

Nanisivik Mine

RECLAMATION ACTIVITIES

QUARTERLY REPORT (3rd quarter 2007)

(PER Water License NWBNAN0208)

SUBMITTED TO:
The Nunavut Water Board

INTRODUCTION

The Nanisivik Mine is located on northern Baffin Island in the Nunavut Territory. It is an underground zinc-lead mine owned by CanZinco Ltd. and was in continuous operation from 1976 to 2002 when it ceased production permanently.

CanZinco Ltd. was issued Water License **NWB2NAN0208**, by the Nunavut Water Board (NWB) on October 1, 2002 for the Closure and Reclamation of the Nanisivik project. A requirement of the License, under *Part G, Items 3 to 9*, was to submit a final Reclamation and Closure Plan to the NWB, which was approved by letter on July 6, 2004 ("Approval Letter").

Condition 2 of the Approval Letter states the following:

The Licensee shall, during the Reclamation Period, provide the NWB for its review, Quarterly Reclamation Reports ("Quarterly Reports"), which are to be submitted not later than 45 days after the end of the quarter (i.e., February 14, May 14, August 14, and November 14). The quarterly reports shall include, but not be limited to: a summary of remediation work completed to date; expenditures to date; documentation regarding waste disposal, including volumes and final location; and a revised implementation schedule, as referred to in Item 2 of this Letter of Approval. It is recommended that the Licensee should submit, with the Quarterly Reports, the effluent monitoring requirements as noted in Part H, Item 30 of the Licence.

The information contained herein is submitted as the Quarterly Report covering the months of July through September 2007. The reclamation activities at Nanisivik during this period included the following:

Building Demolition
Waste Disposal
Shale haulage

RECLAMATION ACTIVITIES

Concentrate Shed Area

Final cleaning of the Concrete slab was completed in early July, prior to placement of a half metre thick aesthetic cover of shale. The cover material was then graded and compacted for use as a freight staging area by the Canadian Coast Guard. Excavation of contaminated soil adjacent to the concentrate shed foundation and along the former conveyor way was completed during the quarter. Excavation of Hydrocarbon contaminated soil from the former lunch shack (refuge station) continued. This area turned out to be much larger than anticipated. The main excavation was completed, but further hydrocarbon contaminated soil remains to be excavated near the former fuel pump house in 2008.



Clean con shed floor



Placing Shale on Con Shed floor



Con Shed Floor with Final Shale Cover in Place



Hydrocarbon Excavation near former refuge station

Industrial Complex Area

Mill Foundation

The placement of metal contaminated soil on the mill foundation continued during the 3rd quarter. Hydrocarbon contaminated soil in front of the powerhouse and shop was excavated down to bedrock. The foundation footing was originally poured right on top of bedrock. Further investigation below the floor was not possible, however, some liquid was noted to be seeping from below the footing onto the bedrock. We dealt with this, by first removing the liquid and then establishing a conduit between the foundation and a sump outside the eventual thermal cover. Sand berms were built and lined with a geothermal liner that extended approximately 16 metres from the corner of the foundation. Course rock was placed prior to the area being back filled. We will now be able to monitor and control future seepage if any. A layer of shale was placed over the entire foundation by the end of the quarter.



Seepage conduit and sump under construction



Completed Sump

Canzinc Ltd.



Shale Placement on Industrial Complex Foundation

Warehouse Yard

Cleanup in the warehouse yard continued throughout the quarter. Much of the inventory was transferred to Zinifex (formerly Wolfden Resources). They have been crating and preparing infrastructure, spare parts and supplies; to ship to their new project near Bathurst Inlet (High Lake). Other material designated as scrap was hauled underground.



View of empty warehouse yard from adjacent hill top

Explosives Disposal

The remaining explosives on site were disposed of during the quarter. The non-electric caps were bundled together in clusters of approximately 100 inside a short piece of heavy plastic pipe and then detonated using an electric cap and detonating cord. The remnants of the caps were generally fused together after each explosion so that they could easily be picked up and disposed of in the mine.



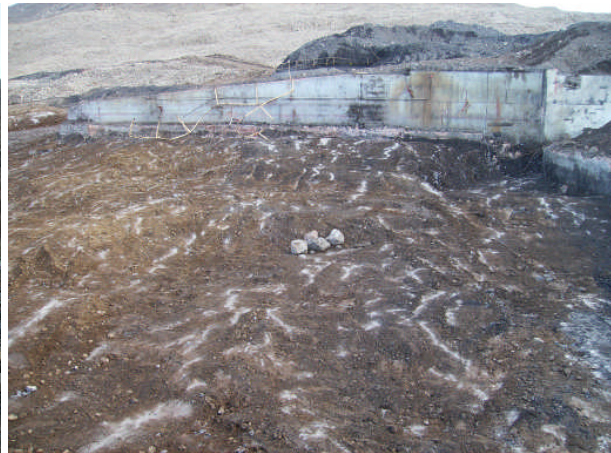
Explosives disposal



Cluster of detonated caps fused together

North Yard

Excavation of metal and hydrocarbon-contaminated soil continued during the 3rd quarter. This area proved to contain more contaminated soil than originally anticipated. The fuel day tanks were removed as well as the dispensing station and the storage buildings. The coarse material that was used to build the original pad allowed the contamination to penetrate fairly deep, resulting in us having to excavate to bedrock over a large area. This area will be completed in 2008.



West Yard

Metal contaminated soil from the west yard as well as metal & HC co-contaminated soil from the calcium tank area was removed during the quarter. The metal soil was pushed into the foundation and the co-contaminated soil was hauled underground.



West Yard Excavation

Rec Center

The remaining infrastructure was removed during the 3rd quarter. The pad for the arena was also removed and hauled underground during the quarter.



Rec Center Demolition



Swimming Pool Removal



Rec Center Demolition nearing completion

Waste Haulage Summary

Waste disposal for the quarter is tabled below:

WasteOrigin	Classification	Volume m3	Location
Warehouse Yard	AE1	860	6-12 Area
Fuel Pipe Line Mill to Dock	AE1	70	Ore Pass Area
Total AE1		930	
Miscellaneous	AE2	250	8 Block Area
Total AE2		250	
Rec Centre/Government Building	DD1	1780	6-12 Area
Total DD1		1780	
Concentrate Shed Area	S1	6070	Mill Foundation
Total S1		6070	
Calcium Tank Area	S2	540	03 Block
Cook House/Spill Shed	S2	1670	03 Block
North Yard	S2	26610	03 Block
Oil Storage Area W/H Yard	S2	1200	03 Block
Total S2		30020	
Total Waste 3rd Quarter 2007		39050	
AE1 = Abandoned Equipment (HC's removed) AE2 = Abandoned Equipment (no HC's) DD1 = Demolition Debris S1 = Metal Contaminated Soil S2 = Hydrocarbon Contaminated Soil			

Effluent Monitoring

During the third quarter, effluent periodically flowed through the reservoir and into Twin Lakes Creek. The water passes over a concrete weir that was constructed in 2005 at SNP station 159-4 as per the approved closure plan. The monitoring results for 2007 at this location are summarized in Appendix A.

Cost Summary

The net expenditures for the 3rd Quarter were 135,468.98 bringing the total net expenditures to 15,469,222.12.

Appendix A

2007 Monitoring Results for SNP159-4

Date	Temp. (oC)	pH	Cond. (mS)	T.S.S. (mg/L)	Sulfate (SO4)	Cd total (mg/L)	Pb total (mg/L)	As total (mg/L)	Cu Total (mg/L)	Ni Total (mg/L)	Rad 226 (Bq/L)	Zn total (mg/L)	NH3 (mg/L)
2-Jul	11.7	7.11	0.37	2.2	161	<0.0001	0.001	<0.001	<0.001			0.02	0.11
3-Jul	10.3	6.53	0.05	2.2	238	0.0001	0.001	<0.001	<0.001			0.02	0.12
4-Jul	11.7	7.29	0.53	0.2	242	0.0003	0.002	<0.001	0.002	<0.005	<0.01	0.03	0.11
5-Jul	11.2	7.31	0.48	0.8	212	0.0002	0.002	<0.001	0.002			0.003	0.10
6-Jul	13.3	7.14	0.45	0.6	199	<0.0001	0.001	<0.001	<0.001			0.02	0.12
7-Jul	14.1	7.12	0.44	1.2	193	0.0002	0.002	<0.001	0.001			0.02	0.09
8-Jul	14.6	7.07	0.43	0.8	188	0.0001	0.002	<0.001	0.001			0.02	0.1
9-Jul	15.7	7.02	0.41	0.4	183	<0.0001	0.001	<0.001	<0.001			0.02	0.09
10-Jul	15.5	7.16	0.43	0.2	184	<0.0001	0.001	<0.001	0.001			0.02	0.08
11-Jul	15.4	7.42	0.43	1.2	180	<0.0001	0.001	<0.001	0.001	<0.005	<0.01	0.02	0.08
12-Jul	16.7	7.01	0.44	0.0	60	<0.0001	0.002	<0.001	<0.001			0.02	0.07
13-Jul	16.1	7.29	0.45	0.2	148	0.0007	0.002	<0.001	<0.001			0.02	0.07
14-Jul	13.2	7.17	0.49	0.0	172	0.0002	0.002	<0.001	0.001			0.02	0.07
16-Jul	10.1	6.99	8.83	2.0	190	0.0002	0.004	<0.001	0.002			0.003	0.11
3-Aug	10.30	7.15	1.65	1.2	490	0.0062	0.003	0.001	0.003			0.12	0.76
4-Aug	6.30	7.30	1.73	1.4	360	0.0019	0.003	<.001	0.003	0.006	0.01	0.12	0.74
6-Aug	6.25	7.32	1.77	1.2	540	0.0007	0.002	<0.001	0.002			0.15	0.92
7-Aug	6.2	7.34	1.81	1.2	610	0.0004	<0.001	<0.001	0.002			0.17	0.94
9-Aug	7.20	7.34	1.47	1.2	670	0.0003	0.003	0.001	0.001			0.12	0.95
10-Aug	6.8	7.3	1.7	2.2	730	0.0004	0.002	0.001	0.002	0.007	<0.01	0.13	0.98
3-Sep	6.3	7.28	1.79	0.8	790	0.0005	0.001	0.001	0.005	0.007	<0.01	0.13	0.96
4-Sep	6.2	7.59	1.74	1.0	780	0.0012	0.001	<0.001	0.002			0.14	0.96
5-Sep	0.5	7.43	1.81	2.8	770	0.0047	0.001	0.001	0.002			0.14	1.08
6-Sep	0.86	7.33	1.80	2.5	250	0.0018	0.001	0.001	0.002			0.15	1.04
7-Sep	1.22	7.23	1.80	2.2	310	0.0012	0.001	0.001	0.002			0.15	1.00
8-Sep	1.58	7.12	1.79	1.8	540	0.0023	0.001	0.001	0.002			0.16	0.96
9-Sep	1.94	7.02	1.79	1.5	490	0.0016	0.001	0.001	0.002			0.16	0.92
10-Sep	2.3	6.92	1.78	1.2	730	0.0009	0.001	0.001	0.002	0.008	0.01	0.17	0.88