



Affaires indiennes
et du Nord Canada

Sous-ministre
Ottawa, Ontario
K1A 0H4

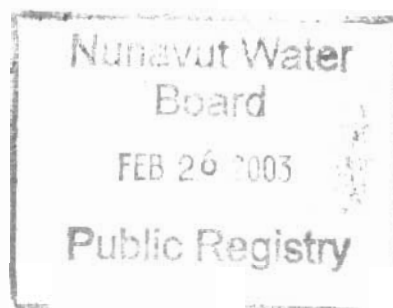
Indian and Northern
Affairs Canada

Deputy Minister

Gen. Corr.

FEB 19 2003

Mr. John Lamb
Chief Executive Officer
Nunavut Tunngavik Incorporated
PO Box 638
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Dear Mr. Lamb:

Thank you for your letter of January 9, 2003, and for the opportunity to address a number of important issues surrounding the closure of the Nanisivik Mine.

When the announcement was made that the Nanisivik Mine would be closing, the department sought, and gained consensus among all regulatory agencies and then the company, to prepare a single reclamation document to address all components necessary to ensure that the site would be fully reclaimed to the satisfaction of the various holders of regulatory instruments.

As I am sure you are aware, in addition to the obligations required by the water licence, there are three land owners at the site. While this includes land leases held by Indian and Northern Affairs Canada (INAC) and Fisheries and Oceans, the majority of land, including the town site, mill and landfill are all under the regulatory control of the Government of Nunavut. There are overlapping jurisdictions and this was the primary reason for wanting to develop consensus for the company to produce a single reclamation planning document.

During the Public Hearing process to renew the water licence, INAC officials expressed serious concerns with the reclamation plan that had been developed. You will note that the Nunavut Water Board cited the role of INAC in presenting relevant and necessary information at the hearing that was incorporated into the renewed licence. While this

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specific role of the department was fulfilled during the licence renewal process, we have chosen to take a leading role to ensure that there is a co-ordination of issues and concerns that the other regulatory stakeholders will want included in the revised reclamation plan document.

INAC is aware of the need to obtain security and avoid a situation where the burden to perform remediation work falls to the Crown or jointly with the Commissioner, in this case, should the operator be unable to fulfill its reclamation obligations. As you are aware, Breakwater Resources Ltd. has recently renegotiated their debt financing instruments. This does not, however, necessarily mean that they are in a financial position to post security that is easily convertible to cash. Indeed, the department continues to negotiate with the company and, given that the consequences of an operator being unable to perform reclamation work are important to us, we will negotiate the best arrangement that we can. We continue to believe that it is in the public's best interest that this operator reclaims this site. Of course, should negotiations fail to produce adequate results, we will be prepared to exercise our legal options and enforce water licence NWB1NAN0208 issued by the Nunavut Water Board.

You have stated that the Government of Canada "failed to fulfill many of its obligations with respect to monitoring and enforcing the employment and training aspects of the Strathcona Sound Agreement." It is my understanding that through the efforts of the Strathcona Sound Monitoring Committee (Committee), which includes not only federal and territorial government representation but also local representation (from Arctic Bay), that the monitoring of the employment and training practices of the company was indeed carried out and reported.

At every meeting, following a presentation by the company or a Committee member, the Committee looked at the issue of northern employment. In an Aide Memoire submitted to the Minister of INAC, dated April 7, 1987, the Committee stated: "In discussions after (the presentation of a brief paper on employment), it was agreed that although Nanisivik had never met its 60 percent target for native (should have been northern) employment the fact that the figure was so high was good in that it forced the company to try to do better. There was also agreement that Nanisivik Mines Ltd. had, in most respects, lived up to its responsibilities."

I also think it is important that we remember that the Strathcona Sound Agreement was one of the first of its kind negotiated in Canada and that we should not criticize it based solely upon today's standards which are the result of the evolution of the political and regulatory environment over the past 30 years.

In addition, the Minister has indicated that the purpose of the Strathcona Sound Monitoring Committee has basically run its course and that a final meeting should be held. In light of this, and in the spirit and intent of the Strathcona Sound Agreement, INAC officials would be pleased to facilitate a final meeting to discuss these and other issues that you may wish to raise. Given that many of you will be in Toronto for the upcoming Prospectors and Developers Association of Canada (PDAC) meeting, I would suggest that a meeting in Toronto on the afternoon of Wednesday, March 12, 2003, would be appropriate. I would ask you to identify somebody to act as the lead for Nunavut Tunngavik Incorporated on this and contact Mr. Rick Meyers, Director, Mineral Resources at INAC headquarters to indicate your availability for a meeting. I would also ask that you work with Mr. Meyers to develop an agenda for the meeting. By copy of this letter to other parties I am requesting that they contact Mr. Meyers to confirm their availability. Mr. Meyers may be reached at (819) 997-9828.

Yours sincerely,



Alain Jolicoeur

c.c.: Thomasie Alikatuktuk, President, Oikiqtani Inuit Association
Joanasie Akumalik, Mayor, Arctic Bay
Qaumayayuk Oyukuluk, Chairman, Ikajutit Hunter and Trappers Association
Stephanie Briscoe, Executive Director, Nunavut Impact Review Board
Philippe de Pizzo, Executive Director, Nunavut Water Board
Mr. Colin Benner, President and CEO, Breakwater Resources Ltd.
Alex Campbell, Deputy Minister, Department of Sustainable Development
Wilf Attwood, Regional Director General, INAC
James Moore, Assistant Deputy Minister, NAP, INAC

Confirmation Report - Memory Send

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End time : Mar-01 01:03pm
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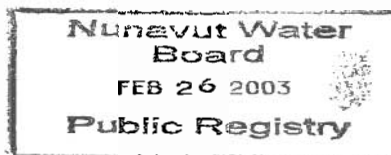


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