



Parent Company of Canadian Zinc

February 27, 2020

Sonja Martin-Elson
Water Resource Officer
Department of Environment and Natural Resources – Deh Cho Region
P. O. Box 240
Fort Simpson, NT
X0E 0N0

Dear Ms. Martin-Elson:

Re: **Non-Compliance Events and Security Deposit, Prairie Creek Mine, MV2019L2-0006**

We refer to your letters of January 23 and February 17, 2020 regarding non-compliance events and payment of a security deposit for the above noted exploration permit. This letter is to inform you of Canadian Zinc Corporation's (CZN's) plans to address both of these items.

Non-Compliance Events

CZN has previously noted that the non-compliance is associated with water draining from the old mine workings developed by the former owner, Cadillac Explorations. This water requires treatment and there has been difficulty in meeting the Effluent Quality Criterion for total zinc. Water emanating from the underground decline developed by CZN does not require treatment to meet EQC. CZN's tenure on the property is presently on a limited liability basis, as defined by the current Surface Lease. CZN has initiated discussions with the Department of Environment and Natural Resources (ENR) in Yellowknife regarding responsibility for the management of water from the old workings.

Regarding water treatment, CZN is currently revising the Effluent Treatment Plan and Minewater Contingency Plan for submission to the Mackenzie Valley Land and Water Board (MVLWB) by March 15, 2020.

Security

CZN is planning to request an extension to the 90 day period for the posting of security in order to hold the discussions with ENR noted above. We are presently completing engagement on this item with Indigenous Groups prior to submitting the request to the Mackenzie Valley Land and Water Board.

In the mean-time, we note that security of \$70,000 is being held under the previous Licence, MV2001L2-0003, for the same activity. We are wondering if this security will be refunded or transferred to MV2019L2-0006.

ENR
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Sincerely,
NorZinc

A handwritten signature in blue ink, appearing to read "D. Harpley", is centered below the text "Sincerely, NorZinc".

David P. Harpley
VP, Environment and Permitting Affairs