



August 25, 2016

Mr. Chuck Hubert
Senior Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
5102 50th Avenue,
Yellowknife, NT
X1A 2N7

Dear Mr. Hubert

RE: Environmental Assessment EA1415-001, Prairie Creek Mine Undertaking 7

We refer to the letter from the Government of Canada dated August 24, 2016 on the above noted subject. Regarding Undertaking 7, we believe we have complied with it. The Undertaking states:

“CanZinc, DFO and Parks Canada will communicate on outstanding information requirements and analysis related to fish and fish habitat loss/gain (including impacts of blasting), to enable DFO to reach a determination and inform the board prior to the hearing phase (before technical reports).”

Canadian Zinc Corporation (CZN), DFO and Parks Canada have communicated on two occasions, and records have been submitted to the Board. However, the process of providing information and analysis related to fish and fish habitat loss/gain is on-going, with a stated target of enabling DFO to reach a determination and inform the Board prior to the hearing phase (before technical reports).

We draw your attention to comments made by Alan Ehrlich at the Technical Session, which were the origin of Undertaking 7, as follows:

“I think I heard the Developer, DFO, and Parks Canada say that they will talk about fish habitat compensation and figuring out stuff like that. But what I heard Chuck Hubert say was a temporal element, which was before the Review Board's public hearing. Which means the Review Board does not care about the specific dollar figure of compensation. The Review Board will care very much about your views on whether or not this project is likely to cause a significant adverse impact to fish or fish habitat. And it would be extremely helpful for you to have had discussions that help you figure this out before the Board's hearing, so that you can share your conclusions in your technical reports. The commitment, or a part of the commitment that I think may have been lost in this last discussion was the part about timing. But the timing is what makes this matter to the environmental assessment, and not the regulatory details that come up afterward. So where

do I go with this? I guess if there is a commitment in the works, can we make that commitment reflect this? And I wanted to articulate it this way, so it's quite clear to the parties that are involved. I would see a commitment from the Developer to work with Parks Canada and DFO in the regulatory phase to figure out the no net loss stuff as a commitment, but I would see the stuff that leads up to the hearing phase as an undertaking by the Developer, and Parks Canada and DFO as well."

In our opinion, there is more than enough information already on the record to determine whether the project is likely to cause a significant adverse impact to fish or fish habitat. The information CZN is currently compiling is focussed on habitat loss/gain, and whether there is a need for offset and by how much, a process which Mr. Ehrlich suggests is more typical during the regulatory phase.

Regarding the habitat loss/gain information, it is true that we have been delayed in providing this. We made some minor road alignment adjustments to minimize encroachment on Collared Pika habitat, and this necessitated redrafting and recalculation of footprint. We have committed to provide a report by September 6, 2016.

It is our understanding and belief that CZN, DFO and Parks Canada are following an iterative process parallel to the main EA process regarding the subject matter of Undertaking 7. We have informed DFO and Parks Canada that CZN will entertain and respond to further information requests on the subject matter before and after the IR2 deadline, or as part of IR2, with the acknowledged intent of enabling DFO to reach a determination and inform the Board prior to the hearing phase (before technical reports).

We note that after IR2, the next step will be the submission of a risk assessment report by Oboni, followed by a response by CZN. The Technical Report period would follow this. We do agree that DFO and Parks Canada should have an appropriate amount of time to review the habitat loss/gain information, and to allow engagement with DFN and LKFN. We believe that time is available before the Technical Reports step. Accordingly, we do not believe it is necessary to delay the broader and more formal IR2 process, which would extend the overall EA timeline.

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