

NANISIVIK MINE

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February 26, 2007

Mr. Joe Murdock
Director of Technical Services
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0E 1J0

Sent Electronically to: dirts@nunavutwaterboard.org

**RE: WATER LICENSE NO: NWB1NAN0802 – REVIEW OF MINE STABILITY REPORT AND
MINE OPENINGS CLOSURE PLAN**

Dear Mr. Murdock:

Thank you for the review of our Mine Stability Report and our Mine Openings Closure Plan. These reports were submitted in October 2004 and January 2005 respectively. The Zostrich reviews dated June 14th and 15th, 2005 were included in your review which you sent to us on November 16th and December 15th of 2006. With no feedback to us from the reviewers prior to the 2005 construction season, Breakwater Resources made the decision to proceed with the portal closure and to address the concerns regarding perceived instability. We had little choice, given the relatively short construction window available to perform these tasks. Regardless of further stability analysis, there are only two practical mitigation options for addressing concerns relating to the mine openings; firstly, to blast down brows until competent rock is met and secondly, to fill below the crown pillars. A combination of these options was selected.

At the east end of the mine, blasting was done to increase the thickness of the crown pillar, and then material was pushed underneath the brow, a distance approximately equal to the height of the opening. The high wall was then buttressed with backfill to within 2 m of the original ground and then rip rap was added to prevent erosion of the back fill. At the west end of the mine, fill was placed underneath the crown pillar from inside the mine. The high wall was then buttressed in a similar fashion as the east end. The end result is that we have eliminated the possibility of any daylighting to surface and any residual risk that may remain is extremely limited and of low consequence such as having to perform some minor recontouring. All other portals were closed by back-filling as tight as possible to the back, a distance at least as great as the height of the opening.

All reclamation work on the mine openings was monitored by our engineering consultants, BGC Engineering Ltd (BGC), who will be providing as-built

documents and plans for all openings as required under our License. The work was also inspected by the Nunavut Mines Inspector (Martin Van Rooy) and no significant concerns have been raised. BGC will continue to conduct long term geotechnical monitoring of the site for a minimum of 5 years.

In summary, we believe we have appropriately addressed the requirements for mine closure and are confident that there are no unacceptable risks associated with the underground workings. We plan to be finished with the reclamation earthworks by September 2007 and would appreciate that if the NWB has any additional concerns or comments, to provide them to us as early as possible so that we may be able to address them this year.

Best regards,

Murray Markle
Site Manager - Nanisivik Mine

c.c. R. Carreau