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NUNAVUT WATER BOARD  
NUNAVUT IMALIRIYIN KATIMAYINGI

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Item: NWBINAN0208/Part B/Item 6  
& Part C/Item 3

July 26, 2004

By Email

To: Robert Carreau  
Corporate Manager, Environmental Affairs  
Breakwater Resources Limited  
Suite 2000, 95 Wellington Street West  
Toronto, ON. M5J 2N7

Subject: Clarification regarding *Nanisivik Mine – 2003 Annual Water Report*

Dear Mr. Carreau,

On June 11, 2004, the NWB sent a notice to the Nanisivik Distribution List which offered interested parties an opportunity to review and comment upon the *Nanisivik Mine – 2003 Annual Water Report*, (the “Annual Report”) required pursuant to Part B, Item 6 of Water Licence NWBINAN0208 (the “Licence”). Only one submission, from Indian and Northern Affairs Canada – Iqaluit (“INAC”), was received by the July 12, 2004 deadline. That submission is available on the NWB’s FTP site at:

<http://ftp.nunavut.ca/nwb/NWBI%20MINING/NWBINAN0208%20Nanisivik/Annual%20Report/040712NWBINAN%20INAC%20Comments%202003%20Annual%20report-IMLE.pdf>

While the Annual Report appears to adequately address the requirements of Part B, Item 6 of the Licence, there are a few issues that require attention before the NWB can complete its review of the Annual Report. Table 2, on page 8 of the Annual Report, presents the monthly and annual amounts of water pumped from East Twin Lake. The total amount of water pumped in 2003, 187 172 m<sup>3</sup>, exceeded the limit of 180 000 m<sup>3</sup> per annum established in Part C, Item 2 of the Licence.

Additionally, Part C, Item 3 of the Licence states, “The Licensee shall, within thirty (30) days of issuance of the Licence, submit to the Board for approval a revised Water quantity estimate which represents the required volume in cubic metres based on the scope of this Licence.” To my knowledge the NWB never received this estimate. Based on the aforementioned concerns, CanZinco Limited (the “Licensee”) is requested to address the following issues:

1. The Licensee shall, as requested by INAC in its submission, provide an explanation for the excessive quantity of water pumped in 2003, given that the Nanisivik town site was largely uninhabited.
2. The Licensee shall submit for NWB review and approval, a revised water use estimate that accounts for the predicted increased water use to occur during the period of active reclamation at the Nanisivik Mine.

Should you have any concerns with the contents of this letter, please contact Patrick Duxbury, Philippe di Pizzo, or myself at your earliest convenience.

Yours truly,

*Original signed by:*

Dionne Filiatrault  
Senior Technical Advisor  
Nunavut Water Board

Cc: Patrick Duxbury