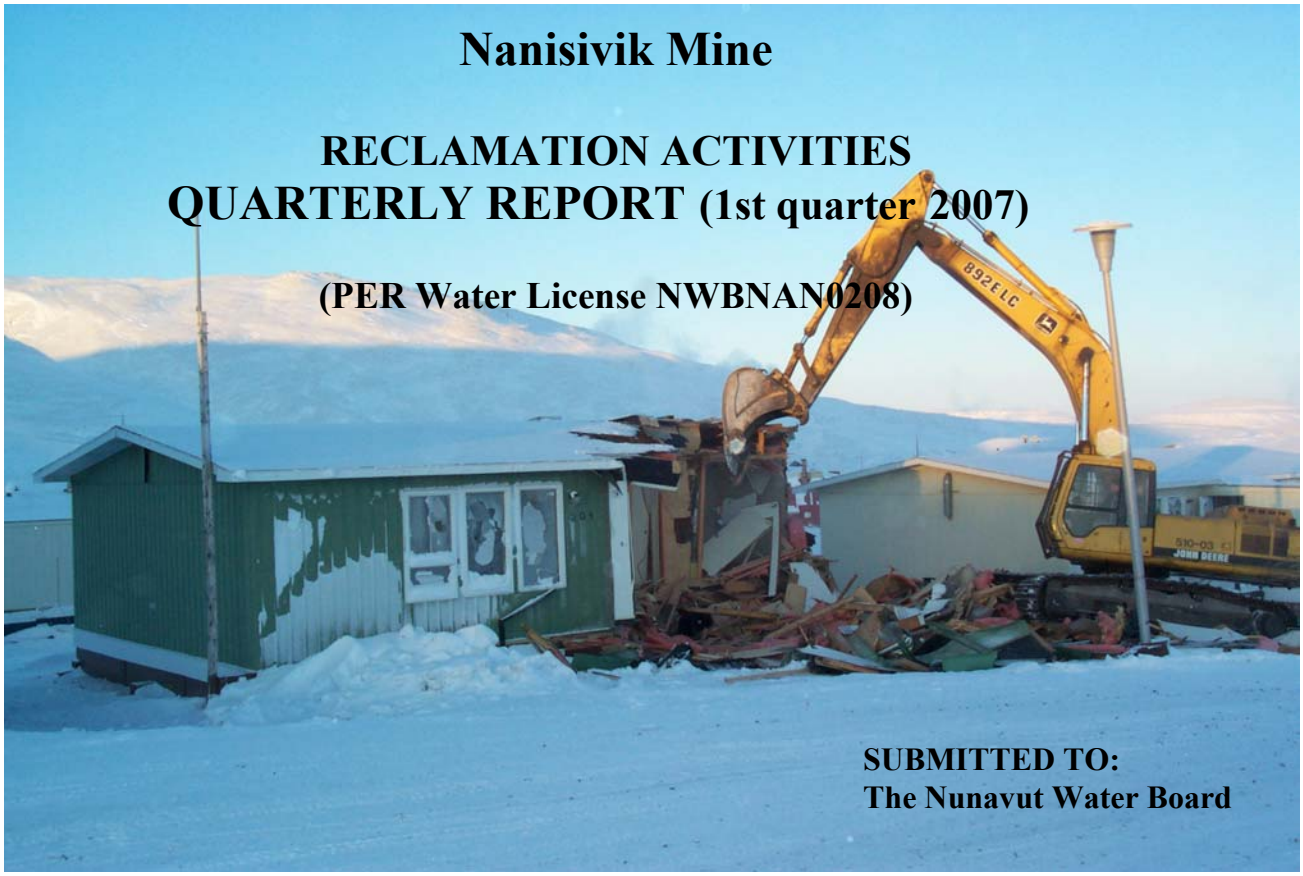
Nanisivik Mine

RECLAMATION ACTIVITIES
QUARTERLY REPORT (1st quarter 2007)

(PER Water License NWBNAN0208)



SUBMITTED TO:
The Nunavut Water Board

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 2007. The reclamation activities at Nanisivik during this period included the following:

- Building demolition;
- Waste disposal;
- Contaminated Soil Haulage

2.0 REMEDIATION WORK

2.1 Building Demolition

Government Complex:

The structure that contained the nursing station, RCMP station, fire hall, government offices, school, and northern store was dismantled and hauled underground during the quarter. The interior of the building had been cleaned out previously and so the removal of the exterior skeleton was all that remained. The cement foundation will be moved at a later date, as there are still water lines in use that run through here.

Concentrate Shed:

Work began on removal of the concrete sidewalls using the hammer attachment on the excavator. The broken pieces were then hauled underground. Mechanical problems with the excavator prevented this task from being completed during the quarter, and so the remaining work will be done at a later date in conjunction with contaminated soil removal adjacent to the concentrate shed.

Town site houses:

Thirteen houses and the two Domar apartment buildings were demolished and hauled underground during the quarter. Some salvaging of crating material took place in conjunction with the demolition.

Dome:

The dome cafeteria was demolished and hauled underground during the quarter:

Photo of Remaining Town Site

2.3 Waste disposal

A total of 13,020 cubic metres of waste material was disposed of during the quarter. Demolition debris made up 11,070 of this while Abandoned equipment and contaminated soil accounted for 190 m3 and 1760 m3 respectively. The waste disposal summary is tabled below.

Waste Origin	Class	Volume (m3)	Storage Location
Concentrate Shed	DD1	510	6-12 Area
Warehouse Yard	DD1	2850	Vent Fan Area
Govt. Building	DD1	2660	8 Block Area
Town Site Houses	DD1	3120	6-12 Area
Dome	DD1	1640	West Wing Zone 2
Furniture Storage	DD1	120	01 Block
Mobile Equipment	AE1	60	10 & 11
Mobile Equipment	AE1	130	8 Block Area
Above Bone yard	S1	1760	NZ9 Area
Cold Storage	DD1	170	01 Block

2.4 Earth Moving

Industrial Complex Yard:

Excavation was possible after the concrete foundation was removed from the cold storage building using the D-8 ripper. In total, 1760 cubic metres were excavated and hauled underground. This excavation is not yet complete.

West Twin Lake Area:

A minor amount of work took place here during the quarter. The shoreline of the reservoir below the main dyke required additional rip rap material as per the annual dyke inspection report submitted by our engineering consultant from BGC Engineering. Excess material had been placed around the test cell outlet during the cover construction and it was accessible during march despite the cold weather due to its coarseness.

3.0 EFFLUENT MONITORING

There were no effluent releases from any of the final discharge points during the quarter.
There were no changes to the potable water system during the quarter and the daily volume estimate of water pumped from East Twin Lake remains at approximately 145 cubic metres which is well below the license maximum of 493 m3 per day.

5.0 SCHEDULE:

5.1 Reclamation schedule update

- There have been no changes to the schedule that was submitted with the annual water report at the end of March.

6.0 COST SUMMARY:

Breakwater Resources total expenditures for the project during the 1st quarter of 2007 came to $61702.77 This brings our total cost since closure plan approval to $15,490,017.73