



August 15, 2008

Adrian Paradis
Senior Regulatory Officer
Mackenzie Valley Land and Water Board
7th Floor-4910 50th Avenue,
Yellowknife, NT
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Dear Mr. Paradis

RE: Preliminary Screening Comments: MV2008L2-0002, MV2008T12, MV2008T13, MV2008D14, Prairie Creek Mine

As requested, Canadian Zinc Corporation (CZN) is herewith providing a response to comments received from various parties as part of the preliminary screening process for the above noted permit applications conducted by the Mackenzie Valley Land and Water Board (MVLWB).

CZN notes that in their letters of August 8, 2008, Indian and Northern Affairs Canada (INAC) and Environment Canada/Fisheries and Oceans Canada (EC/DFO) have referred the applications to environmental assessment (EA). As a result, CZN would like to take this opportunity to respond to the basis for these referrals, but since the applications are entering EA, CZN will defer a response to comments from other parties. We wish to thank Parks Canada and the Government of the Northwest Territories for their comments, we will keep these in mind, and we also appreciate the support expressed for the project by MLA Kevin Menicoche and the Acho Dene Koe First Nation.

Cadillac Explorations held permits for operation of the mine in 1982, and therefore, applications for the same project should be exempt from Part 5 of the Mackenzie Valley Resource Management Act (grandfathered) and not be subject to EA. CZN's May 28, 2008 cover letter, and the applications themselves, state that the Prairie Creek Mine undertaking as proposed contains certain enhancements and improvements (in the interest of superior environmental protection). Specifically, we propose to place rock and tailings underground in a cemented backfill mix, use the existing large pond for temporary water and filtered tailings storage, and place development rock in an engineered facility. All other plans are as before. The enhancements and improvements could be argued to be "significant alterations" to the previously permitted undertaking, and as such could take the applications outside of the exemption. Should this occur, it follows that the scope of the EA should be limited to the enhancements and improvements proposed, the remainder of the project not being significantly altered.

For applications MV2008L2-0002 and MV2008D14, CZN believes that enhancements and improvements have been made to the project's waste management plan, water management plan and final closure plan. Regarding INAC's letter, they note that CZN are "proposing several

changes of use and additions to the existing in-place infrastructure”, which they believe should be examined through the EA process. The listed changes include the power plant and the sewage treatment plant. CZN does not believe its plans for these facilities are significantly altered from Cadillac’s. CZN still plans to generate electricity on-site using diesel-fed generators. There are four Cooper Bessemer diesel generators on site. These units will be replaced by more fuel-efficient Caterpillar 3516 units which also have much lower emissions. The model-type of the generator is immaterial. The nature of the power generation and the emissions have not changed, the latter will simply be reduced. It is not logical that the operation of the Cooper Bessemer units as is would be grandfathered from EA, but operation of the Caterpillar units with lower emissions would be subject to EA. The sewage treatment plant is also essentially the same in terms of capacity and process. Sewage will be treated by aerobic biological digestion, as before. No significant alteration to the plant is planned. The one change planned is to send the effluent to the Water Storage Pond rather than directly to Prairie Creek. This change will presumably be subject to assessment as part of the overall water management plan.

Regarding the EC/DFO letter, a number of technical and environmental aspects of the proposed project are listed which they contend should be subject to EA. For the applications MV2008L2-0002 and MV2008D14, CZN disagrees with the last item, the presence of SARA-listed species in the area and the potential for effects. Firstly, the enhancements and improvements to the project proposed by CZN are related to waste and water management only on the mine site. There will be no change to the potential for effects on SARA-listed species compared to the previously permitted project. Secondly, this potential was recently assessed as part of EA0405-002 (Phase 3 drilling) and appropriate mitigation plans have been adopted. Consequently, CZN does not consider it appropriate, or necessary, to assess this potential again.

Thank you for this opportunity to respond, and if you have any questions, please contact us.

Yours truly,
CANADIAN ZINC CORPORATION



David P. Harpley, P. Geo.
VP, Environment and Permitting Affairs