



Environmental Assessment Office

Inspection Record

Project Name: <input type="text" value="Tulsequah Chief Mine Project"/>	Inspection Status: <input type="text"/>
Certificate #: <input type="text" value="M02-01"/>	Inspection No: <input type="text"/>
Certificate Status: <u>Certified</u>	Inspection Date: <input type="text" value="2015-07-14"/>
Region: <u>Skeena</u>	Office: <u>Victoria</u>
Trigger: <u>Planned</u>	Incidents of Non-Compliance Observed: <u>Yes</u>
Non-Compliance Decision Matrix Level: Level 3 - Moderate temporary impact likely	Non-Compliance Decision Matrix Category: Many NCs, little/not aware/not capable to comply
Inspector Name(s): <input type="text" value="Compliance Officer Drew Milne and Senior Compliance Officer Chris Parks"/>	
Audit Record(s): <input type="text"/>	Total Non-Compliance(s): <input type="text"/>
Proponents Name: <input type="text" value="Chieftain Metals Corporation"/>	
Proponents Contact(s): <input type="text" value="Chief Operating Officer Keith Boyle"/>	
Mailing Address: <input type="text" value="Chieftain Metals Corporation
Suite 2510
2 Bloor Street West
Toronto, Ontario
M4W 3E2"/>	
Phone No: <input type="text" value="416.479.5417"/>	Fax No: <input type="text" value="416.479.5420"/>
Contact Email: <input type="text" value="keith.boyle@chieftainmetals.com"/>	
Location Description: <input type="text" value="The Tulsequah Mine Project (Project) is located in northwestern British Columbia on the Tulsequah River near its junction with the Taku River, approximately 100 kilometres south of the town of Atlin, British Columbia and 65 kilometres northeast of Juneau, Alaska. Access to the mine site is via boat (from Juneau, Alaska) or by air from Atlin."/>	
Lat: <input type="text" value="58° 44'12.03"/> N	Long: <input type="text" value="133° 36'02.60"/> W
Sector: <u>Mines</u>	

Summary

MONITORING AND REPORTING REQUIREMENTS	
Inspection Period: From: <input type="text" value="2015-07-14"/> To: <input type="text" value="2015-07-14"/>	
Certificate or Act: <input type="text" value="Certificate under the Environmental Assessment Act"/>	
Activity: <u>On Site</u>	
Inspection Summary:	Response:
<p>This record details the results of an inspection against conditions attached to Environmental Assessment Certificate M02-01 (EAC), currently held by Chieftain Metals Corporation, that occurred on 2015-07-14. The inspection was conducted by Drew Milne, Compliance Officer, EAO, and Chris Parks, Senior Compliance Officer, EAO. The purpose of the inspection was to determine compliance with specific conditions of EAC# M02-01.</p> <p>Chieftain Metals Corporation Mine Manager Terry Zanger and staff Rob Motley accompanied C&E Milne and C&E Parks during the site inspection. Upon completion of the field component of the inspection, officers conducted an onsite inspection debrief with Mine Manager T. Zanger and R. Motley and noted that they required further information to inform their inspection report.</p> <p>The mine site inspection and site documentation review was conducted over the course of one field day and several office days reviewing data sets, reviewing requested information, and joint agency information sharing.</p> <p>After review of observations and information obtained during the inspection and provided subsequent to the inspection by Chieftain Metals Corporation, the following compliance determinations have been made:</p> <ol style="list-style-type: none"> 1. Chieftain Metals Corporation is out of compliance with Conditions 1.4.1 and 1.4.2 of the Table of Conditions (Schedule B of the EAC), with respect to the drainage and collection of contaminated water; 2. Chieftain Metals Corporation is out of compliance with Condition 1 of the EAC, specific to requirements of the Construction and Operations Wildlife Management Plan listed in Annex 1 of the EAC amendment # 3 M02-01 (2009). 3. Chieftain Metals Corporation is out of compliance with Condition 1 of the Certificate which requires the Certificate Holder to cause the Project to be designed, located, constructed, operated and/or abandoned in accordance with the documents and correspondence listed in Schedule A to the Certificate. Schedule A of the Certificate, as amended, includes "Tulsequah Chief Project Report – Volume IV Environmental Management, Redfern Resources Ltd., July 1997", which includes a commitment concerning a Spill Contingency Plan for the Project <p>EAO COMPLIANCE AND ENFORCEMENT HAS CONFIRMED THAT CHIEFTAIN METALS IS IN NON COMPLIANCE WITH CONDITIONS 1, 1.4.1, AND 1.4.2 OF EAC#M02-01, ISSUED FOR THE TULSEQUAH CHIEF MINE PROJECT. PLEASE</p>	

REFER TO THE "ACTIONS REQUIRED BY PROPONENT" SECTION OF THIS INSPECTION RECORD FOR DETAILS OF ENFORCEMENT MEASURES.

Compliance Summary	In	Out	N/A	N/D
Automatically populated upon upload				

Inspection Details

Types of Compliance: <u>Construction</u>
Requirement Description: SCHEDULE B Commitment 1.4.1 Ensure the underground drainage system transports all contaminated water to the collection location for effluent treatment plant.
Findings: EAO C&E Officers observed that not all effluent water is being directed to "the collection location for the effluent treatment plant" as required by Commitment 1.4.1. Some of the effluent water observed is being directed to the Tulsequah River (See Attached Photo: IMG_0346, IMG_0394, IMG_0395, IMG_0396). EAO C&E Officers noted that an Effluent Treatment Plant has been constructed, but is not operational. Mine Manager T. Zanger stated to EAO C&E Officers that the "Waste Water Treatment Plant had not been operation for approximately two years." MOE EPD has requirements for water treatment during construction. EAO C&E has referred this matter to MOE EPD. Chieftain Metals has been previously warned by Environment Canada that discharge of effluent to the Tulsequah River is contrary to the Federal Fisheries Act. (See attached Appendix A).
Compliance: <u>Out</u>

Types of Compliance: <u>Construction</u>
Requirement Description: SCHEDULE B Commitment 1.4.2 To reduce treatment costs, wherever feasible divert clean water away from areas of potential contamination and, if possible, discharge separately.
Findings: EAO C&E Officers observed neutral mine water from the 5400 Portal flowing, due to a system of bypass failures, into the 5200 Portal and mixing with contaminated mine contact water. The neutral mine water pipe was observed to be damaged in at least five locations allowing for the discharge of the neutral mine water into the mine at the 5200 Portal level (See attached overview Photo IMG_0346). Neutral mine water flow velocity can be compared at the intake with the outflow in photos: Neutral water Intake: IMG_0402; Neutral water outflow: IMG_0387. Neutral mine water was observed by officers discharging from the bypass pipe and flowing into the 5200 Portal (See Attached pipe damage Photo IMG_0388, IMG_0389, IMG_0390, IMG_0391, IMG_0392 and IMG_0393).
Compliance: <u>Out</u>

Types of Compliance: <u>Construction</u>
Requirement Description: Condition 1 of the Certificate requires the Certificate Holder to cause the Project to be designed, located, constructed, operated and/or abandoned in accordance with the documents and correspondence listed Annex 1 of the EAC amendment # 3 M02-01 (2009). Annex 1 amendment # 3 M02-01 (2009) includes the Wildlife Management Plan. Section 2.1.2.4 "Waste Handling and Disposal" of this plan requires that any grease, oils, fuels or antifreeze stored on-site must be stored in bear-proof areas or containers.
Findings: EAO C&E Officers observed that at Shazzah Camp Site, maintenance/fuel storage area, contrary to the Construction and Operations Wildlife Management Plan:

Two wooden pallets, stacked one on top of the other, full of 20L grease containers (AMC PURE-VIS). These 20L grease containers were not secured in a bear proof-container; Conflict wildlife (assumed to be a bear) had punctured at least two of the 20L plastic containers and consumed some of the grease (See photos IMG_0420 IMG_0421 and IMG_0422).

Compliance: Out

Types of Compliance: Construction

Requirement Description:

Condition 1 of the Certificate requires the Certificate Holder to cause the Project to be designed, located, constructed, operated and/or abandoned in accordance with the documents and correspondence listed in Schedule A to the Certificate. Schedule A of the Certificate, as amended, includes "Tulsequah Chief Project Report - Volume IV Environmental Management, Redfern Resources Ltd., July 1997", which includes a commitment concerning a Spill Contingency Plan for the Project (Appendix C).

Findings:

EAO C&E Officers observed the following at Shazzah Camp Site maintenance and fuel storage area, contrary to the Spill Prevention and Response Plan:

1. Two pallets full of 20L grease containers (AMC PURE-VIS) were not stored in a secondary containment unit and were leaking onto/into the unprotected ground (See photos IMG_0420, IMG-0421 and IMG_0422).
2. A secondary containment unit is in place, however the unit is not covered with a roof. It is collecting precipitation which is causing the precipitation and hydrocarbons to overflow at the at a low point in the containment unit (See photos IMG_0412, IMG-0413, IMG_0414 and IMG_0415).
3. A dump truck, a white transport truck, and the garbage incinerator fuel tank were observed to be leaking hydrocarbons to ground (See photos: Dump truck IMG_0416, IMG_0417 and IMG_0418; Transport Truck IMG_0423 and IMG_0424 and incineration fuel tank IMG_0425).
4. The vehicles (white transport truck and dump truck), the secondary containment unit, and potentially the 20L grease container leak have been leaking for some time (months - years) and have not been inspected monthly as required by the Spill Prevention and Response Plan.

Compliance: Out

ACTIONS REQUIRED BY PROPONENT(S) & ADDITIONAL COMMENTS:

CHIEFTAIN METALS IS HEREBY WARNED THAT THE PROJECT IS NOT COMPLIANT WITH CONDITIONS 1.4.1 AND 1.4.2 OF EAC#M02-01. AS REFERENCED IN THE JOINT MOE/MEM/EAO NOVEMBER 10, 2015 LETTER, CHIEFTAIN IS REQUESTED WITHIN 90 DAYS TO PROVIDE A PLAN FOR HOW CHIEFTAIN WILL ADDRESS REGULATORY REQUIREMENTS, INCLUDING ENFORCEMENT ISSUED BY THE AGENCIES.

CHIEFTAIN METALS IS IN NON-COMPLIANCE WITH CONDITION 1 OF EAC#M02-01. IN RESPONSE TO THIS NON COMPLIANCE, EAO C&E HAS ISSUED AN ORDER TO REMEDY UNDER SECTION 34 OF THE ENVIRONMENTAL ASSESSMENT ACT (SEE ATTACHED).

EAO C&E MAY CONDUCT A FOLLOW UP INSPECTION TO DETERMINE IF THE TULSEQUAH CHIEF PROJECT HAS BEEN BROUGHT BACK INTO COMPLIANCE WITH THESE REQUIREMENTS. CONTINUED NON COMPLIANCE WITH THESE REQUIREMENTS MAY RESULT IN ADDITIONAL ENFORCEMENT UNDER THE ENVIRONMENTAL ASSESSMENT ACT.

INSPECTION CONDUCTED BY:

Signature

Date Signed :

Compliance Officer Drew Milne	2015-11-10
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ENCLOSURE(S) TO PROPONENT(S) & DESCRIPTION:

Inspection Photographs
Appendix A: Warning by Environment Canada 2012
Appendix B: Construction and Operations Wildlife Management Plan (2008)
Appendix C: Tulsequah Chief Project Report Volume IV Environmental Management

REGULATORY CONSIDERATIONS:

The Ministry of Energy and Mines and Ministry of Environment, Environmental Protection Division conducted an inspection on October 15, 2015. The three agencies are coordinating enforcement for non-compliances identified by each agency. On November 10, 2015, the three agencies issued a joint letter, including the results of the agencies' inspections and resulting enforcement.

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