



Parent Company of Canadian Zinc

August 12, 2021

Kimberley Murray
Regulatory Specialist
Mackenzie Valley Land and Water Board
7th Floor, 4922 48th St.
PO Box 2130
Yellowknife, NT
X1A 2P6

Dear Ms. Murray:

Re: ADKFN Request for Extension, Mining and Milling Water Licence MV2021L2-0004 and Land Use Permit MV2021D0005, Prairie Creek Mine Expansion

With this letter, please find attached Canadian Zinc Corporation's (CZN's) response to the August 10, 2021 request from the Acho Dene Koe First Nation (ADKFN) for an extension to the information review period in relation to the above noted permits.

Introduction

By way of introduction, we wish to register our surprise with the nature of, and reasons for, ADKFN's request. We engaged with technical representatives for ADKFN on three occasions in connection with the applications, twice before the applications were submitted (one of which was with the ADKFN representatives only, as detailed in the submitted Engagement Log), and once after the applications had been submitted and before parties were to provide formal comments. No comments were received from ADKFN on the pre-application engagement conducted in the fall of 2020. ADKFN's technical representative attended the question-and-answer forum held before the comment deadline and no issues were brought forward at that time. CZN provided an opportunity for ADKFN to raise issues and endeavoured to answer ADKFN's questions to the best of our ability. Independent of this, other representatives of CZN and ADKFN have conducted engagements regarding economic benefits and social issues.

Unfortunately, a recurring theme in ADKFN's submissions is an incomplete understanding of the Mackenzie Valley Land and Water Board's (MVLWB's) procedures and processes, and engagement requirements. As we understand them, these are intended to provide procedural fairness for proponents and intervenors. The Work Plan for the processing of the above noted permits called for review comments from intervenors by July 15, 2021. Sometimes, intervenors request an extension for a specific and short period before the comment deadline, and sometimes these requests are granted. We are not aware of any precedent for granting a

comment extension nearly one month after the comment deadline, and for an unspecified period. Therefore, from a purely procedural perspective, ADKFN's request should be denied.

ADKFN's justification for their extension request is that 'new' information has been presented with CZN's responses to intervenor comments. We submit that the submission of information in response to questions from ADKFN and other interveners is not 'new', but part of the normal process whereby further clarification is provided to information already provided with the application. Therefore, ADKFN's justification for an extension lacks merit.

ADKFN refers to the 2008-2011 Environmental Assessment EA 0809-002, and that their position at that time was in support of the development and operation of the Prairie Creek Mine. We wish to reiterate that, in our opinion, the Company has used the intervening time to develop a better project in terms of environmental protection, with much less effluent load now expected to be discharged and green-house gases emitted. Despite this, ADKFN's representatives continue to ask questions and request studies related to matters that the Review Board or MVLWB either ruled on previously or did not deem them to be necessary. We are not in support of nor do we see a need to re-open past decisions.

Responses to ADKFN's Points

Following our introductory remarks, we now provide specific answers to ADKFN's technical and engagement points below, according to the numeration ADKFN provided.

1. In response to ADKFN characterization of the ongoing strategic negotiations regarding accommodation of ADKFN's interest, CZN does not agree with ADKFN's negative characterization of the willingness of CZN to engage in these discussions and our approach to them. Throughout 2019 and 2020, meetings were held between ADKFN representatives and CZN executives to discuss benefits from the Prairie Creek Project. Although meetings were difficult to schedule in 2020 due to COVID-19, we were able to meet 5 times during 2019 and 2020. Throughout this period, including before COVID-19, we were advised by ADKFN representatives to only engage with them, and not to seek to engage with Chief and Council directly. We complied with this request, although we did address formal regulatory engagement letters to the Chief and sent them to him (refer to the Engagement Record submitted). Our request for further meetings were delayed at the end of 2020 by ADKFN as they requested time to review materials and information they requested and we provided in the fall of 2020.

While new ADKFN leadership was coming on board in spring 2021, CZN attempted to restart conversations, but were unable to move this forward due to the contested ADKFN election. NorZinc reached out starting in early May via ADKFN's legal advisor and through the Lead Negotiator, requesting to meet and continue these discussions. Our new CEO was able to have a phone conversation with an ADK representative on July 1, 2021 where a larger meeting was agreed to the following week. This meeting was rescheduled on ADKFN's request with the first opportunity to meet based on ADKFN's representatives' availability on

July 27, 2021. At this meeting, ADKFN presented proposals on economic benefits and CZN is currently reviewing in them in good faith. CZN's experience with these meetings was that progress continued to be made in each meeting and is surprised and disappointed at ADKFN's characterization of CZN.

2. In CZN's response to ADKFN's comments on the permit application, CZN referenced MVLWB's Reasons for Decisions, which we followed and used to guide our steps as part of the technical proceedings. This is not a comment on ADKFN's Treaty or Aboriginal Rights, but rather it is the process in place for proponents of a project to follow. These proceedings are not where Treaty or Aboriginal Rights are discussed.

ADKFN states that:

"the potential for adverse ecological and human health concerns in the downstream watershed, the lack of foresight regarding climate change and the potential for a catastrophic event at the mine site, and the long-term legacy impacts post closure, are routinely dismissed by the Canadian Zinc Corporation"

These matters were either addressed to the extent necessary during EA0809-002, or will be considered further in the current permitting process. ADKFN's representatives will have the time and opportunity to conduct review and ask further questions during the process.

3. While we believe this is not the forum to negotiate benefit agreements, CZN reiterates the points in 1. above that the Company has acted in good faith and in a professional manner at all times in its negotiations with ADKFN regarding economic benefits.
4. This item refers to the additional hauling of concentrates on the Liard Highway. ADKFN refers to truck haul data provided by CZN in response to intervenor comments. However, this data should not have been a surprise to ADKFN – we noted in our informal engagements that the purpose of the proposed mine expansion was to produce and transport concentrates to market at a higher rate. This was understood to correlate with an increase in overall truck traffic. As such, our more detailed truck haul data cannot be considered to be 'new' information, and was essentially provided before any clarification information was submitted in our response to comments. In any event, it is widely known that the Liard Highway currently hosts a low frequency of traffic. This will not change significantly with mine operations, with or without mine expansion.

The Review Board considered the transportation route during EA1415-001. On page 11 of the Report of EA, the Review Board notes:

"The developer has estimated the number of concentrate truck trips to be between 12 and 18 trucks/round trip/day on the all season road, up to a maximum of 25 trucks/round trip/day".

The truck haul data we provided recently projects a traffic volume within a 25 trucks/round trip/day average. We also note that the basis for the Review Board's decision for EA0809-002 was concentrate transport over a winter road to the Liard Highway, with up to 70 loads per day during the winter season.

5. See 4. above.
6. Regarding Indigenous knowledge, CZN has indicated publicly and to ADKFN that the Company is willing to support a reasonable traditional knowledge (TK) study in relation to the portion of the Phase 2 all season road (ASR) ADKFN asserts is in their traditional territory. In a letter dated September 20, 2019 (copy attached) Donovan & Company, acting on behalf of ADKFN, requested such a study. In that same letter, assurances were sought in relation to the proposed Phase 1 (pioneer) winter road (one of which related to the protection of heritage resources). CZN submitted a letter dated September 30, 2019 (copy also attached) providing the assurances with respect to the Phase 1 road that ADKFN sought, and noting in relation to the Phase 2 ASR that "The Company is amenable to further engaging with ADKFN to agree a suitable process for acquiring and including ADKFN's TK". Since these letters, CZN has made at least three requests to ADKFN for ADKFN to provide their TK study proposals. To date, no such proposals have been received.

Closing

In closing, we submit that there is no merit in ADKFN's request for an extension, and it would be an abuse of an established process and procedures to grant one. We are requesting that the MVLWB not grant ADKFN an extension and additional time to the review period and that the MVLWB continues with its screening decision to maintain the schedule outlined in the Work Plan. We thank the MVLWB for providing this opportunity to respond to the ADK letter and in considering the additional information we have outlined. ADKFN's technical concerns can be addressed through the permitting process. CZN looks forward to further engaging with ADKFN directly regarding economic and social benefits for the community.

Sincerely,
CANADIAN ZINC CORPORATION



David P. Harpley
VP Permitting



DONOVAN & COMPANY

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September 20, 2019

VIA EMAIL: david.harpley@norzinc.com

NorZinc
650 W Georgia St.
Suite 1710
Vancouver, BC V7Y 1H4

Attention: David Hartley, VP Permitting and Environmental Affairs

Dear Mr. Harpley,

Re: ADKFN's Letter of September 6, 2019 and Process for Resolving ADKFN's Concerns

During the meeting between ADKFN, ADK Holdings Ltd. and NorZinc on September 17, 2019, we discussed, among other matters, ADKFN's letter of September 6, 2019 to the MVLWB and options for addressing ADKFN's concerns with respect to the potential risk that ADKFN's traditional use activities and/or sites within its traditional territory may be affected by the All Season Road (ASR).

ADKFN's letter of September 6, 2019 expresses ADKFN's interest in incorporating its Traditional Knowledge (TK), and ensuring its TK informs project planning, management plans and mitigation measures. Further, where archaeological or sensitive areas are identified within ADKFN's traditional territory, ADKFN wishes to be advised at the earliest time possible, to have a monitor present, and to engage in other management or oversight activities, as appropriate. ADKFN is interested in having further discussions with NorZinc on the processes and protocol where archaeological or sensitive areas are identified within ADKFN's traditional territory.

The MVLWB's Report of Environmental Assessment and Reasons for Decision for the Prairie Creek All Season Road sets out various measures with respect to Traditional Knowledge (Measure 10-1) and Archaeological Impact Assessments (Measure 10-2). As discussed during our meeting, ADKFN would like NorZinc to commit to going beyond the current measures of engaging generally with the Dehcho Nations by specifically incorporating ADKFN's TK into Measure 10-1 and 10-2.

ADKFN wishes to ensure that its involvement in gathering TK within its traditional territory is consistent with the Terms of Reference (TOR) for the proposed all season

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road archaeological impact assessment. Please confirm that the TOR for the for the ASR is set out at:

<http://registry.mvlwb.ca/Documents/MV2014F0013/MV2014F0013%20-%20CZN%20-%20ITRP%20Terms%20of%20Reference%20-Sept13-19.pdf>

We would like to have further discussions, with the objective of reaching an agreement, for an ADKFN TK ASR report. If NorZinc is able to share information related to the nature, scope and timing of studies to be submitted to the Independent Technical Review Panel, or with respect to the Environmental Management Agreement, it would assist in our discussions on how ADKFN's TK can be appropriately incorporated into the ASR and Project. ADKFN requires financial support from NorZinc to support this work, which we would be happy to discuss further.

Reaching an agreement on the process for incorporating ADKFN's TK into the ASR would assist in addressing the concerns set out in its September 6, 2019 letter.

With respect to the Winter Road Construction within ADKFN's Traditional Territory, ADKFN seeks assurances that:

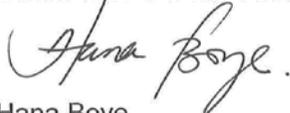
1. NorZinc will provide ADKFN with information on any muskeg that may be disturbed as a result of the Winter Road Construction within ADKFN's Traditional Territory;
2. The Winter Road will be constructed in a manner that minimizes any risk to archeological or sensitive sites. For example, if the road goes through areas of muskeg they will need to either go around the landforms within the muskeg, or ensure that any landform that is disturbed does not have archaeological sites associated with it; and
3. The clearing of trees must be conducted in a manner that minimizes disturbance to landforms.

If NorZinc can provide us with these assurances with respect to the Winter Road, and we can reach an agreement on the incorporation of ADKFN's TK knowledge in the ASR and the Project, that will assist in addressing the concerns raised by ADKFN's letter of September 6, 2019.

We look forward to further discussions with NorZinc.

Yours truly,

DONOVAN & COMPANY



Hana Boye
HB/hb



Parent Company of Canadian Zinc

September 30, 2019

Chief Eugene Hope
Acho Dene Koe First Nation
General Delivery
Fort Liard, NT X0G 0A0

Dear Chief Eugene,

Re: **ADKFN's Letter of September 6, 2019**
Prairie Creek Mine All Season Road

We refer to the above noted letter that ADKFN submitted to the Mackenzie Valley Land and Water Board, and to our subsequent meeting on September 17, 2019.

NorZinc (NZC) wishes to reiterate our thanks for meeting with us to discuss the concerns of the First Nation. This letter is intended to document our verbal discussion with respect to two particular items: the proposed Phase 1 winter road and potential for impacts on heritage resources; and, the incorporation of ADKFN's traditional knowledge (TK) in planning for the Phase 2 all season road (ASR) development.

ADKFN described the extent of their traditional territory, and advised that ADKFN 'overlapping' territory encroaches on the first few kilometres of the proposed ASR alignment from the Nahanni Butte access road. ADKFN's concerns with respect to winter road construction over those few kilometres are:

1. information on any muskeg that might be disturbed;
2. that construction occur in a manner that minimizes risks to archaeological or sensitive sites; and,
3. that tree clearing minimizes disturbance to landforms.

We can confirm that winter road construction within the noted few kilometres you refer to as ADKFN overlapping territory will not disturb muskeg. It is preferable to locate the ASR on firm ground, which is typically ground with mature trees rather than muskeg. In addition, winter road construction seeks to minimize disturbance to the ground, and this includes cutting trees at their base and leaving stumps intact, rather than clearing that could disturb landforms. Therefore, the proposed construction will minimize risks to archaeological or sensitive sites, should they be present. We trust this addresses ADKFN's concerns with the winter road.

With respect to the incorporation of ADKFN's TK knowledge in the Phase 2 ASR development, as we noted, an exercise is already underway to accumulate and incorporate additional TK into plans for Phase 2. The Company is amenable to further engaging with ADKFN to agree a

ADKFN
September 30, 2019

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suitable process for acquiring and including ADKFN's TK in this exercise, and addressing any remaining heritage resource protection concerns ADKFN may have.

Sincerely,

NorZinc

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

David P. Harpley
VP, Environment and Permitting Affairs