

June 8, 2011

Zabey Nevitt  
Executive Director  
Mackenzie Valley Land and Water Board  
Via E-mail: [zabey@mvlwb.com](mailto:zabey@mvlwb.com)

**Re: Canadian Zinc – Land Use Permit MV2003F0028**

Dehcho First Nations (DFN) is requesting that the Mackenzie Valley Land and Water Board clarify for all interested parties the extent of the authority granted to Canadian Zinc Corporation (CZN) by Land Use Permit (LUP) MV2003F0028 for its use of the winter road to the Prairie Creek project site.

More specifically, does MV2003F0028 authorize CZN to use the winter road to support mine construction and operations? If no, is it the view of the MVLWB that CZN will need to file a new LUP application with the MVLWB if it wishes to acquire the authority to use the winter road for mine construction and operations?

The reason that we are making this request is that in the EA currently be conducted on CZN's application to move the Prairie Creek project to an operating mine, CZN has repeatedly asserted that MV2003F0028 gives it the authority to use the winter road for mine construction and operations and so it does need to file another LUP application with the MVLWB.

We have reviewed LUP MV2003F0028 and found the permit itself to be of little value in explaining the project description which was permitted by this LUP. The LUP merely states that the permit entitles CZN to conduct the following activities:

*“Rehabilitation, maintenance, and use of a winter road connecting Prairie Creek Mine site to Liard Highway.”*

There is no other information contained in the LUP to explain the extent of the project description which would define what the “use” of the winter road entails. To obtain this information, we reviewed the original LUP application and Project Description Report for MV2003F0028.

The summary of the proposed operation was briefly described by CZN in Section 5(a) of the LUP application, in which it stated:

Rehabilitation, maintenance and use of an existing approximate 165 km long by 5 m wide winter road connecting the Prairie Creek Mine to the Liard Highway near Lindberg Landing to support site clean-up through removal of surplus reagents, equipment and supplies; and supply of planned advanced exploration activity.

The application clearly states that the purpose is to obtain authority to use the winter road specifically for supporting clean-up operations and advanced exploration activity. There is no mention of seeking approval for use of the winter road for the full-scale construction and operation of the mine.

As Section 5(a) also refers to the attached project description report, we reviewed that document as well to obtain a more detailed description of what exactly CZN was requesting be permitted by MV2003F0028. In the report, CZN explained the use of the winter road as follows in the Executive Summary:

In order to continue with its site clean-up efforts, Canadian Zinc wishes to re-establish the existing winter road to provide access into the minesite. The road would be established in late December – early January and operated through to the end of March, at the latest, in each year of its use during the term of the Permit.

Road access will allow the Company to proceed with the removal of aging equipment, stockpiled reagents which have outlived their shelf life, and other equipment and supplies which are not expected to be required in future mining operations. Of particular note, this will include removal of the 40 tonnes of cyanide, which has been stored at the minesite since 1982.

As well, re-establishment of the existing winter road will facilitate final clean-up of the “Cat Camp” and “Grainger” fuel cache sites, both of which are located along the existing road alignment. Remaining clean-up entails removal of the bulk storage tanks, of which there are three at each site, each approximately 6.1 m high by 3.7 m in diameter, with a maximum nominal capacity of 64,000 litres each, as well as clean-up of any contaminated soils. Also located at the sites are several trailers, some smaller tanks, barrels, a supply of culverts and other materials belonging to Canadian Zinc.

In addition to the forgoing, re-established road access will also provide a more economical means of transporting equipment and supplies necessary in support of the planned advanced exploration activity to be carried out under the previously noted permit applications. This would include such things as the pilot plant for the metallurgical program and the two-boom air jumbo drill to develop the decline, as well as explosives and other supplies.

The need for re-establishing road access is justified based on the large volume and quantity of material requiring transport. Any single proposed project would likely not justify the road development on its own merits. However, by coordinating the above-noted activities the road access takes on a multi-purpose nature, making it more practical. The only alternative to road transport is air, which would be very difficult logistically and prohibitively expensive given the extent and nature of the materials requiring transport.

CZN summarizes its intended use of the winter road under the LUP when it states the following in the Description of the Development section of the report:

Access to the minesite for the purposes of supporting planned advanced exploration activity and general cleanup of the minesite and fuel caches will require rehabilitation of the existing road alignment and re-establishment of winter snow road access into the site.

It is clear that to us that MV2003F0028 does not authorize the use of the winter road for full-scale mine operations. MV2003F0028 is limited to advanced exploration activity and some clean-up activity.

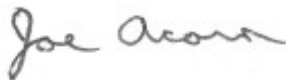
Further evidence in support of this conclusion relates to the timing of the use of the winter road in the various applications. As applied for by CZN, and as noted by the MVLWB in its April 20, 2007 Reasons for Decision, use of the winter road under MV2003F0028 is restricted to the period from December 15<sup>th</sup> to March 31<sup>st</sup>. Conversely, use of the winter road under the applications currently in EA contemplates using the road much earlier with the intention of having the first 84 km from the mine site to the Tetcela Transfer Facility in use by the first of December or possibly earlier each year. Clearly, MV2003F0028 would not enable the use of the road as contemplated by CZN in this EA.

Based upon our understanding that the MVLWB would not and cannot authorise an activity for which it has not received an application, it is our view that CZN does not have any existing authorization to use the winter road for mine construction and operations and that it will need to file a new LUP application with the MVLWB to obtain such authorization.

In light of this significant and important difference of opinion regarding CZN's authority to use the winter road, it is our view that all parties would benefit, both in the current EA and in the following regulatory phase, if the MVLWB were to issue a definitive statement on the extent of the authority granted to CZN by LUP MV2003F0028.

If you have any questions concerning this request, please contact me.

Sincerely,



Joe Acorn

c.c. Chuck Hubert  
Environmental Assessment Officer  
Mackenzie Valley Environmental Impact Review Board  
Via E-mail: [chubert@reviewboard.ca](mailto:chubert@reviewboard.ca)