



Parent Company of Canadian Zinc

November 27, 2019

Chris Hotson
Regulatory Manager
Mackenzie Valley Land and Water Board
7th Floor, 4922 48th St.
PO Box 2130
Yellowknife, NT
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Dear Mr. Hotson:

Re: **Request for Review of Reclamation Security and Extension for Resubmission of Management Plans: Prairie Creek Mine, MV2019L2-0006 and MV2019C0011**

We refer to the September 9, 2019 issue of the above noted exploration permits. These permits were replacements for permits MV2001L2-0003 and MV2012C0008.

We note that the reclamation security for the new permits was increased. Canadian Zinc Corporation (CZN) is requesting a review of the decision to increase the security, or a deferral of the increase, for the following reasons:

- The increase is related to the Board's conclusion that CZN is currently responsible for the treatment of water from the mine workings that pre-date CZN's tenure on the property. CZN disagrees with this conclusion;
- In Appendix 1 to the Reasons for Decision attached to the new permits, it states that "the Board is of the opinion that significant efficiency and advantage would be achieved if CZN applied to amend MV2008L2-0002 to include the activities associated with MV2019L2-0006". CZN is still considering this suggestion; and,
- CZN wrote to the Board on September 22, 2019 regarding the non-compliance of water treatment effluent. The non-compliance relates to water from the old mine workings. The Company wishes to have discussions with the Government of the NWT (GNWT) regarding responsibilities for water treatment and possible improvements.

Further details are provided below.

Security Increase

In Appendix 1 to the Reasons for Decision attached to the new permits, the Board notes that:

"In consideration of the evidence submitted by GNWT-ENR and CZN, the Board decided to accept GNWT-ENR's estimates for land and water-related liabilities which

did not include consideration for winter road construction. GNWT-ENR provided evidence which showed they had considered and taken into account CZN's limited site liability, and included consideration for care and maintenance activities, which the Board determined is a reasonable contingency to include."

In coming to this decision, it appears the Board relied on an assumption that "impacts associated with the underground workings are, in fact, CZN's responsibility". This was based on reference to Item 6 in the Abandonment and Restoration Plan attached to the Surface Lease, which stipulates that "underground entrances will be sealed in accordance with the Government of the Northwest Territories Mining Regulations". This premise is incorrect. Item 6 relates to safety, since it is normal practice to barricade mine entrances to prevent unauthorized public access. The reference to mining regulations confirms it is safety related. In that respect, CZN is responsible for the underground workings, but the issue in terms of care and maintenance and the GNWT-ENR estimate is not safety, it is mine water management. Item 6 should not be read as meaning CZN is responsible for the mine water from the old workings because underground entrances "will be sealed".

We agree with the Board's statement that "the Surface Lease is an instrument administered by GNWT and held by CZN, and disagreements between the parties regarding obligations under the Surface Lease are between the parties, and do not involve the Board". Therefore, CZN is requesting a review of the security increase in order to have discussions with the GNWT.

Amend MV2008L2-0002 to include the activities associated with MV2019L2-0006

We agree with the Board that it appears that "significant efficiency and advantage would be achieved if CZN applied to amend MV2008L2-0002 to include the activities associated with MV2019L2-0006". However, as noted above, there are issues associated with current site responsibilities and liabilities that need to be carefully considered, as well as water management, effluent disposal and the relevant effluent quality criteria. CZN needs more time to consider the implications of the suggested amendment, and potentially apply for it.

Responsibilities for water treatment

CZN has data that shows that water from the exploration Decline, that CZN developed, complies with the effluent quality criteria (EQC) for MV2019L2-0006 without treatment. Water from the old workings, that CZN did not develop, requires treatment. CZN would like to have discussions with the GNWT regarding responsibilities for this water treatment, and possible treatment system improvements to ensure future compliance with EQC.

Extension to Resubmit Management Plans

The September 9 Board decision requires CZN to resubmit the Waste Management Plan, Spill Contingency Plan, Effluent Treatment Plan, and Minewater Treatment Contingency Plan within 90 days. CZN will be closing the Mine site early next month for at least several months, potentially until May. Seasonal mine water treatment usually commences in June. Further, the content of the revised Effluent Treatment Plan and Minewater Treatment Contingency Plan may

be influenced by the discussions CZN proposes to have with the GNWT above. Therefore, CZN requests a five month extension to the submission deadline for the noted plans.

Sincerely,
NorZinc



David P. Harpley
VP, Environment and Permitting Affairs