Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-187-2019)

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 CFI/Canada Fluorspar Inc

We are providing access to the most information possible but have made redactions in accordance with Sections 29(1)(a) and 35(1)(d)(f)(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)(f) 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 positions, plans, procedures, criteria or instructions developed for the purpose of contractual or other negotiations by or on behalf of the government of the province or a public body, or considerations which relate to those negotiations;

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.
Please note that page 7 (Annex A of the second note) of the responsive record package has been redacted in full under all the aforementioned redaction codes.

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 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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<td>Gypsum</td>
<td>St. George’s</td>
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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 Minithek 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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<td>Rare Earth Elements</td>
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<td>Matador Canada</td>
<td>Gold</td>
<td>Cape Ray</td>
</tr>
<tr>
<td>Buchans Minerals / Minco PLC</td>
<td>Zinc-Lead-Copper-Silver-Gold</td>
<td>Buchans</td>
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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$2.66 per pound.

Prepared/approved by: G. Taylor / A. Smith
Ministerial Approval: September 17, 2018
Meeting Note
Department of Natural Resources
Town of St. Lawrence
November 14, 2018, 5:30 pm
Location TBD

Attendees: Government of Newfoundland and Labrador:
Siobhan Coady, Minister
Carol Anne Haley, Minister, Status of Women
John Cowan, ADM, Electricity and Alternative Energy
Doug Trask, ADM, Royalties and Benefits

Town of St. Lawrence:
Paul A. Pike, Mayor
Jack Walsh, Deputy Mayor
Rodney Doyle, Councillor
Mike Stacey, Councillor
Rosalie Dupre, Councillor
Amanda Slaney, Councillor
Andrea Kettle, Town Clerk/Manager

Purpose of Meeting:
• The Town of St. Lawrence requested a meeting with the Minister to discuss the Canada Fluorspar (CFI) mine and wind power.

Background:
• St. Lawrence on the eastern side of the Burin Peninsula on the south coast of Newfoundland with a population of approximately 1300. The town was incorporated in 1949. It is governed by an elected Town Council.

Agenda Item #21 (CFI Fluorspar Mine)
• The St. Lawrence CFI Mine Project consists of an open pit transitioning to an underground mine, a mill facility and a man-made tailings facility with sufficient storage for the 10 year mine life. Project capital costs are approximately $250 million.

• Open pit mining will occur in three pits: Grebes Nest Pit, Center Pit and Open Cut Pit. Grebes Nest Pit is being mined with waste material used to construct mine roads and supply materials for the tailings dam construction. Grebes Nest Pit will be completed at the end of year two and Center Pit will be mined as Grebes Nest Pit is completed. The Open Cut Pit will be mined in year six, the last year of mining of the open pits.

• Peak employment during the construction period was estimated at between 350-400 persons. Construction began in early 2016 and is now considered complete. Employment estimates for the operations phase are approximately 200 full time positions over the 10 year mine life. Underground mine development is expected to start in year four, with first underground ore in year five.

• CFI registered the St. Lawrence Fluorspar Mine Project (the project) for environmental assessment (EA) in June, 2015 and the project was conditionally released from EA in
November, 2015. During the EA process, the Department of Natural Resources (NR) requested that the Department of Municipal Affairs and Environment (MAE) include as a condition of release the development of a benefits agreement that meets the approval of the Minister. 

- The benefits agreement includes commitments to provide full and fair opportunity and first consideration to qualified NL residents and businesses for procurement and employment opportunities, as well as commitments to supplier development and education and training.

- In August 2018, CFI made its first commercial shipment of approximately 4,700 tonnes of fluor spar from St. Lawrence to the United States. The plan for the remainder of the year is to continue with mill commissioning. Annual production is ultimately expected to be 200,000 tonnes of acid-grade concentrate.

- On November 2, 2018, there was an article in the Southern Gazette about concerns raised by the St. Lawrence town council regarding local hiring on the project. Mayor Paul Pike said the town would like to see about 50 to 60 per cent of workers come from St. Lawrence.

Analysis:

- NR does not include regional/local hiring provisions in Benefits Agreements; rather first consideration for hiring applies equally to all residents of Newfoundland and Labrador.

- Hiring for the CFI mine, including the establishment of qualifications, is an operator/contractor decision. Government has no role in the process.

- NR regularly monitors project activity to ensure compliance with benefits agreement commitments. In accordance with the benefits agreement, CFI will soon begin submitting quarterly benefits reports to NR outlining how CFI is meeting its benefits commitments including employment and procurement information. NR and CFI have agreed that the first Benefits Agreement Report will include a detailed report on Construction Phase benefits. Any issues of non-compliance are addressed promptly.
Potential Speaking Points:

- Maximizing benefits for major natural resource projects is a priority for our Government. My Department has a benefits agreement in place with CFI which includes that first consideration for hiring applies equally to all residents of Newfoundland and Labrador rather than regional/local hiring provisions in benefits agreements. Therefore, we are glad to see a 100 percent NL Resident workforce for the project.

- Hiring for the CFI mine, including the establishment of qualifications, is an Operator/Contractor decision. Government has no role in that process.

- The Department of Natural Resources regularly monitors project activity to ensure compliance with benefits agreement commitments. Any issues of non-compliance are addressed promptly.

Agenda item #2 (Wind Power)

- Newfoundland and Labrador Hydro (NLH) currently has power purchase agreements (PPA) with the two wind farms, which were the successful respondents to NLH’s 2005 and 2006 competitive request for proposals for wind projects. One of the wind farms is located in St. Lawrence.

- In 2007, Newfoundland and Labrador Hydro (NLH) signed a 20-year power purchase agreement with NeWind Group Inc., a subsidiary of ENEL North America Inc. for a wind farm with a total capacity of 27 megawatts (MW). The wind farm is located about one kilometer northwest of the community of St. Lawrence on the Burin Peninsula. It has been generating wind energy since October 15, 2008 and is the first commercial wind farm in Newfoundland and Labrador.

- Wind generation is also allowable under the Province’s net metering program, administered by NLH and Newfoundland Power (NP), which allows electricity customers with small-scale renewable generating facilities up to 100 kilowatts to generate power for their own consumption, drawing power from the electricity grid when their generation does not fully meet their needs, and feeding excess power back to the grid when available.

Analysis
• NLH is currently undertaking an assessment of its reliability criteria post-interconnection of the Lower Churchill Project assets. The assessment will include a ten-year forecast on generation and transmission supply adequacy, including options for wind generation. The Report is expected to be tabled with the PUB on November 15, 2018. Once the Report is tabled, NLH will be in a better position to evaluate generation requirements, such as wind, but until now, NLH has stated publicly that it does not require additional wind energy to meet NL electricity supply needs and there is limited transmission capacity to export wind power.

Potential Speaking Points

• The St. Lawrence wind farm has been instrumental in demonstrating the world-class wind energy resource in Newfoundland and Labrador.

• I have a mandate to encourage more diverse distributed energy generation by seeking opportunities to develop wind farms and small-scale hydro with a priority for off-communities.

• The Government is committed to seeking opportunities to diversify our generation sources, while recognizing the limitations of our export transmission capacity, NL demand growth and Muskrat Falls meeting the Island’s energy requirements for the foreseeable future.

• Any new generation projects could add further costs to ratepayers unless it can be recovered through sale of this energy to new customers domestically or in the export market. This government is focused on rate management and not adding any additional costs to ratepayer’s electricity bills.

• Our government is working with industry and stakeholders to develop a renewable energy plan. The plan will focus on creating employment opportunities and further positioning the province as an energy hub. We encourage the Town to participate in the Plan’s development given its experience and leadership with wind energy.

Prepared/Approved by: L. MacDonald, A. Philpott/C. Snook, N. Abundo/D. Trask, J. Cowan, P. Canning

Ministerial Approval:

November 13, 2018
Decision/Direction Note
Department of Natural Resources

Title: Issuance of Surface Leases 158, 159 and 161 to Canada Fluorspar (NL) Inc.

Decision/Direction Required:
- Whether to Issue Surface Leases 158, 159 and 161 to Canada Fluorspar (NL) Inc.
  - It is recommended that:
    o Surface Leases 158, 159 and 161 be issued to Canada Fluorspar (NL) Inc.

Background and Current Status:
- Canada Fluorspar (NL) Inc. (CFI) has developed a mine at the AGS Fluorspar Deposit in St. Lawrence.
- Under Section 33 of the Mineral Act the holder of a mining lease may apply to the Minister of Natural Resources for surface rights to facilitate the construction of infrastructure to support mining operations.
- Mining Lease 236 (23140M) was issued to Canada Fluorspar (NL) Inc. (CFI) on April 1, 2016. Five surface leases covering infrastructure associated with the AGS mine were also issued at that time.
- CFI has applied for three additional surface leases to cover additional infrastructure associated with the AGS mine (Appendix A).
- Legal surveys of the boundaries of the proposed surface leases were received on February 16, 2019.

Analysis:
- Under Section 33 of the Mineral Act the Minister is obliged to issue a surface lease to the holder of a valid mining lease under terms and conditions considered appropriate by the Minister.
- A surface lease does not have to cover the exact or entire area of the Mining Lease(s), but rather areas where infrastructure is required by the development. A surface lease can and often extends beyond the Mining Lease(s) for a project.
- Development of a mine cannot occur under the Mining Act unless a surface lease has been issued by the Minister.
- Surface Lease 161 will cover an explosives magazine and an associated access route.
- Surface Leases 158 and 159 will facilitate the construction of wharf facilities for shipment of fluorspar concentrate.
- The surface leases have been reviewed by JPS, FLR, and NR's Mineral Development Division.
- Subsequent to FLR noting deficiencies with the surveys, CFI was notified and the surveys were updated to address.
Decision/Direction Note
Department of Natural Resources

Title: Issuance of Surface Leases 158, 159 and 161 to Canada Fluorspar (NL) Inc.

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• Development of a mine cannot occur under the Mining Act unless a surface lease has been issued by the Minister.

• Surface Lease 161 will cover an explosives magazine and an associated access route.

• Surface Leases 158 and 159 will facilitate the construction of wharf facilities for shipment of fluorspar concentrate.

• The surface leases have been reviewed by JPS, FLR, and NR’s Mineral Development Division.

• Subsequent to FLR noting deficiencies with the surveys, CFI was notified and the surveys were updated to address.
• Development Division.

• The signature of the Minister of Natural Resources is required to issue the surface leases.

Alternatives:

S.29.1.a
S.35.1.d
S.35.1.f
S.35.1.g

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

Ministerial Approval: [Signature]

April 12, 2019
Appendix A

Legend

Existing CFI Surface Leases

Proposed CFI surface Leases

Mining Lease 236
Information Note
Department of Natural Resources

Title: Newfoundland and Labrador Mining Industry Overview

Issue: Overview of the status of the mining industry in Newfoundland and Labrador for the 2019 Energy and Mines Ministers' Conference

Background and Current Status:
- NL has a wide variety of mineral commodities currently being produced such as iron ore (Labrador Trough), nickel, copper and cobalt (Voisey's Bay); gold (Baie Verte Peninsula); fluor spar (St. Lawrence).

- The gross value of mineral shipments for Newfoundland and Labrador in 2018 was $2.87 billion with a forecasted value of $3.97 billion for 2019.

- The NL mining industry average employment was 5,726 person years in 2018 with a forecasted value of 6,332 person years in 2019. Mining construction employment included in these values for 2018 and 2019 are 962 and 1,231 respectively, the increase is mainly attributed to Voisey's Bay Underground Mine Expansion.

- Iron, nickel, and copper contribute 90% of the value of shipments from the province with gold, cobalt, silver, industrial minerals, stone, sand and gravel contributing the remainder.

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

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- Construction at Vale Newfoundland and Labrador’s Voisey’s Bay Mine Expansion resumed in June 2018. The project represents close to $2 billion in capital expenditures by Vale. There will be 16,000 direct and indirect person years of employment during the five years of construction, peaking at 4,800 person years in 2020. First ore production from underground is expected by April 2021 with an extended mine life of 15 years.

- The Iron Ore Company of Canada, began production at Wabush 3 pit, renamed the Moss Pit, on September 25, 2018. This $79 million investment will increase ore output by about five million tonnes per year and extend the life of the mine by 12 years.
- Tacora Resources Inc., an iron ore mining and development company based out of Grand Rapids, Minnesota, secured financing for the former Wabush Scully mine, renamed Tacora Mine, in Wabush, Labrador in November 2018. Tacora’s first shipment of ore arrived at Point Noire on July 1, 2019. The Reactivation of the Tacora Mine will create up to 260 jobs during operations.

- Canada Fluorspar made its first shipment of 4,700 tonnes of acid-grade fluorspar in August, 2018. Project capital costs are $250 million. Average yearly employment will be 225 person years.

- Beaver Brook Antimony mine has reached commercial production after being in care and maintenance for several years. Mining began on March 26, 2019 with mill start up commencing on April 22, 2019. Production is ahead of schedule and the stibnite concentrate is a very high grade ore in the vicinity of 60-65 per cent. First shipment of concentrate took place on June 19, 2019.

- Tata Steel Minerals Canada Limited has fully commissioned its $700 million wet processing facility and is ramping the plant up to full capacity of 700 tonnes per hour of concentrate production.

- Alderon Iron Ore Corp. continues to advance their Kami project located in Labrador West. In September 2018, Alderon released a Feasibility Study which demonstrates an average annual production of 7.84 Million tonnes over a 23 year mine life. The project has a capital cost of US$982.41 million and Alderon is now focusing on financing.

- Search Minerals Inc. has filed The Foxtrot Rare Earth Element Mine for provincial (December, 2017) and federal (January, 2018) environmental assessment. An environmental assessment committee has been assigned and Search is required to submit an environmental impact statement for which guidelines have been provided.

- Projects in advanced stages of exploration in the Province:

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<td>NorZinc Ltd.</td>
<td>Zinc-Lead-Copper-Silver-Gold</td>
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Analysis:
- On January 25, 2019, the Brumadinho dam disaster at Vale’s Feijao iron ore mine in Brazil took place. Spot iron ore prices rose from US$75 per tonne to US$95 per tonne in the weeks following. The price further increased with the news that Vale would not be back in production for a period of time.

- As of July 2, the price was US$124.20 per tonne and the average price for the month of June was US$110.14 per tonne.
Iron ore from the Labrador Trough generally receive premiums for higher grade and low contaminant concentrate and pellets.

- High quality ore is in demand from China due to their efforts to reduce emissions.

- Nickel prices have fluctuated over the past year peaking at US$15,255 per tonne in June 2018 and bottomed out late January at US$10,440 per tonne. Prices rose again until March when they reached US$13,610 and have declined since then. The average price for the month of June was US$11,989 per tonne. Nickel prices are closely related to demand from stainless steel producers who account for about two-thirds of total demand.

- Copper prices were just over US$3.00 per pound this time last year, they have remained steady ranging from US$2.50 to US$2.97 per pound indicating that the demand has been sluggish. Current price is US$2.68 per pound as of July 2 and the average price for the month of June 2- July 2 was is $2.67.

- In April, 2019 Search Minerals Inc. has been granted a patent (US Patent 10,273,562, issued April 30, 2019) for acid leaching of rare earth minerals using the Search Minerals Direct Extraction Process. The company is also undergoing its Pilot Plant Optimization program is at the facilities of SGS Canada whereby parameters of its demonstration plant will be set.

Prepared/approved by: B. Lawlor / T. Walters / A. Smith
Ministerial Approval: July 10, 2019
KEY MESSAGES

Natural Resources
Local Employment in St. Lawrence
November 7, 2018

Summary:
On November 2, there was an article in the Southern Gazette about St. Lawrence council’s concerns about hiring at fluorspar mine. St. Lawrence Mayor Paul Pike said the town would like to see about 50 to 60 per cent of workers come from St. Lawrence.

Anticipated Questions:
• What is government doing to ensure local employment is maximized at Canada Fluorspar?

Key Messages:
• Government has a benefits agreement in place with CFI.
• It includes first consideration for hiring applies equally to all residents of Newfoundland and Labrador rather than regional/local hiring provisions in benefits agreements.
• The Department of Natural Resources regularly monitors project activity to ensure compliance with benefits agreement commitments. Any issues of non-compliance are addressed promptly.

Secondary Messages:
• The benefits agreement in place with CFI includes commitments to provide full and fair opportunity and first consideration to qualified NL residents and businesses for procurement and employment opportunities, as well as commitments to supplier development and education and training.
• Government expects operators subject to a benefits agreement to fulfill its obligations regarding full and fair opportunity and first consideration for employment for NL residents.
• CFI is working with CNA to develop a training and mentoring program to develop skills needed to work in the mine.
• CFI has stated that they are committed to the principle of local procurement of services and supplies wherever possible and source services and supplies in St. Lawrence and surrounding area where those services and supplies are available on commercially-reasonable and competitive terms.

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