



September 23, 2008

Alistair MacDonald
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
5102 50th Avenue,
Yellowknife, NT
X1A 2N7

Dear Mr. MacDonald

**RE: Environmental Assessment EA0809-002, Prairie Creek Mine
Identification of Relevant Pre-Existing Materials for Scoping**

I refer to your letter of September 9, 2008 on the above noted subject. Your letter refers to Canadian Zinc Corporation's ("CZN's") letter to the Mackenzie Valley Land and Water Board ("MVLWB") dated August 15, 2008. Our August 15 letter was in reply to comments made in letters from Indian and Northern Affairs Canada ("INAC") and Environment Canada/Fisheries and Oceans Canada (EC/DFO) to the MVLWB during preliminary screening of our recent applications, and concerning items recommended for the scope of EA0809-002. As such, our letter was not intended to be comprehensive on this subject.

It is CZN's intention to provide a comprehensive scoping submission to the Mackenzie Valley Environmental Impact Review Board ("MVEIRB") by the October 14, 2008 deadline. However, we note your request that CZN "clarify as fully and as soon as possible all of the 'existing permits, approved management plans, and precedents' relating to the Prairie Creek mine that it wants the Review Board to consider during scoping". An historical summary is provided below providing brief details of the existing permits, approved management plans, and precedents CZN considers relevant.

1980-82 Permits for Mine Operations

Environmental assessments were directed by Ker Priestman, and culminated in Preliminary Environmental Evaluation reports, one on the Mine, Mill and Camp, and one on the Winter Access Road, both dated May 1980, and subsequently in "*Environmental Evaluation, Prairie Creek Project*", dated October, 1980. These studies were the basis for successful applications for Land Use Permit (LUP) **N80D248** (1980) and **Water Licence #N3L3-0932** (1982) for the mine, and **LUP N80D249** (1980) for the winter road.

The winter road was constructed in the summer of 1980, and was used extensively over the period from late January to the end of March in both 1981 and 1982 to haul in excess of 800

loads into the Mine site. Loads consisted of construction materials, equipment, and supplies for operations until the next winter, including fuel. A staging area on the eastern bank of the Liard River was used. By May 1982, mine infrastructure was 90-95% complete. The only major structure that was planned but not completed was a storage shed for mineral concentrates.

The above facts illustrate that, not only did the Prairie Creek Mine have permits for the mine and road before June 22, 1984 (thereby exempting new permits from Part 5 of the Mackenzie Valley Resource Management Act (MVRMA)), but that these permits were exercised and used and the mine was ready for operation. The winter road alignment is still clearly visible on the ground and in the air, and the mine is as built, apart from small additions and maintenance/repairs.

It is CZN's view that the MVEIRB should not assess structures that already exist, and must give due consideration to the legal precedent set by the Supreme Court decision referred to below (under Winter Road).

Underground Decline and Pilot Plant

Applications for a LUP for development of an underground decline and a Water Licence for a metallurgical pilot plant were submitted to the MVLWB in 2001. After environmental assessment (EA01-002), **LUP MV2001C0023** and **Water Licence MV2001L2-0003** were issued. These projects closely resemble the operating activities now being applied for, albeit at a smaller scale.

During the EA, existing site facilities were reviewed in detail. CZN undertook to treat all mine water and construct a **Polishing Pond** to polish treated waters. The pond was designed, built and approved in 2005. CZN was required to provide a **Mine Water Contingency Plan**, and an **Effluent Treatment Options Plan**. These plans address the management and treatment of mine water. The plans were written and approved, and CZN has been treating mine water since 2006. Surveillance Network Reports are available on the MVLWB website. This information confirms that water treatment is being successfully undertaken to protect water quality. Water treatment will not be greatly different during mine operations, it will be a continuation of that occurring at present, albeit in a more sophisticated, automated plant.

The new permits had a number of other requirements. The **flood protection dikes** separating the site from Prairie Creek are inspected by a qualified engineer annually. No significant problems have been found to date. CZN was required to update the **maximum flood estimate** that was used to determine the required height of the dikes. The new estimate determined a flood elevation lower than the original one, confirming that the dikes are indeed suitable to protect the site from the most extreme flood event imaginable.

The **Tank Farm** containment and infrastructure were inspected by geotechnical and mechanical engineers. The containment was found to be sound, and only minor repairs were required to the infrastructure. These have been completed and the farm was approved for continued use by the

MVLWB. CZN is presently having the tanks internally inspected in preparation for filling and use during operations.

This information illustrates that major infrastructure that will be used to support mine operations has been previously assessed by both the MVEIRB and the MVLWB, and has recently been investigated to confirm it is still sound and in good working order.

A Waste Rock and Ore Pile Monitoring Plan, Wildlife Management Plan and a Fuel Spill Contingency Plan were also prepared and accepted by the MVLWB. These are also posted on the MVLWB website.

Winter Road

CZN applied for an LUP to use the existing winter road in May, 2003. The MVLWB initially ruled that the application was subject to Part 5 (Preliminary Screening) of the MVRMA. After a Judicial Review, the Supreme Court of the Northwest Territories ruled that the road was 'grandfathered' under the MVRMA according to Section 157.1. **LUP MV2003F0028** was issued by the MVLWB on April 7, 2007.

The Supreme Court decision was rendered because use of the road was considered the same undertaking as before. It follows that CZN's use of the road to support mine operations is also grandfathered as that was the intent of the original permit. It also follows that, if CZN were to apply for the same mine project as was permitted before, those applications would also be grandfathered. CZN considers this to be a key legal precedent that the MVEIRB must appropriately account for in the scoping of EA0809-002.

Phase 3 Drilling

A request to amend the Phase 2 surface drilling LUP was made to allow further drilling exploration outlying from the mine (Phase 3). The amendment application was referred to EA in June, 2004. In CZN's opinion, the scope of EA0405-002 correctly focussed on those activities that were different from activities that had been previously assessed, or were already the subject of existing permits, and did not seek to re-assess the existing infrastructure even though it was to be used to support the Phase 3 drilling. The EA was appropriately focused on plans to drill in outlying areas using a helicopter-transported drill, and to ford Prairie Creek to access sites with a skid-based drill.

As required by the subsequently issued **LUP MV2004C0030**, a spring wildlife survey of the mine area was conducted (May, 2006) to assess local wildlife that could potentially be affected by helicopter and fixed-wing flights. A **Flight Impact Management Plan** was prepared and approved to mitigate potential affects. This information confirms that possible impacts to wildlife from site operations have been recently assessed and addressed.

Thank you for this opportunity to provide brief information on pre-existing permits, management plans and precedents prior to planned scoping sessions, and for your consideration in scoping the EA. As mentioned, we plan to provide a more detailed submission in the near future.

Yours truly,
CANADIAN ZINC CORPORATION

A handwritten signature in blue ink, appearing to read "D. Harpley".

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