

EXHIBIT "C"

This is Exhibit "C" referred to
in the Affidavit of David A. Boyd,
sworn before me this 9th day
of September, 2010.



A Notary Public, in and for the
Province of Nova Scotia

Gavin D.F. MacDonald

Cooper, George L. (Moncton)

From: Donna-Lee Kirkpatrick [dlkirkpatrick@smss.com]
Sent: August-27-10 12:04 PM
To: Cooper, George L. (Moncton)
Cc: david.a.boyd@ca.pwc.com; Dave Langille; Lesley Duncan; McElman, Josh (NB); Paul Smith
Subject: RE: Blue Note Caribou Mines CCAA/BIA Proceedings
Attachments: Notice Regarding Acquisition of BNC.PDF; Breakwater-Blue Note - Corr. to Boyd.PDF

Importance: High

Mr. Cooper,

Please see the attached letter addressed to your client PWC. Breakwater is requesting the inspection of records in conjunction with the possible exercise of its ROFR rights in response to PWC's Sale Notice to Breakwater dated August 9, 2010 (a copy of which is attached). As such, time is of the essence.

Please advise if arrangements can be made to permit the inspection to be conducted prior to the end of next week.

Regards,

Stephen J. Hutchison

Stewart McKelvey | Barristers, Solicitors and Trademark Agents
Suite 1000 | Brunswick House | 44 Chipman Hill | P.O. Box 7289 | Postal Station A | Saint John NB E2L 4S6 | Web: www.smss.com
Direct Dial: 506.632.2784 | Main Tel: 506.632.1970 | Fax: 506.652.1989 | Email: shutchison@smss.com

STEWART MCKELVEY

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STEWART MCKELVEY

Suite 1000
Brunswick House
44 Chipman Hill
Saint John, NB
Canada E2L 2A9

Correspondence:
P.O. Box 7289
Postal Station A
Saint John, NB
Canada E2L 4S6

Telephone: 506.632.1970
Fax: 506.652.1989
saint-john@smss.com
www.smss.com

Stephen J. Hutchison
Direct Dial: 506.632.2784
Direct Fax: 506.634.3579
shutchison@smss.com

File Reference : SM001105-11

August 27, 2010

Via Email

PricewaterhouseCoopers Inc.
Summit Place
1601 Lower Water Street, Suite 400
Halifax, NS B3J 3P6

Attention: David A. Boyd

Dear Sir:

Re: Blue Note Caribou Mines

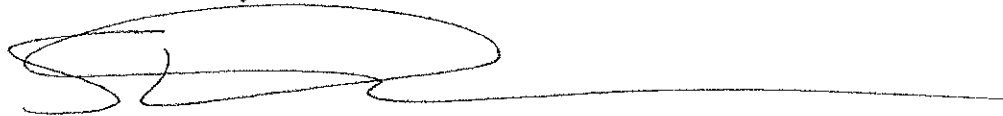
As you are aware, we represent Breakwater Resources Limited which has an interest in the mining interests and properties relating to the Caribou Mines. On behalf of our client, we are requesting that you make available to us to review, at your Saint John, New Brunswick offices, copies of all documentation relating to the ownership by Blue Note Caribou Mines Inc. of its various mining interests in New Brunswick and including all documentation relating to the transfer of any of such interests to it by Blue Note Metals Inc.

Please advise the undersigned as to when we can carry out such review.

We look forward to hearing from you.

Yours very truly,

Stewart McKelvey



Stephen J. Hutchison

SJH/dlk

Cc: David Langille, Breakwater Resources Limited
Lesley Duncan, Breakwater Resources Limited



PricewaterhouseCoopers Inc.
Summit Place
1601 Lower Water Street, Suite 400
Halifax, Nova Scotia
Canada B3J 3P6
Telephone +1 (902) 491 7400
Facsimile +1 (902) 422 1166
Direct Tel. (902) 491-7421
www.pwc.com/ca

August 9, 2010

Breakwater Resources Limited
95 Wellington Street West, Suite 950
Toronto, ON M5J 2N7

Dear Sirs:

Re: Sale Notice under Joint Venture Agreement of Offer to Purchase Assets of Blue Note Caribou Mines Inc. ("Caribou")

As you are aware, the validity and enforceability of the Joint Venture Agreement dated October 17, 2008 between Breakwater Resources Ltd. and Blue Note Mining Inc. (the "Joint Venture Agreement"), and/or certain provisions thereof, has not been finally determined but pursuant to Section 15 of the Joint Venture Agreement the undersigned hereby provides you with notice of an offer (the "Offer") it has received dated August 3, 2010, a copy of which is attached, from Kirkland Intertrade Corp., on behalf of itself or a subsidiary, (the "Purchaser") offering to purchase all of the assets of Blue Note Caribou Mining Inc. described therein.

The main terms of the Offer are as follows:

- Purchase price - Cdn\$18,250,000.00, plus payment of any applicable taxes
- Proposed Closing Date - September 25, 2010
- Assets offered to Buy - all of Caribou's interest in the mining leases, surface leases and real property relating to the Caribou Mine and the Restigouche Mine and any other assets related thereto as described in the Offer (recognizing Breakwater's undivided 20% in the Caribou and Restigouche Mine real property)
- Payment terms - payment of purchase price by partial reduction of secured debt owing to Kirkland by Caribou which was recently acquired from Computershare Trust Company of Canada; payment of applicable taxes in cash
- Conditions to closing - no material adverse change in Assets between date of Offer and closing
- Other terms - Purchaser to assume liability to pay applicable royalties to Fern Trust and any Crown royalties; Purchaser to receive benefit of security deposits with governmental authorities; parties to obtain vesting order of Court of Queen's bench to approve the sale

We look forward to your response by no later than 5:00 p.m. (Atlantic time) on September 24, 2010.



Breakwater Resources Limited

RE: Sale Notice under Joint Venture Agreement of Offer to Purchase Assets of Blue Note Caribou Mines Inc. ("Caribou")

August 9, 2010

Yours truly,

**PricewaterhouseCoopers Inc.,
As Monitor and Trustee of Blue Note Caribou Mines Inc.
and not in its personal capacity**

A handwritten signature in black ink, appearing to read 'D. Boyd', with a large, stylized flourish extending from the end.

David A. Boyd, CA, CIRP
Senior Vice President
Advisory Services

CC: Stephen Hutchison, Stewart McKelvey
Howard Gorman & Marvin Singer, MacLeod Dixon LLP
George Cooper & Josh McElman, Cox & Palmer
Bob Cremer & Jeffrey Burgess, Lawson Creamer

KIRKLAND INTERTRADE CORP.
c/o Macleod Dixon LLP
Toronto-Dominion Centre, TD Waterhouse Tower
79 Wellington Street W., Suite 2300
Toronto, Ontario M5K 1H1

August 3, 2010

PricewaterhouseCoopers Inc.,
as Monitor and Trustee of Blue Note Caribou Mines Inc.
Suite 301, 44 Chapman Hill
Saint John, New Brunswick E2L 4B9

Attention: David A. Boyd, CA, CIRP

Dear Sirs:

Re: **Offer (the "Offer") to Purchase Assets of Blue Note Caribou Mines Inc.**
("Caribou")

Kirkland Intertrade Corp. ("**Purchaser**"), on its own behalf or on behalf of one of its affiliates, does hereby offer to purchase all of the assets of Caribou (the "**Assets**") on an "as-is" basis from PricewaterhouseCoopers Inc. as Caribou's Court-appointed Monitor and Trustee ("**PWC**"), including the following:

- (a) an 80% undivided interest in the following:
 - (i) Mining Lease No. ML-246,
 - (ii) Industrial Surface Lease No. SIML2271 (also referred to as Crown Lands Lease #415060027),
 - (iii) Mining Lease No. ML-255,
 - (iv) Industrial Surface Lease No. SIML2473,
 - (v) the freehold parcel of real estate identified by Property Identification Number 50072032, and
 - (vi) all right, title and interest in and to all additional exploration properties that are owned by, or under option to, Caribou,(collectively, the "**Properties**");
- (b) all right, title and interest of Caribou in and to the cash security deposit provided by Caribou to the Minister of Natural Resources of New Brunswick, the Minister of Environment for the Province of New Brunswick, and any other branch or agency of the government of New Brunswick, the total of which is approximately \$9,500,000 as at the date hereof;
- (c) to the extent assignable, all right, title and interest of Caribou in and to all agreements, licences, permits, approvals, consents, registrations, certificates and other authorizations issued to or held by Caribou in connection with the mining

and milling operations currently or formerly carried out at or relating to the Properties; and

(d) all other assets of Caribou not described in the foregoing paragraphs (a) to (c).

"Purchase Price" means \$18,250,000.00 (representing an amount as at June 30, 2010 equal to the outstanding secured debt owing to the Purchaser of approximately \$22,250,000.00, inclusive of accrued interest and fees, less \$4,000,000) plus any and all applicable sale, transfer or other taxes.

The Purchaser reserves the right to exclude any assets of Caribou, including all mining and surface leases relating to the Restigouche Mine, if it determines not to acquire such assets at the time of closing and, if it so determines, the definition of "Assets" shall exclude such assets but the Purchase Price shall not be adjusted.

The Purchaser hereby offers to purchase the Assets for the Purchase Price on the terms and conditions contained in this letter and those attached hereto (the "Additional Terms").

This Offer shall remain open for acceptance until 5 p.m. (EST) on Tuesday, August 10, 2010 unless further extended by the Purchaser.

The Purchase Price (including any deposit required pursuant to the Additional Terms) shall be paid by partial reduction of the Purchaser's secured claims as against the Assets and Caribou. Applicable taxes will be paid in cash on closing. If the purchase is made by a subsidiary of the Purchaser, the Purchase Price shall be paid by the Purchaser and such subsidiary shall be indebted to the Purchaser for the payment of the Purchase Price.

All amounts referred to herein are in Canadian dollars.

The Purchaser will assume any liability for royalty payments owed to the Fern Trust and any Crown liability for royalty payments or otherwise with respect to any Assets acquired, and shall correspondingly obtain an assignment of all security or other deposits posted with the Province of New Brunswick in connection with the Assets or other governmental departments in existence as at the date of this Offer.

There shall be no material adverse change in the Assets between the date of this Offer and closing.

Caribou and the Purchaser shall agree to make a joint successor election under the *Income Tax Act* with respect to the resource properties transferred.

The Purchaser and Caribou shall allocate the Purchase Price between the Properties, as resource properties (CDE), and any depreciable assets forming part of the Assets, as they may agree, acting reasonably.

PWC, as Caribou's insolvency representative, shall execute and provide all conveyancing documents and agreements customarily used in the Province of New Brunswick for transactions of this nature in an insolvency transaction and shall, at the request of the Purchaser, assist the Purchaser in obtaining any required consents or approvals from relevant governmental authorities. All costs associated with PWC's assistance of the Purchaser shall be paid by the Purchaser.

Closing shall occur on or before September 25, 2010, or such other date as the parties mutually agree (the "Closing Date").

Prior to closing, the parties shall obtain a further Order of the Court vesting ownership of and title to the Assets in the name of the Purchaser, free and clear of all claims, charges, liens, actions and writs, in accordance with the terms and conditions of this Offer in a form and substance satisfactory to the Purchaser.

This Offer is not subject to any corporate or board approval, financing or any due diligence conditions.

If Breakwater Resources Ltd. purports to exercise any right of first refusal it may have to acquire the Assets from Caribou on or before the Closing Date, the parties will seek further directions from the Court in respect thereof.

The Additional Terms shall form part of this Offer with such necessary modifications and alterations thereto such that the terms and conditions of this letter and the Additional Terms are not inconsistent with each other, with the terms and conditions of this letter prevailing in the event of any inconsistency.


The Purchaser reserves the right to assign any or all of its rights under this Offer to a subsidiary or affiliate or nominee but the Purchaser shall remain jointly liable to perform any obligations herein.

[Signature Lines Follow on Next Page]

PricewaterhouseCoopers
August 3, 2010
Page 4


Yours truly,

KIRKLAND INTERTRADE CORP.

Per: 
Maxim V. Finskiy
Director

This Offer to Purchase by Kirkland Intertrade Corp. is accepted as of this ____ day of August, 2010.

Blue Note Caribou Mines Inc., by its
court appointed Monitor and trustee in bankruptcy, PricewaterhouseCoopers Inc.

Per: 
Authorized Signatory
DAVID A. BOYD, CA, CMAA

Counsel to Purchaser:

Attention: Marvin Singer
MACLEOD DIXON LLP
Toronto-Dominion Centre
TD Waterhouse Tower
79 Wellington Street West
Suite 2300, P.O. Box 128
Toronto, ON M5K 1H1

BLUE NOTE CARIBOU MINES INC. TERMS AND CONDITIONS

PRICEWATERHOUSECOOPERS INC.

MONITOR OF BLUE NOTE CARIBOU MINES INC.

TERMS AND CONDITIONS OF SALE

1. The Vendor is Blue Note Caribou Mines Inc., as may be appropriate, as represented by its Court appointed Monitor ("Vendor") in its capacity as Monitor and not in its personal capacity.
2. The Assets being offered for Sale, pursuant to these Terms and Conditions of Sale, consist of the Vendor's interest in the assets as described in the Invitation to Offer to Purchase Assets, property description and equipment list.
3. Offers marked "Offer – BN Caribou Mines" addressed to PricewaterhouseCoopers Inc., Suite 301, 44 Chipman Hill, Saint John, New Brunswick, E2L 4B9 attention Robert Smith, CA, CIRP, CFE.
4. Offers will be reviewed and considered as received.
5. Each offer must be accompanied by a certified cheque, bank draft or money order payable to "PricewaterhouseCoopers Inc. - In Trust", for an amount equal to \$1,000,000. If an offer is accepted and approved, the cheque, bank draft or money order shall be deemed a cash deposit and the balance of the purchase price shall be paid to the Vendor, at the times and on the terms and conditions herein set out.
6. All offers shall be submitted on the required Form of Offer, which is attached to these Terms and Conditions of Sale. The Monitor may reject offers that are not on the required Form of Offer.
7. In consideration of the Vendor making available these Terms and Conditions of Sale, other information and the opportunity of inspection and/or in consideration of the Vendor receiving offers, each prospective Acquirer agrees that its offer is irrevocable and cannot be retracted, withdrawn, varied or countermanded prior to acceptance or rejection thereof.
8. The highest or any offer shall not necessarily be accepted. Preference may be given to en bloc offers.

BLUE NOTE CARIBOU MINES INC. TERMS AND CONDITIONS

9. If the Vendor accepts any offer, then such acceptance shall be communicated to the successful prospective Acquirer within ten (10) business days of the date fixed for the closing of receipt of offers. Such notice may be by telephone, email, facsimile or other means of recorded telecommunications or by registered mail or delivery. Notice of acceptance shall be deemed effectively given when so delivered, telephoned or sent by facsimile or other means of recorded telecommunication or on date of deposit in a post office if mailed by registered mail, as the case may be. Upon such acceptance, there shall be an Agreement of Purchase and Sale between the Vendor and the Acquirer on the terms contained herein and the offer, these Terms and Conditions of Sale, and the acceptance shall be sufficient evidence of such Agreement.
10. Certified cheques, bank drafts or money orders accompanying offers that are not accepted by the Vendor will be returned, without interest, to the address given in the offer within the later of ten (10) business days of the date fixed for the closing of receipt of offers and the Court approval of the sale of the assets.
11. The balance of the purchase price shall be paid to the Monitor by cash, wire transfer or bank draft upon closing, which closing shall occur within thirty days after acceptance of offers by the Monitor provided that where Court approval has not been obtained within 10 days of the date of acceptance, the closing date shall be extended until 30 days after Court approval, or on such other date as may be mutually agreed between the Monitor and Acquirer. Court approval is not required for the equipment and will be closed separately from the land and buildings.
12. Upon closing of the sale contemplated by the Agreement of Purchase and Sale, the Acquirer shall be entitled, upon receipt by the Vendor of the Purchase Price, only to such Deeds, Form 13 Transfers (Land Titles Act of New Brunswick), Bills of Sale or Assignments as may be considered necessary by the Vendor to convey the Assets to the Purchaser or the Assignee of the Purchaser provided that the Purchaser shall remain liable under the Agreement of Purchase and Sale, notwithstanding any assignment thereof by the Acquirer. Any such Deeds, Form 13 Transfers (Land Titles Act of New Brunswick), Bills of Sale or Assignments shall contain only a conveyance of the Vendor's interest in the Assets and shall not contain any covenant other than a covenant that the Vendor has done no act to encumber the Assets.
13. Real Property Taxes will be adjusted pro rata to the Closing Date in favour of the Acquirer. Acquirer's counsel will undertake to pay or otherwise satisfy all Real Property Taxes for 2009 and prior such that clear title is passed to the Acquirer.

BLUE NOTE CARIBOU MINES INC. TERMS AND CONDITIONS

14. In addition to the Purchase Price for the Assets being purchased, the Acquirer shall pay to the Vendor on the Closing Date all applicable federal, provincial and other taxes unless all necessary Certificates to exempt the Acquirer therefrom are provided to the Vendor on or before the Closing Date. The Acquirer shall arrange its own insurance, and there shall be no adjustment of insurance. The Acquirer shall be responsible for all costs with respect to the obtaining of all Federal, Provincial, civic and other licenses necessary to carry on a business.
15. The obligation of the Vendor to sell, and the Acquirer to purchase, the Assets shall, at the option of the Vendor, terminate in the event that, prior to the Closing Date of the sale the Assets are substantially destroyed by fire, flood, the elements, Government action, or civil commotion or any other external cause beyond the control of the Vendor. Such option to terminate by the Vendor shall be exercised by giving notice in writing to the Acquirer that it intends to take the proceeds, if any, payable under any existing insurance policies and terminate the Agreement of Purchase and Sale. In such an event, the Agreement of Purchase and Sale shall automatically terminate and be deemed null and void and the deposit money shall be returned to the Acquirer without interest, cost, and compensation or deduction and no party shall be liable to another for any costs or damages whatsoever. If the Vendor does not exercise such option, the Acquirer, at his option may perform the Agreement of Purchase and Sale, such option to be exercised in writing, within seven (7) business days after notice to the Acquirer that the Vendor does not intend to exercise its option to terminate. In such event, the Acquirer shall be entitled only to an assignment of any proceeds payable under the existing insurance policies and transfer of any remaining Assets in full settlement of the Vendor's obligations to repair or replace the damaged assets and in full satisfaction of this Agreement of Purchase and Sale. If the Acquirer does not exercise its option, the Agreement of Purchase and Sale shall be automatically terminated and deemed null and void and the deposit money shall be refunded to the Acquirer without interest, costs, compensation or deduction and neither party shall be liable to the other for any costs or damages whatsoever.
16. The Vendor shall remain in possession of the Assets until the Closing Date and completion of the Agreement of Purchase and Sale. Title to the Assets shall not pass to the Acquirer, nor shall the Acquirer be entitled to possession of same, until the purchase price and all other payments to be made by the Acquirer pursuant to the Agreement of Purchase and Sale have been paid in full.
17. The Vendor may pay and discharge out of the monies to be paid by the Acquirer any liens or encumbrances not being assumed by the Acquirer.

BLUE NOTE CARIBOU MINES INC. TERMS AND CONDITIONS

18. If, on or before closing, it is found that there are property claims, encumbrances or charges against any of the Assets being offered for sale which the Acquirer has not agreed to assume in addition to, or as part of its offer, and which the Vendor is not willing to discharge, then, subject to the Vendor's consent, the offer may be reduced by the Acquirer by the amount of the value of the claimed or encumbered assets (calculated by prorating the value of the encumbered assets based on the actual offered price) or the Vendor at its own option may rescind the agreement to sell the assets in question and the Acquirer shall be entitled solely to the return of the cash deposit without interest and without any other compensation of any kind or nature whatsoever for any loss, damages or other costs.
19. In addition to all other normal closing adjustments, there shall be the following closing adjustments as set out in the invitation to offer:
 - **Inventory of fuel on site at the date of closing.**
20. If the Acquirer fails to comply with these Terms and Conditions of Sale, the deposit shall be forfeited to the Vendor on account of liquidated damages and the Assets may be resold by the Vendor in such manner and on such terms as the Vendor in its sole discretion determines and the Acquirer shall pay to the Vendor (i) an amount equal to the amount, if any, by which the Purchase Price under the Agreement of Purchase and Sale exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Acquirer's failure to comply with the Agreement of Purchase and Sale.
21. By submitting an offer, the Acquirer acknowledges that it has inspected the Assets and that the Assets are sold on an "as is, where is" basis at the time of closing and that no representation, warranty or condition is expressed or implied as to title, description, environmental conditions, fitness for purpose, merchantability, quantity, condition, cost, or quality thereof or in respect of any other matter or thing whatsoever. Without limitation, the Assets are specifically offered as they exist on closing and with no adjustments to be allowed the Acquirer for changes in conditions, qualities or quantities of the Assets from the date hereof to the Closing Date except as specifically provided for in the Terms and Conditions of Sale. Each Acquirer acknowledges that the Vendor is not required to inspect or count, or provide any inspection or counting, of the Assets.
22. PricewaterhouseCoopers Inc. acts in its capacity as Monitor as aforesaid and shall have no personal or corporate liability hereunder or from any Agreement of Purchase and Sale of contemplated hereby or as a result of any sale contemplated hereby.
23. In the event that some of the offers submitted are substantially in the same terms and/or amounts, the Vendor may in its sole discretion call upon those prospective Acquirers to submit further offers.
24. The Terms and Conditions contained herein shall not merge on closing, but shall survive such closing and remain in full force and effect and be binding on the Acquirer thereafter.

BLUE NOTE CARIBOU MINES INC. TERMS AND CONDITIONS

25. The submission of an offer by a resident of the province of Quebec will be deemed to constitute the declaration and acknowledgement by such resident that it has requested these Terms and Conditions of Sale, the Form of Offer referred to herein and all other documentation relating to its offer and the acceptance thereof to be drawn up in the English language.
26. In the event that disruption occurs with respect to the Canadian or other postal service, all notices contemplated by these Terms and Conditions of Sale may be forwarded by telegram, facsimile or electronic transmission (email).
27. The validity and interpretation of these Terms and Conditions of Sale, and of each provision and part thereof, and of any Agreement of Purchase and Sale defined herein, shall be governed by the laws of Province of New Brunswick, and the Courts of the Province of New Brunswick shall have exclusive jurisdiction with respect to any disputes arising out of these Terms and Conditions of Sale or any Agreement of Purchase and Sale entered into pursuant to these Terms and Conditions of Sale.
28. The Vendor at its own discretion may waive any or all of the Terms and Conditions of Sale herein.
29. If there is any conflict between these conditions and the advertised Invitation to Offer, the terms contained in these Terms and Conditions of Sale shall prevail.
30. The Agreement of Purchase and Sale entered into pursuant to these Terms and Conditions of Sale shall endure to the benefit of and be binding upon the parties thereto, and their respective successors and assigns.
31. All stipulations as to time are strictly of the essence.

PricewaterhouseCoopers Inc.
Monitor of Blue Note Caribou Mines Inc.
Suite 301, 44 Chipman Hill
Saint John, New Brunswick, Canada
E2L 4B9