

CLIENT:

Nanisivik Mine, a Division  
of CanZinco Ltd.



Photo 62 is taken at the toe of the West Twin Dike. The photo is taken from the south end of the dike looking north. Note frost mound features in the foreground.

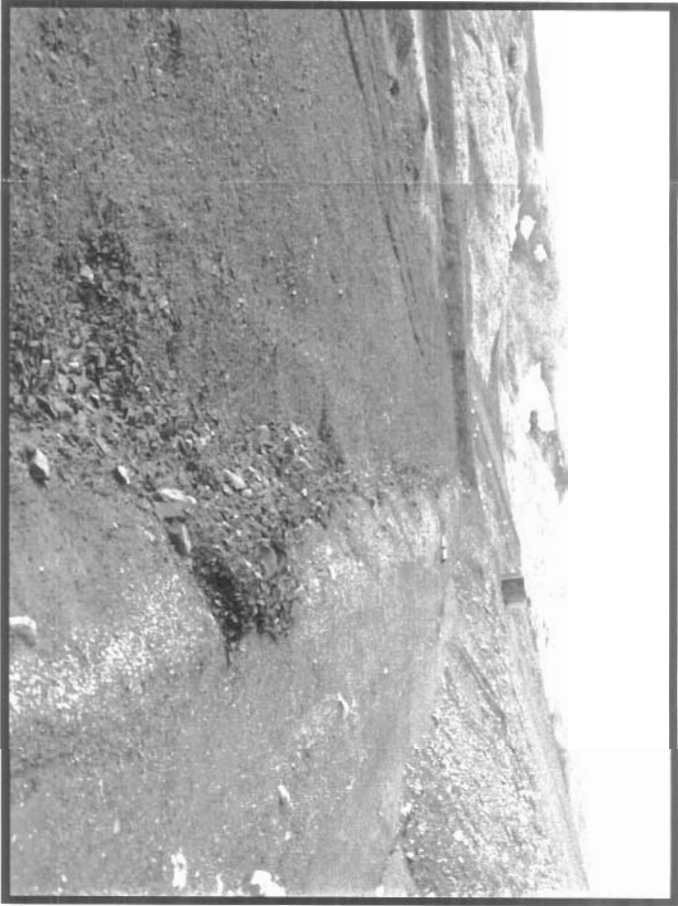


Photo 73 is taken along the toe of the dike looking towards the south. Note that this is probably mid-way down the 374 m bench. Additional tailings have been placed at the toe of the dike in this area and have increased the elevation of the "toe" of the dike.

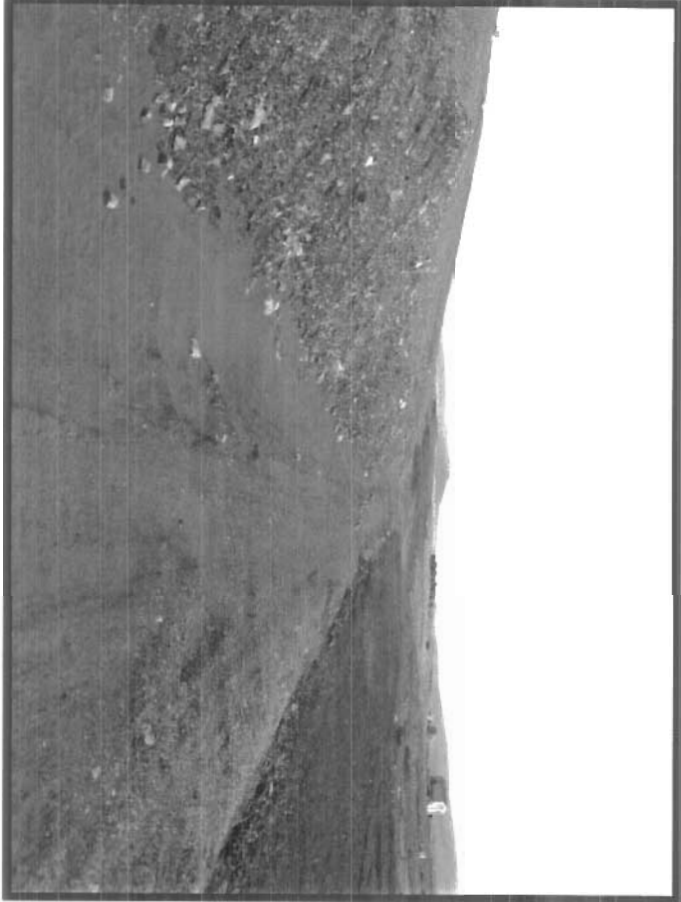


Photo 72 is taken at the toe of the West Twin Dike looking north taken on the north half of the dike. Note that there are tailings exposed at the surface here blended in with shale. The tailings were likely deposited here by wind transporting them from the Test Cell.

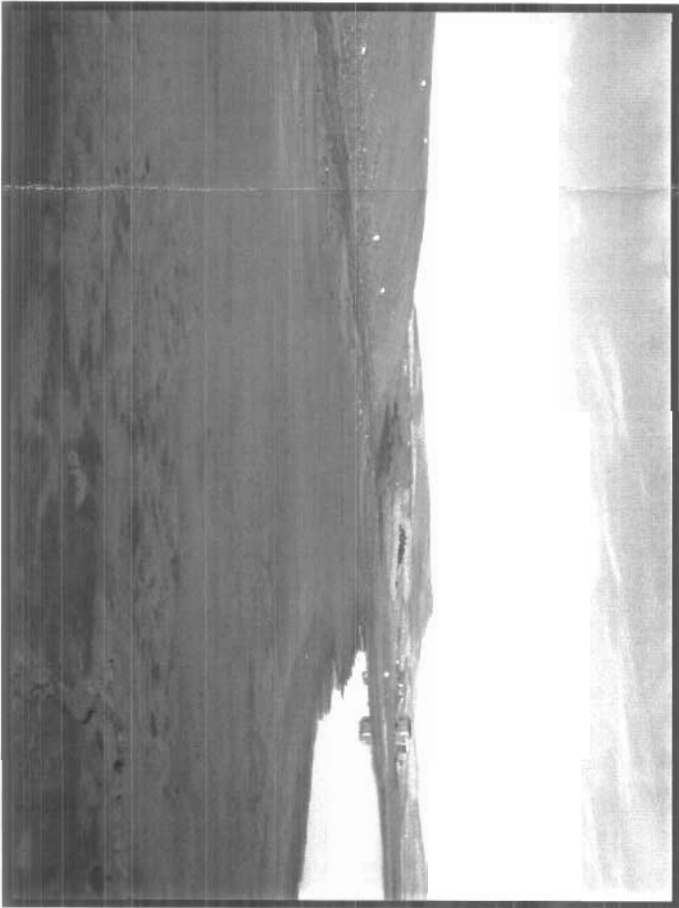


Photo 92 is of the tailings beach in the Test Cell proximal to the toe of the West Twin Dike. The view is looking north. Note that the water line is approximately 50 m from the toe of the West Twin Dike.

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC, AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

|      |      |                |       |         |          |
|------|------|----------------|-------|---------|----------|
| -    | -    | -              | -     | -       |          |
| -    | -    | -              | -     | -       |          |
| -    | -    | -              | -     | -       |          |
| REV. | DATE | REVISION NOTES | DRAWN | CHECKED | APPROVED |

|           |              |
|-----------|--------------|
| SCALE:    | N/A          |
| DATE:     | October 2004 |
| DRAWN:    | SLF          |
| DESIGNED: | GKC          |
| CHECKED:  | GKC          |
| APPROVED: | JWC          |

|             |   |          |   |      |   |
|-------------|---|----------|---|------|---|
| PROJECT     | ANNUAL INSPECTION OF WASTE<br>CONTAINMENT DIKES |          |   |      |   |
| TITLE       | WEST TWIN DIKE - TOE PHOTOS                     |          |   |      |   |
| PROJECT NO. | 0255-009-06                                     | DWG. NO. | 9 | REV. | 0 |

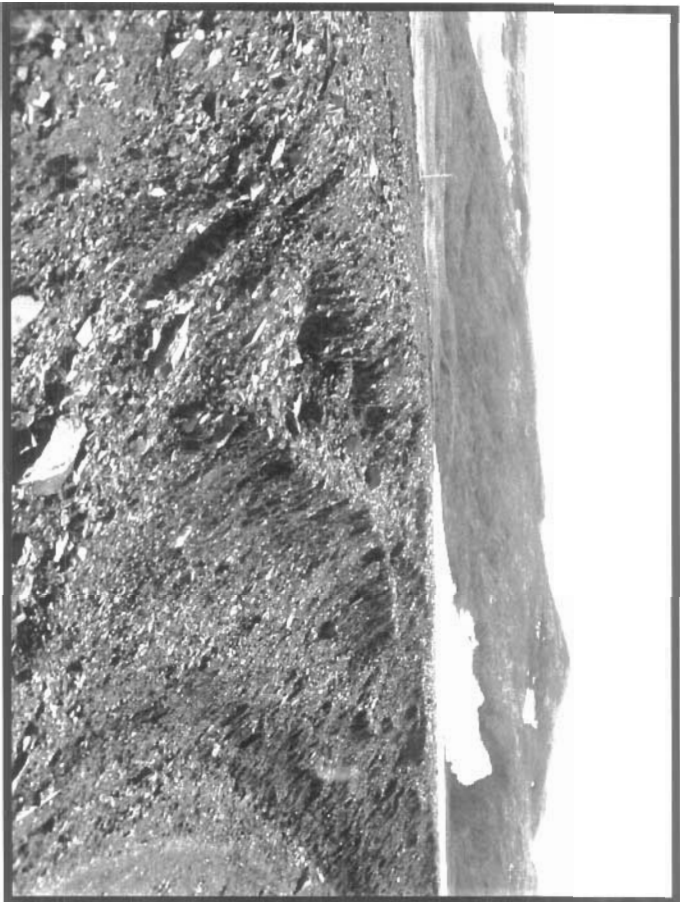


Photo 86 shows some surficial sloughing of the Test Cell side face of the dike.

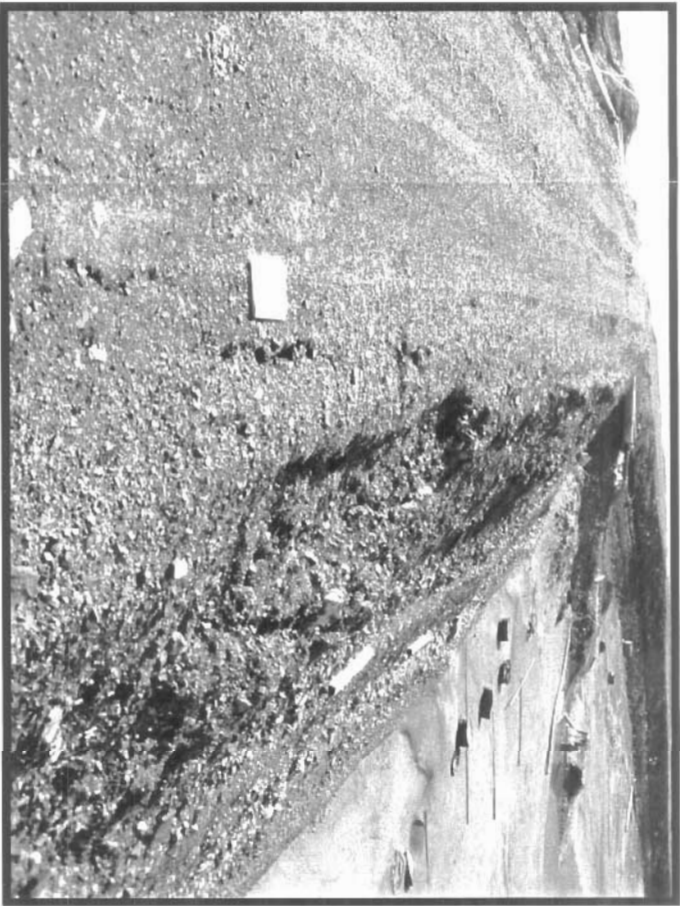


Photo 88 shows some cracking along the crest in the area where the sloughing is occurring on the Test Cell side of the dike.

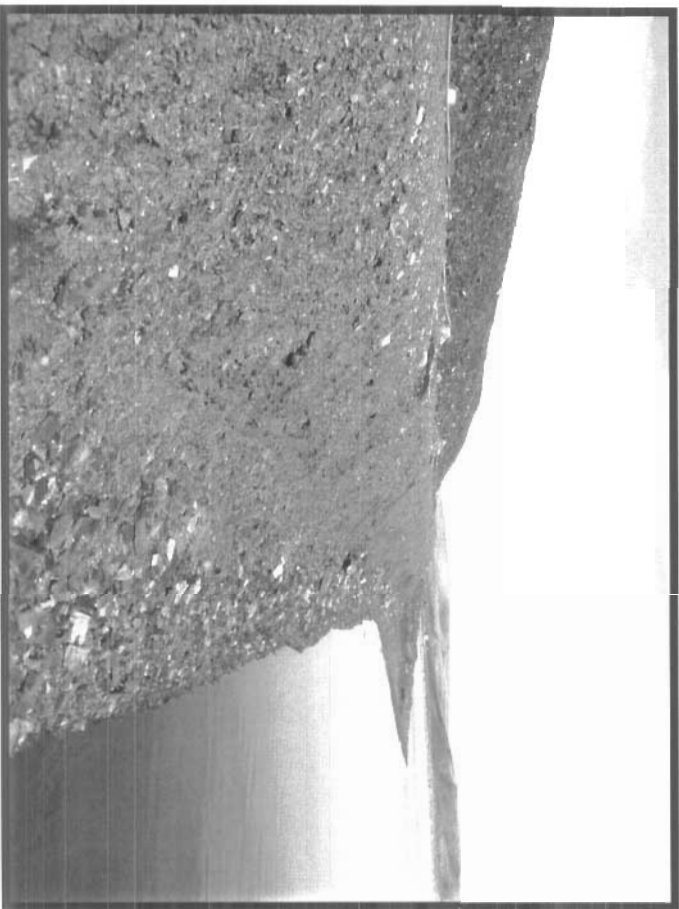


Photo 100 shows the toe of the Test Cell Dike where the EMW arm and the N/S arm meet.

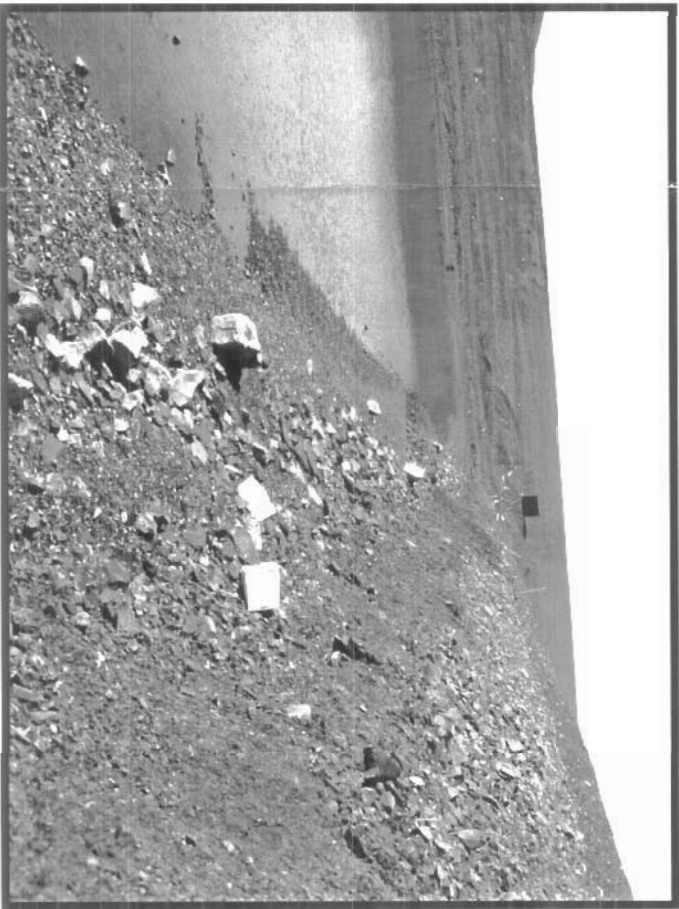


Photo 96 is of the toe of the Test Cell Dike taken looking towards the west. Note the file folder in the photo for scale. Note the surficial sloughing of the dike at this location that has occurred. The sloughing is possibly related to undercutting erosion from wave action when the reservoir is at a high water level.

CLIENT:

Nanisivik Mine, a Division  
of Canzinc Co Ltd.

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

|          |      |                |       |         |
|----------|------|----------------|-------|---------|
| -        | -    | -              | -     | -       |
| -        | -    | -              | -     | -       |
| -        | -    | -              | -     | -       |
| REV.     | DATE | REVISION NOTES | DRAWN | CHECKED |
| APPROVED |      |                |       |         |

|           |              |
|-----------|--------------|
| SCALE:    | N/A          |
| DATE:     | October 2004 |
| DRAWN:    | SLF          |
| DESIGNED: | GKC          |
| CHECKED:  | GKC          |
| APPROVED: | JWC          |

|             |   |      |  |
|-------------|---|------|--|
| PROJECT     | ANNUAL INSPECTION OF WASTE<br>CONTAINMENT DIKES |      |  |
| TITLE       | TEST CELL DIKE - PHOTOS                         |      |  |
| PROJECT No. | DWG No.   | REV. |  |
| 0255-009-06 | 10  | 0    |  |



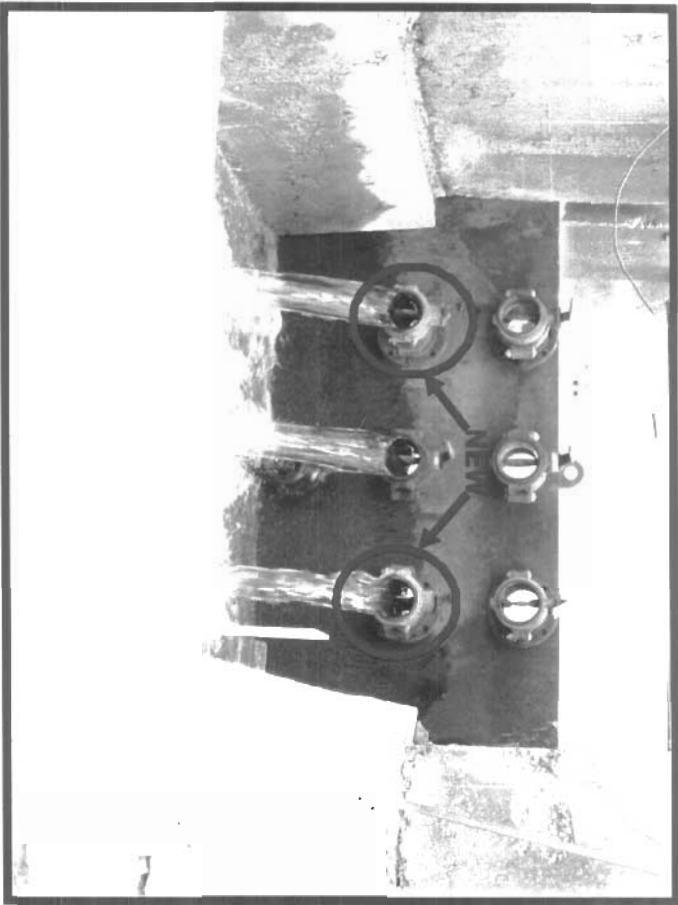


Photo 8 is a view of the outlet valves. Note the additional valves installed since last year.



Photo 118 is of the north side of the of Polishing Pond Outlet structure. Note the erosion around the concrete observed last year has been repaired by placing additional marine silt and clay.



Photo 116 is of the Polishing Pond Outlet structure. Note the flow is only occurring from the middle and bottom valves.



Photo 124 is of the Polishing Pond Outlet area taken from a high point east of the area.

CLIENT:

Nanisivik Mine, a Division  
of Canzinc Co Ltd.

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

|          |      |                |       |         |
|----------|------|----------------|-------|---------|
| -        | -    | -              | -     | -       |
| -        | -    | -              | -     | -       |
| -        | -    | -              | -     | -       |
| REV.     | DATE | REVISION NOTES | DRAWN | CHECKED |
| APPROVED |      |                |       |         |

|           |              |
|-----------|--------------|
| SCALE:    | N/A          |
| DATE:     | October 2004 |
| DRAWN:    | SLF          |
| DESIGNED: | GKC          |
| CHECKED:  | GKC          |
| APPROVED: | JWC          |

|             |   |          |    |      |   |
|-------------|---|----------|----|------|---|
| PROJECT     | ANNUAL INSPECTION OF WASTE<br>CONTAINMENT DIKES |          |    |      |   |
| TITLE       | POLISHING POND OUTLET<br>STRUCTURE PHOTOS       |          |    |      |   |
| PROJECT No. | 0255-009-06                                     | DWG. No. | 11 | REV. | 0 |

CLIENT:

**Nanisivik Mine, a Division  
of CanZinco Ltd.**

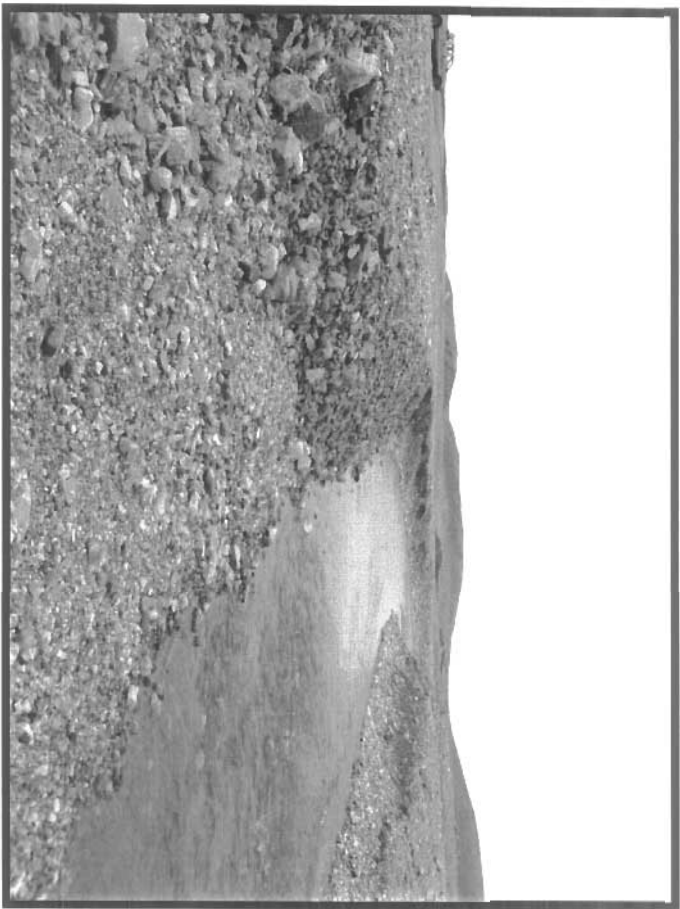


Photo 111 is taken from the south end of the Diversion Berm looking north.

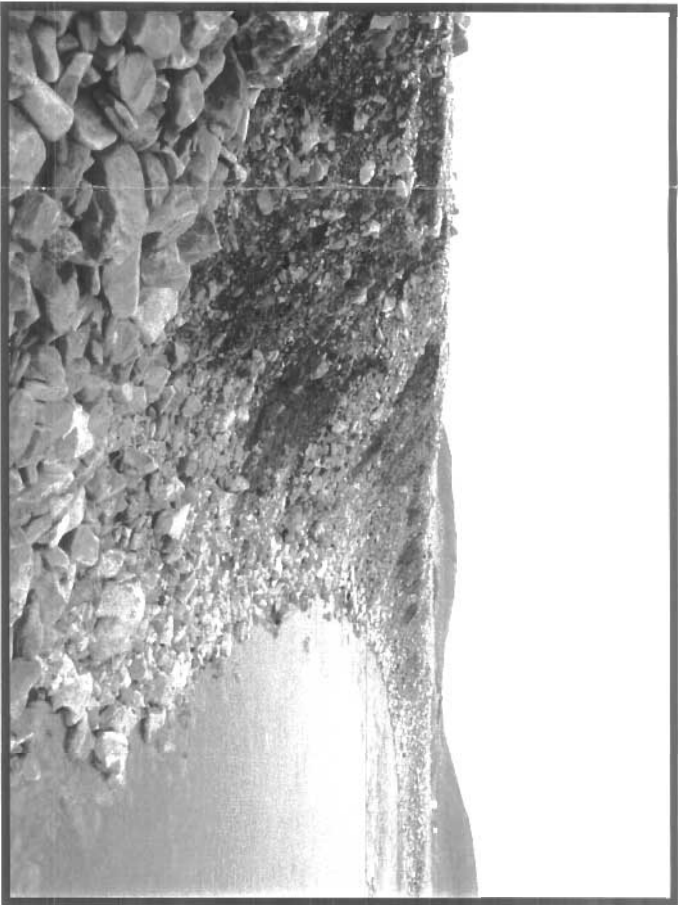


Photo 112 is taken where a bit of erosion of the bank has occurred due to undercutting by the stream.



Photo 115 shows the diversion area looking south.



Photo 119 is of the Polishing Pond Outlet area taken from a high point east of the area.

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

|          |      |                |       |          |
|----------|------|----------------|-------|----------|
| -        | -    | -              | -     | -        |
| -        | -    | -              | -     | -        |
| -        | -    | -              | -     | -        |
| REV.     | DATE | REVISION NOTES | DRAWN | CHECKED  |
| APPROVED |      |                |       | APPROVED |

|           |              |
|-----------|--------------|
| SCALE:    | N/A          |
| DATE:     | October 2004 |
| DRAWN:    | SLF          |
| DESIGNED: | GKC          |
| CHECKED:  | GKC          |
| APPROVED: | JWC          |

|             |   |          |    |      |
|-------------|---|----------|----|------|
| PROJECT     | ANNUAL INSPECTION OF WASTE<br>CONTAINMENT DIKES |          |    |      |
| TITLE       | EAST TWIN DIVERSION<br>DIKE & CHANNEL PHOTOS    |          |    |      |
| PROJECT No. | 0255-009-06                                     | DWG. No. | 12 | REV. |
|             |   |          |    | 0    |

CLIENT:

**Nanisivik Mine, a Division  
of CanZinco Ltd.**

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

| REV. | DATE | REVISION NOTES | DRAWN | CHECKED | APPROVED |
|------|------|----------------|-------|---------|----------|
| 1    | 1    | 1              | 1     | 1       | 1        |
| 2    | 2    | 2              | 2     | 2       | 2        |
| 3    | 3    | 3              | 3     | 3       | 3        |

|           |              |
|-----------|--------------|
| SCALE:    | N/A          |
| DATE:     | October 2004 |
| DRAWN:    | SLF          |
| DESIGNED: | GKC          |
| CHECKED:  | GKC          |
| APPROVED: | JWC          |

|   |          |      |
|---|----------|------|
| PROJECT ANNUAL INSPECTION OF WASTE<br>CONTAINMENT DIKES |          |      |
| TITLE EAST ADIT TREATMENT<br>POND DIKE PHOTOS           |          |      |
| PROJECT No.   | DWG. No. | REV. |
| 0255-009-06   | 13       | 0    |

**BGC Engineering Inc.**  
AN APPLIED EARTH SCIENCES COMPANY  
Calgary, Alberta Phone: (403) 250-5185



Photo 142 is an oblique aerial view of the treatment pond.

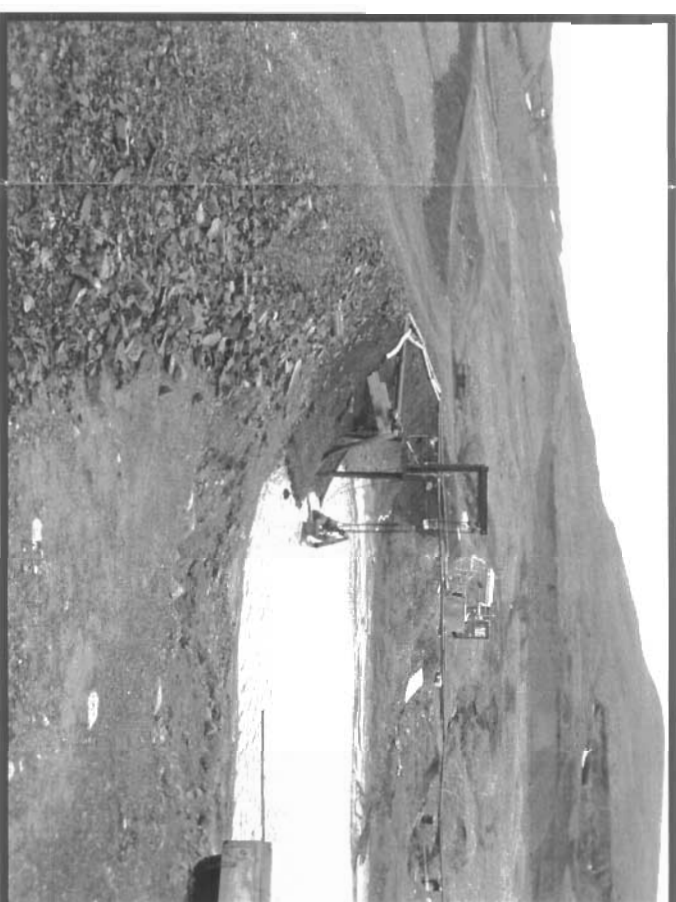


Photo 143 is a view of the upstream face of the treatment pond dike. The view is looking south from the north end of the dike.

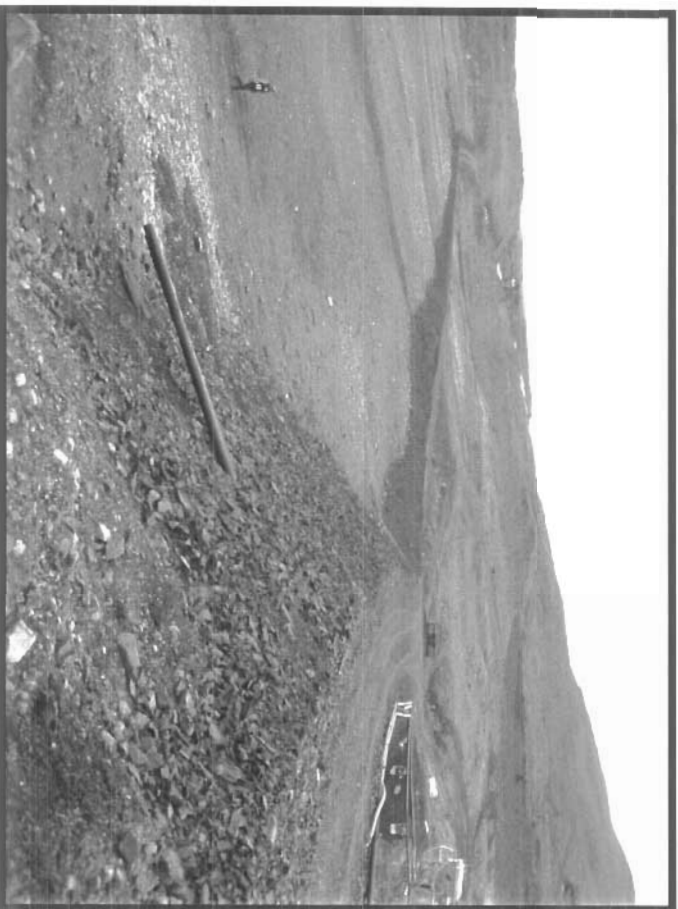


Photo 146 is a view of the downstream face of the dike from the north end of the dike.

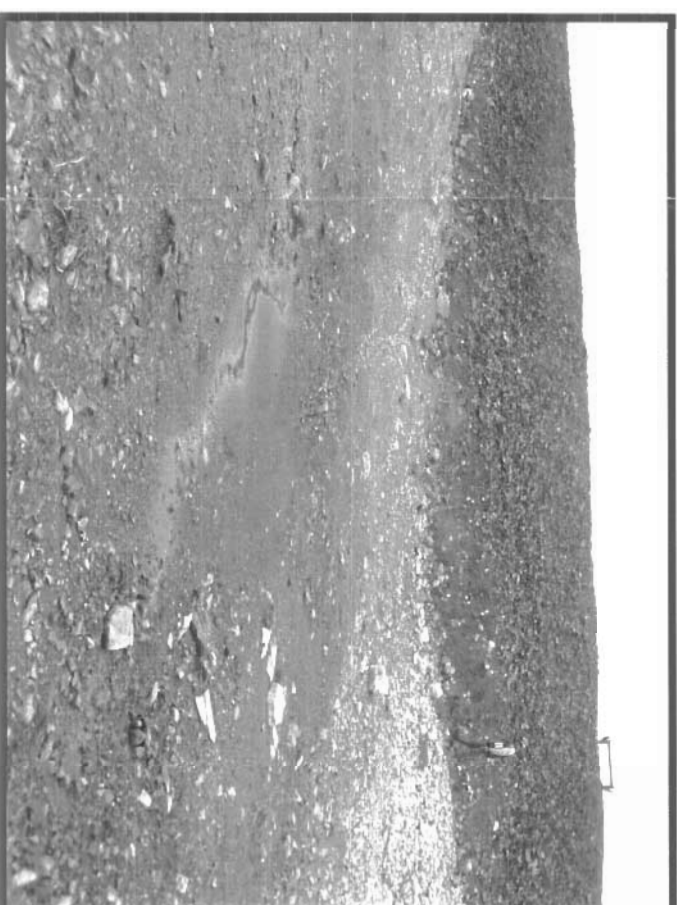


Photo 148 is a view of a wet area approximately 10 m downstream of the centre portion of the treatment pond dike.



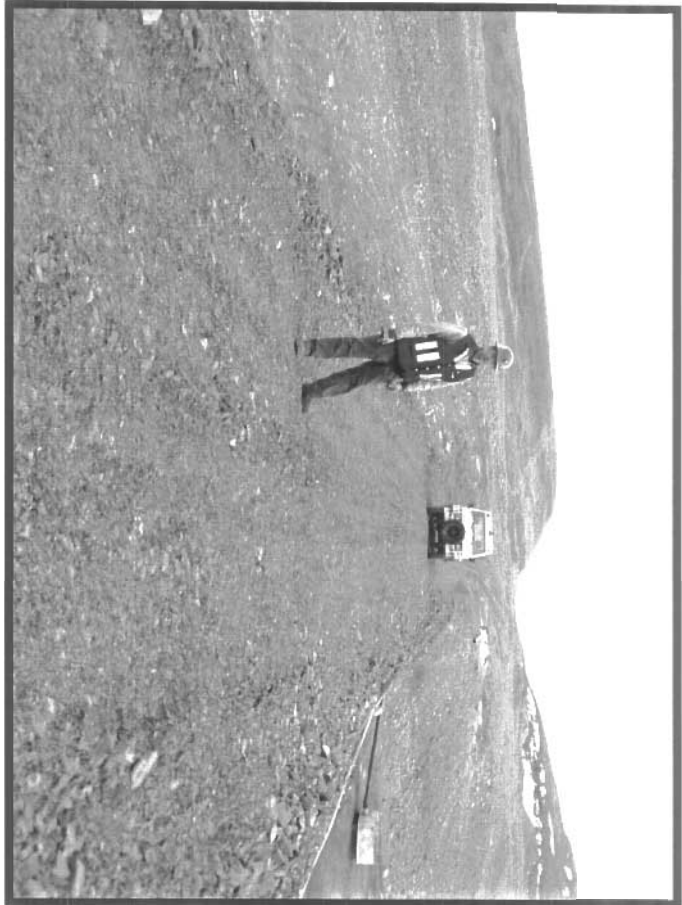


Photo 138 is a view of the crest of the retention pond dike. View is taken from the centre of the dike looking east.

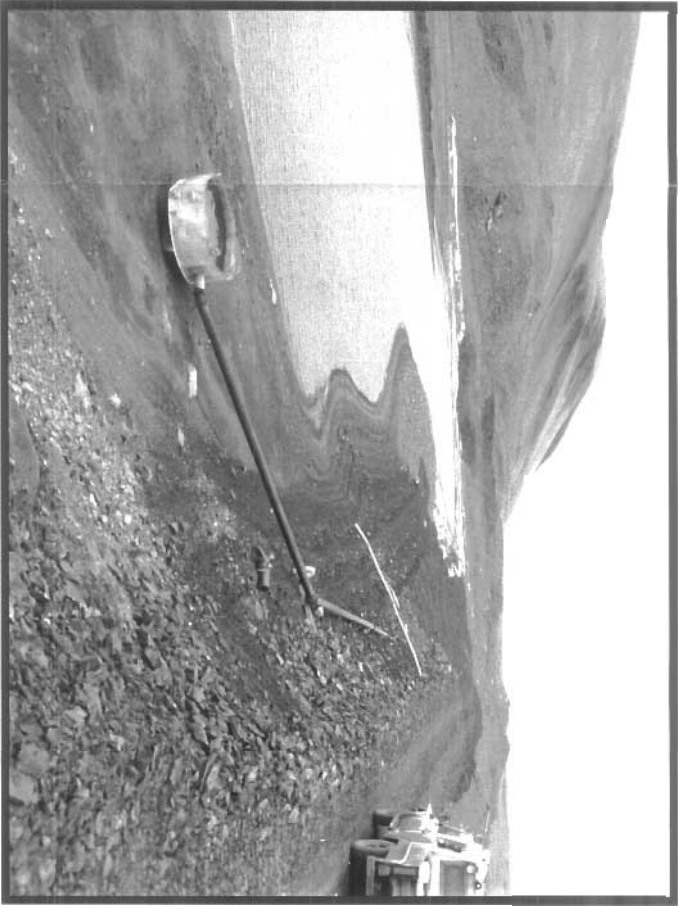


Photo 131 is a view of the upstream toe of retention pond dike from crest of dike. View is from east end of the dike looking west.



Photo 136 is a view of the northwest corner of the treatment pond. Note the ruffled nature of the liner.



Photo 140 is a view of the downstream face of the dike at the centre of the dike. Note the wet area near the toe of the dike (by the hardhat). This may indicate seepage beneath the dike at this location.

CLIENT:

**Nanisivik Mine, a Division  
of CanZinco Ltd.**

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

|          |      |                |       |         |
|----------|------|----------------|-------|---------|
| -        | -    | -              | -     | -       |
| -        | -    | -              | -     | -       |
| -        | -    | -              | -     | -       |
| REV.     | DATE | REVISION NOTES | DRAWN | CHECKED |
| APPROVED |      |                |       |         |

|           |              |
|-----------|--------------|
| SCALE:    | N/A          |
| DATE:     | October 2004 |
| DRAWN:    | SLF          |
| DESIGNED: | GKC          |
| CHECKED:  | GKC          |
| APPROVED: | JWC          |

|             |   |          |    |      |   |
|-------------|---|----------|----|------|---|
| PROJECT     | ANNUAL INSPECTION OF WASTE<br>CONTAINMENT DIKES |          |    |      |   |
| TITLE       | EAST ADIT RETENTION POND DIKE - PHOTOS          |          |    |      |   |
| PROJECT No. | 0255-009-06                                     | DWG. No. | 14 | REV. | 0 |

**BGC**

**BGC Engineering Inc.**  
AN APPLIED EARTH SCIENCES COMPANY  
Calgary Alberta Phone: (403) 250-5185

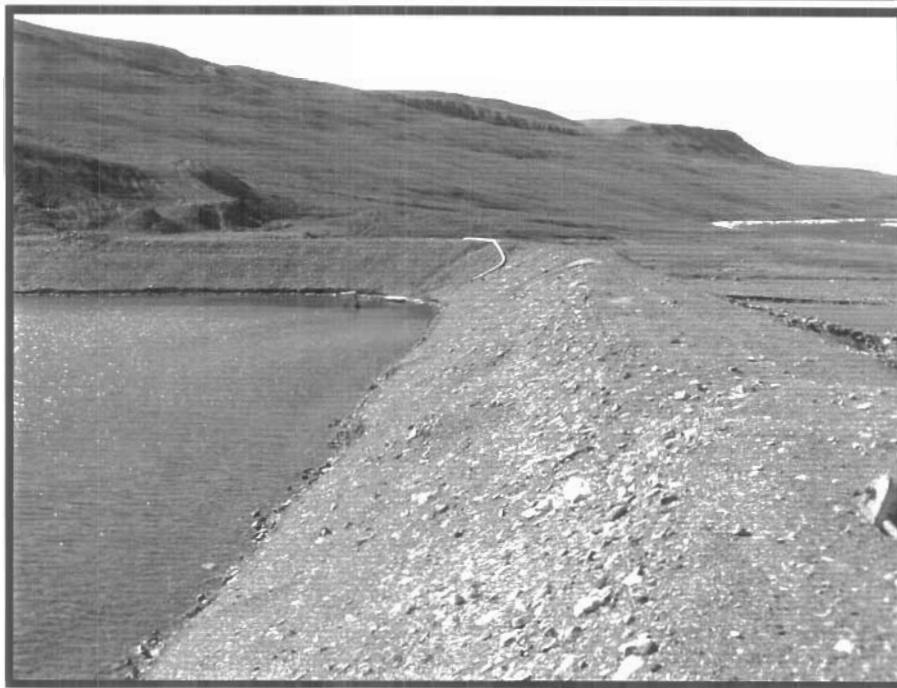


Photo 51 is taken along the north edge of the berm looking west. Note the water collected in the berm.



Photo 52 is taken looking towards the northwest corner of the containment berm. It is an area where the liner is exposed. As can be seen it has been repaired at some point in the past. The depth of water within the pond is approximately 50 cm.

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

|        |              |           |     |
|--------|--------------|-----------|-----|
| SCALE: | N/A          | DESIGNED: | GKC |
| DATE:  | OCTOBER 2004 | CHECKED:  | GKC |
| DRAWN: | SLF          | APPROVED: | JWC |

CLIENT:



**BGC Engineering Inc.**

AN APPLIED EARTH SCIENCES COMPANY

Calgary, Alberta.

Phone: (403) 250-5185

PROJECT **ANNUAL INSPECTION OF WASTE  
CONTAINMENT DIKES**

TITLE **MAIN TANK FARM SPILL  
CONTAINMENT BERM - PHOTOS**

|             |          |      |
|-------------|----------|------|
| PROJECT No. | DWG. No. | REV. |
| 0255-009-06 | 15       | 0    |



Photo 8 at the Day Tank Farm is taken from upslope of the Tank Farm. The photo is taken looking to the west.



Photo 10 is taken towards the north end of the Tank Farm in the water collection pit. Note that there is currently approximately 50 centimeters of water in the deepest spot collected in the bottom of this pit.

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

|        |              |           |     |
|--------|--------------|-----------|-----|
| SCALE: | N/A          | DESIGNED: | GKC |
| DATE:  | OCTOBER 2004 | CHECKED:  | GKC |
| DRAWN: | SLF          | APPROVED: | JWC |

CLIENT:



**BGC Engineering Inc.**

AN APPLIED EARTH SCIENCES COMPANY

Calgary, Alberta.

Phone: (403) 250-5185

|             |  |          |    |
|-------------|--|----------|----|
| PROJECT     | ANNUAL INSPECTION OF WASTE CONTAINMENT DIKES |          |    |
| TITLE       | DAY TANK SPILL CONTAINMENT BERM - PHOTOS     |          |    |
| PROJECT No. | 0255-009-06                                  | DWG. No. | 16 |
|             |  | REV.     | 0  |





Photo 14 taken at the Mill Dump Pond is an oblique aerial shot from the top of the slope near the mill.

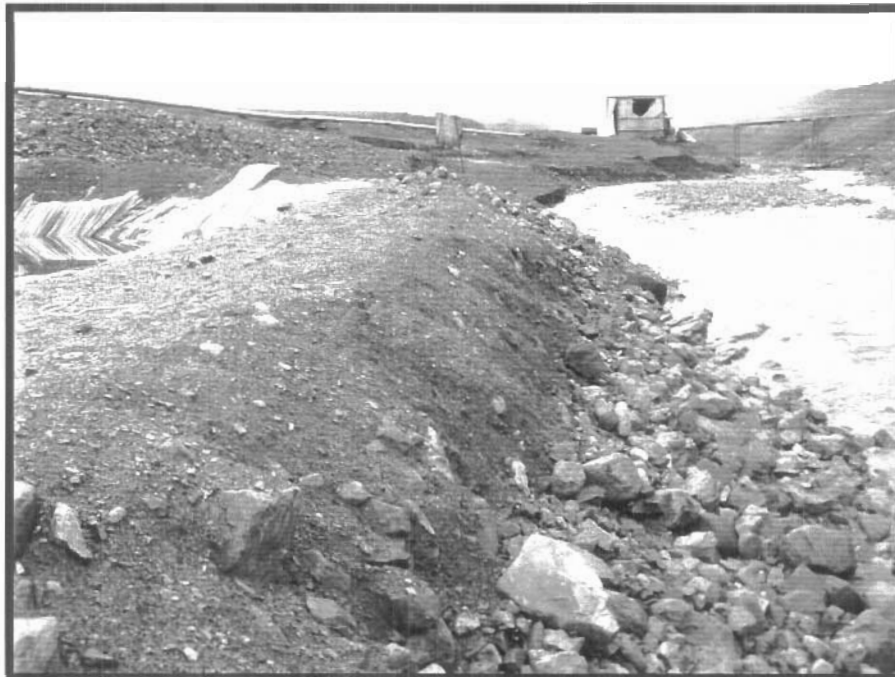


Photo 18 is taken along the outside toe of the berm proximal to Twin Lakes Creek. The erosion of the toe of the berm does not appear to have increased since the 2003 inspection. The main erosion area near the west limit of the berm was repaired by adding rockfill to the berm at this location.

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

|        |              |           |     |
|--------|--------------|-----------|-----|
| SCALE: | N/A          | DESIGNED: | GKC |
| DATE:  | OCTOBER 2004 | CHECKED:  | GKC |
| DRAWN: | SLF          | APPROVED: | JWC |

CLIENT:

|             |  |          |    |
|-------------|--|----------|----|
| PROJECT     | ANNUAL INSPECTION OF WASTE CONTAINMENT DIKES |          |    |
| TITLE       | MILL DUMP POND CONTAINMENT BERM - PHOTOS     |          |    |
| PROJECT No. | 0255-009-06                                  | DWG. No. | 17 |
|             |  | REV.     | 0  |



**BGC Engineering Inc.**

AN APPLIED EARTH SCIENCES COMPANY

Calgary, Alberta.

Phone: (403) 250-5185



Photo 31 is of the shale and native ground material holding down the liner.



Photo 33 is of the outside face of the berm near the north west corner of the dump pond.

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

|        |              |           |     |
|--------|--------------|-----------|-----|
| SCALE: | N/A          | DESIGNED: | GKC |
| DATE:  | OCTOBER 2004 | CHECKED:  | GKC |
| DRAWN: | SLF          | APPROVED: | JWC |

CLIENT:



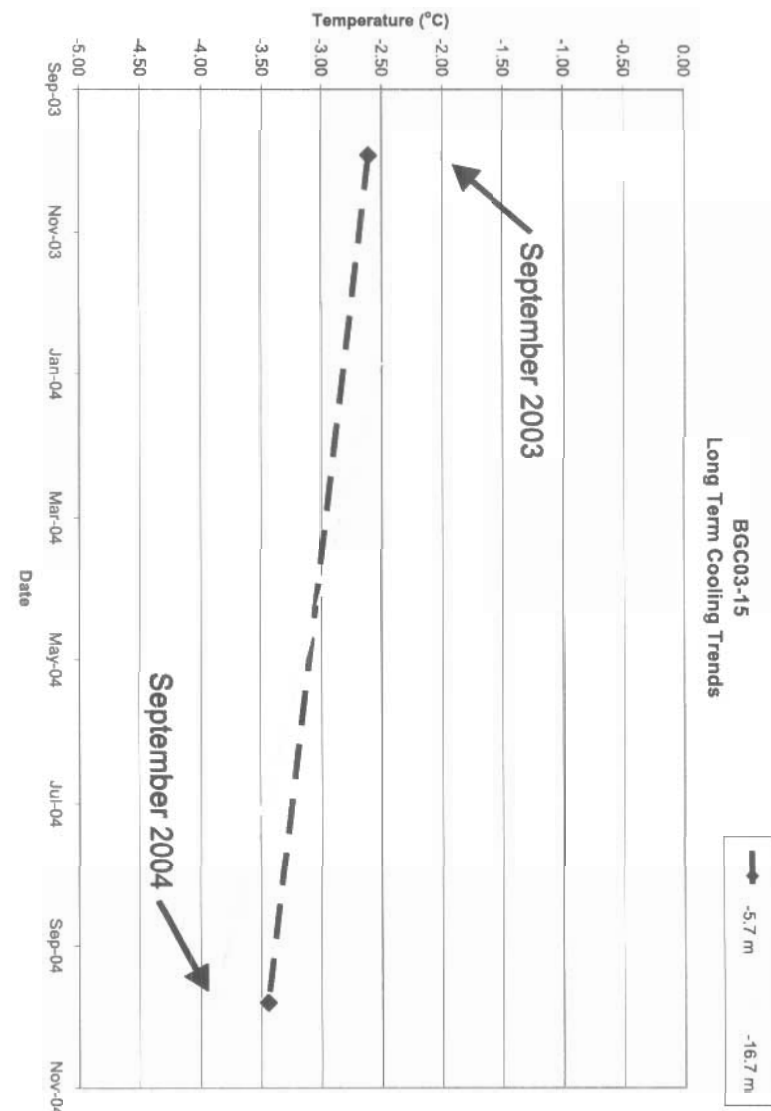
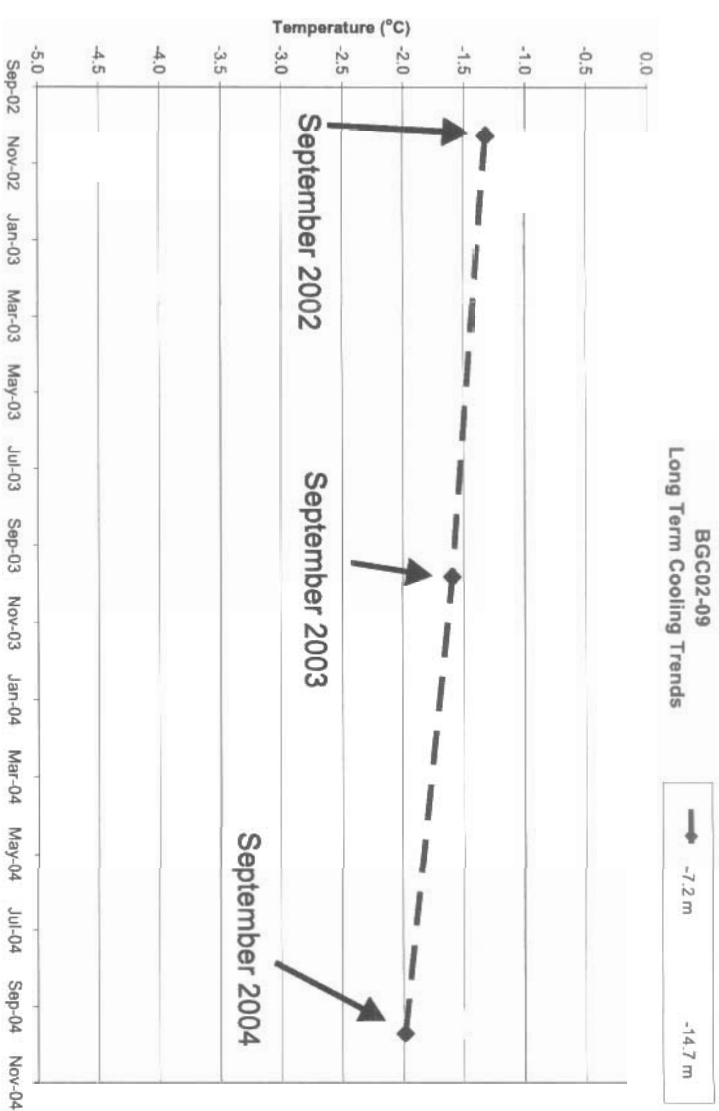
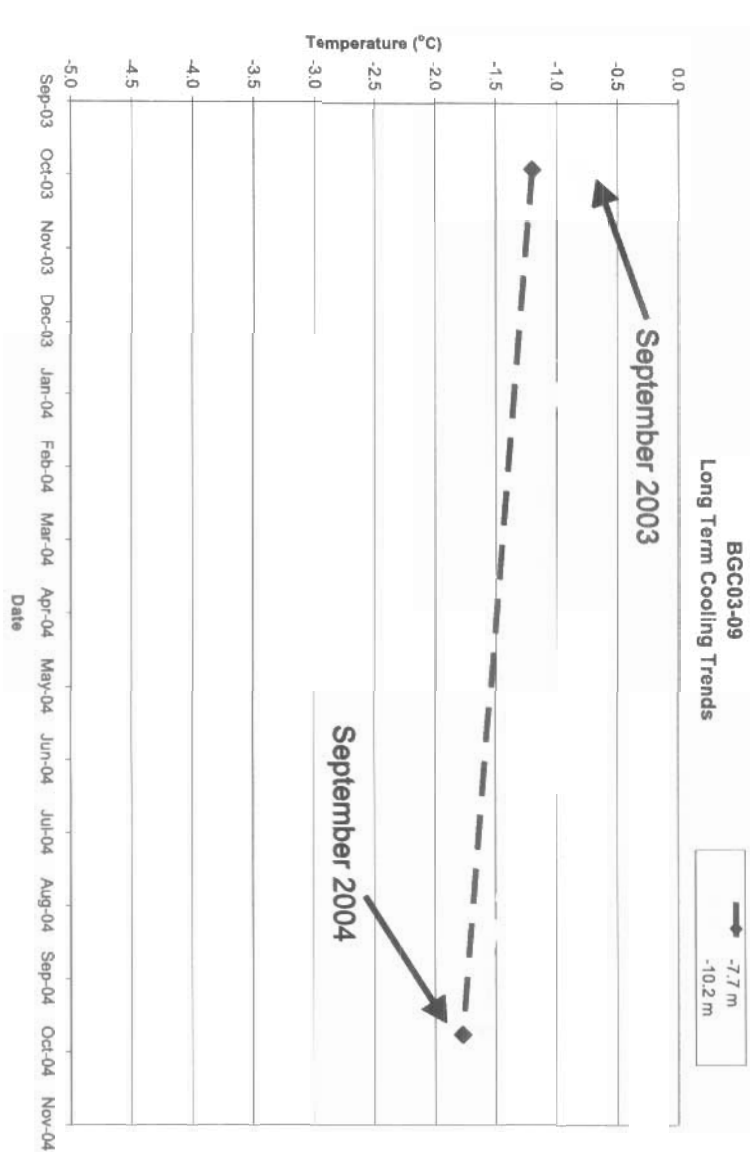
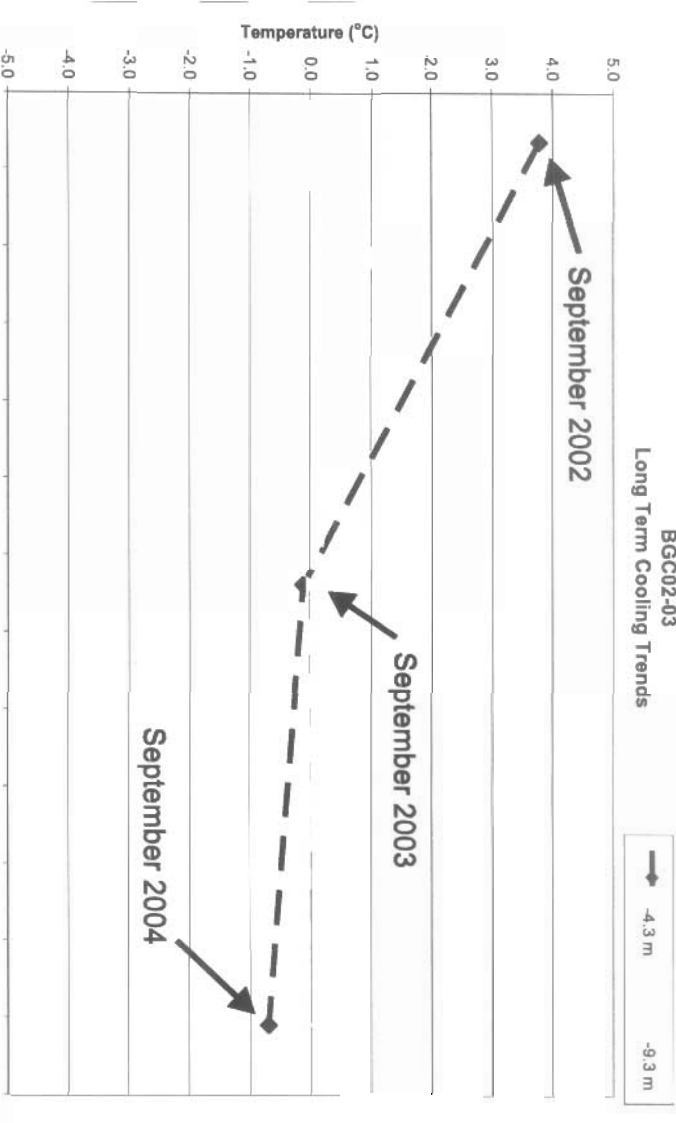
**BGC Engineering Inc.**

AN APPLIED EARTH SCIENCES COMPANY

Calgary, Alberta.

Phone: (403) 250-5185

|             |  |          |    |
|-------------|--|----------|----|
| PROJECT     | ANNUAL INSPECTION OF WASTE CONTAINMENT DIKES |          |    |
| TITLE       | UPPER DUMP POND CONTAINMENT BERM - PHOTOS    |          |    |
| PROJECT No. | 0255-009-06                                  | DWG. No. | 18 |
|             |  | REV.     | 0  |



CLIENT:

Nanisivik Mine, a Division  
of Canzincco Ltd.

AS A MUTUAL PROTECTION TO OUR CLIENT, THE PUBLIC AND OURSELVES, ALL REPORTS AND DRAWINGS ARE SUBMITTED FOR THE CONFIDENTIAL INFORMATION OF OUR CLIENT FOR A SPECIFIC PROJECT AND AUTHORIZATION FOR USE AND/OR PUBLICATION OF DATA STATEMENTS CONCLUSIONS OR ABSTRACTS FROM OR REGARDING OUR REPORTS AND DRAWINGS IS RESERVED PENDING OUR WRITTEN APPROVAL.

|      |      |                |       |          |
|------|------|----------------|-------|----------|
| -    | -    | -              | -     | -        |
| -    | -    | -              | -     | -        |
| -    | -    | -              | -     | -        |
| REV. | DATE | REVISION NOTES | DRAWN | CHECKED  |
|      |      |                |       | APPROVED |

|           |              |
|-----------|--------------|
| SCALE:    | N/A          |
| DATE:     | October 2004 |
| DRAWN:    | SLF          |
| DESIGNED: | GKC          |
| CHECKED:  | GKC          |
| APPROVED: | JWC          |

|             |   |
|-------------|---|
| PROJECT     | ANNUAL INSPECTION OF WASTE<br>CONTAINMENT DIKES |
| TITLE       | SURFACE CELL TALIK<br>LONG TERM COOLING TRENDS  |
| PROJECT No. | 0255-009-06                                     |
| DWG. No.    | 19  |
| REV.        | 0   |



## **APPENDIX 1 - INSPECTION MEMO OF JULY 30, 2004**



# **BGC ENGINEERING INC.**

**AN APPLIED EARTH SCIENCES COMPANY**

#1605 - 840 7<sup>th</sup> Avenue S.W. , Calgary, Alberta, Canada. T2P 3G2  
Phone (403) 250-5185 Fax (403) 250-5330

---

## **PROJECT MEMORANDUM**

---

|  |   |                                |                      |
|--|---|--------------------------------|----------------------|
| <b>To:</b>   | <b>Nanisivik Mine, a Div. of CanZinco Ltd.</b>  | <b>Fax No.:</b>                | <b>Via email</b>     |
| <b>Attention:</b>                                  | <b>Mr. Murray Markle,<br/>Site Manager</b>  | <b>CC:</b>                     |                      |
| <b>From:</b>                                       | <b>Mr. Geoff Claypool, P.Eng.</b>   | <b>Date:</b>                   | <b>July 30, 2004</b> |
| <b>Subject:</b>                                    | <b>Inspection Visit relative to Waste Containment Dikes and Berms<br/>Summary of Site Observations and Commentary</b> |                                |                      |
| <b>No. of Pages (including this page): 4 Pages</b> |   | <b>Project No: 0255-009-06</b> |                      |

---

Mr. Geoff Claypool, of BGC Engineering Inc. (BGC), inspected the various waste containment dikes and berms at Nanisivik Mine during the week between July 21 and July 28, 2004. The inspection had two objectives; one was to inspect the waste containment dikes for any new signs of degradation, the second was to inspect the measures taken to remediate the degradation observed during the 2003 inspection.

Briefly, the inspection encountered no major issues and most of the comments provided herein are of a minor nature. The following memo provides a summary of the observations, along with recommended maintenance items and monitoring items for these structures.

### West Twin Lake Dike

1. A small transverse depression was observed on the 382 m bench. This depression should be graded over to prevent erosion from occurring at this location. The area should also be visually monitored to assess if settlement in the area is ongoing.
2. A few small mound features were observed on the 378 and 380 m benches near the midpoint of the dike near the access to the Test Cell Dike. It is unclear if the mounds are a result of grading operations or result from frost action on the dike. It is recommended that this area be visually monitored for increased growth of these mounds in height or number.
3. The crest should be graded to prevent the ponding of any water on the surface. This is especially relevant to areas of the crest near the decant pipes where minor undulations were observed.

---

This communication is intended for the use of the above named recipient. Any unauthorised use, copying, review or disclosure of the contents by other than the recipient is prohibited.

---