



**Energy, Mines and Resources
PO Box 2703, Whitehorse, Yukon Y1A 2C6**

June 29th, 2018

Mr. Jing You Lu
Chief Executive Officer
Yukon Zinc Corporation
Suite 705, 1030 W Georgia Street
Vancouver, BC B6E 2Y3
Sent by email

Dear Mr. Lu,

Re: Extension requests for temporary closure conditions and security – Wolverine Mine, Yukon

On April 26th, 2018, Yukon Zinc Corporation ("YZC") submitted a letter to me requesting extensions of time to complete some of the activities listed in the terms and conditions of the December 19th, 2017 approval of the *Wolverine Mine Reclamation and Closure Plan Version 2016-07-V.3* (the "activities"), issued under the quartz mining license QML-0006 (the "QML"). The activities were added as terms and conditions of the approval to protect the environment and maintain the integrity of structures at the Wolverine minesite (the "minesite") based on the conditions of the minesite at that time. Unfortunately, no new work has been done to reduce the risk to the environment and structures and no new information has been provided that suggests that the activities do not need to be carried out on or before the dates specified for each activity. Therefore, I am unable to grant extensions to complete the activities.

On May 17th, 2018, YZC sent an email to me requesting an extension to furnish the additional security identified in my May 3rd, 2018 letter. Similar to the activities, no new work has been done at the minesite to reduce the risk of significant adverse environmental effects from previous development and production at the minesite and no new information has been provided that suggests that risks have changed. Thus, I am unable to grant an extension to furnish the additional security. As mentioned in my May 28th, 2018 letter, prior to restarting the mine, and moving from temporary closure to production under the QML, YZC must be compliant with all conditions of the QML. If YZC has any questions about these matters, I suggest you contact Sevn Bohnet, Compliance, Monitoring and Inspections at (867)456 3884. When compliance issues are resolved, the regulatory path forward to restart mining will be guided by the QML provisions.

Please do not hesitate to contact me at (867) 667-3126 if you have any questions or wish to discuss.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Holmes".

Robert Holmes
Director, Mineral Resources Branch

cc: Paul Christman, Chief Mine Engineer, Mineral Resources Branch
Heather Jirousek, Director, Water Resources Branch
Sevn Bohnet, Senior Natural Resources Officer, Compliance, Monitoring and Inspections Branch
Alex Wu, Manager, Corporate Communications & Administration, Yukon Zinc Corporation