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Nunavut Regional Office
P.O. Box 2200
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October 29, 2002

Your file - Votre référence

NWB1NAN0208

Our file - Notre référence

Bill Heath
Vice President
CanZinco Ltd.
P.O. Box 225
Nanisivik, NU, X0A 0X0

Sent by mail
Sent by fax to: (416) 363-9474 and
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Sent by email to: bheath@nu.breakwater.ca

Security Deposit Requirements of NWB1NAN0208

On October 10, 2002, the Nunavut Water Board (NWB) issued to CanZinco Ltd. water licence NWB1NAN0208 for the purpose of abandonment and restoration work at the Nanisivik Mine site. A copy of the issued water licence was sent to the Minister of the Department of Indian Affairs and Northern Development (DIAND).

Part B, Item 2 of the water licence states:

2. The Licensee shall within thirty (30) days of issuance of the Licence, furnish and maintain a security in the amount of \$17.6 million dollars in the form and nature in according with the Regulation or that is satisfactory to the Minister.

Therefore, as the water licence was issued on October 10, 2002, DIAND considers thirty (30) days after issuance of the licence to be November 9, 2002. CanZinco Ltd. must therefore expect to have to meet the security requirement of Part B, Item 2, by November 9, 2002, or be in non-compliance with water licence NWB1NAN0208.

All other items of the water licence which are also time-dependant to the date of issuance, such as (but not limited to) the submission of a detailed timetable for the submissions of plans, reports and studies (Part G, Item 2), should consider October 10, 2002, as the official date of issuance of the licence.

If you have any concerns or questions, please feel free to contact me.

Sincerely,

Original Signed By: Paul Smith

Paul Smith
Manager of Water Resources
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Canada