January 9, 2003 SPP10C3

> Alain Jolicoeur, Deputy Minister Indian Affairs and Northern Development Deputy Minister's Office 10 Wellington Street Hull, Quebec K1A 0H4

Dear Mr. Jolicoeur:

Re: Nanisivik Mine Closure and Reclamation

JAN

I am writing to request that the Department of Indian and Northern Affairs (DIAND) take specific action regarding the environmental and socio-economic impacts related to the closure of the Nanisivik mine site near Arctic Bay in Nunavut.

The Government of Nunavut (GN) has released documentation confirming that there is extensive land contamination, exceeding CCME guidelines, at the 28-year old Nanisivik town site. We expect that the Phase II Environmental Site Assessment currently being prepared by CanZinco Ltd. for the Nunavut Water Board will verify that there is land contamination throughout the entire mine site. Local people are particularly cognizant of the potential long term effects contaminants pose on wildlife and human health. Concerns include wind blown tailings, tailings containment area stability, clean-up of the water treatment facility and landfill, as well as general distribution and release of contaminants into the environment. The site will continue to release contaminants into the land, water and air, until it and surrounding areas are fully and properly reclaimed. To protect the people, the food supply and the general environment, it is essential that reclamation proceed expeditiously throughout the entire area affected by mine operations. In that regard, NTI recommends the development of a comprehensive reclamation plan supported by all responsible agencies, based on thorough environmental impact assessment, to ensure that all areas affected by mining operations are cleaned up, and that the mine site is made safe for alternate uses.

As a former owner of the mine, and as administrator of the Crown lands regime in Nunavut, DIAND has considerable responsibility, and legal liability, to ensure such comprehensive reclamation takes place. As well, as a signatory to the original agreement (Strathcona Sound Mining Project Agreement) for the creation of Nanisivik mine, DIAND must ensure the obligations under that Agreement are met.

NTI has reviewed the Nunavut Water Board's (NWB) Licence NWB1NAN0208 and supports NWB's direction to CanZinco Ltd. to provide \$17.6M in security for

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reclamation guaranteed by Breakwater Ltd. As the Minister of DIAND ultimately determines the form in which this security is provided we urge DIAND to obtain the full amount of the security in a form that is readily convertible to cash. In the event of insolvency of CanZinco Ltd., it is imperative that the financial security remain beyond the control of the mining company, or its creditors.

The scope of the impacts on the community of Arctic Bay include socio-economic impacts as well. As you may be aware, the Strathcona Sound Mining Project Agreement contains detailed obligations related to Inuit employment and training. The record shows that the Company failed to fulfill many of its obligations. The Government likewise failed to fulfill its obligations, many of which relate to monitoring and enforcing the employment and training aspects of the Agreement. As stated in a recent letter to NTI from the Mayor of Arctic Bay: "The mine is now finished and the economic benefits that we thought we would receive did not come." NTI believes that considerable losses to Inuit have resulted from the Government's and the Company's failure to fulfill the Strathcona Sound Mining Project Agreement and we are examining the community's recourse.

The Nunavut Impact Review Board (NIRB) recommended in its October 7, 2002 statement on comprehensive terms and conditions concerning cumulative impacts and the Nanisivik Mine closure pursuant to ss 12.3.3 of the Nunavut Land Claims

Agreement, that the

Permittee and involved agencies make an effort in the form of agreements to attain the greatest socio-economic bencfits for the community of Arctic Bay with the closure of the mine, including agreements concerning compensation.

Given the unfortunate record described above, and legacy of negative impacts on the community, we request that DIAND take a lead role in facilitating discussions among the federal and territorial governments, the Inuit organizations, and local Inuit to address the socio-economic impacts related to the operations and closure of Nanisivik Mine, and to identify measures to address these impacts.

To this end, we request that you identify an official who will contact us this month for a meeting and take the lead in facilitating discussions amongst government and Inuit on mitigating socio-economic and environmental impacts related to the operations and closure of Nanisivik Mine. Ensuring socio-economic and environmental impacts are mitigated is a priority for NTI, and we look forward to working with your department on these issues.

John Lamb, Chief Executive Officer

cc: Thomasie Alikatuktuk, President, Qikiqtani Inuit Association.

Joanasie Akumalik, Mayor, Arctic Bay

Qaumayuk Oyukuluk, Chairman, Ikajutit Hunter and Trappers Association Stephanie Briscoe, Executive Director, Nunavut Impact Review Board

Philippe di Pizzo, Executive Director, Nunavut Water Board

Wilf Attwood, Regional Director General, DIAND

Alex Campbell, Deputy Minister, Department of Sustainable Development