

Nanisivik Closure & Reclamation News



*Ensuring that
Arctic Bay is
Informed.*

RECENT DEVELOPMENTS IN THE NANISIVIK MINE WATER LICENCE

By

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On January 23, 2003, the Nunavut Water Board ("NWB") met in Yellowknife to, among other things, approve a timetable for the submission of reports and studies that Breakwater Resources Limited ("Breakwater") must provide in order to comply with the terms

and conditions of Licence NWB1NAN0208 - Closure and Reclamation of the Nanisivik Mine. The approval of the timetable permits Breakwater to submit its reports and studies throughout 2003. The submission process will culminate on December 15, 2003 with Breakwater's provision of the Final Closure and Reclamation Plan.

The following table provides a summary of the submissions to be expected:

Date	Submission
December 18, 2002	Revised Emergency Response Plan
January 30, 2003	Phase II Environmental Site Assessment
January 30, 2003	Human Health and Ecological Risk Assessment
February 28, 2003	Report on Monitoring Requirements
March 30, 2003	Underground Solid Waste Disposal Plan
August 31, 2003	Report Assessing Postulated Talik (unfrozen areas) in the Surface Tailings Cell and Test Cell
August 31, 2003	Report on the Proposed Spillway
September 30, 2003	Report Assessing Waste Rock

September 30, 2003	Report Assessing Proposed Covers
October 31, 2003	Report Assessing Quarries required for cover construction
October 31, 2003	West Twin Disposal Area Closure Plan
October 31, 2003	Landfill Closure Plan
December 15, 2003	Final Closure and Reclamation Plan

As Breakwater's submissions are delivered to the NWB for review and approval, the NWB will conduct written hearings and request input from interested parties with technical expertise, such as Indian and Northern Affairs Canada ("INAC"), Fisheries and Oceans Canada, Environment Canada, Nunavut Tunngavik Incorporated and the Government of Nunavut's Department of Sustainable Development. However, because the NWB respects and takes into account the opinions and traditional knowledge of Nunavummiut, it also wishes to have input from the community of Arctic Bay, through its Hamlet Council, Hunters and Trappers Organization, Elders Committee, as well as from interested individuals. Without the approval of these submissions by the NWB, Breakwater lacks the authority to undertake reclamation work at Nanisivik.

The first example of how this hearing process is likely to proceed will occur with the examination of two important reports that Breakwater submitted on January 30, 2003. The first of those reports, the Phase II Environmental Site Assessment, describes the type and concentration of contaminants present at

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Nanisivik, as well as their approximate extent and distribution. The second report, the Human Health and Ecological Risk Assessment, evaluates whether the contaminants present in the surface soil of the Nanisivik Mine will significantly threaten the future health of humans or animals. The information presented in this report should also help to guide government agencies in their decisions about the potential use of the Nanisivik Mine property.

The NWB has called for a technical meeting in Iqaluit on March 29, 2003 to review the content of these two reports. Arctic Bay will be represented by its Community Liaison Coordinator, Levi Barnabas. Representatives from Breakwater, as well as federal and territorial government agencies are expected to attend. Following this meeting, a public meeting to introduce the reports, present the results of the technical meeting in Iqaluit and solicit input from community members will be held in early April. The results of these two meetings, in addition to written interventions submitted to the NWB by interested parties, will assist the NWB in approving the two reports. The NWB requests interested parties to submit their comments on these two reports before 5:00 mst April 26, 2003 in order to finalize their approval by no later than May 10, 2003. Arctic Bay community members, who wish to make statements, either oral or written, should contact Levi Barnabas (439-8277) to do so.

report, to review and present comments. For the review and approval of the Final Closure and Reclamation Plan, due December 15, 2003, the NWB intends to hold a public hearing in Arctic Bay that would likely take place sometime in February or March, 2004. The public hearing will give the community the opportunity to ask questions both to Breakwater, as well as to the government agencies present. At the time of the proposed hearing, community members will be able to offer their opinions to the NWB in regards to any portion of the C&R Plan that concerns them.

The provision of the \$17.6 million of financial security required to be posted by Breakwater as a condition of Licence NWB1NAN0208 has not yet been resolved. The issue of the outstanding security was discussed extensively during the NWB's January meeting in Yellowknife. The NWB's concerns were reported to INAC, which is the agency responsible for both negotiating financial security and enforcing the terms and conditions of water licences. In response to those concerns, INAC has stated that it continues to negotiate with Breakwater on the security issue and that it is emphatic in its desire not to see the cost of mine reclamation fall onto the shoulders of taxpayers. In situations where mining companies operating in the northern territories cannot pay for reclamation, such as in the case of bankruptcies, INAC becomes the agency responsible for the management and eventual clean-up of such a mine site. The NWB will continue to communicate with INAC in order to bring more clarity to the security issue and to see the terms and conditions of its water licences fulfilled.

The NWB reaffirms its commitment to engage with the community of Arctic Bay and to keep them informed and involved on the progress of the closure of the Nanisivik Mine over the next year.



It is predicted that the review and approval of Breakwater's future submissions will follow a similar path to that outlined above. The NWB intends to grant interested parties sufficient time, depending on the complexity of the

Nunavut's Legislative Assembly Discusses the Nanisivik Closure

During the last sitting of the Nunavut Legislature, MLAs had the opportunity to debate the Nanisivik issue. MLA, Rebekkah Aki Williams presented her concerns about the environmental and social impacts of the mine closure and asked what the territorial government intended to do to mitigate these impacts. The Minister for Sustainable Development, the Honourable Olayuk Akesuk responded to Ms. Aki Williams statement. The transcripts of their speeches are presented below.

Rebekkah Aki Williams – Nanisivik Mine Closure and Remediation Plans Update

Thank you, Mr Speaker. Mr. Speaker, I'd like to address an issue that I have been pursuing since the day I was elected to the Legislative Assembly.

Mr. Speaker, the Nanisivik Mine closed almost two months ago now, however, Mr. Speaker, the legacy of Nanisivik will be with us for many years to come. For the residence of Arctic Bay, uncertainty about the future continues.

Through the past year my constituents have continued to express to me their hope that our government will take strong leadership in securing a prosperous and wealthy future for the community.

Mr. Speaker, the challenges facing the community are significant. For example, while I understand that in this short term, the residence of Arctic Bay will continue to use Nanisivik airport. It is not clear what the other options will be. Many kilometers of road must be maintained if the Nanisivik airport facility is to be used on a permanent basis.

Mr. Speaker, I remain concerned about the environmental impact of certain proposed remediation practices. Mr. Speaker, I believe that the land should remain, returned to us in a pristine condition as possible.

But it is not clear to me what the government's expectations are for the cleanup nor is it clear as to what body we'll assume its cost. Mr. Speaker, I am encouraged by the work that GN has done to date, however, I look forward to future

updates as to the status of the Nanisivik land cleanup.

I will be asking questions of the Minister of Sustainable Development at appropriate time. Thank you, Mr. Speaker.



Protection of the environment is a key concern of Arctic Bay's residents

The Honourable Olayuk Akesuk –
Detailed Information on Activities in
Arctic Bay Concerning the Nanisivik
Mine Closure

Nakurmiik Mr. Speaker I would like to rise today to address the issues surrounding the Nanisivik Mine closure, and the activities done to date with the community of Arctic Bay.

Since Breakwater Resources announced the closure of the Nanisivik Mine late last year, the Government of Nunavut has developed a very close working relationship with the Hamlet Working Group. A community liaison coordinator was hired from within the community to ensure that the community is involved in this process. Levi Barnabas presently holds this position, and his salary is being partially funded through the Department of Sustainable Development, Community Government and Transportation and the Nunavut Water Board

Many of the activities that Government of Nunavut officials have been concerned with involve direct work and consultation with the community of Arctic Bay. These include:



§ Coordination of public meetings to orientate the community of Arctic Bay to the complex processes associated with the Nunavut Water Board and the

Nunavut Impact Review Board hearings. Meetings were held in July and August with the Hamlet Working Group. This activity is still underway and we expect further public hearings in the January to March 2003 period.

§ A study was commissioned to assess the detailed costs of transferring housing from Nanisivik to Arctic Bay, the feasibility study is now underway and we expect results by the end of November 2002. The feasibility study will be reviewed by the GN and the community.

§ The GN is investigating the cost of transferring the Anglican ecumenical church in Nanisivik to Arctic Bay as a result of concerns raised by the Anglican Vestry Committee.

§ Coordination of public meetings to All GN-owned buildings in the Nanisivik town site including the town centre complex and all Nunavut Housing Corporation houses were properly mothballed in order to protect and preserve them over the winter. This will allow some of these buildings to be moved or relocated to Arctic Bay at some time in the future if needed.

§ A socioeconomic impact study on the mine closure in Arctic Bay is now complete. The consultant reviewed the report with the community of Arctic Bay before it was finalized. This work was done in close consultation with the community and included community meetings in June, July, August and October. These meetings included GN officials. I also attended the community meeting held on October 15th 2002.

§ The Community Liaison Coordinator in Arctic Bay provides up to date information to the residents of Arctic Bay

through live radio shows. The purpose of these shows is to provide details on the mine closure; including contamination of the Nanisivik town site and any health concerns they may have.

§ The matter of contamination in the Nanisivik town site was a discussion item of major concern at the community meeting, which I attended in Arctic Bay on October 15, 2002.

§ In consultation with the community, surplus GN assets in Nanisivik were provided to Arctic Bay so they can be of use to community residents. A very successful “auction” of surplus housing assets was organized and over 200 community residents attended.

§ Emergency airport contingency plans were developed to deal with the preservation of airport services for the people of Arctic Bay. This was done to protect the Nanisivik airport in case any problems arise as a result of the mine closure.

§ GN officials have held detailed discussions with Breakwater Resources to find ways of making their potential surplus mine assets available to Arctic Bay as well as any other community in Nunavut.

§ A meeting is scheduled on December 3, 2002 in Arctic Bay with the Hamlet Working Group to discuss in detail the socioeconomic priorities for the community.

The Nunavut Water Board in partnership with the community has begun producing a newsletter called “*The Nanisivik Closure and Reclamation News*” for distribution in the Community of Arctic Bay. The newsletter provides useful and important information and news to residents

regarding this process. I would like to table this document with you today.

The Government of Nunavut wants to ensure that the mine closure occurs in an environmentally responsible manner, that we work together with other governments to mitigate the socioeconomic impacts of the closure on the people of Arctic Bay and Nunavut; and finally that we ensure that the maximum number of jobs possible are available for Nunavummiut as a result of the mine reclamation process.

There is a tremendous amount of work that has been done to date, and considerable effort by many, many people working behind the scenes. Much of this work is not visible, and takes time but it is required in order to ensure that the Government can proceed without incurring legal or environmental liabilities.

It is very important to note that Breakwater Resources/Canzinc is financially responsible to ensure that the cleanup of the mine and town site occurs. In addition it is important to note that the Federal Government is ultimately responsible in ensuring that Breakwater Resources/Canzinc fulfills its cleanup obligations. The GN will continue to monitor this process and keep the community informed.

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The Early Years of the Strathcona Sound Mining Project – Part I

Summary

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DISCLAIMER

The following document is a summary of Robert Gibson's 1978 report, which examined the decision-making that led to the development of the Nanisivik Mine. Gibson's findings, statements, and conclusions are neither endorsed by, nor represent the views of the Nunavut Water Board.

INTRODUCTION

When the Nanisivik Mine stopped production on 30 September 2002, a long period in Arctic Bay's history came to an end. As Arctic Bay plans for a future without the mine, it is important to reflect on the legacy of Nanisivik: how it was developed; who was responsible for its development; and how it impacted Arctic Bay, both positively and negatively.

Four years after the 1974 signing of the Strathcona Agreement, which permitted the mine to be built, a researcher called Robert Gibson wrote a report called The Strathcona Sound Mining Project – A Case Study of Decision Making for the Science Council of Canada. The report describes in detail the role of the various players in the development, such as the Department of Indian and Northern Affairs ("DIAND"), the Government of the Northwest Territories ("GNWT"), the mining company,

Mineral Resources International ("MRI") and the community of Arctic Bay.

A summary of parts of this report, particularly those sections that pertain to Arctic Bay, will be presented in this and subsequent newsletters. It is hoped that these articles will refresh the memories of those community members who witnessed Nanisivik's development first-hand and will provide new information to younger persons who would like to know about the mine's history and their community's relation to it.

THE EXPOLARATION PHASE

Prospectors first identified mineral deposits in Strathcona Sound in 1911 while over-wintering on Captain J.E. Bernier's exploration ship, the *Arctic*. The land remained undisturbed until 1957, when the Texas Gulf Sulphur Company ("Texas Gulf") began claims staking and exploratory work. Texas Gulf's exploration continued throughout the 1960s. In order to understand better the quality and quantity of the mineral deposits, the company sealifted into Strathcona Sound in 1969 the supplies and equipment needed for a bulk sampling program. Several persons from Arctic Bay were employed by Texas Gulf to assist with exploration work. According to a 1969 report by William Kempt, Arctic Bay's Acting Area Administrator, there

Arctic Bay Elders discussed the legacy of Nanisivik with CanZinco Limited representatives while visiting the mine site last fall.



prefabricated wood houses, but the majority of Inuit families lived in tents heated by oil stoves, much like a traditional camp. The non-Native workers, in comparison, were paid \$3.50/hr plus a bonus, and they all lived in houses. The Inuit working for Texas Gulf were the lowest paid in the region, and their rates were substantially lower than the wages offered to GNWT casual labourers or to workers in Resolute. Some government officials voiced concerns about the working conditions and social impacts on Inuit labourers and their families living in Strathcona Sound. The experience of the Rankin Inlet Mine (1956-1962), and its negative impacts on Inuit who worked there was still fresh in the minds of many people.

By 1970, Texas Gulf had begun to examine the possibility of developing a mine at Strathcona. Texas Gulf had reservations about developing the site because of factors relating to shipping and labour, and it therefore sought out other companies that might be interested in developing the property. An agreement was signed with the Calgary-based company, Mineral Resources International in 1972, under which, Texas Gulf would transfer its Strathcona mineral rights to MRI in exchange for a share of the profits.

THE FEASIBILITY STUDY

MRI hired the consulting firm Watts, Griffis, and McOuat Limited ("Consultants") to conduct a feasibility study to determine if a mine could operate profitably in the remote and harsh conditions of Strathcona Sound. In late August 1972, the Consultants briefly visited Arctic Bay in order to acquaint themselves with the community. Gibson's report indicates that no substantial information was given to the community on that visit; nor was the community's opinion about the potential mine solicited.

The Consultants' report was, however, heavily influenced by meetings with government officials, particularly those from DIAND. DIAND was prepared to back the mining venture through support programs, grants and loans, provided that its own policy objectives could be met. DIAND wanted to extend the life of the mine from the eight years proposed by MRI to a minimum of fifteen years. DIAND officials believed that lengthening the project's lifespan would help it to achieve a number of objectives, particularly providing long-term employment and training opportunities



Elders who witnessed the development of the Nanisivik mine and now are seeing its closure.

for Inuit. In exchange for the project's extension, the government would support, among other things, the construction of an airport, a docking facility and a townsite.

Due to a shortage of skilled labour in southern Canada at that time, MRI was favourably inclined towards the notion of employing Inuit workers. The company predicted that, unless wages were substantially higher, it would be difficult to attract southern workers given the conditions at Strathcona Sound. Training and employing local Inuit was the only plausible alternative.

While the people of Arctic Bay did not participate in the Consultants' initial discussions and meetings, they were aware of the nature of the project and its possible effects on their community. In November 1972, Levi Kalluk, Chairman of the Settlement Council of Arctic Bay, sent a letter to the Consultants to present his community's opinions about the project. The letter objected to the federal and territorial

governments' lack of consultation with Arctic Bay. The community rejected the concept of a townsite at Nanisivik and instead suggested that mining families live in Arctic Bay. Local infrastructure, such as the school and nursing station, could be enlarged as necessary.

In February 1973, halfway through the feasibility study period, the first meeting was held to present information to, and to solicit input from, Arctic Bay residents. Representative of MRI and the Consultants, as well as territorial and federal government officials, attended the meeting. Because the community leaders had stated their support for the project at the meeting, albeit with reservations, the officials did not hold another meeting with the community until August 1973, which was very near the end of the study period.

The August meeting was an opportunity for the officials to present information concerning the project's status and future plans. No options regarding the development plan were offered, as the Consultants had more or less settled their plan. Gibson's report suggests that the meeting was less a consultation than a public relations exercise to gain approval and support for the project. MRI, for its part, had already begun to seek out potential investors and markets for the zinc concentrate the mine would produce.

The Consultants' final report was submitted to MRI in September 1973. It stressed that the Strathcona Sound project was feasible provided that zinc prices remained stable and government assistance could be obtained. Government support was particularly essential for infrastructure development. Even before the

feasibility study had been submitted, discussions leading towards governmental approval and support had already started. The Consultants were confident that both the federal and territorial governments would back the project financially and otherwise.

From the community's perspective, involvement with the feasibility study appears to have been a mixed experience. There had clearly been very little community consultation in the preparation of the study. Nevertheless the report was very

progressive in terms of its attitude towards the training and employment of Inuit. From the Consultants' perspective, the utilization of Inuit labour was crucial not only to obtain government approval of the mine, but also to the mine's operation.

With the report submitted, MRI pressed ahead to secure government approval and support for the Strathcona Sound project. The government began its official assessment of the proposed project.



Note: Summaries of the government's assessment of the project and the negotiation and signing of the Strathcona Sound agreement will be presented in subsequent newsletters.

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