

December 24, 2002

The Honourable Robert D. Nault, P.C. M.P.
Minister
Indian and Northern Affairs
MINISTER'S OFFICE
10 Wellington St North Tower
Hull, P.Q., Canada
K1A 0H4

Dear Mr. Nault,

RE: UPDATE REGARDING THE CANADIAN ZINC CORPORATION (CZN)
ENVIRONMENTAL ASSESSMENT (EA)

Pursuant to your authority under subparagraph 130(1)(b)(i) of the *Mackenzie Valley Resource Management Act* (MVRMA) you instructed the Mackenzie Valley Environmental Impact Review Board (Review Board) to undertake further consideration of the conclusion in its Report of Environmental Assessment for this development because of significant unresolved issues related to the Canadian Zinc Corporation's plans for the use of the tailings facility at its proposed Prairie Creek mine. These concerns included questions about the integrity of the tailings facility and about water treatment in general.

The Review Board subsequently prepared a work plan to accomplish this goal, issued an Information Request (IR) and received a response from CZN that was subsequently reviewed by other parties to the EA. On December 17, 2002, in accordance with its work plan, the Review Board considered the information provided by the company and reviewers, including all of the information on the CZN EA public registry in order to make a determination on the issues you had referred for reconsideration.

Unfortunately, in the Review Board's opinion, the IR response and new evidence provided by CZN did not sufficiently address unresolved EA issues. In fact, officials representing the Federal and Responsible Ministers participating in the EA have advised the Review Board that in their view there are still significant

outstanding deficiencies respecting CZN's proposed water management and treatment options.

As a result of this evidence, including its consultations with representatives of the Federal and Responsible Ministers, and upon further consideration of the significant unresolved issues related to water treatment in general, the Review Board could, per Section 128 of the MVRMA, refer the development to impact review or reject the proposal. However, prior to making such a decision, the Review Board has decided to provide CZN with a further opportunity to file information on the public record of sufficient clarity and detail to satisfy the requirements of the reconsideration process and the Review Board.

Therefore, the Review Board has amended its EA work plan to provide CZN until January 31, 2003 to address the specific outstanding EA issues that will be outlined to the company in separate correspondence. I trust that you will agree that the work plan amendment is a useful step in order to give the developer the opportunity to conclude this EA in an efficient manner.

Gordon Wray,



Alternate Chair
Mackenzie Valley Environmental Impact Review Board