

Environmental Protection Operations
Prairie and Northern Region
Twin Atria #2, Room 200
4999- 98 Avenue NW
Edmonton, Alberta T6B 2X3

January 31, 2007

Breakwater Resources Ltd.
Nanisivik Mine
95 Wellington Street West
Suite 950
Toronto, Ontario M5J 2N7

Attention: Murray Markle, Site Manager

RECOGNIZED CLOSED MINE STATUS

Further to the discussion held with James Noble, Enforcement Officer with Environment Canada (Iqaluit), this letter is an acknowledgement that the Nanisivik Mine was considered a recognized closed mine under the Metal Mining Effluent Regulations (MMER) of the federal *Fisheries Act* effective July 30, 2006. This notice follows completion of the requirements specified under subsection 32(1) of the Regulations.

I am writing to remind you of the requirement to submit a 2006 Annual Report covering the months prior to the facility becoming a recognized closed mine. This information should be submitted into the Regulatory Information Submission System. The regulations were amended in October 2006, and as per section 23, a hard copy is no longer required to be submitted. Please also note that a 2006 EEM Annual Effluent and Water Quality Monitoring Report, covering the months prior to the facility becoming a recognized closed mine, should be submitted by March 31, 2007.

As the owner/operator of the property, I wish to take this opportunity to remind you that there remains some requirements of you under sections 32 and 33 of the MMER, wherein you are specifically required to:

- keep at any place in Canada all records, books of account or other documents required by the MMER for a period of not less than five years beginning on the day they are made, and to notify the authorization officer in writing of their location; and,
- in the event that ownership of the recognized closed mine changes, notify the authorization officer in writing of the name and address of the new owner and operator, as well as the name and address of any parent company of the owner or the operator not later than 60 days after the ownership change occurs.

It is important to note that effluents from a recognized closed mine are subject to the general provisions of the *Fisheries Act* including the prohibition on polluting water frequented by fish. Specifically, section 36 (3) of the *Fisheries Act* states:

Subject to subsection (4), no person shall deposit or permit the deposit of a deleterious substance of any type in water frequented by fish or in any place under any conditions where the deleterious substance or any other deleterious substance that results from the deposit of the deleterious substance may enter any such water.

If you have any questions with regard to application of the MMER or the *Fisheries Act* and your obligations under them, please contact Craig Broome at (867) 669 4730.

Sincerely,

Shauna Sigurdson
A/Regional Director
Regional Authorization Officer MMER

cc:

Rob Carreau, VP – Environment, Breakwater Resources Ltd.

Jenny Ferone – Environment Canada (Edmonton)
Glenn Groskopf – Environment Canada (Regina)
Craig Broome – Environment Canada (Yellowknife)