



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

June 21, 2016

Mr. Jing You Lu
Chief Operating Officer
Yukon Zinc Corporation
Suite 705, 1030 W Georgia Street
Vancouver, BC V6E 2Y3

Dear Mr. Lu,

Re: Update to Reclamation and Closure Plan 2015-06

Pursuant to section 8.8 of the Quartz Mining License QML-0006 (the "License"), Yukon Zinc Corporation ("YZC") submitted a reclamation and closure plan for review and approval. This plan, entitled "*Wolverine Mine Reclamation and Closure Plan Version 2015-06*", was approved in a letter dated December 23rd, 2015, with outlined terms and conditions.

On February 11th, 2016, Yukon Government provided YZC with a draft financial security determination (based on the approved Reclamation and Closure Plan), as well as additional topics required to be addressed in an updated Reclamation and Closure Plan ("the RCP update"), which is due by July 17th, 2017.

On April 29th, in a letter from Mr. Lu to Robert Holmes, YZC submitted a request to submit the RCP update before July 17, 2017, in order to reflect changes to the current site conditions and efforts made to minimize liability during the temporary closure period.

I have carefully considered this request and approve an early submission for the RCP update. The RCP update is to be submitted on or before December 31st, 2016 for review and approval. The RCP update must include all terms and conditions as outlined below:

- It is expected that the RCP update submitted by this date will include closure measures for permanent closure based upon the configuration of the mine site at

that time. The plan must demonstrate that the site can be reclaimed and closed such that the area is environmentally stable and suitable for future land use.

- For reference, the updated plan must include the requirements detailed in:
 - i. section 8.6 of the License;
 - ii. the guidance document issued by Yukon government and Yukon Water Board entitled *Reclamation and Closure Planning for Quartz Mining Projects*, dated August, 2013, or the most recent revision applicable at that time; and
 - iii. any conditions that were set out in Appendix 1 of the *Reclamation and Closure Approval* letter, dated December 23rd, 2015.

- In addition, the updated plan must include the following information:
 - a) A description of existing conditions;
 - b) A description of the status of the underground cemented plugs, including as-built drawings;
 - c) Surveyed volumes of all waste rock on surface;
 - d) Surveyed volumes of tailings and water stored in the tailings management facility;
 - e) Closure methodologies for waste rock management facilities, stockpile pads, and any locations where ore and/or concentrate were stored during operations;
 - f) Closure methodologies for the tailings management facility including consideration of both wet (utilizing inert cover material for solids and an overlying wet cover) and dry (landform with encapsulated saturated tailings) closure options;
 - g) A water treatment and management plan for the underground workings and tailings management facility;
 - h) Issued-for-Use design drawings, for the current mine configuration, stamped by a Professional Engineer licensed to practice in Yukon for the following facilities:
 - i. waste rock management facilities, including cover designs;
 - ii. tailings management facility, including wet or dry cover designs;
 - iii. mechanical water treatment facilities; and
 - iv. any other engineered facility.
 - i) Description of all activities during Temporary Closure required ensuring the site is capable of transitioning to Permanent Closure, if necessary. This includes a description of any tailings water sampling and treatment that will occur during the temporary closure period in order to advance a “dry” closure option should that option proceed;

Mr. Jing You Lu
June 2016

- j) A detailed costing for the implementation of permanent closure measures including additional research and/or design work required before implementation of the permanent closure plan would be feasible.

Security will remain as currently furnished with the Yukon Government for the Wolverine Mine in the amount of \$10,588,966, with the understanding that it will be reviewed and finalized upon receipt of the RCP update.

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

Sincerely,



Robert Holmes
Director, Mineral Resources

cc: Heather Jirousek, Director, Water Resources Branch
Justin Hooper, Natural Resources Officer
Roger Lockwood, Director, Water Board Secretariat

