



P.O. Box 119

Gjoa Haven, NU X0B 1J0 ᓄᓇᓂᓪ ᐃᓕᓕᓂᓪ ᑲᑎᓕᓂᓪ

TEL: (867) 360-6338

FAX: (867) 360-6369

NUNAVUT WATER BOARD

NUNAVUT IMALIRIYIN KATIMAYINGI

February 17, 2003

Mr. Robert Carreau
Manager, Environmental Affairs
Breakwater Resources Ltd.
PO Box 26,
Bathurst NB E2A 3Z1

Via Telecopier (506) 548-1100 and Email

Subject: Licence NWB1NAN0208

Dear Mr. Carreau:

In its letter of January 23, 2003, the Nunavut Water Board ("NWB") approved the timetable of submissions as presented by Breakwater Resources Ltd ("Breakwater"). In that letter, the NWB also proposed to hold a hearing at the end of May, 2003 to discuss those submissions, as well as several other issues related to licence NWB1NAN0208 ("Licence"), such as Breakwater's compliance with the Licence's terms and conditions, particularly with respect to financial security. The NWB invited interested parties to express their views on the NWB's response to Breakwater. The Department of Indian Affairs and Northern Development ("DIAND") was the only party to submit comments to the NWB. DIAND's comments were presented to the NWB for its consideration on February 11, 2003.

DIAND, in its submission, dated February 7, 2003, advised the NWB that conducting a hearing in May, 2003 would be premature and instead suggested that a public hearing be held in Arctic Bay following Breakwater's submission of the final Abandonment and Restoration Plan ("A & R Plan"), which is expected December 15, 2003. DIAND also recommended that the various reports, plans and studies already filed, or to be submitted for NWB approval within the next twelve months, be reviewed and approved following public information sessions with the residents of Arctic Bay. Additionally, DIAND confirmed in their submission that discussions are taking place with Breakwater regarding financial security, and furthermore agreed to file a special compliance report by the end of February, 2003. In its submission, DIAND also offered to meet with the NWB to discuss compliance and enforcement of the terms and conditions of the Licence.

After considering the suggestions outlined in DIAND's submission, the NWB agreed that it would be preferable to hold a public hearing following the submission of the final A & R Plan, due on December 15, 2003. The NWB expects that a public hearing in Arctic Bay would likely take place sometime in February or March, 2004. Concerning the various reports and studies to be filed by Breakwater over the following year, the NWB also agreed with DIAND's

recommendation to review and approve those submissions by way of written hearings that will include community workshops to provide the residents of Arctic Bay with adequate information, as well as encourage their participation in the review and approval of these documents.

On January 20, 2003, Breakwater submitted to the NWB the following reports for approval:

- (1) the Phase II Environmental Site Assessment ("ESA II") required pursuant to Part G, Item 13 of the Licence; and
- (2) the Human Health and Ecological Risk Assessment ("HHERA") required pursuant to Part G, Item 14 of the Licence.

Both reports are available upon request and can be downloaded from the NWB ftp site ([ftp.nwb.yk.com](ftp://nwb.yk.com), in directory "CURRENT HEARINGS/NWB1NAN0208"). Before approving those reports, the NWB would like to give interested parties the opportunity to review them and provide comments. To facilitate their review, the NWB proposes to hold a public information workshop in Arctic Bay during the week of April 14, 2003 (exact date to be confirmed), as well as a technical session in Iqaluit, on or around March 28, 2003, if needed. **The NWB asks interested parties to submit their comments on these two reports before 5:00 mst April 26, 2003** in order to finalize their approval by no later than May 10, 2003.

As for other reports and studies to be submitted by Breakwater over the course of the year, the NWB intends to follow the same process for their approval. The NWB will grant interested parties sufficient time, depending on the complexity of the report, to review and present comments.

Lastly, with respect to DIAND's suggestion to meet with the NWB to discuss compliance and enforcement matters, the NWB is open to such meeting, as long as the meeting is public and the discussions are of a general nature and not specifically about Nanisivik or any other particular licence.

If you have any questions or comments about the proposed process, please contact me or Patrick Duxbury (nunavutwaterboard@nt.sympatico.ca) as soon as possible.

Yours truly,

Philippe di Pizzo
Chief Administrative Officer

cc. Honorable Robert D. Nault, P.C., M.P.
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