



September 18th, 2013

Ms. Sophia Granchinho
Senior Technical Advisor
Nunavut Impact Review Board
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Resources for a changing world

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NIRB File No. 09DN018

Dear Ms. Granchinho,

Re: Part 4 Screening for Department of National Defence's "Nanisivik Naval Facility"

On August 30th, 2013 the Nunavut Impact Review Board (NIRB) invited parties to comment on the Part 4 Screening of the Department of National Defence's (DND) proposed Nanisivik Naval Facility project. As the parent company of CanZinco Ltd., which is responsible for the reclamation and post-closure monitoring of the former Nanisivik Mine, Nyrstar may potentially be affected by the DND's proposal.

Nyrstar's concern with DND's proposal is the fact that the project may potentially disturb a number of reclaimed mine components. Consequently, Nyrstar wants to ensure that any future development proposed at Nanisivik does not negatively impact the successful efforts that have been taken to stabilize and reclaim the mine site.

The following responses are provided to the questions posed by NIRB in the August 30th correspondence:

Whether the proposed project is likely to arouse significant public concern; and if so, why;

As a mining company, Nyrstar does not claim to represent or speak for the public. However, in the course of fulfilling our responsibilities at Nanisivik, we regularly communicate with residents of Arctic Bay, including with representatives of local government and the HTO. This July, Nyrstar representatives participated in meetings in Arctic Bay to discuss matters relevant to ongoing site reclamation and monitoring. We heard from residents that the complete and successful reclamation of the mine site is very important to them and that they want to see the work completed in a way that is protective of their interests in the long term, particularly in respect of water quality and wildlife.

Whether the proposed project is likely to cause significant adverse eco-systemic and socio-economic effects; and if so, why;

DND's naval facility is proposed to be constructed in a site where significant industrial activity took place for over 25 years, and during which a number of localized areas of contamination were generated. Over the past decade, Nyrstar and Nanisivik's previous owners have been diligent in addressing this legacy to the extent that the active reclamation work is nearly complete. However, we are concerned about any proposed future activities that might disturb or expose reclaimed areas where materials with the potential to contaminate water are stored; this includes tailing deposits, waste rock storage areas, as well as metal and hydrocarbon contaminated soils.

Whether the proposed project is of a type where the potential adverse effects are highly predictable and mitigable with known technology; and

While many of the adverse effects associated with the construction and operation of the facility are likely predictable and amenable to mitigation with known technology, the industrial history of the site adds a degree of uncertainty to the prediction of adverse effects. The information currently available on the NIRB registry fails to demonstrate how the project will interact with reclaimed mine components that could become a source of contamination if disturbed. In fact these sites do not appear to be identified at all. Avoiding potential adverse effects that arise from the disturbance of contaminants can be accomplished, but it will require that the proponent be fully aware of the risks and plan its activities accordingly. If requested, we are willing to work with DND to share our extensive knowledge of the site and conditions to be found there.

Any matter of importance to the party related to the proposed project.

In addition to the potential adverse environmental effects noted above, Nyrstar is concerned that the proposed activities could affect Nyrstar's ability to comply with its Water Licence (1AR-NANA0914) and also impact the ability to demonstrate that the site is stable and the reclamation efforts successful. For example, there are certain monitoring and compliance points identified in the Water Licence that could be affected by DND's proposed activities. These include, but are not limited to:

- Monitoring Point 159-6, which is located immediately down gradient of the proposed dock site activities;
- Monitoring Point NM-23, which is located at the outflow of East Twin Lakes and where DND may draw water if Arctic Bay cannot provide sufficient volume of potable water; and
- Compliance Point 159-4, which is located at the outflow from the West Twin Disposal Area. DND access to East Twin Lake could affect the water quality here.

Any impacts caused by third-parties that are noted at these and other monitoring/compliance points could result in a longer and more onerous monitoring regime being imposed on us by the regulators. It could even impinge on our ultimate goal, which is to demonstrate complete site stability and thereby set the stage for the site to revert back to the Crown.

I thank you for your consideration of these aforementioned matters and I am happy to discuss them further with you as NIRB prepares to make its Part 4 decision.

Sincerely,

A handwritten signature in black ink that reads "Johan Skoglund".

Johan Skoglund
Group Environment Manager, Americas

Copy: Arlene Laudrum, SRK Consulting
Patrick Duxbury, RT Associates