

NANISIVIK MINE

A division of CanZinco Ltd.

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August 5, 2003

Mr. Philippe di Pizzo

Executive Director

Nunavut Water Board

P.O. Box 119

Gjoa Haven, NU X0E-1J0

Dear Mr. di Pizzo:

Re: Water Licence NWB1NAN0208

As a condition of the approval process for progressive reclamation activities at the Nanisivik Mine, we submit the following proposal with regard to item 5v of your letter dated July 11, 2003. This proposal is for utilizing the underground mine for disposal of water used in the cleaning process during the dismantling of the mill complex.

The large positive-displacement tailings pumps (used during production to remove waste water) are not designed to handle the small quantities of water anticipated during the clean-up. We intend to use a combination of pneumatic scaling and high pressure washers for cleaning activities. Waste water, containing residual metals, would be collected in the existing sumps in the industrial complex and then either pumped or trucked to the West Open Pit Sump. The water would then be pumped underground at 01 portal, where it would be directed to the lower shale zone. (see attached plan and sections)

The high pressure washers are capable of processing 3 gallons per minute each. If all three washers were in operation for 12 hours per day, they would then produce 6,480 gallons or 25 cubic metres per day. The identified storage area has an estimated capacity of 8,550 cubic metres or 342 days of water storage potential. It is anticipated that the washers will in fact only be utilized 5 hours per day for 200 days producing an estimated 2,100 cubic metres of water. The selected storage area will comfortably contain all the wastewater from the cleaning process. As a contingency, any unexpected surplus would accumulate in the "non-man entry" area upslope of the lower shale zone, which has an estimated capacity of 38,500 cubic metres of water storage volume.

We trust this information meets your requirements and look forward to receiving your approval to proceed. Should you have any questions in this regard, please feel free to contact me at 867-436-7376.

Sincerely,

Original signed by:

Murray Markle

Site Manager – Nanisivik Mine