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Mr. Philippe di Pizzo
Executive Director
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0E-1J0

Dear Mr. di Pizzo:

Re: Submission of the Nanisivik Mine Final Reclamation and Closure Plan

As you are aware, we have been working diligently towards the development of the Nanisivik Mine Final Closure and Reclamation Plan (FCRP) and all of the attendant reports. Via this letter we would like to provide you and the Board with a status update on that exercise.

Let me say right from the outset, we have encountered some delays that have put this project behind the scheduled submission date of December 15th, to which we had earlier committed to. While these delays are unfortunate, we feel that they are essential in ensuring that the documents that we ultimately submit for the Board's approval are complete, thorough and worthy of the time and effort that will be expended by all parties on their review.

Our primary objective for the FCRP is to provide the Board with a detailed description and design for all proposed closure and reclamation activities. This will allow for an efficient review and will ultimately, provide CanZinco with an approval to proceed with the authorized activities. The last thing that we wish to do at this stage, is to provide the Board with plans that are deficient and trigger a series of unnecessary review iterations. Maintaining our focus on this priority is important, we believe, as evidenced by the approval process for the Human Health and Ecological Risk Assessment. In the case of that approval, several review iterations were required to provide sufficient detail and clarity to enable the approval process to proceed.

With that said, to achieve our primary objective, the FCRP will draw on a number of prerequisite studies and field work. In effect, the FCRP is the culmination of these studies, some of which have been completed and some of which have experienced their own delays for valid reasons. For instance, one of the prerequisites for development of the FCRP was the approval of the proposed Soil Quality Remediation Objectives (SQROs). Clearly, it was essential to have this specification in hand to be able to detail the remediation plans.

As another example, on the technical side, we have had some delays in gaining the information required to explain the expected behaviour of the talik that exists beneath the Surface Cell. Gaining a detailed understanding of the physical characteristics of the talik is essential in designing a valid plan for remediation and monitoring of that component of the mine site. To this end, a drill program was undertaken in October 2002 for the specific purpose of characterization. After some preliminary

modeling several data gaps were identified and the drill was again mobilized in March 2003 to provide further spatial delineation and additional monitoring devices. Finally, in September 2003 the drill was called in again to install several final monitoring units which are required to complete the investigation.

At this point, we have completed all of the in-field information gathering activities that are necessary, we have received approval of the SQROs and we have completed most of the technical analyses of data that are required for the FCRP. However, we will not have developed the FCRP to the level of detail where it achieves its primary objective by our previously committed submission deadline of December 15th. We apologize for the delay but trust that you and the Board will appreciate our desire to present you with the best possible information.

Given all of the above, we suggest that the earliest achievable date for submission of the FCRP is February 6, 2004. We trust that this is manageable for you and ask that the Board consider this as a formal request from CanZinco.

Thank you for your consideration Philippe, and please accept our assurance that we have been applying our best efforts to this exercise. Maintaining our cooperative and long standing relationship with the Board is of great importance to CanZinco, as is gaining the Board's ultimate approval for the FCRP.

Yours sincerely,
Original signed by:

Robert Carreau
Corporate Manager, Environmental Affairs
Breakwater Resources Ltd.

cc. Bill Heath, Vice-President CanZinco Ltd.