

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 2006. The reclamation activities at Nanisivik during this period included the following:

- Building demolition;
- Waste disposal;

2.0 REMEDIATION WORK

2.1 Building Demolition

Vendetti Construction, (the contractor for Wolfden Resources) remained on site throughout the winter to maintain the site. Demolition and salvage work was carried out during the latter part of the quarter at the concentrate shed, industrial complex and at the town complex which formerly housed the government offices, nursing station, fire hall and school.

2.3 Waste disposal

2.3.1 Waste Disposal Summary

A total of 350 cubic metres of demolition debris were disposed of in the mine during the quarter. The waste disposal summary is tabled below.

Waste Origin	Class	Volume (m3)	Storage Location
Concentrate Shed	DD1	80	10 & 11 Block
Industrial complex	DD1	40	10 & 11 Block
Govt. Building	DD1	230	10 & 11 Block

3.0 EFFLUENT MONITORING

During the period of January 1st to March 31st, 2006 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.

5.0 SCHEDULE:

5.1 Reclamation schedule update

 A review of the current schedule is in progress, as negotiations with Wolfden Resources are taking place. The plan is for Wolfden to complete the remaining reclamation tasks at the site utilizing their current contractor. (Vendetti Construction)

3

6.0 PHOTOS:

- Industrial Complex
- Government building
- Concentrate Shed



Dismantling Progress at the Industrial Complex



Truck awaiting demolition debris from interior of the government building



Concentrate Shed with portions of the exterior cladding removed

5 Canzinco Ltd.