

Reviewer Comments and Proponent Responses

Project: CZN Prairie Creek Mine
 Board: Mackenzie Valley Land and Water Board
 Organization: CanZinc Corporation (CZN)

No.	Topic	Reviewer Comment	Reviewer Recommendation	Proponent Response
Acho Dene Koe First Nation (ADKFN) - Scott Mackay				
1		Attachment file of comments		
2	Current Closure Costs	CZN stated that Brodie Consulting Limited (BCL) did not provide their version of the Reclaim estimate for current liabilities, creating uncertainty regarding the calculation of "Buildings and Equipment" and presumably other sources of discrepancy between BCL's estimate of current liabilities and CZN asserted estimate outlined in CZN's response to IR 5.	The discrepancy between the BCL estimate and CZN's estimate of existing liabilities is not inconsequential (approximately \$2.3 million), to ensure adequate security be held. Acho Dene Koe First Nation recommends to the Board that an additional Information Request be made to require evidence supporting BCL's estimate for current liabilities. This evidence will improve the ability of all parties to understand the discrepancy and the validity of asserted liability estimates.	The absence of evidence supporting BCL's estimate for current liabilities is not significant in the context of ensuring adequate security is held. We assumed their estimate value of the existing liability for 'conservatism'. An IR isn't necessary.
3	Phasing Based on Project Development and Current Liability Status	CZN state that their responsibility for abandonment and restoration of current liabilities is in alignment with Surface Lease 95 F/10-5 and the conditions outlined in the associated Abandonment and Restoration Plan. CZN acknowledges that "The A&R Plan did not consider future liability at all because the Surface Lease was intended for the 'care and maintenance period only, a new or revised lease being required for mine operations." and that "Assuming CZN proceeds to operations, we [CZN] accept that CZN would	Acho Dene Koe First Nation requests that the Board evaluate the appropriateness of a phased and deferred securities payment through the lens of the current proceedings rather than that of past decisions. Additionally, as is the intent of the Mackenzie Valley Land Use Regulations and Waters Act, the posting of security is to be completed prior to a proposed activity, ensuring that the financial risk associated with closure and reclamation exists with the proponent rather than the public of the Northwest Territories. We	We are aware of the regulations and normal requirements for security. however it is our opinion that these were not specifically written for the unique nature of this project. Regarding CZN benefitting from the existing development, that is partially true, but what is also true is that CZN has borne the cost of managing and treating the mine water since 2006, mine water that relates to Cadillac's development not any development CZN created. This cost should have been borne by the Crown. To the point in question, the Board already ruled in favour of staging the security for the existing liability in its 2015 decision. In this proceeding, that staging decision is the subject of review and adjustment, and in addition, staging

	<p>eventually acquire the entirety of site reclamation liabilities. At question is the appropriate timing of that acquisition.” CZN “are asking the Board to defer payment of all of the current excess liability to the operating period as we believe it is appropriate that CZN pay for liabilities the Company did not create out of income from the project.” In which it is proposed that existing liabilities be assumed by CZN in two equal payments at the start of year 2 and year 3 of operations.</p> <p>Acho Dene Koe First Nation believes that it is the spirit and intent of both section 32 (3) of the Mackenzie Valley Land Use Regulations and section 35 (2), that securities be held by the Government of Northwest Territories prior to the establishment of liabilities on site. While we believe that the terms and conditions established in Surface Lease 95 F/10-5 are reflective of the date in which they were issued, we don’t dispute the specific terms for abandonment and restoration, or required securities. We do question the relevance of those terms to the current proceedings. The terms of Surface Lease 95 F/10-5 as described by CZN do not contemplate the Lease transitioning from care and maintenance to an operational phase, however, it is within the scope of these proceedings to contemplate this transition. In our view, land use and water operations, include</p>	<p>recommend a condition of this authorization for financial security to be posted for current liabilities prior to the creation of additional liabilities.</p>	<p>is proposed to reflect the growth of reclamation liabilities over the life of the project, evidence for which was not provided prior to the 2015 decision and therefore was not considered by the Board.</p>
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No.	Topic	Reviewer Comment	Reviewer Recommendation	Proponent Response
Environment and Climate Change Canada (ECCC) - Melissa Pinto				
1	ECCC No Comments	ECCC has reviewed IR Response #5 in accordance with our mandate and has no comments at this time.	N/A	
No.	Topic	Reviewer Comment	Reviewer Recommendation	Proponent Response
Fisheries and Oceans Canada (DFO) - Dana Harris				

1	IR5 - Document as a whole	DFO has reviewed the document in accordance with our mandate and has no comments at this time.	DFO has no recommendations at this time.	
No.	Topic	Reviewer Comment	Reviewer Recommendation	Proponent Response
GNWT-ENR - EAM (Environmental Assessment and Monitoring) - Erin Goose				
1	Canadian Zinc - Information Request 5	As requested in IR5, Canadian Zinc (CZN) has provided their proposed approach to phased security requirements. The Board has requested that parties respond to the proposal by May 6, 2022. The GNWT notes that CZN has provided RECLAIM estimates relating to ten (10) milestones throughout the construction and operation of the mine. Given the complexities of the proposal outlined by CZN and the concurrent draft water licence review that is also due on May 6, 2022, the GNWT will not be able to provide a comprehensive response by that time. Our intention is to provide an updated security estimate and our position on CZN's proposed approach as a component of our closing arguments. We also note that CZN will have an opportunity to respond to our position in their closing arguments.	N/A	
2	Cover Letter	Comment Letter	N/A	