



DEH CHO FIRST NATIONS

BOX 89, FORT SIMPSON, N.W.T. X0E 0N0
 TEL: (867) 695-2355/2610 FAX: (867) 695-2038
 EMAIL: dehchofn@cancom.net



November 15, 2000

Mackenzie Valley Land and Water Board
 7th Floor, 4910 50th Avenue
 P.O. Box 2130
 Yellowknife, NT X1A 2P6
 Fax: (867) 873-6310

Attention: Mardy Semmler, Regulatory Officer

Dear Ms. Semmler:

Re: Canadian Zinc – Land Use Permit Application # MV2000C0030

It has very recently come to my attention that Canadian Zinc Corporation wrote to you on October 2, 2000 concerning the activities of the Canadian Parks and Wilderness Society (CPAWS) in connection with the Prairie Creek Mine.

October 2nd letter was not copied to the DCFN or to any of our member First Nation communities, despite the fact that it purports to describe the position of the DCFN.

I am writing on behalf of the Deh Cho First Nations to clarify the position of the DCFN with respect to the protection of the South Nahanni Watershed and developments related to the Prairie Creek Mine.

The Need to Protect the South Nahanni Watershed

The South Nahanni Watershed is extremely important to most of the communities of the Deh Cho. It is a vital water source as well as being a primary area for traditional harvesting. It has long been the position of the DCFN that this area must be protected.

In our view, the South Nahanni Watershed has already been subject to a number of industrial activities which, cumulatively, seriously threaten the area's ecological integrity. The cumulative effects of such activities on a particularly sensitive and important region must be considered by the MVLWB and the MVEIRB in assessing the proposed activities of Canadian Zinc Corporation.

Government of Denendeh

33a

Re: Canadian Zinc -- Land Use Permit
Application # MV2000C0030
Page 2.

The Deh Cho Process

The DCFN and Canada are presently engaged in preliminary (Phase 1) negotiations with the intention of producing a Framework Agreement and an Interim Measures Agreement (IMA). If these agreements are achieved, the DCFN and Canada will proceed to substantive (Phase 2) negotiations towards an AIP and a final agreement. It is estimated that the Process will take 7 years to reach a final agreement.

The Deh Cho IMA will provide for the withdrawal of certain lands within the Deh Cho in order to protect them pending the negotiation of a final agreement. It is common knowledge the both the DCFN and Parks Canada have expressed a strong desire to protect the South Nahanni Watershed from any further industrial development.

Presently, Canada and the DCFN have not yet completed negotiations on an IMA. One of the major outstanding issues, which have so far prevented agreement between Canada and the DCFN on an IMA, is whether environmentally sensitive lands, which are withdrawn under the IMA, will be fully protected from industrial development, or whether they will only be protected from sale or lease by DIAND. Canada has taken the position that "withdrawal" will only prevent those lands from being sold or leased. Under Canada's proposal, industrial activity could continue on withdrawn lands, as long as no new sales or lease are required.

The DCFN has consistently taken the position that no land use permits licenses should be issued for withdrawn lands, or for lands, which may be withdrawn in the near future. In our view, it would be totally inconsistent with the purposes of withdrawal (to protect ecologically sensitive areas) if lands use permits for industrial activities could continue during negotiations towards a final agreement.

The 1996 Development Cooperation Agreement

In 1996, an agreement was signed between Canadian Zinc and the Nahanni Butte Dene Band. The agreement, a copy of which has only very recently been provided to the DCFN, purports to provide certain economic benefits to the Nahanni Butte Band, once the Prairie Creek Mine is operational.

First of all, it is important to note that the DCFN is not a party to the 1996 agreement, nor have any other DCFN communities entered into any agreements with Canadian Zinc. It's not accurate for Canadian Zinc to suggest, as they do in their October 2nd letter to you, that the DCFN or its members communities have given our support to the Prairie Creek Mine or any activities related to it. While the DCFN passed a resolution in 1996, which supported Nahanni Butte's right to enter into an agreement with Canadian Zinc, which would possibly result in some benefits for Nahanni Butte members, we did not support the agreement itself or any of the contents of the agreement. Indeed, we were not even provided with a copy of the agreement until very recently and we were not aware of the particulars of the agreement.

Government of Denendeh

Re: Canadian Zinc – Land Use Permit
Application #MV2000C0030
Page 3.

Further more, it is my understanding that serious questions about whether Canadian Zinc has fulfilled its obligations under the agreement with Nahanni Butte. In addition, there are also now serious issues about the validity of the 1996 agreement as a whole, in view of the manner in which it was negotiated and concluded.

Conclusion

In our view, the Deh Cho Process negotiations could be seriously prejudiced by any new industrial activity in the area of the South Nahanni Watershed. The DCFN feels strongly that the MVEIRB and the MVLWB should take a firm position against the issuance of land use permits for industrial activities on lands which are withdrawn, or which are likely to be withdrawn in the near future.

Finally, it should also be noted that, to date, neither Nahanni Butte nor the DCFN ha been consulted by Canadian Zinc regarding its proposed permit for road construction and fuel cache recovery.

Please do not hesitate to contact me at (867) 695-2355 if you have any questions.

Mahsi



Michael Nadli,
Grand Chief

cc. DCFN Leadership
J. Peter Campbell, Canadian Zinc
Louie Azzolini, MVEIRB
CPAWS
Chris Reid, DCFN Chief Negotiator



**MINUTES OF A MEETING OF THE
DEH CHO FIRST NATIONS (DCFN)
AND CANADIAN ZINC CORPORATION:
HELD ON WEDNESDAY, NOVEMBER 22, 2000 AT 9:00 A.M.
NAHANNI BUTTE, NT**

Representing the DCFN: Grand Chief Michael Nadli
Herb Norwegian
Allison De Pelham

Representing the Nahanni Butte Dene Band: Chief Leon Konisenta
Elder Norwegian
George Betsaka
Morris Vital
Raymond Vital
Nine individual members of the Nahanni Butte Band

Representing the Liidlii Kue First Nations: Sub-Chief Keyna Norwegian (on behalf of Chief Rita Cli)

Representing the Government of the Northwest Territories:
Jonas Antoine (on behalf of the Honourable Jim Antoine,
Minister of Aboriginal Affairs, Minister of Justice,
MLA, Nahendeh)
Kevin MacLeod - RWED

Representing the Mackenzie Valley Land and Water Board:
Ken Weagle, Executive Director
Mardy Semmler, Regulatory Officer
Wanda Anderson

Representing Parks Canada: Chuck Blyth -- Superintendent, Nahanni National Park
Doug Tate

Representing Canadian Parks and Wilderness Society:
Stephanie Sibbeston -- Protected Areas Coordinator

Representing the Deh Cho Drum: Derek Neary, Northern News Services

Representing Canadian Zinc Corporation: Malcolm Swallow
Peter Campbell
Alan Taylor
Rhonda Schultz

Opening Remarks

Grand Chief Michael Nadli of the Deh Cho First Nations opened the meeting, recognized the various groups represented, and made introduction to Host Chief Leon Konisenta of the Nahanni Butte Dene Band.

Malcolm Swallow introduced himself and the other representatives of Canadian Zinc Corporation (CZN).

The Deh Cho Process

Nadli then gave a brief history of the Deh Cho Process, and the Deh Cho Negotiations update:

In 1993, the Deh Cho Declaration was made, which asserted ownership of land and resources with the commission given by the Creator to be responsible for the land. In 1994, when the Liberals formed a new government, Ron Irwin invited input from First Nations. A document was produced called The Deh Cho Proposal, based on Dene values and customs gathered from elders. The Deh Cho Proposal is the goal of the Deh Cho Process in self-government.

From 1997 to 1998, the Deh Cho team met with its members to discuss issues, such as the need for a mechanism for negotiation, and the banning of tourism or cabins on withdrawn lands.

Nadli said the Deh Cho are anxious to move forward as quickly as possible, but that the process must continue to be open and public.

He said that Phase 2 of the Deh Cho negotiations would commence after the federal election on November 27th, 2000, when a new cabinet will be formed. Nadli said the federal government has estimated it will take 4-5 years to reach an agreement in principal, and 5-8 years to complete.

Framework and Interim Measures Agreements

Herb Norwegian of the Deh Cho First Nations then gave an overview of the Framework and Interim Measures Agreements:

The Framework Agreement has yet to be ratified by the federal government. This agreement lays out the ground rules for negotiations for the next few years. There are 43 items to be negotiated. In the end, the Deh Cho want the same level of authority as a provincial or territorial government. Protection of land is a large part of the Framework Agreement.

Norwegian explained that they do not want other groups negotiating behind their backs while they are in negotiation with the federal government. He said that other groups want to finalize the Framework Agreement first, but that the Deh Cho want to protect the land first.

The Interim Measures Agreement, once finalized, will be part of the Framework Agreement. The Deh Cho have identified lands from Wrigley to Hay River where communities live and

trapping, harvesting and other activities take place. He says the mapping of this is 80% complete. This will be defined as the Deh Cho Traditional Harvesters Use Area. He said that the land component is the centrepiece of the Interim Measures Agreement.

Norwegian said the Land Use Planning issues are currently on the table, and that sacred areas, etc. are being identified. Also, he said that it is important to discuss the protection of the entire South Nahanni watershed, which could mean entire watershed protection rather than entire park expansion.

Land withdrawals will be discussed in Phase 2 of the Process (after March 2001), after the Framework and Interim Measures agreements.

Break

Parks Canada

Chuck Blyth of Parks Canada explained that ecological integrity is now the primary concern of Parks:

He stated that the Nahanni National Park Reserve would only be made a full park once the Deh Cho Process is complete.

Blyth said that an Ecological Integrity Statement was made by a consensus team consisting of members from both Parks Canada and the Deh Cho First Nations, which states that the whole watershed of the Nahanni should be considered. The Statement also contains a Park Management Plan.

Blyth also stressed that the Protected Area Strategy is a grassroots process, which comes from the people. The Horn Plateau – Mills Lake, and the boundaries of the Nahanni Park are being considered. The Ram Plateau is no longer part of this discussion.

Mackenzie Valley Land and Water Board

Ken Weagle of the Mackenzie Valley Land and Water Board (MVLWB) introduced his discussion by stressing how important it is to understand how the process works:

MVLWB requires consultation with First Nations before applications are made.

MVLWB carries out a preliminary screening. If during this process there is a significant environmental impact identified, or if there is public concern expressed, the application will be referred to the Mackenzie Valley Environmental Impact Review Board (MVEIRB).

A referral does not necessarily mean a veto. After the MVEIRB is satisfied, the final application is referred to the Minister of Indian and Northern Affairs, who carries the only veto power. In the case of Explore Data for instance, the project was permitted with revision to the original plan. The Minister had no comment within the allotted period of time.

Weagle then stressed that the Protected Areas Strategy mentioned by Chuck Blyth has no standing in law.

Lunch Break

Canadian Parks and Wilderness Society

Stephanie Sibbeston, Protected Areas Coordinator for the Canadian Parks and Wilderness Society (CPAWS), gave a brief summary of CPAWS' work in Fort Simpson.

Canadian Zinc's Prairie Creek Project

Peter Campbell of Canadian Zinc (CZN) then gave a presentation on CZN's Prairie Creek Project. He said that openness certainly is the basis and purpose of CZN's visit today. After a review of CZN's board and management structure, a review of the project followed as outlined in the material attached hereto for ease of reference. In brief, the discussion included: a review of site activity in 2000, the current Land Use Applications before the MVEIRB, planned site activity for 2001, future plans for development, the impacts of protected areas initiatives on mine development and implementation of the provisions of the Prairie Creek Development Cooperation Agreement.

Chief Leon Konisenta asked if the proposed road was to be a winter or all-weather road. Campbell explained that it would be all weather.

Konisenta then asked when the fuel would be removed from the Grainger fuel cache, as he would like to use the road straight from Nahanni Butte to Grainger, along the east side of the mountain range, and would like the fuel to be used as furnace fuel, rather than seeing it burned off. He would like a discussion on how to transport the fuel properly, to negotiate the terms, and to discuss liability.

Campbell noted that because the application for this work will need to go through the MVLWB, it might not happen until next year.

Chief Konisenta asked if Nahanni Butte would have an opportunity to know about the exact location of the road. Peter Campbell outlined the sections of road as it presently exists, and ideas for alternate routes. He also presented the concept of a ferry across the Nahanni, which could be controlled and run by the people of Nahanni.

Alan Taylor of CZN gave a report of activities on the Prairie Creek site during 2000, including the Cat camp cleanup. He then outlined the Company's plans for 2001, including the completion of the Scoping Study, and applications for an exploration diamond drill program, the driving of an exploration decline, and the operation of a pilot plant on site.

Malcolm Swallow, President of CZN, reviewed the scoping study, explaining how it tells the story of how the mine will eventually be developed. He then outlined general socio-economic benefits to the community of the mine in operation.

Break

Prairie Creek Development Cooperation Agreement

Peter Campbell reviewed the provision of the Prairie Creek Development Cooperation Agreement between CZN and the Nahanni Butte Dene Band and discussed opportunities for Deh Cho

involvement, including options for approaching road development as a Deh Cho initiative, possible wilderness eco-tourism joint ventures, and general employment and contracting opportunities.

Ken Weagle asked the members of the meeting if it was everyone's understanding that this agreement is still in place. All agreed that it was. No one opposed.

Campbell stressed that CZN would like to see the provisions of this agreement up and running as soon as possible in order to ensure that all opportunities for input and involvement are realized as we move forward.

General Discussion

Morris Vital of Nahanni Butte stated that he does not understand the expansion of the park. He says the Nahanni people have not been informed. He said he felt that none of the Nahanni people are benefiting from the park, and that to expand it would be a hindrance to the community. The people need to enjoy jobs and benefit from the project.

Jonas Antoine, representing the GNWT, asked how quickly CZN expects to recover the \$150 million. Malcolm Swallow explained that the money goes to several parties first – to trucking, smelting, mining, milling, etc.

Sub-Chief Keyna Norwegian of the Liidlii Kue First Nations expressed appreciation for this face-to-face meeting. She stated that she is interested in the Nahanni people getting better employment at the mine than just the bottom level jobs. She also asked if there was any outside interest in CZN, i.e. if anyone was going to take over the Company. Malcolm Swallow said no, not at this time.

Grand Chief Nadli asked if there was room with CZN for top jobs for the Nahanni people. Peter Campbell explained that the Liaison Officer would be the senior most job available at the moment, and that other jobs may require extra training.

George Betsaka of Nahanni Butte, addressing Grand Chief Nadli, said that he feels "shut down", that he wants work, and wants to clean up the land. He said that Prairie Creek was one of the cleanest sites, because he cleaned it.

Grand Chief Nadli responded to Mr. Betsaka with an apology, explaining that politics – both internal and external – play upon these issues, and that the community's needs are deeply considered.

Betsaka said Nahanni Butte was not consulted or informed when Andrew Gaul, Dave Williams and Cal Mark staked claims in the area of Prairie Creek.

Nadli responded that this was the first time he had heard of this in a public forum, and the first time he had heard George Betsaka mention it. He requested that he would like to respond to Mr. Betsaka's concerns next week.

A member of Nahanni Butte (name?) commented that some in the community are licensed to run heavy equipment, and that young people in the community who know how to run computers need jobs.

Closing Remarks

Grand Chief Nadli made closing remarks. He mentioned that there was a recent meeting of the DCFN at the Hay River reserve, that the Deh Cho are still at the beginning of their Process, and that he recognizes the need for jobs. He stated that his priorities were to 1) keep negotiations on track, 2) support Economic Development, and 3) prepare the communities.

Morris Vital mentioned in closing that the Hunters and Trappers Association has been formed.

Chuck Blyth mentioned in his closing remarks that 6 out of 11 Park employees are Deh Cho First Nations. He then outlined many First Nations people who have worked for Parks in the past.

Malcolm Swallow in closing thanked the participants of the meeting, that it was very valuable for members of CZN to hear about the Deh Cho Process and the concerns of the parties, and that the Company looks forward to moving ahead with the project.

Grand Chief Nadli invited members of CZN to attend the upcoming Leader's Meeting in Fort Providence, February 12-16, 2001.

Chief Leon Konisenta thanked everyone for attending.