



August 29th, 2014

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
PO Box 119
Gjoa Haven, NU
X0B 1J0

Email: licensing@nunavutwaterboard.org

Dear Ms. Beaulieu,

Re: Delay in Submission of Updated Abandonment and Reclamation Plan for the Treatment of Contaminated Soil at the Former Nanisivik Mine

I am writing to notify you about a short delay in the submission of CanZinco Mines Ltd's updated Abandonment and Reclamation Plan (A&R Plan). CanZinco's contractors are currently on site at Nanisivik completing the 2014 field season work and demobilization from the site is scheduled for the end of August. While the work undertaken has been successful, the logistical challenges of operating at this remote site are significant. In particular, the final soil samples from CanZinco's hydrocarbon-contaminated soil treatment facility are expected to be shipped on the next available scheduled flight (estimated for August 29th, weather permitting), meaning that analytical results from this last round of soil samples are unlikely to be available until the latter part of the week of September 8th.

The results from the final soil samples provide key input to the updated A&R Plan as they will help to inform what remedial activities are required in 2015. CanZinco is working diligently to expedite the completion of the updated A&R Plan, but until the final results are received and reviewed the plan cannot be fully completed. Based on current timelines, it is anticipated the A&R Plan will be submitted to the NWB on September 15th.

All other submissions required from CanZinco as per the NWB's list of commitments (Appendix C of the Pre-Hearing Conference Decision) are expected to be submitted by the September 5th deadline.

I apologize for the problems that the delay of this report may cause to the NWB and other interested parties.

Sincerely,


Johan Skoglund
CanZinco Mines Ltd.

Copied:

- David Hohnstein, Director Technical Services, NWB
- Sean Joseph, Technical Advisor, NWB
- Arlene Laudrum, SRK Consulting
- Patrick Duxbury, RT Associates