

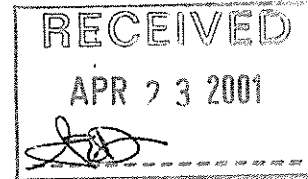
Minister of Indian Affairs
and Northern Development



Ministre des Affaires
indiennes et du Nord canadien

Ottawa, Canada K1A 0H4

APR - 5 2001
AVR - 5 2001



Mr. D.H. Jack
McDonald and Hayden
Barristers and Solicitors
One Queen Street East, Suite 1500
TORONTO ON M5C 2Y3

Dear Mr. Jack:

Thank you for your letter of March 5, 2001, regarding the issuance of a Land Use Permit to the Canadian Zinc Corporation.

I wish to assure you that Indian and Northern Affairs Canada (INAC) is aware of the concerns raised regarding the protection of the Nahanni National Park Reserve, as well as the Nahanni watershed. As part of our commitment to the people of the North to ensure that project proposals are thoroughly reviewed for potential impacts to the environment, and to ensure more participation in northern resource management decisions, INAC supported the passage of the *Mackenzie Valley Resource Management Act* (Act) which established Boards to assess potential projects and to regulate the use of land and water in the Northwest Territories.

With the coming into force of Part IV of the Act in March 2000, the Mackenzie Valley Land and Water Board (MVLWB) took over the responsibility for the issuance of Land Use Permits and Water Licences in this particular area from INAC. Your comments regarding Application MV2000C0030 should be forwarded to the MVLWB at the following address:

Mackenzie Valley Land and Water Board
PO Box 2130
YELLOWKNIFE NT X1A 2P6

Telephone: (867) 669-0506
Facsimile: (867) 873-6610

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As you may already be aware, this particular mine facility is not new to the North. The infrastructure has been in place at this location since the late 1970's. Market conditions at that time did not warrant the mine going into production, and it has been on care and maintenance status since that time. The company has valid mining rights at this location and there are surface leases that have been in place for several years, authorizing the infrastructure.

Since this mine has never been in production, it is a condition of the surface leases that the company must provide a minimum of six months notice of their intent to go into production or of their intent to file a Water Licence Application. This six-month period was built into the lease to ensure that a thorough review of their proposal would take place prior to the mine going into production.

At this time, the company has not filed notification of their intent to initiate production. Their Land Use Permit Application is to authorize drill testing on their property and to clean up the fuel cache you mention in your letter. If the MVLWB finds that the Land Use Permit cannot be issued as a result of their review of the proposal, the company will not be able to clean up the fuel site, as mobilizing the necessary equipment to the site requires the Land Use Permit which has been applied for.

The Interim Measures Agreement between the Deh Cho First Nations and INAC has been negotiated and awaits final approval. This Interim Measures Agreement will help to facilitate the protection of the area's wilderness; however, it is subject to any third party rights which are in existence prior to its coming into effect.

Again, thank you for writing. I trust that this information is helpful in addressing your concerns.

Yours sincerely,

ORIGINAL SIGNED BY
ORIGINAL SIGNÉ PAR
ROBERT D. NAULT

Robert D. Nault, P.C., M.P.

c.c.: Mackenzie Valley Environmental Impact Review Board