



NIRB File No.: 06MN082

May 8, 2008

To: Zinifex Distribution List

Re: **Scheduling of the Pre-Hearing Conference and Plans for the Zinifex High Lake Mine Project**

Dear Parties:

On May 6, 2008, the Nunavut Impact Review Board (NIRB or Board) received a letter from Zinifex Canada Inc. (Zinifex) informing NIRB of the recent developments in their strategic planning for Zinifex's Nunavut properties (see attached letter). Zinifex's development priorities in the region have changed and will now focus on developing Izok prior to High Lake. As such, Zinifex is of the view that a Pre-Hearing Conference (PHC) for the High Lake project would be premature and that it would be difficult to achieve many of NIRB's nine objectives¹ for a PHC at this time.

In light of Zinifex's proposal to postpone the High Lake project for a significant amount of time, the Board suggests that a PHC would be premature at this time and is proposing to postpone the PHC. Among other things, the Board has concerns commencing with an expensive proceeding such as a PHC for a project which will be postponed for a significant time.

Before making its final decision, the Board would like to hear from all Parties regarding the postponement of the PHC until further notice. Given the proximity of the PHC meeting, the Board requests that Parties provide their comments on this motion to NIRB by **May 15, 2008 Noon MST**.

Also, the Board supports Zinifex's proposal in the letter dated April 22nd confirming dates for the completion of the water quality and climate change technical workshops². These workshops are being held to fulfill commitments made during the technical meeting and will serve to close any outstanding issues around water quality and climate change.

Should you have any questions, concerns or comments on Zinifex's letter from May 6, 2008, please let the Board know by May 15th as stated above.

¹ Letter dated April 16, 2008 from Jeff Rusk, Director of Technical Services, NIRB to Zinifex Distribution List, re: *Pre-Hearing Conference for the High Lake Mine Project*

² Letter dated April 22, 2008 from Andrew Mitchell, Manager Environmental Affairs, Zinifex to Stephanie Autut, Executive Director, NIRB, re: *Water Quality Workshop High Lake Project*

Sincerely,

A handwritten signature in cursive script, reading "Stephanie Autut". The signature is written in black ink and is positioned above the typed name and title.

Stephanie Autut
Executive Director
Nunavut Impact Review Board

Attachment: May 7, 2008 letter from Andrew Mitchell, Zinifex Canada Inc. to Stephanie Autut, Nunavut Impact Review Board, re: *Pre-Hearing Conference for the High Lake Project*

6 May 2008

Mrs. Stephanie Autut
Executive Director
Nunavut Impact Review Board
P. O. Box 1360
CAMBRIDGE BAY NU
X0B 0C0

Dear Mrs. Autut:

Re: Pre-Hearing Conference for the High Lake Project

This letter provides Zinifex's response to Jeff Rusk's letter of April 16, 2008 requesting comments on the proposed Pre-Hearing Conference (PHC) for the High Lake Project. Zinifex would like to take this opportunity to inform NIRB that recent developments in our strategic planning for Zinifex's Nunavut properties may have bearing on the Pre-Hearing Conference format and scheduling.

Zinifex's development priorities in the region have changed and will now focus on developing Izok prior to High Lake. This change in sequence would result in an approximate three year delay in the construction and commissioning of the mine and mill operations at High Lake.

Zinifex plans to proceed with the High Lake Project as a stand-alone development. The major components of the project will therefore remain substantially the same as they have been presented in the Draft EIS. The following table highlights the anticipated effects of the change in development sequence for the High Lake Project.

Component	Effect of Schedule Change on High Lake Project
Grays Bay Terminal	None
Mobilization & Shipping	Mobilization delayed, operating time period changed.
All Weather Road from Grays Bay to High Lake Mine Site	None
Sand Lake Airstrip	None
High Lake Mine Site	None
Borrow Sources	None
Tailings Management Facility	None
Waste Rock Storage	None

Zinifex has made this business decision, to focus on Izok in the near term, because Zinifex believes this approach offers: a greater return on investment; a long-term more sustainable approach to Zinifex operations in the region; and greater long-term benefits to the people of the Kitikmeot.

As you know, we are currently in the planning and design phase of the Izok Project. You will be aware that one of the transportation options for Izok involves building a road to and developing a marine terminal at Grays Bay. To the extent that the High Lake and Izok projects might share components (road and marine terminal at Grays Bay) the High Lake Final Environmental Impact Statement (FEIS) will reflect the final configuration and use of these components. By distinguishing the projects in this way, the two projects and their assessments remain separate and distinct and should not be linked or coupled together.

In light of the above, Zinifex is of the view that a PHC held as a public forum in Kugluktuk would be premature at this time and that it would be difficult to achieve many of the objectives set out in NIRB's letter of April 16th, especially those related to scheduling the final Public Hearings and submission of documents leading up to them. There are however many





useful tasks that can be completed to move the process forward without the time and expense of convening a PHC at this time. We note that significant progress was made in resolving technical issues at the technical meeting held December of 2007, the follow-up two-day teleconference in January and the meeting in early February of 2008. For the reference of the Parties, the records of these meetings are posted on NIRB's ftp site. We believe that there is some work needed to finalize the issues and commitments list in consultation with NIRB and the Parties. This would best be done after the workshop on water quality and climate change in Yellowknife planned for May 27-29. After the final issues and commitments list is approved and issued, we would expect direction on the content of the FEIS from NIRB. The scheduling of the PHC and the final public hearings would follow at NIRB's discretion, after the FEIS has been filed and is out for review.

Based on the above, Zinifex respectfully requests that NIRB consider taking the following steps:

1. **Finalize the commitments list:** Based on the information filed with NIRB, Zinifex is of the view that NIRB has all of the materials it requires to finalize the commitments list that will help to provide direction to Zinifex to prepare the FEIS. We suggest that this be done immediately following the workshop in May.
2. **Issue directions for the FEIS:** While Zinifex realizes there may have to be modifications to the High Lake directions from NIRB, depending on the transportation alternative chosen for the Izok project. We feel there would be merit in NIRB issuing direction to Zinifex on the content of the FEIS at this time. Final direction can be given once the road and terminal options have been settled.
3. **Issue direction on the steps to be taken to complete the review:** It would be helpful to all Parties to the review if NIRB were to confirm the next steps in the review and describe information requirements for materials that need to be submitted prior to the public hearing. We acknowledge that some time will pass between now and the PHC and hearings; therefore, Zinifex is prepared to file periodic reports to NIRB on its progress and realizes that a PHC may have to be convened once the FEIS has been prepared and filed. Such a process would help to guide Zinifex ongoing work program and to preserve the 'institutional memory' in the interim.

I trust the above provides valuable comments and suggestions for managing the review process in light of the change in the schedule for the High Lake project. If you have any questions concerning the above, please do not hesitate to contact me at 807-346-1668, on my cell phone at 807-251-6722 or by e-mail at andrew.mitchell@zinifex.com.

Yours sincerely

Original Signed By:

Andrew Mitchell
Manager, Environmental Affairs

Tel: 807 346 1668
Fax: 807 345 0284
Email: andrew.mitchell@zinifex.com

cc Bill Tilleman - NIRB Legal Counsel
Letha MacLachlan - Zinifex Legal Counsel
Ewan Downie - Zinifex
John Begeman - Zinifex
Jim Black - Zinifex
Gordon Stewart - Gartner Lee Limited