



Indian and Northern
Affairs Canada
www.inac.gc.ca

Affaires indiennes
et du Nord Canada
www.ainc.gc.ca

Lands Administration
Nunavut Regional Office
P.O. Box 100
Iqaluit, NU X0A 0H0

Your file - Votre référence

Our file - Notre référence
48C/1-7-2

Phone: 867-975-4280
Fax: 867-975-4286

June 29, 2005

By fax 416-363-1315 and Mail

Robert Carreau
Breakwater Resources Limited
95 Wellington Street West, Suite 950
Toronto, Ontario M5J 2N7

Dear Mr. Carreau:

RE: Reclamation of K-Baseline Area

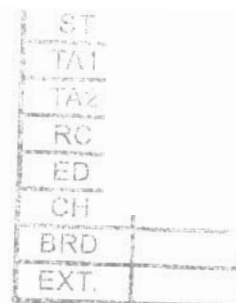
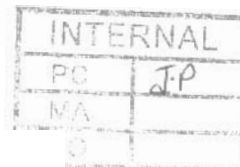
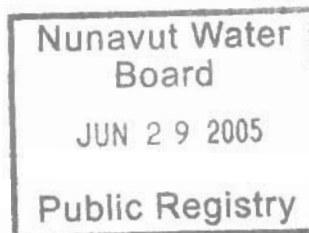
INAC – Land Administration has received and reviewed your submission to the Nunavut Water Board regarding the reclamation of K-Baseline area.

In your report you indicate that approximately 7400m³ of hydrocarbon contaminated soil was scheduled to be disposed of in the underground mine via the East Adit (88 Portal). It has been discovered that the entry point at the East Adit now has an extensive ice lens formed in the travel way preventing access. In the Gartner Lee letter dated March 24, 2005 they gave two scenarios:

1. Disposal in the underground mine via the West Adit (01 Portal) entry point using a modified disposal location already targeted for hydrocarbon-contaminated soils.
2. Disposal in the East Open Pit under the approved thermal barrier cover system.

It has been indicated by Breakwater Resources Ltd. that option 2 would be your preferred approach for a variety of reasons.

In the Nunavut Water Board letter dated June 10, 2005, the board has agreed with your modification of disposing of the 7400m³ hydrocarbon contaminated soil into the East Open Pit with the recommendation that Breakwater Resources Ltd seek approval from INAC – Land Administration.



We note that under the Restoration section of land lease 48C/1-7-2-A, clause 15 states:

Upon the receipt of any plan, including updated or revised plan of restoration, the Minister may:

- (i) approve the plan submitted;*
- (ii) reject the plan or any portion thereof and return the plan to the lessee for revision, stating the reasons for the rejection; or*
- (iii) require the lessee to include in the plan provisions that, in his opinion, are necessary to meet the objectives in Clause 13(i);*

and the lessee will be advised accordingly in writing.

INAC – Land Administration requests that all hydrocarbon contaminated soils be disposed of underground. This has been part of the best practices for northern mines in Nunavut. Our preference would be that the hydrocarbon contaminated soil be disposed of underground via the East Adit (88 Portal) as was originally approved. Can you explain why the ice lens that has formed at this portal cannot be removed to allow the contaminated soil to be disposed of through the East Adit?

If you are unable to remove the ice lens, please confirm the disposal location underground for the contaminated soil and where you would access through the West Adit. Upon receipt of this information we will consider your request.

If you have any questions or concerns please feel free to contact Jeff Holwell, Land Specialist at 867-975-4576. We look forward to your response on this matter.

Sincerely,



Carl McLean
Manager, Land Administration

cc. RMO Baffin
INAC Waters Division – Nunavut Region
Nunavut Water Board