



June 12, 2009

Alistair MacDonald
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
5102 50th Avenue,
Yellowknife, NT
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Dear Mr. MacDonald

**RE: Environmental Assessment EA0809-002, Prairie Creek Mine
Comments on Draft Terms of Reference and Draft Work Plan**

We refer to the May 11, 2009 draft Terms of Reference ("TOR") and draft Work Plan issued by the Mackenzie Valley Environmental Impact Review Board ("MVEIRB") regarding environmental assessment ("EA") EA0809-002. We wrote previously (March 12, 2009) of our disappointment that the MVEIRB had ruled that the existing winter road between the Prairie Creek Mine and the Liard Highway is to be included in the scope of development, despite the fact that a road permit already exists. Canadian Zinc Corporation ("CZN") stated that it intended to study the ruling and decide at a later date what, if any, action it will take, but that a decision would not be made until after the final terms of reference and work plan had been issued. With the issue of the draft TOR, we are able to better understand the proposed scope of assessment, however, the company reserves its position on the Request for Ruling decision pending finalization of the TOR.

CZN is disappointed at the overall magnitude and content of the proposed EA as indicated by the draft TOR. As is well known, the mine and winter road have been in existence for nearly 30 years and were previously fully permitted. In addition, the existing mine facilities have been the subject of many recent EA's, and were considered suitable for their intended use. The Supreme Court of the NWT ruled in 2005 that renewal of Cadillac's winter road permit is exempt from EA. The draft TOR essentially ignores this ruling, and the significance of it in terms of the mine. CZN is proposing to change very little of the existing mine. The proposed changes are to implement superior waste and water management plans. CZN believes that only these changes need be assessed. However, the draft TOR provide for the assessment of all mine and road facilities, which will inevitably prolong an already lengthy process.

The fact that the draft TOR for the Prairie Creek project do not differ substantially from final TOR's recently issued for new mine projects is a source of great frustration. It is as though the draft TOR have been transferred from other projects where no prior development has occurred

without consideration of and regard for the facts presented above, notably, that the mine and road were previously fully permitted and already exist. The scope of assessment has not been narrowed or focussed based on precedents, past studies and EA's for the Prairie Creek site.

CZN agrees with the prioritization of issues proposed in the draft TOR, specifically with the 'key line of inquiry' being mine site water quality, and also with preservation of the ecological integrity of the Nahanni National Park Reserve (the "NNPR"). It is the plethora of the other subsidiary, standard issues that CZN questions as to the need and relevancy for the unique Prairie Creek project. We believe these will unduly clog and bog-down the process. We also note that the MVEIRB is requesting a 'stand-alone' developer's assessment report ("DAR") incorporating information from CZN's Project Description Report (the "PDR"). Completion of the latter comprehensive report was a significant undertaking, but appears to have been largely overlooked.

Therefore, CZN respectfully asks that the MVEIRB undertake a full review of the draft TOR in light of the above comments with a view to narrowing the focus on the key issues and streamlining the information required in the DAR given what already exists in the PDR and other previous project descriptions and assessment reports.

Additional comments on the draft TOR are provided below according to section.

3.2.4 Description of the Existing Environment: This section will in large part be a repetition of the PDR. A PDR was not submitted for the winter road because a new permit was not applied for. A more streamlined approach would be to request such material that would be included in a winter road PDR, together with additional information for the mine that was not included in the mine PDR, such as that requested in item 9).

3.2.5 Development Description: As for section 3.2.4, this section should request only the information not submitted previously to avoid repetition. It is also not clear to us what constitutes an "alteration" regarding existing buildings and structures.

3.3.3 Ecological Integrity of the NNPR: CZN recommends that the TOR be adjusted to reflect the qualified meaning of ecological integrity, as contained in Parks Canada's scoping submission dated October 20, 2008. On page 7, Appendix 1 states "It is expected that the ecological integrity of aquatic ecosystems in the Prairie Creek watershed will be maintained when the following ecological management outcomes are realized **at relevant ecological scales**" (emphasis added). This qualifier is considered important as it relates to the magnitude of potential impact necessary to cause a loss of ecological integrity. A similar statement is given on page 10 in Appendix 3. CZN met with Parks Canada on May 29, 2009, and the qualified interpretation of 'ecological integrity' as described above was confirmed.

3.3.3 and 3.3.4: These two sections, but particularly section 3.3.4, refer frequently to road construction and use issues. Important facts do not appear to have been accounted for. Cadillac's original road permit provided for road construction and operation over two winter seasons, during which approximately 800 transits to and from the mine occurred, at least half of which

were of a weight comparable to the proposed concentrate haul trucks. CZN's current road permit MV2003F0028 issued in April 2007 also provides for annual road construction and use, with appropriate conditions for water use, water crossings, sediment control, fuel management and spill response planning and management. In addition, the MVEIRB noted in their March 5, 2009 ruling on the scope of development that "The Review Board will not be assessing construction impacts of already built structures". Therefore, CZN respectfully requests that the contents of these sections be reconsidered.

3.3.8 Air Quality: Regarding item 3, CZN believes the potential for human health impacts on site to be the responsibility of the Workers Compensation Board, and is not an EA issue.

3.4.2 Distribution of Beneficial and Adverse Socio-economic Impacts: CZN cannot comply with items 1a and 1b. This information has not been finalized by the company, and likely will not be prior to submission of the DAR. In addition, the information is only relevant to EA in the context of the magnitude of taxes and benefits likely to flow from development. Approximations can be used for this purpose.

3.4.2 Distribution of Beneficial and Adverse Socio-economic Impacts: Regarding items 3, 4 and 5, CZN considers these issues to be the responsibility of government institutions, and is not able to or would not have the authority to take actions that would have a significant influence on the issues noted.

3.4.3 Social Impacts: Similar to the item above, it should be recognized that CZN's responsibilities will be limited to its workers and their immediate families. In addition, much of the requested information was given in the PDR. The content of this section should be modified to reflect this.

3.4.4 Cultural Impacts, Physical Heritage Resources: It appears this section is a boilerplate requirement carried over from other TOR's, as is much of the draft TOR, without consideration of the applicability to the Prairie Creek project. There needs to be a recognition that the footprint of the mine and road already exists, and with few minor exceptions, will not change. While CZN does not seek to disrespect the value of heritage resources, the time for heritage resource study is past. CZN previously initiated two searches of the Prince of Wales Northern Heritage Centre database for the area, and no heritage resources were noted. In addition, CZN's winter road permit contains conditions for the protection and preservation of such resources should they be found. As such, CZN considers further assessment of heritage resources to be unnecessary.

3.5 Closure and Reclamation: Item 2f relates to financial arrangements to ensure funds are available for reclamation and closure (bond). This function is undertaken by Indian and Northern Affairs separately at the permitting stage. CZN does not consider it to be relevant to EA.

3.6 Cumulative Effects: Footnote 13 on page 37 states that the historical transfer facility next to the Liard River has not yet been identified. Figure 2 in the Liard Transfer Facility PDR shows the location and has a label.

With regards to the draft Work Plan, our main concern is the length of time required to complete the EA process. It took almost a year from being referred to EA to receive the draft Terms of Reference. Our experience with past EA's indicates timelines have a habit of being extended. Therefore, assuming this EA proceeds, we encourage the MVEIRB to adhere to a strict schedule without unnecessary delays. The Report of EA is estimated to be delivered to the Responsible Minister in late 2010. To avoid a significant passage of time before receiving the Minister's response, we ask the MVEIRB to work closely with all federal agencies as this EA progresses.

In closing, the company retains its' strong conviction that the Prairie Creek Mine is a unique application and that the established site, pre-existing permits and wealth of baseline data should allow a more focussed and abbreviated EA than is indicated in the draft TOR.

Yours truly,
CANADIAN ZINC CORPORATION



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