NorZinc
A Premium Mine Developer

Parent Company of Canadian Zinc

May 26, 2022

Andrew Wheeler
Regulatory Specialist
Mackenzie Valley Land and Water Board
7th Floor, 4922 48th St.
PO Box 2130
Yellowknife, NT
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Dear Mr. Wheeler:

Re: Closing Arguments, Mining and Milling Water Licence MV2021L2-0004 and Land Use Permit MV2021D0005, Prairie Creek Mine

With this letter, Canadian Zinc Corporation (CZN) is pleased to provide closing arguments.

The scope of MV2021L2-0004 and MV2021D0005 will cover exploration, construction, operations and closure and reclamation. We recognize that it may have been challenging to amalgamate exploration and mining and milling authorizations, particularly for a uniquely developed site such as Prairie Creek. CZN made many comments on the draft permits, and responses to comments by parties. We are confident that Board staff will diligently work through all of the comments and responses and make adjustments as appropriate. There are some over-arching concerns that CZN has that we would like to bring to the attention of the Board.

CZN is planning to undertake additional surface exploration this summer. All of the necessary authorizations and approvals are in place for this activity based on the exploration licence and permit. We will be treating mine water as usual in connection with those exploration authorizations. The new amalgamated authorizations should not impede these activities or create any new or additional requirements to support them. The current permits are protective for the activities allowed. We were concerned to see exploration mine water management as a component of a new water and wastewater management plan. This is unnecessary and inefficient, both of our time and reviewers' time. We already have exploration mine water management approvals and these should be carried over into the new authorizations, as those activities have already been extensively reviewed through the exploration permits. Incorporating these activities into the new water and wastewater management plan does not provide any additional environmental protection. Use of the Polishing Pond, and the Fuel Tank Farm, both of which were the subject of previous Board approvals, should also be maintained as at present. We propose to retain the exploration authorizations after the issue of the new authorizations to

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ensure continuity. We propose to transition to the new authorizations no later than the start of construction.

The draft Licence contains requirements for Design and Construction Plans for engineered structures. We recognize there are 'standard conditions' for such plans, but there needs to be recognition that many of the structures on site are largely already built – the Water Storage Pond, the Flood Protection Berm, the Catchment Pond, the Fuel Tank Farm. As such, plan requirements should be tailored to any changes that are to be made, and not a re-evaluation of already built structures. At a minimum, the design engineer should be given latitude to provide the information he/she feels is appropriate to support the design. The schedules include the wording "shall include". This should be replaced with "is expected to include, or reasons given as to why the information is not required". In the absence of this change, we fear that parties will expect the information during public review of the plans, and this will lead to a protracted review and approval process. We have design details of the already built structures, but not as-builts as Cadillac went bankrupt before these could be completed.

Related to the above point, Part A defines 'Engineered Structure' as "any structure or facility related to Water Use or the deposit of Waste that is designed by a Professional Engineer, including but not limited to the Polishing Pond, Fuel Tank Farm, Potable Water Supply Facilities, Flood Protection Berm, Water Storage Pond, Waste Rock Storage Facilities, Waste Rock Storage Facilities Seepage Collection Pond, Temporary Waste Rock Storage Stockpile, ROM Ore Stockpile, Secondary ROM Ore Stockpile, Secondary Tailings Stockpile, tailings conveyance system, DMS Stockpile, excess material stockpile, Wastewater Treatment Facilities, Sewage Treatment Facilities, Sewage Sludge Disposal Facilities, Catchment Pond, and Exfiltration Trench associated with the Project". Part E Condition 9 then says "A minimum of 90 days prior to the commencement of Construction of any Engineered Structures not referred to in Part E, Condition DESIGN AND CONSTRUCTION PLAN – FLOOD PROTECTION BERM, Condition DESIGN AND CONSTRUCTION PLAN – EXFILTRATION TRENCH, and Condition DESIGN AND CONSTRUCTION PLAN – WATER STORAGE POND, the Licensee shall submit to the Board, for approval, a Design and Construction Plan. The Plan shall be in accordance with the requirements of Schedule 4, Condition 3". We are concerned that this condition could be interpreted as requiring a design and construction plan for already built structures for which no changes are proposed, such as the Polishing Pond, Fuel Tank Farm and Potable Water Supply Facilities. We are seeking clarity and fairness in the new authorizations.

Part E Condition 8 says "Unless otherwise authorized in writing by an Inspector, a minimum of 90 days prior to the commencement of Construction of all structures, excluding Engineered Structures, intended to contain, withhold, divert, or retain Water or Wastes, the Licensee shall submit to the Board, for approval, a Structure Description and Construction Plan. The Plan shall be in accordance with the requirements of Schedule 4, Condition 2". We are wondering what are the structures that fall into this category. For example, do they include buildings such as the Paste Plant or the Kitchen/Accommodation complex? This would not seem reasonable. We provided a Consolidated Project Description which identified existing structures and structures to be built.

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We would appreciate it if the Board could clarify which of any of these are considered to be structures and not Engineered Structures.

CZN is planning to commence construction in summer 2023, consisting of initial earthworks associated with the Water Storage Pond and Waste Rock Storage Facility. We view these earthworks as 'early works' with limited additional disturbances on the land, and no significant changes to surface water or mine water management. Therefore, new approvals should be kept to a minimum and be specific to the facilities in question. There are a number of conditions in the draft Licence that include the words "prior to commencement of construction". We ask the Board to consider inserting another activity in the place of construction to minimize the required approvals before the early works can proceed. It should be noted that CZN already holds an approved Waste Management Plan and Spill Contingency Plan for exploration, including for underground Decline Development. Regarding Part F condition 3, no changes to mine water management will occur until dewatering begins, therefore the Water and Wastewater Management Plan should be required prior to dewatering, not construction.

Lastly, we are concerned with the introduction of a "revised Geochemical Characterization and Management Plan". This plan was not discussed during the proceedings. We are also puzzled as to why the plan is to be 'revised', since we do not believe a current version exists. In addition, this new plan seems to considerably overlap with other plans, such as the Tailings and Backfill Management Plan and the Waste Rock and Ore Storage Management Plan which have their own geochemical information requirements. We would like clarity as to whether a Geochemical Characterization and Management Plan is in fact needed, and if so, what it is for. Specifically, what locations and materials are to be geochemically characterized, and what is that characterization to consist of. We would hope that such characterization would not be simply blanket sampling and testing. Geologic interpretation and inspection should be included so as to minimize unnecessary testing requirements.

We have provided responses to the closing arguments from parties below as deemed necessary.

GNWT INTERVENTION

We recognize that the GNWT and CZN have come to a mutually agreeable understanding on many of the recommendations the GNWT made in their intervention. We appreciate the GNWT's endeavours in this regard. While not detracting from that, there remains a number of points upon which we disagree, as explained below.

Term Length

We have noted that short WL terms are a disincentive to financiers, and problematic for regulators and proponents faced with a 'soon to expire' WL. Both can be avoided by a longer WL term with the inclusion of a review step during the term to make any necessary adjustments. Board staff has provided for this review step in the draft WL in the form of an EQC re-evaluation report. As such, there is no reason to issue the WL with a short term i.e. 7 years. The GNWT state

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that “if conditions were favourable and predictions confirmed, the Water Licence could then be renewed for the remaining mine life, without a need for shorter-term renewals”. Since an EQC re-evaluation report, as necessary, would confirm predictions and lead to any necessary adjustments within the term of the WL, the GNWT’s comments appear to support a WL term covering the life of the Mine (3 years for construction, 15 years of operations currently, and 3 years of reclamation).

Camp Ditch

In order to divert water in the WSP diversion ditch to the environment without it becoming contaminated, a sump will be created on the eastern end of the ditch for the purpose of pumping water in the ditch west to the portion of the ditch flowing westwards. As previously advised, the Camp Ditch is an existing structure draining shallow groundwater within the alluvium, not runoff. The ditch will not receive additional contributions during operations. The ditch will end in a new sump during operations to direct the intercepted water to Cell B of the WSP.

Facility Detailed Design Reports and Inspections

We are not opposed to detailed design reports for the Water Storage Pond, Waste Rock Pile, South Yard excess material pile, ROM Ore Stockpile and Secondary Tailings/ROM Ore Stockpile. For the Temporary Waste Rock Stockpile, Dense Media Separation (DMS) Float Stockpile and Catchment Pond, those design reports should be limited in scope and background information requirements as the designs essentially relate to lined pads. As the GNWT notes, stockpile slopes need not be considered. We continue to assert that the Active Tailings Stockpile does not require a design report as the pile will be in a building with a concrete floor.

CZN is not opposed to the GNWT’s revised Recommendations 7-9.

Water Management

CZN is not opposed to the GNWT’s Recommendation 11-14 and 15 revised, as described in their closing arguments.

The GNWT states that “The GNWT understands CZN’s intention is to use a colourimeter for day-to-day monitoring of zinc, and to support compliance”. While this is true for the current exploration period, it isn’t the case for construction/operations. We have said that a more sophisticated testing approach will be required (likely either atomic adsorption (AA) or inductively coupled plasma (ICP)), for dissolved zinc and initially arsenic also until we have confirmed that dissolved zinc compliance is also a valid sentinel for arsenic. Therefore, in essence we are in agreement with the GNWT’s Recommendation 16 (revised), although to be clear, we expect to test for dissolved zinc on-site accurately and that zinc will be the sentinel for all other parameters, with all other EQC parameters being tested off-site in a commercial laboratory.

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EQC

Regarding the accuracy of calculated parameter aggregates, it should be noted that we would also be testing the blended effluent entering the exfiltration works to verify the calculated aggregate, likely on a daily basis. The water quality of Cell B water and Mill Ditch water is unlikely to change significantly over a short space of time (i.e. one week), but may change seasonally. As such, assuming the maximum concentrations for these sources over an entire month would not seem to be reasonable. Further, the effluent quality from the water treatment plant, albeit characterized by low concentrations, would be expected to have some variation from day-to-day, perhaps even intra-day, and therefore again, assuming the maximum concentrations over an entire month would not seem to be reasonable. That said, we understand a desire for assumed concentrations to be based on more than one sample. Therefore, we propose that the assumed concentrations be based on the maximum concentrations of four consecutive samples. After all, we are seeking to consistently meet MAC EQC, which provides a significant buffer compared to MGC EQC. Otherwise, we are in agreement with the GNWT's Recommendation 17 (revised).

Regarding updates to the Water Management Plan (Water MP), we are in agreement with the GNWT's Recommendation 19 (Revised), except for clarity and efficiency, it would be appropriate for the annual Water Licence report to define **if** an update to the Water MP is required, and if so, then those updates would be made and reviewed as a separate process.

Regarding response triggers for source terms, the GNWT state that "If some source terms can differ significantly (e.g., >50%) from initially assumed and have no significant impact on the water balance or water quality predictions, CZN could use this as justification that no trigger is necessary for that particular source term". That is indeed what we are saying with respect to the majority of the listed sources. The water balances of Cells A and B are what are important. For Cell A, it does not matter if the flow rate of effluent from the Mill is higher provided that it is comparable to an increase in the flow rate to the Mill. What would matter to the Cell A water balance is a positive balance, perhaps caused by much more seepage from the Waste Rock Pile. As such, triggers are applicable to Cell A water levels, as they could dictate a need to divert part or all of a source to Cell B. For Cell B, flows of non-contact mine water are important, as they dictate the water balance and requirements for discharge. Non-contact mine water quality is less important as this would only affect the proportion requiring treatment to meet EQC. Rather than belabour this issue here and discuss each source, we propose to defer further discussion for inclusion in a revised Water MP.

Effluent Discharge

Regarding Variable Load Discharge (VLD) conditions, our comments are the same as provided in our response to Interventions. We also support and echo the comments made by the NDDB and LKFN in their closing arguments. However, we will note, in response to the GNWT's comments, that there is little difference between water quality sampling requirements for regulation using fixed EQC and VLD. The difference is that regulation using VLD allows variation of flows in

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response to flows in Prairie Creek, flows that are monitored in real-time, such that the contaminant load discharged does not exceed the load the receiving environment can absorb.

For water quality predictions, CZN has strived to address the GNWT's concerns in terms of upstream water quality assumptions. That is the reason we elected to adopt 90th percentiles for water quality parameters, but in doing so, we noted the distortions to some percentiles caused by outlier concentrations, most resulting from episodic high sediment loads which affected total metal concentrations. We do believe that the assumption of 90th percentiles without the removal of outliers is a suitable approach for the determination of long-term EQC. The outliers removed were scientifically defensible, in our opinion.

For the WQO for nitrite, as for other WQO's, we noted at the outset of these proceedings that we did not propose to alter previously defined WQO's. The WQO for nitrite was previously defined as 0.02 mg/L as N, and we propose that concentration be retained.

Regarding effluent mixing zone and the length of the exfiltration trench, we support and echo the comments made by the NDDB and LKFN in their closing arguments. We also wish to point out that the GNWT has not referred to our comments indicating that the EQC for nitrogen species relating to the 2/1.5 m pipe lengths may be not be achievable. This is because the EQC are very low, and if seepage from the waste rock pile or stockpiles needs to be diverted to Cell B to maintain balance in Cell A, residues from explosives would contribute to Cell B and would be part of the final effluent. This contingency would be best managed with the 8/6 m pipe lengths. We also note that for 'safe fish passage', which is what the GNWT/MVLWB Guidelines for Effluent Mixing Zones were principally written for, DFO noted in their February 23, 2022 IR response that to mitigate impacts to fish passage "a longer exfiltration trench (8 m/6 m) may be preferable as it minimizes increases in flow velocity and attenuation distance downstream of effluent release".

SNP 13, the inlet works to the exfiltration trench, will be the final discharge point. It will also be a point of control as, in the event of suspected water quality exceeding MAC EQC, discharge to the exfiltration trench will cease and recycle to Cell B will commence. In reality, the site monitoring system will be checking the flow rates of Prairie Creek and effluent streams, and Cell B discharge would be adjusted so that the water quality of the blended effluent remains compliant with MAC EQC. The water quality of the individual effluent streams, and the blended effluent, would be subject to regular testing. As such, the GNWT's Recommendation 29 (revised) is not logical. The final blended effluent does not need to be held "while testing occurs to ensure that effluent quality is compliant with EQC prior to discharge" because testing will already have occurred. As the GNWT notes, the Catchment Pond has a limited storage capacity. It is not practical or necessary to hold final effluent in the pond prior to release.

The GNWT states that "the GNWT maintains our recommendation that the water licence include a prohibition for diluting effluent with freshwater or any other effluent to meet effluent quality criteria immediately prior to discharge via the exfiltration trench". However, the GNWT do not discuss how Mill Ditch water is to be managed, and if it's discharge via the exfiltration trench would contravene the recommendation. This uncertainty is unacceptable. We have sought clarity

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on this matter. This issue arose because ECCC mused that CZN's effluent discharge plan may contravene the MDMER. ECCC's IR response seemed to imply it does not, but lacked clarity. In the absence of clarity, we recommend that the Board not include a condition in the licence as the GNWT recommends, as this would compound the lack of clarity. If the Board decides to include such a condition, we propose that, at a minimum, the wording be "The Licensee shall not **deliberately** dilute Effluent with freshwater or any other Effluent to meet Effluent Quality Criteria specified in Part F, Condition EFFLUENT QUALITY CRITERIA – EXFILTRATION TRENCH prior to discharging Effluent from the Inlet Works to the Exfiltration Trench at SNP station 13". Intent is important in the context of the MDMER, and in this situation, CZN is not deliberately diluting effluent with Mill Ditch water in order to meet EQC, the dilution is a **consequence** of discharging Mill Ditch water using the same effluent discharge mechanism. This minimizes the requirement for multiple discharge locations to the receiving environment. We maintain that the simplest course for the Board is to not include a condition at all.

CZN is not in agreement with the GNWT's Recommendation 45 (revised). Closure requirements will depend on data acquired during operations. This is particularly important in relation to the waste rock pile. We expect operational data to confirm that the current seepage quality predictions are conservative, which will inform and temper closure requirements. Therefore, it would be premature "to verify, within one year of the start of operations, the types of available soil and material for closure covers and their suitability for use in the closure of the waste rock pile". We believe the Board has opted for a reasonable balance in the draft licence, Part I condition 15 in requiring "Within two years following commencement of operating the Waste Rock Storage Facilities, or once 25% of the Waste Rock Storage Facilities capacity is met, whichever occurs first, the Licensee shall submit to the Board, for approval, a Waste Rock Storage Facilities -Specific Closure and Reclamation Plan". We know that there are significant quantities of clay available in the dykes of the WSP and in the base of the pond, as well as in other locations on-site. We know that application of the material will need to take into account its properties in relation to slope stability and resistance to erosion.

CZN is not in agreement with the GNWT's Recommendation 46 (revised) as tailings properties are unlikely to change significantly through the mine life. We accept, however, that updates to volumes and available voids underground through the mine life would be appropriate.

CZN is not in agreement with the GNWT's Recommendation 48 (revised). The updated Tailings and Backfill Management Plan should be submitted for review and Board approval no more than 90 days prior to commencement of milling operations. We believe that should be more than enough time for review and approval.

Security

One of the differences of opinion relating to security costs relates to the unit cost for paste backfill. The GNWT refers to the cost of backfill for the Giant Mine a number of times, and quoted a rate of $\$200/m^3$. The GNWT does not provide any details as to how this number was derived and what it includes. We reviewed the January 2019 Closure and Reclamation Plan for Giant

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Mine. Following our review, we conclude that the Giant Mine paste backfill example is not comparable to Prairie Creek at all for the following reasons:

- Giant had multiple locations of paste backfill in various mine stopes, whereas the Prairie Creek situation is likely to be a single, easily accessible tunnel;
- Giant had to drill 50 investigative surface and underground boreholes to plan and design the backfill work;
- Giant had to drill 44 backfill delivery boreholes. Paste backfill was added to the voids in the stopes by way of boreholes drilled from surface;
- Giant's backfill was mixed using mobile volumetric mixers, either truck or skid mounted.
- At Prairie Creek, the paste plant will already exist, as well as the means to deliver paste to underground headings.

For these reasons, the cost of backfill at Giant Mine should not be used to justify the GNWT's assumptions for Prairie Creek, and the unit cost derived by AMC Mining Consultants specific to Prairie Creek should be assumed.

The GNWT state that "The GNWT remains of the opinion that there is a material risk of post-closure seepage being greater than CZN's predictions, especially if there are aspects of mine backfilling and/or bulkhead construction which are less than best achievable". Not mentioned is the fact that, at closure, all stopes will be backfilled and each stope access will be backfilled to the connecting access tunnel where a paste bulkhead will be created. As such, the current main conduit for groundwater movement, the mineralized vein, will be hydraulically isolated from the access tunnel. The remaining tailings at closure is to be placed in the access tunnel, behind bulkheads in the tunnel. In response to the GNWT's concerns, CZN engaged Robertson Geoconsultants to review the proposed backfill approach effects on groundwater quality[1]. They concluded that "it is unlikely that the mechanical placement of tailings in the development void will have a significant influence on post-closure water quality". In any event, CZN has provided for post-closure water treatment, as a contingency.

Regarding the volume of tailings on surface at closure, the GNWT assumed the total stockpile capacity because "1) it is permitted up to that volume, and 2) once in the pile, it is a liability until it is removed". The permitted volume is irrelevant. What is relevant is how much is expected to be on surface at closure. AMC projected that amount based on the mining and backfilling plan.

For bulkheads/grouting, we have noted a number of times that the Board previously ruled (in 2013)[2] that approximately 250 m^3/bulkhead is typical, and that quantity is what CZN based bulkhead costs on. The GNWT is now proposing complex bulkheads with grouted drill holes to justify higher costs due to water quality concerns. As explained above, water quality concerns associated with the development void are not justified.

[1] April 14, 2022 response to IR 5, Attachment A.
[2] June 14, 2013 Reasons for Decision, MV2008L2-0002, p. 10.

The GNWT state that "Regarding the assessment of the current financial responsibility of CZN for the site in accordance with their existing land lease (for mine site maintenance) and associated 1987 release letter issued by Canada, the GNWT will review this matter in the context of the leasing process". Since the Board will decide on security provisions before the leasing process has concluded, we ask that the Board continue to defer (per the 2015 decision[3]) payment for the current excess financial responsibility for the site so as not to pre-empt an agreement between the GNWT and CZN. CZN has proposed that the excess liability be paid out of revenue during operations.

Regarding the phasing of security to reflect the growth in reclamation liabilities, CZN based its costs for the tailings stockpile on projections provided by AMC for the mine's life. The GNWT claim that "the waste rock pile is likely to reach essentially 100% liability by about 80% of the mine life". This is incorrect. CZN's projections of annual quantities taken to the pile were based on Table 1 (produced by AMC) in the Waste Rock and Ore Storage Management Plan. The 12th year of operations would be equivalent to 80% of the current mine life. At that point, Table 1 indicates that the rock pile capacity will be at 86%. CZN stands by its phasing projections.

The above discussion and previous submissions provide a considerable amount of detail and differing opinions on closure costs. While we understand that security requirements are necessarily based on the evidence, it should be noted that, in the Board's decision for MV2020L2-0003 in February 2021, security was set at approximately $17.73M. The GNWT's revised estimate for security in their current intervention was approximately $34.96M, almost exactly double. We accept that some changes to the mine plan have been made which have led to increases in security, but we submit that those increases are limited and not as extensive as the GNWT has estimated.

DFO

CZN has no issue with DFO's closing arguments. There were, however, two items for which CZN sought clarity for the Board's purposes. In the draft Licence, Board staff had moved the bull trout monitoring requirement from a Licence condition to the AEMP schedule, consistent with DFO's advice, but retained the original monitoring requirements (occupancy survey) instead of reflecting DFO's revised monitoring approach (velocity modelling and monitoring). We have contacted DFO to confirm requirements, and they advise that they are:

> "Field monitoring will be required to demonstrate that either:
>
> - The exfiltration trench does not prevent fish passage; or
> - Validation of model predictions that water velocities in and from the trench would not prevent fish passage".

DFO indicated that they would be in contact with the Board independently on this matter.

[3] May 21, 2015 Reasons for Decision, MV2008L2-0002, p. 11.

CZN was also concerned about the apparent restriction of water abstraction from local watercourses. DFO advised that their position is:

> "If withdrawal occurs in riverine systems within the restricted activity period (RAP) then CZN would need to demonstrate that either:
>
> a) Location of water withdrawal is not fish bearing; or
>
> b) Water withdrawal volume is <10% of actual (instantaneous) flow and do not result in flows <30% of mean annual discharge (MAD).
>
> If the above can be met, then withdrawal may proceed during the RAP without additional requirements from DFO".

Further, DFO indicated that this advice was for CZN's benefit, and was not meant for inclusion in the Licence.

ENVIRONMENT AND CLIMATE CHANGE CANADA

Discharge Control Structure

ECCC state that "there is no way to halt effluent discharge to Prairie Creek in the event of unforeseen circumstances resulting in the potential for poor-quality effluent". This is incorrect. The inlet works will have pumps and valves such that if effluent is not of acceptable quality, the effluent would be directed to Cell B as opposed to the exfiltration trench. This is the control structure.

MDMER

ECCC has provided comments again lacking in clarity. "The collection of effluent for water management is not considered dilution" appears to suggest ECCC is saying CZN's plan would not contravene the MDMER. However, "If the water management system is used to combine effluents for the purpose of dilution prior to deposit to the receiving environment, a Proponent would be in violation of Section 6 of the MDMER" again 'muddies the waters'. ECCC seem to be unable to confirm categorically whether CZN's plan would or would not comply with the MDMER. Our interpretation is that the purpose of combining Mill ditch water with other effluent would be for water management, and not for the purpose of dilution. Regardless, we stand by our recommendation that the Board **not** include a condition on this subject in the Licence.

PARKS CANADA

Regarding vegetation, soils, closure and reclamation, and water quality at the NNPR boundary, Parks Canada has not provided any new comments, and therefore our responses to their comments on the draft Licence remain unchanged.

Water sampling at the NNPR boundary should be limited to those occasions when that location is visited for the purpose of baseline and monitoring associated with the AEMP. The reason for this is the location is only accessible by helicopter, which must be sourced from Fort Simpson for this activity. The other reason is CZN's revised water management plan will result in much less contaminant load being released to Prairie Creek. Consequently, the water quality at the NNPR boundary will be considerably better than previously predicted, and so monitoring requirements at the boundary should be less stringent, not more stringent. We note that the Board has indicated SNP 28 for this location in the draft Licence, to be active until the AEMP Design Plan is approved. In our comments on the draft Licence, we suggested the location should only become active once discharge via the exfiltration trench occurs. What we did not comment on is the suggested monthly frequency for sampling. In view of the above comments, this frequency is excessive and should be no more than quarterly (every 3 months).

ADKFN

In their closing arguments, ADKFN raise a number of points. The technical points which were relevant to our application were responded to previously in our response to interventions. We did not address all the issues that were brought up in their intervention, but only those we considered to be relevant to the application presently before the Board. We did not do this out of any disrespect for ADKFN, but to streamline our response, limiting it to what the Board would need to consider.

In response to the claim that ADKFN's traditional territory is impacted by this application, we note that the only part of the overall undertaking that is within the ADKFN's claimed territory is a very short portion of the road to the mine – in an area of overlapping claims with NDDB, whose main community is directly adjacent to that overlap. In that regard, we refer to the closing arguments from the NDDB, specifically "the Mine and the proposed access road are located entirely within NDDB's Traditional Territory, directly adjacent to the community of Nahanni Butte". In addition, we point out that Fort Liard is situated on the Liard River upstream of the confluence with the South Nahanni River. As such, Fort Liard as a community will not be directly affected by this application, and therefore it is not an affected community in the context of this proceeding.

In the context of the potential for this application to have an impact on ADKFN's Aboriginal rights, the consultation undertaken through the process has provided ADKFN the opportunity to be heard and have their issues addressed.

ADKFN have again referred to impacts from road traffic on public Highway 7 related to this proceeding. We previously noted that, during EA0809-002, CZN advised that up to 70 truck-loads per day would be needed to transport concentrates over a winter road, and subsequently on to market via Highway 7, and during EA1415-001 for the all season road (ASR), CZN advised that up to 25 truck-loads per day would be needed to transport concentrates over the ASR, and subsequently on to market via Highway 7. Our revised truck-load projections for the expanded

project are within the 25 truck-load estimate. Therefore, the impacts of truck traffic previously assessed remain valid and are not the subject of the current proceeding.

Sincerely,
CANADIAN ZINC CORPORATION

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VP Permitting

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