

NSE Nova Stone Exporters Inc.

Producers and Exporters of Quality Controlled Aggregate Products

June 25, 2003

Nova Scotia Department of Environment and Labour
Attention: Bob Petrie, Administrator
13 First Street
Yarmouth, N.S.
B5A 1S9

Dear Mr. Petrie:

Approval number 2002-026397

I can advise that as of this date Nova Stone Exporters Inc. is in a position to commence production of aggregate under the above noted permit.

Clearing and grubbing of the initial face has been completed and environmental controls including the settling pond have been established.

The Permit issued by the Department of Environment and Labour requires a letter from the Department of Fisheries and Oceans ("DFO") confirming the blasting plan for the 3.9 ha. quarry which complies with the "Guidelines for the Use of Explosives In or Near Canadian Fisheries Waters - 1998" ("Guidelines"). Our company has submitted a blasting plan for the 3.9 ha quarry which complies with the Guidelines and have submitted a report verifying that the intended charge size and blast design will not have an adverse effect on marine mammals in the area. DFO has not issued a letter accepting a report but has never stated any clear position on the plan. We have not been advised by DFO that the blasting plan does not meet the Guidelines but have been engaged in an on-going discussion of criteria outside the terms of the Guidelines. You have been apprised of the delays and frustrations in the approach that DFO is employing by not addressing the blasting proposal for the 3.9 ha quarry.

As you know DFO has taken the position that our entering an EA phase for the proposed larger quarry prevents them from taking any action on the 3.9 ha quarry. We strongly disagree with this position and can now advise that DFO's position is preventing Nova Stone Exporters Inc. from operating the 3.9 ha quarry. We are writing to you to seek the province's intervention and involvement to have DFO answer the question that the Province has set out in the Permit, which is whether the blasting plan for the 3.9 ha quarry complies with the Guidelines. If this question is not answered then the Province is

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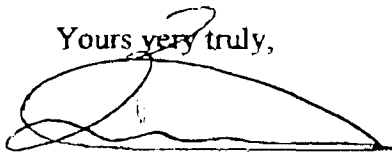
permitting DFO to involve our company in a process that is outside the conditions of the permit. In effect, it will be over riding the provincial jurisdiction.

These are serious financial consequences which arise from our inability to operate in accordance with the Permit, and we are imploring the Province to stand behind its authority and enforce the conditions of the Permit.

The Company has suffered significant costs due to the delay and the jurisdictional machinations employed by DFO. This Company has acted in good faith and we expect the same of the Province in interpreting and enforcing the Permit. We feel we have satisfied all conditions and we ask that you confirm that for us so that we may proceed with the work contemplated by the Permit. To do otherwise will make the Province complicit in the DFO conduct.

Failure to act will cause severe economic hardship to the Company and the project. It will also send a clear message on the excessive difficulty and high level of uncertainty that companies face when they seek to invest in Nova Scotia.

Yours very truly,



Paul Buxton P. Eng.
Project Manager
Nova Stone Exporters Inc.

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