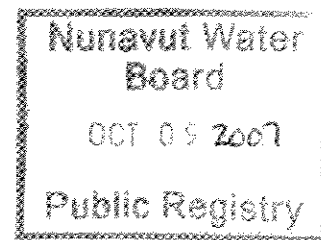
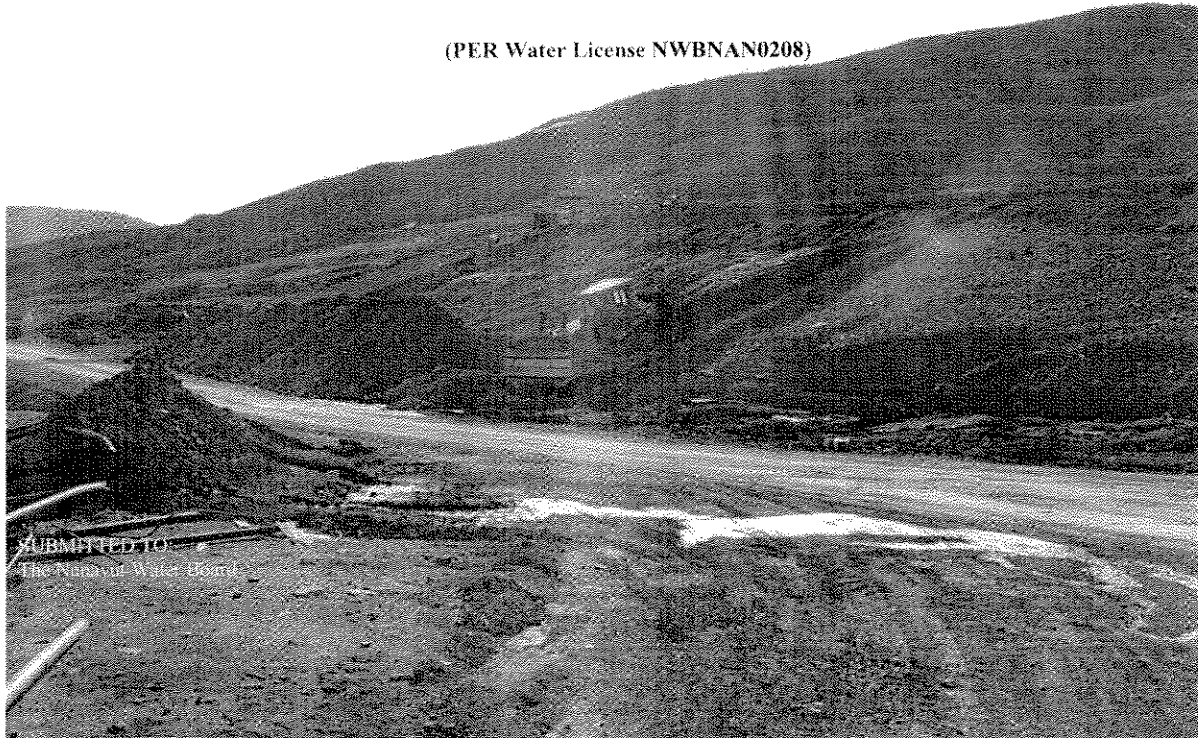


Nanisivik Mine
RECLAMATION ACTIVITIES
QUARTERLY REPORT (2nd quarter 2007)

(PER Water License NWBNAN0208)



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

Building Demolition
Waste Disposal
Shale haulage

RECLAMATION ACTIVITIES

Concentrate Shed Area

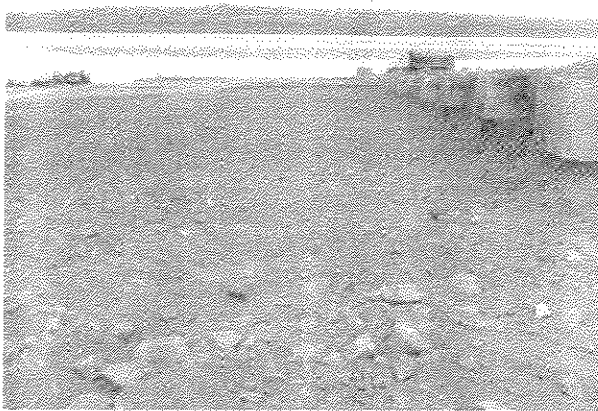
The remaining concrete pony walls were removed and hauled underground during the quarter. In addition to this, the slab was cleaned using a mechanical sweeper. Final cleaning of the joints and edges would be completed in the 3rd quarter. Excavation of contaminated soil adjacent to the concentrate shed foundation was well underway by the end of June. A grader was utilized for the large flat lay down area adjacent to the roadway, as metal contamination here was very shallow. Some areas however required additional excavation utilizing the flat lip bucket on the excavator. Excavation of Hydrocarbon contaminated soil from the former lunch shack (refuge station) also began during the quarter. Extensive sampling and on site testing was ongoing throughout the clean up process, enabling us to reasonably delineate the contaminated areas.



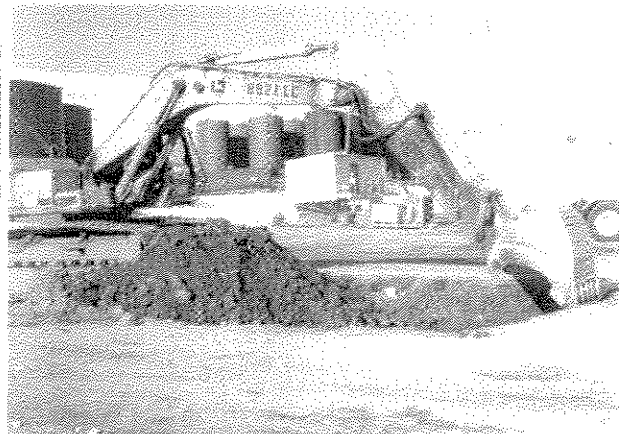
Sweeping operations on con shed floor



Scraping up metal contaminated soil



Excavated Area adjacent to con shed foundation



Excavating HC soil near former refuge station