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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYINKATIMAYINGI

File no: NWB1NAN0208/TR

July 11, 2003
and Regular Mail

By Email

Mr. Robert Carreau
Corporate Manager, Environmental Affairs
Breakwater Resources Limited
Suite 2000, 95 Wellington Street West
Toronto, ON. M5J 2N7

Subject: Licence NWB1NAN0208
Approval of reclamation activities at Nanisivik Mine for summer
2003

Dear Mr. Carreau,

On July 11, 2003 the Nunavut Water Board ("NWB") met by teleconference to review and consider for approval CanZinco Limited's ("CanZinco") request to implement certain interim reclamation activities at Nanisivik Mine, as described in your letter to the NWB, dated June 13, 2003.

Before making a decision on these proposed activities, the NWB gave interested parties the opportunity to comment on your request. The following submissions were received and reviewed by the NWB:

- Letter dated June 20, 2003, from Colette Meloche, Environment Canada, Iqaluit;
- Letter dated June 23, 2003, from Susan Hardy, Department of Justice, Government of Nunavut, Iqaluit;
- Letter dated June 23, 2003, from Joanasie Akumalik, Hamlet of Arctic Bay, Arctic Bay;
- Letter dated June 23, 2003, from Stefan Lopatka, Nunavut Tunngavik Incorporated, Cambridge Bay.
- Letter dated July 11, 2003 from Carl Mclean, Indian and Northern Affairs Canada, Iqaluit

These submissions are available from the NWB's FTP site at:

<ftp://ftp.nunavut.ca/nwb/CURRENT%20HEARINGS/NWB1NAN0208/Reclamation%202003/>

After reviewing your letter and taking into consideration the various submissions from interested parties, the NWB has decided to approve your request, subject to the terms and conditions listed hereafter:

1. Quarry and stockpiling material for closure covers

While quarrying activities *per se* do not require NWB approval, the manner in which they are conducted may have direct or indirect impacts on water. As such, the NWB approves of CanZinco's plan to begin quarrying and stockpiling granular material subject to the following conditions:

- i.* That CanZinco possesses valid quarrying permits from the land lease holders (Government of Nunavut and Indian and Northern Affairs Canada).
- ii.* That CanZinco avoids quarrying within areas known to contain sulphide enriched rock to avoid creating acid rock drainage.
- iii.* That no sediment resulting from quarrying activities be permitted to enter any water body.
- iv.* That CanZinco maintain a 100-metre buffer between its quarrying operations and the high water mark of any water body, and that it employ, where necessary, protective measure to prevent the release of sediments into the environment and water.
- v.* That all quarrying and stockpiling activities carried out, be reported as required in Part G Item 6 of the Licence and submitted to the Board in accordance with the approved timetable of October 31, 2003.
- vi.* That in accordance with Part G, Item 4, CanZinco will have to confirm to the NWB, as well as other regulators, that any granular material proposed for engineered cover during final reclamation has acceptable characteristics.

2. Contouring of tailings surface in preparation for application of the closure cover

The NWB approves of CanZinco's request to prepare the surface of the West Twin Disposal Area ("WTDA") with the following terms and conditions:

- i.* That the work on the WTDA be done under the supervision of CanZinco's geotechnical engineer to prevent any failures or unacceptable emissions to the environment.
- ii.* That any effluent from the WTDA in the course of preparatory work continues to meet effluent quality limits set in Part D, Item 6 of Licence NWB1NAN0208.
- iii.* That CanZinco ensure that any work carried out in the WTDA is conducted under climatic conditions that do not promote the aerial suspension and deposition of tailings away from the tailings pond.
- iv.* That in accordance with Part G, Item 4 of Licence NWB1NAN0208, CanZinco will have to confirm to the NWB, as well as other regulators, that any granular material proposed for engineered cover during final reclamation has acceptable characteristics prior to the placement of shale cover material as proposed.

The NWB also recommends that the Hamlet of Arctic Bay's Community Liaison Coordinator, or other suitable representative, be notified and invited to observe any activities taking place at the tailings pond.

3. *Disposal of non-hazardous materials underground, in the Open Pits or at the landfill site*

The NWB approves CanZinco's request to dispose of non-hazardous materials with the following terms and conditions:

- i.* That only non-hazardous material be disposed of at this time. Hazardous waste is defined here as any waste or combination of wastes that pose a substantial present or potential hazard to human health or living organisms, because they are non-degradable, persistent in nature, or may otherwise cause detrimental cumulative effects.
- ii.* That until CanZinco submits for NWB approval a Landfill Closure Plan (Due October 31, 2003), it is preferable that non-hazardous materials be disposed of underground.
- iii.* That until the NWB receives and subsequently approves the Underground Mine Solid Waste Disposal Plan CanZinco had agreed to submit March 30, 2003 CanZinco shall, where applicable, implement the relevant terms and conditions of Part G, Item 16 as they apply to the proposed activity. A summary of the information shall be included as required in Part B, Item 6 of Licence NWB1NAN0208. (Note: The 2002 Annual report due March 31, 2003 has yet to be submitted for review).

4. *Waste rock recovery and disposal in the Open Pits or underground*

The NWB approves CanZinco's request to recover and dispose of waste rock with the following terms and conditions:

- i.* In the absence of an approved protocol for disposing materials in open pits, or the report assessing waste rock (Part G, Item 8 of NWB1NAN0208) it is preferable to the NWB that waste rock be disposed of underground.
- ii.* As was initiated by CanZinco through progressive reclamation as outlined in the 2001 Annual Report, waste rock from 09-South and 39-North rock piles disposal to the underground may continue.
- iii.* Until the Board receives and subsequently approves the Underground Mine Solid Waste Disposal Plan CanZinco had agreed to submit March 30, 2003 CanZinco shall, where applicable, implement the relevant terms and conditions of Part G, Item 16 as they apply to the proposed activity. A summary of the information shall be included as required in Part B, Item 6 of Licence NWB1NAN0208.

5. *Dismantling the industrial complex ("mill building") for shipment off-site*

The dismantling of the industrial complex is an activity that does not significantly fall within the mandate of the NWB except where there is a

potential for direct or indirect impacts on water. In this regards, the NWB hereby approves the proposed activity subject to the following terms and conditions:

- i.* That only materials confirmed to be non-hazardous be disposed of as a result of the dismantling process.
- ii.* That CanZinco shall take all necessary action to contain and mitigate impacts to water resources in the storage and handling of hazardous materials.
- iii.* That until the Board receives and subsequently approves the Underground Mine Solid Waste Disposal Plan CanZinco had agreed to submit March 30, 2003, CanZinco shall, where applicable, implement the relevant terms and conditions of Part G, Item 16 as they apply to the proposed activity. A summary of the information shall be included as required in Part B, Item 6 of Licence NWB1NAN0208.
- iv.* That material sent for disposal must be cleaned thoroughly to wash off any contamination, fines or tailings.
- v.* That any water used in the cleaning process be directed to the West Twin Disposal Area. If the tailings pond is not the intended disposal location, the Licensee shall submit to the Board at least 30 days prior to undertaking the activity, a request for approval outlining final disposal options for the waste generated through the cleaning process. The Licensee shall also outline additional monitoring requirements/parameters to assess the quality of effluent (if applicable).
- vi.* That any hazardous material removed from the industrial complex be stored in approved areas until its subsequent shipment offsite, or until final disposal.

Finally it should be noted here that the closure and reclamation of the Nanisivik Site is regulated by not only the NWB, but also by the Government of Nunavut and Indian and Northern Affairs Canada through their respective land leases. Approval from the NWB in the case of all the proposed activities does not absolve CanZinco from their responsibility to seek and obtain regulatory approval from other agencies. To this end, we understand that both INAC and GN are preparing their respective response to your June 13, 2003 request.

Yours truly,

Original signed by:

Philippe di Pizzo
Executive Director

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NWB Public Registry

NWB1NAN9702 – distribution list

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