



COMMENT: Prairie Creek nears next chapter, successful development

Marilyn Scales
2014-01-20

NORTHWEST TERRITORIES – The Prairie Creek mine has weathered every sort of bad luck known to the mining industry – low metal prices, greed, market collapse, and long, long, long lead times. A project that has spent decades not quite getting into production looks to be on the verge of successful development at last.

Owner **Canadian Zinc Corp.** of Vancouver has awarded **Tetra Tech** the contract for engineering and procurement services at the zinc-lead-silver project 200 km west of Fort Simpson. The contract covers basic engineering and procurement services for major equipment packages, facility rehabilitation, repairs, and capital items for the mine. Tetra Tech will prepare tender packages for mine rehabilitation and development; completion of the mill and power generation system; heat recovery system; a dense media separation plant; a paste fill plant; a water treatment plant; instrumentation and control systems; camp construction, maintenance and winter road construction.

The list is typical of any owner making the final development push to production. But production has been a long, long time coming.

Mineralization at Prairie Creek was discovered in 1928 by prospector Poole Field, but the property attracted very little interest until 1966, when it was purchased by Cadillac Explorations. Cadillac optioned the property to Penarroya Canada who did some underground development and bulk sampling. Cadillac terminated the option the same year and spent the next decade working on underground development, until an independent feasibility study was completed in 1980.

The only thing missing was financing. It came from Procan Exploration, a private company belonging to Nelson Bunker and William Hunt. Cadillac acquired the 1,000-t/d Churchill Copper mill and moved it to Prairie Creek. By May 1982 the surface facilities were over 90% complete, and the mine was developed to supply ore at a rate of 500 t/d to the mill.

What nobody foresaw, especially the Hunt brothers, was the collapse of the silver price. They were widely rumoured to be cornering the silver market and pushing the price up. When that strategy went south, it took Cadillac with it, forcing the Canadian company into bankruptcy after it had spent \$64 million on the project. Prairie Creek and other Procan assets were tied up in litigation until 1990.

Prairie Creek garnered a new owner in 1991, Conwest Exploration, that granted an option to Canadian Zinc (then known as San Andreas Resources). The following year, Canadian Zinc discovered stratabound base metal mineralization in the main zone, sparking interest in the expansion of the deposit. It is now estimated to contain 5.4 million measured and indicated tonnes at 10.8% Zn, 10.2% Pb and 160.0 g/t Ag. The inferred portion is 6.2 million tonnes grading 14.5% Zn, 11.5% Pb and 229.0 g/t Ag.

Canadian Zinc began advancing the project toward production, eventually gaining 100% ownership. It drilled extensively through the 1990s. It negotiated a development co-operation agreement with the Nahanni Butte Dene Band in 1995. It rehabilitated the underground workings in 1997. It completed a scoping study in 2001.

By 2003, the company completed the environmental assessment and received the land use permit and water licence for underground exploration and development. The water licence was appealed, causing a delay until 2006 when it was reissued. Work proceeded at Prairie Creek until in 2008 Canadian Zinc submitted the application for operating permits, but that was also the year the world financial markets went into a tailspin. Raising money for mine development became impossible.

There is always something to do at an advanced exploration project, and Canadian Zinc kept busy at Prairie Creek with continued drilling and reapplication for various permits and licences. With those in hand, the company is now readying for the final steps in developing a project that has been 85 years in the making – so far.