



Via email

September 1, 2011

Chuck Hubert
Environmental Assessment Officer
Mackenzie Valley Review Board
Suite 200, 5102 50th Avenue,
Yellowknife, NT
X1A 2N7

Dear Mr. Hubert,

RE: Environmental Assessment EA0809-002, Prairie Creek Mine
PRAIRIE CREEK MINE PROJECT SOCIO-ECONOMIC AGREEMENT

Canadian Zinc Corporation is pleased to provide the MVRB with a final copy of the Prairie Creek Mine Project Socio-Economic Agreement between the Government of the Northwest Territories and Canadian Zinc signed August 22, 2011 at the Legislative Assembly in Yellowknife. We also include, for your reference, the News Release of the same date issued by the GNWT.

The Agreement establishes the methods and procedures by which the Company and the Government of the Northwest Territories have agreed to work together to maximize the beneficial opportunities and minimize the negative socio-economic impacts arising from an operating Prairie Creek Mine.

Yours truly,
CANADIAN ZINC CORPORATION

Alan B. Taylor
COO & VP Exploration

R(16)699

GNWT and Canadian Zinc Sign Socio-Economic Agreement

YELLOWKNIFE (August 22, 2011) - The Government of the Northwest Territories (GNWT) and Canadian Zinc Inc. today signed a Socio Economic Agreement (SEA) for the proposed Prairie Creek Mine in the Dehcho Region.

The agreement formalizes commitments by Canadian Zinc with respect to employment, training, business opportunities and other related benefits for Northwest Territories (NWT) residents. It also details measures to monitor and adapt to possible socio-economic impacts related to the proposed project.

“The signing of this Agreement reflects the commitment of both parties to ensure that the development of northern resources occurs in a manner that is sensitive to social and cultural considerations and is economically sustainable,” said Minister of Industry, Tourism and Investment, Bob McLeod. “The signing of this Socio-Economic Agreement is a significant step in moving the process forward towards bringing the Prairie Creek Mine into operation, and that will translate into economic opportunities for Dehcho residents.”

The GNWT has long supported the advancement of non-renewable resource development that respects the principles of conservation and is carried out in a manner that ensures benefits from northern development accrue to both the residents and economy of the NWT.

“Canadian Zinc is very pleased to have signed this landmark agreement with the GNWT. The Prairie Creek silver/zinc/lead mine has the potential to provide significant direct and indirect employment benefits and business opportunities to the NWT and in particular to the Dehcho Region. We are committed to developing and operating the Project in a manner that contributes to the social, economic and cultural well-being of the Northwest Territories and, in particular, the residents and communities in the region”, stated John Kearney, Chairman and CEO of Canadian Zinc Corporation and the President of the Northwest Territories and Nunavut Chamber of Mines.

Highlights of the SEA include:

- 18 ongoing training positions;

Media requests for interviews with Members of the Executive Council may be directed to:

Office of the Press Secretary • Premier/Cabinet
Government of the Northwest Territories • PO Box 1320 • Yellowknife • NT • X1A 2L9
Tel: (867) 669-2302 • Fax: (867) 873-0111

- The establishment of a Socio-Economic Advisory Committee with members from the GNWT, Canadian Zinc and local Aboriginal governments;
- Confirmation of Canadian Zinc's employment and procurement commitments for the life of the project;
- For project employees living in any of the NWT's communities, the SEA also includes a commitment to cover the costs of travel to and from employee pick-up points.

“This is an excellent opportunity for Northerners to benefit from meaningful jobs and training, particularly in the Dehcho,” said Minister of Education, Culture and Employment, Jackson Lafferty. “We have worked hard to ensure any business opening its doors in the NWT makes provision for creating and developing opportunities for northerners. I commend Canadian Zinc for their commitment to northerners and look forward to many job opportunities becoming available as a result of this project.”

“There is vast potential in the Nahendeh for a sustainable future” said Nahendeh MLA Kevin Menicoche,” This agreement is an important signal that the people of the Nahendeh are taking control of their future and ensuring that economic benefits will go directly to the community level”

The signed SEA will be posted online at: <http://www.iti.gov.nt.ca/publications/>.

For more information, please contact:

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PRAIRIE CREEK MINE PROJECT SOCIO-ECONOMIC AGREEMENT

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PRAIRIE CREEK MINE PROJECT SOCIO-ECONOMIC AGREEMENT

PARTIES:

- (1) CANADIAN ZINC CORPORATION ("CZN"), a corporation in Canada with head office address at 650 West Georgia Street, Suite 1710, Vancouver, British Columbia V6B 4N9; and
- (2) THE GOVERNMENT OF THE NORTHWEST TERRITORIES ("GNWT"), as represented by The Minister of Industry, Tourism and Investment and The Minister of Education, Culture and Employment.

BACKGROUND:

- A. CZN has established mine-related facilities adjacent to Prairie Creek in the Northwest Territories ("NWT") and has applied for permits and licences for commercial production of lead and zinc concentrate utilizing these upgraded facilities ("the Project").
- B. The Project represents a development which has the potential to provide significant direct and indirect employment benefits and business opportunities to the Northwest Territories and in particular to the Dehcho Region.
- C. CZN has voluntarily committed to develop and operate the Project in a manner that contributes to the social, economic and cultural well-being of the Northwest Territories and, in particular, the residents and communities in the region impacted most by the Project.
- D. CZN and GNWT have agreed to work together to maximize the beneficial opportunities and minimize negative impacts arising from the Project.
- E. Under the *Mackenzie Valley Resource Management Act* (Canada), the Mackenzie Valley Environmental Impact Review Board ("MVEIRB") has undertaken an environmental assessment ("the Assessment") of the Project.
- F. This Agreement sets out various matters to be addressed to ensure the socio-economic commitments of CZN made during the Assessment mentioned above, and other measures to minimize negative socio-economic impacts resulting from the development and operation of the Project, are implemented and monitored.

IT IS AGREED:

1 INTERPRETATION

1.1 DEFINITIONS

Unless the context otherwise requires, terms in this Agreement, including the recitals above, have the meaning given to them in Appendix A, which forms part of this Agreement.

1.2 INTERPRETATION

1.2.1 Clause and Appendix headings do not affect the interpretation of this Agreement.

1.2.2 Use of the singular includes the plural and vice versa.

1.2.3 With the exception of clause 4.9, this Agreement is gender-neutral.

1.2.4 Unless the context otherwise requires, any reference to a law refers to it as it may be applied, amended or re-enacted and in force from time to time and includes any subordinate legislation made under it.

1.2.5 Any reference to an aboriginal or treaty right, land claim agreement or self government agreement refers to it as may be recognized in law, entered into or amended and in force from time to time.

1.2.6 Any reference to an impact benefit agreement or similar agreement between CZN and an IBA Community, refers to it as may be recognized in law, entered into or amended and in force from time to time.

1.2.7 Nothing in this Agreement limits any branch of the Government of the Northwest Territories, including the Ministers representing GNWT in this Agreement, or any other authority in the exercise of its constitutional or statutory powers and duties.

1.2.8 Nothing in this Agreement lessens or waives any commitments made by CZN in the proceedings leading to, or any recommendation of the MVEIRB in, the report of environmental assessment.

1.2.9 Nothing in this Agreement abrogates or derogates from any existing aboriginal or treaty right.

1.2.10 Nothing in this Agreement shall be construed so as to lessen or waive any obligation or other commitment made by CZN in any impact benefit agreement with any IBA Community.

1.2.11 Unless otherwise indicated, commitments under this Agreement are continuing, and

ongoing throughout the Construction, Operations and Closure phases of the Project.

1.3 PRIORITY OF RIGHTS AND INSTRUMENTS

In case of conflict, to the extent of the conflict:

- a. an applicable law or Regulatory Instrument prevails over this Agreement;
- b. an impact benefit agreement related to the Project between CZN and an IBA Community prevails over this Agreement as between CZN and the IBA Community.

1.4 NO PREJUDICE

This Agreement is without prejudice to the positions of the Parties respecting any:

- a. existing aboriginal or treaty rights;
- b. ongoing or future land claims or self government negotiations affecting aboriginal peoples;
- c. constitutional changes that may occur in the Northwest Territories;
- d. changes to legislation or regulation resulting from the settlement of land claim and self government negotiations, or resulting from constitutional changes or devolution; or
- e. existing or future impact benefit or similar agreements.

2 PURPOSE & GUIDING PRINCIPLES

2.1 PURPOSE OF AGREEMENT

2.1 The purpose of this Agreement is to:

- a. establish the methods and procedures by which the Parties will work together to maximize the beneficial opportunities, to identify the impacts, and minimize the negative socio-economic impacts arising from the Project;
- b. establish this Agreement as the follow-up method by which the implementation of commitments made regarding socio-economic issues arising from the Project and this Agreement will be monitored and reported; and
- c. create and implement the Prairie Creek Mine Socio-Economic Advisory Committee as set out in clause 8.

2.2 PRINCIPLES

The Parties will carry out this Agreement consistent with the purpose in clause 2.1 and

be guided by the following principles:

- a. co-operation;
- b. fairness;
- c. collaboration;
- d. support for the goal of sustainable development and monitoring of progress towards it;
- e. respect for the rights, responsibilities and interests of each Party (including the requirement and interest of CZN in an economically viable Project); and
- f. adaptive management that is innovative, flexible and ensures feedback and remedies to achieve the goal of minimum adverse socio-economic impact.

3 EMPLOYMENT PRACTICES

3.1 HIRING SUBJECT TO LAW

The hiring commitments and targets under this Agreement are subject to applicable law.

3.2 HIRING PRIORITIES DEFINED

In this Agreement, Hiring Priorities means giving priority to hiring members of the following groups in the following order:

- a. Members of the IBA Communities;
- b. Members of the NAEC Communities;
- c. Members of the Dehcho Communities;
- d. Aboriginal Persons residing in the Northwest Territories;
- e. NWT Residents who have been continuously resident in the Northwest Territories at least six months prior to being hired;
- f. all others residing in or relocating to the Northwest Territories; and then
- g. all others.

3.3 HIRING BY HIRING PRIORITIES

During Construction, Operations and Closure, CZN shall hire according to the Hiring Priorities set out in clause 3.2. CZN shall use best efforts to apply the Hiring Priorities across the entire spectrum of Project-based employment, including managerial,

professional, technical and trades-related jobs.

3.4 EMPLOYMENT COMMITMENTS

- 3.4.1 CZN shall, and in keeping with the Hiring Priorities set out in clause 3.2, use best efforts to ensure that:
- a. employment of NWT Residents, including employment by Contractors, will be at least 30% of the total employment throughout Construction;
 - b. employment of NWT Residents, including employment by Contractors, will be at least 60% of the total employment on an annual basis throughout Operations; and
 - c. employment of NWT Residents, including employment by Contractors, will be at least 75% of the total employment on an annual basis throughout Closure.
- 3.4.2 Achieving the hiring commitments undertaken by CZN in this Agreement is subject to the availability of NWT Residents with the required skills, training and experience.
- 3.4.3 CZN will take all reasonable steps, while acting in good faith, to work towards a Project workforce that will consist primarily of those individuals identified in clause 3.2.a, b, c, d, e and f.

3.5 HIRING COMMITMENTS FROM CONTRACTORS

CZN will, through the tendering and contracting process, cause its Contractors to meet employment and recruitment targets consistent with CZN commitments in this Agreement by:

- a. requiring all Contractors to expressly state in their bids their commitment to hiring in accord with the Hiring Priorities set out in clause 3.2;
- b. including in bid evaluation an assessment of whether appropriate commitments to the Hiring Priorities are included or planned for in the bid;
- c. incorporating in the contract document the successful bidder's commitments to hire in accord with the Hiring Priorities set out in clause 3.2; and
- d. requiring all Contractors to provide all relevant information to CZN to enable CZN to fulfill the reporting requirements of this Agreement.

3.6 EMPLOYMENT INCENTIVES

- 3.6.1 CZN will offer incentives to assist Project employees who live in the Northwest Territories, including establishing and implementing northern benefits and relocation packages. All incentives and benefits packages will be established, managed and administered solely by CZN.

- 3.6.2 CZN will provide return transportation at its expense and on company time, to employees between the following communities and the Project location:
- a. Nahanni Butte, Northwest Territories;
 - b. Fort Simpson, Northwest Territories;
 - c. Fort Liard, Northwest Territories;
 - d. Hay River, Northwest Territories;
 - e. Yellowknife, Northwest Territories; and
 - f. Fort Nelson, British Columbia.
- 3.6.3 CZN, in accordance with its established work schedules, will provide employees with free scheduled round-trip work-related transportation, on their own time, from each Northwest Territories community to the nearest pick-up point identified in clause 3.6.2.

3.7 EMPLOYMENT REQUIREMENTS AND STANDARDS

- 3.7.1 CZN will consider the equivalencies of individuals not meeting the minimum education requirements for a position on a case-by-case basis in order to encourage recruitment and employment of Aboriginal Persons and NWT Residents.
- 3.7.2 While honouring the commitments respecting employment and human resource development, CZN retains the right to make independent decisions, in its sole discretion, relating to qualifications for employment, terms of employment, wages, salaries, benefits, allowances, skills, training, experience, qualifications for training, promotion, demotion, or dismissal, of individual employees or Contractors during Construction, Operations, and Closure.
- 3.7.3 CZN retains the right to employ officers and management and to retain professional consultants who CZN, in its sole discretion, determines to have the necessary skills, training and experience to fulfill services, duties and obligations.
- 3.7.4 Where employees are required to have specific skills to operate equipment in the course of their duties, training will be provided.
- 3.7.5 The minimum education required for entry-level positions will be no higher than Grade 10.
- 3.7.6 Employees will not be disciplined or terminated due to any English language barriers within the workforce, but instead, may be either transferred to another job with less English language requirements or be provided a training program to better suit them for another job.
- 3.7.7 All residents of the Northwest Territories who may possess English language

employment barriers will be provided reasonable opportunities to qualify for jobs, where language requirements do not compromise the safety of the employee, safety of others or job performance.

4 HUMAN RESOURCE DEVELOPMENT

4.1 HUMAN RESOURCES DEVELOPMENT PLAN

- 4.1.1 The Parties acknowledge that developing qualified workers for the Project is a shared responsibility of CZN, and its Contractors, GNWT, communities, educational institutions and government agencies.
- 4.1.2 CZN will implement and maintain a human resources development plan that includes pre-employment programs, wellness initiatives, financial management skills development, and initiatives for advancement in the labour force.
- 4.1.3 When developing and amending the human resources development plan, CZN will give special emphasis to providing development opportunities, including training, to members of the NAEC Communities.

4.2 RECRUITMENT STRATEGIES

CZN will use best efforts to achieve the commitments established in clause 3.4 using, among other methods, the following:

- a. establish a recruitment, training and employment strategy that will include Northwest Territories recruitment plans, and development of career plans for employees during Construction and Operations;
- b. ensure that employment opportunities with the Prairie Creek Mine are broadly advertised throughout the Northwest Territories, including postings in Nahanni Butte, advertisements in Northwest Territories newspapers, and postings with Northwest Territories employment agencies. Postings and advertisements will be translated where necessary.
- c. facilitate this local participation through:
 - i. setting out a schedule of when Contractors will be hiring;
 - ii. providing the names of employees to Contractors;
 - iii. providing the names of Contractors and their contact information to the NAEC Communities; and
 - iv. passing applications from local labour to Contractors.
- d. link employment initiatives to support implementation of impact benefit agreements with IBA Communities;

- e. collaborate with NAEC Communities to identify opportunities for sponsoring and participating in community research projects directed at gathering information and addressing barriers to successful employment at the Project;
- f. actively promote and encourage careers in the mining industry;
- g. promote and encourage partnerships with schools in the NAEC Region for work experience and job placement programs at the Project as well as summer employment opportunities that allow Northwest Territories students to gain experience during Construction and Operations of the Project, while continuing to complete their education; and
- h. promote and encourage partnerships with Aurora College and other Canadian post-secondary education institutions to establish work experience and job placement programs at the Project, including summer employment opportunities, that enable Northwest Territories students to gain experience during Construction and Operations of the Project, while continuing to complete their post-secondary education.

4.3 DEVELOPMENT OF TRAINING PROGRAMS COLLABORATION

- 4.3 CZN will collaborate with GNWT, the NAEC Communities and other organizations in the development of pre-employment preparation, skill development training, on-the-job training, and re-training programs to better enable NWT Residents to take advantage of employment opportunities arising from the Project.

4.4 TRAINING PERIOD

The Parties acknowledge that, notwithstanding typical training periods, said training periods may need to be adjusted to reflect entry-level education of trainees.

4.5 RECRUITMENT AND TRAINING OBJECTIVES

4.5.1 CZN will:

- a. establish a permanent human resource office in Fort Simpson, Northwest Territories, for the life of the mine, which office may be combined with CZN's Liidlil Kue First Nation Liaison Office;
- b. cause its Contractors to achieve the goal of maximizing the training of NAEC Region residents in accord with the provisions of this Agreement;
- c. link training strategies to support existing NAEC Communities;
- d. establish a mine orientation program for all new employees;
- e. establish a recruitment and training strategy for school students that encourages

and promotes completion of secondary school in the NAEC Region;

- f. make best efforts to schedule training so that potential employees completing training will be able to take immediate advantage of employment opportunities at the Project and encourage its Contractors to do the same;
- g. participate in career fairs;
- h. develop and offer a "Summer Student Employment Program";
- i. conduct a training needs assessment of potential employees that will identify the existing education and skill levels in the IBA Community workforce and NWT Resident workforce, from among those who have applied to CZN for Project-related employment so that work can be offered to new recruits and opportunities for advancement can be offered to existing employees; and
- j. train and offer advancement opportunities to existing employees in accord with the Hiring Priorities in clause 3.2 and subject to each employee's performance, training, skills, interest and the career plan developed for that employee as set out in clause 4.2.a.

4.5.2 CZN will use best efforts to apply the recruitment and training objectives of clause 4.5.1 across the entire spectrum of Project-based employment, including managerial, professional, technical and trades-related jobs.

4.6 APPRENTICE & TRADE POSITIONS AND TRAINING

4.6.1 CZN will develop apprentice positions in accord with the requirements of the *Apprenticeship, Trade and Occupations Certification Act* (NWT) and will fill those positions in accord with the Hiring Priorities set out in clause 3.2.

4.6.2 CZN will, in accord with the Hiring Priorities set out in clause 3.2 of this Agreement and subject to the availability of persons who meet the requirements of the *Apprenticeship, Trade and Occupations Certification Act*:

- a. establish an underground mining training program and maintain a minimum of six (6) positions to be made available to Northwest Territories resident Aboriginal Persons and NWT Residents, within three years of commencement of Operations;
- b. establish a trades training program and maintain a minimum of six (6) positions for Northwest Territories resident Aboriginal Persons and NWT Residents, within three years of production;
- c. maintain a minimum of six (6) apprentice positions for Northwest Territories resident Aboriginal Persons and NWT Residents;
- d. organize and implement its training and apprenticeship programs so that employees completing the training will be able to use the skills acquired and

time spent as credit towards certification or status recognized in the Northwest Territories under the *Apprenticeship, Trade and Occupations Certification Act*;

- e. record the details of employment and training in accord with the requirements of the *Apprenticeship, Trade and Occupations Certification Act*; and
- f. fill the positions and carry out the commitments identified in this clause 4.6.2 in accord with the Hiring Priorities set out in clause 3.2 of this Agreement, subject to the availability of persons who meet the requirements of the *Apprenticeship, Trade and Occupations Certification Act*.

4.6.3 CZN shall ensure that each of its Contractors comply with those commitments as set out in clause 4.6.2 that are applicable to such Contractor's respective activities, including through the inclusion of such obligations in contracts with Contractors, as applicable and appropriate. If CZN determines that a Contractor is not in compliance with those commitments as set out in clause 4.6.2, such Contractor may be subject to sanctions, applied in the discretion of CZN, up to and including termination of contract.

4.7 LITERACY PROGRAMS

4.7.1 In the NAEC Communities, CZN will:

- a. collaborate with those agencies that deliver literacy programs so that participants may further improve their qualifications towards employment at the Project. All CZN employees will be eligible to enrol in the program;
- b. through its community liaison personnel, assist local learning institutions to encourage members (including on-site employees) to upgrade their literacy levels; and
- c. work with GNWT and the federal government to encourage continued and adequately funded and delivered mechanisms for community-based literacy programs.

4.7.2 On-site CZN will:

- a. establish and maintain a learning centre with equipment and resources to be fully funded by CZN and to include, at a minimum, suitable computers and a learning centre resource library; and
- b. ensure that on-site literacy programs will be linked to its recruitment and employment strategy to permit employees to take advantage of career advancement opportunities.

4.8 GNWT SUPPORT

To maximize employment and training opportunities for NWT Residents in relation to the Project, GNWT will, subject to and in accord with GNWT policy and programming in effect from time to time:

- a. designate the Dehcho Regional Superintendant of the Department of Education, Culture and Employment, or other office, as the principal liaison for Project-related education, training and employment opportunities;
- b. meet with CZN at least annually, to review GNWT program and service delivery plans to identify areas for collaboration;
- c. collaborate with CZN, Dehcho Region, Aurora College or other organizations in the design of relevant literacy and training programming;
- d. collaborate with CZN and governing authorities in the Dehcho Region to support the planning and delivery of community-based literacy and training programs;
- e. collaborate with CZN to plan, design or co-ordinate the delivery of employment support programs;
- f. provide funding for literacy, pre-employment training and trades-related training for GNWT approved activities;
- g. develop and distribute information on careers in the mining industry to Department of Education, Culture and Employment Service Centres and high school counsellors;
- h. promote and facilitate the organization of career fairs for high school students and adults;
- i. offer, through its school system, opportunities for students to take courses and participate in work experiences that prepare them for potential future employment in the mining industry; and
- j. offer opportunities for CZN employees to participate at cost, at CZN's expense, in professional development programs or courses organized for the territorial public service.

4.9 PROMOTING EQUAL OPPORTUNITY

4.9.1 CZN will support and encourage the participation of women on an equal basis with men in all aspects of work-related to the Project.

4.9.2 CZN will:

- a. work with the following organizations to promote women in trades and mining occupations: Skills Canada, the Native Women's Association of the Northwest Territories, the Northwest Territories Status of Women Council, Aurora College, NAEC Region and GNWT, and create formal partnerships where appropriate;
- b. offer scholarships and awards to female Northwest Territories students in the Dehcho Region who are attending college and university programs related to mining

as well as scholarships and awards to women who are in apprenticeship programs at the Project;

- c. create and offer a “female role model school visit” program to promote women working at the Project;
- d. develop and offer a “women in trades” program in the NAEC Communities;
- e. offer tours of the Project aimed at women interested in the mining field; and
- f. offer remedial training programs and personal development strategies to women working at the Project who may not possess all of the requisite skills and knowledge for particular positions.

4.9.3 CZN will encourage its Contractors to participate in and support CZN commitments in clauses 4.9.1 and 4.9.2.

4.10 TRANSITIONING UPON CLOSURE

Within ten days of receiving notice of termination upon Closure, GNWT and CZN agree to collaborate to ease employees’ transition to find new jobs.

5 BUSINESS DEVELOPMENT

5.1 POLICY OBJECTIVE AND IMPLEMENTATION

Wherever practicable, and consistent with sound business practices, and without compromising its ability to carry out a safe, efficient and cost effective operation, CZN will implement policies intended to maximize business and value-added opportunities for NWT Businesses.

5.2 PURCHASING OBJECTIVES

5.2.1 CZN will source procurement needs from NWT Businesses as much as possible during Construction, Operations and Closure.

5.2.2 CZN will use its best efforts to ensure that special emphasis and priority will be placed on developing business opportunities arising from the Project within the NAEC Communities.

5.2.3 CZN will use its best efforts to ensure that:

- a. purchases of goods and services through or from NWT Businesses during Construction will be at least 30% of the total annual value of goods and services purchased associated with Construction;
- b. purchases of goods and services through or from NWT Businesses during

Operations will be at least 60% of the total annual value of goods and services purchased associated with Operations; and

- c. purchases of goods and services through or from NWT Businesses during Closure will be at least 70% of the total annual value of goods and services purchased associated with Closure.

5.2.4 Achieving the procurement objectives undertaken by CZN as set out in clause 5.2.3 of this Agreement is subject to the availability of NWT Businesses with the required skills, experience and interest.

5.3 PURCHASING PRIORITY

5.3.1 CZN will use its best efforts to provide opportunities for sourcing procurements in the following order of priority:

- a. Aboriginal Businesses of IBA Communities; and then, following a reasonable amount of time,
- b. Aboriginal Businesses of NAEC Communities; and then, following a reasonable amount of time,
- c. Aboriginal Businesses of Dehcho Communities; and then, following a reasonable amount of time,
- d. NWT Businesses and industry and business associations in the Northwest Territories other than those referred to above; and then, following a reasonable amount of time,
- e. other businesses.

5.3.2 In the event of emergencies where goods or services are required for the Project, CZN will use its best efforts to provide NWT Businesses with procurement opportunities in the order of priority set out in clause 5.3.1.

5.3.3 CZN will cause its Contractors to make commitments similar to those set out in clause 5.3.1.

5.3.4 CZN retains the right in its sole discretion, to make decisions relating to qualifications for Contractors, and the assessment of tenders against CZN selection criteria.

5.3.5 The provisions of clause 5.3.1 respecting priorities do not apply to the retention of professional advisors or consultants.

5.4 BUSINESS OPPORTUNITIES MANAGEMENT

CZN will take the following measures to maximize Project-related business opportunities for NWT Businesses:

- a. developing a Northwest Territories business policy that supports the objectives and commitments in this Agreement;
- b. designating a CZN employee to act as a liaison between CZN, GNWT, and NWT Businesses (CZN is wholly responsible for selection of this position, which position will remain throughout mine Construction, Operations and Closure);
- c. designing and communicating clear business development strategies for NAEC Communities and communicating the scope and scale of business opportunities and project requirements in a timely and effective manner;
- d. identifying project components, at all stages of Construction, Operations and Closure of the Project, that should be targets for a business development strategy;
- e. identifying possible opportunities for joint ventures with NWT Businesses;
- f. providing business-related expertise with its industry contacts to Northwest Territories mine-related business initiatives;
- g. ensuring the size and scope of available contracts matches the capacity of NWT Businesses where feasible;
- h. preparing an annual business opportunities forecast that will identify the reasonably foreseeable procurement requirements of the Project, and providing it to NWT Businesses in accord with the priorities set out in clause 5.3.1;
- i. making available business opportunity information related to CZN business objectives and service requirements that will enable the completion of business plans or proposals by NWT Businesses in seeking development support services through existing public and private sector programs; and
- j. ensuring broad communications of business opportunities arising from the Project to NWT Businesses, and business-industry associations in the Northwest Territories.

5.5 INTERPRETATION REGARDING FINANCING

Nothing in this Agreement commits CZN to provide, nor restricts it from providing, financing or other economic incentives to NWT Businesses in relation to the Project.

5.6 GNWT SUPPORT

To support long term economic and business opportunities for NWT Residents in relation to the Project, GNWT will, subject to and in accord with GNWT policy and programming in effect from time to time:

- a. designate the Dehcho Regional Superintendant of the Department of Industry, Tourism and Investment, or other office, as the principal liaison for Project-

related community economic and business opportunities;

- b. co-ordinate, through the principal liaison identified in clause 5.6.a, the activities of GNWT that support Project-related community economic and business opportunities;
- c. collaborate with CZN or governing authorities in the Dehcho Region and NAEC Communities to facilitate co-ordinated business development planning and delivery of business development programs relevant to the Project;
- d. meet with CZN at least annually to review GNWT program and service delivery plans to identify areas for collaboration;
- e. provide CZN information on business development programs delivered by GNWT;
- f. provide CZN with information available to GNWT on business development programs offered by the federal government;
- g. maintain a registry of businesses eligible under GNWT business incentive policy, which is accessible to CZN; and
- h. support economic development by providing NWT Businesses access to programs for:
 - i. aboriginal capacity building;
 - ii. business development projects;
 - iii. business creation or expansion;
 - iv. business skills;
 - v. market development and product promotion;
 - vi. planning and other development costs;
 - vii. pilot or other demonstration projects; and
 - viii. small business.

6 TRADITIONAL ECONOMY AND CULTURAL WELL-BEING

6.1 INITIATIVES

6.1.1 To protect the cultural well-being and traditional economies of residents and communities in the Dehcho Region, CZN will:

- a. provide cross-cultural training to all employees at the Prairie Creek Mine site;

- b. where necessary, as determined by CZN, translate signs and safety regulations;
 - c. plan and arrange for traditional aboriginal events and activities to take place at the Prairie Creek Mine site;
 - d. when available, include country foods in the menu for Prairie Creek Mine employees;
 - e. establish a leniency policy that will assist new employees to adjust to work life and camp life and which will include guidelines describing the circumstances under which an employee can return home prior to the completion of his or her rotation; and
 - f. remain active through participation in sponsorship, promotions and investments.
- 6.1.2 CZN will follow commitments made with the IBA Communities to support traditional pursuits of aboriginal employees in balance with the operational requirements of the Project.

7 SOCIAL WELL-BEING

7.1 HEALTH SYSTEM

- 7.1.1 CZN will ensure that all CZN and Contractor employees who are non-NWT residents as defined in the *Medical Care Act* (NWT) and the *Hospital Insurance and Health and Social Services Administration Act* (NWT), carry health care insurance from their home province or territory and that their insurance will provide them with Canada health care coverage while working in the Northwest Territories.
- 7.1.2 CZN will reimburse the GNWT for any medical costs that the GNWT may incur for non-NWT residents and that it cannot recover from a non-NWT resident's health care plan or from Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut.
- 7.1.3 CZN will ensure that all CZN and Contractor employees are aware that any elective (non-acute) procedures for non-NWT residents may require prior approval from the non-resident's home provincial/territorial health care plan.
- 7.1.4 CZN will ensure that all CZN and Contractor employees have completed a recommended vaccination schedule prior to commencing work. This vaccination shall include, at a minimum, Influenza, Diphtheria, Tetanus and Hepatitis A & B.
- 7.1.5 CZN will ensure that any injured CZN or Contractor employee requiring off-site care is transported and tended to by a physician in Fort Nelson, British Columbia or Yellowknife, Northwest Territories. CZN will provide for the employee's transportation to the appropriate medical centre in those locations.

7.1.6 For any non-Canadian worker who is hired to work on the Project and who is not eligible for a Canadian provincial or territorial health care plan:

- a. CZN and/or its Contractors will pay the employee's full health care costs; and
- b. CZN will ensure that health care coverage under the *Canada Health Act* (Canada) is in place prior to the commencement of an individual's employment and that health care coverage remains secured during the individual's entire period of employment.

7.1.7 Prior to the commencement of Construction, CZN and the GNWT Department of Health and Social Services will enter into a protocol for arrangements regarding medical matters.

7.2 WELLNESS INITIATIVES

7.2.1 CZN and GNWT recognize that the health and wellness of individuals and families is fundamental to the social and economic sustainability of the Dehcho Region.

7.2.2 In order to promote a healthy and stable workforce, CZN will assist employees living in the Dehcho Region to perform well in their jobs and careers and help them to address potential effects of the Project by working with GNWT to address issues of individual and family wellness as follows:

- a. supporting initiatives and resources for addressing alcohol and substance abuse problems;
- b. collaborating to ensure effective and recognized substance abuse, family violence and domestic abuse programs are made available for Project employees;
- c. carrying out ongoing prevention and awareness programs on-site and collaborating with GNWT social services agencies and, where available, with trained alcohol and substance abuse, family violence and domestic abuse counsellors, to ensure ongoing prevention and awareness program delivery;
- d. collaborating with GNWT government social service agencies to provide ongoing family counselling services (which may include, for example, family and relationship counselling, stress management, anger management, support services for women and single mothers, child care services, and parenting training) for mine employees and their immediate family;
- e. providing on-site information regarding the existence of support services available to encourage full use of such services while off-site; and
- f. collaborating with GNWT agencies and counsellors that deliver addiction treatment programs, to enable individuals who have completed those programs to participate in CZN pre-employment and employment training.

7.2.3 In addition to participating in the initiatives in clause 7.1.2, CZN will:

- a. staff at least two full time community liaison personnel, one of whom is preferably fluent in Dene and preferably a member of a Dehcho Community, and who may be appointed as an IBA Community Liaison Officer;
- b. provide money management training in Nahanni Butte and in Fort Simpson for employees and their spouses and make this training mandatory within the first six months for all newly hired NWT Resident employees;
- c. seek collaboration with recognized financial institutions to establish Internet and telephone based banking services in Nahanni Butte and Fort Simpson;
- d. make available to all employees via a toll-free telephone number an "employee assistance program service";
- e. ensure medical personnel are on call at the project 24/7 to provide medical, educational and counselling services;
- f. in collaboration with the Dehcho Region and GNWT, disseminate materials and information to employees and in communities related to awareness and prevention in areas such as: substance abuse, sexually-transmitted infections, and family violence;
- g. establish a sexual harassment policy and an alcohol-free and drug-free workplace policy at the Project site;
- h. actively manage any employee pension plans for which it is responsible (if any), in a prudent and competent manner so as to preserve and protect those pension plans to the best of its ability;
- i. ensure that foods provided at the Project site promote healthy living, and are particularly appropriate for those who have or are at risk for developing diabetes;
- j. provide access, at its own cost, to regular communications links from the Project site so that Prairie Creek employees can stay in touch with their immediate family;
- k. provide recreation activities, programs, facilities and equipment at the Project site; and
- l. sponsor programs, from time to time, in Nahanni Butte and in Fort Simpson that will improve community life for Prairie Creek Mine employees and their families, and also for those not benefiting directly from the Project.

7.3 GNWT SUPPORT

To support the well-being of NWT Residents in relation to the Project, GNWT will,

subject to and in accord with GNWT policy and programming in effect from time to time:

- a. collaborate with CZN or governing authorities in the Dehcho Region to facilitate the planning and delivery of community-based mental health and addictions programs and wellness programs;
- b. collaborate with CZN or other organizations in the design of community mental health and addictions programs and wellness programs;
- c. provide funding for mental health and addictions programs and wellness programs for approved activities;
- d. meet with CZN at least annually to discuss GNWT program and service delivery plans to identify areas for collaboration;
- e. make available information on mental health, addictions and wellness programs and health services to CZN for sharing with its employees;
- f. provide community wellness and health programs and services; and
- g. review existing programs to adapt to changes arising from the Project.

8 PRAIRIE CREEK MINE SOCIO-ECONOMIC ADVISORY COMMITTEE

8.1 PURPOSE OF THE ADVISORY COMMITTEE

- 8.1.1 For the purposes set out in clause 8.1.2, the Parties agree to establish and implement a socio-economic advisory committee (the "Committee"), prior to the commencement of Construction, composed of the Parties' representatives and representatives from NAEC Communities in accord with this clause 8.
- 8.1.2 The purposes of the Committee will be to:
 - a. monitor performance of the commitments made by the Parties under this Agreement, provide recommendations to the Parties and comment on socio-economic impacts arising from the Project;
 - b. provide an ongoing forum for meaningful participation and involvement in the Project by the members of NAEC Communities;
 - c. monitor the success of socio-economic mitigation measures and commitments by:
 - i. reviewing monitoring reports submitted pursuant to this Agreement;
 - ii. considering comment and observations of socio-economic impacts from the public; and
 - iii. considering the results reported in (i) and (ii) in the context

of information relating to employment practices, human resource development, business development, social well-being and cultural well-being, and other related matters contemplated by this Agreement;

- d. make recommendations to the Parties respecting adaptive mitigation measures for achieving the purposes and commitments of this Agreement; and
- e. issue a report once every two years on the results of the Committee's work as set out in this clause 8 and in clauses 9 and 10 and present the report at a public meeting.

8.1.3 The Committee will operate in an advisory capacity and the Parties will report back to the Committee on any changes made in response to recommendations received from the Committee.

8.1.4 The Parties may from time to time review the effectiveness of the Committee in meeting its mandate.

8.2 MEMBERSHIP

8.2.1 Each NAEC Community may appoint one representative and one alternate to the Committee.

8.2.2 CZN and GNWT shall each appoint a maximum of two representatives to the Committee.

8.2.3 In the event that some, but not all, NAEC Communities have appointed a representative to the Committee, the Committee may conduct its business and exercise its duties with such representatives as have been appointed.

8.3 CONDUCT OF FIRST MEETING

The GNWT representative will propose an agenda and set the date and act as chair for the first meeting.

8.4 CONFIDENTIALITY

The Parties may require Committee representatives to sign confidentiality agreements before releasing confidential information to the Committee.

8.5 FUNDING, BUDGETS AND ADMINISTRATIVE COSTS

8.5.1 The Parties will bear the costs of their respective representatives' participation on the Committee.

8.5.2 The Parties will bear the costs of the NAEC Community representatives' participation on the Committee and will fund the Committee and its work in equal amounts. If a Party is

unable to pay its respective share of the annual cost of the Committee, no Party will be liable for the unpaid share of the other Party.

- 8.5.3 The Parties will determine and contribute in equal shares to an annual budget of not more than \$100,000 for each of the first three years of operation of the Committee. If, for any reason, GNWT becomes unable to continue its obligation to fund the Committee after the first three-year term, the Committee shall be wound up in accord with clause 8.7.
- 8.5.4 Not later than six months prior to the end of every three-year term, the Committee shall submit a proposed work plan and budget for the next three-year term for review and approval of the Parties, who shall have sole discretion to agree between themselves on the level of funding to be provided equally for each successive term of three years. If the Parties are not able to reach agreement between themselves on funding for any three-year term, the greater of:
- a. the prior approved budget; or
 - b. the initial budget shall apply.
- 8.5.5 The Committee shall not incur expenses in excess of the budget approved under clauses 8.5.3 and 8.5.4. Neither CZN nor GNWT shall be obliged to accept any obligations for expenditures expected or incurred in excess of the budget approved under clauses 8.5.3 and 8.5.4.
- 8.5.6 The Committee will have no borrowing powers.

8.6 FREQUENCY AND LOCATION OF MEETINGS

- 8.6.1 It is intended that the Committee will meet at least two times in each year, unless otherwise agreed between the Parties.
- 8.6.2 CZN will provide reasonable access and facilities at the Project site for a meeting of the Committee once a year.
- 8.6.3 The Committee will be encouraged to hold its meetings in each of the NAEC Communities on a rotating basis.

8.7 WINDING UP OF THE COMMITTEE

Once the Project has ceased commercial production, the Parties, after consultation with Committee representatives, may agree to a schedule for winding up and concluding the operations of the Committee, which shall occur no later than one year after commencement of Closure, unless the Committee is continued under clause 8.8.

8.8 COMMITTEE SUBSTITUTE

- 8.8.1 If the Committee does not meet in any one-year period, or if the Committee does not prepare a report under clause 8.1.2(e) of this Agreement in any two-year period, the

Parties will arrange and conduct a public information session in each community in the Dehcho Region within one year following either occurrence.

8.8.2 GNWT is responsible for the cost of the attendance of its representative(s) at the information sessions.

8.8.3 CZN is responsible for all other costs associated with the information sessions, on a mutually agreed-upon budget.

8.8.4 The purpose of the information sessions is for the Parties to:

- a. inform the public about the monitoring reports submitted pursuant to this Agreement;
- b. consider comment and observations of socio-economic impacts of the Project from the public; and
- c. receive recommendations from the public respecting adaptive mitigation measures for achieving the purposes and commitments of this Agreement.

8.8.5 The Parties will publicly report on any changes introduced as a result of each information session.

9 MONITORING

9.1 PURPOSE

Monitoring is the follow up method by which:

- a. the implementation of commitments made by the Parties regarding socio-economic issues arising from the Project and this Agreement will be considered, discussed and publicly reported; and
- b. the Parties will, through the Committee, work together to maximize the beneficial opportunities, identify the impacts and minimize the negative impacts arising from the Project.

9.2 REPORTING BY PARTIES

9.2.1 To facilitate continual improvement each Party will prepare an annual report by March 31st of each year, submit it to the Committee, and be prepared to present it publicly. The said annual report will outline the efforts made by the Party during the previous calendar year to fulfill its commitments under this Agreement and the specific information set out in this clause 9.

9.2.2 Each Party shall provide a copy of their respective annual report to the other Party, 30 days in advance of the annual report being submitted to the Committee.

- 9.2.3 CZN and GNWT agree that if requested, CZN and GNWT will appear annually before a committee comprised of members of the Executive Council and/or the Legislative Assembly of the Northwest Territories, to report on the progress of commitments and obligations as detailed in the Agreement.

9.3 CZN REPORTS

CZN, in coordination with its Contractors, shall produce an annual report in accord with clause 9.2. In addition to the information set out in clause 9.2, the annual report may include a compilation of individual reports issued during or prior to Project phases. The CZN annual report will include but not be limited to data collection, analysis and projections on the following:

- a. hiring by Hiring Priority and job category as defined by this Agreement and CZN, respectively, in total numbers and percentage of total hires;
- b. hiring by Northwest Territories community in total numbers and percentage of total hires;
- c. total employment in person years by Hiring Priority and job category in total numbers and percentage of the workforce;
- d. total employment in person years by Northwest Territories community in total numbers and percentage of the workforce;
- e. total number of NWT Resident employees who resigned or who were laid off, fired or otherwise terminated in the previous year;
- f. participation in and results of training activities described in clauses 4.5.1, 4.6.2 and 4.7.1;
- g. report on the gross value of goods and services purchased during the calendar year by major category of purchase in relation to each phase of the Project and the purchase priorities outlined in clause 5.2.3. 'Purchases' will be calculated based on the gross value of all purchases of goods and services including both goods and services produced in the Northwest Territories and goods and services produced outside the Northwest Territories that are purchased through NWT Businesses; and
- h. a business forecast and assessment for the upcoming year in accord with clause 5.4.h.

9.4 GNWT REPORTS

- 9.4.1 GNWT shall produce an annual report in accord with clause 9.2. The annual report may include a compilation of individual reports issued during the year. The data shall be collected in a manner that would be useful for analysis of the Project's impacts on Northwest Territories communities. The annual report will include but not be limited to data collection and analysis on the following:

- a. average income;
- b. proportion of high income earners;
- c. income assistance cases;
- d. employment;
- e. employment participation rate;
- f. registered businesses, bankruptcies and start-ups;
- g. number of people 15 years and older with less than grade 9 education;
- h. number of people 15 years and older with a high school diploma;
- i. percent of work force aged group engaged in traditional activities;
- j. ratio of home-language use to mother tongue, by major age groups;
- k. age-standardized injuries;
- l. lone-parent families;
- m. number of mothers and children referred to shelters;
- n. police-reported crimes, according to the following categories: violent, property, drug-related, other;
- o. communicable diseases (sexually-transmitted infections, tuberculosis); and
- p. children in care.

9.4.2 GNWT will also report annually on participation and results in training activities described in clause 4.8.

9.5 EMPLOYEE SURVEY

9.5.1 The Parties will develop survey questions to be administered to CZN employees for the purpose of measuring the socio-economic impacts of the Project. The survey shall be conducted no more than annually at times and on terms that are mutually acceptable to GNWT and CZN.

9.5.2 CZN agrees to provide the GNWT access to employee data and to CZN employees on the Project site for the purpose of administering these survey questions.

9.6 PERSONAL, PROPRIETARY AND COMMERCIALY SENSITIVE INFORMATION

- 9.6.1 CZN will use best efforts to collect from its employees and Contractors any personal information that may be required to provide the data necessary to compile and provide its reports contemplated by this Agreement and wherever necessary disclose it to the Committee or GNWT for the purpose contemplated by this Agreement, subject to and in compliance with the *Protection of Personal Information and Electronic Documents Act* (Canada) or other applicable legislation.
- 9.6.2 Despite any provision of this Agreement, other than clauses 9.3 and 9.5.2, CZN shall not be required to report or disclose information of a proprietary or commercially sensitive nature.
- 9.6.3 Whenever possible, the Parties will report data in a manner that does not disclose personally identifiable information.
- 9.6.4 The reporting by CZN in clause 9.3.a, 9.3.b and 9.6 shall be subject to the information that employees of CZN and its Contractors agree in writing to provide in accord with the *Protection of Personal Information and Electronic Documents Act*.
- 9.6.5 The Parties agree that, to the extent possible without breaching confidentiality, proprietary interests, commercial interests or intellectual property rights, all information provided will be summarized so that it can be shared in public forums and reports.
- 9.6.6 GNWT will not collect or disclose data except in accord with the *Access to Information and Protection of Privacy Act* (NWT).
- 9.6.7 The Parties shall cause the Committee to adhere to this clause 9.6.

10 ADAPTIVE MANAGEMENT

The Parties will address any deficiencies in implementing any commitments set out in this Agreement or any negative socio-economic impacts that were unforeseen or of a magnitude greater than predicted in the environmental assessment in the following way:

- a. the Committee may make recommendations to the Parties at any time pursuant to clause 8.1.2.d;
- b. the Committee shall, upon review of the annual reports submitted by each Party, make recommendations pursuant to clause 8.1.2.d, to the relevant Party to undertake adaptive measures in respect of the commitments under this Agreement;
- c. the Committee will send recommendations made in clauses 10.a and 10.b to the Parties concurrently;
- d. a Party will, subject to clauses 10.e and 10.f, take reasonable steps to meet

such recommendations;

- e. where a Party is unable to meet its respective commitments, or determines that any recommendation is unachievable or unreasonable, that Party shall provide the Committee with written reasons for not meeting the recommendation;
- f. the Party in clause 10.e shall submit written reasons to the Committee that contain the following:
 - i. a description of the commitment that is not being met;
 - ii. the measures taken to meet the commitment in the first instance;
 - iii. a description of the recommendation from the Committee to improve achievement of the commitment identified in clause (i);
 - iv. the reasons for not implementing the Committee's recommendation;
 - v. the alternative steps taken to remedy deficiencies;
 - vi. the results in response to the steps set out in clause (v); and
 - vii. the Party's suggested measures, if any, to address the Committee's recommendation;
- g. the Committee shall review the written reasons provided by the Party pursuant to clause 10.f and make the reasons and its response available to the other Party and the public in its next annual report.

11 GNWT OBLIGATIONS SUBJECT TO ACT AND JURISDICTION

11.1 GNWT EXPENDITURES SUBJECT TO FINANCIAL ADMINISTRATION ACT

Expenditures by GNWT contemplated under this Agreement are subject to section 46 of the *Financial Administration Act* (NWT), which provides, "It is a condition of every contract made by or on behalf of the Government requiring an expenditure that an expenditure pursuant to the contract will be incurred only if there is a sufficient uncommitted balance in the appropriated item for the fiscal year in which the expenditure is required under the contract."

11.2 DEVOLUTION

In the event that jurisdiction or regulatory authority relating to the Project or any aspect of the Project, is transferred or devolved as a result of constitutional change, treaty, self government or land claim agreement, or otherwise, the Parties shall negotiate, in good faith, to amend this Agreement to reflect such transfer or devolution, while maintaining the purposes and principles of this Agreement.

12 REPRESENTATION

CZN represents and warrants that it is the operator of the Project.

13 COMMENCEMENT, SUSPENSION AND TERMINATION

13.1 COMMENCEMENT OF AGREEMENT

13.1.1 This Agreement comes into force and effect immediately upon execution by CZN and GNWT. For avoidance of doubt, the initialling of any pages of this Agreement by representatives of GNWT and CZN shall not suffice to signify execution by the duly authorized representatives of those Parties.

13.1.2 Nothing in this Agreement, whether express or implied, shall be construed as creating or recognizing any obligation on the part of CZN or GNWT arising prior to delivery by CZN of its written notice to the federal Minister of Aboriginal Affairs and Northern Development Canada of its intention to proceed with the Project.

13.2 TERMINATION OF AGREEMENT

13.2.1 This Agreement terminates upon completion of Closure or as otherwise agreed by the Parties.

13.2.2 If CZN wishes to terminate the employment of 25 or more employees of CZN, including Contractor employees, upon Closure, CZN must give written notice of such termination to the GNWT pursuant to this clause 13.2.

13.2.3 The notice of termination for CZN employees must specify all of the following:

- a. the number of employees who will be affected;
- b. the name, community of residence, job title and qualifications of each employee who will be affected;
- c. the effective date or dates of termination; and
- d. the reasons for termination.

13.2.4 The notice of termination for CZN Contractor employees must specify the Contractors being terminated.

13.2.5 The notice of termination must be given in advance of the proposed date of Closure by a period of:

- a. at least four weeks before the effective date of the first termination, if fewer than 50 employees will be affected;

- b. at least eight weeks before the effective date of the first termination, if 50 to 99 employees will be affected;
- c. at least 12 weeks before the effective date of the first termination, if 100 to 299 employees will be affected;
- d. at least 16 weeks before the effective date of the first termination, if 300 or more employees will be affected.

13.3 SUSPENSION OF OPERATIONS BY CZN

13.3.1 CZN may suspend Operations as it sees fit and during such period of suspension CZN shall be relieved of its obligations under this Agreement, providing it gives written notice as set out in this clause to GNWT in advance of the suspension.

13.3.2 If CZN wishes to terminate the employment of or temporarily lay off 25 or more employees of CZN, including Contractor employees, at one time or within any four week period, CZN must give written notice of such termination or temporary lay-off to the GNWT.

13.3.3 The notice of termination of temporary lay-off of CZN employees must specify all of the following:

- a. the number of employees who will be affected;
- b. the name, community of residence, job title and qualifications of each employee who will be affected;
- c. the effective date or dates of termination; and
- d. the reasons for termination.

13.3.4 The notice of termination or temporary lay-off of CZN Contractor employees must specify the Contractors being terminated or temporarily laid-off.

13.3.5 The notice of termination or temporary lay-off must be given in advance of the proposed date of termination or temporary lay-off by a period of:

- a. at least four weeks before the effective date of the first termination, if fewer than 50 employees will be affected;
- b. at least eight weeks before the effective date of the first termination, if 50 to 99 employees will be affected;
- c. at least 12 weeks before the effective date of the first termination, if 100 to 299 employees will be affected.
- d. at least 16 weeks before the effective date of the first termination, if 300 or more employees will be affected.

13.3.6 Within ten days of notice of termination or temporary lay-off being given, CZN and the GNWT will begin to collaboratively develop an adjustment plan to:

- a. eliminate the need for terminating the employment of or temporarily laying off the affected employees, or
- b. minimize the impact of terminating the employment of or temporarily laying off the affected employees and to help them obtain other employment.

13.3.7 In the case of suspension of Operations, GNWT and CZN agree to meet to determine the appropriate steps to either reduce the operations of the Committee or suspend its activities and funding.

13.4 FORCE MAJEURE

13.4.1 No Party will be liable for delay in performing its obligations under this Agreement if and to the extent it cannot perform the obligation because of an event that is beyond its reasonable control and was not reasonably foreseeable when the Agreement was made. This event includes the following: act of God; outbreak of hostilities; act of terrorism or civil commotion; industrial action; epidemic; fire, explosion or other accidental damage; exceptionally severe weather conditions; failure of equipment; failure of power or telecommunication lines; and any delay caused by another Party.

13.4.2 If market conditions or any changes to legislation or regulatory conditions beyond the reasonable control of CZN occur, or an event in clause 13.4.1, render or threaten to render the Project uneconomic, CZN may request GNWT to consider whether to amend this Agreement, providing sufficient detail to allow GNWT to take into account the financial viability of the Project and the socio-economic impact and benefits of sustaining the Project.

14 GOVERNING LAW AND DISPUTE RESOLUTION

14.1 APPLICABLE LAW

This Agreement, and all further documents executed under it, shall be governed by, interpreted and construed in accord with, and any arbitration or court proceedings shall apply, the laws of the Northwest Territories and the federal laws of Canada applicable in the Northwest Territories.

14.2 APPLICATION OF ALTERNATIVE DISPUTE RESOLUTION PROCESS

14.2.1 If a dispute arises out of or in connection with this Agreement (including any question regarding its existence, validity or termination) or the legal relationships established by it, the Parties agree to use the dispute resolution process in this clause 14.

14.2.2 Despite clause 14.2.1, disputes relating to the following may be submitted at any time to the jurisdiction of the courts:

- a. questions or legal relationships arising out of or in connection with devolution or constitutional change;
- b. questions of law; and
- c. protection of confidential information or proprietary rights on an interim basis.

14.2.3 Despite clause 14.2.1, this clause 14 does not prevent or excuse the disputing Parties from participating in any regulatory process concerning the Project, including this Agreement.

14.3 EFFICIENCY, COSTS, DISCLOSURE AND CONFIDENTIALITY

14.3.1 The Parties agree to use all reasonable efforts to:

- a. conduct any dispute resolution procedures in this clause 14 as efficiently and cost effectively as possible;
- b. provide timely disclosure of all relevant facts, information and documents to facilitate negotiations and mediation under this clause 14.

14.3.2 During negotiation, whether or not mediated, under this clause 14, all discussions and documents prepared or disclosed for the purpose of facilitating negotiations, shall be "without prejudice" and shall be treated by each Party as confidential unless required to be disclosed by law or they otherwise agree.

14.3.3 The Parties may resolve or revoke a dispute by mutual agreement at any time. Disputes resolved by negotiation or arbitration under clauses 14.4, 14.5, or 14.6, respectively, shall be recorded in writing and signed by the authorized representatives of the Parties.

14.3.4 Subject to the discretion of an arbitrator or judge to award costs under the *Arbitration Act* (NWT), each Party shall share equally with the other Party the costs of mediation and arbitration, but shall pay its own costs for representation and attendance.

14.3.5 If there are one or more related disputes ongoing involving the Parties, the disputes may be combined during the mediation or arbitration process, as the case may be.

14.4 NEGOTIATION

A Party may serve the other disputing Party with a written notice of a dispute and request that a conference (which may be by phone or other electronic means) be held promptly between individuals with decision-making authority to attempt to negotiate a resolution.

14.5 MEDIATION

If within 21 days of such conference, or such further period agreed by the disputing Parties in

writing, the Parties have not resolved their dispute, they may jointly agree to submit the dispute to mediated negotiation with the assistance of a trained, experienced and neutral mediator appointed by the Parties, or failing agreement, by the ADR Institute of Canada, Inc. or its successor, and administered under its National Mediation Rules.

14.6 ARBITRATION

14.6.1 If the Parties have not settled the dispute by mediation within 60 days after the end of the mediated negotiation period referred to in clause 14.5, or such further period agreed by the Parties in writing, any Party may refer the dispute to arbitration under the *Arbitration Act*. The Parties agree:

- a. the tribunal will consist of a single arbitrator, who is to be a practising barrister and solicitor or a retired judge;
- b. the place of arbitration will be Yellowknife, Northwest Territories, unless the Parties agree to another location or to use any alternate means of communication as may be permitted under the *Arbitration Act*;
- c. the arbitrator may adopt the ADR Institute of Canada, Inc. National Arbitration Rules to the extent allowed under the *Arbitration Act*.

14.6.2 Each Party consents to any documents in any arbitration proceedings being served on it in accord with clause 15 (notices). Nothing in this Agreement affects the right to serve documents in any other manner permitted by law.

14.6.3 It is the wish of the Parties that an arbitrator not award monetary damages of any kind.

14.6.4 A decision of an arbitrator may be appealed if monetary damages of any kind are awarded or for any reason as set out in the *Arbitration Act*. Appeals are subject to the provisions of the *Arbitration Act*.

15 NOTICES

15.1.1 A notice given under this Agreement must be in writing and signed by or on behalf of the Party giving it and must be:

- a. delivered personally;
- b. sent by pre-paid, recorded delivery or registered post or (in the case of a notice sent outside Canada by registered airmail); or
- c. sent by fax and confirmed by the originating Party by telephone or by mailing a copy within 24 hours,

to the address and for the attention of the relevant person given in clause 15.1.3 (or as

otherwise notified by that Party for the purposes of this Agreement).

15.1.2 A notice is deemed to have been received:

- a. if delivered personally, at the time of delivery;
- b. in the case of pre-paid, recorded delivery or registered post, three days from the date of posting;
- c. in the case of registered airmail, five days from the date of posting;
- d. in the case of fax, at the time of transmission. If notice is sent by fax outside of business hours (meaning 8:30 am to 5:00 pm Monday to Friday on a day that is not a public holiday in the place of receipt), notice is deemed to have been received when business next starts in the place of receipt.

15.1.3 The addresses for written notice are:

CZN: Canadian Zinc Corporation
Suite 1710, 650 West Georgia
Street Vancouver, BC V6B 4N9
Attention: President
Telephone: 604-688-2001
Fax number: 604-688-2043

GNWT: Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NT X1A 2L9
Attention: Deputy Minister, Industry, Tourism and Investment
Telephone: 867-920-8048
Fax number: 867-873-0563

and:

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NT X1A 2L9
Attention: Deputy Minister, Education, Culture and Employment
Telephone: 867-920- 6240
Fax number: 867- 873-0338

Or such other address or fax number as may be notified in writing from time to time by the relevant Party to the other Party.

16 GENERAL PROVISIONS

16.1 OBLIGATIONS SEVERAL, NOT JOINT

An obligation assumed by a Party under this Agreement is several and each Party is liable only for its own performance or for the loss or damage arising from its own breach of the obligation.

16.2 FURTHER ASSURANCES

Each Party will promptly execute and deliver all such documents, and do all such things, as from time to time may be reasonably required to perform this Agreement.

16.3 ENUREMENT

This Agreement shall enure to the benefit of and be binding upon the Parties and their lawful successors and permitted assigns.

16.4 ASSIGNMENT

16.4.1 CZN cannot assign its rights or obligations under this Agreement, in whole or in part, without the prior consent of GNWT. GNWT will not unreasonably withhold consent where:

- a. the assignee agrees in writing addressed to the GNWT to assume all rights and obligations of CZN under this Agreement; and
- b. the proposed assignee is also the assignee of the rights and obligations of CZN under the Regulatory Instruments.

16.4.2 Where the conditions in this clause 16.4 are met the assignor shall be released from all those obligations under this Agreement that are assumed.

16.5 NO AGENCY, PARTNERSHIP

Nothing in this Agreement creates a relationship of agency, partnership, fiduciary, joint venture or similar relationship between the Parties.

16.6 WAIVER

A waiver of any right under this Agreement is only effective if it is in writing. The waiver applies only with respect to the specific circumstances for which it was given. The waiver only applies between the Party that gave it and the Party to which it was addressed.

16.7 AMENDMENT

This Agreement may be amended from time to time by agreement in writing between the Parties.

16.8 SURVIVAL OF CLAUSES

The terms of this Agreement that by their nature extend beyond the withdrawal of a Party of this Agreement or the term of this Agreement shall survive any termination or expiration of this Agreement.

16.9 SIGNING IN COUNTERPART

This Agreement may be signed in counterparts, which may be exchanged by fax. Each signed counterpart will be deemed an original and all of which together shall constitute one and the same agreement.

16.10 SEVERABILITY

If a court of competent jurisdiction or an arbitrator finds any provision of this Agreement invalid or in conflict with any regulation, or if any provision hereof is otherwise determined to be invalid, unenforceable or illegal, the other provisions will remain in force and the Agreement as modified will remain operable. In such cases, the Parties will expeditiously negotiate in good faith to amend this Agreement to substitute for any invalid, unenforceable or illegal provision a valid, enforceable and legal provision that achieves to the greatest extent possible the same effect that would have been achieved by the invalid, unenforceable or illegal provision.

IN WITNESS WHEREOF, this document has been executed for and on behalf of the Parties by their duly authorized representatives on the dates below.

CANADIAN ZINC CORPORATION

Witness (or seal): K/Mineral

Printed: Kevin Menicoff

Title: mta Nahendeh

By: [Signature]

Printed: JOHN KEARNEY

Title: CHAIRMAN

Date: Aug 22/2011

CANADIAN ZINC CORPORATION

Witness (or seal):



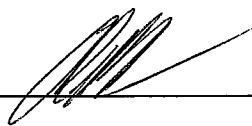
Printed:

Kevin Menicoff

Title:

MCA Nahendok

By:



Printed:

Alan Taylor

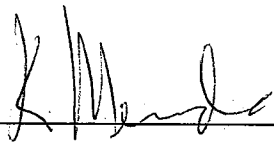
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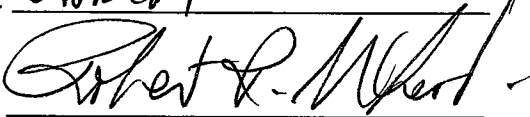
COO VP Expl

Date:


Aug 22/2011

GOVERNMENT OF THE NORTHWEST
TERRITORIES, as represented by the
Minister of Industry, Tourism and
Investment, or his duly authorized
representative

Witness: 
Printed: Kevin Mericoda
Title: MLA Nchendoh
Date: Aug 22/2011

By: _____
Printed: Robert McLeod
Title: 
Industry, Tourism and Investment

GOVERNMENT OF THE NORTHWEST
TERRITORIES, as represented by the
Minister of Education, Culture and
Employment, or his duly authorized
representative

Witness: 

Printed: Kevin Menicade

Title: MLA Nahendoh

Date: Aug 22/2011

By: _____

Printed: JACKSON LAFFERTY

Title: 
Education, Culture and Employment

APPENDIX A: DEFINITIONS

"Aboriginal Person" means any Indian, Inuit or Métis individual who:

- a. originated in the Northwest Territories;
- b. is a descendant of an aboriginal individual originating in the Northwest Territories; or
- c. is an individual of an aboriginal peoples of Canada in the Northwest Territories that has aboriginal and treaty rights recognised and affirmed under Section 35 of the *Constitution Act* (Canada), 1982.

"Aboriginal Business" means a business that complies with the legal requirements to carry on business in the Northwest Territories, and meets one of the following criteria:

- a. is a limited liability company with at least 51 percent of the company's voting shares beneficially owned by one or more aboriginals resident in the Northwest Territories;
- b. is a co-operative with at least 51 percent of the co-operative's voting shares beneficially owned by aboriginals resident in the Northwest Territories;
- c. is a sole proprietorship, the proprietor of which is an aboriginal resident in the Northwest Territories; or
- d. is a partnership, the majority interest in which is owned by one or more aboriginals resident in the Northwest Territories and in which the majority of benefits, under the partnership agreement, accrue to such aboriginals,

and complies with the following criteria:

- i. maintains a permanent place of business in the Northwest Territories;
- ii. maintains a manager, who is an NWT Resident; and
- iii. undertakes the majority of its management and administrative functions (related to its operations in the Northwest Territories) in the Northwest Territories.

"Closure" means the period of time between termination of commercial production and regulated termination of the Project in compliance with applicable legislation.

"Construction" means the period in time from the commencement of this Agreement to commencement of commercial production for the Project.

"Dehcho Community" means the First Nation Bands of Liidlii Kue First Nation (Fort Simpson), Deh Gah Got'ie Dene Council (Fort Providence), Acho Dene Koe First Nation (Fort Liard), Kátlodééche First Nation/Hay River Dene Reserve, Pehdzeh Ki First Nation (Wrigley),

West Point First Nation (Hay River), Jean Marie River First Nation, Sambaa K'e Dene Band (Trout Lake), Nahanni Butte Dene Band, Ka'a'gee Tu First Nation (Kakisa), Métis Nation Local #52 (Fort Simpson), and Fort Liard Métis Local #67.

"Dehcho Region" refers to the communities of: Fort Simpson, Fort Providence, Fort Liard, Wrigley, Hay River, Enterprise, Jean Marie River, Trout Lake, Nahanni Butte, Kakisa, and the Hay River Reserve.

"Contractor" means each and every contractor and sub-contractor used by CZN for the Project.

"Hiring Priorities" has the meaning given to it in clause 3.2.

"IBA Community" means a Northwest Territories First Nation Band, or association of persons, that has signed an impact benefit agreement with CZN on, before or after the date of this Agreement, and for greater certainty includes the Nahanni Butte Dene Band and Liidlii Kue First Nations as of the date of this Agreement.

"NAEC Communities" means those groups that are currently members of the Nahendeh Aboriginal Economic Council, which are Nahanni Butte Dene Band, Liidlii Kue First Nation, Acho Dene Koe First Nation, Sambaa K'e Dene Band and Jean Marie River First Nation.

"NAEC Region" refers to the communities of: Nahanni Butte, Fort Simpson, Fort Liard, Trout Lake, and Jean Marie River.

"NWT Business" means:

- a. an Aboriginal Business; or
- b. a business that complies with the legal requirements to carry on business in the Northwest Territories and complies with all of the following criteria:
 - i. maintains a permanent place of business in the Northwest Territories;
 - ii. maintains a manager who is an NWT Resident;
 - iii. undertakes the majority of its management and administrative functions (related to its operations in the Northwest Territories) in the Northwest Territories; and
 - iv. is a business in which NWT Residents have substantial management authority or in which NWT Residents have a significant ownership or working interest.

"NWT Resident" means any individual who makes a representation or provides evidence that is, in either case, reasonably relied upon by CZN or a Contractor that he or she primarily resides in a self-contained domestic establishment (other than a residence at a remote work site) in the Northwest Territories, when not in full time attendance at an educational institution inside or outside the Northwest Territories.

“Operations” means the period of time between Construction and Closure. **“Party”** means an entity that has executed this Agreement.

“Project” means the Project described in the Project Description Report submitted by CZN to the Mackenzie Valley Land and Water Board in May 2008, and subsequently referred to environmental assessment under the *Mackenzie Valley Resource Management Act*, with such refinements or alterations as have been submitted since the Project Description Report and considered in the environmental assessment or which are required by responsible authorities or regulatory authorities. For greater certainty, GNWT and CZN agree to extend this definition to include any future modifications or additions to the Project as per the terms and conditions contained in this Agreement.

“Regulatory Instrument” means any authorization, licence, lease or permit required under any legislation required for the carrying out of the Project.