

FAXED
Sept 12/02

Facsimile

Mackenzie Valley Environmental Impact Review Board

To:

Peter Campbell, Canadian Zinc Corp., Vancouver	(604)	688-2043
Pauline Campbell, Nahanni Butte Dene Band, Nahanni Butte	(867)	602-2910
Sharon Pellissey, James Sergeant, RMO, and SAO, Pehdzeh Ki FN.	(867)	581-3229
Rita Cli, Liidli Koe First Nation, Fort Simpson	(867)	695-2665
Bruce Leclaire, SAO, Village of Fort Simpson	(867)	695-2005
Alison de Pelham, Deh Cho First Nations, Fort Simpson	(867)	695-2038
Greg Yeoman, CPAWS, Yellowknife		873-9593
Alexandra Borowiecka, Ecology North, Yellowknife		920-2986
Legal Counsel	(403)	282-6596
Jane McMullen, GNWT		873-0114 and 873-0293
Paula Pacholek (as coordinator for DOE branches/programs)		873-8185
David Tyson, DFO		669-4941
Iannick Lamirande, NRCan, Ottawa	(613)	995-5719
Doug Tate, Nahanni National Park Reserve	(867)	695-2446
Bob Wooley, Executive Director, MVLWB, Yellowknife		873-6610
Marry Tapsell, DIAND		669-2701

From: Luciano Azzolini, EAO
Pages: 20 including this cover
Date: Thursday, September 12, 2002
File: EA01-002 Metallurgical Pilot Plant and Deline EA01-002
Subject: Minister of Indian and Northern Affairs Response to the Review Board Report of Environmental Assessment

The public registry for this environmental assessment is now reopened and anyone is free to put information onto the registry. This fax and the attached letters have been placed on the public registry. I have also included an updated listing of the public registry

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From.....

MVEIRB
P.O. Box 938
Yellowknife, NT X1A 2N7
Phone (867) 766-7053
Fax (867) 766-7074



September 23, 2002

Mr. Todd Burlingame, Chair
Mackenzie Valley Environmental Impact Review Board
PO Box 938, 200 Scotia Centre, 5102 – 50th Ave.
Yellowknife, NT
X1A 2N7

By Fax: 1-867-766-7074

Dear Mr. Burlingame:

**Re: Ministerial Referral of REA
Underground Decline and Metallurgical Pilot Plant Developments - Prairie Creek Mine
(MVEIRB File EA01-002)**

We are in receipt of a copy of Minister Nault's letter to you of September 3, 2002 referring the abovenoted Report of Environmental Assessment back to the MVEIRB for further consideration.

We note that the Minister has identified essentially one specific concern for further consideration by the Board, that being:

“...to assess the adequacy of any proposed treatment options and associated impacts should the geotechnical assessment conclude that the use of the tailings pond is not appropriate.”

We would like, at this time, to bring to the Board's attention the fact that Canadian Zinc did, on numerous occasions throughout the course of the EA, identify within its written submissions the alternative of treating, if necessary, and discharging effluent directly to the receiving environment as opposed to the use of the tailings pond. In fact, the use of the tailings pond was originally proposed in our Environmental Assessment Report of June 21, 2001 as an alternative to the traditional practice of treating and discharging in order to further mitigate loadings to the receiving environment.

This issue was further examined in our submission of November 08, 2001 in response to MVEIRB Information Request #2 dated October 20, 2001 in which we stated:

“In the event that use of the tailings impoundment is rejected based on the assessment report, CZN is prepared to carry out the developments without utilizing the tailings impoundment and mitigating impacts to water quality through treating discharges using appropriate standard and proven technology, and discharging to meet water quality criteria set under the Water Licence. “

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Suite 1202-700 West Pender Street
Vancouver, BC V6C 1G8
Tel: (604) 688-2001 Fax: (604) 688-2043
E-mail: peter@canadianzinc.com, Website: www.canadianzinc.com

- 2 -

"In a treat and discharge scenario, treatment of pilot plant process water would likely be achieved using lime addition, precipitation and settling within the existing tankage in the mill. The pilot plant process can be suspended at any time to allow for refinement of the treatment process if necessary to meet discharge criteria, thus ensuring sufficient holding capacity in the mill to retain all process water. Testing would be undertaken to confirm discharge quality prior to release."

"As stated previously, it is CZN's opinion based on its extensive knowledge of the geology and geochemistry of the host rock formations, as well as its experience in underground mining operations, that minewater quality will be suitable for discharge to the receiving environment following settling."

"Discharge of minewater to the tailings pond was proposed only as a contingency measure in the event that minewater did not achieve the expected quality. In such an event under the treat and discharge scenario, minewater would also be treated using lime addition, precipitation and settling. In this case treatment would be effected in a series of holding/settling ponds constructed in the plantsite area to which minewater would be piped."

"Should the foregoing commitments concerning the tailings impoundment be determined to be insufficient to address regulatory concerns and satisfy the requirements of the EA, and allow the permit and licence applications for the proposed developments to proceed to the regulatory permitting phase in a timely fashion, CZN proposes that the plan for discharging to the tailings pond be removed from the development proposal and replaced with the treat and discharge option, for which discharge criteria would be set under the Water Licence. This would eliminate the use of the tailings pond, and concerns related thereto, from the development proposals entirely."

Canadian Zinc's commitments to treat, if necessary, to meet discharge criteria set under the Water Licence for both Pilot Plant effluent and minewater from the decline were further included in our comprehensive list of commitments to implement mitigative measures in conjunction with the proposed developments as provided to the Board under cover dated November 23, 2001.

Based on the forgoing, it is clear that Canadian Zinc did in fact provide detail on the proposed treatment options at the assessment stage, and that both the Board and reviewers had the opportunity to assess the adequacy of the alternative treatment and discharge option.

We would also point out that in Canadian Zinc's comments on the Board's REA as directed to Minister Nault under cover dated February 19, 2002, we stated:

"Presumably if the tailings facility is shown to be suitable for use, then the proposal to use it for disposal is preferable in terms of preventing impacts by virtue of avoiding discharges to the environment; as this is an engineered containment facility it is therefore reasonable to expect that discharges to it need not be of the same quality as discharges directed to the receiving environment", and

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Suite 1202-700 West Pender Street
Vancouver, BC V6C 1G8
Tel: (604) 688-2001 Fax: (604) 688-2043
E-mail: peter@canadianzinc.com, Website: www.canadianzinc.com

- 3 -

"In the event the Review Board's conclusion that discharges to the tailings facility must be treated in the same manner as those to the receiving environment is accepted, there would be no justification in going to the expense of demonstrating the tailings pond as being suitable for the intended use and CZN would elect to eliminate use the impoundment facility from its development plans."

Accordingly, it would seem logical that the Minister's concerns may be satisfactorily resolved by including in the REA a recommendation for the MVLWB to set effluent discharge limits to provide for the treatment and discharge of effluents associated with the developments in the event that the decision is made not to use the tailings pond.

We note that the setting of such discharge criteria and the development of associated monitoring protocols, typically referred to as a Surveillance Network Program, is standard practice at the regulatory stage. This was clearly anticipated by Environment Canada's in their submission of August 31, 2001 in which they expressly stated their interest in participating in such an exercise at the regulatory stage.

We also note that INAC in their letter of October 12, 2001, stated that regular monitoring of settling ponds as proposed and enforcement of water quality standards will be sufficient to mitigate the potential for significant impacts on water quality.

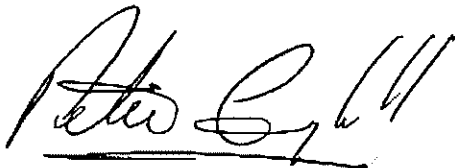
With respect to the other issues raised by the reviewers, they appear primarily to be of a semantic or contextual nature and should be able to be dealt with administratively in a fairly straightforward manner. For example, it is common regulatory practice to issue permits and licences subject to provision for submission and approval of detailed plans and other such information relating to specific components of a development proposal prior to undertaking the activity in question. Clear recommendations to include provision for such submissions in the terms and conditions of the respective permits and licences should satisfactorily resolve such concerns.

We appreciate the opportunity to comment on these matters. We trust our thoughts to be constructive.

We look forward to a timely resolution of these matters and are certainly prepared to work closely with the Review Board to achieve this goal.

Yours very truly,

CANADIAN ZINC CORPORATION



J. Peter Campbell
A/VP Project Affairs

Suite 1202-700 West Pender Street
Vancouver, BC V6C 1G8
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E-mail: peter@canadianzinc.com, Website: www.canadianzinc.com