

The Review Board approves Canadian Zinc Corp. proposed Prairie Creek Mine

YELLOWKNIFE – On December 8, 2011, the Mackenzie Valley Environmental Impact Review Board (Review Board) submitted its Report of Environmental Assessment and Reasons for Decision for Canadian Zinc Corporation's proposed Prairie Creek Mine to the Honourable John Duncan, Minister of Aboriginal Affairs and Northern Development. The Prairie Creek mine is a proposed underground lead-zinc mine in the Mackenzie Mountains of the NWT, within the South Nahanni River watershed and is surrounded by the Nahanni National Park Reserve.

The Review Board has concluded, pursuant to paragraph 128 (1) (a) of the *Mackenzie Valley Resource Management Act*, that the proposed development as described in this Report of Environmental Assessment, including the list of commitments made by the developer during the proceedings, is not likely to have any significant adverse impacts on the environment or to be a cause for significant public concern.

Because the Review Board concluded there will be no significant adverse impacts or be a cause of public concern, the federal and responsible ministers have ten days from receipt of the decision to review it. If the ministers do not order an environmental impact review of the development within that time frame, the project application may proceed to the regulatory phase administered by the Mackenzie Valley Land and Water Board.

The Review Board's *Report of Environmental Assessment and Reasons for Decision* document for Canadian Zinc Corporation's Prairie Creek Mine EA0809-002 is available online in the public registry at http://reviewboard.ca/registry/project_detail.php?project_id=70&doc_stage=11
A summary of the decision is provided on pages 3 to 5 of this news release.

Consensus decision making is a strong value of this board and the organization strives to make consensus decisions each time. However, in this case the Review Board's decision was not unanimous, although supported by the majority of board members. The dissenting reasons of two board members are included within the Report of Environmental Assessment. The dissenting reasons do not form a part of the Review Board's final decision.

About the Review Board

The Mackenzie Valley Environmental Impact Review Board was established by the *Mackenzie Valley Resource Management Act* in 1998 as an independent administrative tribunal responsible for the environmental impact assessment process in the Mackenzie Valley, Northwest Territories. As a co-management board, aboriginal land claim organizations nominate half of the board members, and the federal and territorial governments nominate the other half of the board members. The Minister of Aboriginal Affairs and Northern Development appoints all members to the Review Board.

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Summary of the main Report of Environmental Assessment for the Prairie Creek Mine:

The Review Board has provided a series of suggestions that would improve the monitoring and management of potential impacts from this development.

Suggestion #1

The Review Board believes that either option proposed by Canadian Zinc Corp. to increase water storage on site will improve water quality in Prairie Creek. The Review Board notes that construction of a second pond may address a broader range of risks and result in better water management on site and improved water quality in Prairie Creek. The Review Board suggests that the Mackenzie Valley Land and Water Board consider this during the licensing phase.

Suggestion #2

The Review Board suggests that Canadian Zinc Corp. prepare a Tailings Management Plan for both the permanent storage of tailings underground and the temporary storage of tailings on surface at the mine site. The Review Board suggests that this Plan should be part of the water license.

Suggestion #3

The Review Board recognizes that there are better ways to contain concentrate during transport along the winter road than the bag method proposed by the developer. The Review Board suggests that the developer use secondary containment of concentrate during transport along the winter road to reduce the risk of contaminant dispersal. The Mackenzie Valley Land and Water Board and Parks Canada can best address this issue during the regulatory phase.

Proposed development

The proposed development involves:

- Constructing an underground lead zinc mine producing up to a maximum of 1,200 tonnes of ore per day
- Upgrading or replacing existing mine site facilities
- Constructing a new water treatment plant, paste backfill plant, dense media separation plant and other facilities at the mine site
- Constructing a waste rock pile in the Harrison Creek valley
- Re-designing the existing water storage pond and possibly constructing a second water storage pond
- Re-clearing of the existing winter road from the mine site to the Liard Highway and re-aligning portions of the winter road route

Canadian Zinc Corp. has proposed design modifications to the mine site and winter access road throughout this environmental assessment to improve the project and minimize potentially

adverse impacts to the environment. Key design modifications include the developer's commitment to increase water storage capacity at the mine site, an improved mine effluent outfall design, an enhanced water treatment plant and re-alignments to the winter road. The final list of commitments is found in Appendix B of the Review Board's Report of Environmental Assessment. These commitments are fundamental to the Review Board's decision on the significance of adverse impacts.

Environmental assessment process

The Review Board has heard from First Nations, community members, Elders, government organizations and members of the public. Parties raised various issues including:

- Impacts to water quality and aquatic life in Prairie Creek
- Management of tailings at the mine site
- Impacts to the ecological integrity of Nahanni National Park Reserve
- Impacts to the land and wildlife from operation of the winter access road

The Review Board heard concerns from parties about potential impacts from the mine on water quality in Prairie Creek. Aboriginal Affairs and Northern Development Canada (AANDC), along with Parks Canada, Dehcho First Nations and Nahanni Butte Dene Band in particular stressed the importance of setting water quality objectives in Prairie Creek that would protect the environment.

Water quality objectives

Canadian Zinc Corp. and AANDC proposed differing approaches to site specific water quality objectives for Prairie Creek. To achieve its proposed water quality objectives, Canadian Zinc Corp. made commitments to enhance its water treatment plant, increase water storage capacity and construct an improved mine effluent outfall for discharge into Prairie Creek. The Review Board is of the view that the implementation of either approach to site specific water quality objectives is not likely to significantly impact water quality in Prairie Creek in the area of the mine site, in Prairie Creek at the Nahanni National Park Reserve boundary, or in Prairie Creek at its confluence with the South Nahanni River.

Water storage and treatment

Parties described water storage and water treatment at the mine site as important project design components in protecting water quality. Canadian Zinc Corp. has committed to enhancing the water treatment plant. In addition, the developer has committed to increasing water storage capacity either by raising the dykes in the existing water storage pond or by constructing a second water storage pond. The Review Board is of the opinion that either option proposed by the developer for increasing water storage capacity on site will improve the project so that significant adverse impacts to the environment are not likely.

Tailings

With respect to tailings management, the developer commits to place all tailings underground as tailings paste backfill by the end of mine operations. In the Review Board's opinion, this approach to tailings management can be achieved and will reduce impacts on water quality so that they are not likely to be significant. The Review Board suggests that the developer prepare a Tailings Management Plan for the permanent storage of tailings underground and the temporary storage of tailings on surface at the mine site..

Winter access road

The Review Board accepts the evidence from Canadian Zinc Corp. that construction and use of the winter access road will not have significant adverse impacts on the land, the water or wildlife along its route provided the developer's commitments are implemented. The Review Board suggests that the developer consider secondary containment of concentrate during transport along the winter access road to reduce the risk of contaminant dispersal.

Socio-economics

The Prairie Creek Mine project has broad support from First Nations and communities within the Dehcho Region. Impact Benefits Agreements have been signed between Canadian Zinc Corp. and the Nahanni Butte Dene Band and Liidlii Kue First Nation respectively. In the Review Board's view, socio-economic impacts and benefits are appropriately addressed through the Socio-economic Agreement between Canadian Zinc Corp. and the Government of Northwest Territories.