Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act  (File # NR-177-2019)

On September 17, 2019, the Department of Natural Resources received your request for access to the following records/information:

   Any briefing materials, Q&A documents, Key Messages, etc prepared in the last year relating to Buchans Minerals/ Minco PLC

We are providing access to the most information possible but have made redactions in accordance with Sections 29(1)(a) and 35(1)(d)(g) of ATIPPA, 2015 as follows:

29. (1)(a) The head of a public body may refuse to disclose to an applicant information that would reveal advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister;

35. (1)(d) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to result in the premature disclosure of a proposal or project or in significant loss or gain to a third party.

35. (1)(g) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to prejudice the financial or economic interest of the government of the province or a public body.

As set out in section 42 of the Act you may ask the Information and Privacy Commissioner to review the department’s decision to provide access to the requested information. A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your request should identify your concerns with the department’s
response and why you are requesting a review.

The request for review may be addressed to the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P.O. Box 13004, Stn. A
St. John’s, NL. A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

Pursuant to section 52 of the Act, you may also appeal directly to the Supreme Court Trial Division within 15 business days after receiving the department’s decision.

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

For further details about how an access to information request is processed, please refer to the Access to Information Policy and Procedures Manual at http://www.atipp.gov.nl.ca/info/index.html.

If you have any questions, please feel free to contact me at 709-729-0463 or rhynes@gov.nl.ca.

Sincerely,

Rod Hynes

Rod Hynes
ATIPP Coordinator
Information Note
Department of Natural Resources

Title: Newfoundland and Labrador Mining Industry Overview

Issue: To provide a status update on the Newfoundland and Labrador Mining Industry

Background and Current Status:

- The gross value of mineral shipments for Newfoundland and Labrador (NL) in 2017 was estimated to be $3.6 billion. The gross value is forecast to be $3.0 billion in 2018. The decrease can be primarily attributed to a reduction in the value of iron ore shipments.

- The NL Mining Industry generated an estimated 5,145 person years of employment in 2017 and expects to generate 5,527 person years of employment in 2018. The increase can be primarily attributed to an expected increase in construction employment related to the proceeding Voisey's Bay Underground Mine Expansion Project.

- Producing mines in the province are highlighted in the table below:

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- As part of the Phase 3, The Way Forward: Building for Our Future, NR, in collaboration with the mining industry and community stakeholders, is developing a strategic framework for growing the provincial mining industry. Engagement sessions have been completed with specific stakeholders including Mining Industry NL, NL Prospectors Association, and other government departments. Broader consultation sessions will be completed by the first week of October and will be held in Labrador City, Happy Valley-Goose Bay, St. John's, Springdale and Marystown. NR is targeting a release of the Mineral Strategy, pending completion of aboriginal consultations, at the annual Mineral Resources Review being held November 1, 2018.

- On June 11, 2018, Vale announced that it will be proceeding with the Voisey's Bay Mine Expansion Project. The project represents close to $2 billion in capital expenditures by Vale and will provide 16,000 person years of employment during the five years of construction, peaking at 4,800 person years in 2020. First ore is expected by April 2021.

- Tacora Resources Inc. has acquired the former Wabush Scully mine in Wabush, Labrador. In a Preliminary Economic Assessment (May 2018) the Company estimated a capital
expenditure of $210 million to reactivate the mine. Tacora has been released from environmental assessment and is currently attempting to raise capital.

- The Wabush 3 project, owned by the Iron Ore Company of Canada, was delayed due to a nine week work stoppage which ended on May 28, 2018. IOC plans to officially open Wabush 3 on September 25, 2018.

- Howse Minerals Limited, a subsidiary of Tata Steel Minerals Canada, has been given Mining Act approval for the Howse project in the Menihek area of Labrador.

- Red Moon Resources Inc. had its first shipment from the Ace Gypsum Deposit near St. George’s in August 2018. The mine will employ 15 people on a seasonal basis with an initial production level of 100,000 – 250,000 tonnes per year ramping up to 300,000 – 450,000 tonnes per year. The life of the mine is expected to be 10 years.

- Alderon Iron Ore Corp. continues to advance the Kami project located in Labrador West. The Company expects to release a new Feasibility Study in Q4 2018.

- Projects in the advanced stages of exploration in the province are listed in the table below:

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Analysis:

- Over the past year, iron ore prices have fallen since peaking at US$79.90 per tonne at the end of February 2018. As of September 17, 2018, the price of iron ore is US$69.25 per tonne and the average price over the past month is US$66.82 per tonne.

- There exists increased demand for high quality iron ore in China as the country is dedicated to reducing its emission levels.

- Nickel prices have increased slightly over the past year peaking at US$15,750 per tonne in June 2018. As of September 17, 2018, the price of nickel is US$12,235 per tonne and the monthly average is US$12,863 per tonne.

- Copper prices have declined over the past year and as of September 17, 2018 sit at US$2.65 per pound.

Prepared/approved by: G. Taylor / A. Smith
Ministerial Approval: September 17, 2018
Information Note  
Department of Natural Resources  

Title: Newfoundland and Labrador Mining Industry Overview  

Issue: To provide a status update on the Newfoundland and Labrador Mining Industry  

Background and Current Status:  

Key Messages  
- NL has a wide variety of mineral commodities currently being produced including: iron ore (Labrador Trough), nickel, copper and cobalt (Voisey’s Bay); gold (Baie Verte Peninsula); fluorspar (St. Lawrence); limestone and dolomite (Port aux Port); and gypsum (St. George’s Bay).  

- Newfoundland and Labrador possesses world class deposits for iron ore, nickel and base metals which have attracted investment by leading international mining companies, including Rio Tinto, Tata Steel, Vale and HBIS.  

- Newfoundland and Labrador is committed to improving the competitiveness of the province in order to attract mineral exploration and development investment. The province is partnering with industry and community stakeholders to develop a sustainable and competitive framework for continued exploration and mining growth.  

- There is a long and successful history of iron ore mining in Labrador which has, and continues to benefit from:  
  - availability of Hydro-electric power at very competitive rates;  
  - a safe and mining friendly jurisdiction;  
  - access to a skilled and committed workforce; and  
  - a robust regulatory framework which ensures sustainability in the region.  

- There is value in use of iron ore from the Labrador Trough given their high grade and purity which will help to reduce emissions and meet environmental regulations.  

Chinese Investment  
- In 2010 Alderon concluded a business deal with Altius Minerals to explore and develop the Kami Iron Ore deposit located near Wabush, Labrador West.  

- In March 2013, HBIS Group Co. Ltd. (formerly Hebei Iron & Steel Group) contributed C$119.9 million in exchange for a 25% interest in the Kami Limited Partnership which was established to own the Kami Project. Alderon has the remaining 75% interest.  

- Alderon has three strategic partners in the Kami Project including the HBIS Group, Glencore and Liberty Metals and Mining Holdings.  
  - HBIS Group, China’s second largest steelmaker, has invested $182.2 million (including the $119.9 million referenced above) in the project and will purchase 60 percent of annual production.  
  - Glencore, a large globally diversified natural resource company, has an offtake agreement to purchase the remaining 40 percent of annual production.  
  - Liberty Metals and Mining Holdings (LMM) had invested $49.2 million in equity.
In March 2018 Altius acquired all of LMM’s common shares in Alderon. Following disposition of the common shares, LMM holds a $22 million secured convertible note and warrants. Assuming conversion of the convertible note and warrants, LMM beneficially holds approximately 9.86% of the outstanding Shares.

As of July 16, 2018, Altius Minerals Corporation owns approximately 39% of Alderon Iron Ore Corp.’s issued and outstanding common shares.

Beaver Brook Antimony Mine (BBAM), near Glenwood, is owned by China Minmetals Non-Ferrous Metals. Operations were suspended at the antimony mine in January 2013. The operation has been placed on care and maintenance with nine full-time employees working to ensure the site remains in good condition and that the underground workings are kept dewatered.

BBAM has recently indicated that local management would be seeking support to restart operations with a decision expected in the near term. (Business confidential)

**General**

- The gross value of mineral shipments for Newfoundland and Labrador in 2017 was estimated to be $3.6 billion. The gross value is forecast to be $3.0 billion in 2018. The decrease can be primarily attributed to a reduction in the value of iron ore shipments.

- The Newfoundland and Labrador mining industry generated an estimated 5,145 person years of employment in 2017 and expects to generate 5,527 person years of employment in 2018. The increase can be primarily attributed to an expected increase in construction employment related to the Voisey's Bay Underground Mine Expansion Project.

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- The Iron Ore Company of Canada officially opened the Wabush 3 (Moss Pit) project on September 25, 2018.

- Howse Minerals Limited, a subsidiary of Tata Steel Minerals Canada, has been given Mining Act approval for the Howse project in the Menihek area of Labrador. Tata Steel Minerals Canada will complete construction of their $700 million processing plant by the end of 2018.

- Red Moon Resources Inc. had its first shipment from the Ace Gypsum Deposit near St. George’s in August 2018. The mine will employ 15 people on a seasonal basis with an initial production level of 100,000 – 250,000 tonnes per year ramping up to 300,000 – 450,000 tonnes per year. The life of the mine is expected to be 10 years.

- Alderon Iron Ore Corp. continues to advance the Kami project located in Labrador West. The Company expects to release a new Feasibility Study in Q4 2018.

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Analysis:
- As of October 24, 2018, the price of iron ore is US$75.90 per tonne and the average price over the past month is US$70.92 per tonne.

- There exists increased demand for high quality iron ore in China as the country is dedicated to reducing its emission levels. As a result, the high grade and low levels of impurities in iron ore from the Labrador trough has attracted a significant premium over market prices.
- Nickel prices have increased slightly over the past year peaking at US$15,750 per tonne in June 2018. As of October 24, 2018, the price of nickel is US$12,295 per tonne and the monthly average is US$12,535 per tonne.

- Copper prices have declined over the past year and as of October 24, 2018 sit at US$2.82 per pound.

Prepared/approved by: G. Taylor / A. Smith / P. Canning / J. Cowan

Ministerial Approval:

October 25, 2018
Decision/Direction Note
Department of Natural Resources

Title: Production Requirement on Mining Leases 222 (10551M) and 223 (10551M)

Decision/Direction Required:
• Whether to waive the production requirement on Mining Leases 222 (10551M) and 223 (10551M) held by Buchans Minerals Corporation for an additional term.

• It is recommended that the production requirement on Mining Leases 222 (10551M) 223 (10551M) be waived for a term of five years.

Background and Current Status:
• Mining Lease 222 (10551M) and Mining Lease 223 (10551M) (the leases) were issued to 7980736 Canada Inc. on August 22, 2014 for a term of 25 years.

• The leases were transferred to Buchans Minerals Corporation (Buchans) on July 5, 2018.

• Mining Lease 222 (10551M) covers the Lundberg Deposit, which contains a resource of 16.8 million tonnes grading 1.53% zinc, 0.64% lead, and 0.62% copper.

• Mining Lease 223 (10551M) covers the Clementine Deposit, which contains a resource of 363,000 tonnes grading 4.9% zinc, 2.6% lead and 0.3% copper.

Analysis:
• Section 31(5)(b)(ii) of the Mineral Act (the Act) requires a lease holder to start production of saleable quantities of mineral ore within five years from the issuance date of the lease and maintain this production over the life of the lease. Otherwise, a lease may be cancelled lease in accordance with subsection 35(1)(a).

• Buchans has complied with all terms and conditions of the leases, including payment of the annual rentals.

• Section 32 of the Act allows the Minister to waive the requirement to commence and maintain production on terms and conditions considered appropriate if the lessee has shown reasonable cause as to why it is unable to comply with the obligations of subsection 31(5)(b)(ii). This section of the Act acknowledges that it is not always possible to bring a mine into production within five years from the issuance date of a lease, but the lease holder must be actively working to advancing the lease to production.

• Buchans has advanced the leases toward production since issuance of the leases. The company has completed extensive exploration work, including the publication of a new resource estimate in March 2019. The company also completed metallurgical test work in 2016 and 2017.

• Buchans does not hold an underlying mineral license to the lease area. Termination of the leases would result in the mineral rights to the lease area reverting to the Crown. In situations where areas containing identified mineral resources have reverted to the Crown, it is the practice of NR to designate these areas as Exempt Mineral Lands (EML).
- EMLs containing identified mineral resources are normally disposed of through a Request for Proposals. This gives NR the ability to exert more control over the future development of the resources.

- JPs has reviewed the information in this note and related draft correspondence to Buchans.

Alternatives:

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Prepared/approved by: J. Lake / K. Sheppard / P. Canning
Ministerial Approval: [Signature]

June 21, 2019
Decision/Direction Note
Department of Natural Resources

Title: Production Requirement on Mining Lease 187

Decision/Direction Required:

- Whether to waive the production requirement on Mining Lease 187 (4881) held by Buchans Minerals Corporation for an additional term

- It is recommended that the production requirement on Mining Lease 187 (4881) be waived for a term of five years.

Background and Current Status:

- Mining Lease 187 (4881) (the lease) was issued to Inco Limited on July 26, 2004 for a term of 25 years.

- The lease was transferred to Buchans Minerals Corporation (Buchans) on July 5, 2018.

- The lease covers the Bobby’s Pond Deposit, which contains an indicated resource of 1.1 million tonnes grading 0.86% Copper, 0.44% lead and 4.61% zinc and an inferred resource of 1.2 million tonnes grading 0.95% copper, 0.27% lead and 3.75% zinc.

Analysis:

- Section 31(5)(b)(ii) of the Mineral Act (the Act) requires a lease holder to start production of saleable quantities of mineral ore within five years from the issuance date of the lease and maintain this production over the life of the lease. Otherwise, the Minister may cancel the lease in accordance with subsection 35(1)(a).

- Buchans has complied with all terms and conditions of the lease, including payment of the annual rentals.

- Section 32 of the Act allows the Minister to waive the requirement to commence and maintain production on terms and conditions considered appropriate if the lessee has shown reasonable cause as to why it is unable to comply with the obligations of subsection 31(5)(b)(ii). This section of the Act acknowledges that it is not always possible to bring a mine into production within five years from the issuance date of a lease, but the lease holder must be actively working to advancing the lease to production.

- Buchans has demonstrated that it has advanced the lease towards production since issuance of the lease. The company has completed extensive exploration work on the lease, including diamond drilling and borehole geophysical surveys in December 2018 to extend the areas of known mineralization. Buchans also completed airborne geophysics in the Fall of 2018.

- Buchans does not hold an underlying mineral license to the lease area. Termination of the lease would result in the mineral rights to the lease area reverting to the Crown. In situations where areas containing identified mineral resources have reverted to the Crown, it is the practice of the Department to designate these areas as Exempt Mineral Lands (EML).
• EMLs containing identified mineral resources are normally disposed of through a Request for Proposals. This gives the Department the ability to exert more control over the future development of the resources.

• JPs has reviewed the information in this note and related draft correspondence to Buchans.

Alternatives:

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Prepared/approved by: J. Lake / K. Sheppard / P. Canning

Ministerial Approval: [Signature]

June 21, 2019
Decision/Direction Note
Department of Natural Resources

Title: Expiry of Mining Lease 221 (10212M)

Decision/Direction Required:
- Whether to expire Mining Lease 221 (10212M) due to failure of the lease holder to submit a renewal request
- It is recommended that Mining Lease 221 (10212M) be expired due to the holder not submitting a renewal request as required under the Mineral Act.

Background and Current Status:
- Mining Lease 221 (10212M) was issued to Prominex Resource Corporation (Prominex) on October 22, 2013 for a term of five years.
- The lease covers the Tulks Hill Copper-lead-zinc deposit. Prominex conducted work on this lease by way of a joint venture agreement with Buchans Minerals Corporation (Buchans). The joint venture was owned 51% by Prominex and 49% by Buchans.
- Section 31(6) of the Mineral Act allows the holder of a mining lease to renew the lease for an additional term by submitting a written application for renewal three months before the expiration of the term of the lease.
- Condition 1.6 of the lease documents affirms Prominex’s right to renew the mining lease by submitting an application for renewal three months prior to expiry of the term of the lease.

Analysis:
- The 5-year term of Mining Lease 221 (10212M) ended on October 22, 2018.
- Prominex did not submit an application to renew within the timeframe specified by the lease or the Mineral Act.
- Buchans currently holds the mineral rights to the area surrounding the lease.
- For areas that contain identified mineral resources and the mineral rights have reverted to the Crown, NR’s usual practice is to designate these areas as an Exempt Mineral Land (EML).
- EMLs containing identified mineral resources are normally disposed of through a Request for Proposals. This gives NR the ability to exert more control over the future development of the resources.
Section 27 of the Mineral Act also provides for the land under the expired lease to come open for staking or become part of an existing licence where that licence has reserved out the lease area.

- In this case, Buchans' current licence would be amended to include the expired Prominex lease area and NR would not create an EML for the lease area.

- JPS has reviewed the information in this note and attached correspondence to Prominex.

Alternatives:

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Prepared/approved by: J. Lake / K. Sheppard  
Ministerial Approval: 

September 16, 2019