
June 14, 2017

Mr. Robert Holmes
Director, Mineral Resources
Department of Energy, Mines and Resources
Box 2703, Whitehorse, Yukon, Y1A 2C6
By e-mail

RE: Request for Extension of Temporary Closure Period QML-0006

On January 21, 2015, Yukon Zinc submitted a notice to Robert Holmes, Director of Mineral Services indicating that Yukon Zinc was in the process of temporarily shutting down its Wolverine Mine due to unfavorable market conditions, putting the site in “Temporary Closure”. Most employees and contractors were laid off at this time and the mine was put into care and maintenance. Presently, all industrial activity has ceased at the site and the following care and maintenance conditions exist:

- The underground mine is closed and gated;
- The site access road is maintained only during the snow-free period;
- The airstrip is maintained to ensure year-round access;
- There are no industrial activities or processes occurring in the mill;
- No tailings are being produced;
- No waste or ore is being produced or added to existing waste storage areas or stockpiles;
- Energy consumption has been minimized through isolation of essential buildings and machinery and all buildings not in use have been locked off;
- Supply stockpiles, including reagents, have been consolidated, sold, and shipped off-site where possible; and
- Two crews of 3 people each are maintaining the site on 3-and-3 week rotations.

QML-0006 outline the definitions of temporary and permanent closure as such:

- Clause 2.1 “temporary closure” means: a) the cessation of development or production authorized by Part Two of the License that extends for more than a continuous two week period, unless otherwise agreed to in writing by the Chief; or b) any closure of the Undertaking after the start-up date where no ore is mined or ore or tailings milled for a period exceeding two consecutive months.
- Clause 9.3 The Licensee acknowledges that where temporary closure exceeds three continuous years the Undertaking will be considered permanently closed and the Licensee must implement those portions of the Reclamation and Closure Plan that are applicable to final closure unless otherwise directed by the Chief.

As Temporary Closure of the Wolverine Mine was declared in January 2015, the clauses outlined above would require the Permanent Closure period to begin in January 2018.

Yukon Zinc proposes to continue temporary closure activities in accordance with RCP2015-06 and QZ04-065, including:

- Ongoing environmental monitoring including surface water and groundwater;
- Monitoring and inspection of all water retaining structures;
- Monthly and annual reporting;
- Routine site inspections and care and maintenance activities (including maintaining the airstrip, mine access road, site roads, water collection and conveyance structures, etc);
- Monitoring of water levels in the underground mine workings, and implementation of measures to mitigate potential mine effluent discharge to the receiving environment (e.g. installation of hydraulic pressure bulkheads in mine openings, or alternatively, pumping of water to tailings storage facility)
- Continued storage of accumulated tailings and supernatant, including runoff and precipitation, in the tailings storage facility;
- Reclamation land preparation and seeding of areas in the project footprint that are no longer required to support operations; and
- Closure and reclamation research programs, including bioreactor in-situ test work.

While the metals markets are currently more positive than previously, Yukon Zinc is not yet in a position to re-start the Wolverine Mine, while at the same time recognizes the value of both the minerals remaining at the Wolverine deposit and of the infrastructure at the Wolverine Mine. As such, Yukon Zinc is requesting an extension to the three year temporary closure period by two years, for a total temporary closure period of five years.

The five year temporary closure period is consistent with recent quartz mining Licenses issued by Yukon Government to quartz mining projects, including QML-0009 (Bellkeno Mine), QML-0001 (Minto Mine), and QML-0011 (Eagle Gold Mine).

Yukon Zinc has submitted a similar request to the Yukon Water Board to extend the period of temporary closure outlined in the Type A Water Use License QZ04-065 from three years to five years, in order to be consistent between the QML and WUL.

All activities proposed to be conducted during the two year temporary closure extension are consistent with WUL QZ04-065 QML-0006 and subsequent approvals. YZC is confident the request for extension can be granted with an approval letter from yourself, and looks forward to discussing this with you further.

Sincerely,



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Chief Executive Officer
Yukon Zinc Corporation