December 22, 2014

Dear [Redacted]

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act, file # NR-016-2014

On October 23, 2014, the Department of Natural Resources received your request for access to the following records/information:

Any and all communications to and from the minister's office; as well as any departmental briefing notes, information notes, discussion papers and/or reports referring to the so-called "third line" for power from Churchill Falls to Labrador West, covering the period of July 1, 2014 to Oct. 20, 2014.

On November 14, the department notified you that the timeline on your request was being extended by 30 days in order to perform consultations with external third parties and/or other public bodies. As a result of the extension, the deadline for your request was revised to December 22, 2014.

I am pleased to inform you that your request for access to these records has been granted, in part. Access to some information contained within the records has been refused in accordance with the following exceptions to disclosure, as specified in the Access to Information and Protection of Privacy Act (the Act):

20. (1) The head of a public body may refuse to disclose to an applicant information that would reveal
(c) consultations or deliberations involving officers or employees of a public body, a minister or the staff of a minister
27. (1) The head of a public body shall refuse to disclose to an applicant information that would reveal

(b) commercial, financial, labour relations, scientific or technical information of a third party, that is supplied, implicitly or explicitly, in confidence and is treated consistently as confidential information by the third party; or

(c) commercial, financial, labour relations, scientific or technical information the disclosure of which could reasonably be expected to

(i) harm the competitive position of a third party or interfere with the negotiating position of the third party;

(ii) result in similar information no longer being supplied to the public body when it is in the public interest that similar information continue to be supplied,

(iii) result in significant financial loss or gain to any person or organization

30. (1) The head of a public body shall refuse to disclose personal information to an applicant where the disclosure would be an unreasonable invasion of a third party's personal privacy.

As required by subsection 7(2) of the Act we have severed information that is excepted from disclosure and have provided you with as much information as possible. In accordance with your request for a copy of the records, the appropriate copies have been enclosed.

Section 43 of the Act provides that you may ask the Information and Privacy Commissioner to review this partial refusal of access or you may appeal the refusal to the Supreme Court Trial Division. A request to the Information and Privacy Commissioner shall be made in writing within 60 days of the date of this letter or within a longer period that may be allowed by the Commissioner.

The address and contact information of 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
Facsimile: (709) 729-6500

In the event that you choose to appeal to the Trial Division, you must do so within 30 days of the date of this letter. Section 60 of the Act sets out the process to be followed when filing such an appeal.
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 Office of Public Engagement's website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

If you have any further questions, please feel free to contact the department’s ATIPP Coordinator at (709) 729-3214.

Sincerely,

CHARLES W. BOWN
Deputy Minister
Title: Alderon Kami Project Update

Issue: Financing delays and impact on mine and transmission line schedule

Background and Current Status:

- Alderon (TSX: ADV) is the proponent of the Kami iron ore development in western Labrador. If developed, the project would employ more than 400 people and produce 8 million tonnes of iron concentrate per year (with possible future expansion to 16 million tonnes).
- FIN estimates that the project could contribute $18 billion to provincial GDP and $2.7 billion in direct taxes and royalties to Government over its anticipated 30-year life.
- In 2012, Alderon announced an investment agreement with Hebei Iron and Steel, China’s largest steel maker. Hebei has agreed to purchase 60% of Alderon’s first 8 million tonnes of annual production and to provide an up-front investment of up to $414 million, including a 25% interest in the Kami project. In July 2014, Alderon reached an agreement with Glencore (LSE: GLEN) for purchase of the remaining 40% of the mine’s production.
- The Kami project has completed the environmental assessment process, negotiated a benefits agreement with Government, completed the process for the issuance of a mining lease, and has rehabilitation and development plans approval by Government.
- Due to market conditions, including recent weakness in iron ore prices (currently around $95 per tonne) and a significant drop in demand, Alderon learned that it may not be able to begin construction once the financing process is complete. The company can only begin construction once the financing process is complete. S. 27(1)(b), S. 27(1)(c)(i),(ii),(iii)
- To conserve cash, Alderon decided in June 2014 to exercise a contract option to temporarily suspend the work of its main engineering contractor WorleyParsons. S. 27(1)(b), S. 27(1)(c)(i),(ii),(iii)
- In August 2014, Alderon began further cost-saving measures aimed at ensuring the company can continue to operate while it completes project financing. It has suspended all non-essential travel and has begun terminating contract employment.
- The financing delays may not mean the complete loss of the 2014 construction season, as Alderon’s executive team remains optimistic that financing can be finalized before the end of the year. The company maintains that it can begin producing ore by the end of 2016. S. 20(1)(c)
- Hydro will likely suspend work on the line by early September. Contracts for tree clearing on the transmission line right-of-way and other early works have already been awarded. S. 27(1)(c)(i),(ii),(iii)
- It needs to construct a transportation and power corridor through land currently owned by Cliffs Natural Resources, owners of Wabush Mines. Negotiations are ongoing with Cliffs. S. 27(1)(b), S. 27(1)(c)(i)
Marshall, Andrea

From: Parsons, Walter
Sent: Thursday, October 30, 2014 12:15 PM
To: Marshall, Andrea
Subject: FW: S. 27(1)(b), S. 27(1)(c)(i),(ii),(iii)

Andrea,

This is the only email that I had sent during that period which was copied to the Minister’s office and was related to the third Labrador West transmission line.

Please see below,

Walter

From: Parsons, Walter
Sent: Wednesday, October 08, 2014 3:28 PM
To: Bown, Charles W.; Dalley, Derrick
Cc: S. 30(1)
Subject: RE: S. 27(1)(b), S. 27(1)(c)(i),(ii),(iii)

S. 30(1) S. 27(1)(b), S. 27(1)(c)(i),(ii),(iii)

The Minister has asked that I respond on his behalf. The for the new transmission line are clearly within the bounds of Hydro’s mandate. As always, our department will continue to keep informed of developments related to this infrastructure and to other developments relating to the Kami project.

Walter

From: Dalley, Derrick
Sent: Wednesday, October 08, 2014 12:36 PM
To: Bown, Charles W.; Parsons, Walter
Cc: S. 30(1) S. 27(1)(b), S. 27(1)(c)(i),(ii),(iii)

Minister
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