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### Staff Report

<b>Applicant:</b> Canadian Zinc Corporation	
<b>Location:</b> Prairie Creek Mine, NT	<b>File Number:</b> MV2020D0007
<b>Date Prepared:</b> June 12, 2020	<b>Date of Board Meeting:</b> June 25, 2020
<b>Subject:</b> Further Studies Requested	

#### 1. Purpose

The purpose of this Report is to present to the Mackenzie Valley Land and Water Board (MVLWB/the Board) a request that the Board consider that future studies or investigations be made for Canadian Zinc Corporation's (CZN's) Land Use Permit MV2020D0007 (Permit) as per paragraph 22(2)(b) of the Mackenzie Valley Land Use Regulations (MVLUR).

#### 2. Background

- June 17, 2013 – Issuance of Permit MV2008D0014 for mining and milling at Prairie Creek Mine;
- November 8, 2018 – Approval of MV2008D0014 Extension Request;
- May 21, 2020 – Land Use Permit (MV2020D0007) and Water Licence (MV2020L2-0003) Renewal Application for mining and milling at Prairie Creek Mine deemed complete and sent for review;
- June 11, 2020 – Review comments and recommendations on Renewal Application due and received;
- June 12, 2020 – Expiration of MV2008D0014;
- June 18, 2020 – Responses on Renewal Application due and received;
- **June 25, 2020 – Request that the Board consider future studies or investigations for MV2020D0007 presented to the Board for decision; and**
- July 2, 2020 – End of the 42-day timeline for MV2020D0007.

#### 3. Discussion

##### Project History

The Prairie Creek Mine has a long history dating back to the 1960s. From 1966 to the mid-eighties, Cadillac Resources did significant exploration work at the site, and developed mine infrastructure, but shut down prior to mining and operating the mill. CZN has owned and operated the site since 1991.

In 2008, CZN submitted Type A Permit Application MV2008D0014 alongside Type A Water Licence MV2008L2-0002 for mining and milling at Prairie Creek. Activities associated with the Applications were subject to Environmental Assessment (EA) EA0809-002 and approved by the Minister on June 8, 2012.

The Permit was issued for a term of 5 years, and expired on June 16, 2018. Following expiration of the Permit, the Board approved a two-year extension to the Permit, making the expiry date of the Permit June 16, 2020.

### Description of the Renewal Application

On May 21, 2020 CZN submitted renewal applications for Permit MV2020D0007 and Licence MV2020L2-0003 to replace existing Permit MV2008D0014 and Water Licence MV2008L2-0002 respectively (attached). The Renewal Application included the following documents:

- Water Licence Application
- Land Use Permit Application
- Consolidated Project Description
- Engagement Plan
- Engagement Log and Record
- Spill Contingency Plan
- Waste Management Plan
- 2014 AEMP Design Plan
- Closure and Reclamation Plan
- Closure Cost Estimate

In the MV2020D0007 Permit Application, CZN indicated that when they had obtained Permit MV2008D0014 and Water Licence MV2008L2-0002 in 2013 the Company had hoped to be able to move forward with commercial production, however challenging capital markets prevented this. CZN further indicated that they intend to make project enhancements so that Prairie Creek Mine is more financially attractive, and further analysis is required for the Company to be able to confirm changes. For this reason, CZN indicated that they are not seeking changes to the existing Permit or Water Licence conditions, but rather propose to address changes once the analyses are complete. This would require a new Water Licence given that CZN has applied for a three-year term for Licence MV2020L2-0003, as indicated in the Licence Application.

### Engagement

An [Engagement Plan](#) and [Engagement Log and Record](#) were included in the Renewal Application for MV2020D0007 and MV2020L2-0003. CZN engaged with the following parties:

- Nahᓃᓗ Dehé Dene Band
- Łíídlıı Kúé First Nation
- Acho Dene Koe First Nation
- Jean Marie River First Nation
- Tthets'ehk'edeli First Nation
- Smbaa K'e Dene Band
- Pehdzéh Kı First Nation
- Fort Simpson Métis Nation
- Dehcho First Nations

No concerns were brought up by the parties engaged with, according to the Engagement Log and Record. In the engagement letters sent to the Parties, CZN indicated that they “believe our application for a new mine operations LUP [land use permit] would be considered jointly by the MVLWB”.

#### **4. Comments**

##### Description of Request

Section 22(2) of the MVLUR reads as follows:

- 22 (2) Subject to sections 23.1 and 24, if the Board does not return an application under paragraph (1)(a), it shall, within 42 days after receipt of the complete application,*
- (a) issue a Type A permit, subject to any conditions included pursuant to subsection 26(1);*
  - (b) conduct a hearing under section 24 of the Act or require that further studies or investigations be made respecting the lands proposed to be used in the land-use operation and notify the applicant in writing of the reasons for the hearing, studies or investigations;*
  - (c) refer the application to the Mackenzie Valley Environmental Impact Review Board under subsection 125(1) or paragraph 126(2)(a) of the Act for an environmental assessment and notify the applicant in writing of its referral and of the reasons for the referral; or*
  - (d) if a requirement set out in section 61 or 61.1 of the Act has not been met, refuse to issue a permit and notify the applicant in writing of its refusal and of the reasons for the refusal.*

Accordingly, the Board would need to make a decision on Permit Application MV2020D0007 as per section 22(2) of the MVLUR within 42 days of receipt of the complete application, or by July 2, 2020. Board staff are working towards finalizing a work plan for the Type A Water Licence renewal proceeding for MV2020L2-0003, which will require a public hearing as per section 41(2)(a) of the *Waters Act* unless CZN and reviewers agree that a public hearing is not warranted at this time (per section 41(3)(a) of the *Waters Act*).

In order to allow the Board, reviewers, and CZN to review and discuss recommendations on the applications, Board staff suggest the Board assess the Prairie Creek Mine Permit and Licence applications as a whole. Additional information, further studies or investigations are required respecting the lands proposed to be used in the land use operation. These include an updated assessment of activities proposed as they are directly linked to both land and water activities, and ultimately security. This includes extraction of waste rock and ore from Prairie Creek Mine, the demolition, refurbishment, development and operation of site facilities, storage of fuel, the development of a waste rock pile, construction and maintenance of site roads and lay down areas, quarrying of materials from specified areas, and progressive closure and reclamation of site components. In order to allow a procedurally fair process, review of all land use activities in concert with water use and waste deposits through the Type A Water Licencing renewal process is recommended.

The time required to obtain the additional information described above will facilitate the concurrent review and processing of the Prairie Creek Mine Water Licence Renewal Application and Land Use Permit Renewal Application.

#### **5. Security**

Current securities are set based on Condition 32 of Permit MV2008D0014, and on Part C, Condition 1 and the associated schedule (Schedule 2, Condition 1) of Water Licence MV2008L2-0002.

The Government of the Northwest Territories currently holds reclamation security in the amount of \$250,000 under Permit MV2008D0014 and \$1,550,000 under Licence MV2008L2-0002.

CZN submitted updated Closure Cost estimates with its renewal applications (attached). Security will be reassessed during the review of Permit and Licence renewal applications.

## 6. Conclusion

Board staff suggest that updated information respecting the proposed activities at Prairie Creek Mine is required. In order to accommodate the time required for further studies or investigations to address the outstanding information, as well as to provide adequate time for reviewers to consider the Land Use Permit Renewal Application in line with the associated Water Licence Renewal Application, the Board could invoke paragraph 22(2)(b) of the MVLUR.

## 7. Recommendation

Board staff recommend the Board **make a motion to invoke paragraph 22(2)(b) of the Mackenzie Valley Land Use Regulations** for the application of Land Use Permit MV2020D0007 respecting the lands proposed to be used in the land use operations for land use permit MV2020D0007.

A draft decision letter is attached.

## 8. Attachments

- [Land Use Permit Application](#) & [Water Licence Application](#)
  - [Consolidated Project Description](#)
  - [Engagement Plan](#)
  - [Engagement Log and Record](#)
  - [Spill Contingency Plan](#)
  - [Waste Management Plan](#)
  - [2014 AEMP Design Plan](#)
  - [Closure and Reclamation Plan](#)
  - [Closure Cost Estimate](#)

Respectfully submitted,



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