June 6, 2017

Dear [Redacted]: s.40(1)

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-42-2017)

On May 5, 2017, the Department of Natural Resources received your request for access to the following records/information:

Extension of the 2006 Diesel Rate increase deferral subsidy Premier and minister Coady meeting with Tata Steel Minerals Canada Minister meeting with Iron Ore Company of Canada

I am pleased to inform you that a decision has been made by the Department of Natural Resources, confirmed by the Deputy Minister, to provide access to parts of the requested information.

I note that the “Decision Note on Extension of Diesel Rate Increase Deferral Subsidy” has been refused in full in accordance with the following two sections:

Section 27(2)(a)
The head of a public body shall refuse to disclose to an applicant a cabinet record;

Section 27(1)(a)
In this section, “cabinet record” means advice, recommendations or policy considerations submitted or prepared for submission to the Cabinet.
Access to portions of the remaining 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):

Section 27(2)(a)
The head of a public body shall refuse to disclose to an applicant a cabinet record;

Section 27(1)(i)
In this section, “cabinet record” means that portion of a record which contains information about the contents of a record within a class of information referred to in paragraphs (a) to (h).

Section 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;

Section 35(1)(b)
The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose financial, commercial, scientific or technical information that belongs to a public body or to the government of the province and that has, or is likely to have, monetary value;

Section 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;

Section 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 to manage the economy of the province;

Section 39(1)(a)(ii)
The head of a public body shall refuse to disclose to an applicant information that would reveal commercial, financial, labour relations, scientific or technical information of a third party;

Section 39(1)(b)
The head of a public body shall refuse to disclose to an applicant information that is supplied, implicitly or explicitly, in confidence;
Section 39(1)(c)(i)
The head of a public body shall refuse to disclose to an applicant information the disclosure of which could reasonably be expected to harm significantly the competitive position or interfere significantly with the negotiating position of the third party;

Section 39(1)(c)(ii)
The head of a public body shall refuse to disclose to an applicant information the disclosure of which could reasonably be expected to 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;

As required by 8(2) of the Act, we have severed information that is unable to be disclosed and have provided you with as much information as possible; in accordance with your request for a copy of the records, the records have been included with this correspondence.

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 regarding the processing of your request, please feel free to contact me by telephone at 729-0463 or rhynes@gov.nl.ca.

Sincerely,

Rod Hynes
ATIPP Coordinator
Meeting Note
Department of Natural Resources
Meeting with Tata Steel Minerals Canada
March 16, 2017 at 3:00 pm
Premier’s Boardroom, 8th Floor, East Block

Attendees:
Rajesh Sharma, CEO & Managing Director, Tata Steel Minerals Canada
Praveen Jha, VP, Operations, Tata Steel Minerals Canada
Premier Dwight Ball
Mr. Greg Mercer
Mr. Peter Miles
Minister Siobhan Coady
Mr. Perry Canning, ADM - Mines

Purpose of Meeting:
• The Premier’s Office agreed to a courtesy meeting with Tata Steel Minerals Canada (TSMC).

Background:
• TSMC operates an iron ore mine in the Menihek area of Labrador and is a joint venture between Tata Steel of India (large global steel producer) (77.68%), Resources Quebec (Government of Quebec investment agency) (18%), and New Millennium Iron Corp (Canadian junior mining company) (4.32%).

• TSMC’s iron ore deposits are Direct Shipping Ore (DSO) which typically requires only crushing and screening to produce a marketable product. TSMC has constructed a concentrator at the project that will upgrade ore to meet quality specifications required for Tata’s European steel plants.

• Project construction started in 2011 and first ore (unprocessed) was shipped in 2013. Capital costs have increased from the original estimate of $300 million to over $1 billion due to S.35(1)(d)

• Construction of the concentrator was completed in August, 2015; but commissioning has not been completed as a result of challenging market conditions.

• After a temporary winter scale down of operations in 2016, TSMC will be operating on a seasonal basis in the near term.

• TSMC submitted its Environmental Impact Statement for the Howse Project to the Canadian Environmental Assessment Agency (CEAA) and has also submitted the Howse Environmental Preview Report to Environment and Climate Change (now Municipal Affairs and Environment).

• The Howse deposit in Labrador is key to TSMC’s short term operations. TSMC is planning to begin mining in 2017 once it clears environmental assessment (EA). S.35(1)(d)
In addition to the Howse deposit, the TSMC project plan includes nine open pits in Labrador and two in Quebec that would be developed over a 12 year period. 2017 mining activity will occur in Kivivc 1C, Kivivc 4, Timmins 4, Timmins 7, and Goodwood (QC). All ore from the project will be processed in Labrador and shipped by rail to the port of Sept-Îles, Québec.

Following a meeting with the Premier on January 7, 2016, a Deputy Minister’s Committee was established to address TSMC’s concerns with respect to: taxation, permitting and the EA process; railing costs; hydro power availability; and port access. The committee last met February 9, 2017.

On July 26, 2016, TSMC announced that it had been awarded a financial contribution of $175 million by the Government of Quebec to support the development of its DSO Project. The financial contribution includes an equity stake for $125 million and a loan of $50 million. In exchange, the Government of Quebec obtained 18% ownership in the company.

Agenda item #1 (Project Status):
• TSMC will likely provide an update of their project’s status.

Analysis
• TSMC’s production costs are high. Rail, port laydown, and ship-loading (handled under contract with IOC for 2017), cost TSMC about $400 million. The project was designed based on a US$100 price; current price of iron ore is US$90 and...

• While it is anticipated that the Howse project will be released from the provincial EA before the federal assessment, the timeline for obtaining provincial permits, such as approval of the Development Plan and Rehabilitation and Closure Plan, is expected to occur well after release from the federal assessment process. Drafts of these plans have been submitted to NR, and staff are reviewing to provide input that can be integrated prior to final submission to expedite the process.

• Issues with port and rail access have previously been identified as a major impediment to the project; however, TSMC’s agreement with the Québec Government has resolved the port access issue.
Potential Speaking Points
- It is understood that the iron ore industry has been going through difficult times and Government appreciates Tata Steel’s efforts and ability to survive those times. Now that there has been recovery in the price for iron, we hope there are brighter days ahead.

- I am pleased that the Deputy Minister’s Committee has been able to progress some of TSMC’s issues of concern.

Proposed Actions
- The Deputy Minister’s Committee will continue to work with TSMC toward resolution of their issues and to facilitate continued operation of the DSO project.

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

March 16, 2017
Rajesh Sharma, CEO & Managing Director, Tata Steel Minerals Canada

Mr. Rajesh Sharma holds an MBA (Marketing and Operations) from XLRI, Jamshedpur and an Engineering Degree (E &C) from IIT Roorkee. He also successfully completed a scholarship program on globalization and leadership from the London School of Economics in 2002. He has over 20 years' experience in various businesses with the Tata Group. He has lived and worked in various geographies in the continents of Asia, Africa, North America and Europe.

He joined Tata Steel as a Graduate Trainee in 1991 and then joined the Tata Group Management Cadre TAS in 1998. In November 2010, he was appointed CEO & Managing Director of Tata Steel Minerals Canada. Prior to this, Mr. Sharma was Executive in Charge, Southern Africa for Tata Steel responsible for new investments and acquisitions in mining and minerals related to the steel industry.

Mr. Sharma has diverse cross functional and cross industry experience with the Tata Group. His experience encompasses leading large scale start-up companies, international investments and acquisitions in steel, mining and other businesses, heading global business unit, strategic planning, business excellence, HR, IT, Corporate Affairs, Project Management, Maintenance Management and Marketing and Sales. He is also a regular speaker at business seminars and conferences in connection with the mining industry and has addressed national and international audiences.
Meeting Note
Department of Natural Resources
Meeting with Iron Ore Company of Canada
March 27, 2017; 8:30 AM
Executive Boardroom, 7th Floor, Natural Resources Bldg.

Attendees:
IOC
Clayton Walker, President and CEO, Iron Ore Company of Canada
Maxime Savignac, VP of Human Resources, Iron Ore Company of Canada
Heather Bruce-Weitch, Director, Communications & External Relations

NL Government
Peter Miles, Office of the Premier
Minister Coady
Perry Canning, ADM Mines

Purpose of Meeting:
- Iron Ore Company of Canada requested a March 27, 2017 meeting to provide Minister Coady and government officials with a company Executive first quarter update and introduce the new VP of HR, Mr. Maxime Savignac.

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 the largest private employer in Newfoundland and Labrador with approximately 1,700 employees working at the mine, concentrator and pellet plant.

- An expansion program carried out from 2011 to 2014 increased production capacity at IOC from 17.5 to 23.3 million tonnes of concentrate per year. Up to mid-2014, production did not increase despite the additional capacity. In 2015 and 2016 the company shipped 18 million tonnes per year versus an average of 14 million tonnes from 1999 to 2014.

- The pellet plant has six production lines with a total capacity of over 13 million tonnes per year. IOC varies the proportion of its concentrate production made into pellets in response to market conditions.

- 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%).

- Rio Tinto is one of the largest global mining companies and the majority of their iron ore production is from low cost mines in Western Australia. Rio Tinto’s share of IOC’s sales represents only 3.9% of Rio’s total sales volume.
• The price of iron ore rose significantly and unexpectedly during 2016 (from slightly over US$40 per tonne to nearly US$80 per tonne). The price has continued to rise during the early 2017, and is trading around $90 per tonne. Despite this, many forecasters expect that the price of iron ore will...

• On June 21, 2016 Rio Tinto announced a new organizational structure that moved IOC out of Iron Ore to an Energy and Minerals Division including coal, uranium, salt, borates and titanium dioxide properties. Some analysts have speculated that the Energy and Minerals Division is Rio Tinto’s less favored assets and that this may be part of a spin-off plan.

• In October 2016, IOC announced the retirement of Kelly Sanders effective November 1 and the appointment of Clayton Walker as President and CEO. In a staff memo circulated January 6, 2017, a new organizational structure was announced with significant changes made to the senior leadership team.

Agenda item #1 (Executive First Quarter Update)
• IOC Executive will provide an update of first quarter operating results.

Analysis
• Total concentrate produced in 2016 was 19.2 million tonnes; this was 3% higher compared to the 18.7 million tonnes produced in 2015. The 2016 production goal was 21 million tonnes. The concentrator and pellet plant performed well in 2016 and overall employee productivity was slightly better in 2016 than 2015.

• IOC’s cost per tonne of concentrate produced declined by 2% in 2016 but the objective of a US$30 concentrate unit cash cost by late 2016 was not achieved. A stronger Canadian dollar and lower concentrate production than forecasted prevented meeting the target.

• During 2016, IOC set a number of production records including the total tonnes of concentrate produced.

• IOC has implemented its Operations Centre Pilot, which is intended to improve monitoring, coordination and automation of mining and shipping activities. The goal is to improve efficiencies, tonnage and costs of the overall operation, from Mine to Port.

• In October 2016, the Research and Development Corporation announced a $720,000 investment to support IOC’s industrial trial of an innovative technology for the recovery and refinement of fine ore. The total cost of the project is $1.5 million, with IOC providing the remainder of the funding.

• The goal of the trial is to improve the recovery of fine ore, with the project being used to evaluate the potential to increase productivity and efficiency, decrease environmental impacts and enhance the sustainability of IOC’s operations in Labrador.

• Capital expenditure for 2017 is forecast at $245 million and includes the refurbishment of induration machines in two pellet plant lines and the development of the Wabush 3 Pit.
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.

Proposed Actions

- None at this time.

Agenda item #2 (Wabush 3 Update)

- IOC Executive will provide an update regarding the Wabush 3 project.

Analysis

- On February 23, 2017, IOC announced that it will proceed with the Wabush 3 project following approval of a CAD $79 million investment by the IOC Board of Directors.

- Wabush 3 is a planned new open pit that contains an estimated 744 million tonnes of iron ore and will allow flexibility in providing low strip ratio iron ore feed to its existing operations. It provides a new source of iron ore and will extend the operating life of the mine from 2067 to 2079.

- IOC has previously stated that Wabush 3 is critical to the mine’s future in Labrador. It is IOC’s best option to access low-cost, quality ore and is an opportunity to make the operation more competitive by reducing operating costs during a period of increasing iron ore price volatility.

- The Wabush 3 project is expected to increase output by approximately 5 million tonnes per year and will help IOC ramp up production towards its 23 million tonnes per year goal.

- The Wabush 3 project was released from environmental assessment in September 2015 but had been delayed by IOC for a variety of reasons including productivity and safety issues. Most recently, delays were attributed to the operations inability to consistently meet IOC’s rated capacity of 23 million tonnes per year.

- Construction of Wabush 3 is expected to begin in spring 2017, with first ore expected in the second half of 2018.
Potential Speaking Points

- The announcement that the Wabush 3 development is going ahead is very positive news for IOC, the region and the province. Congratulations on getting approval for this critical project.

Proposed Actions

Prepared/Approved by: K. Bradbury/A. Smith/P. Canning
Ministerial Approval: Received from Hon. Siobhan Coady

March 23, 2017
BIO

Clayton Walker, President and CEO, Iron Ore Company of Canada

Mr. Clayton Walker was appointed as President and CEO of the Iron Ore Company of Canada effective November 1, 2016.

Mr. Walker was appointed managing director Pilbara Supply Chain for the Iron Ore business in May 2013. In this role, Clayton was accountability for the Pilbara rail, ports, utilities, accommodation and towns, autonomous trains, Operations Centre, integrated planning and business improvement functions. Clayton was also a member of the Iron Ore Executive Committee.

Mr. Walker 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 Pilbara Supply Chain for the Iron Ore business, where he played a lead role in the strategy and optimisation of the railway, ports and operation centre while leading the work around the AutoHaulTM automated rail network.

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

Mr. Walker graduated from the University of Utah with a Bachelor of Metallurgical Engineering degree and later completed a Masters of Business Administration from the University of Utah.
Biography - Maxime Savignac

Maxime Savignac is currently the Vice President, Human Resources, and Communications & External Relations at the Iron Ore Company. Prior to joining IOC in 2017, Maxime was with Rio Tinto for over 11 years in a variety of Human Resources Business Partner roles within namely the Aluminum division and Technology & Innovation, being exposed to a range of global challenges in Major Projects, Business development, and Operations, amongst others.

Maxime was employed with the National Bank of Canada as a Senior Advisor in the areas of integrated risk management and performance and process optimization. He started his career with his private law practice.

Maxime holds an MBA from the University of Birmingham (UK) and a law degree from the University of Ottawa.