



Łíídljı́ Kúé First Nation

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November 5, 2019

Mackenzie Valley Land and Water Board
P.O. Box 2130, 4922 - 48th Street
7th Floor YK Centre Mall
Yellowknife, NT. X1A 2P6

Attention: Julian Morse, Regulatory Specialist,
Via email: jmorse@mvlwb.com

Dear Mr. Morse:

Update Regarding Status of Accommodation of Łíídljı́ Kúé Concerns in the Review of Canadian Zinc: Prairie Creek Mine All Season Road – MVLWB File MV2012F0007

I am writing on behalf of Łíídljı́ Kúé (LK) to provide an update on the status of accommodation of concerns raised by Łíídljı́ Kúé in the regulatory review process for the Prairie Creek Mine All Season Road.

Łíídljı́ Kúé is aware that the Mackenzie Valley Land and Water Board (MVLWB) may be considering the issuance of key relevant permits for this project at a November 7, 2019 meeting, and wishes to ensure that MVLWB is aware of the current status of accommodation agreements between NorZinc and Łíídljı́ Kúé.

Łíídljı́ Kúé had not anticipated needing to raise concerns with the Board, as it had commitments from NorZinc that the company would finalize agreements that addressed LK's environmental concerns and which addressed impacts of the project. NorZinc has not finalized accommodation agreements with LK, however, and LK is concerned that NorZinc is proceeding through the approvals process having failed to actually sign any commitments that would assure that a number of key Łíídljı́ Kúé concerns about Aboriginal rights impacts have been addressed.

Notably, a final Environmental Management Agreement that addresses a number of concerns and requirements in the Report of Environmental Assessment has not yet been signed, as it was linked to the completion of an Impact and Benefits Agreement which has not yet been finalized.



This means that Łíídljı́ Kúé currently has no signed commitments from NorZinc on key concerns which include:

- The Dene monitoring program which is supposed to be a key component of environmental management for the project;
- First Nation participation in an environmental management committee that is supposed to be the venue for addressing Łíídljı́ Kúé environmental concerns in the adaptive management process; and
- Commitment to the proper completion and integration of a Dene land use study into the management planning process.

Łíídljı́ Kúé wishes to ensure that the relevant regulatory authorities are aware that these areas remain a concern. Łíídljı́ Kúé apologizes for the late notification, as we anticipated these agreements would be complete based on company assurances, but this has failed to transpire.

I would be happy to take any phone calls or email inquiries about this matter, should you require further information.

Mahsi,

Chief Gerald Antoine
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Parent Company of Canadian Zinc

November 6, 2019

Julian Morse
Regulatory Officer
Mackenzie Valley Land and Water Board
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Jonathan Tsetso
Nahanni National Park Reserve
Parks Canada
PO Box 348
Fort Simpson NT
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Dear Mr. Morse and Mr. Tsetso:

Re: **LKFN November 4, 2019 Letters**
Prairie Creek Mine All Season Road
MV/PC2014F0013, MV/PC2014L8-0006

We refer to the November 5, 2019 letters sent to you by Liidlii Kue (LK) regarding the status of accommodation of concerns raised by LK in the regulatory review of Canadian Zinc Corporation's (CZN's) Prairie Creek Mine all season road (ASR), in particular, with reference to the status of the joint CZN, Naha Dehe Dene Band (NDDDB), and LK Environmental Management Agreement (EMA).

Environmental Management Agreement Negotiated

As we have noted in our draft Engagement Plan previously submitted to the Mackenzie Valley Land and Water Board (MVLWB) and Parks Canada, subsequent to the issue of the Report of EA (REA) for EA1415-01, CZN agreed to negotiate an EMA with the NDDDB and LK to provide for the participation of the First Nations in all aspects of the access road. The record and process history show that an EMA has been negotiated in good faith to provide for the participation of the First Nations in pre-construction planning, the review of management and monitoring plans, the implementation of various measures recommended by the Review Board in the REA, the sharing and incorporation of Dene knowledge (DK) and values into project design, and independent Dene monitoring of the environment and wildlife. This includes all the items specifically mentioned in page 2 of LK's November 5, 2019 letters.

Process of Negotiation of EMA

The EMA was negotiated over many months with face-to-face negotiation meetings occurring on the following dates:

- June 5, 2018
- July 4, 2018
- October 26, 2018
- November 28, 2018
- March 11, 2019
- April 9, 2019

Many other teleconference meetings were held in between the above-noted dates. A multi-year EMA implementation budget was agreed in April 2019, and an EMA text was finalized for signature by the parties. However, LK's legal counsel indicated that LK would not be ready to sign the EMA text until other accommodations had been agreed between LK and CZN. Negotiations on those accommodations have not yet reached a mutually agreeable conclusion. CZN has met with, and held teleconferences with, LK and LK's legal counsel on multiple occasions between May and October 2019. Throughout this period of negotiation LK has confirmed that the EMA is completed and ready to be implemented, but that LK would not sign until the negotiations on further accommodation were completed.

LK and CZN Operated Since May 2019 as though EMA Signed

While an EMA agreement has not been signed, the parties (including NDDDB and LK) have proceeded with implementation of the requirements of the EMA as though an agreement is in place. Since May 2019 CZN has made good faith payments to LK totalling over \$60,000 for activities related to EMA implementation, and committed to over \$200,000 for services under the EMA related to the Phase 1 winter road (WR), including \$40,000 directly to LK for Dene Monitoring.

Implementation of the EMA is to be overseen and managed by a Road Oversight Committee (ROC), composed of CZN, NDDDB and LKFN representatives. The first ROC meeting, funded by CZN, took place on August 15, 2019 in Fort Simpson to review and consider WR management and monitoring plans and the incorporation of DK.

Prior to the meeting, CZN had circulated drafts of the plans to a traditional knowledge (TK) consultant acting on behalf of the NDDDB and LK, Thorpe Consulting, for review and comment, and to Kathy Racher, a technical consultant also acting on behalf of NDDDB and LK. Both consultants were selected by NDDDB and LK, and are being funded by CZN. Review comments were discussed at the August 15 ROC meeting. Ms Racher provided specific adaptive management advice re TK integration via the Dene monitors. CZN subsequently incorporated the comments and advice into revised versions of the Phase 1 plans and provided copies to Ms Racher. Evidence of this process can be found in Comment No. 6 by Ms Racher on the draft ASR permits on behalf of NDDDB and LK.

The ROC has also held discussions regarding the appointment of Dene Monitors to oversee road construction and operations. CZN continues to move forward with this activity, as described in the Technical Session in Yellowknife last June.

Regarding the integration of Dene Traditional Knowledge (TK specific to the Dene), the EMA parties agreed that CZN would fund the appointment of TK consultants to acquire and assist with the application of relevant TK to the project. NDDDB completed an extensive TK study in 2009. LK considered that their TK and land use database for the ASR was lacking. NDDDB and LK agreed that a TK consultant would assist with applying existing TK to the Phase 1 WR. Thorpe Consulting was hired for this task, and along with Ms Racher's input, this exercise occurred as noted above. NDDDB and LK also agreed that LK would hire its own consultant (SVS Consultants was hired by LK), funded by CZN, to document additional relevant TK on behalf of LK for application to the Phase 2 ASR. We understand this work has been completed. The next step is for Thorpe to integrate the NDDDB and LK TK sources into a single non-attributed database and assist with application to the Phase 2 ASR.

EMA Implementation Meeting with Parks Canada

Parks Canada will note that the EMA parties met with Parks Canada on August 16, 2019 in Fort Simpson, a meeting in which the Chiefs of both NDDDB and LK attended. The parties discussed a number of matters with Parks Canada relating to the ASR, but also impressed upon the Agency a need to ensure a timely completion of the permitting process and issue of final permits since the parties all had a vested interest in construction of the Phase 1 WR, with the NDDDB and LK forming a joint venture in order to select a road construction contractor and benefit from the construction contract.

CZN Will Continue to Fulfill Its EMA Commitments

The purpose of the above descriptions is to illustrate that CZN has fulfilled its commitments and will continue to fulfill those commitments. CZN is actively complying with all of the relevant requirements listed in the Measures contained in the REA, including those raised as concerns in LK's November 5 letters. We note that no such concerns have been raised by the NDDDB.

LK notes that "a final Environmental Management Agreement that addresses a number of concerns and requirements in the Report of Environmental Assessment has not yet been signed, as it was linked to the completion of an Impact and Benefits Agreement which has not yet been finalized". CZN and NDDDB have been ready to sign an EMA for some time. CZN made no commitment to link the signing of an EMA with an Impact and Benefits Agreement with LK. This link was made by LK alone.

CZN intends to enter into a reasonable Impact and Benefits Agreement (IBA) with LK concerning the ASR, one that is consistent with, and reflects, the fact that the NDDDB are the most affected by the ASR, with whom CZN signed a road-related IBA in January of this year.

Closing

Having met all of the necessary commitments and requirements, CZN looks forward to the imminent issue of final permits for the ASR.

Sincerely,
NorZinc

A handwritten signature in blue ink, appearing to read "D. Harpley".

David P. Harpley
VP, Environment and Permitting Affairs