of \$1M. While this intention is welcome, we believe that Breakwater must immediately furnish the security in a legally acceptable form, such as a bond deposit or a similar financial arrangement.

We consider CanZinco's request for a 30-day extension to the delay to furnish the \$17.6M security deposit to be reasonable. We do not have a problem with the Board's granting CanZinco's request in this instance. However, we shall be more critical of any further requests to extend this deadline.

CanZinco and Breakwater must act quickly to provide security for the entire \$17.6M. Our community wants action on this issue, and further delays threaten our confidence in the Closure and Reclamation process.

Sincerely,

Joanasie Akumalik Mayor of Arctic Bay Nenavut Vvaler Board Nov 07 225

Public Registry