SUMMARY OF COMMENTS/RECOMMENDATIONS

PROPONENT:Hudson Bay Mining and Smelting Co., LimitedPROPOSAL NAME:Reed MineCLASS OF DEVELOPMENT:2TYPE OF DEVELOPMENT:MiningCLIENT FILE NO.:5621.00

OVERVIEW:

On December 11, 2012, the Department received a Proposal from AECOM on behalf of Hudson Bay Mining and Smelting Co., Limited for the construction and operation of the Reed Mine, a 1,300 tonnes per day underground copper mine located at the site of the Reed Advanced Exploration Project (AEP) located approximately 91 kilometers east-southeast of Flin Flon and approximately 80 kilometers west-southwest of the Town of Snow Lake in the Grass River Provincial Park. The proposed development consists of the operation of previously approved components of the Reed AEP including the Reed ramp/decline, an office/change house complex, storage buildings and pads, and a 2,000 m³ discharge water polishing pond. A camp will be constructed at the site along with an approximately 19,000 L holding tank for the storage of sewage and grey water. The holding tank will be pumped out and trucked to a licensed disposal facility as required. All ore extracted from the mine site will be hauled to the Flin Flon Metallurgical Complex for processing.

The Department, on January 15, 2013, placed copies of the Proposal in the Public Registries located at 123 Main St. (Union Station), the Millennium Public Library, the Manitoba Eco-Network, Thompson Public Library, Flin Flon Public Library and the Snow Lake Public Library. Copies of the Proposal were also provided to the Technical Advisory Committee (TAC) members and put on the Environmental Approvals Branch online registry. The Department placed public notifications of the Proposal in the Snow Lake Underground on Thursday, January 17, 2013, the Flin Flon Reminder on Friday, January 18, 2013 and the Thompson Nickel Belt on Friday, January 18, 2013.

An Environmental Baseline Assessment was submitted by the proponent in February 2013 as well as supplemental information on February 21, 2013, March 6, 2013, March 8, 2013, June 12, 2013 and June 14, 2013. All information was placed in the public registries.

COMMENTS FROM THE PUBLIC:

Approximately 185 public comments were received during the review period (attached). A variety of concerns were raised by the public. The majority of comments were concerning:

- a) The location of the proposed development being in a Provincial park;
- b) Woodland caribou live in the area of the proposed development; and
- c) General protection of the natural environment.

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Disposition:

- The government has committed to reviewing its policy on mining in Provincial parks. This policy review will be undertaken by the Department of Innovation, Energy and Mines and by the Parks Branch of Conservation and Water Stewardship. The Environmental Approvals Branch will follow any recommendations regarding mining in Provincial parks resulting from the policy review.
- A clause in the draft Licence states that the Licencee shall actively participate in woodland caribou research, studies and/or monitoring activities in such a manner and within a geographical region that is acceptable to the Director.
- The draft Licence contains requirements to protect and maintain the environment in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

COMMENTS FROM THE TECHNICAL ADVISORY COMMITTEE:

Agriculture, Food and Rural Initiatives

• No comments received.

Conservation and Water Stewardship – Environmental Programs and Strategies Branch

• The Air Quality Section has reviewed the proposal and has no comment. Potential air quality concerns associated with the project are adequately addressed in the submission.

Conservation and Water Stewardship – Office of Drinking Water

- The EAP noted that no adverse effects upon surface ware are anticipated and, while it noted communities, lodges etc. in the project area, it did not specifically state the water sources for them. Based solely upon this ODW cannot state whether we have any direct concerns with the EAP or proposed development respecting drinking water safety.
- The EAP did note that significant amounts of diesel fuel will be stored on the mine site. As such, ODW would recommend that the emergency response plans for the mine include contact information for drinking water systems downstream of the mine site and a requirement that, if a major spill of fuel or any other substance into the surrounding surface water systems occur, the downstream water users should be notified.

Proponent Response (June 12, 2013):

• There are no communities, lodges, homes, cottages or campgrounds located in the Project Area. The closest water users are located at Peterson's Reed Lake Lodge located on Fourmile Island in Reed Lake and the Grass River Lodge located on the south shore of Reed Lake. These lodges obtain their water supply from Reed or use bottled water for drinking. Discharge water from the polishing pond and runoff water from the mine site would flow overland then through a wetland into Unnamed Lake 3, travel through a string bog and overland to Unnamed Lake 2, then through an intermittent stream to Whitehouse Creek, then north to the Grass River which flows into Reed Lake. The total distance any potential contaminants from discharge water or a potential spill would need to migrate in order to reach the Reed Lake is approximately 13 km. Any contamination resulting from mine discharge or potential spill or accident released into a surface water body would be

mitigated or naturally attenuated prior to reaching Reed Lake and would have no impact on drinking water.

• All fuel tanks on site will be equipped with self-containment (SCAT) and placed on sand, gravel or concrete pads. As an additional measure of protection, the two diesel tanks that supply the generators are equipped with containment berms. Given this level of spill prevention and the remoteness of the site from drinking water sources, the potential for impacting any water supply as a result of fuel spills is assessed to be extremely remote. However, HBMS will include contact information for any drinking water users located in the Project Region. If a major spill of fuel or any other substance occurs at the Reed Mine, all downstream water users will be notified.

Office of Drinking Water Response:

The information provided puts to rest any concern I had respecting raw water quality for drinking water systems in the area.

Disposition:

The Office of Drinking Water is satisfied with the information received and has no further concerns.

Conservation and Water Stewardship – Drainage and Water Control Licensing Branch

• No concerns.

Conservation and Water Stewardship – Water Use Licensing

• The Water Use Licensing Section can confirm that Water Rights Licence 2012-025 was issued for an annual allocation of 38.08 cubic decameters of water. If more water is required on an annual basis then the proponent will have to apply to the Section for an increase in the annual allocation associated with this Licence.

Disposition:

The draft Licence includes a clause which states that the Licencee shall obtain all necessary federal, provincial, and/or municipal licences, authorizations, permits and/or approvals for construction of relevant components of the Development prior to commencement of any construction.

Conservation and Water Stewardship – Aboriginal Relations Branch

• No comments received.

Conservation and Water Stewardship – Parks and Natural Areas Branch

- While the Branch has no concerns with the development of this mine within Grass River Provincial Park, the Branch has the following comments to offer.
- The current Parks lease held by Hudson Bay Mining and Smelting Ltd. (HudBay) at the proposed Reed Mine site was issued only to permit their advanced exploration project

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(AEP). Upon issuance of an Environment Act Licence HudBay will be required to obtain a new Parks lease.

- The proposed mine is within the resource management land use category which allows for industrial developments such as mines so long as this development does not compromise other park purposes. The other purposes of Grass River Provincial Park are to:
 - Preserve woodland caribou habitat and the high water quality of the Grass River;
 - Promote canoeing, camping and fishing opportunities, and permit related facilities and services; and
 - Promote public appreciation and education of the cultural and natural history of the Grass River.
- The Branch does not feel that these other park purposes are compromised by the development of a mine at this site.
- The hauling of ore as a result of mining activities will result in increased traffic on Highway 39 through the park, west to Flin Flon. This increase in traffic is not anticipated to adversely affect park users and as such no further mitigation activities are required by the Branch. Increased heavy truck traffic however, does increase the potential for wildlife being struck on the highway especially at dawn and dusk. In addition to the mitigation measures proposed by HudBay, the Branch requests that HudBay educate their drivers about the potential for conflicts with wildlife and instruct them in ways to reduce conflicts.
- As stated in the proposal, the presence of mechanical equipment, fuels and explosives on-site creates a potential for fires and explosions. If a fire does occur and spread into the surrounding forest the nearest district office of Manitoba Conservation and Water Stewardship is to be notified immediately so that support of the Manitoba Fire Program can be given if necessary.
- The Branch has reviewed and supports the Reed AEP Closure Plan. The Branch will continue to work with HudBay to update the proposed mine closure plan.

Proponent Response (June 12, 2013):

- HBMS will implement a driver education program to inform HBMS employees and contractors about the hazards associated with wildlife and provide information on how to reduce the potential for accidents with wildlife on roads and highways within the area of the Reed Mine.
- We attach the HBMS Reed Copper Project Surface Emergency Response Procedure (Form Number RMP-101), which details various activities and procedures that should be followed in the event of an emergency at the site of the Reed Mine. This includes evacuation procedures and contact procedures. The nearest district offices of Manitoba Conservation and Water Stewardship (Snow Lake and Cranberry Portage) have been included in the contact list. HBMS also wishes to express appreciation for the additional information provided by Ms. Elliott concerning Grass River Provincial Park and mining within the Park.
- HBMS understands that before converting the use of the site from exploration to production, it must obtain a new Parks lease from Manitoba Conservation and Water Stewardship, Parks and Natural Areas Branch.

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Parks and Natural Areas Branch Response:

• No comments to offer on the response provided by HudBay regarding the Reed Mine proposal.

Disposition:

The Parks and Natural Areas Branch is satisfied with the information received and has no further concerns.

Conservation and Water Stewardship – Water Stewardship Division

- The proposed mine is located in Grass River Provincial Park and follows other historic mining in the area such as the Spruce Point Mine. Of principle concern with any mining development is the potential for discharge of wastewater and/or acid or alkaline mine drainage to enter surface water. The proposed mine is approximately 1.5 km south of Reed Lake. Reed Lake is the largest water body within Grass River Provincial Park and is highly valued for its water quality. The upper Grass River Watershed, which includes the Grass River Provincial Park, is designated a High Quality Water (Manitoba Water Stewardship 2011). High quality water include those surface or ground waters in Manitoba that have (1) biological, chemical and physical quality better than the standards, objectives, and guidelines and (2) support a high quality water use.
- The proposal notes that storage pads for ore and waste rock will be designed to manage runoff that may be potentially acid generating. Acid generating materials significantly increase potential risk to the aquatic environment.
- Based upon the mineralization of initial drill cores taken from the site can any estimation be made regarding the potential for acid or alkali generation? For example has any acid/base accounting occurred?
- It is noted the proposed ore storage pad will be lined with an impermeable liner to prevent potential drainage from running off site. We would suggest that the waste rock pad also be lined to prevent runoff of any potential contaminants off site.
- *How will runoff from storage pads of waste rock and ore be managed? For example will it be directed to the polishing pond?*
- What is the capacity of the limestone in the waste rock storage pad to treat potential acid mine drainage?
- The use of waste rock as backfill should mitigate against long term storage requirements of waste rock. It is noted that rock will be backhauled from Flin Flon to supplement backfill requirements. No waste rock should be backhauled that is determined to be acid generating, or having a chemistry that could adversely affect water quality.
- It is noted that all sanitary wastewater will be transported off site for treatment. While this approach seems reasonable, it is not stated in the proposal where wastewater will be transported. The proponent should provide verification that a licensed wastewater treatment facility is willing to accept and has adequate capacity to treat wastewater from this development. It is advised that wastewater be transported and treated outside the watershed to prevent nutrient loading to the Grass River.
- The proposal states that polishing pond contents will be compared with Tier 1 Manitoba Water Quality Standards and appropriate treatment applied if necessary. Some contingency

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plan should be provided in the event that water quality does not meet expectations. As noted in the Manitoba Water Quality Standards, Objectives and Standards use of best available treatment technologies is required.

- We recommend a license requirement for the polishing pond include having a maximum hydraulic conductivity of $1x10^{-7}$ cm/s or less.
- The proposed polishing pond will discharge to a marsh areas and the un-named water body identified as Lake 3. While it is noted Lake 3 and Unnamed Lake 1 are both lakes characterized by depressional lows, where there is no clearly defined inflow or outflow, further work may be required to differentiate the potential flow path. It is anticipated flow will eventually occur to Whitehouse Creek, the Grass River, and Reed Lake.
- It should be noted that the Tier I Water Quality Standards are the minimum requirements. We recommend a license condition include a clause stating that the Licencee shall not release any effluent from a final discharge point if the effluent quality is acutely toxic or resulting in, or is likely to directly or cumulatively result in, a downstream degradation of the water quality within Whitehorse Creek, the Grass River, and Reed Lake, relative to the Manitoba Water Quality Standards, Objectives, and Guidelines developed by Manitoba Conservation and Water Stewardship.
- The proposal states "To ensure that there will be no adverse impact to surface water as a result of mining activities, it is recommended that a water quality monitoring program be developed and implemented for the polishing pond and any other potential source of surface water discharge". We concur with this statement. No details on a proposed monitoring program are provided. We recommend a water quality program be developed and submitted by the proponent for approval by the Department.
- Such a program should include but not be limited to characterization of potential flow path from polishing pond discharge. Polishing pond water quality monitoring should include at a minimum collection and analysis of water quality samples from near the surface and near the bottom.
- Additional water quality monitoring of Lake 3, Whitehorse Creek and Un-named Creek 2 is recommended.
- Analysis should include a complete scan of total and dissolved metals and metalloids, and general chemistry including pH, conductivity, ammonia, nitrates, total dissolved nitrogen, Total Kjeldahl Nitrogen, total phosphorus, total dissolved and suspended solids, sulphate, dissolved oxygen, turbidity and hardness. Detection limits should be commensurate with comparison to Tier III Water Quality Guidelines.
- Should the facility be triggered under the Federal Metal Mining Effluent Regulations some harmonization of monitoring requirements could likely occur.

Proponent Response (June 12, 2013):

• Yes, acid base accounting (ABA) is being conducted, and the methodology and results are provided in the attached memo *Reed Waste Rock Sampling Program*. To summarize this information, during early exploration (spring 2011) core samples were collected close to the ore body. Based on the analysis of these core samples, it was determined that this rock has low acid generating potential (Table 3 in the *Reed Waste Rock Sampling Program* memo).

The percent sulphur level was measured to be 0.3% which is very low, indicating that it would take a very long time for exposed rock to generate acid drainage.

Since the start of the Advanced Exploration Project, tests of the rock collected from the decline (670 m in length and 60 m in vertical depth) have all indicated that the rock extracted can be classified as non-acid generating. Please refer to Table 1 and Table 2 in the Reed Waste Rock Sampling Program memo. This non-acid generating rock has been used to form the base and first two lifts on the waste rock storage pad (See the attached memo *Reed Waste Rock Sampling PAG* for details).

Testing of waste rock will continue throughout development of the decline. As the project progresses toward and enters the mining stage, it is expected that some rock will have the potential to be slightly acid generating. However, less rock will be coming to the surface during the mining stage as it will be required as backfill. Rock not used immediately as backfill will eventually be returned underground and will only be stored temporarily (2 to 3 years) on surface. As this rock is only stored temporarily on surface, it would in any case have little time to become acid generating.

• The waste rock pad was constructed as part of the Reed Copper Advanced Exploration Project (AEP) and is already in operation. No impermeable liner was used or is required because the waste rock storage pad is used to store only rock that is expected to be primarily non-acid generating.

In the absence of a liner, other measures of protection against the impact of potential acid rock drainage have been implemented at the waste rock storage pad. The pad has been approximately 500 mm of sand and cobble, and 300 mm of crushed limestone (see Figure 9 in the EAP). The sand and limestone layers will filter and neutralize any potentially acidic runoff generated by the stockpile. In addition, as waste rock is generated it will be placed on the stockpile in lifts (layers), with each lift 3 to 4 m high with a 300 mm of crushed limestone layer between two lifts, which will aid to further filter and neutralize any acid generated at the storage pad. To date the first two layers of the waste rock storage pad have been tested and have been found to be non-acid generating. As stated previously, any acid generation occurring at the waste rock storage pad is expected to be minimal, if any, as rock will only be stored temporarily on surface (2-3 years), it would have little time to become acid generating. It is expected that any rock that is potentially acid generated will be confined to the top of the storage pad, which will be the first rock placed back underground and therefore subject to the shortest exposure to air and precipitation.

- Based on the assays of the local crushed limestone and results of ABA testing, the acid neutralization potential has been calculated to be a minimum of 94 kg of H_250_4 per tonne of crushed limestone, which is judged to be highly protective.
- The proponent respectfully submits that placement of potentially acid generating waste rock underground is an appropriate mitigation and management measure, regardless of the origin or such rock. During mine operation, storage underground minimizes exposure of the rock to water and substantially minimizes acid formation. Any runoff from waste rock stored underground is eventually pumped to the surface, where it is tested and subject to treatment.

It should also be noted that mines must always meet the backfill requirements in order to conduct mining safely and efficiently. As noted in the EAP, the backfill requirement for Reed Mine cannot be met by rock generated on site. Nor can the backfill requirement be met through the use of non-acid generating waste rock from elsewhere as there is no sufficient source. A constraint on the use of PAG rock would effectively prevent safe operation of the mine, or result in the development of a new rock quarry within the Grass River Provincial Park. It is our experience that storage of waste rock underground at mine closure appropriately addresses the potential for the formation and migration of acid rock drainage or metal leaching: firstly, storage underground minimizes exposure to air as during closure mine underground workings flood and creates an anaerobic environment which prevents acid formation. Secondly, even if ARD does occur, it is confined to the deep areas of the mine where it is isolated from surface water and groundwater migration due to the equilibrium of water pressure during mine flooding. HBMS intends to meet the backfill requirements at the Reed Mine with potentially acid generating rock from the Reed Site, as well as from potentially acid generating rock obtained from other mining facilities in the area, including Flin Flon.

- As noted above, the waste rock storage pad has been constructed and is in operation. Our operational experience with this storage pad and others in the region (Flin Flon and Snow Lake) is that little drainage occurs off the rock piles. Snow melt occurs quickly and runs off the outside of the pile as opposed to permeating through the pile. Rainfall is generally absorbed or will quickly evaporate, and very little, if any, will permeate through the rock piles. Any such runoff is collected in a perimeter ditch, where it is reabsorbed into the surrounding soil. Although the waste rock storage pad will be used to store rock that is expected to be primarily non-acid generating, some material placed on the pad as the project progresses toward mining has the potential to be acid generating. As stated above, to mitigate the effects of acid rock drainage, any water that permeates into the pad will pass through layers composed of limestone boulders, sand and cobble, and crushed limestone which will filter and neutralize any potentially acidic runoff generated by the stockpile. This neutralized runoff will then be absorbed by the soil and wetlands surrounding the waste rock storage pad. To further facilitate acid neutralization, the waste rock will be placed on the stockpile in lifts (layers), with each lift 3 to 4 m high with a layer of crushed limestone and sand between two lifts. Very little runoff is expected to flow through the rock piles as the fine material in the layers will absorb moisture. As a final measure of protection, HBMS will conduct regular monitoring of the stockpile and the area immediately surrounding the stockpile for any signs of potential ARD.
- Runoff from the ore storage pad will be collected in a surface sump (see Figure 8 in the EAP), and pumped to one of the underground sumps which collects seepage and process water. From there, it will be discharged to the polishing pond. Water quality in the polishing pond is measured weekly and treated, when required, to meet the applicable Tier 1 criteria set out in Manitoba Water Quality Standards, Objectives and Guideline.

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- The polishing pond was constructed during development of the AEP and is currently in operation. To prevent leakage it has been equipped with a non-permeable geosynthetic liner which by definition does not have a permeability factor. Any permeability that may occur would be along the seams of adjacent liners. Based on the specification of the liner used, the permeability along these seems is rated at 1x10-8 cm/sec, which exceeds the standard of protection requested. Please refer to the attached Construction Guidance Specifications for details on the construction of the polishing pond.
- Although the field studies and assessment conducted to date indicate that water from the site • will flow towards Unnamed Lake 3 and Whitehouse Creek, in May 2013 AECOM initiated a follow-up study designed to further characterize water flow within the wetlands and water bodies located downstream of the polishing pond discharge location. The area included in this field study is illustrated in the attached figure titled Proposed Downstream Effect Monitoring Locations. It was observed that water released from the polishing pond enters Unnamed Lake 3 after 190 m at a poorly defined channel with no visible flow velocity. Water exiting Unnamed Lake 3 then passes down gradient through approximately 750 m of string bog with no visible surface flow or defined channel. The first visible channel of surface runoff downstream of Unnamed Lake 3 begins at the edge of the string bog, approximately 380 m upstream of its eventual connection with Unnamed Lake 2. This meandering channel has minor increases in width and flow as it approaches Unnamed Lake 2. Any runoff from Unnamed Lake 3 will, according to topography, eventually report to this drainage feature. A surficial water sampling point was identified on this channel which could be used in any proposed long-term monitoring program to identify if there are any surface water impacts from the Reed Mine that are flowing downstream to Unnamed Lake 2. Unnamed Lake 2 has an intermittent 150 m connection to Whitehouse Creek that has been observed in previous studies to become dry during the late summer months. From Whitehouse Creek, it is a further 8.3 km downstream to the Grass River and a further 2.3 km downstream to Reed Lake.
- HBMS agrees that any effluent discharged from the polishing pond should not directly or cumulatively result in downstream degradation of the water quality within Whitehouse Creek, the Grass River, or Reed Lake. This will be confirmed through weekly monitoring of the polishing pond and, if necessary, treatment to meet the applicable Tier 1 criteria set out in Manitoba Water Quality Standards, Objectives and Guideline. Results of the water quality analysis will be reported to Manitoba Conservation and Water Stewardship as may be required. As the polishing pond will be subject to chemical testing, HBMS is of the view that testing for acute toxicity is not required as a matter of course. However, in the unlikely event that water quality from the polishing pond consistently exceeds the Tier 1 criteria, acute toxicity testing may be used to assess whether such exceedance is likely to result in the potential degradation of water quality downstream of the Reed Mine. As further assurance, as proposed below, these downstream waterbodies will be subject to water quality monitoring programs.
- In the event that water quality does not meet expectations, HBMS will implement chemical treatment (addition of flocculent, lime injection) and pH adjustment of water within the

existing polishing pond in order to facilitate the removal of suspended solids and metals from the discharge water, and provide pH control. In addition, HBMS plans on constructing a second polishing pond in an area adjacent to the existing pond to facilitate more effective water treatment, and, should this prove necessary, HBMS would also consider the use of a portable water treatment system, which would be designed to meet the water conditions specific to the Reed Mine. HBMS is of the view that this meets the Standard. We enclose the draft Reed Copper Project Water Quality Management Contingency Plan for your review.

- We attach for your review the Reed Mine Water Sampling Matrix, which details the proposed water quality monitoring program to be undertaken for the polishing pond. Please note that the analytes and detection limits in the monitoring program will be commensurate with the Tier I Water Quality Guidelines. Apart from the polishing pond, HBMS is not aware of any potential source of surface water discharge at the Reed Mine.
- HBMS agrees to the development and implementation of a water quality monitoring program at locations downstream of the polishing pond discharge point. We attach for your review the proposed Reed Mine Downstream Effects Monitoring Matrix, which details the proposed water quality monitoring program for Unnamed Lake 3, a creek/wetland monitoring location, and Whitehouse Creek. Although quarterly sampling is normally preferred, due to conditions of the proposed sampling locations during winter months (water depth, accessibility) we propose sampling at these locations three times per year (spring, summer, and fall).
- The contractor commissioned by HBMS to haul sewage from the Reed Mine, Ouellet's Septic, has obtained approval from the R.M. of Kelsey/Local Urban District of Cranberry Portage to transport up to 16,000 gallons of sewage per week to their lagoon located in Cranberry Portage, Manitoba. This volume exceeds the requirement for Reed Mine as outlined in Section 2.4.6 of the EAP. A copy of the approval letter, dated May 13, 2013, from the R.M. of Kelsey/Local Urban District of Cranberry Portage is attached.

Water Stewardship Division Response:

• We have no outstanding concerns that could not be addressed by appropriate license conditions.

Disposition:

• Included in the draft Licence are clauses requiring polishing pond effluent sampling and monitoring, downstream water quality monitoring and environmental effects monitoring, as well as other monitoring and reporting requirements.

Conservation and Water Stewardship – Fisheries Branch

• Fisheries Branch has reviewed this proposal to operate Reed Mine on the site of the existing Advanced Exploration Project (AEP) primarily by converting the use of the Reed AEP facilities from exploration to production purposes. All ore will be hauled to the Flin Flon

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Metallurgical Complex for processing. There will be no crushing or any other kind of processing of ore on site. Wastewater generated during the production phase of the Reed Mine will include process water and groundwater seepage from underground operations. This wastewater will be pumped to the existing 2000 m² polishing pond (lined with geotextile liner). The applicants indicate that water will not be discharged from the polishing pond until it meets the Tier 1 criteria set out in the Manitoba Water Quality Standards, Objectives and Guidelines. The polishing pond discharges to an adjacent marsh located to the south of the site which eventually drains into Unnamed Lake 3. Unnamed Lake 3 has no clearly defined inflow or outflow direct. It appears from the map provided that the wetland may connect to Whitehorse Creek. Unnamed Lake 3 was sampled and brook stickleback and fathead minnows were present. Whitehorse Creek which drains into the Grass River had burbot, northern pike (juvenile and adult), iowa darter, pearl dace and brook stickleback when sampled.

- Fresh water will be supplied to the Reed Mine during production from two metered groundwater wells drilled at the site. The maximum potential use in any one year is 166 dam³.
- Ore will be stockpiled on site prior to transportation to Flin Flon. The ore stock pile site will be lined with geosynthetic liner topped with sand and then limestone. From Figure 8 it appears that the area will be graded so any runoff will accumulate at a low point and be collected by a sump. The waste rock site will consist of a layer of boulders over the original substrate followed by sand and limestone. The waste rock will be placed on this pad in layers with a layer of crushed limestone placed in between two layers to act as a neutralizing agent. The waste rock will be used as mine backfill to reduce the amount of surface storage required and the potential for acid rock drainage. HBMS indicates they will monitor the stockpile for any signs of potential ARD and soil quality around the waste rock pad will be monitored.
- From the information provided in the EAP it would appear, as long as the discharge water meets the Manitoba Water Quality Standards, Objectives and Guidelines, that there should be minimal fisheries concerns. In Figure 8, the illustration shows a collection area but there was no indication in the proposal as to where the accumulated runoff would be directed to and if it would be tested prior to release. We would appreciate knowing this information. HBMS indicate monitoring water quality to ensure compliance with the guidelines. While we defer to our colleagues in Water Science Management on this, given the high "shallow" groundwater table associated with the surrounding wetlands it might be beneficial to include a sampling site within the wetland complex, particularly if it becomes evident that there is difficulty in complying.

Proponent Response (June 12, 2013):

- As stated above, runoff from the ore storage pad will be collected in a surface sump (see Figure 8 in the EAP), and pumped to one of the underground sumps which collects seepage and process water. From there it will be discharged to the polishing pond, which (as described below) is subject to weekly water quality testing.
- It is our opinion that there is no benefit in monitoring the water quality within the wetland complex, as the water collected during sampling would comprise of surface water and not be representative of the "groundwater" conditions at the site. However, HBMS has identified a

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sampling location to assess water quality in the wetland complex in the event that additional monitoring is required. The proposed monitoring site, located between Unnamed Lake 3 and Unnamed Lake 2, is identified in the attached figure titled Proposed Downstream Effect Monitoring Locations. In the event that groundwater quality monitoring is required, parameters and frequency of monitoring will be developed with support from Conservation and Water Stewardship-Northwest Region — Water Science and Management Branch and Fisheries Branch.

Fisheries Branch Response:

- The Fisheries Branch has reviewed the response from the proponent and feel at this time most of our concerns can be addressed through the licensing conditions.
- It would be good to have the clause addressing the mine meeting the federal EEM monitoring program, included in the Licence. While there will still need to be more discussion on the final water quality monitoring program, the need for one and consultation on and approval from various Branches could also be a condition of the licence.

Disposition:

• The draft Licence states that the Licencee shall implement downstream environmental effects monitoring in consultation with the Water Science and Management Branch and the Fisheries Branch.

<u>Conservation and Water Stewardship - Sustainable Resource & Policy Management</u> <u>Branch</u>

- The Sustainable Resource and Policy Management Branch supports the comments of the Parks and Natural Areas Branch. The Lands Branch provides the attached comments (below) and the response includes comments from the Northwest Region's Integrated Resource Management Team (IRMT). The IRMT response includes comments from regional Operations, Parks, Fisheries and Wildlife, with Parks being the lead on the draft comments.
 - Woodland caribou are listed as a "threatened" species under the provincial Endangered Species Act, and are known to utilize habitat within the project region and project area. The project study area overlaps the range of The Naosap-Reed caribou population. These caribou have been documented calving on the islands of Reed Lake as far back as the mid 1970's. In addition, this population utilizes a significant portion of Grass River Provincial Park as well as areas beyond the park boundary. This population has been studied extensively since the 1970s and currently Conservation and Water Stewardship are leading a project to monitor these animals using telemetry collars.
 - With respect to caribou use of the project study region and study area, aerial reconnaissance and telemetry monitoring indicate caribou use of the project area is minimal and represents movements north/south across PTH 39. This movement generally occurs in an area west of the mine site within the project region. This movement occurs quite rapidly as caribou seldom linger in proximity (1-3 kms) to PTH 39. This avoidance of habitat close to roads has existed for many years. This

suggests the Reed Lake Mine, due to its immediate adjacency to the highway, is not anticipated to add significantly to loss of functional habitat to caribou.

- Critical habitat for caribou populations are represented by areas of high use connected by habitat pathways. This project area and region is neither a high use area nor a habitat pathway. While some animals do move through the general area, pre-existing disturbances including PTH 39, a float plane base at Reed Lake and extensive camping and boating activity spanning many decades has not caused any observed avoidance of caribou use of the islands or any measurable impact to caribou occupancy in the vicinity.
- Based on the report, noise disturbance will be minimal beyond the project area and, will dissipate to ambient levels outside of this area. Given the existing noise levels of traffic highway the additive effect of this disturbance will be minimal.
- While possible effects on caribou from the project are considered minor, ongoing monitoring of caribou in the vicinity to the development of the mine is required. It is recommended that the proponent work with The Northwest Region Woodland Caribou Research and Monitoring Committee and Conservation and Water Stewardship staff to develop and implement an ongoing monitoring plan. The plan may include, but is not limited to ongoing monitoring of islands to ensure continued use, supplemental collaring of caribou, recruitment surveys, winter highway track counts, on site record keeping of caribou observations (tracks and animals), and interpretive signing outlining forms of mitigation employed by the proponent to avoid disturbance.
- It is required that the proponent provide maps of the Reed Lake caribou range as well as maps of areas of high density use and travel corridors as attachment to the Environmental Act Proposal Report to illustrate spatial use by caribou in relation to the project area.
- o Fisheries Branch has reviewed this proposal to operate Reed Mine on the site of the existing Advanced Exploration Project (AEP) primarily by converting the use of the Reed AEP facilities from exploration to production purposes. All ore will be hauled to the Flin Flon Metallurgical Complex for processing. There will be no crushing or any other kind of processing of ore on site. Wastewater generated during the production phase of the Reed Mine will include process water and groundwater seepage from underground operations. This wastewater will be pumped to the existing 2000 m² polishing pond (lined with geotextile liner). The applicants indicate that water will not be discharged from the polishing pond until it meets the Tier 1 criteria set out in the Manitoba Water Quality Standards, Objectives and Guidelines. The polishing pond discharges to an adjacent marsh located to the south of the site which eventually drains into Unnamed Lake 3. Unnamed Lake 3 has no clearly defined inflow or outflow direct. It appears from the map provided that the wetland may connect to Whitehorse Creek. Unnamed Lake 3 was sampled and brook stickleback and fathead minnows were present. Whitehorse Creek which drains into the Grass River had burbot, northern pike (juvenile and adult), iowa darter, pearl dace and brook stickleback when sampled.

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- Fresh water will be supplied to the Reed Mine during production from two metered groundwater wells drilled at the site. The maximum potential use in any one year is 166 dam3.
- Ore will be stockpiled on site prior to transportation to Flin Flon. The ore stock pile site will be lined with geosynthetic liner topped with sand and then limestone. From Figure 8 it appears that the area will be graded so any runoff will accumulate at a low point and be collected by a sump. The waste rock site will consist of a layer of boulders over the original substrate followed by sand and limestone. The waste rock will be placed on this pad in layers with a layer of crushed limestone placed in between two layers to act as a neutralizing agent. The waste rock will be used as mine backfill to reduce the amount of surface storage required and the potential for acid rock drainage. HBMS indicates they will monitor the stockpile for any signs of potential ARD and soil quality around the waste rock pad will be monitored.
- From the information provided in the EAP it would appear, as long as the discharge water meets the Manitoba Water Quality Standards, Objectives and Guidelines, that there should be minimal fisheries concerns. In Figure 8, the illustration shows a collection area but there was no indication in the EAP as to where the accumulated runoff would be directed to and if it would be tested prior to release. It is required that the accumulate runoff location/direction be shown within the EAP and that it be tested by the proponent prior to release. This information to be communicated to Conservation and Water Stewardship.
- HBMS indicates monitoring water quality to ensure compliance with the guidelines. While we defer to our colleagues in Water Science Management on this, given the high "shallow" groundwater table associated with the surrounding wetlands it is required that the EAP include a sampling site within the wetland complex, particularly if it becomes evident that there is difficulty in complying.
- It is required that an ongoing water quality testing/monitoring program be developed and implemented by HBM&S for Reed Lake, Grassy River, and Whitehouse Creek through the duration of the Reed Lake Mine lifespan and up to at least 5 years after the decommissioning of the mine site. The monitoring program shall be developed in conjunction with Conservation and Water Stewardship-NW Region – Water Science and Management Branch and Fisheries Branch
- Any further development or expansion within Lease area #66082, requires approval through the Conservation and Water Stewardship Northwest Region.
- Any further development or expansion outside of Lease area #66082, requires an application and approval by Conservation and Water Stewardship Parks Branch, prior to development.
- A work permit is required from Conservation and Water Stewardship Northwest Region by the proponent working on the lease area, which has the potential to alter or affect the land. Work permits are also required year around under the Wildfires Act for industrial operations in the burning permit area.

Proponent Response (June 12, 2013):

• As stated above, runoff from the ore storage pad will be collected in a surface sump (see Figure 8 in the EAP), and pumped to one of the underground sumps which collects seepage

and process water. From there it will be discharged to the polishing pond, which (as described below) is subject to weekly water quality testing.

- As stated above, a water quality testing/monitoring program for the Unnamed Lake 3, a creek/wetland monitoring location and Whitehouse Creek has been developed and is enclosed for your review (Proposed Reed Mine Downstream Effects Monitoring Matrix). This program will be implemented by HBMS throughout the duration of mine life and for 5 years following the decommissioning of the mine site. Ongoing monitoring of the Grass River and Reed Lake is not considered to be beneficial because of the distance of these waterbodies from the Reed Mine site and because of the nature of the separation between them and the Reed Mine site (see attached Figure Site Location). The Grass River and Reed Lake are located approximately 13 km downstream from the Reed Mine, and are separated from Reed Mine by Unnamed Lake 3 a string bog, Unnamed Lake 2, and intermittent channel and Whitehouse Creek. There is no year-round surface connection between Unnamed Lake 3 and Unnamed Lake 2, and Unnamed Lake 2 is intermittently connected to Whitehouse Creek during brief periods during the year (such as spring freshet). As a result, there is no potential for the migration of runoff from the Reed Mine and Unnamed Lake 3 to the Grass River and Reed Lake. Furthermore, any potential sampling locations on Grass River are isolated and not accessible by road, trail or boat. They are located along a reach of the river that is very fast flowing and which contains a series of rapids and elevation changes. These conditions pose an unacceptable risk to the safety of individuals who would have to collect water samples.
- HBMS accepts this recommendation in its entirety. (referring to caribou) HBMS has implemented a number of initiatives focused on monitoring caribou use and movements in the area and minimizing impact to caribou and caribou habitat. HBMS participates in Manitoba Conservation's ongoing large-scale caribou study in Northern Manitoba, including the Reed Mine Project Region, which contributes information used in Manitoba's Conservation and Recovery Strategy for Boreal Woodland Caribou. The Strategy document groups caribou ranges as Low, Medium or High risk, based on levels of disturbance and various other threats for each range. (Government of Manitoba 2005). In 2009 and 2010, the Northwest Region Woodland Caribou Research and Management Committee, with funding from HBMS, collared female Boreal Woodland Caribou on islands of Reed Lake to document areas of use (travel corridors, rutting areas and calving sites). Ongoing monitoring of caribou deaths will continue to contribute to assessment of herd stability.

HBMS is committed to continuing with the ongoing monitoring of caribou in the vicinity through continued involvement and participation with the Northwest Region Woodland Caribou Research and Management Committee. HBMS has made a commitment through funding additional research efforts in 2012 through 2014, which has already resulted in the collaring of 14 additional caribou in the Naosap/Reed range. HBMS is interested in supporting additional studies by Manitoba Conservation targeted at monitoring caribou use and movement within the vicinity of the Reed Mine, which could include supplemental collaring, monitoring caribou use on known calving islands located within Reed Lake, recruitment surveys and winter highway track counts. These programs will be discussed with the Manitoba Conservation Water Stewardship-Northwest Region.

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In addition, HBMS will implement a program at the site of the Reed Mine for documenting and reporting caribou observations with direction provided by Manitoba Conservation Water Stewardship-Northwest Region, HBMS will fund and implement the installation of interpretive signing at the Reed Mine site. HBMS also will implement a driver education program to inform HBMS employees and contractors about the hazards associated with wildlife and provide information on how to reduce the potential for accidents with wildlife on roads and highways within the area of the Reed Mine.

We attach Maps prepared by Manitoba Conservation Water Stewardship-Northwest Region showing caribou tracking data from 2009 to 2012. These seven maps include areas of high density use, winter and summering areas, calving areas, rutting areas and travel corridors.

• HBMS will obtain all necessary approvals. HBMS is aware that any further development or expansion outside Lease Area #66082 will require an application and approval by Manitoba Conservation and Water Stewardship — Parks Branch, prior to development.

Sustainable Resource and Policy Management Branch Response:

• No additional comments or concerns.

Disposition:

The Sustainable Resource and Policy Management Branch is satisfied with the information received and has no further concerns.

Conservation and Water Stewardship - Pollution Prevention Branch

• No comments received.

Conservation and Water Stewardship – Wildlife Branch

- Wildlife Branch is concerned about the lack of fundamental wildlife information in this environmental assessment. Specific wildlife information concerns include:
 - Chapter 4: Environmental Setting Terrestrial Environment A wildlife inventory study was not conducted as part of this assessment. Although, the project footprint is small, and is largely confined to a previously disturbed site, the absence of effort to collect wildlife information creates challenges in evaluating a project in this region. This is a gap in the environmental assessment.
 - Chapter 5: Environmental Effects Assessment and Mitigation Measures A very limited description of wildlife effects and mitigation measures was included in this assessment. The limited information that was provided was specific to the Virginia rail, monarch butterfly, and woodland caribou. This is a narrow review on effects to wildlife, and overlooks many of the valuable environmental species that are important in this region. The absence of wildlife effects information creates challenges in evaluating this project.
 - Chapter 5: Environmental Effects Assessment and Mitigation Measures Wildlife Branch would like assurances that construction workers and employees are not permitted to hunt or shoot wildlife at or around the project site.

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- The environmental impact statement submitted for this project provides only minimal information regarding woodland caribou and their habitat use. For this reason, Wildlife Branch feels it is important include the following information, analysis, and comments on woodland caribou, into public record on this proposal:
 - Woodland caribou are listed as a "threatened" species under the provincial Endangered Species Act, and are known to utilize habitat within the project region and project area.
- The project study area overlaps the range of Reed caribou population that is considered a "medium" conservation concern. These caribou have been documented calving on the islands of Reed Lake as far back as the mid 1970's. In addition, this population utilizes a significant portion of Grass River Provincial Park as well as areas beyond the park boundary. This population has been studied extensively since the 1970s and currently Conservation and Water Stewardship, with financial support from the proponent, are leading a project to monitor these animals through telemetry collars.
- With respect to caribou use of the project study region and study area, aerial reconnaissance and telemetry monitoring indicate caribou use of the project area is minimal and represents movements north/south across PTH 39. This movement generally occurs in an area west of the proposed mine site within the project region. This movement activity typically occurs quite rapidly as caribou seldom linger in proximity (1-3 kms.) to PTH 39. This avoidance of habitat close to roads has existed for many years. This suggests the proposed mining project, due to its immediate adjacency to the highway, is not anticipated to add significantly to loss of functional habitat to caribou.
- Critical habitat for caribou populations are represented by areas of high use connected by habitat pathways. This project area and region is neither a high use area nor a habitat pathway. While some animals do move through the general area, pre-existing disturbances including PTH 39, a float plane base at Reed Lake and extensive camping and boating activity spanning many decades has not caused any observed avoidance of caribou use of the islands or any measurable impact to caribou occupancy in the vicinity. The proponent should use the maps of the Reed Lake caribou range as well as maps of areas of high density use and travel corridors, provided by the Northwest Region Woodland Caribou Research and Monitoring Committee, as supplementary information to the Environmental Act Proposal Report to illustrate spatial use by caribou in relation to the project area.
- Based on the report, noise disturbance will be minimal beyond the project area and, will dissipate to ambient levels outside of this area. Given the existing noise levels of traffic highway the additive effect of this disturbance will be minimal.
- While possible effects on caribou from the project are considered minor, ongoing monitoring of caribou in the vicinity to the development should continue to verify continuance of normal use patterns and enable adaptive management. The proponent is expected to work with The Northwest Region Woodland Caribou Research and Monitoring Committee and Conservation and Water Stewardship staff to develop, fund, and implement an ongoing environmental monitoring plan. Components shall include ongoing monitoring of islands to ensure continued use, supplemental collaring of caribou, recruitment surveys, winter highway track counts, on site record keeping of caribou observations (tracks and animals), interpretive signing outlining forms of mitigation employed by the proponent to avoid disturbance.

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Proponent Response (June 12, 2013):

• Mr. Duncan's comments relate to the description of the terrestrial environment contained in Section 4 of the EAP and the Environmental Effects Assessment and Mitigation Measures Pertaining to Wildlife set out in Section 5 of the EAP. We note that Mr. Duncan likely did not have the Reed Mine Environmental Baseline Assessment before him at the time of his review. We apologize for failing to include this document with our submission at the time we filed the EAP. The information included in Section 4 of the EAP was intended to be a brief summary of the detailed environmental baseline studies conducted for the Reed project, and therefore many of the details required for Mr. Duncan to complete his review may not have been apparent to him at the time of his review.

Although a wildlife inventory was not conducted for this project, a terrestrial survey of the area was conducted over two seasons to assess local floral communities, wildlife, and the potential for the occurrence of rare and endangered species within the vicinity of the Reed Mine site. Detailed methodology and observations from the terrestrial survey have been documented in the Reed Mine Environmental Baseline Assessment, provided to Manitoba Conservation and Water Stewardship as a supplemental document on February 28, 2012, following the initiation of the TAC review. The initial survey was conducted on August 24, 2010 and a supplemental terrestrial survey was conducted the following spring on June 3, 2011 to search for early flowering plants and nesting migratory songbirds that may not have been recorded in the fall 2010 survey.

The Project Region, including the Project Area, was flown by helicopter for an initial aerial survey to allow photography and GPS mapping of points of interest followed by a ground survey. The Project Area was further surveyed by random walk for early flowering plant species and evidence of wildlife use and nesting by migratory songbirds. Primary among the survey goals was revealing any local habitats that may harbor rare and endangered species. The survey focused on plant community types in the development area, looking for local floral associations that might indicate species of concern. Wildlife occurrence was recorded through tracks and sign, and direct observation and photographs were collected. The results of this work are set out in detail in the *Reed Mine Environmental Baseline Assessment*, which we feel should address Mr. Duncan's concerns.

• A broad review of potential wildlife occurring within the Project Area was included within the terrestrial assessments that are described in the *Reed Mine Environmental Baseline Assessment*. For example, in conducting the work associated with the baseline assessment moose were identified as being fairly common in the area, especially along waterways, as are the White-tailed deer that have moved into the region from the south. It was noted that wolf packs roam through various sections of Grass River Provincial Park and other predators such as lynx, marten, fisher and wolverine were identified as being found in varying numbers throughout the Region. It was noted that mink and otter are common in the lakes and rivers and colonial nesting birds such as double-crested cormorants, great blue herons, white pelicans, gulls and terns can be seen on the lakes.

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A listing potential wildlife species that are known to occur in the region are presented in Appendix B Table -07 on the *Reed Mine Environmental Assessment*. This list was used as a reference by field teams conducting the surveys in the Project Area, and any wildlife observed during the terrestrial surveys would have been documented. Field observations confirmed that the wildlife habitats within the Project Area are typical for the region, with no unique or rare habitats encountered. In addition, no protected species were observed during the two terrestrial surveys, it was concluded that there was no critical wildlife value in the Project Area.

The three species discussed in Section 5 of the EAP were selected because, based on the assessment, they were the species that were considered to be potentially impacted by this type of project.

- HBMS appreciates the additional information, comments and recommendations provided by Ms. Kaita and Mr. Duncan with respect to caribou. These comments and additional information have been noted.
- In accordance with the 2012 Manitoba Hunting Guide (Manitoba Conservation and Water Stewardship 2012), hunting in provincial parks is subject to specific regulations, designed to ensure human safety. The guidelines indicate that "persons may not hunt, possess a loaded firearm, or discharge a firearm within 300 m of recreation areas, cottages, dumps, roads and prescribed trails." Since the Project Site falls within 300 m of PTH 39, hunting is not allowed within the boundaries of the Project Site. All HBMS employees and contractors will comply with the hunting restrictions and will not be permitted to hunt or shoot wildlife on the property.

Wildlife Branch Response:

• In reviewing the TAC Response Submission dated June 12, 2013 concerning HBMS' supplemental information to MCWS in respect to their Environment Act Proposal for the Reed Mine project, I am satisfied the company has adequately addressed issues raised within Sec. 4 pgs 9-13 inclusive. NW region Wildlife Branch staff are in discussions with HBMS personnel in reference to commitments made by the company in this section specifically in reference to recommendations submitted to the company in letters of March 1st and 4th by Adara Kaita and James Duncan (pg. 11) which HBMS has fully accepted. Details of the scope and duration of the monitoring activities to be undertaken will be forwarded to the Wildlife Branch upon completion of these discussions. Despite minimal wildlife impacts associated with this development due to its minimal spatial footprint and location, HBMS has demonstrated its ongoing commitment to monitoring potential residual effects of their development on local wildlife, principally woodland caribou.

Disposition:

• The draft Licence includes a clause which states that the Licencee shall actively participate in woodland caribou research, studies and/or monitoring activities in such a manner and within a geographical region that is acceptable to the Director.

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Innovation, Energy and Mines – Mines Branch

• Submit a Closure Plan for the proposed Reed Mine on or before September 30th, 2014.

Proponent Response (June 12, 2013):

By September 30, 2014, HBMS will submit a Closure Plan for the Reed Mine. This submission will update, and will be intended to replace, the existing Closure Plan for the Reed Copper AEP.

Mines Branch Response:

• No concerns.

Disposition:

The Mines Branch is satisfied with the information received.

Infrastructure and Transportation – Highway Planning and Design Branch

- No concerns
- The proponent should submit an application for the access on to PTH 39.

Proponent Response (June 12, 2013):

The application process for the access road has already been completed by HBMS. We enclose a copy of the Highway Traffic Board Permit, dated March 22, 2012.

Highway Planning and Design Branch Response:

• We have no concerns, our previous comment has been satisfactorily addressed.

Disposition:

The Highway Planning and Design Branch is satisfied with the information received.

Manitoba Health

• No comments received.

Canadian Environmental Assessment Agency

- The Canadian Environmental Assessment Act, 2012 (CEAA 2012) came into force on July 2012, focusing federal attention on those project proposals that have a greater potential for significant adverse environmental effects in areas of federal jurisdiction. The Regulations Designating Physical Activities identify the activities which, if carried out individually or in combination, would constitute a "designated project" that is subject to the requirements of CEAA 2012.
- Hudson Bay Mining & Smelting Co, Ltd. is responsible for confirming its federal regulatory responsibilities associated with its project.
- This project is not included within the Regulations Designating Physical Activities under CEAA, 2012. As such, a federal environmental assessment will not be required.

PUBLIC HEARING:

The majority of public concerns received regarding this proposed development were related to the location of the proposed mine being in a Provincial Park. The government has committed to reviewing its policy regarding mining in provincial parks. The Environmental Approvals Branch will follow the recommendations resulting from the policy review.

A public hearing is not recommended for this Development.

CROWN-ABORIGINAL CONSULTATION:

The Government of Manitoba recognizes it has a duty to consult in a meaningful way with First Nations, Métis communities and other Aboriginal communities when any proposed provincial law, regulation, decision or action may infringe upon or adversely affect the exercise of a treaty or Aboriginal right of that First Nation, Métis community or other Aboriginal community.

The Mines Branch from the Department of Innovation, Energy and Mines was responsible for conducting consultations for the proposed Development with potentially affected First Nations and Aboriginal communities.

The Department of Innovation, Energy and Mines has recommended that the proponent and the Mines Branch continue sharing information specific to Aboriginal consultation and is in support of the issuance of an Environment Act Licence for the Reed Mine.

RECOMMENDATION:

The Proponent should be issued a Licence for the construction and operation of the Reed Mine in accordance with the specifications, terms and conditions of the attached draft Environment Act Licence. Enforcement of the Licence should be assigned to the Environmental Compliance and Enforcement Branch.

PREPARED BY:

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September 18, 2013