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Submitted Via E-Mail  
Our File: 2BM-ULU0008  
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October 17, 2007

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**RE: Water License Inspection of ULU Mine site July 1st, 2007**

The Water Resources Officer (WRO) appreciates the assistance and cooperation provided by Mr. Tom Collett, camp manger for the High Lake Project who accompanied the Inspector during the inspections of Lupin Mine, Ulu Mine, the High Lake Exploration Project and Izoc Camp. This tour of inspections taking up the following dates July 1<sup>st</sup> through to the 2<sup>nd</sup> 2007.

The following report is based on observations made at the time of the inspection at the ULU Mine site and items outlined during a review of the terms and conditions of the license with the Mr.Collett.

Immediately following the inspection an Industrial Water Use Inspection Report outlining any concerns was signed by both Mr. Collett and the Inspector.

**Part A: Scope and Conditions**

No issues were found with respect to the location of the camp as it relates to the information contained within the current license.

The current license was issued in July 1<sup>st</sup> 2000 to Lupin Operations, of Echo Bay Mines. Wolfden Resources Inc then purchased the site. Wolfden Resources was then subsequently purchased by Zinifax Canada Inc. This information comes from discussions with Tom Collett as the time of the Inspection.

The license, as issued, remains a Class B license classed as Advanced Exploration as indicated on the license form.

**Part B: General Conditions**

The issue of water use fees and security were not included within the context of this inspection.

A review of the Nunavut Water Board FTP – Public Registry was conducted during the writing of this report. The following documents of substance to this report were found;

- A 2006 Annual report filed by Wolfden Resources
- Final - 51013\_Ulu Interim Water Management Plan March 13 2006
- Ulu 2006 Spill Contingency Plan
- Interim abandonment and restoration plan – Dated 2004



- An application for amendment as required under Part A of the current license
- Hydrologic Assessment of West Lake

The review of the FTP site however did not locate any documents related to the ownership and control of the Ulu Mine site. While it is the understanding of the Inspector that Zinifex Canada Limited now owns and has control of the Ulu site this can not be determined by a review of the Nunavut water Board FTP site.

No documents concerning the status of the project were available for review.

The Inspector found the site, at the time of the inspection, to be in what appeared to be another “Care and Maintenance” state as there were no staff present at the site and no evidence of activity except for the pumping of melt water away from the portal, during the period of Inspection.

This term is adopted from the inspection conducted at the Lupin Mine site with Mr. Collett, The term was found in documents authored by Andrew Mitchell of Zinifex Canada Ltd ( nee Wolfden Resources ) found on the NWB FTP site concerning the Lupin Project.

The proponent is reminded that regardless of the status or mode a project is in, an annual report is to be filed by March 31<sup>st</sup> 2008 for the year ending December 31<sup>st</sup> 2007. The annual report must include but should not be limited to those items listed in Section 5 (a) through (q) of this Part.

The licensee is reminded that it is the responsibility of the licensee to ensure that any documentation submitted by the licensee to the Nunavut Water Board is acknowledged by the Manager of Licensing.

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

At the time of the inspection the licensee was allocated the use of 100 Cubic meters of water per day for all purposes. Domestic use is to come from West Lake.

An inspection of the pumping facilities at the intake was conducted and found to be in good order. At the time of inspection it was suggested that the water treatment system from the Ulu Site would be removed and reinstalled at the IZOC Project as they were not being used at this time at the Ulu site.

#### **Part D: Conditions Applying to Waste Disposal**

During the inspection of the camp the following items were noted and brought to the attention of Mr. Collett;

- Used oil and other hazardous materials were being stored outside a bermed area without any secondary containment
- Water was contained within the Mine Sump near the portal. This water must be sampled before being discharged into the environment
- All planned water discharges from the Mine Sump or Settling/Neutralization Ponds must include a 10 day notification to the Inspector prior to conducting the discharge
- All planned water discharges from the Mine Sump or Settling/Neutralization Ponds must meet the listed effluent quality requirements as contained within the license.
- Water being pumped from the portal entrance should be directed into the mine sump and not released directly into the environment
- A large number of both empty drums and drums filled with unknown fuels should be shipped off site not stored in the lay down and air strip areas (without secondary containment).

As no notifications of planned discharges were received by the Inspector it is assumed that no discharges were conducted. If any discharges were undertaken the Licensee was required to sample the discharge to ensure quality standards. These results must be included in the annual report.



During the period of inspection an incinerator was not obvious to the inspector. If the Licensee plans to begin operations or reactivate the site in any way an incinerator that has the capability to meet the Canada-wide Standards for Dioxins and Furans and the Canada-wide Standard for Mercury Emissions must be installed.

The proponent is reminded to include in the 2007 annual report due on March 31<sup>st</sup> 2008 a list of hazardous materials shipped out of the camp, the treatment received, and the location of the approved treatment facility to which they were sent. All of the foregoing is required information to be included in the annual report. Shipping and receiving invoices are not required so long as the records are available for inspection during the 2008 inspection season.

#### **Part E: Conditions Applying To Spill Prevention Contingency Planning**

As noted a Spill Contingency plan dated 2006 was noted on the Nunavut Water Board FTP site. It is unclear if this report was sent out for review by the Board. It is also unclear if this report has been accepted or approved by the board. Additionally it should be noted that an Emergency Procedures Manual was also found on the FTP site that provides further detail to the information contained within the Spill Plan.

#### **Part F: Conditions Applying to Modifications**

No information on modifications to the existing license or infrastructure at the site was available during the period of inspection. The licensee is reminded that all modifications need to be consistent with the terms and conditions of the existing license and if not then will require the Nunavut Water Boards approval as set out in Section (1) of this Part.

The licensee is reminded that the Nunavut water Board requires a minimum of 60 days notice to consider and review all applications for amendment and modifications

The Licensee is reminded that Section 3 of this Part requires that the licensee provide as-built drawings, stamped by an engineer within 90 days of completion of any approved modifications.

#### **Part G: Conditions Applying to Construction**

The site is not active at this time. No new work was noted having been undertaken during the period of inspection

#### **Part H: Conditions Applying To Operation and Maintenance**

Section 1 of this part requires the submission of an Operations and Maintenance plan / manual for the operation of sewage and solid waste facilities at the site. This plan is to be submitted 60 days prior to the commencement of operations at the site. This plan was not found during the review of documents found on the Nunavut Water Board FTP site. The Licensee is reminded that as this is a requirement of the existing license the plan must be submitted to the Nunavut Water Board as directed a minimum of 60 days prior to the start up of operations at the site.

#### **Part I: Conditions Applying To Abandonment And Restoration**

As noted an interim Abandonment and Restoration plan dated January 2004 was noted on the Nunavut Water Board FTP site. Again no other supporting documents detailing if this Plan has been reviewed or accepted by the Nunavut Water Board were found.

The current License requires the licensee to review annually the Abandonment and Restoration Plan and provide updates and or revisions to this plan. The licensee is reminded that this review and up-dated plan including an up-date on the estimate of the current mine restoration liability are required by March 31<sup>st</sup> of 2008 for the 2007 annum.



**Non-Compliance:**

During the inspection a number of items were noted and discussed with Mr. Tom Collett. These issues required corrective action to be undertaken prior to the date of the next inspection and submission of a record showing these activities had been completed was requested. Specifically these were;

- Marshalling of hazardous materials without secondary containment
- Fuel storage (barrels) without secondary containment
- Sampling of mine sump prior to release and notification to inspector.

Upon review of the Nunavut Water Board FTP site and in reviewing the terms and conditions of the issued license the following items were noted.

- The Spill Contingency and Abandonment and Restoration Plans (including liability estimates) require approvals from the Nunavut Water Board and annual updates as noted in the License.

Failure to file the required addendums as outlined in the license and a failure to address the above noted issues of Non-compliance will be treated as a violation(s) of the Act and will result in the licensee being subject to the enforcement measures and penalties provided for under the Act.

During the period of the inspection no water samples were collected.

**Andrew Keim**  
**Inspector's Name**

**Original signed and mailed**  
**Inspector's Signature**

Attached under separate cover;  
Photos taken during Inspection of July 1<sup>st</sup> 2007

Cc:  
Peter Kusugak – Manager Field Operations Section- Indian and Northern Affairs Canada  
Phyllis Beaulieu – Manager licensing – Nunavut Water Board