

WATER LICENSE

Permit Number: Parks2012_W001

Permittee: Canadian Zinc Corporation

Issuing Office: Nahanni National Park Reserve of Canada

Southwest NWT Field Unit

License validation: From August 28, 2013 to August 28, 2018

Her Majesty the Queen, in the right of Canada, represented herein by the Minister of the Environment for the purposes of the Parks Canada Agency

Authorization Signature: _____

Date: _____

Jeff Anderson, Vice-President, Western and Northern Canada
Parks Canada Agency

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Authority

This permit is issued under the following authorities:

National Parks of Canada General Regulations s.18(1)

Canada National Parks Act s. 41.1(4)

National Parks of Canada General Regulations s.17

Part A: Scope and Definitions

Scope

1. This Licence entitles Canadian Zinc Corporation to use Water and dispose of Waste for construction, maintenance, operation and use of a winter road¹ within Nahanni National Park Reserve of Canada connecting Prairie Creek Mine site to the Liard Highway and associated facilities, between the following locations

West Park Boundary 61°36` 36"N; 124°41` 4"W

¹ Although the Permit references "winter road", it is acknowledged a portion of the road will be constructed and maintained to an all seasonal standard and it is further acknowledged some maintenance will occur other than in the operating season.

East Park Boundary 61°25` 43"N; 123°34`30" W

2. This Licence is issued subject to the conditions contained herein with respect to the taking of Water and the depositing of Waste of any type in any Waters or in any place under any conditions where such Waste or any other Waste that results from the deposits of such Waste may enter any Waters. Whenever new Regulations are made or existing Regulations are amended by the Governor in Council under the *Northwest Territories Waters Act*, or other statutes imposing more stringent conditions relating to the quantity or type of Waste that may be so deposited or under which any such Waste may be so deposited, this Licence shall be deemed, upon promulgation of such Regulations, to be automatically amended to conform to such Regulations.
3. Compliance with the terms and conditions of this Licence does not absolve the Licensee from the responsibility for compliance with the requirements of all applicable federal, territorial, and municipal legislation.

Definitions

In this Licence:

"Act" means the *Northwest Territories Waters Act*.

"Inspector" has the same meaning as "inspector" in section 41.1(3) of the *Canada National Parks Act*.

"Licensee" means the holder of this Licence.

"Modification" means an alteration to a physical work that introduces a new structure or eliminates an existing structure and does not alter the purpose or function of the work but does not include an expansion.

"Regulations" means Regulations proclaimed pursuant to section 33 of the *Northwest Territories Waters Act*.

"Superintendent" means the Superintendent of Nahanni National Park Reserve of Canada and includes any person appointed under the *Canada National Parks Act* who is authorized by the Superintendent to act on the Superintendent's behalf.

“Waste(s)” means Waste as defined by section 2 of the *Northwest Territories Waters Act*.

“Water(s)” means any Waters as defined by section 2 of the *Northwest Territories Waters Act*.

“Water Use Fee” means a fee for the use of the water as provided for under the *Northwest Territories Waters Act*.

Part B: General Conditions

1. The Water Use Fees shall be paid annually in advance, please see attached Schedule 1 Item 1.
2. Prior to the use of Water or the disposal of Waste the Licensee shall post and maintain a security deposit in accordance with Schedule 1, Item 2.
3. The Licensee shall file an annual report with the Superintendent for the year beginning April 1 to March 31 by July 31 which shall contain the information in accordance with Schedule 1, Item 3.
4. All information submitted to the Superintendent for or under this Licence must be submitted in a form and in detail acceptable to the Superintendent.
5. The Licensee shall ensure a copy of this Licence is maintained at the site of operation at all times.
6. The Licensee shall ensure that all persons working under the authority of this Water Licence are aware of, and will adhere to the terms and conditions as stated in this Water Licence.

Part C: Conditions Applying to Water Use

1. The Licencee is permitted to take a maximum of 27, 000m³ per year from Mosquito Lake and a maximum of 27, 000m³ per year from the Lake at km 70.
2. The Licencee is permitted to take a maximum of 6000 m³ per year from a pit located at Longitude 124° 22' 48.365" W, latitude 61° 35' 19.064" N.
3. The Licencee is not permitted to withdraw water from any other location.
4. The quantity of Water used for all purposes shall not exceed 275m³ cubic metres per day.
5. The Licensee shall install meters for all structures used to withdraw Water to the satisfaction of an Inspector.
6. The Licencee shall construct and maintain water intakes from the lakes in Part C, Item

1 using the DFO recommended 2.54 millimetre fine mesh size to prevent entrainment of fish. Other dimensions must follow DFO's "Freshwater Intake End-of-Pipe Fish Screen Guidelines".

Part D: Conditions Applying to Waste Disposal

1. The Licensee shall review the accepted Waste Management Plan annually to reflect changes in practices and general process changes. The updated Plan shall be in accordance with the Mackenzie Valley Land and Water Board's *Guidelines for the Development of a Waste Management Plan*, December 2010, or subsequent editions.
2. Updates made to the Waste Management Plan shall be submitted to the Superintendent for approval. If not approved by the Superintendent, the Waste Management Plan shall be revised and resubmitted in accordance with directives from the Superintendent.
3. The Licensee shall ensure that any unauthorized Wastes associated with the Licenced undertaking do not enter any Waters.
4. Water used on the road may only come from the sources described in Part C except as otherwise approved by the Superintendent.

Part E: Conditions Applying to Modifications

1. The Licensee may, without written approval from the Superintendent, carry out Modifications to the Water Supply provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:
 - a. The Licensee has notified the Superintendent in writing of such proposed Modifications at least 60 days prior to beginning the Modifications;
 - b. Such Modifications do not place the Licensee in contravention of either the Licence or the Act;
 - c. The Superintendent has not, during the 60 days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than 60 days; and
 - d. The Superintendent has not rejected the proposed Modifications.
2. Modifications for which all of the conditions referred to in Part E, item 2 have not been met may be carried out only with written approval from the Superintendent.

Part F: Conditions Applying to Contingency Planning

1. The Licensee shall operate under a Spill Contingency Plan, as approved by the

Superintendent, and developed in accordance with the Aboriginal Affairs and Northern Development Canada's (AANDC) *Guidelines for Spill Contingency Planning*, 2007, or subsequent editions.

2. The Licensee shall review the Spill Contingency Plan annually or more often as requested by the Inspector or the Superintendent. The Licensee shall make any updates and shall submit a revised plan shall be submitted to the Superintendent for approval. If not approved by the Superintendent, the Spill Contingency Plan shall be revised and resubmitted by the Licensee in accordance with directions from the Superintendent.
3. The Permittee shall ensure that adequate contingency plans and spill kits are in place, to the satisfaction of the Superintendent, prior to commencement of operations, to respond to any potential spills.
4. If, during the period of this Licence, an unauthorized discharge of Waste occurs, or if such a discharge is foreseeable, the Licensee shall:
 - a. Employ the Spill Contingency Plan;
 - b. Report the incident immediately via the 24-hour NWT Spill Report Line. Currently the number is (867) 920-8130 which is in accordance with the instructions contained in the Spill Report form NWT 1752/0593 and to the Inspector; and
 - c. Submit to an Inspector a report, in form and detail satisfactory to the Inspector, on each occurrence, not later than 30 days after initially reporting the event.

Part G: Conditions Applying to Closure and Reclamation

1. The Licensee shall, within six months of issuance of this Licence, submit to the Superintendent for approval an interim Closure and Reclamation Plan which shall take into consideration all areas referred to in Schedule 2, Part G, Item 2.
2. If the interim Closure and Reclamation Plan is not approved by the Superintendent, the Superintendent will notify the Licensee and within six months of that notification the Licensee shall revise the plan in accordance with the Superintendent's directions and submit to the Superintendent for approval.
3. Notwithstanding the time schedule referred to in the Interim Closure and Reclamation Plan, the Licensee shall carry out progressive restoration of areas which are abandoned

prior to closure of operations, all to the satisfaction of the Superintendent.

4. The Licensee shall complete the restoration work within the time schedule specified in the Interim Closure and Reclamation Plan.
5. The Licensee shall review the Interim Closure and Reclamation Plan annually and shall modify the plan as necessary to reflect changes in operation, technology, and results of reclamation and/or other studies. The proposed modifications shall be submitted to the Superintendent for approval.
6. The Licensee shall submit to the Superintendent for approval a Final Closure and Reclamation Plan 1 year prior to closure. The Licensee shall refer to Schedule 2, Part G Item 2 when completing the Final Closure and Reclamation Plan.
7. If the Final Closure and Reclamation Plan is not approved by the Superintendent, the Superintendent will so notify the Licensee and within six months of that notification the Licensee shall revise the plan in accordance with the Superintendent's directions and submit to the Superintendent for approval.

Schedule 1

Part B: General Conditions

Water Use Fees Part B, Item 1

1. The Water Use Fees shall be paid annually in advance.

Year	Amount of Water Licenced	Fees
Year 2	275	\$330.00
Year 3	275	\$330.00
Year 4	275	\$330.00
Year 5	275	\$330.00

Security Part B, Item 2

1. Prior to the construction of the bridges at km 23 and km 53 shall post and maintain to the satisfaction of the Superintendent a security deposit of \$683,021.00;

Prior to constructing bridges at km 24, 26.4, 26.8, 28.7 and 43, the Licensee shall post and maintain an additional security deposit of \$813,896.00.

The security deposit shall be maintained until such time as it is fully or in part refunded pursuant to section 17 of the Act. This clause shall survive the expiry of this Licence.

2. The amount of the security deposit referred to in Part B, Item 2 may be revised by the Superintendent based on new information provided by the Permittee.

Annual Report Part B, Item 3

1. The Licensee shall file an annual report with the Superintendent for the year beginning April 1 to March 31, by July 31 which shall contain the information.
 - a. The monthly and annual quantities in cubic metres of Water obtained from all sources;
 - b. The monthly and annual quantities in cubic metres of each and all Waste discharged;
 - c. A summary of Modifications and/or major maintenance work carried out on the water supply and waste disposal facilities, including all associated structures;
 - d. A list of unauthorized discharges;
 - e. A summary of any spill training and communications exercises carried out;
 - f. A summary of any abandonment and restoration work completed during the year and an outline of any work anticipated for the next year;
 - g. A summary of any studies requested by the Superintendent that relate to Waste disposal, use, or reclamation and a brief description of any future studies planned;
 - h. Any other details on Water use or Waste disposal requested by the Superintendent by November 1 of the year being reported;
 - i. Any revisions to the approved Spill Contingency Plan;
 - j. Any revisions to the approved Interim/Final Closure; Reclamation Plan; and
 - k. Such other information the Superintendent requests.

Schedule 2

Part G: Conditions Applying to Closure and Reclamation

Interim/Final Closure and Reclamation Plan Part G, Item 2

1. The Licensee shall submit the following information in the Interim/Final Closure and Reclamation Plan.
 - a. The Water intake facilities;
 - b. The petroleum and chemical storage areas;
 - c. Any site affected by Waste spills;
 - d. The natural runoff Waters from the development site;
 - e. The restoration of natural drainage and the restoration of stream banks at the operation site(s);
 - f. The potential for groundwater contamination;
 - g. Any facilities or areas which may have been affected by development such that potential pollution problems exist;
 - h. A phased approach and implementation schedule;
 - i. Maps delineating all disturbed areas, borrow material locations, and site facilities;
and
 - j. A proposal identifying measures by which restoration costs will be financed by the Licensee upon abandonment.