



19 May 2006

AMEC File: YX00643 Task 3000

VIA EMAIL AND REGULAR POST

Mackenzie Valley Land and Water Board
7th Floor – 4910 50th Avenue
P.O. Box 2130
Yellowknife, NT X1A 2P6

Attention: Sarah Baines

Dear Ms. Baines,

Reference: ARD/ML review of Canadian Zinc Report

Mackenzie Valley Land
& Water Board

File _____

MAY 24 2006

Application # MV2001L2-0003

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1.0 INTRODUCTION

AMEC Earth & Environmental, a division of AMEC Americas Ltd. was requested by the MVLWB to conduct a technical review of the Waste Rock/Ore Monitoring Plan presented by the Canadian Zinc Corporation (CZN) as required in Part D, item 8 of Water License MV2001L2-003 for the Prairie Creek mine site. The Prairie Creek property is a potential underground lead zinc mine. The surface infrastructure for this project is located on the northern floodplain of Prairie Creek in the Northwest Territories. The site is 48 kilometres upstream of the confluence with the South Nahanni River which flows through the Nahanni National Park Reserve, a UNESCO World Heritage Site.

CZN proposes to extend an existing underground decline for exploration purposes and to obtain a bulk ore sample. The development will generate an estimated 18 m³ of ore and 5,200 m³ of waste rock. The proposed waste rock/ore monitoring plan for this development work includes the following activities:

- 1) All ore will be removed directly from site to a testing laboratory. No ore will be stockpiled at the project site;
- 2) All waste rock will be brought to surface and stored in an area northwest of the 870 m portal that was historically used for waste rock storage;
- 3) Waste rock will be placed in discrete piles on a weekly basis;
- 4) Each discrete pile will be sampled;
- 5) The weekly samples will be composited once a month and submitted for ABA and metals testing;
- 6) If potentially acid generating (PAG) waste rock is identified during the monthly testing, then the weekly samples will be submitted for analysis and the PAG waste rock segregated; and
- 7) Any identified PAG waste rock will then be placed on a lined pad or returned into the underground decline for storage.

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2.0 OBSERVATIONS

The proposed Waste Rock/Ore Monitoring Plan lacks detail and does not provide any discussion of contingency measures for possible adverse events. It is our opinion that the Plan as presented is not sufficiently adequate to address the potential environmental risks associated with this exploration activity and should be revised accordingly.

As all ore material is to be expediently removed from the site, CZN did not propose any sampling or monitoring plans for this material. Should this condition change or other obstacles prohibit the removal of the ore, no contingency plan for managing the ore exists.

The proposed CZN Waste Rock/Ore Monitoring Plan cited ABA and metal testing results for four samples from the Underground Decline Development Waste Rock Characterization program conducted in 2001. The results from these four samples highlight the very high neutralization potential (NP) of the two waste rock units. However, it is not clear whether these four samples represent all of the ABA data collected and available or whether this is a selected sub-group from all of the ABA data available. This is a small data set. If more than two samples were analyzed for each of the two identified waste rock lithological units (the upper spar and the chert/dolostone), a table of descriptive statistics would give a better understanding as to the geochemical variability or homogeneity of the units. Both units have elevated zinc and lead concentrations relative to crustal averages for sedimentary rocks as presented by Price (1997). The upper spar unit is also elevated in cadmium and copper.

It was noted that for all four samples the reported concentration of sulphide sulphur was greater than total sulphur. This is likely a reporting error that should be addressed in future work. Since the concentration of all sulphur species is low, this error does not significantly affect the calculation of neutralization potential ratios.

The proposed Waste Rock/Ore Monitoring Plan does not include nor define specific details that typically would be considered necessary for such a monitoring program using industry best practices. There is no indication as to the expected duration of the program, no information on the total number of samples expected, or the inclusion of quality control samples. Additional sampling parameters that need definition include sample size, and sampling and compositing methodology to ensure that the samples are representative to the piles. There is no mention of which analytical tests the laboratory will conduct.

The current plan calls for one sample to represent 4 weeks of waste rock production. Only if the composite sample indicates that the material is PAG will the weekly piles be individually sampled and analysed, and if necessary, segregated. In our opinion the proposed frequency of sampling under this program is too low. While the previous ABA results for this site suggest that the waste rock from this site is likely to have a high NP, there are likely to be zones with more sulphide minerals and consequently greater APs, especially as development approaches the ore zone. CZN should consider developing a series of criteria to segregate waste rock as the weekly pile is being built and before submission of the monthly ABA sample. Possible criteria include visual identification of sulphide minerals, proximity to mineralization, and lithology (note that trace element concentrations in the upper spar samples were up to an order of magnitude greater than the chert/dolostone samples).



CZN states that PAG waste rock identified during testing will be segregated and either placed on a lined pad or in the underground decline. No discussion is provided as to the location or construction of a lined pad or management of run-off from the segregated PAG waste rock.

CZN indicates that there are no plans to collect run-off or seepage from the waste rock piles created during this exploration activity. The rationale includes the presence of historic waste rock on the surface laydown area and the small volume of waste rock generated during this development activity. CZN also states that any seepage and run-off will flow to the catchment pond (SNP sample location 3-5). However, the Mackenzie Valley Land and Water Board (MVLWB) Reasons for Decision on Water License MV2001-L2-003, Type "B", states that SNP 3-5 required twice monthly sampling during the summer months. The absence of geochemical characterization of historic waste rock constitutes a data gap. The pond and SNP location is not clear from Figure 1, Waste Rock Disposal Location.

3.0 RECOMMENDATIONS

Based on this review, it is recommended that the proposed Waste Rock/Ore Monitoring Plan be revised to incorporate at a minimum the following additional information:

- A contingency plan be developed for monitoring or segregation of ore material in the event it becomes necessary to leave ore on site.
- Provide descriptive statistics, including averages, maximum and minimum values and standard deviation, for all waste rock samples collected for the 2001 Waste Rock Characterization Program.
- Investigate the waste rock characterization program and determine why the sulphide sulphur content is greater than the total sulphur content.
- Generate a detailed sampling plan to include the following:
 - Sample size;
 - Total number of samples;
 - Increased frequency of sampling;
 - Quality control samples (field duplicates, laboratory duplicates and blanks);
 - Sample collection methodology (specifically how will CZN ensure that the muck pile samples collected are representative);
 - What geologic/lithologic information will be collected and how will this be tied back to the analytical samples;
 - Methodology for preparing composites; and,
 - Analytical tests to be conducted (specifically what will be analyzed and by what method (sulphur speciation, measurement of inorganic carbon, whole rock analysis, trace metals analysis, shake flask extraction testing for soluble metal content, detection limits to be requested ?)).
- The incorporation of waste rock segregation criteria based on easily identified parameters such as visible sulphide presence, lithological unit, proximity to ore zone, etc.
- Present conceptual design and location of lined pad, and seepage/run-off monitoring plan as a contingency for PAG waste rock management.
- Increase in the sampling and analytical frequency at SNP 3-5 during decline development.
- The sampling and analysis of seeps and run-off from the waste rock during decline development (especially after precipitation events).

Mackenzie Valley Land and Water Board
ARD/ML review of Canadian Zinc Report
Prairie Creek Mine Site
19 May 2006



The chemical characterization data collected through such a program will be invaluable to CZN should they decide to move this project forward. This sampling program offers CZN an opportunity to better characterize the waste rock and ore for future environmental assessment.

Please contact the undersigned at (604) 294-3811 if you have any questions or wish to discuss any aspects of the report.

Respectfully submitted,

**AMEC Earth & Environmental,
a division of AMEC Americas Limited**

A handwritten signature in black ink, appearing to read "Emily Chastain".

Emily Chastain, M.Sc.
Project Geochemist

Reviewed by:

A handwritten signature in black ink, appearing to read "Larry Connell".

Larry Connell, P.Eng.
Senior Mining Environmental Consultant



CANADIAN ZINC
CORPORATION

May 28, 2006

Sarah Baines
Regulatory Officer
Mackenzie Valley Land and Water Board
7th Floor-4910 50th Avenue,
Yellowknife, NT
X1A 2P6

Dear Ms. Baines:

RE: Revised Waste Rock/Ore Pile Monitoring Plan, MV2001L2-0003

Canadian Zinc Corporation's (CZN) letter of April 26, 2005 presented a Waste Rock/Ore Pile Monitoring Plan for rock produced during the planned Decline Development at Prairie Creek Mine. We demonstrated that there would be no surface exposure of rock considered to be ore, and the relatively small quantity of waste rock to be added to the existing stockpile near the 870 m level adit will have an overwhelming neutralisation capacity. CZN proposed sampling of waste rock to confirm the characterization, but no runoff sampling or management. On May 23, 2006, CZN received a review of the Plan by AMEC dated May 19, 2006. CZN was not aware of the review until receipt of it. AMEC raised a number of issues with the Plan. Some issues CZN does not believe are appropriate and are a result of an insufficient understanding of either the site, or the assessment and permitting process that occurred prior to Water License issue. Some issues CZN believes do have merit. However, the technical arguments essentially revolve around the geochemical characterization of the rocks produced. This was not the intent of Part D, Condition 8 in the License, which focuses on runoff sampling and management. CZN is planning to commence underground work in mid-June. Given the limited time now available for Plan development and approval, CZN has revised the Plan to address the true focus of Condition 8. The Plan is described below. This is followed by comments on AMEC's review.

Revised Plan

CZN stated previously that sampling of waste rock runoff would only be possible if the rock was placed on a low permeability stratum. This would mean creating a stratum or pad on the staging area near the 870 m level adit where the rock is to be placed. CZN has decided to create such a pad to facilitate runoff sampling and collection. The pad will be created by placing native, locally-sourced silty clay soil, contouring it to drain to a collection location, and compacting it. If insufficient suitable soil cannot be found, sections of hypalon liner from the originally proposed Tailings Pond will be used, placed over fine-grained granular compacted soil. The pad of compacted soil will be at least 10 cm thick. The runoff collection point or sump will be connected to a pipe to route the runoff to the Polishing Pond. The waste rock will be placed on

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the created pad. CZN may create the pad in stages as the Decline work progresses. Monitoring data might indicate that the pad can be dispensed with. However, CZN would seek approval from the MVLWB before doing this.

As stated previously, CZN does not believe runoff from the waste rock pile will have significantly elevated metal concentrations. However, CZN understands that this needs to be proven before the runoff can be released without management, hence the plan to route runoff to the Polishing Pond. The pond is intended primarily for final settling of metal precipitates after mine water treatment. The pond will contain water with elevated pH and alkalinity, and is suitable to receive water with low metal concentrations as is expected in rock pile runoff. The runoff would then be passively treated prior to discharge to the Catchment Pond. In the mean time, this will also allow sampling of runoff to confirm assumptions. In addition, the quantity of runoff is expected to be small in comparison to mine water flow.

CZN plans to initially sample rock pile runoff weekly. Samples will be subjected to a 25 element ICP metals scan. If scans confirm that all metal concentrations are less than the requirements listed in Part D, Condition 5 of the License, CZN will petition the MVLWB to allow discharge of runoff directly to the Catchment Pond, and relaxation of runoff sampling to a monthly interval. If all metal concentrations do not meet the requirements, runoff management and sampling will continue unchanged. In addition, CZN will collect runoff flow measurements and use the sample results to assess the effect on Polishing Pond discharge. CZN will make proposals to the MVLWB based on the outcome of this assessment. If the runoff is of poor quality, CZN could route the water underground to the influent end of the treatment sump. However, CZN does not believe this will be necessary.

CZN has decided on the above course for two main reasons:

- It addresses and satisfies the main intent of Condition 8; and,
- It constitutes a truly representative kinetic test of waste rock behaviour, the results of which will be very useful for future waste management planning.

Comments on AMEC's Review

CZN does not believe a contingency plan is needed in the event ore remains on site. As stated previously, the very small quantity of ore (18 m³) that will be generated is needed for complete use in off-site metallurgical testing. The ore will be placed in drums for shipment. The ore will not be exposed to the elements. If the drums cannot be shipped off-site immediately, they will be stored under cover until this occurs. CZN will not place ore exposed on surface without presenting an Ore Pile Monitoring Plan to the MVLWB for approval.

CZN previously engaged the services of the geochemical consulting firm MESH Environmental, and is in the process of conducting an exhaustive geochemical assessment of mine rocks and potential waste streams. Consequently, CZN will not dwell on previous studies, but undertakes to bring forth the more detailed, recent work when it is available.

The plan to sample waste rock weekly, and analyse for standard acid base account and ICP metals monthly, is consistent with Part B of the License (Condition 3. a) Attachment 2, Commitment no. 25). CZN has received guidance from MESH Environmental on a sampling strategy. CZN will sample rock from each weekly pile based on visual inspection to ensure representivity. The smaller rock fragments will be selected since these have the dominant influence on runoff quality. Fragment size will generally be less than 1-3 cm. Weekly samples will be pulverized and split in the laboratory. One of each of the splits will be composited for analyses which will be specified by MESH. The remaining splits will be retained for potential future use. The weekly piles are expected to consist of up to approximately 1,000 tonnes each. The lithology of all piles will be known from geologic logging of the piles themselves and the locations from which they were produced underground.

By definition in the Water License, SNP Station 3-5 must be sampled weekly during Decline operations.

Closing Remarks

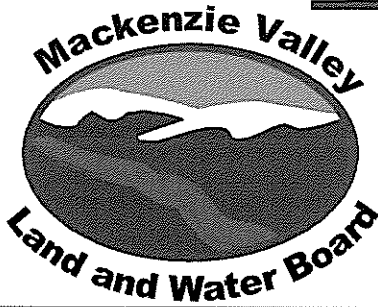
CZN trusts the revised plan will now completely address Part D, Condition 8 in the License. We hope that the revised plan can be expeditiously reviewed and approved by the MVLWB so that there is no impediment to the imminent project plans.

If you have any questions, please contact us at 604-688-2001

Yours truly,
CANADIAN ZINC CORPORATION



David P. Harpley, P. Geo.
Environmental Coordinator



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STAFF REPORT

Company: Canadian Zinc Corporation (CZN)	
Location: Prairie Creek Mine	Application: MV2001L2-0003
Date Prepared: June 1, 2006	Meeting Date: June 9, 2006
Subject: Waste Rock/Ore Pile Monitoring Plan	

1. Purpose/Report Summary

The purpose of this report is to present to the Board for approval Waste Rock/Ore Pile Monitoring Plan (WRMP or Plan) for Water Licence MV2001L2-0003.

2. Background

- 26 April 2006: CZN submitted WRMP for rock produced during the planned Decline Development at Prairie Creek
- 19 May 2006: AMEC review of WRMP sent to MVLWB
- 28 May 2006: MVLWB received a revised WRMP and MVLWB sends Plan to AMEC and Gartner Lee for geotechnical consulting
- 2 June 2006: Gartner Lee gives verbal confirmation that the revised WRMP meets the requirements
- 5 June 2006: AMEC gives written confirmation that the revised WRMP meets the requirements

3. Discussion

CZN proposes to extend an existing underground decline for exploration purposes and to obtain a bulk ore sample. Under the Terms and Conditions, part D, item 8 of Water Licence MV2001L2-0003:

The Licensee shall submit to the Board for approval before the deposit of any Waste Rock/Ore a Waste Rock/Ore Pile Monitoring Plan that should include but not necessarily be

limited to, the delineation of possible runoff and seepage flow paths, test sample results of runoff and possible runoff management and monitoring options.

The Plan required under this condition was not sent out for review as MVLWB staff felt that the report lacked detail and therefore decided, as the report requires technical expertise to be evaluated, that having it reviewed by AMEC would expedite the review process.

Upon evaluation of the first Waste Rock/Ore Pile Monitoring Plan submitted by CZN, AMEC found that the Plan lacked detail and stated that the Plan did not sufficiently address the potential environmental risks associated with the proposed exploration activity. These comments were forwarded to CZN and issues raised by AMEC were addressed in the revised Plan. CZN's revised submission of the WRMP was deemed sufficient by AMEC and Gartner Lee.

4. Comments

None

5. Review comments

CZN proposed sampling of waste rock to confirm its chemical characterization, but no runoff sampling or management thereof. The water license states that the monitoring plan should include runoff sampling, testing and management. This data collection was not proposed in the first submission of the WRMP. Additionally, no contingency measures for possible adverse events regarding management of the waste rock and runoff were discussed in the Plan. Therefore, AMEC found the first Plan to be insufficient in addressing potential environmental effects that it is intended to assess.

These comments were forwarded to CZN and issues raised by AMEC were addressed in the revised Plan. The revised Plan submitted by CZN addresses runoff sampling and monitoring. CZN feels that no contingency plan is necessary because the quantity of ore that remains on site is small and the ore will be stored under cover and placed in drums for shipment, thus it will not be exposed to the elements.

CZN's revised submission of the WRMP was deemed sufficient by AMEC and Gartner Lee.

6. Security

Not applicable

7. Conclusion

Though this Plan was not sent out for review, according to geotechnical consultation from AMEC and Gartner Lee the requirements of part D, item 8, of the Water Licence have been met.

8. Recommendation

I recommend that the Board approve the Waste Rock/Ore Pile Monitoring Plan as per the conditions addressed in Canadian Zinc's response to AMEC's geotechnical audit.

9. Attachments

- CZN Waste Rock/Ore Pile Monitoring Plan
- AMEC comments
- CZN Revised Waste Rock/Ore Pile Monitoring Plan
- AMEC comments on revised Plan

Respectfully submitted,

Meg McCluskie
Regulatory Officer



5 June 2006

AMEC File: YX00643 Task 3000

VIA EMAIL AND REGULAR POST

Mackenzie Valley Land and Water Board
7th Floor – 4910 50th Avenue
P.O. Box 2130
Yellowknife, NT X1A 2P6

Attention: Sarah Baines

Dear Ms. Baines,

Reference: ARD/ML review of Canadian Zinc Revised Monitoring Plan

1.0 INTRODUCTION

AMEC Earth & Environmental, a division of AMEC Americas Ltd. was requested by the Mackenzie Valley Land and Water Board (MVLWB) to conduct a technical review of the Revised Waste Rock/Ore Monitoring Plan (the "Plan") submitted by Canadian Zinc Corporation (CZN) to the MVLWB on May 28, 2006. The monitoring plan is a requirement of Part D, Item 8 of Water License MV2001L2-003 for the Prairie Creek mine site. The water license states that the monitoring plan should include the delineation of possible runoff and seepage flow paths, test sample results of runoff and possible runoff management and monitoring plans.

The Prairie Creek property is a potential underground lead zinc mine. The surface infrastructure for this project is located on the northern floodplain of Prairie Creek in the Northwest Territories. The site is 48 kilometres upstream of the confluence with the South Nahanni River which flows through the Nahanni National Park Reserve, a UNESCO World Heritage Site.

CZN proposes to extend an existing underground decline for exploration purposes and to obtain a bulk ore sample. The initial waste rock/ore monitoring plan was amended by CZN to include the following activities:

- 1) All waste rock removed to surface from the underground exploration adit will be placed on a constructed low permeability pad (minimum compacted thickness of 10 cm);
- 2) The pad will be constructed from a locally sourced silty clay soil that is compacted and contoured to direct runoff and seepage to a single drainage collection location or sump;
- 3) A synthetic liner will be used as an alternative if there is not sufficient local soil for construction of this low permeability pad;
- 4) Runoff from this low permeability pad will be routed to the existing site Polishing Pond where it can be monitored (and treated if necessary) prior to being discharged into the existing Catchment Pond;
- 5) The water from the waste rock storage pad drainage collection sump will be sampled weekly and submitted for ICP metals analysis;
- 6) The revised plan includes a contingency measure to route the runoff back into the underground mine workings in the unexpected event that water does not meet criteria for discharge; and



- 7) Any modification of the proposed Waste Rock/Ore Pile Monitoring Plan will be submitted to the MVLWB for prior approval.

2.0 OBSERVATIONS

The revised monitoring plan adequately addresses many of the issues present by AMEC's initial review (May 19, 2006).

AMEC concurs with the actions as now proposed by CZN in respect to placing all of the exploration program waste rock on a low permeability silty clay pad that allows for the collection and sampling of runoff from the waste rock. CZN has provided an outline of a water sampling program intended to monitor collected runoff from this waste rock storage pile. The revised Plan delineates the drainage path from runoff to final discharge as required by Part D, Item 8 of the water license and includes a contingency measure to address possible poor water quality. The proposed revisions to the monitoring plan should be sufficient to meet the requirements of by Part D, Item 8 of the water license.

CZN states in its May 28th submission to the MVLWB that it is continuing to work with MESH Environmental to conduct further geochemical assessment of mine waste rock and ore from this exploration program. This data will be essential to support drainage chemistry predictions should the project move into the environmental assessment process.

The revised Plan indicates that any proposed changes to the Plan will be submitted to the MVLWB prior to such changes being implemented (such as reducing runoff sampling frequency, or discharging runoff directly to the Catchment Pond). Any such proposed change will be justified based on a review of the results obtained from the monitoring to be conducted under this Plan.

3.0 RECOMMENDATIONS

Based on our review of the May 28th submission from CZN, AMEC is of the opinion that the revised Plan will allow Canadian Zinc to meet the requirements of part D, section 8 of the water license.

AMEC encourages CZN to continue the geochemical assessment work as planned as the data generated by this program coupled with the proposed runoff drainage monitoring will provide essential information for future waste rock characterization and environmental impact assessment.

Please contact the undersigned at (604) 294-3811 if you have any questions or wish to discuss any aspects of the report.

Respectfully submitted,

**AMEC Earth & Environmental,
a division of AMEC Americas Limited**

A handwritten signature in black ink, appearing to read "Emily Chastain".

Emily Chastain, M.Sc.
Project Geochemist

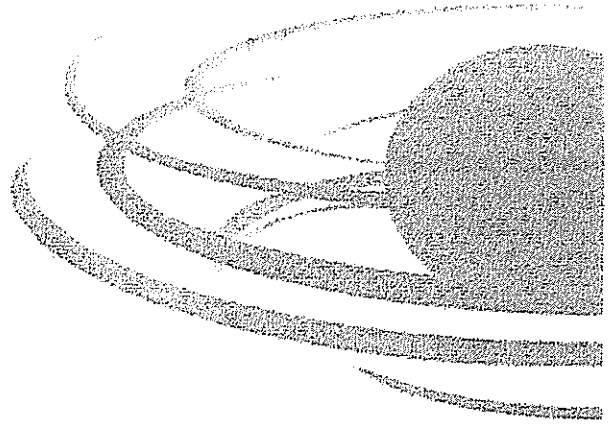
Reviewed by:

A handwritten signature in black ink, appearing to read "Larry Connell".

Larry Connell, P.Eng.
Senior Mining Environmental Consultant



Gartner Lee Limited



June 16, 2006

Sarah Baines
Mackenzie Valley Land and Water Board (MWLWB)
via email: sbaines@mvlwb.ca

Dear Sarah:

Re: Executive Review of Waste Rock and Ore Pile Monitoring Plan for the Prairie Creek Advanced Exploration Project

I have reviewed the documents relating to Canadian Zinc Corporation's (CZN) proposed Waste Rock and Ore Pile Monitoring Plan (the Plan) as a follow up to our previous discussion on this topic. This letter documents the initial thoughts and suggestions that we discussed together as well as new comments and suggestions that arose from a further review of the documents. These comments are not intended to represent a rigorous technical review and, therefore, have been titled "executive" in nature.

In general, I feel that the scope and approach proposed in the revised Plan (May 28, 2006) is appropriate to the nature and scale of the work being undertaken (underground exploration). There are a number of suggestions, though, that I feel should be considered to increase the confidence in the effectiveness of the Plan. These are as follows:

1. Ore: approval of the Plan could explicitly prohibit the storage of any ore on surface except in sealed drums as described in the Plan; this would be confirmation of the proposal.
2. Pad: the pad and water collection system should be inspected by a qualified engineer prior to placement of waste rock to provide an independent record and to allow for modifications that the engineer may deem necessary to be completed while the pad is available for such work; this should apply to any future extensions to the pad also.
3. Rock Sampling: each weekly sample of waste rock should undergo the proposed testing (metals and ABA) rather than monthly composites as is proposed; this will provide a better indication of whether the geochemistry of the rock is as expected as relates to the very small (4 samples) existing data set; CZN could apply for a reduction in sampling frequency at some point when the data confirm the general expectations.

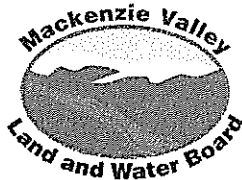


4. Quality Control: Field replicate samples should be collected and analysed to assess the variability of results for an individual pile; these should be collected at a reasonable frequency not less than once per month (i.e., every four weekly piles) until a data set is established that justifies reduction of the frequency.
5. PAG rock: if any of the weekly sample piles are indicated to be PAG or a higher than anticipated risk of metal leaching according to the prescribed routine analyses, then the pile should be quickly moved into the underground mine to a dry location where any drainage water that does pass through the pile will be captured into the underground mine water treatment system; this should be done as quickly as practical but no longer than 1 month after receipt of analytical results or by the end of the summer season before the pile becomes frozen into place.
6. Records: A compiled record of all of the relevant information should be maintained and submitted to the Board at some reasonable interval(s) as well as made available on-site for review by an inspector; the information should include the visual geologic logging of rock piles (rock type, blasting location, and geochemical properties such as visible sulphides), analytical results for rock samples (metals and ABA), the ultimate fate and location of the weekly waste rock piles, construction details and engineer's report regarding the pad, analytical results for seepage water quality and flow, and any other activities or information relevant to monitoring of the rock piles.
7. Poor Water Quality: If seepage water from the waste rock piles is observed to be having a negative effect on the ability to maintain compliance with the terms of the Water Licence, then the waste rock runoff water should be routed into the underground mine water treatment system as described in the Plan and treated through that system.

I trust that these comments are helpful. Thank you for the opportunity to contribute to this interesting project.

Yours very truly,
GARTNER LEE LIMITED

Eric Denholm, P. Eng.
Senior Mining Consultant



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June 26, 2006

File: MV2001L2-0003

Mr. David Harpley
Environmental Coordinator
Canadian Zinc Corporation
Suite 1710-650 West Georgia Street
VANCOUVER, BC V6B 4N9

Fax: (604) 594-3855

Dear Mr. Harpley:

Board Approval – 2006 Waste Rock and Ore Pile Monitoring Plan

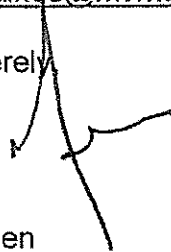
The Mackenzie Valley Land and Water Board (the Board) met on June 9, 2006 to review the aforementioned document. The Board hereby approves the 2006 Waste Rock and Ore Pile Monitoring Plan (WROPMP) with the following conditions:

1. The storage of any ore on surface except in sealed drums as described in the WROPMP is prohibited.
2. The pad and water collection system shall be inspected by a qualified engineer prior to placement of waste rock to provide an independent record and to allow for modifications that the engineer may deem necessary to be completed while the pad is available for such work. The engineer's report shall be submitted to the Board prior to the deposition of waste rock on the pad.
3. Each weekly sample of waste rock shall undergo testing (metals and ABA) rather than monthly composites. This will provide a better indication of whether the geochemistry of the rock is as expected as relates to the very small (4 samples) existing data set. CZN may apply for a reduction in sampling frequency when the data confirm the general expectations.

4. Field replicate samples shall be collected and analysed to assess the variability of results for an individual pile; these shall be collected once per month (i.e., every four weekly piles) until a data set is established that justifies reduction of the frequency.
5. If any of the weekly sample piles are indicated to be PAG or a higher than anticipated risk of metal leaching according to the prescribed routine analyses, then the pile shall be moved into the underground mine to a dry location where any drainage water that does pass through the pile will be captured into the underground minewater treatment system. This shall be done as quickly as practical but no longer than 1 month after receipt of analytical results or by the end of the summer season before the pile becomes frozen into place.
6. A compiled record of all of the relevant information shall be maintained and submitted to the Board every 60 days from the start of sampling each season as well as made available on-site for review by an Inspector. The information shall include the visual geologic logging of rock piles (rock type, blasting location, and geochemical properties such as visible sulphides), analytical results for rock samples (metals and ABA), the ultimate fate and location of the weekly waste rock piles, analytical results for seepage water quality and flow, and any other activities or information gathered to monitor the rock piles.
7. If seepage water from the waste rock piles is observed to be having a negative effect on the ability to maintain compliance with the terms of Water Licence MV2001L2-0003, then the waste rock runoff water should be routed into the underground mine water treatment system as described in the WROPMP and treated through that system.

If you have any questions, please contact Sarah Baines at (867) 766-7457 or by email at sbaines@mvlwb.com.

Yours sincerely,



Willard Hagen
Interim Chair

Copied to: Alan Taylor, Canadian Zinc Corporation (Fax: 604-688-2043)
Distribution List