



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

March 30th, 2007

Pamela Ladyman,
VP, Environment and Community Affairs
Yukon Zinc Corporation
701 – 475 Howe Street
Vancouver, B.C.
V6C 2B3

Dear Pamela,

Re: Wolverine Project Update, Quartz Mining License QML-0006

We wish to acknowledge receipt of your March 29th letter outlining an update to the schedule of activities as described in the *Wolverine Project General Site Plan*, version 2006-02, dated November 2006 and further revamped in your letter of December 18th.

It is our understanding that Phase 1 road activity is scheduled to commence in May 2007 and Phase 2 construction will be delayed pending additional project financing. "Temporary Closure" is defined in the above license as:

- 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 ore or tailings milled for a period exceeding two consecutive months.

Upon review of your letter, I have determined that although this delay in development activities exceeds the period outlined in a) above, temporary closure has not commenced.

Section 11.1 b) of QML-0006 requires furnishing security in the amount of five hundred and eighty-five thousand (\$585,000) no later than April 1, 2007, unless another date is agreed to by the Chief due to delays in the Licensee starting the construction of phase two of the access road, as described in the *General Site Plan*. Based on the undetermined timeline for this phase, I am in agreement with your proposal to advise and furnish payment of the \$585,000 security thirty (30) days prior to the start of Phase 2 road construction.

In accordance with section 6.2 of your quartz license, we anticipate the April 6th submission, for review and approval, of the *Wolverine Project General Site Plan*, version 2007-03 with reflected schedule changes and the incorporated design and construction details for the Phase 2 road.

If you have any questions or concerns, please do not hesitate to contact me at (867) 667-3126.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Holmes', written in a cursive style.

Robert Holmes
Director, Mineral Resources

cc: Greg Komaromi, Assistant Deputy Minister of Oil, Gas & Mineral Resources
Chief Jack Caesar, Ross River Dena Council
Chief Liard McMillan, Liard First Nation
Kevin McDonnell, Chief, Water Resources
Steve Colp, Natural Resources Officer