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NUNAVUT WATER BOARD  
NUNAVUT IMALIRIYIN KATIMAYINGI

File: NWB1NAN0208/K Baseline

June 10, 2005

*By Email and Regular Mail*

Mr. Robert Carreau  
Corporate Manage, Environmental Affairs  
Breakwater Resources Ltd.  
Suite 950, 95 Wellington Street West  
Toronto, Ontario  
M5J 2N7

bcarreau@breakwater.ca

**Subject: Reclamation of K-Baseline Area**

Dear Mr. Carreau;

The Nunavut Water Board ("NWB") would like to acknowledge receipt of your letter dated March 31, 2005 and accompanying letter of support from Gartner Lee Limited with respect to the K-Baseline Area and plans to remove hydrocarbon contaminated soils that were identified in the location of the former K-Baseline garage. The currently approved plan for reclamation is to remove the estimated 7,400 cubic metres of soil to the underground workings via the East Adit.

Under condition no.16 of the letter of Approval for the Nanisivik Mine 2004 Reclamation Plan and Closure Plan, issued on July 6, 2004, the NWB requires at least 60 days notice prior to the date of implementation of modifications as they apply to reclamation. Conditions under Part F of the Licence are applicable to the Closure Plan.

The NWB distributed the submission from Breakwater Resources Ltd. to interested persons on April 14, 2005, allowing thirty (30) days to review the information and make representations to the NWB.

The technical review of the submission has been completed. The Board has taken into consideration the information submitted and hereby accepts and approves the modification of the Approved Abandonment and Restoration Plan and Closure Plan under **Motion 2005-12**, dated **June 10, 2005**. This approval provides the necessary consent of the Board for Breakwater Resources Ltd. to proceed with Alternative No.2, for the disposal of the K-Baseline hydrocarbon contaminated soils into the East Open Pit as described in the documents submitted. The following conditions apply to this approval:

**Conditions**

1. The placement of the hydrocarbon contaminated soils into the East Open Pit shall take place under frozen conditions to reduce the possibility of movement of the contained hydrocarbons;
2. The contaminated soils are to be covered with at least a single layer of waste rock prior to the placement of the approved thermal cover consisting of 1.95m of shale and 0.25m of Twin Lake sand and gravel;

3. Upon completion of the activity, the East Open Pit be completely filled and re-contoured to eliminate the potential for water ponding on the thermal cover; and
4. The formation of permafrost, the surface stability of the pit and any seepage water quality shall be monitored as per the Closure and Reclamation Monitoring Plan. The Licensee shall, within sixty (60) days of this approval, provide a proposal to the NWB for additional monitoring of the water quality to include hydrocarbons and any installation of monitoring wells that may be required. The Monitoring Program, Part H of the Licence, will then be amended to reflect this change in plan.

The Board recommends that Breakwater Resources Ltd. seek approval from INAC-Land Administration for the disposal of the hydrocarbon contaminated soils in the East Open Pit.

Should you have any further questions, please feel free to contact the undersigned at (780) 443-4406, at your earliest convenience.

Yours truly,

*Original signed by:*

David Hohnstein, C.E.T.  
Technical Advisor Mining

Cc: Distribution list