Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-188-2019)

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 IOC/Iron Ore Company of Canada

We are providing access to the most information possible but have made redactions in accordance with Sections 29(1)(a), 30(1)(a), 34(1)(a)(i), 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;

30. (1)(a) The head of a public body may refuse to disclose to an applicant information that is subject to solicitor and client privilege or litigation privilege of a public body;

34. (1)(a)(i) The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to harm the conduct by the government of the province of relations between that government and the following or their agencies: the government of Canada or a province

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.

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:

<table>
<thead>
<tr>
<th>Operator</th>
<th>Commodity</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vale Newfoundland and Labrador Limited</td>
<td>Nickel/Copper/Cobalt</td>
<td>Voisey’s Bay</td>
</tr>
<tr>
<td></td>
<td>Finished</td>
<td>Long Harbour</td>
</tr>
<tr>
<td></td>
<td>Nickel/Copper/Cobalt</td>
<td></td>
</tr>
<tr>
<td>Iron Ore Company of Canada</td>
<td>Iron Ore</td>
<td>Labrador City</td>
</tr>
<tr>
<td>Tata Steel Minerals Canada Ltd.</td>
<td>Iron Ore</td>
<td>Eisross Lake/Menihek</td>
</tr>
<tr>
<td>Anaconda Mining Inc.</td>
<td>Gold</td>
<td>Pine Cove</td>
</tr>
<tr>
<td>Rambler Metals and Mining Canada Limited</td>
<td>Copper/Gold/Silver</td>
<td>Baie Verte</td>
</tr>
<tr>
<td>Atlantic Minerals Limited</td>
<td>Limestone/Dolomite</td>
<td>Lower Cove</td>
</tr>
<tr>
<td>Hi - Point Industries (1991) Ltd.</td>
<td>Peat</td>
<td>Bishop’s Falls</td>
</tr>
<tr>
<td>Trinity Resources Ltd.</td>
<td>Pyrophyllite</td>
<td>Manuels</td>
</tr>
<tr>
<td>Canada Fluorspar (NL) Inc.</td>
<td>Fluorspar</td>
<td>St. Lawrence</td>
</tr>
<tr>
<td>Galen Gypsum Limited</td>
<td>Gypsum</td>
<td>Coal Brook</td>
</tr>
<tr>
<td>Red Moon Resources Inc.</td>
<td>Gypsum</td>
<td>St. George’s</td>
</tr>
</tbody>
</table>

- 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.

- Tecora 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:

<table>
<thead>
<tr>
<th>Operator</th>
<th>Commodity</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marathon Gold Corporation</td>
<td>Gold</td>
<td>Valentine Lake</td>
</tr>
<tr>
<td>Maritime Resources Corp.</td>
<td>Gold</td>
<td>King’s Point</td>
</tr>
<tr>
<td>Search Minerals Ltd.</td>
<td>Rare Earth Elements</td>
<td>Port Hope Simpson</td>
</tr>
<tr>
<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>
</tr>
</tbody>
</table>

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
Decision / Direction Note
Department of Natural Resources

Title: Mill Licence (ML-IOC-04) for Iron Ore Company of Canada under Section 5 of the Mining Act.

Decision / Direction Required:
• It is recommended that the Minister sign the attached Mill Licence (ML-IOC-04) for the Iron Ore Company of Canada's Carol Project.

Background and Current Status:
• The Iron Ore Company of Canada (IOC) first began mining iron ore in the Menihek / Schefferville area of Quebec and Labrador in 1954, expanding to Labrador West in the early 1960s.

• IOC's Carol Project, located in Labrador City, is the second largest iron ore producer in Canada and is the largest private employer in Newfoundland and Labrador with approximately 1,811 permanent employees working at the mine, concentrator, and pellet plant.

• IOC currently has six active mining areas: Luce Pit, Lorraine South Pit, Spooks Pit, Humphrey South Pit, Humphrey Main – Sherwood Pit and Moss Pit (Wabush 3).

• IOC has 1,348 million tonnes of proven and probable ore reserves and 1,016 million tonnes of measured and indicated resources. Approximately 55 million tonnes of ore and 45 million tonnes of waste are mined annually.

• IOC has long term plans to produce beyond the year 2075. The mine can produce up to 23.3 million tonnes of pellets and iron ore concentrate annually. The pellet plant has six production lines with a total capacity to process 14 million tonnes per year of concentrate to produce 12.5 million tonnes per year of pellets. IOC varies the proportion of its concentrate production made into pellets in response to market conditions.

• The Iron Ore Company of Canada (IOC) submitted an application for a Mill Licence renewal, dated July 23, 2018. The application for the Mill Licence was reviewed by Mineral Development and is acceptable.

• The mill will serve the processing requirements of the Carol Project which are held under IOC and Labrador Mining and Exploration Company Limited (LME) Mining Leases No.'s 10, 12, 13, 14 and 15.

• IOC is in compliance with the Mining Act. IOC has received comments from Mineral Development on the development and rehabilitation and closure plans for Plateau Dolomite Quarry and is actively working towards re-submittal.

• Indigenous Affairs confirmed indigenous consultations are not required on the renewal of the mill licence.
Analysis:
- The application for the Mill Licence was reviewed by Mineral Development and is acceptable.
- Section 5 of the *Mining Act* requires the Minister to issue a Mill Licence to a lessee upon application. The issuing of a Mill Licence is a routine matter.

Alternatives:
- Not applicable.

Prepared/Approved by: P. Philpott / A. Smith / P. Canning
Ministerial Approval: Received from Hon.

October 17, 2018
Decision/Direction Note
Department of Natural Resources

Title: Approval of the Iron Ore Company of Canada Development Plan Amendment for the Magy Pit Extension under section 6.(2) of the Mining Act.

Decision / Direction Required:
- It is recommended that the Minister approve the Iron Ore Company of Canada Development Plan Amendment for the Magy Pit Extension under section 6.(2) of the Mining Act.

- A letter approving the Development Plan is attached for the Minister’s signature.

Background and Current Status:
- The Iron Ore Company of Canada (IOC) first began mining iron ore in the Menihek / Schefferville area of Quebec and Labrador in 1954, expanding to Labrador West in the early 1960s.

- IOC’s Carol Project, located in Labrador City, is the second largest iron ore producer in Canada and is the largest private employer in Newfoundland and Labrador with approximately 1,822 permanent employees working at the mine, concentrator, and pellet plant.

- IOC currently has six main active mining areas: Luce Pit, Lorraine South Pit, Spooks Pit, Humphrey South Pit, Humphrey Main – Sherwood Pit, and Moss Pit (Wabush 3).

- IOC has 1,301 million tonnes of proven and probable ore reserves and 909 million tonnes of measured and indicated resources. Approximately 55 million tonnes of ore and 45 million tonnes of waste are mined annually.

- IOC has long term plans to produce beyond the year 2075. The mine can produce up to 23.3 million tonnes of pellets and iron ore concentrate annually. The pellet plant has six production lines with a total capacity to process 14 million tonnes per year of concentrate to produce 12.5 million tonnes per year of pellets. IOC varies the proportion of its concentrate production made into pellets in response to market conditions.

- The Magy Pit Extension was released from the Environmental Assessment Process on March 21, 2018.

- The Magy Pit Extension area (~30 ha) is related to the overall design of the Humphrey South Pit, in the Magy Pit area. The project targets the extension of the Magy Pit through an intense limonitic alteration zone along the strike of the orebody (ie to the south). This area was not included in the 2016 Development Plan for Wabush 3.

- The Magy Pit Extension contains 13.6 million tonnes of dominantly limonitic iron ore (~41.5% Fe) and 12.7 million tonnes of waste and overburden with an overall stripping ratio
of 0.9. The deposit will be mined over a period of five years with the annual ore tonnage varying between 1.8 and 3.8 million tonnes per year.

- IOC has re-scheduled the start of development for Magy Pit Extension for 2020.
- The IOC Rehabilitation and Closure Plan is currently under review by Mineral Development. IOC will incorporate the Magy Pit Extension into the revision to this plan.
- IOC has not reported Mineral Reserves for the Magy Pit Extension. The intense limonitic alteration zone however is reported as a Mineral Resource.

- Smallwood North is a small open pit planned within IOC's existing mining leases, and encompasses approximately 160 hectares of land. It differs from Magy in that it is a new pit with a new waste rock disposal area.

- The EA registration document for Smallwood North indicates that mobilization for development of the pit is scheduled for June 2021. IOC recently indicated that Smallwood North development has been delayed to 2032. IOC has notified MAE asked for clarity as to IOC's timeframes. IOC has notified MAE that their registration of Smallwood North is withdrawn.
Analysis:

- The Development Plan amendment was reviewed by Mineral Development and is acceptable.

- A letter approving the Development Plan is attached for the Minister’s signature.

Alternatives:
- None

Prepared/Approved by: P. Philpott / A. Smith / [Signature]

Ministerial Approval: [Signature]

August 27, 2019
Decision/Direction Note
Department of Natural Resources

Title: Consent for Labrador Iron Ore Royalty Corporation to sublease lands to Iron Ore Company of Canada

Decision/Direction Required:
- Whether to authorize Labrador Iron Ore Royalty Corporation (LIORC) to sublease surface lease lands to Iron Ore Company of Canada (IOC)

- It is recommended that NR authorize the sublease agreements.

Background and Current Status:
- IOC requires land surface rights to develop infrastructure to support the company's mining operations, including development of the Moss Pit.

- The lands in question are currently under surface leases issued on December 24, 2014 and December 5, 2017 to Labrador Iron Ore Royalty Corporation (LIORC).

- The surface leases were issued under the Labrador Mining and Exploration Company Limited Act.

- LIORC and a creditor are party to a credit agreement which allows LIORC to grant fixed and floating charge and security interest over all of its property, including the surface leases.

- LIORC plans to sublease its existing surface leases to IOC, but Schedule C attached to these leases requires authorization from the province via approval of the Minister of Natural Resources.

Analysis:
- Surface leases were previously issued to LIORC under the Labrador Mining and Exploration Company Limited Act.

- IOC plans to sublease the two surface leases from LIORC to support mining operations.

- Authorization to sublease a surface lease requires consent from the Minister of Natural Resources in accordance with Section 14 of Schedule C of the surface leases.

- The sublease agreements are considered ready for execution following an internal review, indigenous consultation, and review by JPS.

Alternatives:
- 

Prepared/Approved by: J. Lake / K. Sheppard /

Ministerial Approval:

November 5, 2018
Decision/Direction Note
Department of Natural Resources

Title: Approval of the Iron Ore Company of Canada Development Plan Amendment for the Smallwood and Luce East Waste Dumps and Roy's Knob Mine under section 6(2) of the Mining Act.

Decision / Direction Required:
- It is recommended that the Minister approve the Iron Ore Company of Canada Development Plan Amendment for the Smallwood and Luce East Waste Dumps and Roy's Knob Mine under section 6(2) of the Mining Act.

- A letter approving the development plan is attached for the Minister's signature.

Background and Current Status:
- The Iron Ore Company of Canada (IOC) first began mining iron ore in the Menihek / Schefferville area of Quebec and Labrador in 1954, expanding to Labrador West in the early 1960s.

- IOC's Carol Project, located in Labrador City, is the second largest iron ore producer in Canada and is the largest private employer in Newfoundland and Labrador with approximately 1,822 permanent employees working at the mine, concentrator, and pellet plant.

- IOC currently has six main active mining areas: Luce Pit, Lorraine South Pit, Spooks Pit, Humphrey South Pit, Humphrey Main – Sherwood Pit, and Moss Pit (Wabush 3).

- IOC has 1,348 million tonnes of proven and probable ore reserves and 909 million tonnes of measured and indicated resources. Approximately 55 million tonnes of ore and 45 million tonnes of waste are mined annually.

- IOC has long term plans to produce beyond the year 2075. The mine can produce up to 23.3 million tonnes of pellets and iron ore concentrate annually. The pellet plant has six production lines with a total capacity to process 14 million tonnes per year of concentrate to produce 12.5 million tonnes per year of pellets. IOC varies the proportion of its concentrate production made into pellets in response to market conditions.

- The development plan amendment for the Smallwood Waste Dump, Luce East Waste Dump and Roy's Knob Mine was submitted on November 07, 2018. The Smallwood Waste Dump expansion, the Luce East waste dump expansion and the Roy's Knob Mine were covered under existing projects IOC had registered with Environmental Assessment.

- IOC is in the process of dewatering Luce Lake North which is directly north of Luce Pit. The Smallwood Pit was depleted of ore in the early 1990's and has been backfilled with mine waste to create the Smallwood Waste Dump. The condemnation of the western side of Luce Lake North has presented the opportunity to expand the footprint of the Smallwood Waste Dump. Drilling by IOC has confirmed the western side of the dewatered lake does not host economical mineralization.

- The expansion of the Smallwood Waste Dump will result in a 140 million tonne increase in capacity of the Smallwood Waste Dump and will allow the ultimate height of the currently approved dump design to be reduced by approximately 140 meters. The dump face angles
will be reduced which will aid in facilitating the re-sloping and re-vegetation of the dump slopes and result in simpler and more robust drainage control and erosion prevention. There are also additional economic benefits to IOC as a result of the decreased haulage costs.

- In 2017, IOC purchased all mineral holdings of Shabogamo Mining and Exploration (SME), including the Roy’s Knob Mine. The Roy’s Knob Mine is a dormant quartzite mine that is located between the Moss Pit (Wabush 3 deposit) and the Luce Pit. External access to the mine was eliminated with the development of the Moss Pit. The mine has not operated since 2008.

The high grade quartzite resource will not be impacted and will remain accessible for future development. The Roy’s Knob mine development plan amendment includes reducing the slopes of the existing pit walls, and construction of an equipment maintenance pad, a lunchroom and an area to stockpile topsoil and crushed stone.

- The Luce East Waste Dump is adjacent to the Roy’s Knob mine. The acquisition of the mineral holdings from SME will allow IOC to expand the footprint of the Luce East Waste Dump eastward to the edge of the Roy’s Knob mine. The extension to the existing dump will increase the capacity by 11.4 million tonnes. The Luce East Waste Dump will provide IOC with flexibility with the waste dumping locations during the first years of mining from the Moss Pit.

- The Intergovernmental and Indigenous Affairs Secretariat has confirmed indigenous consultations are not required on the development plan amendment for the Smallwood and Luce East Waste Dumps and Roy’s Knob Mine.

Analysis:
- The development plan amendment was reviewed by Mineral Development and is acceptable.

- This development plan amendment is the first time the Department hasn’t had to go back to a mining company with comments.

- Mineral Development reviewed the Labrador City Operations Rehabilitation and Closure Plan (RCP) and provided comments to IOC in June 2018. The rehabilitation and closure component of the Smallwood and Luce East Waste Dumps and Roy’s Knob Mine will be addressed by IOC in the re-submittal of the Labrador City Operations RCP.

- A letter approving the development plan is attached for the Minister’s signature.

Alternatives:
- None

Prepared/Approved by: P. Philpott / A. Smith / P. Canning
Ministerial Approval:
December 18, 2018
Information Note
Department of Natural Resources

Title: 2019 Labrador Industrial Customer Rates

Issue: To provide a summary of Newfoundland and Labrador Hydro’s (NLH) 2019 Labrador Industrial Rate Report (the Report) submission to the Minister of Natural Resources (NR) outlining 2019 electricity rates for Labrador Industrial customers (LIC) and to highlight issues related to the Iron Ore Company of Canada (IOC).

Background and Current Status:

- In December 2012, the Government of NL introduced a new electricity rate policy for LIC to ensure a transparent and fair rate for all Labrador industrial customers and to assist in keeping the cost of electricity in the region competitive with other Canadian jurisdictions while considering the market value of electricity. Prior to this there was no published industrial electricity rate in Labrador. The policy requires that NLH submit an annual report to the Minister of NR prior to publishing new LIC rate for the following year.

- The LIC rate policy requires NLH to provide a low-cost Development Block of power equal to the historical demand in the region, supplemented by market-priced power to meet industrial growth. The rates for the Development Block are adjusted annually based on average consumer price index and forecast transmission losses.

- Currently, IOC is the only industrial customer in Labrador, however Tacora Resources Inc. is in the process of restarting Wabush Mines (expected to open in mid-2019) and Alderon may also become a customer at some point in the future.

- On December 10, 2018 NLH submitted its 2019 Industrial Rate report to Natural Resources, setting new electricity rates for LIC effective January 1, 2019. The report describes the rate design, rate changes and projected customer impacts with a comparative analysis to other Canadian jurisdictions.

- The 2019 rate for the Development Block energy is 2.369 $/kWh. Customer load requirements beyond this block will be charged at Market Block rate of 4.160 $/kWh. This translates to an average rate for Labrador Industrial Customers of 2.697 $/kWh, an increase of approximately 5% over the 2018 rate of 2.57 $/kWh. The following table provides comparison of the rates for LIC as well as energy and billings for IOC from 2015 to 2019:

<table>
<thead>
<tr>
<th>Particular</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 (J)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand Charge ($/kWh)</td>
<td>1.68</td>
<td>1.68</td>
<td>1.68</td>
<td>1.61</td>
<td>1.61</td>
</tr>
<tr>
<td>Development Block Energy Rate ($/kWh)</td>
<td>2.243</td>
<td>2.272</td>
<td>2.277</td>
<td>2.306</td>
<td>2.369</td>
</tr>
<tr>
<td>Market Block Energy Rate ($/kWh)</td>
<td>4.552</td>
<td>3.897</td>
<td>3.822</td>
<td>3.270</td>
<td>4.160</td>
</tr>
<tr>
<td>Forecast Firm Energy Rate ($/kWh)</td>
<td>2.243</td>
<td>2.272</td>
<td>2.277</td>
<td>2.306</td>
<td>2.434</td>
</tr>
<tr>
<td>Average Unit Cost ($/kWh)</td>
<td>2.542</td>
<td>2.550</td>
<td>2.580</td>
<td>2.570</td>
<td>2.697</td>
</tr>
<tr>
<td>Total Energy - IOC (GWh)</td>
<td>1,703</td>
<td>1,753</td>
<td>1,746</td>
<td>1,440</td>
<td>1,741</td>
</tr>
<tr>
<td>Power on Order - IOC (MW)</td>
<td>243</td>
<td>247</td>
<td>245</td>
<td>250</td>
<td>222</td>
</tr>
<tr>
<td>Total Billings - IOC ($ million)</td>
<td>43.2</td>
<td>44.9</td>
<td>44.7</td>
<td>37.5</td>
<td>46.7</td>
</tr>
</tbody>
</table>

NOTES:
Reflects actual billings year to date November 30, 2018 and forecast December 2018. Actuals reflect reduced demand and energy billings as a result of 2018 strike.
• NLH notes that the Labrador Industrial load will exceed the Development Block and cross into the Market Block in 2019 due to the opening of Wabush mines by Tacora, and continue to extend further into the Market Block. NLH states that approximately 96% of the energy is projected to be billed at the Development Block rate and 4% on the Market Block rate.

• The Development Block is sold at the minimum price required to pay NLH’s costs to purchase the energy from Churchill Falls Labrador Corporation (CFLCo). This price is set at a level which allows for the financing of CFLCo’s long term maintenance and asset renewal plan.

• NLH notes that out of the 239 MW (2095 GWh) of Development Block available to existing and future Labrador Industrial Customers, the net amount to be delivered to customers in 2019 is 1965 GWh (which translates to approximately 224 MW), reflecting 6.2% system losses.

Analysis:
Action Being Taken:
- NR will review NLH's proposal with a view to correcting any inefficiencies or weaknesses in the Labrador Industrial Rate Policy.
- NR will continue to monitor issues pertinent to Labrador Industrial Customers.

Ministerial Approval: NOT APPROVED

December 20, 2018
Meeting Note
Department of Natural Resources
Meeting with Iron Ore Company of Canada
Monday, March 4, 2019, 10:00 AM
Fairmont Royal York Hotel, PEI Room, Main Mezzanine Level

Attendees:
Clayton Walker, President and CEO, Iron Ore Company of Canada
Heather Bruce-Veitch, Director, Communications & External Relations

Minister Siobhan Coady
Perry Canning, ADM, Mines

Purpose of Meeting:
• Iron Ore Company of Canada to provide Minister Coady with a company update.

Background:
• The Iron Ore Company of Canada (IOC) began mining iron ore in the Menihek / Schefferville area of Quebec and Labrador in 1954, expanding to Labrador West in the early 1960s.

• IOC’s Carol Project, located in Labrador City, is the second largest iron ore producer in Canada and is one of the largest private employers in Newfoundland and Labrador with approximately 1,800 employees working at the mine, concentrator and pellet plant.

• The mine has the capacity to produce up to 23 million tonnes of iron ore concentrate annually of which 14 million tonnes can be processed to produce 12.5 million tonnes of pellets. IOC varies the proportion of its concentrate production made into pellets in response to market conditions.

• IOC has scheduled production from four main areas: Humphrey Main/ West/Sherwood, Humphrey South Pit (Magy Lake), Luce Pit and Moss Pit (formerly called Wabush 3 Pit). IOC has privately announced plans for its next pit called White Lake which will be another major expansion for its Carol Lake project.

• The Moss Pit was officially opened in September 2018. The $79 million project is a new open pit that will allow flexibility in providing iron ore feed to its existing concentrator to achieve production at the mill’s rated capacity. The Moss Pit will provide a new source of iron ore to extend the operating life of its Carol Project to beyond the year 2079.

• In 2013, two Quebec-based Innu groups (Innu of Uashat mak Mani-utenam (ITUM) and Matimekush Lac-John) began a court action against IOC asserting that all of IOC’s past and present activities infringe upon their Aboriginal rights, and were undertaken without consultation. The groups are seeking damages of $900 million.

• IOC’s Magy Pit extension project was released from Environmental Assessment in March 2018 subject to providing the results of an acid rock drainage study and the extension of commitments in the Wabush 3 Gender Equity and Diversity Plan. The company hopes the Magy Pit will begin development by Q2 2019. The Magy Pit extension is nearing final Mining Act approval; all technical issues have been resolved with approval pending ongoing Aboriginal consultations.
• IOC has registered the Smallwood North Pit Extension in August 2018. A decision by the Minister of MAE was due in October 2018 but has been delayed due to Aboriginal consultations.

• IOC’s active mining areas are operated under a sub-lease agreement with the Labrador Iron Ore Royalty Corporation (LIORC). LIORC holds 15.1% equity ownership in IOC and, as owners of the mineral rights, receives a 7% gross sales royalty plus a 10 cent per tonne commission on all shipments. Other IOC owners are Mitsubishi Corp. (26.2%) and the mine operator, Rio Tinto PLC (58.7%).

• Mining lease renewals for the company under the Labrador Mining and Exploration Company Limited Act expire in 2020, 2021 and 2022 and are currently being processed for renewal by the Department’s claims recorder. It is yet to be determined if Aboriginal consultations are required for the lease renewals.

• Iron Ore prices have seen an upswing since the Vale’s dam collapse in Brazil. Argus Metals quotes $US$90.75 per tonne for 62% iron ore as of February 11, 2019, premiums for 65% iron ore have been reported be ME Commodities at around $US$10-15 per tonne. These are the highest iron ore prices for nearly two years (62% iron ore reached $US$93.80 per tonne in February 2017).

Agenda item #1: Executive 2018 Update
• IOC Executive may provide an update of 2018 operating results.

Analysis
• In 2018 the company shipped 15.1 million tonnes of iron ore compared to 19.1 million tonnes shipped in 2017. Production and shipments in 2018 were negatively affected by the labour stoppage in early 2018. Forecasted shipments for 2019 are 20.0 million tonnes (7.3 million tonnes of concentrate and 12.7 million tonnes of pellets).

• Capital expenditure for 2019 [redacted] includes the development of the Moss, Magy and Luce Pits and includes work such as pit development and delineation drilling.

• Two Operations Centres (OC) have been established to centralize all digital operations including the mine, concentrator, pellet plant, rail and port. Several upgrades are ongoing with the end goal being complete remote control of all monitoring functions which will improve the efficiencies, tonnage and costs of the overall operation, from mine to port. In 2019 initiatives will include autonomous drilling and testing of the OC controls.

• In April 2016, IOC initiated a research and development industrial trial of technology for the recovery and refinement of fine ore at an estimated cost of $1.545 million. The goal was to improve the recovery of fine ore, to evaluate the potential to increase productivity and efficiency, decrease environmental impacts and enhance the sustainability of operations in Labrador. IOC has reported to TCII that the project was successful and the company is evaluating a follow-up project.

Potential Speaking Points
• Government recognizes the accomplishments that IOC has made in increasing production, reducing costs and continuing to move forward with innovative initiatives especially during the challenging economic environment in the iron ore industry over the past few years.
- The Minister may wish to inquire on the status of the operations centre and if any decision making responsibility has been migrated to the centre. The Minister may also express that the province is interested in ensuring that this capacity is developed within the province.

Proposed Actions
- None at this time.

Agenda item #2: Aboriginal Consultations
- IOC Executive may wish to discuss the status of Aboriginal Consultations on the Smallwood and Magy projects.

Analysis
- Government’s 2013 Aboriginal Consultation Policy on Land and Resource Development Decisions “expects project proponents to work in good faith to engage in consultation with Aboriginal organizations based on principles of respect, open communication and cooperation. A project proponent proposing resource development is expected to consult and consider the views of the Aboriginal organizations whose asserted rights may be adversely impacted by the proposed development.”
Potential Speaking Points

Proposed Actions
- NR will continue to work with IIAS on Aboriginal consultations as permits come in.

Agenda item #3: Greenhouse Gas Reduction
- IOC Executive will provide an update regarding greenhouse gas reduction and innovation.

Analysis
- The Province’s carbon pricing system commenced implementation on January 1, 2019. On-site GHG emissions at IOC will be covered by a performance benchmark (through the Management of Greenhouse Gas Act) and other off-site GHG emissions, such as from on-road vehicles and locomotives, will be subject to a carbon tax (Revenue Administration Act). Information briefings have been held with IOC officials on both the performance standard and carbon tax.
- With respect to the performance benchmark, IOC officials have indicated that the provincial approach (described below) will allow IOC to maintain a level playing field from a competitiveness standpoint.
- IOC, similar to other industrial facilities, will be required to reduce its GHG-to-output ratio by 6 percent in 2019 relative to its 2016-2017 average performance, excluding fixed process emissions. The stringency will be increased to 8 percent in 2020, 10 percent in 2021 and 12 percent in 2022. In these future years starting 2020, the baseline will also be adjusted to include average 2016-2018 performance. For the most part, this approach is consistent with IOC’s position during consultations in 2018.
- IOC will receive the Carbon Tax exemptions on the same products as the Gasoline Tax exemptions, for example locomotive fuel is exempt from both Carbon and Gasoline Tax.
IOC has received a Carbon Tax Exemption Permit with respect to any purchase of Light Fuel Oil or Heavy Fuel Oil. This carbon tax exemption only applies to carbon products listed on the permit used by an industrial facility with a greenhouse gas reduction target and in a source category prescribed in the Management of Greenhouse Gas Reporting Regulations. These source categories include: (i) general stationary combustion; (ii) electricity generation; (iii) mobile equipment; and (iv) petroleum refining.

Potential Speaking Points
- Government will continue to support IOC in its endeavors to innovate and create solutions to ongoing issues and upcoming advancements.

- The Minister may wish to inquire on the scope of impact to IOC operations from the introduction of Greenhouse Gas Reductions.

Proposed Actions
- None at this time.

Prepared/Approved by: B. Lawlor / K. Bradbury / A. Smith / P. Canning

Ministerial Approval:

February 20, 2019
Biographies

Clayton Walker, President and CEO, Iron Ore Company of Canada
Clayton Walker earned his Bachelor of Science degree in Metallurgical Engineering from the University of Utah and later completed a Masters of Business Administration from the University of Utah.

Mr. Walker was appointed President and Executive Chairman of the Iron Ore Company of Canada with Rio Tinto in November, 2016. He previously served as the managing director of the Pilbara Supply Chain for the Iron Ore business of Rio Tinto Group. In this role, Clayton had accountability for Pilbara rail, ports, utilities, accommodation and towns, autonomous trains, Operations Centre, integrated planning and business improvement functions. Clayton is also a member of the Iron Ore Executive Committee.

Clayton joined Rio Tinto in 2001 and has worked in senior management roles for the energy and copper product groups, at Gillette, Spring Creek, Greens Creek and Kennecott.

Most recently he was Chief Operating Officer of the Pilbara Supply Chain for the Iron Ore business, where he played a lead role in the strategy and optimization of the railway, ports and operation centre while leading the work around the AutoHaul™ automated rail network.

Prior to joining Rio Tinto, Clayton held a number of project, engineering, sales and marketing, business development and management roles with Baker Process Systems and Larox Flowsys.

Heather Bruce-Veitch, Director, Communications & External Relations
Heather Bruce-Veitch graduated from Memorial University with a Bachelor of Arts majoring in French and is currently the Chair of Mining NL, Director of the NL Employers Council and Vice-President Canadian Institute of Mining NL Branch.

Currently in her 25th year with the Iron Ore Company, Heather Bruce-Veitch is Director of Communications & External Relations based in St. John’s, NL, having recently returned from over twenty years in Labrador West. Heather has primary responsibility for engaging and building relationships with external stakeholders who include communities, government, business partners and media.

Prior to her recent appointment Heather was the Manager Human Resources with responsibility for the two operating sites: Labrador City, and Sept.-Iles, Quebec, with a workforce of approximately 2000 employees.

She has led teams in the areas of employee recruitment and retention, industrial relations as well as talent management. Heather has progressed through a series of leadership roles within IOC and has a wide variety of experience in both industry and federal government and is bilingual.
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:

<table>
<thead>
<tr>
<th>Operator</th>
<th>Commodity</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vale Newfoundland and Labrador Limited</td>
<td>Nickel/Copper/Cobalt</td>
<td>Voisey's Bay</td>
</tr>
<tr>
<td></td>
<td>Finished</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nickel/Copper/Cobalt</td>
<td></td>
</tr>
<tr>
<td>Iron Ore Company of Canada</td>
<td>Iron Ore</td>
<td>Labrador City</td>
</tr>
<tr>
<td>Tata Steel Minerals Canada Ltd.</td>
<td>Iron Ore</td>
<td>Elross Lake/Menihék</td>
</tr>
<tr>
<td>Tacora Resources Inc.</td>
<td>Iron Ore</td>
<td>Wabush</td>
</tr>
<tr>
<td>Anaconda Mining Inc.</td>
<td>Gold</td>
<td>Pine Cove</td>
</tr>
<tr>
<td>Rambler Metals and Mining Canada Limited</td>
<td>Copper/Gold/Silver</td>
<td>Baie Verte</td>
</tr>
<tr>
<td>Atlantic Minerals Limited</td>
<td>Limestone/Dolomite</td>
<td>Lower Cove</td>
</tr>
<tr>
<td>Canada Fluorspar(NL) Inc.</td>
<td>Fluorspar</td>
<td>St. Lawrence</td>
</tr>
<tr>
<td>HI – Point Industries (1991) Ltd.</td>
<td>Peat</td>
<td>Bishop's Falls</td>
</tr>
<tr>
<td>Trinity Resources Ltd.</td>
<td>Pyrophyllite</td>
<td>Manuels</td>
</tr>
<tr>
<td>Beaver Brook Antimony Mines</td>
<td>Antimony</td>
<td>Glenwood</td>
</tr>
<tr>
<td>Galen Gypsum Limited</td>
<td>Gypsum</td>
<td>Coal Brook</td>
</tr>
<tr>
<td>Red Moon Resources Inc.</td>
<td>Gypsum</td>
<td>Flat Bay</td>
</tr>
</tbody>
</table>

- 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:

<table>
<thead>
<tr>
<th>Operator</th>
<th>Commodity</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marathon Gold Corporation</td>
<td>Gold</td>
<td>Valentine Lake</td>
</tr>
<tr>
<td>Maritime Resources Corp.</td>
<td>Gold</td>
<td>King’s Point</td>
</tr>
<tr>
<td>Search Minerals Inc.</td>
<td>Rare Earth Elements</td>
<td>Port Hope Simpson</td>
</tr>
<tr>
<td>Matador Mining Ltd.</td>
<td>Gold</td>
<td>Cape Ray</td>
</tr>
<tr>
<td>Buchans Resources Limited</td>
<td>Zinc-Lead-Copper-Silver-Gold-Barite</td>
<td>Buchans</td>
</tr>
<tr>
<td>NorZinc Ltd.</td>
<td>Zinc-Lead-Copper-Silver-Gold</td>
<td>South Tally Pond/Lemarchant</td>
</tr>
</tbody>
</table>

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
ISSUE: IOC Tailings Operations

ANTICIPATED QUESTIONS:

Q. What is the department doing to address “red water” downstream from IOC operations in Labrador?

KEY MESSAGES:

IOC notified the department of a red/brown water discoloration from tailings in downstream lakes.

Several circumstances may have contributed to the red/brown water occurring downstream from IOC operations, including:

- Issues with the flocculation system, which is used to control tailings dispersal;
- Lake overturn which happens soon after ice out and could contribute to additional suspended sediment; and
- Higher than usual water levels.

IOC are taking a number of short, medium and long term actions to address the discoloration. They expect to see an accelerated settling of solids over the next few weeks and will keep the department updated on progress.

Red water results when disturbed ground containing iron ore comes into contact with water. It is non-toxic and non-acid generating.

SECONDARY MESSAGES:

Tailings are the waste silica and quartz particles, as well as fine-grained ore that are unable to be recovered within the existing concentration process.

Flocculation is the process by which individual particles aggregate into clot like masses or precipitate into small lumps. IOC uses flocculation to control tailings dispersal in the lake and minimize the footprint and impact on aquatic life.

There are a number of permanent mitigations in place to ensure all standards related to tailings are met, including:

- Tailings management;
- Environmental effects monitoring;
- Compliance water quality monitoring; and,
- Plume delineation studies
KEY MESSAGES

Natural Resources
IOC Railway Accident
March 12, 2019

Summary:
On March 13, an incident occurred on the IOC railway in Labrador City. As a result four employees of the IOC were transported to the Labrador West Health Care Centre. The Department of Natural Resources are in communication with IOC who are providing updates as they become available.

Anticipated Questions:

- How did this incident occur – were Occupational Health and Safety rules being followed?
- Are you concerned about the safety of workers at the IOC mining site?

Key Messages:

- Our thoughts are with the individuals and their families who were involved in this incident.

- The health and safety of workers across our province is always a priority.

- The Department of Natural Resources are receiving updates as they become available from the IOC on the nature of the incident, and extent of employee injuries.

- Transport Canada, the RNC and Travail Canada are investigating and the cause of the accident has yet to be determined.

Secondary Messages:

- The incident happened on the Quebec North Shore and Labrador Railway, on mile 22, near Labrador City. All railway traffic will remain suspended until further notice, however all other work has returned to regular operations.

- This incident is under investigation. All appropriate authorities having been notified.

- Employees were performing regular maintenance work on the railway using a rail changer at the time of the accident.

Background:

- Transport Canada is the regulator of the rail service.
- IOC's Carol Project, located in Labrador City, is the second largest iron ore producer in Canada and is one of the largest private employers in Newfoundland and Labrador with approximately 1,800 employees working at the mine, concentrator and pellet plant.

- The mine has the capacity to produce up to 23.5 million tonnes of iron ore concentrate annually of which 14 million tonnes can be processed to produce 12.5 million tonnes of pellets. IOC varies the proportion of its concentrate production made into pellets in response to market conditions.

- IOC ships ore concentrate and pellets to Quebec via the rail system connecting western Labrador and the province of Quebec (Port of Sept-Iles)

**Prepared by:** Heather Gillis, Director of Communication

**Approved by:**