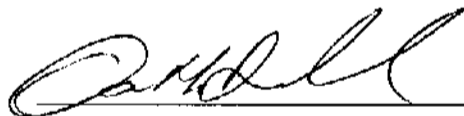


**ZINIFEX
ULU
ANNUAL REPORT
2007**

March 2008

Prepared By:



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Nunavut Water
Board

APR 04 2008

Public Registry

1.0 EXECUTIVE SUMMARY

Zinifex Canada Inc. purchased Wolfden Resources Inc. in the summer of 2007. Prior to the Zinifex purchase Wolfden Resources Inc. acquired 100% interest in the Ulu gold project from Kinross Gold Corporation in December 2003 as part of its exploration strategy to acquire advanced stage properties in the vicinity of its recently discovered High Lake Cu-Zn deposit, and from which synergies may develop through the utilization of a common mill complex. The project site is currently in care and maintenance.

2.0 INTRODUCTION

This report is submitted to fulfill the requirements of Part B, Item 5 of the renewed Water License NWB1ULU0008 issued by the Nunavut Water Board on July 1, 2000.

This 2007 Annual Report contains information required for Part B, Items 5(a) through 5(q) of the Ulu water license.

3.0 REPORTING REQUIREMENTS

Part B, Item 5(a) - The monthly and annual quantities (in cubic meters) of water pumped from West Lake for industrial and camp purposes.

The site is in care and maintenance and there was zero cubic meters of water needed to maintain this state.

No diamond drilling was conducted at Ulu in 2007 therefore no additional water was consumed from lakes or ponds in the area.

Part B, Item 5(b) - The monthly and annual quantities (in cubic meters) of minewater pumped from underground.

There was no water pumped from the underground workings in 2007.

Part B, Item 5(c) - The monthly and annual quantities of solid waste removed from the Sewage Facilities for disposal.

There was no solid waste removed from the Sewage Facilities as they were not used.

Part B, Item 5(d) – Tabular summaries for all data and information generated under the “Surveillance Network Program”.

There was no discharge of any municipal or industrial effluent from the site, a such no requirement for any water quality analyses.

Part B, Item 5(e) – A summary of any construction work, modification and/or major maintenance work carried out on the Water Supply Facilities and Waste Disposal Facilities, including all associated structures.

No construction, modification or major maintenance of the Waste Disposal Facility at Ulu was required in 2007.

Part B, Item 5(f) – Results from acid generating potential samples collected on ore and waste rock as referred to in Part D, Item 10.

There was no visible run off at the time of sampling. Samples were collected from outflow of East Lake (200-4), the inflow of Ulu Lake (200-5A)and the outflow of Ulu Lake (200-5)

Sampled Sept. 18 2007

| Parameter mg/L | 200-4 | 200-5 | 200-5A | License Discharge Limit |
|-------------------------------|--------|---------|---------|----------------------------|
| Metals Total | | | | |
| Total As | 0.0005 | <0.0004 | <0.0004 | 1.00 |
| Total Al | 0.02 | 0.01 | 0.01 | |
| Total Cd | <0.001 | <0.001 | <0.001 | |
| Total Cr | <0.005 | <0.005 | <0.005 | |
| Total Cu | 0.002 | 0.002 | 0.002 | 0.6 |
| Total Fe | 0.014 | 0.016 | 0.014 | |
| Total Pb | <0.005 | <0.005 | <0.005 | 0.4 |
| Total Ni | 0.002 | <0.002 | <0.002 | 1.00 |
| Total Zinc | 0.008 | 0.004 | 0.038 | 1.00 |
| Routine Parameters | | | | |
| pH | 7.0 | 7.0 | 7.0 | 6.0-9.5 |
| Nitrate+Nitrite(as N) | 2.3 | <0.1 | <0.1 | |
| Ammonia (as N) | <0.05 | <0.05 | <0.05 | |
| TSS | <3 | <3 | <3 | 50 |
| Sulphate | 41.6 | 8.9 | 8.6 | |

Part B, Item 5(g) – A list of unauthorized discharges and summary of follow-up actions taken.

No unauthorized discharges occurred at Ulu in 2007.

Part B, Item 5(h) – A progress report on any studies requested by the Board that relate to waste management, water use, and restoration, as well as a brief description of any future studies planned by the Licensee.

No studies requested.

Part B, Item 5(i) – Any revisions or updates to the approved Contingency Plan, Abandonment and Restoration Plan, and Operation/Maintenance Plan.

See attached revised copies of:

- 1) Spill Contingency Plan
- 2) Abandonment and Restoration Plan

Part B, Item 5(j) – An executive summary, in terms understandable to the general public translated into Inuinaqtun, of all plans, reports or studies conducted under the license.

The Inuinaqtun translation of the Executive Summary for the 2007 Annual Report is being processed.

Part B, Item 5(k) – An updated estimate of the current mine restoration liability based upon the results of the mine restoration research, the mine development monitoring and any modifications to the mine plan.

There have been no changes to the restoration liability.

Part B, Item 5(l) – Any approved revisions to the approved Abandonment and Restoration Plan.

The revised plan is being submitted with this report.

Part B, Item 5(m) – A summary of any abandonment and restoration work undertaken during the year and an outline of any work anticipated for the next year.

There was no abandonment or restoration work undertaken at Ulu in 2007.

Part B, Item 5(n) – An updated estimate of the current camp restoration liability based on the results of the camp restoration research, the camp development monitoring, and any modifications to the camp plan.

There is no change to the current camp restoration liability.

Part B, Item 5(o) – Public consultation/participation report describing consultation with local organizations and the residents of the nearby communities.

Public engagement is ongoing for other Zinifex Canada Inc. projects in Nunavut, the Ulu Site remains in care maintenance.

Part B, Item 5(p) – Provide brief summary of work done to address concerns or deficiencies listed in the inspection reports and/or compliance reports.

INAC/NWB did conduct an inspection and identified that there is a need for secondary containment of fuel and hazardous materials. Zinifex will provide secondary containment of all hazardous materials for the Ulu site. The hazardous materials will either be within a containment area or an insta-berm will be provided. This work is scheduled to be carried out after snow melt, as this would be the safest time to perform the work.

Part B, Item 5(q) – Any other details on water use or waste disposal requested by the Board by November 1st of the year being reported.

The NWB did not request any other details on water use or waste disposal at Ulu during 2007.