

Mackenzie Valley Environmental Impact Review Board  
Report of Environmental Assessment

On the  
Canadian Zinc Corporation  
Phase II Mineral Exploration Drilling Program

October 25, 2001

Mackenzie Valley Environmental Impact Review Board  
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**Mackenzie Valley Environmental Impact Review Board**

**Executive Summary**  
**Report of Environmental Assessment on the Canadian Zinc Corporation**  
**Phase II Mineral Exploration Drilling Program**

The Review Board has been guided by the principles outlined in sections 114 and 115 of the Mackenzie Valley Resource Management Act (MVRMA or Act) throughout this environmental assessment (EA). These include the need to protect the environment from significant adverse impacts, and to protect the social, cultural and economic well-being of residents and communities in the Mackenzie Valley. Having considered the views and concerns of the participants in this process, and the evidence on the public registry, the Review Board made its decision according to section 128 of the Mackenzie Valley Resource Management Act.

The Review Board recommends approval of the proposed development. The Review Board concludes that the development is not likely in its opinion to have any significant adverse impact on the environment or to be a cause of significant public concern. This decision is taken under section 128(1)(a) of the Act and the development may proceed subject to section 129 of the Act.

The Review Board has made this decision based on the commitments and undertakings to mitigate environmental impacts made by the Canadian Zinc Corporation. If these measures are not implemented, the Review Board's conclusions about impact significance could be affected.

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### **1 General Information**

This section of the Report of Environmental Assessment summarizes the development proposal under consideration, the roles and responsibilities of the Mackenzie Valley Environmental Impact Review Board (Review Board or Board) and the environmental assessment (EA) process to which the development proposal was subject.

The Canadian Zinc Corporation (CZN) submitted an application to the Mackenzie Valley Land and Water Board (MVLWB) on March 5, 2001, for a Land Use Permit to support the development of an exploration-drilling program (drilling program) at the CZN Prairie Creek mine site. On April 11, 2001, the Nahanni National Park Reserve (NNPR) referred the drilling program to the Mackenzie Valley Environmental Impact Review Board for environmental assessment citing "the potential to impact the ecological integrity of the park reserve." The CZN Prairie Creek Mine is located adjacent to Prairie Creek, a tributary of the South Nahanni River, 48 km upstream of their confluence and 32 km upstream of the point where Prairie Creek crosses the boundary of the park reserve. On April 15, 2001, the Pehdzeh Ki First Nation (Wrigley) acting as a local government of the Settlement of Wrigley also referred the drilling program to the Review Board as per Section 126(2)(c) of the Mackenzie Valley Resource Management Act citing significant environmental and public concerns.

Subsequent to the NNPR referral to EA the Review Board prepared a draft Work Plan and draft Terms of Reference for the drilling program. Following a review and comment period, the Work Plan and Terms of Reference were issued in their final form on May 31, 2001. The Work Plan sets out milestone dates for completing the various stages of the EA process.

This report constitutes the reasons for decision of the Review Board and the report of environmental assessment and recommendations required by the Act.

### **2 Referral of the Proposed Development to The Review Board**

On April 11, 2001, NNPR referred the MVLWB Land Use Permit Application MV2001C0023 to EA as per Section 126(2)(a) of the MVRMA. NNPR cited that the proposed development could effect the ecological integrity of the NNPR, and that that potential impacts included effects on transboundary wildlife such as grizzly bears, dall's sheep and woodland caribou, and effects on water quality and fish habitat in both the Prairie Creek and the South Nahanni River.

On April 15, 2001, the Pehdzeh Ki First Nation, acting as the local government of the Settlement of Wrigley also referred the proposed development to EA as per section 126(2)(c) of the Mackenzie Valley Resource Management Act (Act) citing significant environmental and public concerns.

#### ***2.1 The Mackenzie Valley Environmental Impact Review Board***

The Mackenzie Valley Environmental Impact Review Board administers Part 5 of the MVRMA and has decision-making responsibilities in relation to the proposed developments. The Board must conduct an

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environmental assessment of the proposed development in accordance with subsection 117(2) of the MVRMA. The Board is also required to prepare and submit its report of environmental assessment in accordance with ss.128(2), a decision under ss.128(1), and written reasons, required by s.121, to the Federal Minister of the Department of Indian and Northern Affairs Canada (INAC).

As Part of the EA, the Review Board considered the following documents:

- ▶ Canadian Zinc Corporation, Detailed Project Description, Phase II, Prairie Creek Mine Mineral Exploration Drilling Program. March 5, 2001.
- ▶ Project Description, Type "A" Land Use Permit Application, Prairie Creek Mine Underground Decline Development and Exploration Drilling. March 5, 2001.
- ▶ Canadian Zinc Corporation, Environmental Assessment Report. Phase II Mineral Exploration Drilling Program, Land Use Permit Application MV2001C0022 June 7, 2001.
- ▶ Canadian Zinc Corporation, Prairie Creek Mine Site Safety and Procedures Manual. June 2001.
- ▶ Draft Guidelines for Environmental Assessment Report: Prairie Creek Project, San Andreas Resources Corporation. June 1995.
- ▶ Cumulative Impact Assessment for the Phase II Mineral Exploration Program at Prairie Creek Mine, NWT. Prepared by EBA Engineering Consultants Ltd. June 4, 2001.
- ▶ Interim Report: Fisheries Survey of Prairie Creek Watershed. Prepared by Neil J. Mochnacz, Natural Resources Institute, University of Manitoba. August 30, 2001.
- ▶ Protecting the Aquatic Quality of Nahanni National Park Reserve, NWT. Government of Canada. December 1998.
- ▶ Protecting the Waters of Nahanni National Park Reserve, NWT. Environment Canada. December 1991.

### **3 General Description of the Development Environment**

The following section describes the environmental context of the proposed Phase II Mineral Exploration Drilling program. The information presented is referenced from the Canadian Zinc Corporation Land Use Permit Application project description.

The Prairie Creek Mine is located in the southern Mackenzie Mountains in the southwest corner of Northwest Territories at 61° 33' north latitude and 124° 48' west longitude. The mine site facilities are situated adjacent to Prairie Creek about 43 km upstream from its confluence with the South Nahanni River and 32 km upstream of the point where Prairie Creek crosses the boundary of the Nahanni National Park Reserve. The minesite is located within the Alpine Forest-Tundra section of the Boreal Forest characterized by stunted black spruce with limited undergrowth and open areas dominated by lichen.

The minesite is at an elevation of 850 meters above sea level and is situated in topography characterized by low mountains and narrow valleys with an average relief of 300 meters. Short summers and long winters are typical of the area's sub-arctic climate, where the mean annual temperature is -5°C. Annual precipitation is approximately 40cm, most of which falls as rain. The regional climate can be characterized by information from communities around the park. At Fort Liard, temperatures have ranged from +34 to -46.7°C; at Tungsten +26.7 to -50.0°C. July and August typically have the highest total precipitation (60-90 mm); February and March the least (20 mm). Spring is generally drier than autumn. Despite the averages cited, occasional large-scale summer storms can provide general and widespread

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precipitation of two to three days duration. Due to the rapid runoff encountered in mountainous terrain, the South Nahanni and its tributaries are subject to relatively rapid flooding, particularly if such rains coincide with the spring freshet, as occurred in 1999. The proposed development is situated within the area claimed by the Nahanni Butte Dene Band of the Deh Cho First Nations as their traditional territory. The nearest settled communities are:

- ▲ Nahanni Butte, NT - 90 km to the south-east
- ▲ Fort Liard, NT - 170 km to the south
- ▲ Fort Simpson, NT - 180 km to the east
- ▲ Yellowknife, NT - 480 km to the east

Land management responsibilities for the region are shared among the Department of Resources, Wildlife and Economic Development (RWED) of the Government of the Northwest Territories (GNWT), the Department of Indian and Northern Affairs Canada, and the Deh Cho First Nations (DCFN), all of who have offices in Fort Simpson. Local First Nation organizations, which assume varying degrees of land management responsibility in the region, include the Liidlii Kue First Nation (Fort Simpson), Acho Dene Koe First Nation (Fort Liard) and Nahanni Butte Dene Band (Nahanni Butte).

Extraction industries in the area include forestry and mining activity. There are forestry operations expanding into the region from the south, from Fort Liard to Nahanni Butte along the Liard River valley. The Mackenzie Mountains is a heavily mineralized area and claims are staked for gold, tungsten, silver, lead and zinc. Tungsten, a mine on care and maintenance with its adjacent town site is located northwest of the proposed development. An abandoned mine site with buildings on-site and previous road access, exists at Lened Creek in the upper South Nahanni watershed.

The different levels of government account for the majority of employment in the region. Work associated with the oil and gas pipeline and other resource development provides additional local employment opportunities. Current resource development, particularly oil and gas exploration in the Fort Liard area represents a potential for change in the regional socio-economic environment. Local prosperity and improved road and air access to the Nahanni area may affect the affordability, pattern and frequency of access by traditional users and others. Increasing tourism pressure is anticipated.

## **4 Summary of the Environmental Assessment Process**

This section provides a description of the proposed development based on the Review Board's Terms of Reference and Work Plan issued on May 31, 2001.

### **4.1 Principal Development**

The principal development is the mineral drilling program of about 60<sup>1</sup> drill holes using a Longyear Super 38 diamond drill.

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<sup>1</sup> Please refer environmental assessment (EA01-002) regarding CZN's Metallurgical Pilot Plant Program and Underground Decline and Exploration Drilling Program.

## ***4.2 Accessory Developments and Activities***

The accessory undertakings associated with the principle development include:

### **Exploratory Drilling**

- ▶ Use of an existing tote roads to access the above ground drill sites.
- ▶ Development of additional tote roads to access site specific drill areas
- ▶ Removing vegetation and overburden for the drilling area.
- ▶ Drawing water from a local water supply/aquifer for drilling purposes.
- ▶ Using sump to retain drill cuttings and any return water.
- ▶ Transportation of fuel and drill rig refueling.
- ▶ Drill site restoration where applicable.
- ▶ Return of equipment to the main mine site.

### **Logistical Support**

- ▶ Use of existing mine site facilities at Prairie Creek as base camp for operations.
- ▶ Use of existing trucking and mining equipment to support the development.
- ▶ Aircraft (largely expected to be fixed wing) support for safety, equipment and personnel transport as required.
- ▶ Storage of cored rock at the mine site.

## ***4.3 Scope of Assessment***

The scope of the assessment is the determination of which issues/items will be examined in the environmental assessment. In its Terms of Reference, the Review Board established the scope of assessment for the evaluation of impacts from this proposed development. In doing so, and, consistent with ss.117(2) of the Act, the Review Board also took into account the effect of malfunctions or accidents that may occur in connection with the development; any cumulative effect that was likely to result from the development in combination with other developments; and any public comments.

### **4.3.1 Consideration of previous environmental assessments**

In accordance with s.127 of the MVRMA, the Review Board is required to consider any report made in relation to the development proposal under the Canadian Environmental Assessment Act (CEAA) and the Environmental Assessment and Review Process Guidelines Order (EARPGO) before the proclamation of the MVRMA. There were no such reports to consider on the public registry.

### **4.3.2 Review Board Obligations**

The Review Board is obliged to consider impacts of the proposed mineral exploration program on the environment as defined in the Act.<sup>2</sup> The Review Board did that and decided what factors would be

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**2 Impact on the environment** - means any effect on land, water, air or any other component of the environment, as well as on wildlife harvesting, and includes any effect on the social and cultural environment or on heritage resources. **Environment** - means the components of the earth and includes land, water and air, including all layers

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included in the scope of assessment. Table 1 outlines the scope of the assessment.

**Table 1 – Scope of Assessment**

*Environmental Assessment Methodology*

*Public Consultation*

*Environmental Considerations in the Development Design*

*Accidents and Malfunctions*

*Alternatives*

*Existing Environment*

- ▀ Air Quality and Climate
- ▀ Terrain including Soil and Bedrock
- ▀ Vegetation and Plant Communities
- ▀ Water Quality and Quantity
- ▀ Aquatic Resources and Habitat
- ▀ Wildlife and Wildlife Habitat
- ▀ Cultural and Heritage Resources
- ▀ Socio-Economics
- ▀ Land and Resource Use
- ▀ Noise
- ▀ Visual and Aesthetic

*Potential Impacts and Predicted Residual Impacts after Mitigation*

- ▀ Air Quality and Climate
- ▀ Terrain including Soil and Bedrock
- ▀ Vegetation and Plant Communities
- ▀ Water Quality and Quantity
- ▀ Aquatic Resources and Habitat
- ▀ Wildlife and Wildlife Habitat
- ▀ Cultural and Heritage Resources
- ▀ Socio-Economics
- ▀ Land and Resource Use
- ▀ Noise
- ▀ Visual and Aesthetic

*Cumulative Impacts*

- ▀ Natural Environment
- ▀ Socio-Economic and Cultural Environment

*Abandonment And Restoration*

*Environmental Management Plan*

The Review Board reviewed the information on the public registry and compared it to the scope of the factors included in the EA factors listed above and identified pertinent information gaps. The Review Board then issued its Terms of Reference to address those information gaps. CZN was then asked to provide the following cumulative impact assessment and environmental management information.

- ▀ Methods used for the cumulative impacts assessment;

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of the atmosphere; all organic and inorganic matter and living organisms; and the interacting natural systems that include components referred to in paragraphs (a) and (b).



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- Temporal and spatial boundaries and supporting rationale;
- Location and timing of all development included in the assessment;
- Discussion and where possible quantification of potential cumulative impacts;
- Discussion of uncertainties in the assessment; and,
- Identification of mitigation measures that would be applied.

CZN was asked to provide information regarding its Environmental Management Plan including, but not limited to the following:

- Objectives;
- Schedule;
- Aspects to be monitored;
- Frequency, duration and geographic extent of monitoring;
- Approaches and methods for analysis; and,
- Reporting and response mechanisms for adjusting the project design or implementing mitigation/remedial measures, if necessary, based on monitoring results.

The Review Board in its environmental assessment Terms of Reference dated May 31, 2001, requested CZN to provide adequate information for the analysis and evaluation of its proposed drilling program in addition to the information previously identified and accepted on the public registry. CZN responded to the Terms of reference on June 7, 2001.

On July 17, 2001, the Review Board considered EA scope of assessment and Work Plan timing issues identified by government expert advisors, the Nahanni National Park Reserve, and the Canadian Parks and Wilderness Society. The Review Board also considered correspondence provided by CZN in response to EA issues cited by government and non-government parties to the environmental assessment. The Review Board then decided to put the environmental assessment on hold for thirty calendar days beginning July 17, 2000, while it revised the Work Plan.

On August 1, 2001, the Review Board decided to close the Information Request phase of the EA and set August 17, 2001, as the last day for CZN to respond to the Information Requests. The Review Board also decided to undertake a site visit on August 30, 2001, and that the public registry close on August 31, 2001. The Public Registry closed on October 22, 2001, to accommodate expert input from the government of Canada.

### ***4.4 Conformity and Technical Review***

On June 29, 2001, the Review Board's staff completed their review of the completed environmental assessment report and determined that it conformed with the Terms of Reference issued by the Review Board on May 31, 2001.

A technical review of the environmental assessment report and submissions put onto the public registry was started concurrently with the conformity review. This was done through the Review Board's Information Request (IR) process.<sup>3</sup> The analysis included opportunities for regulatory authorities (RA's),

<sup>3</sup> Information requests are an interrogatory in the form of written questions and answers.

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expert advisors, First Nations, communities, the public and other interested parties to present their view of things, their information and anything else they believed would help the Review Board make a more informed decision. The result of this step was to find and focus on unresolved or unclear issues, and to provide the Review Board the additional information that would contribute to its decision.

### ***4.5 Definition of Significance***

It is the responsibility of the Review Board to decide when an effect, or change in the environment, that is caused by the development, or the development in combination with other developments is significant. Section 128 of the MVRMA requires the Review Board to decide whether the proposed development will, in its opinion, have a significant adverse impact on the environment or be a cause for significant public concern, and report to the Minister of Indian and Northern Affairs Canada.

To facilitate the process, the Review Board considered the residual impact of the proposed development in terms of the following attributes as applicable:

- ▀ magnitude
- ▀ geographic extent
- ▀ timing
- ▀ duration
- ▀ frequency
- ▀ irreversibility of impacts; and
- ▀ probability of occurrence and confidence level.

## **5 Review Board Conclusions and Recommendations**

Section 6 of the Terms of Reference provided instructions to CZN on the items that should be included in the EA Report. However, as noted Table 3 of the ToR, the information requested in the ToR was meant to address issues/items that had not been addressed in the existing environmental documentation that was adopted by the Review Board as constituting a portion of CZN's total EA submission.

All of the information submitted is on the Public Registry and is available for public access. This report discusses only those issues/items that generated comments from reviewers or were deemed by the Review Board to warrant explanation or analysis in this report.

This section of the report addresses the environmental assessment processes and the findings of the environmental assessment. The Review Board provides its findings in the conclusion of each section. Where the Review Board finds a likely significant adverse impact on the environment, it can recommend measures it considers necessary to prevent the significant adverse impact, order an environmental impact review of the proposal, recommend rejection of the proposal. Where the Review Board finds that a development is likely to be a cause of significant public concern, it can order an environmental impact review of the development.

### ***5.1 Consultation***

This section summarizes the consultation undertaken in the course of this environmental assessment.

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On April 30, 2001, The Review Board issued Draft Terms of Reference and a draft Work Plan for consultation. The Draft documents were distributed to the: Canadian Zinc Corporation, Nahanni Butte Dene Band, Pehdzeh Ki First Nation, Liidlíi Kue First Nation, Village of Fort Simpson, Deh Cho First Nations, Hay River Dene Reserve, Canadian Parks and Wilderness Society, Ecology North, World Wildlife Fund, Sierra Legal Defense Fund, Northern Projects Inc., Cizek Environmental Services, the government of the Northwest Territories and the government of Canada.

After considering comments on the draft Terms of Reference and the draft Work Plan, the Review Board decided that the environmental assessment of the Phase II Mineral Exploration Drilling program would be conducted separately from other developments proposed by the Canadian Zinc Corporation. Final Terms of Reference were issued on May 31, 2001, and on June 13, 2001, following discussions and correspondence with representatives of the Pehdzeh Ki First Nation, the Liidlíi Kue First Nation and the Nahanni Butte Dene Band the Review Board decided public meetings were not warranted.

Following CZN's submission of its Environmental Assessment Report, the Review Board completed a conformity review of the environmental assessment report. It then amended its Work Plan on July 17, 2001, and on August 2, 2001, to enable government reviewers' additional time to consider the information on the public registry and for the Review Board to visit the site of the proposed development.

CZN provided a summary of its consultations with government, regulatory agencies, the Nahanni Butte Dene Band, the Liidlíi Kue First Nation, Acho Dene Koe First Nation and the Deh Cho First Nations.

CZN noted the following:

- ▶ August 14-16, 2000. Yellowknife meetings with INAC, GNWT/RWED, EC, DFO, MVLWB, MVEIRB, Parks Canada, DCFN (Petr Cizek)
- ▶ October 6, 2000. Letter of request to NBDB, LKFN, ADKFN, DCFN for meeting.
- ▶ November 21, 2000. Yellowknife meeting with Mineral Development Advisory Group (MDAG) INAC, EC, DFO, GNWT/RWED, WCB, SRHB.
- ▶ November 22, 2000. Nahanni Butte meeting with First Nation community and association representatives. NBDB, LKFN, DCFN, CPAWS, Parks Canada.
- ▶ January 5, 2001. Letter request to NBDB, LKFN, ADKFN for traditional knowledge
- ▶ January 11, 2001. Letter enclosing Draft Application package to NBDB, LKFN, ADKFN & DCFN requesting comments
- ▶ February 26, 2001. Telephone conversation with Chief Leon Konisenta (NBDB) advising of intention to submit permit applications.
- ▶ February 27, 2001. Letter to NBDB, LKFN, ADKFN & DCFN advising of intention to submit permit applications.

The Pehdzeh Ki First Nation indicated that it did not consider the November 22, 2000 or, the letters of December 27, 2000, and February 27, 2001, to constitute consultation. The Nahanni Butte Dene Band on April 12, 2001, communicated its support for CZN's efforts noting it had signed a cooperation agreement with the company that it expected CZN to honor. Follow-up correspondence from the Nahanni Butte Dene Band dated April 18, 2001, communicated further support for the development.

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### **5.1.1.1.1 Conclusion**

The Review Board accepts the communication and consultation effort undertaken by the proponent in this environmental assessment.

### **5.1.1.1.2 Recommendation**

No recommendations made.

## ***5.2 Findings: Temporal and Spatial Boundaries***

### **5.2.1 Spatial and Temporal Boundaries**

The Terms of Reference specified that CZN report the methods used for the cumulative impact assessment including supporting rationale for the temporal and spatial boundaries selected for the cumulative effects assessment.

#### **5.2.1.1.1 Conclusion**

The Review Board concluded that Canadian Zinc's submission, that the spatial and temporal scope of the cumulative effects assessment enabled a reasonable and realistic reporting of environmental impacts resulting from the proposed development.

#### **5.2.1.1.2 Recommendation**

No recommendations made.

## ***5.3 Analysis of Environmental Effects***

### **5.3.1 Cumulative Effects**

The Canadian Zinc Corporation concluded that the cumulative effects of the proposed Phase II Mineral Exploration Drilling Program would not cause a significant adverse environmental effect. CZN cited that exploration activity at the Prairie Creek area dated back to 1928 when mineralization was first discovered and that in 1981, a complete mine was constructed and permitted but never operated. CZN noted that the Phase II Drilling Program would occur over two summer seasons and that the residual effects after the development would be limited to the physical alterations of terrain and tote roads – all within the footprint of previous mining areas. Information regarding cumulative water quality, vegetation, wildlife habitat and socio-economic impacts were also reported.

The NNPR cited that its “*Nahanni National park Reserve Management Plan*” established that the Nahanni wilderness be maintained as essentially unaltered, primitive and unpolluted corridor, and be sustained so that Nahanni remain a superb wilderness representation of the Mackenzie mountains Natural Region. It also stated that an amendment to the National Parks Act in 1988 required the minister's first priority be the maintenance or restoration of ecological integrity through the protection of natural resources and natural processes when considering all aspects of the management of parks. The Nahanni

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National Park noted that CZN had not submitted convincing evidence that the proposed development would not affect the ecological integrity of the NNPR. NNPR supported its conclusion by stating that the cumulative impact to the population of grizzly bears near the mine site, and from the loading to the South Nahanni Watershed, from the combined operations of the Cantung Mine, the Prairie Creek Mine and the Howard's Pass would likely impact the Nahanni National Park. The Nahanni National Park further cited the *Canada Parks Act* and the Nahanni National Park Reserve Management Plan requires NNPR to facilitate the integration of resource management within the park and the region.

### **5.3.1.1.1 Conclusion**

The Review Board concludes, based on the evidence provided, that the cumulative effects of the proposed Phase II Mineral Exploration Drilling Program will not likely cause a significant adverse environmental effect. The Review Board in arriving at its decision noted several policy issues that it felt warranted careful and timely consideration.

The Review Board understands and appreciates that the Canadian Zinc Corporation is a junior mining developer that has committed through existing agreements with Nahanni Butte Dene Band to contributing to the economic development of the Northwest Territories. The Review Board also appreciates the importance, of having developers secure, within appropriate regulatory limits, those authorizations needed to undertake what is reasonably an exploratory development.

The Review Board also notes that the Nahanni National Park Reserve is legitimately attempting to put into action its legislated mandate, and its responsibility for park management, using the principles and tools prescribed in its management plan, including the use of an ecosystem-based management principles. The Review Board also appreciates CZN has current tenure, and a reasonable expectation of using the land for exploration purposes. That expectation runs counter to NNPR's legislated mandate to preserve and protect the park's ecosystems from what it considers incompatible development using environmental assessment legislation and collaboration with adjacent development and resource management agencies that can influence the ecological integrity of the park.

The Review Board recognizes there are significant policy and legislative challenges for First Nations, government, private sector and non-governmental organizations regarding the proposed development, and the Nahanni region in general.

### **5.3.1.1.2 Recommendation**

No recommendations made.

## **6 Review Board Environmental Assessment Decision**

The Review Board concludes based on the analysis provided, that the Canadian Zinc Corporation's Phase II Mineral Exploration Drilling program is not likely in its opinion to have any significant adverse impact on the environment or be a cause of significant public concern. The development may proceed subject to section 129 of the Act.

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The Review Board fully expects the Canadian Zinc Corporation to discharge all the commitments and undertakings given in its environmental assessment report and supporting documentation.