



CANADIAN ZINC
CORPORATION

FAX COVER SHEET

Date: Monday, October 07, 2002
To: Ed Hornby, INAC, Copy Louie Azzolini, Todd Burlingame, MVEIRB
Fax: 1-867 669 2720
From: Malcolm Swallow
Pages: 4 (including cover sheet)
Subject: URGENT REPLY TO YOUR LETTER DATED October 1, 2002

Please find attached a preliminary reply to your letter dated October 1, 2002.

Malcolm Swallow
President and CEO
Canadian Zinc Corporation

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CORPORATION

Mr. Edward R. Hornby,
District Manager,
South Mackenzie District,
Indian and Northern Affairs, Canada.
By Fax to 867 669 2720

October 7, 2002

Dear Sir:

Re: Mine water Drainage, Prairie Creek Mine, NWT.

Thank you for your letter and report which was delivered here on Friday 4th of October at 1:30 pm. While we have not yet had time to fully study this report and comment on it, I note that it is your intention to release this report to the MVEIRB and also to other interested bodies and the general public on a ridiculously short timeline, (namely 3 working hours, plus a weekend,) without giving Canadian Zinc Corporation the opportunity to correct errors in the report, or to examine the raw data used in its preparation.

You should note that Canadian Zinc Corporation considers this action to be prejudicial to its current applications for operation of a pilot plant and the driving of an exploration decline, which have so far been held up in permitting for 19 months. The report has been in your possession since July 2002 and yet you have not passed a draft of this document to us for discussion, not have you given us the opportunity to correct a number of obvious flaws in both the report and its conclusions. I would therefore urge you to hold back this report until we have had the opportunity to examine the raw data and comment upon it in more detail.

Specifically, despite the introduction to the report stating that 20 years of water data have been examined, in fact, according to Table 1 of the report, no sample of water from the minesite and its ultimate discharge into Harrison Creek has been examined since 1995. No samples of the current discharge from the mine site settling pond have been included in the report, and no attempt has been made to quantify current water quality, or water quality by time period, or activity at the mine.

As you are aware, and as the author of the report admits, the minesite data is skewed by the very limited sampling data at the minesite overall and the much greater frequency of sampling that was carried out at the mouth of Prairie Creek and during the mines earlier development period in the early eighties. Since that time no development activity has taken place on the mine site and indeed the water samples taken by the Company at the mine's final discharge point, appear to fall well within the requirements

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of the original discharge licence and also are generally around half those levels allowed by the more recently enacted Mines Metals Liquid Effluent Regulations (MMLER.)

It is also interesting to note that most of the contaminant levels examined in the study for Prairie Creek are in fact higher above the mine site than they are below the mine site and at the mouth of Prairie Creek. This would include: conductivity, sulphate, total ammonia, cadmium, chromium, copper, lead, zinc, etc. This could be interpreted to mean that in fact, the mine had little or no effect on the receiving environment and indeed, could be argued to be improving the quality of the water.

While this is obviously not a reasonable assumption, based on our knowledge of the discharges from the mine, it is important that any study looks at both flow rates and mine activity at the time of sampling, before leaping to any conclusions. It is also important that you take into account current discharge levels, before requesting treatment and remediation plans. The report recognises the problem with the data and specifically examines the differences between upstream of the mine and the mouth of Prairie Creek (page 30.) Despite attempting to remove a number of samples that are considered to be anomalous, sample results above the mine are still higher than sample results at Prairie Creek mouth, putting a lie to the suggestion that the mine is damaging the waters of the South Nahanni.

Finally the Conclusions to the report ignore the fact that data included in the report does not apparently include any post 1995 water quality data. Most of the conclusions are thus weighted towards a period in the early eighties when activities on site and sampling of mine water were at their most intense and prior to this Company's involvement in the mine. Also the report again states on page 4 that the Tailings pond contains process water, sewage effluent, runoff and poor quality mine water. This statement ignores the fact that to our knowledge, no process water has ever been produced at the mine, let alone disposed of in the tailings dam and further, that recent measurement of **the water quality in the tailings pond**, indicates that the water currently contained is in fact of **generally better quality than the water flowing in Prairie Creek above the mine.**

The Recommendations of the report state that "Ultimately, the discharge (from the mine settling pond) should be treated to meet **acceptable standards** for the identified contaminants before release into Harrison Creek and Prairie Creek." We would argue that the **current** discharge from this discharge point does meet both the standards set down in the original water licence and also meets the standards set by the Mines Metals Liquid Effluent Regulations. Further, your own data also supports this statement, as does the measured water quality in both Prairie Creek below the minesite and at its confluence with the South Nahanni.

I would therefore by this letter ask you to send the original data used in this study and any other data used to compile this report to me at the address below and to allow us a period of at least 21 days after receipt, to examine the data and provide comments back to you, before you release this report. This will save significant embarrassment all

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round and provide us with a short period to comment on a report that has been in your possession since July. If you are unable to hold up publication of the report, I would request that you provide us with a list of all the recipients of the report, in order that we can pass them our comments in due course, under separate cover; and that you include a copy of this letter to all these parties at the same time as you pass on your report.

If any part of this letter is unclear, or you have questions, please do not hesitate to contact me toll free on 866 688 2001, ext. 28.

Yours truly,

A handwritten signature in black ink, appearing to be 'B. Swallow', with a horizontal line extending from the end.

Malcolm Swallow

Canadian Zinc Corporation

Copy, Todd Burlingame, MVEIRB.

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