

June 23 2010

VIA EMAIL

Paul Mercredi
Environmental Assessment Officer
Mackenzie Valley Review Board
200 Scotia Centre
P.O. Box 938
Yellowknife, NT X1A 2N7

Dear Mr Mercredi:

Canadian Zinc Corporation, EA0809-002, Minutes from GNWT and Canadian Zinc meeting

On June 11th the GNWT met with Canadian Zinc regarding socio economic impacts of the proposed Prairie Creek project. Minutes of the meeting were taken with the intention to post on MVEIRB's public registry, which is attached.

Should you have any questions please contact Amy Jenkins at 867-920-6593 (amy_jenkins@gov.nt.ca).

Sincerely



Gavin More
Manager
Environmental Assessment and Monitoring
Environment and Natural Resources

Canadian Zinc meeting with GNWT
Friday June 11, 2010
Yellowknife

Present

Alan Taylor, CanZinc
David Harpley, CanZinc
Pauline Campbell, Nahanni Butte Dene Band
Peter Redvers, Crosscurrent Associates (For Nahanni Butte Dene Band)
Shauna Morgan, Crosscurrent Associates (For Nahanni Butte Dene Band)
Amy Jenkins, ENR GNWT
Kris Johnson, ITI GNWT
Kristin Prendergast, ECE GNWT
Austin Tokarek, ITI GNWT
Glenn Sorenson, ITI GNWT
Jacquelyn Miller, ITI GNWT
Charlotte Schalkwyk, ITI GNWT

Purpose of Meeting: To discuss socio-economic issues focused on employment and economic development.

The parties agreed to document meeting minutes for purposes of posting on MVEIRB's public registry.

Summary of Issues Raised

1. Procurement Strategy

- a. ITI would like to see a draft of a procurement strategy put on the public registry
- b. CZN has initiated such a strategy
- c. ITI Procurement Strategy Specialist willing to assist with the development of strategy for CZN
 - i. ITI does not have specific template to follow, but has several types of templates to use as examples
 - ii. ITI encouraged CZN to post record of procurement focused community engagement to public registry

Action Item: Kris Johnson will forward examples of Procurement Strategies and current best management practices to CZN

2. Hiring Locally

- a. GNWT to work with socio-economic consultant to determine method for arriving at conclusion about projected 'maximum numbers of locals to be hired' as indicated in the DAR
- b. GNWT encourages northern pick up locations, and northern allowances as incentives to recruit labour from NWT communities and to ensure workers maintain residency in the NWT.
- c. GNWT asks whether CZN has investigated possibility of recruiting from communities with available and qualified labour from the Sahtu and Inuvik regions of the NWT. CZN states that it has not. GNWT encourages CZN to look into this option.
- d. GNWT asks for further detail on CZN considerations about adding Yellowknife as a pick-up point. CZN expresses concern that the Yellowknife labour market is fully utilized. GNWT emphasizes that Yellowknife is the transportation hub for the NWT and the place that new residents are most likely to move. GNWT encourages addition of Yellowknife as pick-up point.

3. Training Opportunities

- a. CZN currently working with Mine Training Society to bring potential labourers up to capacity
- b. Currently offer training for employees on an as needed basis
- c. Looking for guidance from the GNWT for developing Training Strategy
GNWT encourages short term contracts with southern employees to allow northerners an opportunity to work their way into positions

4. Rotation Schedule

- a. CZN operates on a 3 week in 3 week out schedule
- b. GNWT noted that the length of this rotation schedule can be difficult for many northerners to adapt to.
- c. CZN identified a number of obstacles to moving to a 1 or 2 week in/1 or 2 week out schedule, including challenges with the winter weather (may result in flight delays, leaving some people on shift longer and giving others arriving much shorter shifts), short landing strip, increased costs with increased number of flights in and out of the site, additional impacts on the Nahanni National Park Reserve and local wildlife with additional flights overhead. They also noted that their current employees largely seem to be happy with this rotation.

5. Business Development Capacity

- a. ITI would like to see commitments from CZN relating to leaving a legacy for the community beyond the life of the mine (e.g., gas station, hotel, bank, etc.)
- b. ITI has risk assessment for NWT businesses and can work with CZN to engage in community business development capacity
- c. ITI regional office could assist with developing local business capacity. ITI noted that resources for business and economic development may be available through its Support to Entrepreneurs and Economic Development (SEED) Policy.

6. Traditional Harvesting

- a. GNWT noted an apparent contradiction in a section on harvest data in the DAR where the account of an elder and the results of a questionnaire appear to differ somewhat
- b. CZN explained that it was difficult to obtain harvest numbers, as requested in the DAR terms of reference. CZN had initiated the questionnaire with Nahanni members, but had not received results. CZN interviewed the elder in order to provide some data to include in the DAR. Subsequently, the completed questionnaire was received at the time of final DAR compilation and was included.
- c. Crosscurrent Associates noted that community members often find it culturally inappropriate to provide specific quantities harvested, and monetary valuation can be an inaccurate measure of value, due to volatile fur prices and the inability to put a price on traditional values.
- d. The TK study was conducted by Nahaea Dehe Dene Band (NDDB) in 2008 and funded by INAC. This study provides a detailed description of NDDB's traditional interests in the Prairie Creek project area (including the access road area).
- e. Crosscurrent Associates noted that responses to the questionnaire indicated that NDDB harvesters are still active throughout the project area. Crosscurrent Associates consider the TK study and the questionnaire to be more definitive of the harvesting that currently takes place within the project area.

7. Wildlife Management

- a. Given ENR's jurisdiction of the Prairie Creek area in relation to Parks Canada, no outstanding wildlife concerns are identified at this point
- b. ENR's regional biologist is in communication with CZN and they have been working together to log wildlife sightings, with particular focus on Bison, Sheep and Woodland Caribou

- c. GNWT suggested NDDDB arrange a meeting with ENR's regional biologist (Nic Larter) and Nahanni National Park Reserve ecologist (Mike Sutor) to discuss wildlife concerns.
- 8. Socio Economic Monitoring/Follow-up Programs – IBAs and SEA
 - a. The DAR notes that CZN foresees the bulk of its monitoring to occur as part of its Impact Benefit Agreement (IBA) commitments
 - b. Nahanni Butte / Crosscurrent Associates (CCA) identified a Human Resource Assessment as a useful tool for the community in developing a plan to maximize employment and business opportunities from the mine, in conjunction with its IBA negotiations with CZN. CCA also noted that this type of Assessment would be ideally directed through the community.
 - c. ITI noted that NDDDB could use a follow up program modeled along the lines of the Diavik Community Advisory Board (DCAB) community toolkits. CCA agreed that the DCAB toolkits could be helpful, but clarified that the HR Assessment would be a tool to obtain proactive commitments, rather than a strategy for simply monitoring results.
 - d. ITI noted that SEED Policy may provide resources to assess local business capacity
 - e. Crosscurrent Associates asked if the GNWT will pursue a Socio-Economic Agreement (SEA). ITI responded that it is pursuing some kind of follow-up program but is not seeking an SEA at this time.

Action Item: Industrial Initiatives to provide DCAB contact information to Crosscurrent Associates

- 9. Road Access
 - a. CZN has been in contact with the GNWT Department of Transport regarding capacity assessment of the Liard Highway.
 - b. There are ongoing discussions about whose jurisdiction the winter access road falls under – INAC or the GNWT – and whether the road would be public (and open to all) or private. The outcome of these discussions will determine the level of access to hunters, which will have implications for managing impacts on wildlife.
- 10. CZN identified interests in regional energy development
 - a. CZN would take advantage of capped gas available in the Liard region if it could be provided to them at the mine site
 - b. Transportation of this gas could pass by Nahanni Butte to provide the community with a cheap source of power

- c. ITI to reference Resource Assessment in Dehcho
11. BIP – Business Incentive Policy
- a. ITI has established the BIP registry, which can be used to identify approved northern businesses who have signed up to do business with the GNWT. It is not an exhaustive list of all Northern businesses, but is a useful tool for developers looking to do business with local companies.
 - b. CZN identified they would be filing taxes within the NWT.