PRESS RELEASE

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PRAIRIE CREEK SCOPING STUDY SUCCESSFULLY COMPLETED

The Company is pleased to announce the successful completion of a Scoping Study designed to outline and guide the re-development of the existing mine and mill on the Company's Prairie Creek Property in the Northwest Territories.

The comprehensive study identified a number of different development and production scenarios. The base case indicates a break-even cash cost of production of US 34.5 cents per pound of saleable zinc after by-product credits, but before financing and taxation. The operation will take advantage of the existing mine and mill infrastructure put in place by the Hunt Brothers in 1982, at a cost of CDN$67 million, but never operated. The replacement cost of this mine and mill is estimated at $100 million in today's dollars. Indicated capital costs for the new operation are estimated to be CDN$40.5 million including the construction of an all weather access road to the site.

The base case financial model indicates that the operation at a capital cost of CDN$40.5 million would have a pre-tax and financing IRR of 45.6% and an NPV (at 10% discounted cash flow) of CDN$97.2 million dollars over the first ten years of a minimum 18 year mine life. The study used long term metal prices of US$0.90 per lb Cu, US$0.50 per lb Zn, US$0.25 per lb Pb and US$5.50 per ounce Ag. The Canadian dollar was kept constant at US$0.66. On this basis, for every cent the Zn price is over the break-even production cost of US 34.5 cents per pound; pre tax and financing cash flow increases by around US$0.64 million per annum.

The Study has taken six months to complete and includes metallurgical testwork, mill re-design, alternative mining methods, inclusion of paste backfill in the mine design, capital and operating cost estimates, a review of smelter terms and conditions for the Prairie Creek concentrates and other operating parameters. It was prepared in house using independent consultants and contractors at a cost of approximately $400,000 and demonstrates that a 1,500 tonne per day mining operation can be established at Prairie Creek producing in the order of 95 million pounds of saleable zinc annually over at least 18 years (based on the current known resource of 11.8 million tonnes grading 10.1% Pb, 12.5% Zn, 0.4% Cu and 161 gpt Ag estimated by MRDI, a wholly owned subsidiary of AMEC E&C Services Limited, in 1998).

Discussions with concentrate sales professionals and preliminary discussions with smelters indicate that the Prairie Creek concentrates will be readily saleable, subject to the payment of penalties for elevated impurity levels, including mercury in the vein zinc and copper concentrate. Cash flows have been prepared taking into account these penalties. A number of upside scenarios exist for the operation including reduction of penalty levels in the concentrate and further mechanization in the mine to reduce costs. These alternatives will be examined further during the follow-up feasibility study process and do not form part of the base case.

The Study was examined by Micon International Ltd. of Toronto, who confirm that all of the elements necessary for a scoping study have been incorporated by the Company and that the assumptions made within are considered reasonable for a study of this nature.

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The Company is now examining the various alternatives outlined within the Scoping study and is working towards converting this into a bankable feasibility study. As part of the full feasibility program, it is the Company's intention to carry out a Pilot Plant program within the existing, essentially complete, 1,000-ton per day mill. It is also intended to carry out additional delineation drilling and to drive a decline to provide a drilling platform and to access ore below the current 5 Km of underground workings. These programmes will require permits to be issued by the Mackenzie Valley Land and Water Board, for which applications will be submitted in the near future. Timely receipt of the permits will dictate the orderly execution of the work necessary to finalise the Feasibility Study and subsequent permitting and construction of the revised mine and mill design.

The Nahanni Butte Dene Band of the Deh Cho First Nations signed the Prairie Creek Development Cooperation agreement with the Company in 1996. The Agreement provides for the First Nations to purchase a partnership position in the project, as well as employment and contracting opportunities for First Nations businesses. The Company is committed to continuing to work closely with the Deh Cho First Nations on the development of the property and to realize the aims of the Agreement.

The Company also continues to work on the re-permitting of the operation, which was fully permitted for operation in 1982, but never operated. These permits have now lapsed and it is expected that a full permit application will be made to Mackenzie Valley Land and Water Board for an operating permit and water license this year. In the light of the earlier permits and the extensive database of environmental background studies, it is expected that a permit could be forth coming by late 2002. With a completed feasibility study by the end of 2001 and the final permits in hand, then operations could commence early in 2003.

It should be noted that the Economic Assessment in the Scoping Study is preliminary and partially based on Resources that are considered too speculative to be categorized as Reserves in accordance with National Instrument 43-101. In addition, the Scoping Study is preliminary in nature and despite the existing underground development in the ore body and the on-site mill; the assumptions made within the Scoping Study and its subsequent results may not be attained. It is for this reason that the Company has put forward a development program designed to lead to a full bankable feasibility study and obtaining of the applicable permits, prior to final development taking place.

A summary of the scoping study is available on request, or on the Company's web site at www.canadianzinc.com.

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