Dear [Redacted],

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-63-2017)

On August 3, 2017, the Department of Natural Resources received your request for access to the following records/information:

Please provide (1) the total amount of financial assurance that Tacora Resources, or its affiliates, has provided to the Government of Newfoundland and Labrador for the rehabilitation and closure costs of the Wabush Scully Mine and (2) a copy of the rehabilitation and closure plan for the Wabush Scully Mine that has been accepted in accordance with the Mining Act.

On August 29, 2017 the department, in accordance with subsection 23(2) of the Act, received approval from the Information and Privacy Commissioner to extend the timeline for your request by 5 business days due to the large volume of requests we were processing and the need to conduct consultations on this request.

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 the requested information. The records are attached.

I note that we have applied redactions to the least amount of information as possible and are relying upon sections 35(1)(d), 39(1)(a)(ii), 39(1)(b), 39(1)(c)(i), and 39(1)(c)(ii) for these redactions. Please see below for a description of these sections:

S.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;

S.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;

S.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; and

S.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,

S.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 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 by telephone at 729-0463 or rhynes@gov.nl.ca.

Sincerely,

Rod Hynes
ATIPP Coordinator
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
Mr. Matt Lehtinen  
MagGlobal CA Inc.  
102 NE 3rd Street, Suite 120  
Grand Rapids, Minnesota 55744  
USA

Dear Mr. Lehtinen:

**RE: Acceptable Amount and Form of Financial Assurance, Wabush Scully Mine**

This department thanks MagGlobal for its continued interest in reactivating the Wabush Scully Mine (the "Mine"). We trust our ongoing discussions have been, and will continue to be, helpful in this regard as MagGlobal pursues the assignment of the mining lease under the *Companies' Creditors Arrangement Act* ("CCAA"). The Province fully supports and encourages continued and sustainable mining operations at the Mine, and this department will continue its efforts to facilitate this happening in accordance with the requirements of the *Mining Act*.

A letter dated May 5, 2017, from Mr. Alex Smith of this department focused on the cost estimate for rehabilitation and closure of the Mine under the *Mining Act*. The focus of this letter is the critical requirement of an acceptable amount and form of the financial assurance necessary to secure the payment of costs associated with such rehabilitation and closure.

As context, we highlight two points arising out of our ongoing discussions with MagGlobal. First, MagGlobal is proposing to reactivate a mine that is currently the subject of closure under the *Mining Act* in accordance with the requirements of an existing accepted rehabilitation and closure plan in respect of which there is an existing acceptable financial assurance in the form of two Mine Rehabilitation and Closure Performance Bonds in the aggregate amount of $49.72 million. Second, MagGlobal proposes to reactivate the Mine upon successfully acquiring the required additional capital necessary to execute their business plan.

Prior to the closing of an assignment of the mining lease, this department will require MagGlobal to submit an accepted rehabilitation and closure plan along with an acceptable amount and form of financial assurance as required under the *Mining Act*. An accepted rehabilitation and closure plan must set out, among other things, the following rehabilitative measures: where the Mine is reactivated, the rehabilitative measures MagGlobal plans to take for progressive rehabilitation of the Mine during its reactivated operation and for rehabilitation of the Mine upon its eventual closure; and, where the Mine is not reactivated, the rehabilitative measures MagGlobal plans to take for completing the ongoing closure and rehabilitation of the Mine in its existing state.
The cost estimate for progressive rehabilitation of the Mine during its reactivated operation and for rehabilitation of the Mine upon its eventual closure is $41.74 million, as per our earlier letter. In the absence of the Mine’s reactivation, the cost estimate of completing the ongoing closure and rehabilitation of the Mine in its existing state is $36.75 million. Once the Mine is reactivated, MagGlobal will need to increase the financial assurance by $4.99 million to ensure there is financial assurance in the total amount of $41.74 million as security for the cost of progressive rehabilitation of the Mine during its reactivated operation and for rehabilitation of the Mine upon its eventual closure. The difference in the two estimates reflects an additional requirement for progressive rehabilitative measures during the Mine’s reactivated future operation, and an increase in rehabilitative measures upon closure of the reactivated Mine.

As part of MagGlobal’s accepted rehabilitation and closure plan, MagGlobal is required under the Mining Act to provide a copy of a statement of a person qualified to make it that the estimate of the cost of completing the work set out in the rehabilitation and closure plan is a reasonable one. Should the statement of the qualified person indicate costs greater than $36.75 million and $41.74 million cost estimates, the greater cost estimates of the qualified person shall be used for the purposes of the required acceptable financial assurance in place. Further references in this letter to the $36.75 million and $41.74 million amounts shall include such greater cost estimate amounts of the qualified person where applicable.

While this department will require financial assurance in the full amount of $41.74 million in order for MagGlobal to proceed with reactivation of the Mine, until that time, the amount of $36.75 million will be acceptable in a form as required in the Mining Act. This approach accords with the policy of prudent resource management and environmental rehabilitation under the Mining Act and fully protects the Province throughout.

This department will object to and disregard an assignment without an approved rehabilitation and closure plan with acceptable financial assurance. If necessary, to complete ongoing rehabilitation and closure of the Mine, we will realize upon the $49.72 million amount of the existing acceptable financial assurance as security for payment of the associated costs.
This department looks forward to continued discussion of these matters with MagGlobal in an effort to achieve a successful reactivation of the Mine. In the meantime, please contact my officials at Natural Resources should you have any questions.

Sincerely,

SIOBHAN COADY, MHA
St. John’s West
Minister
July 7, 2017

(via email; asmith@nl.gov.ca)

Mr. Alex Smith, P.Eng.
Director, Mineral Development
Department of Natural Resources
Government of Newfoundland and Labrador
50 Elizabeth Avenue, PO Box 8700
St. John’s, NL Canada A1B 4J6

Re: Rehabilitation and Closure Plan, Scully Mine Reactivation dated June 9, 2017

Dear Mr. Smith:

I am writing to respond to your letter dated June 30, 2017 that described three areas of the subject Rehabilitation and Closure Plan (RCP) that you wish additional clarification. These items are repeated below and each is followed by our formal response. Please include this letter as an addendum to the subject rehabilitation and closure plan.

1. The Plan, as indicated in the title, is for the Scully Mine reactivation. The Plan touches on rehabilitation of the site in its current condition. NR requires that a clear statement be provided that the site will be rehabilitated in accordance with the Plan should the operation not restart.

Tacora Resources Inc. confirms that in the event that the Scully Mine site acquisition is completed but the mine operations do not restart, the site will be rehabilitated in accordance with the subject RCP. The associated Financial Assurance cost estimate in this scenario is given in Appendix A, Table A.

2. The Plan does not now but must include a commitment to complete a geotechnical stability study at closure for waste rock slopes stability.

Tacora Resources Inc. confirms that upon mine site closure, a geotechnical stability study for the waste rock dumps will be completed. This task relates to the work discussed in Section 3.9.4 of the subject RCP.

3. The Plan includes a statement from a qualified person regarding the reasonableness of the cost, but not with all the information nor in the form required by NR as provided to you on May 17, 2017. The following is required for the certifying professional: PEGNL registration number, the permit to practice under which they operate and a signed, dated and stamped certification of the appropriateness of the cost estimate. In this case, Mr. Bugden would make the certifying statements in singular first person. The certification normally includes:
the person's qualifications (professional registration information, education and experience) and statements indicating:

i) they have visited the site;

ii) they have free and unfettered access to all relevant information pertaining to the Plan;

iii) the basis and methodology for the cost estimate provided and source of information;

iv) a certification that, in their opinion, the cost estimate presented is reasonable and appropriate;

v) the person does not have any direct or indirect interest in the project; and

vi) the person does not hold an interest in the corporate proponent.

The information requested in this item was included in Section 5.0 of the subject RCP, but not stated in the singular first person context. Enclosed with this document is Mr. Bugden’s certification. The original document with applicable PEG-NL permit to practice stamp will be delivered to your office before July 14, 2017.

If you have any questions, please contact me via telephone at (218) 259-3795 or email at mike.twite@tacoraresources.com.

Sincerely

Michael G. Twite
Environment & Government Affairs Manager

Encl.
Certified Statement of Qualified Professional

To whom it may concern:

I, Craig Bugden, B. Eng. (Civil), M.A. Sc. (Environmental Engineering), P. Eng., have over thirty years’ experience working as a civil and environmental engineer for private enterprises as well as various provincial regulatory agencies, including most recently as Manager of Waste Management and Manager of Petroleum Storage and Management with the Pollution Prevention Division of the Department of Municipal Affairs and Environment. Throughout my career, I have dealt with all aspects of project supervision and management, including financial components. My work with proposal preparation and review involved review of work scopes, quantity estimation and unit cost verifications. In addition, I have provided cost estimation expertise during my tenure as a consulting engineer with private firms.

I hold a Master of Applied Science (Environmental Engineering and Applied Science) Degree from Memorial University of Newfoundland (May 1998) and a Bachelor of Engineering Degree (Civil), also from MUN (May 1983). I am a registered member of the Professional Engineers and Geoscientists Association of Newfoundland and Labrador (PEG-NL).

For the purposes of my review of the Reclamation and Closure Plan (RCP) cost estimate (Revision 2, June 9, 2017), I hereby certify that:

i) I have performed work at the Scully Mine site;
ii) I had free and unfettered access to all relevant information pertaining to the RCP;
iii) In my opinion, the basis and methodology for the cost estimate provided and source of information are acceptable;
iv) In my opinion the cost estimate presented is reasonable and appropriate;
v) I do not have any direct or indirect interest in the project; and,
vi) I do not hold an interest in the corporate proponent.

Craig Bugden, P. Eng.
Consulting Engineer
SEM Ltd.
Second Floor, 79 Mews Place
St. John’s, NL
A1B 4N2

Date
Mr. Michael Twite  
Environment & Government Affairs Manager  
MagGlobal LLC / Tacora Resources Inc.  
102 NE Third Street  
Suite 120  
Grand Rapids, MN 55744  

Dear Mr. Twite:

RE: Tacora Resources Inc., Rehabilitation and Closure Plan

Pursuant to section 9.2 of the Mining Act, I accept Tacora Resources Inc.'s "Rehabilitation and Closure Plan, Scully Mine Reactivation" dated June 9, 2017, incorporating additional information provided on July 7, 2017, with the following added changes and conditions as noted below:

1. When constructing safety berms, culverts must be installed through the berms to allow surface water run-off to flow into the pits and eliminate ponding and erosion alongside the berms.

2. Prior to carrying out the accepted rehabilitation and closure plan, and the obligations as referenced in the plan, the lessee shall undertake aboriginal consultations in accordance with the consultation guidelines.

3. Prior to carrying out the accepted rehabilitation and closure plan, and the obligations as referenced in the plan, the lessee shall register the rehabilitation and closure activities as required by the Environmental Protection Act and Environmental Assessment Regulations.

4. Acceptance of the plan shall not take effect until financial assurance, in the amount of $36.75 million in cash, is confirmed as being in place.

Sincerely,

[Signature]

SIOBHAN COADY, MHA  
St. John's West  
Minister

c. Nigel Meakin
Certified Statement of Qualified Professional

To whom it may concern:

I, Craig Bugden, B. Eng. (Civil), M.A. Sc. (Environmental Engineering), P. Eng., have over thirty years' experience working as a civil and environmental engineer for private enterprises as well as various provincial regulatory agencies, including most recently as Manager of Waste Management and Manager of Petroleum Storage and Management with the Pollution Prevention Division of the Department of Municipal Affairs and Environment. Throughout my career, I have dealt with all aspects of project supervision and management, including financial components. My work with proposal preparation and review involved review of work scopes, quantity estimation and unit cost verifications. In addition, I have provided cost estimation expertise during my tenure as a consulting engineer with private firms.

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For the purposes of my review of the Reclamation and Closure Plan (RCP) cost estimate (Revision 2, June 9, 2017), I hereby certify that:

i) I have performed work at the Scully Mine site;

ii) I had free and unfettered access to all relevant information pertaining to the RCP;

iii) In my opinion, the basis and methodology for the cost estimate provided and source of information are acceptable;

iv) In my opinion the cost estimate presented is reasonable and appropriate;

v) I do not have any direct or indirect interest in the project; and,

vi) I do not hold an interest in the corporate proponent.

S.40(1)
Craig Bugden, P.Eng.
Consulting Engineer
SEM Ltd.
Second Floor, 79 Mews Place
St. John's, NL
A1B 4N2

[Signature]

Date
11 - Jul 2017

PROVINCE OF NEWFOUNDLAND AND LABRADOR
ENGINEERING PERMIT C0064

[Signature or Member Number (Member-in-Responsible Charge)]