

Land Administration
Box 100
Iqaluit, NU
X0A 0H0

July 11, 2003

By Fax 416-363-1315 and email

Breakwater Resources Limited
95 Wellington Street West, Suite 2000
Toronto, Ontario
M5J 2N7

Attention: Robert Carreau, Corporate Manager
Environmental Affairs

Dear Mr. Carreau:

**Proposed Reclamation Activity 2003
Nanisivik Mine**

We have reviewed your letter to the Nunavut Water Board dated June 13, 2003 requesting approval to proceed with some reclamation work this year prior to the approval of your final abandonment and closure plan. As we discussed at our meeting in Iqaluit, all regulators need to review and approve the details of your proposed work where appropriate. I will address the specifics of your request as they relate to our jurisdictional responsibilities related to crown land administration.

1. Quarrying and stockpiling material for closure covers; Our records show that you have recently applied to have your quarry permits on crown land renewed, however, the total volumes you have indicated are a total of 2500 cubic meters. We do not object to this plan if you acquire the necessary quarry permits from the appropriate regulator(s) for the total volume you plan to stockpile, however, we would like you to confirm where you are planning to stockpile this material and if it is for a site on crown land you will need to obtain our approval for the stockpile site.

Also, prior to placing the cover material on the tailings area confirmation that the material is suitable for cover needs to be approved by the regulators. We expect this will be resolved through the review of the final A and R plan. We will suggest that you may want to ensure that this material is acceptable for cover before stockpiling this volume.

2. Contouring of Tailings; We do not have an issue with your proposal to contour the site as long as there are no dusting concerns and no windblown tailings will occur. However, there remains to be many technical issues that need to be addressed prior to final closure and the final approval may identify further requirements for contouring.

3. Disposal of Non-hazardous material in the open pits or landfill; Before we can comment on this we need you to provide answers to the following questions. What are the anticipated volumes of materials being disposed of?

What materials are being disposed of?

Where exactly underground or on the surface are the disposal sites?

What are the methods of disposal?

If you receive the approval for this aspect, we will also require in conjunction with the photo documentation, a detailed inventory and plan be maintained and forwarded to the regulators on the disposed material. Can you provide details on how you plan to address this requirement?

4. Waste Rock Recovery; Before we can consider this we need to know where exactly the waste rock will be disposed of. Please provide details.

5. Dismantling of the mill; The complex is situated entirely on Commissioners land, however, details are required on how and where you plan to dispose of the residual demolition debris and any hazardous waste that will result from the decontamination and demolition process. Further details will also be required on how you plan to deal with any residual environmental issues on the building site before any infilling or re-contouring of the site can occur.

Your letter also mentioned that there are plans to remove the building infrastructure from the site. If the building is being relocated to crown land in Nunavut, can you provide details on where it is being relocated to?

We look forward to receiving the necessary information to move these issues forward as soon as possible.

Sincerely,

Carl McLean
Manager, Land Administrator

cc. Phillippe DiPizzo
Nunavut Water Board
email

Bernie MacIssac
Government of Nunavut
email