High Lake Project
ANNUAL REPORT
for
NWB 2BE-HIG0712

Zinifex Canada Inc.

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Appendixes

1 Project Summary

The Zinifex High Lake Project is a mineral exploration project focused on base metal exploration in the High Lake volcanic belt. The Project is located in the Kitikmeot region of Nunavut, approximately 550km north-northeast of Yellowknife, NWT. The closest population center is Kugluktuk, located 175km west-northwest of the property. The property is approximately 45km south of the Coronation Gulf.

The High Lake deposits were first discovered in the mid-1950's, and have been worked through the 1970's and 1990's by various companies. Wolfden Resources obtained the property in the year 2000 and began work in 2001. Through the 2001 - 2005 exploration seasons, Wolfden conducted ground and airborne geophysics, as well as diamond drilling. In total, Wolfden has drilled 156 diamond drill holes, for a total of 270 holes when historic exploration is included. Highlights of Wolfden's program include the discovery of the "West Zone" in 2003, located approximately 1.5km to the west of the High Lake camp. Diamond drilling by Wolfden and others has indicated a resource of 14.3 million tonnes grading 2.34% Copper, 3.53% Zinc, 1.01 g/t Gold and 75.69 g/t Silver (copper equivalent of 4.70%). There is a further inferred resource of 1.3 million tonnes grading 1.17% Copper, 3.35% Zinc, 0.78 g/t Gold and 76.52 g/t Silver (copper equivalent of 3.29% Copper). Wolfden Resources was bought by Zinifex in 2007.

The 2007 program consisted of ground geophysical surveying including electromagnetic surveys and diamond drilling. The project began July 10th and concluded on December 2nd. Exploration work was focused on the Ced Lake Zone, Fog Lake Zone, Anom 23 Zone, D-Zone, and West Zone. Two diamond drills were used during the exploration program, a Boyles 17A and a Boyles 37A.

The campsite, which is located on the southwest shore of High Lake, consists of 16 canvas tents, and 5 temporary plywood clad structures and is designed to accommodate 40 people. The camp is located on a government of Canada land lease which has been excluded from the IOL CO-29 land package. This site is convenient due to its proximity to the main High Lake deposit and its historic use as a camp location. Camp occupancy reached a maximum of 33 persons, but typically was less than 20 persons.

Zinifex has been pleased to employ locally wherever possible, and has hired employees from the nearby communities of Cambridge Bay, Bathurst Inlet and Kugluktuk. Direct employment of Zinifex staff consisted of 997 man days on site during 2007. Of these, 309 man days (approximately 31%) were hires from the local communities. Zinifex hopes to continue this good relationship with the local communities and offer continued employment opportunities for field personnel in the future.

2 Water Use

Water use on the High Lake project is resultant from two activities; diamond drilling and camp operations. Diamond drilling began July 25, 2007 and concluded November 27 2007. Only one drill was operating for most of the season; a second was operating during part of October and November. Water pumped to the drill is calculated by average pumping rates of supply pumps and is $25m^3$ per drill per day. Of this an estimated 30% is used by the drill for drilling operations, the remainder, which is clean unused water is allowed to flow back to the water table. A summary of the water source and sump locations is provided in Appendix 1. A map is provided in Appendix 2 indicating the locations of water sources and sumps.

The High Lake Camp utilizes water from High Lake where it is measured by flow meter before entering into the storage tanks. The High Lake Camp consumed an average $2.17m^3$ per day over the course of the exploration season. Water use for the camp operation began July 10, 2007 and ended December 2, 2007, the total volume of water consumed by the High Lake camp was $288.4m^3$.

3 Unauthorized Discharges

No spills or unauthorized discharges occurred during the exploration program and reporting period.

4 Spill Contingency Plan / Abandonment and Restoration Plan

The High Lake Spill Contingency Plan was updated at the conclusion of the reporting period, with minor changes to personnel listed and contact numbers provided. Additional materials were added to the MSDS sheets where needed. The updated Spill Contingency plan is attached to this report as Appendix 3.

5 Reclamation Work

Reclamation work occurs at each diamond drilling site on an ongoing basis during the exploration program. Each site is returned to its natural state with as little disturbance as possible at the conclusion of each drill hole. No reclamation work was carried out at the High Lake camp site during the reporting period.

6 Other Details Requested by the NWB

No other details were requested by the Board during the exploration program and reporting period.

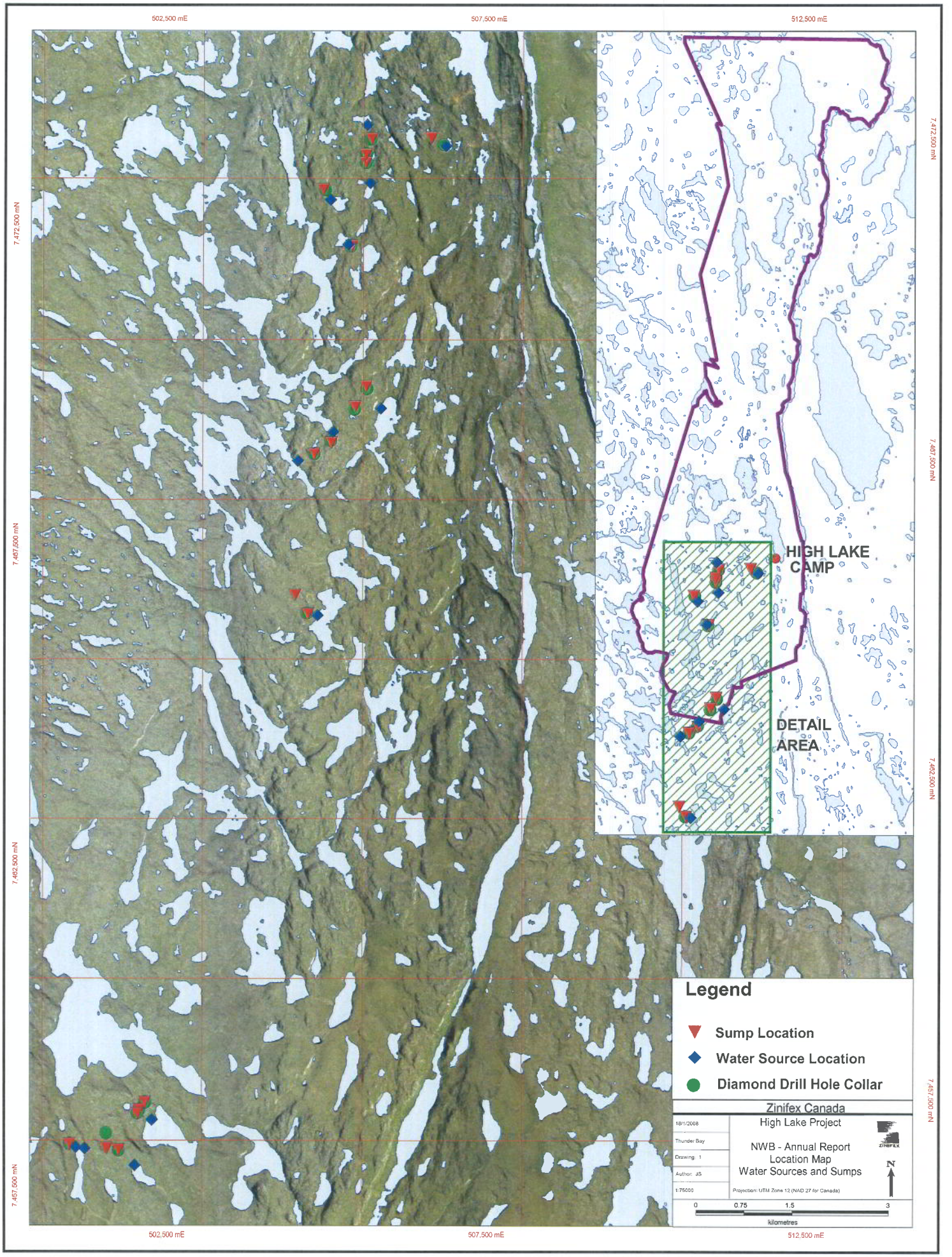
APPENDIX 1

TABLE OF DRILL, WATER SOURCE AND SUMP LOCATIONS

UTM NAD27

DDH	Zone	Easting	Northing	Water Source	Easting	Northing	Discharge	Easting	Northing	Start	End
HLZ-07-206	12W	504243.6	7468205.8	Lake	503990	7468100	Rocks	504243	7468200	7/27/07	8/5/07
HLZ-07-207	12W	504501.9	7468413.4	Lake	504540	7468550	Rocks	504510	7468380	8/6/07	8/10/07
HLZ-07-208	12W	504873.7	7468903.7	Lake	505,280	7,468,920	Rocks	504,880	7468940	8/11/07	8/16/07
HLZ-07-209	12W	505068.2	7469223.4	Lake	505,280	7,468,920	Rocks	505050	7469260	8/17/07	8/19/07
HLZ-07-210	12W			Lake	504300	7465680	Rocks	503950	7466000	8/21/07	8/24/07
HLZ-07-211	12W	504136.5	7465712.3	Lake	504300	7465680	Rocks	504150	7465700	9/12/07	9/16/07
HLZ-07-212	12W	501524.8	7457964.9	Lake	501720	7457810	Rocks	501520	7457960	9/16/07	9/19/07
HLZ-07-213	12W	501615.5	7458075.0	Lake	501720	7457810	Rocks	501610	7458070	9/19/07	9/25/07
HLZ-07-214	12W	501615.0	7458076.0	Lake	501720	7457810	Rocks	501610	7458070	9/25/07	10/1/07
HLZ-07-215	12W	501492.0	7457907.4	Lake	501720	7457810	Rocks	501490	7457900	10/1/07	10/3/07
HLZ-07-216	12W	501197.6	7457340.1	Lake	501450	7457110	Rocks	501202	7457347	10/4/07	10/7/07
HLZ-07-217	12W	501004.9	7457602.3	Lake	500670	7457370	Rocks	501015	7457370	10/9/07	10/12/07
HLZ-07-218	12W	500432.8	7457441.0	Lake	500530	7457390	Rocks	500429	7457436	10/13/07	10/15/07
HLZ-07-219	12W	506254.941	7473014.425	Lake	506290	7473000	Rocks	506069	7473127	10/15/07	10/31/07
HLZ-07-220	12W	504410.197	7472310.817	Lake	504490	7472160	Depression	504380	7472320	10/17/07	11/6/07
HLZ-07-221	12W	505040.000	7472730.000	Lake	505110	7472420	Depression	505041	7472737	11/18/07	11/26/07
HLZ-07-222	12W	504807.549	7471437.712	Lake	504770	7471470	Rocks	504817	7471442	11/9/07	11/17/07
HLZ-07-223	12W	505042.535	7472874.071	Lake	505110	7472420	Rocks	505040	7472861	11/3/07	11/15/07
HLZ-07-224	12W	505118.604	7473102.170	Lake	505060	7473330	Rocks	505130	7473110	11/21/07	11/27/07

APPENDIX 2


502,500 mE
507,500 mE
512,500 mE
7,472,500 mN
7,467,500 mN
7,462,500 mN
7,457,500 mN
HIGH LAKE CAMP
DETAIL AREA
Legend
Sump Location
Water Source Location
Diamond Drill Hole Collar
Zinifex Canada
18/1/2008
Thunder Bay
Drawing: 1
Author: JS
1:75000
High Lake Project
NWB - Annual Report
Location Map
Water Sources and Sumps
Projection: UTM Zone 12 (NAD 27 for Canada)
N
0
0.75
1.5
3
kilometres

APPENDIX 3