

**Part III Form 2
Section 11. ANNUAL REPORT.**

Drinking-Water System Number:	240000020
Drinking-Water System Name:	Falconbridge Water Works
Drinking-Water System Owner:	Falconbridge Limited - Sudbury Smelter Business Unit
Drinking-Water System Category:	Large Municipal Residential
Period being reported:	January 1, 2006 – December 31, 2006

<p><u>Complete if your Category is Large Municipal Residential or Small Municipal Residential</u></p> <p>Does your Drinking-Water System serve more than 10,000 people? Yes [] No [X]</p> <p>Is your annual report available to the public at no charge on a web site on the Internet? Yes [] No [X]</p> <p>Location where Summary Report required under O. Reg. 170/03 Schedule 22 will be available for inspection.</p> <div style="border: 1px solid black; padding: 5px;"> Xstrata Nickel Ltd. - Sudbury Smelter Business Unit 1 Longyear Road North Falconbridge, Ontario P0M 1S0 </div>	<p><u>Complete for all other Categories.</u></p> <p>Number of Designated Facilities served: <input style="width: 100px; height: 20px;" type="text"/></p> <p>Did you provide a copy of your annual report to all Designated Facilities you serve? Yes [] No []</p> <p>Number of Interested Authorities you report to: <input style="width: 100px; height: 20px;" type="text"/></p> <p>Did you provide a copy of your annual report to all Interested Authorities you report to for each Designated Facility? Yes [] No []</p>
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Note: For the following tables below, additional rows or columns may be added or an appendix may be attached to the report

List all Drinking-Water Systems (if any), which receive all of their drinking water from your system:

Drinking Water System Name	Drinking Water System Number
Town of Falconbridge Distribution	260006477

Did you provide a copy of your annual report to all Drinking-Water System owners that are connected to you and to whom you provide all of its drinking water? Yes [X] No []

Indicate how you notified system users that your annual report is available, and is free of charge.

Public access/notice via the web

Public access/notice via Government Office

Public access/notice via a newspaper/Community Channel

Public access/notice via Public Request

Public access/notice via a Public Library

Public access/notice via other method _____

Describe your Drinking-Water System

Pumphouse No. 7 and Treatment Building is located on Old Poupore Road, 10 km north of the Town of Falconbridge. Groundwater from three wells (No. 5, 6 and 7) is pumped to the treatment building and disinfected with chlorine gas. Water is supplied south to the Town of Falconbridge and north via the Western Main to the Nickel Rim Reservoir.

List all water treatment chemicals used over this reporting period

Chlorine Gas

Were any significant expenses incurred to?

Install required equipment

Repair required equipment

Replace required equipment

Please provide a brief description and a breakdown of monetary expenses incurred

Provide details on the notices submitted in accordance with subsection 18(1) of the Safe Drinking-Water Act or section 16-4 of Schedule 16 of O.Reg.170/03 and reported to Spills Action Centre

Incident Date	Parameter	Result	Unit of Measure	Corrective Action	Corrective Action Date
Feb-01-2006	Sodium	22.6	Mg/l	Resample -Reported	Feb-06-2006
Jul-04-2006	Low Pressure	< 20	PSI	Restore system pressure	Jul-04-2006
Jul-05-2006	Low Pressure	< 20	PSI	Restore System Pressure	Jul-05-2006
July 17-2006	Low Chlorine	< 0.05	Mg/l	Restore chlorination	Jul-18-2006
Nov-29-2006	Treated Total Coliform	1	Cfu/100ml	Resample	Dec-01-2006

Microbiological testing done under the Schedule 10, 11 or 12 of Regulation 170/03, during this reporting period.

	Number of Samples	Range of E.Coli Or Fecal Results (min #)-(max #)	Range of Total Coliform Results (min #)-(max #)	Number of HPC /Background Samples	Range of HPC/Background Results (min #)-(max #)
Raw	63	0-0	0-0		
Treated	52	0-0	0-1	52	0-146
Distribution	159	0-0	0-0	159	0-77

Operational testing done under Schedule 7, 8 or 9 of Regulation 170/03 during the period covered by this Annual Report.

	Number of Grab Samples	Range of Results (min #)-(max #)
Turbidity (Treated)	8760	0.01 – 5.16
Chlorine (Plant)	8760	0.0 – 5.0
Chlorine (Dist)	8760	0.12 – 2.86
Turbidity (Well 5)	12	0.10 – 20.62
Turbidity (Well 6)	12	0.18 – 20.62
Turbidity (Well 7)	12	0.10 – 20.62

NOTE: For continuous monitors use 8760 as the number of samples.

*NOTE: Record the unit of measure if it is **not** milligrams per litre.*

Summary of additional testing and sampling carried out in accordance with the requirement of an approval, order or other legal instrument.

Date of legal instrument issued	Parameter	Date Sampled	Result (min)-(max)	Unit of Measure

Summary of Inorganic parameters tested during this reporting period or the most recent sample results

Parameter	Sample Date	Result Value	Unit of Measure	Exceedance
Antimony	Jan-26-2006	< 0.6	ug/l	No
Arsenic	Jan-26-2006	3	ug/l	No
Barium	Jan-26-2006	7	ug/l	No
Boron	Jan-26-2006	6	ug/l	No
Cadmium	Jan-26-2006	< 0.1	ug/l	No

Chromium	Jan-26-2006	< 3	ug/l	No
Lead (Dist)	Jan-26-2006	< 0.1	ug/l	No
Mercury	Jan-26-2006	< 0.02	ug/l	No
Selenium	Jan-26-2006	< 3	ug/l	No
Sodium	Jan-26-2006	22.6	mg/l	Yes
Uranium	Jan-26-2006	0.19	ug/l	No
Fluoride	Jan-26-2006	< 0.06	mg/l	No
Nitrite	Oct-16-2006	< 0.005	mg/l	No
Nitrate	Oct-16-2006	0.269	mg/l	No

Summary of Organic parameters sampled during this reporting period or the most recent sample results

Parameter	Sample Date	Result Value	Unit of Measure	Exceedance
Alachlor	Jan-26-2006	< 0.11	ug/l	No
Aldicarb	Jan-26-2006	< 0.30	ug/l	No
Aldrin + Dieldrin	Jan-26-2006	< 0.067	ug/l	No
Atrazine + N-dealkylated metabolites	Jan-26-2006	< 0.12	ug/l	No
Azinphos-methyl	Jan-26-2006	< 0.21	ug/l	No
Bendiocarb	Jan-26-2006	< 0.13	ug/l	No
Benzene	Jan-26-2006	< 0.37	ug/l	No
Benzo(a)pyrene	Jan-26-2006	< 0.004	ug/l	No
Bromoxynil	Jan-26-2006	< 0.094	ug/l	No
Carbaryl	Jan-26-2006	< 0.16	ug/l	No
Carbofuran	Jan-26-2006	< 0.37	ug/l	No
Carbon Tetrachloride	Jan-26-2006	< 0.26	ug/l	No
Chlordane (Total)	Jan-26-2006	< 0.11	ug/l	No
Chlorpyrifos	Jan-26-2006	< 0.18	ug/l	No
Cyanazine	Jan-26-2006	< 0.18	ug/l	No
Diazinon	Jan-26-2006	< 0.081	ug/l	No
Dicamba	Jan-26-2006	< 0.17	ug/l	No
1,2-Dichlorobenzene	Jan-26-2006	< 0.50	ug/l	No
1,4-Dichlorobenzene	Jan-26-2006	< 0.20	ug/l	No
Dichlorodiphenyltrichloroethane (DDT) + metabolites	Jan-26-2006	< 0.14	ug/l	No
1,2-Dichloroethane	Jan-26-2006	< 0.43	ug/l	No
1,1-Dichloroethylene (vinylidene chloride)	Jan-26-2006	< 0.41	ug/l	No
Dichloromethane	Jan-26-2006	< 0.32	ug/l	No
2-4 Dichlorophenol	Jan-26-2006	< 0.15	ug/l	No
2,4-Dichlorophenoxy acetic acid (2,4-D)	Jan-26-2006	< 0.19	ug/l	No
Diclofop-methyl	Jan-26-2006	< 0.13	ug/l	No
Dimethoate	Jan-26-2006	< 0.12	ug/l	No
Dinoseb	Jan-26-2006	< 0.084	ug/l	No

Diquat	Jan-26-2006	< 1	ug/l	No
Diuron	Jan-26-2006	< 0.087	ug/l	No
Glyphosate	Jan-26-2006	< 6	ug/l	No
Heptachlor + Heptachlor Epoxide	Jan-26-2006	< 0.11	ug/l	No
Lindane (Total)	Jan-26-2006	< 0.056	ug/l	No
Malathion	Jan-26-2006	< 0.091	ug/l	No
Methoxychlor	Jan-26-2006	< 0.14	ug/l	No
Metolachlor	Jan-26-2006	< 0.092	ug/l	No
Metribuzin	Jan-26-2006	< 0.12	ug/l	No
Monochlorobenzene	Jan-26-2006	< 0.58	ug/l	No
Paraquat	Jan-26-2006	< 1	ug/l	No
Parathion	Jan-26-2006	< 0.18	ug/l	No
Pentachlorophenol	Jan-26-2006	< 0.15	ug/l	No
Phorate	Jan-26-2006	< 0.11	ug/l	No
Picloram	Jan-26-2006	< 0.20	ug/l	No
Polychlorinated Biphenyls(PCB)	Jan-26-2006	< 0.04	ug/l	No
Prometryne	Jan-26-2006	< 0.23	ug/l	No
Simazine	Jan-26-2006	< 0.15	ug/l	No
THM (Dist) (NOTE: show latest annual average)	2006 Avg.	4.2	ug/l	No
Temephos	Jan-26-2006	< 0.31	ug/l	No
Terbufos	Jan-26-2006	< 0.12	ug/l	No
Tetrachloroethylene	Jan-26-2006	< 0.45	ug/l	No
2,3,4,6-Tetrachlorophenol	Jan-26-2006	< 0.14	ug/l	No
Triallate	Jan-26-2006	< 0.10	ug/l	No
Trichloroethylene	Jan-26-2006	< 0.38	ug/l	No
2,4,6-Trichlorophenol	Jan-26-2006	< 0.25	ug/l	No
2,4,5-Trichlorophenoxy acetic acid (2,4,5-T)	Jan-26-2006	< 0.14	ug/l	No
Trifluralin	Jan-26-2006	< 0.12	ug/l	No
Vinyl Chloride	Jan-26-2006	< 0.14	ug/l	No

List any Inorganic or Organic parameter(s) that exceeded half the standard prescribed in Schedule 2 of Ontario Drinking Water Quality Standards.

Parameter	Result Value	Unit of Measure	Date of Sample
Sodium	22.6	Mg/l	Jan. 26, 2006

(Only if DWS category is large municipal residential, small municipal residential, large municipal non residential, non municipal year round residential, large non municipal non residential)