

Nanisivik Mine

RECLAMATION ACTIVITIES QUARTERLY REPORT (1st quarter 2005)

(PER Water License NWBNAN0208)



SUBMITTED TO:
The Nunavut Water Board



Nunavut Water
Board
MAY 06 2005
Public Registry

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TABLE OF CONTENTS

1.0 INTRODUCTION

2.0 REMEDIATION WORK

2.1 Earthworks

2.2 Building Demolition

2.2.1 Mill

2.2.2 Town site residences

2.2.3 Anfo Plant

2.3 Waste disposal

2.3.1 Waste Disposal Summary

3.0 EFFLUENT MONITORING

4.0 PROJECT COSTS

5.0 APPENDICES:

5.1 Reclamation schedule update

5.2 Photos

1.0 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 January through March 2005. The reclamation activities at Nanisivik during this period included the following:

- Earthworks (Road maintenance);
- Building demolition;
- Waste disposal;

2.0 REMEDIATION WORK

2.1 Earthworks

The contractor's (Atcon Construction Ltd.) earth moving equipment remained idle throughout the first quarter due to the harsh Arctic climate, which is not favorable to the quarrying and placement of shale. There was a considerable amount of snow to clear from the surface and test cells prior to Atcon's arrival in early April. A snow removal campaign began in early March and continued into the 2nd quarter. The drilling contractors (Consbec Ltd.) were scheduled to arrive in late March to start drilling and blasting some of the hydro carbon contaminated soils at various locations on the property. Blizzard conditions at the Nanisivik Airport delayed their arrival until the 2nd of April. The only earthworks that took place during the quarter was the repair to the road through the East open pit area and the screening of some shale at the land fill quarry to sand the various haulage routes.

2.2 Building Demolition

2.1.1 Mill

Vendetti Construction, (the contractor for Wolfden Resources) returned to site in mid January and continued dismantling the mill and related infrastructure. The material and equipment that they salvage will be used at Wolfden's High Lake property near Bathurst Inlet. Their main focus during the quarter was the removal of the underground crushing equipment and preparing the warehouse level for the next stage of dismantling. Their plan is to cut the concrete sections of floor between the structural steel and drop them below to the warehouse level. This broken concrete will be used as backfill in the stepped foundation.

2.2.2 Town site Residences

Demolition of the abandoned houses continued during the first quarter. A total of 17 buildings were demolished and hauled underground. This brings the total to 29 so far. Before and after photos showing which houses have been removed can be seen in Appendix 5.2

2.2.3 ANFO Plant

Removal of the ANFO plant and adjacent fuel storage building is scheduled to take place in April. The contaminated soils from this area will be removed and disposed of later in the 2nd quarter after the ground thaws.

2.3 Waste disposal

2.3.1 Waste Disposal Summary

A total of 3575 cubic metres of demolition debris was disposed of in the mine during the quarter. The waste disposal summary is tabled below.

Waste Origin	Class	Volume (m3)	Storage Location
Industrial Complex	DD1	356	01 Block
Industrial complex	DD1	50	West Open Pit
Houses	DD1	990	9South Portal Area
Houses	DD1	2100	10&11 Block Area
House Oil Tanks	AE1	49	NZ54 Block Area
Miscellaneous	AE2	30	01 Block

5.0 APPENDICES:

5.1 Reclamation schedule update

- An update of the existing reclamation schedule, reflecting current activity to March 31, 2005 and amendments to the planned schedule.

5.2 Photos

- House Demolition
- Dumping Demolition Debris Underground
- Snowed in Drills
- Snow Removal at Test Cell
- Before Picture of Town Site
- After Picture of Town Site

3.0 EFFLUENT MONITORING

During the period of January 1st to March 31st, 2005 there were no effluent releases or discharges at Nanisivik Mine from either of the identified final deposition points or other points resulting from accidents or spills. Effluent is typically not released from the mine site until the need arises in June in conjunction with the annual freshet.

4.0 PROJECT COSTS

The following is a list of costs attributed to reclamation activities at Nanisivik Mine.

Description	Jan-05	Feb-05	Mar-05	Total 1st Quarter 2005	Total Cost Since Closure Plan Approval July 04 to Mar 05
Water Quality Monitoring	0.00	763.15	0.00	763.15	90,503.77
Geotechnical Monitoring West Twin Dyke	93.75	0.00	1,239.00	1,332.75	77,081.86
Outside Services/Closure Studies	6,210.55	10,665.00	0.00	16,875.55	66,857.35
Tailings Impoundment & Dump Ponds	1,365.00	11,175.13	28,987.77	41,527.90	100,393.55
Spillway	0.00	0.00	0.00	0.00	-6,123.29
Tailings Cover	5,906.03	0.00	53,708.52	59,614.55	3,731,888.28
Material Haulage	14,339.82	8,445.39	2,268.66	25,053.87	60,818.36
Open Pits & Waste Rock	0.00	0.00	0.00	0.00	1,704.29
Buildings & Equipment	39,407.16	40,677.62	29,673.90	109,758.68	931,497.98
Tank Farm & Dock	0.00	0.00	0.00	0.00	3,545.78
Townsite	30,710.30	22,936.54	18,888.33	72,535.17	189,390.12
Landfill Site	0.00	0.00	0.00	0.00	422.47
Mine Closure(Sealing entrances)	14,376.16	21,486.86	7,818.03	43,681.05	63,327.96
Hazardous Material Disposal	0.00	0.00	29,325.01	29,325.01	40,839.70
Tailings & Water Line Recovery	0.00	0.00	0.00	0.00	-2.76
Access Road Cleanup, Culvert Removal	0.00	0.00	2,249.52	2,249.52	6,682.92
Vehicle Maintenance	20,746.07	4,949.74	53,159.06	78,854.87	175,830.15
Inventory Adjustments	0.00	0.00	772.52	772.52	-71,921.11
Total	133,154.84	121,099.43	228,090.32	482,344.59	5,462,737.38

APPENDIX 5.1

Reclamation Schedule Update

NANISIVIK MINE - 2005 RECLAMATION SCHEDULE

ID	Task Name	Duration	Start	Finish	Mar	Apr	May	Jun	2005	Jul	Aug	Sep	Oct	Nov	Dec
1	ATCON Construction - activities:	189 days	Sat 02/04/05	Sat 08/10/05											
2	Surveys & prep equipment	6 days	Sat 02/04/05	Thu 07/04/05											
3	Access Rd. ETC. to WTDA	1 day	Fri 08/04/05	Fri 08/04/05											
4	WTDA - SHALE COVERS: (fr ET quarry)	0 days	Fri 08/04/05	Fri 08/04/05											
5	Surface Cell	11 days	Sat 09/04/05	Tue 19/04/05											
6	Test Cell	13 days	Wed 20/04/05	Mon 02/05/05											
7	Transition zone tailings WT dike	1 day	Tue 03/05/05	Tue 03/05/05											
8	Downstream face WT dike	2 days	Wed 04/05/05	Thu 05/05/05											
9	Tailings @ toe WT dike	6 days	Fri 06/05/05	Wed 11/05/05											
10	Transition zone tailings - toe Test Cell dike	2 days	Thu 12/05/05	Fri 13/05/05											
11	Reclaim E Twin quarry	1 day	Sat 14/05/05	Sat 14/05/05											
12	SPILLWAY:	0 days	Sat 14/05/05	Sat 14/05/05											
13	Earth excavation & barm	9 days	Sun 15/05/05	Mon 23/05/05											
14	Broken rock excavation	3 days	Tue 24/05/05	Thu 28/05/05											
15	Rock excavation	2 days	Fri 27/05/05	Sat 28/05/05											
16	Overexcavation & re-fill	1 day	Sun 29/05/05	Sun 29/05/05											
17	EAST OPEN PIT & AREA:	0 days	Sun 29/05/05	Sun 29/05/05											
18	Move equipment	1 day	Mon 30/05/05	Mon 30/05/05											
19	Build access roads (waste rock areas to pit)	1 day	Tue 31/05/05	Tue 31/05/05											
20	Move waste rock, 39N/S	20 days	Wed 01/06/05	Mon 20/06/05											
21	Shale cover East open pit	8 days	Tue 21/06/05	Tue 28/06/05											
22	OCEANVIEW & K-BASELINE:	0 days	Tue 28/06/05	Tue 28/06/05											
23	Build access roads	1 day	Wed 29/06/05	Wed 29/06/05											
24	consolidate waste rock	1 day	Thu 30/06/05	Thu 30/06/05											
25	Shale cover Oceanview pit	7 days	Fri 01/07/05	Thu 07/07/05											
26	Shale cover Oceanview portal	2 days	Fri 08/07/05	Sat 09/07/05											
27	Shale cover, K-BaseLine	0.5 days	Sun 10/07/05	Sun 10/07/05											
28	Sand & gravel, K-BaseLine	0.5 days	Sun 10/07/05	Sun 10/07/05											
29	Shale cover, East trench	1 day	Mon 11/07/05	Mon 11/07/05											
30	Sand & gravel, Oceanview pit	1 day	Tue 12/07/05	Tue 12/07/05											
31	Sand & gravel, Oceanview portal	1 day	Wed 13/07/05	Wed 13/07/05											
32	Final reclaim Shale Hill quarry	1 day	Thu 14/07/05	Thu 14/07/05											
33	AREA 14:	0 days	Thu 14/07/05	Thu 14/07/05											
34	Move equipment	1 day	Fri 15/07/05	Fri 15/07/05											
35	Consolidate waste rock & shale cover	1 day	Sat 16/07/05	Sat 16/07/05											
36	Reclaim Area 14 shale quarry	1 day	Sun 17/07/05	Sun 17/07/05											
37	Final reclaim of Mt. Fuji quarry	1 day	Mon 18/07/05	Mon 18/07/05											
38	SAND & GRAVEL COVERS, (fr. Twin Lakes pit):	0 days	Mon 18/07/05	Mon 18/07/05											
39	Surface Cell	21 days	Tue 19/07/05	Mon 08/08/05											
40	Test Cell	6 days	Tue 09/08/05	Sun 14/08/05											
41	Downstream face WT dike	3 days	Mon 15/08/05	Wed 17/08/05											
42	Tailings @ toe WT dike	3 days	Thu 18/08/05	Sat 20/08/05											
43	Area 14 waste rock	1 day	Sun 21/08/05	Sun 21/08/05											
44	Transition zone tailings WT dike (bedding)	0.5 days	Mon 22/08/05	Mon 22/08/05											
45	Transition zone tailings, toe of Test Cell dike (bedding)	0.5 days	Mon 22/08/05	Mon 22/08/05											
46	LANDFILL:	0 days	Mon 22/08/05	Mon 22/08/05											
47	Move equipment	1 day	Tue 23/08/05	Tue 23/08/05											
48	Access road construction	1 day	Wed 24/08/05	Wed 24/08/05											
49	Shale cover (part 1)	7 days	Thu 26/08/05	Wed 31/08/05											
50	Sand & gravel cover (part 1)	4 days	Thu 01/09/05	Sun 04/09/05											
51	EAST OPEN PIT - Sand & gravel covers	0 days	Sun 04/09/05	Sun 04/09/05											
52	Move equipment	1 day	Mon 06/09/05	Mon 06/09/05											
53	East open pit	3 days	Tue 06/09/05	Thu 08/09/05											
54	East trench	1 day	Fri 09/09/05	Fri 09/09/05											
55															
56	LOST TIME (weather,servicing, shift changes)	11 days	Sat 10/09/05	Tue 20/09/05											
57															
58	Prepare & move Alcon equipment to dock (SHIP DATE??)	2 days	Thu 06/10/05	Fri 07/10/05											
59	Despaigne (Final ship)	0 days	Sat 08/10/05	Sat 08/10/05											
60															
61															
62															
63															

NANISVIK MINE - 2005 RECLAMATION SCHEDULE

ID	Task Name	Duration	Start	Finish	Mar	Apr	May	Jun	2005	Jul	Aug	Sep	Oct	Nov	Dec	
127	Relocate Tailings High Spots	7 days	Sun 01/01/06	Sat 07/01/06												
128	159.4 Spillway Rd	2 days	Sun 01/01/06	Mon 02/01/06												
129	Water management	1 day	Sun 01/01/06	Sun 01/01/06												
130	Pump water from reservoir	0 days	Sun 01/01/06	Sun 01/01/06												
131	Water treatment at reservoir	30 days	Sun 01/01/06	Mon 30/01/06												
132	Remediate Perimeter Areas	31 days	Sun 01/01/06	Tue 31/01/06												
133	Breach Baffle Dike	3 days	Sun 01/01/06	Tue 03/01/06												
134	Remove Polishing Pond Sediments	7 days	Sun 01/01/06	Sat 07/01/06												
135	Final Survey	5 days	Sun 01/01/06	Thu 05/01/06												
136	Lower Reservoir Water Level # 2	21 days	Sun 01/01/06	Sat 21/01/06												
137	Construct Outlet Structure	28 days	Sun 01/01/06	Sat 28/01/06												
138	Final Survey	5 days	Sun 01/01/06	Thu 05/01/06												
139	East Lake	1 day?	Sun 01/01/06	Sun 01/01/06												
140	Outlet Dike Erosion Protection	14 days	Sun 01/01/06	Sat 14/01/06												
141	Remove East Lake Pump Station	7 days	Sun 01/01/06	Sat 07/01/06												
142	Breach East Lake Road	7 days	Sun 01/01/06	Sat 07/01/06												
143	Rock Piles and Open Pits & portals	0 days	Sun 01/01/06	Sun 01/01/06												
144		Area14:	0 days	Sun 01/01/06	Sun 01/01/06											
145		Install Instrumentation	4 days	Sun 01/01/06	Wed 04/01/06											
146		Final Survey	1 day	Sun 01/01/06	Sun 01/01/06											
147		Area 14 road	6 days	Sun 01/01/06	Fri 06/01/06											
148		K-Baseline:	0 days	Sun 01/01/06	Sun 01/01/06											
149		Seal K-Baseline portal (M.M. to review)	3 days	Sun 01/01/06	Tue 03/01/06											
150		Relocate Waste Rock to East Open Pit/Trench	3 days	Sun 01/01/06	Tue 03/01/06											
151		Final Survey	3 days	Sun 01/01/06	Tue 03/01/06											
152		Kahula Lake road	7 days	Sun 01/01/06	Sat 07/01/06											
153	K-baseline to East pit road	6 days	Sun 01/01/06	Fri 06/01/06												
154	Oceanview:	0 days	Sun 01/01/06	Sun 01/01/06												
155	Final Survey	1 day	Sun 01/01/06	Sun 01/01/06												
156	Oceanview to K-baseline road	6 days	Sun 01/01/06	Fri 06/01/06												
157	East Open Pit, East Trench and 36N/S Rock Pile:	0 days	Sun 01/01/06	Sun 01/01/06												
158		Install Instrumentation	2 days	Sun 01/01/06	Mon 02/01/06											
159	Final Survey	1 day	Sun 01/01/06	Sun 01/01/06												
160	East pit to 9 south portal road	7 days	Sun 01/01/06	Sat 07/01/06												
161	West Open Pit:	0 days	Sun 01/01/06	Sun 01/01/06												
162	Geochemical Investigation of access Rd.	0 days	Sun 01/01/06	Sun 01/01/06												
163	Materials to be buried	1 day	Sun 01/01/06	Sun 01/01/06												
164	Shale cover	1 day	Sun 01/01/06	Sun 01/01/06												
165	Sand and gravel placement	1 day	Sun 01/01/06	Sun 01/01/06												
166	Auto station and contaminated soil	13 days	Sun 01/01/06	Fri 13/01/06												
167	Backfill West Open Pit	0 days	Sun 01/01/06	Sun 01/01/06												
168	9S portal to West pit Rd. AFTERpit fill??	15 days	Sun 01/01/06	Sun 15/01/06												
169	West pit to Mill Rd.	15 days	Sun 01/01/06	Sun 15/01/06												
170	Thermal Barrier Cover (shale & gravel)	21 days	Sun 01/01/06	Sat 21/01/06												
171	Install Instrumentation	2 days	Sun 01/01/06	Mon 02/01/06												
172	Final Survey	3 days	Sun 01/01/06	Tue 03/01/06												
173	East Adit Treatment Facility	1 day?	Sun 01/01/06	Sun 01/01/06												
174		Remove Sediment	7 days	Sun 01/01/06	Sat 07/01/06											
175	Close/Remediate Facility	7 days	Sun 01/01/06	Sat 07/01/06												
176	Underground Mine and Openings	1 day?	Sun 01/01/06	Sun 01/01/06												
177		Stability Assessment	0 days	Sun 01/01/06	Sun 01/01/06											
178		Utilize Workings	0 days	Sun 01/01/06	Sun 01/01/06											
179		Design Report Sealing Openings	0 days	Sun 01/01/06	Sun 01/01/06											
180		Seal Openings to Main Workings	21 days	Sun 01/01/06	Sat 21/01/06											
181		17 N portal	2 days	Sun 01/01/06	Mon 02/01/06											
182		Town	1 day?	Sun 01/01/06	Sun 01/01/06											
183		Townsite - rip, excavate, haul HC soils Part 2	1 day	Sun 01/01/06	Sun 01/01/06											
184		Dome clay tank	10 days	Sun 01/01/06	Tue 10/01/06											
185		Carpenter shop	5 days	Sun 01/01/06	Thu 05/01/06											
186	Buildings/Equipment Tear-down	0 days	Sun 01/01/06	Sun 01/01/06												
187	Partial electrical disconnect	2 days	Sun 01/01/06	Mon 02/01/06												
188	Hotel	5 days	Sun 01/01/06	Thu 05/01/06												
189	Town centre	0 days	Sun 01/01/06	Sun 01/01/06												

NANISIVIK MINE - 2006 RECLAMATION SCHEDULE

ID	Task Name	Duration	Start	Finish	Mar	Apr	May	Jun	2005	Jul	Aug	Sep	Oct	Nov	Dec
190	Temporary camp construction	0 days	Sun 01/01/06	Sun 01/01/06											
191	Disconnect services to town	0 days	Sun 01/01/06	Sun 01/01/06											
192	Demolish, remove houses (25) phase 2	14 days	Sun 01/01/06	Sat 14/01/06											
193	Hockey arena	2 days	Sun 01/01/06	Mon 02/01/06											
194	Carpenter's shop + HC soils (?) (Vendett)	7 days	Sun 01/01/06	Sat 07/01/06											
195	Government Garage	7 days	Sun 01/01/06	Sat 07/01/06											
196	Dome	7 days	Sun 01/01/06	Sat 07/01/06											
197	Perno building	7 days	Sun 01/01/06	Sat 07/01/06											
198	Surface Contouring	35 days	Sun 01/01/06	Sat 04/02/06											
199	Final Survey	1 day	Sun 01/01/06	Sun 01/01/06											
200	E twin to town road	11 days	Sun 01/01/06	Wed 11/01/06											
201	Dock Area	0 days	Sun 01/01/06	Sun 01/01/06											
202	Cleaning/teardown of Fuel Tanks and Pipelines	14 days	Sun 01/01/06	Sat 14/01/06											
203	Contaminated Soil Remediation	21 days	Sun 01/01/06	Sat 21/01/06											
204	Dock, HC soils, excavate & move	6 days	Sun 01/01/06	Fri 06/01/06											
205	Concentrate shed	6 days	Sun 01/01/06	Fri 06/01/06											
206	Tank farm & chemical storage area	15 days	Sun 01/01/06	Sun 15/01/06											
207	Cover Concrete Shed Floor (grave)	14 days	Sun 01/01/06	Sat 14/01/06											
208	Final Survey	1 day	Sun 01/01/06	Sun 01/01/06											
209	Industrial Complex Area	0 days	Sun 01/01/06	Sun 01/01/06											
210	Equipment removal and buildings teardown	0 days	Sun 01/01/06	Sun 01/01/06											
211	Remove Machinery	0 days	Sun 01/01/06	Sun 01/01/06											
212	Walls removed to foundation	48 days	Sun 01/01/06	Fri 17/02/06											
213	Mill area and compressor station buildings	0 days	Sun 01/01/06	Sun 01/01/06											
214	Warehouse yard	7 days	Sun 01/01/06	Sat 07/01/06											
215	DMS plant (Vendett)	7 days	Sun 01/01/06	Sat 07/01/06											
216	Disconnect generators	32 days	Sun 01/01/06	Wed 01/02/06											
217	Day tanks	7 days	Sun 01/01/06	Sat 07/01/06											
218	Industrial Complex slab assessment	0 days	Sun 01/01/06	Sun 01/01/06											
219	Finalize Remedial Proposal for Slab	0 days	Sun 01/01/06	Sun 01/01/06											
220	Shale cover	1 day	Sun 01/01/06	Sun 01/01/06											
221	Sand and gravel placement	1 day	Sun 01/01/06	Sun 01/01/06											
222	Install instrumentation	2 days	Sun 01/01/06	Mon 02/01/06											
223	Final Survey	1 day	Sun 01/01/06	Sun 01/01/06											
224	Contaminated Soil Remediation	0 days	Sun 01/01/06	Sun 01/01/06											
225	North yard	16 days	Sun 01/01/06	Mon 16/01/06											
226	Under mill building	5 days	Sun 01/01/06	Thu 05/01/06											
227	Warehouse yard	7 days	Sun 01/01/06	Sat 07/01/06											
228	Industrial complex west side	1 day	Sun 01/01/06	Sun 01/01/06											
229	Industrial complex lower adit yard	1 day	Sun 01/01/06	Sun 01/01/06											
230	Industrial complex compressor	1 day	Sun 01/01/06	Sun 01/01/06											
231	Dump ponds	1 day	Sun 01/01/06	Sun 01/01/06											
232	Other Issues:	0 days	Sun 01/01/06	Sun 01/01/06											
233	Identify buried utilities	1 day	Sun 01/01/06	Sun 01/01/06											
234	Remove surface electrical cables	1 day	Sun 01/01/06	Sun 01/01/06											
235	Close portals 88, 95, 00, 01	1 day	Sun 01/01/06	Sun 01/01/06											

Page 4 Of 4

APPENDIX 5.2

Photos



Excavator used to demolish houses. This was house 800.



Demolition debris from the town site demolition being dumped underground in the 10 block storage area.



Digging out the Consbec drills after a winter's worth of drifting.



Snow Removal from the test cell at the base of the main dyke



The above photo shows the town site before reclamation activities began



This is the same photo showing only the houses that remain as of March 31, 2005.