



February 24, 2016

Ms. JoAnne Deneron
Chairperson
Mackenzie Valley Environmental Impact Review Board
5102 50th Avenue,
Yellowknife, NT
X1A 2N7

Dear Ms. Deneron

RE: Environmental Assessment EA1415-001
Prairie Creek Mine All Season Access Road
February 12, 2016 Letter from NDDB

We refer to the February 12, 2016 letter submitted to you by the Nahanni Dehe Dene Band (NDDB) regarding the deadline for the submission of Information Requests (IR's).

Canadian Zinc Corporation (CZN) has already been in contact with your staff regarding our plans to conduct further engagement with the NDDB in the near future, and to advise that we support the NDDB's desire to defer their IR's until the engagement has occurred. This letter is to provide some background to other comments in the NDDB letter.

Before our application for all season road permits nearly 2 years ago in April 16, 2014 we undertook engagement with the NDDB on January 15, 2014. Acting Chief Peter Marcellais (now the newly elected Chief), councillors and elders attended the meeting. CZN explained the plans for all season applications and the reasons for them. CZN was told that the Band would support an all season road, as indicated by the signed Engagement Record (see Appendix 13 of the Developers' Assessment Report (DAR)).

Subsequent to the all season road applications, referral to environmental assessment (EA) and issue of the EA Terms of Reference, CZN undertook further engagements with the NDDB on November 28, 2014 and January 20, 2015. Engagement records for these meetings are also in Appendix 13 of the DAR. CZN was and is aware that there is some concern in the community regarding access control on the all season road and, specifically, the potential for access by non-aboriginal hunters and a consequent decline in moose numbers, the main subsistence item of the NDDB. Therefore, the meetings focussed on this concern, and CZN has actively pursued initiatives to control access.

CZN conducted another engagement with the NDDB on June 18, 2015 and again the main subject was access control. At the meeting, CZN discussed the formation of an Aboriginal

Hunters and Trappers Committee to explore access control options. A record of this engagement is attached. Members of CZN discussed these matters again with Chief Mike Matou and other NDDB members in the community on August 14, 2015. Frequent contact with community members by Wilbert Antoine, CZN's Manager, Northern Development has continued before and after the election of a new Chief and Council in November 2015.

CZN respects the desire of some NDDB members to better understand the reasons for the all season road proposal and its necessity, and recognizes that concerns remain regarding access control. As noted above, CZN plans further engagement soon to provide relevant and necessary answers, and to consider outstanding issues. We will also discuss business, employment and benefit aspirations.

We acknowledge the preliminary IR's in the NDDB's letter, and we will be responding to these in due course.

If you have any questions, please contact us at 604 688 2001.

Yours truly,
CANADIAN ZINC CORPORATION



David P. Harpley, P. Geo.
VP, Environment and Permitting Affairs

Attachment



ENGAGEMENT RECORD

Party Engaged: Naha Dehe Dene Band (NDDB)

Date/Time: June 18, 2015 / 15.00

Location: Nahanni Butte Store dining room, NT

NDDB Attendees: Chief Mike Matou; Elders Elsie Marcellais, Leon Konisenta; Band members Lena Marcellais, Raymond Vital, Lorraine Vital, Violet Tesou.

CZN Attendees: Alan Taylor, David Harpley, Wilbert Antoine

Issues Discussed: CZN provided an Agenda for the meeting (see attached).

After an opening prayer by Elsie Marcellais, Alan Taylor provided an update on work at the Mine and explained CZN's immediate plans. Mr. Taylor explained that significant financing is required to advance the project, and that it would be difficult to obtain this in the current market. In the meantime, CZN is working to expand the mineral resource and improve project economics. Exploration drilling is continuing underground to provide additional mineral intercepts. Some community members are on the drill crew, but most positions require specific training. Work continues regarding obtaining costs for construction and revising financial projections. This is being done in the Vancouver office. An all season road is expected to significantly improve project economics. CZN is prepared to discuss benefits associated with the road with the community.

David Harpley summarized the reasons why CZN is pursuing an all season road. During the environmental assessment for the winter road, parties raised issues regarding the start of road operations in early winter, and the risks of accidents. CZN acknowledge these are issues. It is also becoming increasingly clear that climate change is reducing the effective winter season, and this poses risks to the project in terms of being able to transport all mineral concentrates out annually. In addition, recent financial projections show that project economics are much better with an all season road, despite the high capital cost of the road. Mr. Harpley also said that CZN is willing to share the road if the Band wanted to pursue tourism initiatives.

Elsie Marcellais said she was concerned about blasting and the damage to the land. David Harpley said that blasting would only be required in a few locations, and would be limited. Elsie Marcellais also said that she only wants NDDDB members on the road.

Lorraine Vital asked about reclamation of the road after mine closure. Mr. Harpley said that CZN would be required to post security to cover reclamation before road construction, and that the responsible regulators would hold that security until reclamation is completed.

Mr. Harpley said that CZN is aware that the biggest issue for the community related to the all season road is use by non-residents for hunting up to the park boundary. In that regard, CZN is pursuing initiatives that would provide access control. A security check-point manned by NDDDB members would operate on the road north of the Liard River. A barge on the Liard River crossing for mine traffic would be private and not available to unauthorized traffic. CZN has proposed an Aboriginal Hunters and Trappers Committee to consider and discuss and other access control initiatives.

Lena Marcellais asked about the composition of the committee. Mr. Harpley said that CZN had tentatively nominated known harvesters and trappers, but that elders were welcome and ultimately, it is the Band's decision as to who participates. He also said that some supporting funding from GNWT ITI may be available.

Lena Marcellais asked about other participants. Mr. Harpley said that CZN would like to invite representatives from LKFN, Parks Canada and GNWT ENR. Ms. Marcellais said that, at least initially, committee meetings should only involve NDDDB and CZN.

Regarding work, Wilbert Antoine said that he had asked NDDDB members for resumes for available positions, but that none had been received so far.

Issues Resolved:

No issues were resolved, but that wasn't the intent of the meeting. It was intended to be an update and open discussion.

Issues Unresolved:

The extent of access control.

Signature of Party Representative Confirming Accuracy of Engagement Record:

Name

Signature