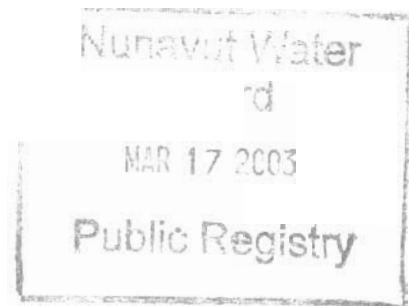


**2002 COMPLIANCE REPORT FOR WATER**  
**LICENCE NWB1NAN0208**

**NANISIVIK MINE**



Prepared by

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INAC- District Office  
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February 28, 2003

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**2002 Compliance Report**  
**Nanisivik Mine**  
**Water Licence NWB1NAN0208**

## **Introduction**

The Nunavut Water Board (NWB) issued, on October 10, 2002, licence NWB1NAN0208 (renewal of NWB1NAN9702) allowing CanZinco Limited formerly Nanisivik Mines Ltd.) a Wholly-Owned Subsidiary of Breakwater Resources Limited, Nanisivik Mine (Industrial Water use and Waste Disposal associated with Closure and Reclamation of the Licencee's Nanisivik Mine and Associated Infrastructures, Nanisivik Nunavut). The Licencee is issued this Licence subject to the conditions contained within the Nunavut Waters and Nunavut Surface Rights Tribunal Act, or other statutes imposing more stringent conditions relating to quantity or type of waste that may be deposited, this Licence shall be deemed to be subject to such requirements. This report assesses compliance with the licence from October 1, 2002 to February 28, 2003 inclusive.

## **Compliance Assessment**

### **Part B General Conditions**

#### **Condition Number and Compliance Assessment**

1. Compliance in the form of a Receipt for water usage July 31, 2001 to July 31, 2002 has been received

2. Non compliance by Licencee in that CanZinco Limited and Breakwater Resources Limited have failed to provide Security. Despite being given two 30 day extensions by the Nunavut Water Board in which to secure financial securities, the \$12.600,000 million dollars Security due as of December 1, 2002 has not been put into place. The failure of CanZinco Limited to provide and maintain security bonding as required in General Conditions (Part B) of the Licence NWB1NAN0208 constitutes an offence under subsection 76 (1) of the Nunavut Waters and Nunavut Surface Rights Tribunal Act and Entails, upon summary conviction for each day the violation continues.

3. Not Applicable.

4. Non compliance by the Licencee in that no security has been put in place to the acceptance of the Minister.

5. Not Applicable, Nanisivik Mine has chosen other non sanctioned means of attempting to have the amount of security required by the Board reduced these measures are not in compliance with Board procedures. No evidence has been put forth to the Board for revaluation of the security requirements.

### **Condition Number and Compliance Assessment**

6. Compliance pending submission of the Nanisivik Annual report for Licence March 31, 2004, the first report generated under the renewed Water Licence NWBNAN0208.
7. Compliance by Licencee to this section.
8. Not Applicable.
9. Not Applicable.
10. Not Applicable.
11. Not Applicable.
12. Not Applicable.

### **Part C- Conditions Applying to Water Use**

#### **Condition Number and Compliance Assessment**

1. Compliance by Licencee to this section in that all fresh water is obtained from East Twin Lake.
2. Compliance pending, no measurements of water consumption have been submitted since July, 2002.
3. Compliance in that the Licencee submitted Water Quantity estimates with the water Licence application. In Robert Carreau's of Breakwater Resources Letter dated December 18, 2002 outlining the *Timetable of Required Submissions*, Mr. Carreau requests that Nanisivik be granted 90,000 cubic metres the first year (2003) followed by a reduction to 45,000 cubic metres in year 2 (2004) and a final reduction to 20,000 cubic metres for the remainder of the Licence.
4. Compliance pending, no SNP measurements have been submitted since July, 2002.
5. Compliance by Licencee to this section, the Inspector noted water level measuring equipment on the October 4 inspection.

### **Part D- Conditions Applying to Waste Management**

#### **Condition Number and Compliance Assessment**

1. Non compliance in that mine tailings were noted in West Open Pit on October 4, 2002.

### **Condition Number and Compliance Assessment**

2. Compliance pending.
3. Compliance pending.
4. Compliance pending.
5. Compliance pending.
6. Compliance pending.
7. Compliance pending..
8. Compliance pending.
9. Non compliance in that the *Final Discharge Point Report* due on February 4, 2003 has not been submitted as of February 28, 2003.
10. Compliance pending.
11. Compliance pending.
12. Compliance pending.
13. Not Applicable.

### **Part E - Conditions Applying to Emergency Response**

#### **Condition Number and Compliance Assessment**

1. Non compliance by Licencee in that the *Emergency Response Plan* schedule for submission on November 11, 2002 has been submitted as of February 28, 2003 to the Board .
2. Compliance by Licencee with this section.
3. Non compliance by Licencee in that the original *Emergency Response Plan* has not been submitted to the Board.
4. Non compliance by Licencee in that no *Emergency Response Plan* has been submitted.
5. Non compliance by Licencee in that no *Emergency Response Plan* has been submitted.

### **Condition Number and Compliance Assessment**

6. Non Compliance by the Licencee in that spills 02-538 and 02-539 were identified by the Inspectors on September 18, 2002 and brought to the attention of Nanisivik Mine representatives. During the following inspection on October 4, 2002 the Inspectors questioned the Steven Keenan as to the status of spill 02-538 and 02-539. Steven Keenan (Environmental Superintendent) stated that he was not aware of either of the recent spills. On October 9, 2002 spill reports 02-538 Tank Farm Pump House fuel oil spill and 02-539 Lay Down Chemical Storage area Copper Sulphate spill were submitted as requested by the Inspectors. No follow up report has been submitted within 30 days, in respect to spills 02-538, 02-539 or spill 02-260 a tailings spill that occurred on April 11, 2002.

## **Part F- Conditions Applying to Modifications and Construction**

### **Condition Number and Compliance Assessment**

1. Compliance pending.
2. Compliance pending.
3. Compliance pending.
4. Compliance pending.

## **Part G- Conditions Applying to Closure and Reclamation**

### **Condition Number and Compliance Assessment**

1. Compliance pending.
2. Non compliance by Licencee in that the *Monitoring Requirements Report* due on February 28 has not been submitted .
3. Compliance pending *Final Closure and Reclamation Plan* due on December 15, 2003.
4. Compliance pending *Tailings Cover Assessment Report* due on September 30, 2003.
5. Compliance pending *Talik Assessment Report in Tailing Cell* due on August 31, 2003.
6. Compliance pending *Waste Overburden Quarries Report* due on October 31, 2003.
7. Compliance pending *Proposed Spillway Design Report* due on August 32, 2003.
8. Compliance pending *Waste Rock Assessment Report* due on September 30, 2003.

## **Condition Number and Compliance Assessment**

9. Non compliance in that the *Monitoring Requirements Report* due on February 28, 2003 has not been submitted.

10. Compliance pending submission of *Final Closure and Restoration Plan* due on December 15, 2003.

11. Compliance in that the Board has accepted the detailed timetable of required submissions on January 23, 2003.

12. Compliance pending submission of *Final Closure and Restoration Plan* due on December 15, 2003.

13. Partial compliance in that the *Phase II Environmental Assessment* has been submitted to the Board on January 30, 2003, this report has yet to be approved by the Board.

14. Partial compliance in that the Licencee submitted *Human Health and Ecological Risk Assessment* on January 30, 2003, this report has yet to be approved by the Board.

15. Compliance pending submission of *West Twin Disposal Area Closure Plan Report* due October 31, 2003.

16. Compliance pending submission of the *Underground Mine Solid Waste Disposal Plan* due on March 30, 2003.

17. Compliance pending submission of *Landfill Closure Plan* due on October 31, 2003.

18. Compliance pending submission of reports 15 to 17 in October and March, 2003.

19. Compliance pending submission of reports 15 to 17 in October and March, 2003.

20. Compliance pending submission of reports 15 to 17 in October and March, 2003.

21. Compliance pending submission of Annual Report in March 30, 2003 for update of total mine closure liability in accordance with RECLAIM estimates.

22. Compliance pending submission of *Comprehensive Assessment of Mine Site Remediation* in May 1, 2007.

## **Part H- Conditions Applying To The Monitoring Program**

### **Condition Number and Compliance Assessment**

#### **GENERAL**

1. Compliance pending.

### **Condition Number and Compliance Assessment**

2. Compliance pending.

3. Compliance pending.

4. Compliance pending.

5. Non compliance by Licencee with this section in that no SNP measurements have been submitted after July, 2002.

#### **GEOTECHNICAL INSPECTION**

6. Compliance pending.

#### **EFFLUENT MONITORING**

7. Compliance pending.

8. Compliance pending.

9. Compliance pending.

10. Compliance pending.

11. Compliance pending.

12. Compliance pending.

13. Compliance pending.

#### **ACUTE LETHALITY AND DAPHNIA TESTING**

14. Non compliance by Licencee with this section in that no SNP measurements have been submitted after July, 2002.

15. Compliance pending.

### **Condition Number and Compliance Assessment**

- 16. Compliance pending.
- 17. Compliance pending.
- 18. Compliance pending.
- 19. Compliance pending.
- 20. Non compliance by Licencee with this section in that no SNP measurments have been submitted after July, 2002.

### **VOLUME AND EFFLUENT FLOW RATE**

- 21. Non compliance by Licencee with this section in that no SNP measurments have been submitted after July, 2002.
- 22. Non compliance by Licencee with this section in that no SNP measurments have been submitted after July, 2002.
- 23. Non compliance by Licencee with this section in that no SNP measurments have been submitted after July, 2002.
- 25. Non compliance by Licencee with this section in that no SNP measurments have been submitted after July, 2002.

### **CALCULATION OF LOADING**

- 26. Compliance pending.
- 27. Compliance pending.
- 28. Compliance pending.
- 29. Not Applicable.

### **REPORTING REQUIREMENTS**

- 30. Non compliance by Licencee with this section in that no *Quarterly Effluent Monitoring Report* has been submitted for November 14, 2002 and for February 14, 2003.
- 31. Compliance pending March 31, 2003.
- 32. Non compliance by Licencee with this section in that no SNP measurments have been submitted after July, 2002.



## **Condition Number and Compliance Assessment**

### **EFFLUENT CHARACTERIZATION**

- 33. Compliance pending.
- 34. Compliance pending June 6, 2003 sample acquisition.
- 35. Compliance pending.
- 36. Compliance pending.

### **SUBLEATHAL TOXICITY**

- 37. Compliance pending.
- 38. Compliance pending.
- 39. Compliance pending.

### **WATER QUALITY MONITORING**

- 40. Compliance pending.
- 41. Compliance pending.
- 42. Compliance pending.
- 43. Compliance pending.

### **BIOLOGICAL MONITORING**

- 44. Compliance pending.

## Conclusion

To date in 2003 CanZinco has not been in compliance with several terms of their new Water Licence NWBNAN0208. Non compliance issues are noted in sections ( Part B Item 2, Part D Item 1, Part D Item 9 Part E Item 1, Part E Item 6, Part G Item 2 and Part H Item 30).

The major non compliance issue outstanding in the new Water Licence is the failure of CanZinco to post the security in the amount of \$12,600,000 as required in Part B Item 2 of the Water Licence NWBNAN0208.

There has been a number of reports that were schedule for submission that have yet to be submitted by CanZinco, these reports include:

- a) Emergency Response Plan due on November 11, 2002 (Part E Item 1).
- b) Quarterly Effluent Monitoring Report due on November 14, 2002 and February 14, 2003 (Part H Item 30).
- c) Final Discharge Point Report due on February 4, 2002 (Part D Item 9).
- d) Monitoring Requirements Report due on February 28, 2003 (Part G Item 2).

Under the previous Water Licence NWBNAN9702 Nanisivik Mine had several unauthorized spills in the (2001-2002) season. These unauthorized spills include:

- a) The discharge of Mill Dump Pond to West Open Pit on May 19, 2002.
- b) The discharge of wind blown tailings to the town site of Nanisivik in May, 2002.
- c) The unauthorized discharge of Ocean View Open Pit wastewater to the underground workings of the mine in May 2002.

Under the new Water Licence there has been two spills that were not reported for 20 days (from September 18, 2002 to October 9, 2002). The Inspectors notified Nanisivik representatives on September 18, 2002 that a spill report was required for the spills of Cooper Sulphate at the Chemical Lay Down area and fuel oil at the Tank Farm Pump House, as stipulated in (Part E Item 6). On October 4, 2002 the Inspectors directed Steven Keenan (Environmental Superintendent) to the site of the spills. The Inspectors instructed Mr. Keenan to have:

- a) spill reports generated for the chemical and for the fuel oil spills.
- b) all of the spilled Cooper Sulphate cleaned up and stored appropriately.
- c) all traces of Cooper Sulphate located along the spill path toward the tidal pool be scraped up and stored appropriately.
- d) that all production chemicals be relocated such that they are stored no closer than 30 metres from the high water mark.
- e) that the cause of the fuel oil spill be located and that maintenance be implemented to rectify the problem.
- f) all full drums of fuel oil be removed from under the Pump House and be properly stored (with all bungs and lids in place).
- g) and that all contaminated soil be removed to the land farm area.

## **Conclusion**

(Continued)

On October 9, 2002 spill reports (02-538) Fuel Oil spill and (02-539) Copper Sulphate spill were received. No follow up report has been submitted for the above spills or for spill

( 02-260) Mill Tailings spill that occurred on April 10 -11, 2002.

This compliance report is being produced prior to the 2003 Closure and Reclamation season and as such many of the conditions and reports sited within the Licence have yet to be generated or come into effect. The water licence NWBNAN0208 was issued on October 10, 2002 becoming retroactive as of October 1, 2002. No SNP measurements have been submitted for August, 2002 to February, 2003 inclusive. Some of the missing SNP measurements may be provided within the March, 2003 Annual Report.

If you have any questions or concerns please feel free to contact me.

Sincerely,



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