Dear [Redacted]:

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-233-2018)

On October 22, 2018, the Department of Natural Resources received your request for access to the following records/information:

Any Decision, Direction, Information, Meeting, Briefing or other such note created in 2018 regarding TACORA RESOURCES INC.

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 records. The records are attached.

We are providing access to the most information possible but have made redactions in accordance with Sections 29(1)(a), 35(1)(d) and 35(1)(g) of ATIPPA, 2015 as follows:

29. (1) (a) The head of a public body may refuse to disclose to an applicant information that would reveal advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister;

35. (1) (d) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to result in the premature disclosure of a proposal or project or in significant loss or gain to a third party;

35. (1) (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
ATIPP Coordinator
Meeting Note
Department of Natural Resources
Tacora Resources and Premier Ball
Tuesday, January 23, 2018 at 8:00 a.m.
Premier’s Boardroom

Attendees: Larry Lehtinen, Chief Executive Officer, Tacora Resources
Matt Lehtinen, President and Chief Operating Officer, Tacora Resources
Mike Twite, Environment and Gov’t Affairs Manager, Tacora Resources
Premier Ball
Minister Coady

Staff as required

Purpose of Meeting:
- Tacora is seeking certainty in permitting timelines as it may affect their plans for financing.

Background:
- Wabush Mines, previously owned by US-based Cliffs Natural Resources (Cliffs), began producing in 1965. Concentrates produced at the mill were delivered via railway to a pelletizing plant at Point Noire, Quebec (closed in June 2013) and shipped to markets. The mine provided 495 jobs in 2013.

- Cliffs sub-leased the mineral rights from MFC Bancorp.

- The mine was idled in February 2014; and, on October 30, 2014, Government was notified that the mine was permanently closed.

- Cliffs’ fully owned Canadian subsidiaries, including the Wabush Mines property, were under creditor protection per the federal Companies’ Creditors Arrangement Act (“CCAA”). The mine was sold to Tacora Resources through the CCAA process.

- With the purchase, Tacora has assumed sub-lease with MFC Bancorp and rehabilitation responsibility from the former mine owner. A condition of the sale was agreement with government on financial assurance.

- On July 13, 2017, the Minister accepted a rehabilitation and closure plan for the Wabush Scully Mine Project with associated financial assurance of $36.75 million. Tacora has provided financial assurance of $36.75 million in the form of a cash deposit. Financial assurance must be increased to $41.74 million prior to starting operations.

- On July 19, 2017, Tacora announced that it closed the acquisition of assets associated with the Scully Mine.

- Tacora is an iron ore mining and development company focused on the acquisition and revitalization of iron ore assets. The company is based out of Grand Rapids, Minnesota and its parent company is MagGlobal LLC, (MG). Tacora is controlled by Proterra (68.6%) a
private investment firm, via Proterra’s US$42 million equity investment in Tacora’s purchase of Wabush Mines.

- Tacora’s intention is to reactivate the Scully Mine and mill for a minimum of 15 years at an expected annual production rate of 6.25 million tonnes of concentrate. Employment is projected to be 183 person years in 2018.

- Tacora has entered into a long term (five-year) offtake agreement with Cargill, an international metals supply chain company, for 100 percent of its concentrate product. Iron ore concentrate will be sold as feed for sinter plants and pelletizing plants.

- Since its most recent peak at US$94.75 per tonne on February 21, 2017, the price of iron ore dropped to a low of US$53.95 on June 13, 2017, and as of January 18, 2018 has recovered to US$74.30.

- Tacora’s Wabush Scully Mine Reactivation was released from environmental assessment on November 22, 2017. Conditions associated with the release include completion of a Benefits Plan, a Gender Equity and Diversity Plan, and an Environmental Protection Plan.

- Tacora has stated that the main permits required for them to proceed with financing include:
  - Approval of development plan and rehabilitation and closure plan under the Mining Act;
  - Certificate of Approval to Operate under the Environmental Protection Act; and
  - Water Use Authorizations for dewatering and for operation under the Water Resources Act.

- The 60 day consultation period for Mining Act and Environmental Protection Act permits ends on January 20, 2018. Government has a duty to process and consider any comments of the Indigenous organizations. Government can issue the approvals at the end of the consultation period if no comments are received, however additional time would be required should indigenous groups provide comments.

- The Water Use Authorizations were issued following a 30 day consultation period.

**Agenda item #1 (Permitting)**

- Tacora is seeking certainty in permitting timelines as it may affect their plans for financing.

**Analysis**

- Tacora has completed their feasibility study of the Wabush Mines reactivation. They have indicated that the results were consistent with their due diligence performed prior to purchasing the property and that there were no negative surprises.

- Tacora has engaged a bank to underwrite their capital raise, a portion to be raised through debt and a portion through equity. They have indicated that now is a good time to take their project to the market, but this may change with time.

- Tacora has been providing regular updates to Indigenous Affairs on their consultation efforts with the five indigenous groups. Tacora has indicated that consultations are going well. They
have offered financial support to the groups for technical assistance that might be needed but have not had any response to this offer.

- Tacora has indicated that their biggest risk in being able to access capital is a delay in obtaining the permits. They have requested time estimates for when they may receive their permits.

- In a call on January 10, government officials indicated that Tacora’s time constraints are appreciated and committed to providing best efforts towards meeting Tacora’s timelines but could not commit to a specific date as a final determination on the technical aspects of all their applications is not yet complete and we do not know what, if any, comments the indigenous groups may have.

- MAE has received correspondence from the Naskapi Nation of Kawawachikamach that they have no concerns with the Certificate of Approval. As of January 18, 2018, neither NR nor MAE has received comments from any of the other indigenous groups.

- NR has completed its technical review of the development plan and rehabilitation and closure plan and, once indigenous consultations are completed, is ready to recommend that both be approved by the Minister.

- MAE’s review of the application for a Certificate of Approval to Operate is near completion with the few outstanding technical items near finalization.

Potential Speaking Points
- The province is supportive of Tacora’s project and looks forward to the successful conclusion of the capital raise and the beginning of the process of bringing Wabush Mines back into operation.

- The province is aware of Tacora’s time sensitivity and can commit to best efforts towards a timely issuance of approvals if permitting requirements are met by the company and once Government’s duties to process and consider the comments of the Indigenous organizations have been met.

Proposed Actions
- NR and the Major Projects and Initiatives Unit will continue to maintain open lines of communication with Tacora as the permitting process unfolds.

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

January 18, 2018
Biographies

Larry Lehtinen
Chief Executive Officer
Tacora Resources

Mr. Lehtinen has more than forty years of experience in the areas of ferrous metallurgy, plant engineering, geology, mining, plant optimization, direct iron reduction, iron-making, project development, construction, finance, marketing and executive management. Mr. Lehtinen is a technology pioneer having written over twenty patent applications.

Mr. Lehtinen’s prior experiences include work as Chief Executive Officer of Magnetation, Vice President at Steel Dynamics, Vice President at Cleveland Cliffs (Cliffs Natural Resources) and Vice President at Inland Steel. Mr. Lehtinen has a Master’s in Business Administration from the University of Minnesota and Bachelors in Minerals Engineering from the University of Minnesota.

Matt Lehtinen
President
Chief Operating Officer

Matt Lehtinen has more than fourteen years of combined experience in the areas of mineral processing, process control, operations, finance, marketing and executive management. In his previous role at Magnetation, Mr. Lehtinen helped raise and deploy $1.0 billion in capital to build three iron ore mine and concentrate facilities and a pellet plant with over 500 employees in only three years.

Mr. Lehtinen’s prior experiences include work as Chief Operating Officer of Magnetation, Automation Sales Manager at Felins USA, Inc. and as an Automation Sales Engineer at Rockwell Automation. Mr. Lehtinen has a Master’s in Business Administration from Marquette University and Bachelors in Electrical and Computer Engineering from Purdue University with minors in Business and Spanish.

Mike Twite
Manager
Environmental, Land, and Governmental Affairs

Mike Twite has more than 20 years of experience in all aspects of environmental permitting, regulatory compliance, land management, contract negotiations and government affairs. In his previous role as Environmental Manager at Magnetation, Mr. Twite led the environmental permitting for three iron ore mine and concentrate facilities and a pellet plant.

Mr. Twite’s prior experiences include work as President of Headwaters Environmental Inc., Environmental Manager at Potlatch Corp., and other various leadership positions within International Paper Corp. Mr. Twite has a Bachelor's degree in Mechanical Engineering from the University of Minnesota and is retired with the rank of Captain after twenty-four years in the US Navy.
Title: Mining Act approval of Tacora Resources Inc.'s Tacora Mine Reactivation

Decision / Direction Required:
- It is recommended that the Minister approve Tacora Resources Inc.'s development plan and accept the amended rehabilitation and closure plan for the Tacora Mine Reactivation under sections 6.(1) and 9.(2) of the Mining Act.

- Acceptance of the rehabilitation and closure plan is recommended to be conditional on the following:
  o Tacora must seek out suppliers of seeds for native species and report on its efforts in its annual report to the department for 2020; and
  o 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.

- A letter approving the development plan and accepting the rehabilitation and closure plan is attached for the Minister's signature. The letter has been reviewed by the Departmental Solicitor.

Background and Current Status:
- Wabush Mines, previously owned by US-based Cliffs Natural Resources (Cliffs), began producing in 1965. The mine was idled in February 2014; and, on October 30, 2014, Government was notified that the mine was permanently closed.

- Cliffs' fully owned Canadian subsidiaries, including the Wabush Mines property, were under creditor protection per the federal Companies’ Creditors Arrangement Act (“CCAA”). The mine was sold to Tacora Resources through the CCAA process.

- Tacora is an iron ore mining and development company focused on the acquisition and revitalization of iron ore assets. The company is based out of Grand Rapids, Minnesota and its parent company is MagGlobal LLC, (MG). Tacora is controlled by Proterra (68.6%) a private investment firm, via Proterra's US$42 million equity investment in Tacora's purchase of Wabush Mines.

- With the purchase of Wabush Mines, Tacora has assumed sub-lease of the mineral rights from MFC Bancorp and the rehabilitation responsibility from the former mine owner. A condition of the sale was agreement with government on financial assurance.

- On July 13, 2017, the Minister accepted a rehabilitation and closure plan for the Wabush Scully Mine Project dated June 9, 2017 with associated financial assurance of $36.75 million. The plan was accepted conditional on undertaking aboriginal consultations prior to carrying out the accepted rehabilitation and closure plan.

- Tacora has provided financial assurance of $36.75 million in the form of a cash deposit. Financial assurance must be increased to $41.74 million prior to starting operations.

- On July 19, 2017, Tacora announced that it closed the acquisition of assets associated with the Scully Mine.
- Tacora has entered into a long term (five-year) offtake agreement with Cargill, an international metals supply chain company, for 100 percent of its concentrate product. The iron ore concentrate will be sold as feed for sinter plants and pelletizing plants.

- Tacora’s “Wabush Scully Mine Reactivation” was released from the environmental assessment process on November 22, 2017. Conditions associated with the release include completion of a Benefits Plan, a Gender Equity and Diversity Plan, and an Environmental Protection Plan.

- Tacora has completed the feasibility study for the Tacora Mine reactivation (former Wabush Mines Scully mine and concentrator). The positive result is consistent with their due diligence performed prior to purchasing the property and that there were no negative surprises.

- Tacora provided a development plan dated November 21, 2017 and the accepted rehabilitation and closure plan dated June 9, 2017 to the appropriate indigenous groups for consultation in accordance with consultation guidelines issued by Indigenous Affairs.

- Mineral Development and the Mining Act Submission Committee reviewed the November 2017 development plan and provided comments to Tacora.

- Tacora submitted a revised development plan for the Tacora Mine on January 12, 2018, with a minor amendment consisting of reformatted cross-sections on January 19, 2018.

- Tacora’s plans to reactivate the Tacora Mine in 2018 and gradually ramp up annual production to a rate of 6.25 million tonnes of concentrate by 2021. Approximately 550,000 tonnes of concentrate is planned for 2018.

- Tacora will require approximately $205 million in pre-production capital expenditures to restart the project. The major capital expenditures include a fleet of mine and support equipment, repairs / upgrades to the concentrator and the installation of the manganese separation units. Tacora will attempt to raise the required capital in Q1 2018.

- Direct employment is projected to be 183 person years in 2018 and will increase to 260 person years by 2021.

- Four of the five indigenous groups did not provide comments on the plans. The Naskapi Nation of Kawawachikamach did provide comments in a letter dated January 17, 2018. After consulting with Indigenous Affairs, NR responded to the Naskapi Nation.

**Analysis:**

- Tacora has demonstrated prudent resource management of the iron ore resources at the Tacora Mine and that the project is economically viable. The restart of the mine will result in a significant number of direct and indirect jobs in Western Labrador.

- The development plan, and associated amendment, and the rehabilitation and closure plan were reviewed by Mineral Development and are acceptable.

- Indigenous Affairs has confirmed that consultation on the plans has been completed appropriately and that the approvals may be issued.
• A letter approving the development plan and accepting the rehabilitation and closure plan is attached for the Minister's signature. The letter has been reviewed by the Departmental Solicitor.

Alternatives:
• Without Mining Act approval, it is unlikely Tacora will be able to raise the capital required for the restart of the Tacora Mine.

Prepared by: P. Philpott / A. Smith
Approved by:

January 21, 2018
Information Note
Department of Natural Resources

Title: Mining Activity in Labrador

Issue: To provide background on mining projects and exploration activity in Labrador.

General
- The forecasted gross value of mineral shipments for NL is $3.4 billion in 2018. Labrador mining activity accounts for an estimated $3.2 billion, 93% of the shipment forecast. Provincial mining industry employment is forecasted to be 6,111 person years in 2018. It is estimated that Labrador mining employment will account for 4,748 person years, 78% of total forecasted provincial mining employment in 2018.

- Three mines are operating in Labrador including:
  o Vale Newfoundland and Labrador's Voisey's Bay open pit mine (nickel, copper and cobalt)
  o Iron Ore Company of Canada (iron ore)
  o Tata Steel Minerals Canada (iron ore)

- Developing projects in Labrador include:
  o Howse Minerals (Tata Steel)
  o Tacora Resources (former Wabush Mine)
  o Alderon Iron Ore (Kami Project)
  o Voisey's Bay Mine Expansion Project (nickel, copper and cobalt)
  o Search Minerals (Rare Earth Elements)

Vale Newfoundland and Labrador (VNL)

Background and Current Status:
- Vale Newfoundland and Labrador (VNL) operates the Voisey's Bay mine and Long Harbour nickel processing plant (LHPP) subject to conditions of the Voisey's Bay Development Agreement (2002). The mine opened in 2005 and since then has been producing nickel, copper and cobalt from the open pit mining operation – the Ovoid – which constitutes only a part of the nickel resources in the Voisey's Bay area. Ovoid production is scheduled to be complete by 2023.

- According to the Vale S.A. first quarter 2018 production report, finished nickel production at the LHPP reached 8,600 tonnes, a quarterly record. The LHPP produced 373 tonnes of cobalt rounds in the quarter. Construction of the LHPP was completed in late 2016 and by late 2017 all Voisey's Bay nickel concentrate began shipping solely to the LHPP.

- The underground mine, Voisey's Bay Mine Expansion (VBME) Project, was sanctioned in July 2015. Progress of the VBME became uncertain as the nickel market continued to deteriorate following sanction eventually leading to parent company Vale S.A. placing its Base Metal Business, which includes all Voisey’s Bay operations, in review during the summer of 2017. The VBME was placed on hold as the review took place.

- It was announced on June 11, 2018 in St. John's that Vale S.A. is moving forward with the VBME. The announcement was made collaboratively by Premier Ball, Minister Coady and Vale’s Executive Director of Base Metals, Eduardo Bartolomeo. Underpinning the advancement of the VBME are an improved nickel market and the confirmation of two cobalt streaming deals by Vale S.A.
The cobalt streaming deals are with Wheaton Precious Metals Corp. and with Cobalt 27 Capital Corp. The agreement is to sell an aggregate total of 75% of Voisey’s Bay cobalt production commencing January 1, 2021, for US$ 690 million in upfront payment plus additional payments of 20%, on average, of cobalt prices upon delivery.

The VBME will extend Voisey’s Bay mine life from 2023 to 2034 and will require 16,000 person years of employment during the five-year construction period, peaking at 4,800 in 2020. Once operational, the VBME and LHPP will provide over 1,700 direct jobs.

The first full year of underground production is expected to be 2021, when current mining of the Ovoid begins to ramp down.

Iron Ore Company of Canada (IOC)

Background and Current Status:

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. Its Carol Project, located in Labrador City, is the second largest iron ore producer in Canada and is one of the largest private employers in NL with approximately 1,900 employees working at the mine, concentrator and pellet plant.

The mine has the capacity to 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 of over 13 million tonnes per year. IOC varies the proportion of its concentrate production made into pellets in response to market conditions. In 2017, the company shipped 20.5 million tonnes of pellets and concentrate.

IOC currently has five active mining areas: Humphrey Main-West/Sherwood, Humphrey South Pit (Magy Lake), Luce Pit, Lorraine South Pit, and Wabush 3 Pit.

IOC has begun development of the $79 million Wabush 3 Project. The Wabush 3 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. First ore is expected in the second half of 2018. Wabush 3 will provide a new source of iron ore to extend the operating life of its Carol Project to beyond the year 2079.

IOC has registered the Magy Pit extension project for environmental assessment to support its ongoing operations. Once all approvals are in place, the company hopes mining of the Magy Pit will be underway by July 1, 2018.
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%).

Since 2015, the price of iron ore peaked at US$ 95.00 per tonne in February 2017 but dropped to US$ 54.00 per tonne by mid-June 2017. The price has rebounded to US$ 66.15 at the middle of June, 2018.

Analysis:

On May 29, 2018, a nine week strike by the local steelworkers union at IOC came to an end. This nine week disruption in production will affect IOC's final production output.

Tata Steel Minerals Canada (TSMC)

Background and Current Status:

Tata Steel Minerals Canada (TSMC) operates an iron ore mine in the Menihek area of Labrador and is a joint venture between Tata Steel of India (77.68%), Ressources Quebec (18%), and New Millennium Iron Corp. (4.32%). TSMC's iron ore deposits are Direct Shipping Ore (DSO) which typically require only crushing and screening to produce a marketable product. Project construction started in 2011 and first ore was shipped in 2013.

Capital costs have increased from the original estimate of $300 million to over $1 billion due to changes in project scope, logistical challenges, productivity, and workforce issues. 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.

In July 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 an 18% ownership stake in the company.

TSMC is currently mining Goodwood deposit located on the Quebec side of the operation. TSMC is currently mining Goodwood deposit located on the Quebec side of the operation. with 375 person years of employment expected to be generated this year.

TSMC acquired the Howse deposit in 2015. This deposit is expected to contain 46 million tons of high-grade ore and 5 million tons of low grade ore. The Howse project is released from both Provincial Environmental Assessment and Federal Environmental Assessment.

Analysis:

TSMC has stated that the project is critical to its future operation. However, all permitting is not yet in place for the Howse project to proceed.

Tacora Resources

Background and Current Status:

On July 19, 2017, Tacora Resources Inc. announced that it closed the acquisition of assets associated with the Scully Mine, located in Wabush. The mine was formerly owned by Cliffs
Natural Resources who idled the mine in February 2014 and closed it in October of the same year. It then went into creditor protection under the Companies' Creditors Agreement Act.

- Tacora is an iron ore mining and development company based out of Grand Rapids, Minnesota with its parent company being Magglobal LLC. Tacora proposes to reactivate the Scully mine and mill, for a minimum of 15 years at an expected annual production rate of 6.25 million metric tonnes of concentrate in full operation, estimated to begin in 2021.

- Tacora has entered into a long term (five-year) offtake agreement with Cargill, an international metals supply chain, for 100% of its concentrate product. Iron ore concentrate will be sold as feed for sinter plants and pelletizing plants.

- Tacora’s “Wabush Scully Mine Reactivation” was released from the provincial environmental assessment process on November 22, 2017. Conditions associated with the release include completion of a Benefits Plan, a Gender Equity and Diversity Plan, and an Environmental Protection Plan.

- Tacora filed for an IPO on the TSX in February 2018 and later filed an amendment to the IPO at the end of May. The company will issue between 6,578,947 and 7,812,500 common shares at an offering price of between $16.00 and $19.00 per share for gross proceeds of approximately $125 million.

- A feasibility study for the project was released in February 2018, with an amended and restated version released on May 28, 2018. The restart of the Scully Mine requires an initial capital expenditure of $210.1 million with a sustaining capital of $515.1 million.

- Manpower requirements are set to vary over the life of mine from operations personnel of 128 to a peak of 147. Mine maintenance varies from 48 to 67, while engineering and geology remain steady with nine and eight respectively.

**Analysis:**

**Alderon Iron Ore**

**Background and Current Status:**
- The Kami project is located in Labrador West, and was put on hold in 2014 due to the depressed iron ore market. The Kami Project boasts an NI 43-101 Mineral Resource Estimate of 1.3 billion tonnes Measured and Indicated at 29.8% iron and an additional 522.6 million tonnes Inferred at 29.5% iron.

- The proposed mining operation will include an open pit, adjacent crushing plant, concentrator, tailings disposal area and new rail infrastructure connecting to the Quebec North Shore and Labrador main rail line. The November 2017 PEA outlined a US$ 999.4 million capital investment and production at 7.8 million tonnes of iron ore concentrate per year with a mine life of 24 years.
• Concentrate will be railed from Kami to the common port terminal facilities in Pointe Noire, Quebec, which is owned and operated by a third party. Ship loading services will be provided by the Port of Sept-Iles.

• Employment numbers for construction average approximately 340 person years over the 29 month construction period. The total manpower required to operate the mine is estimated to peak at 309 in Year 10.

• Alderon has three strategic partners in the Kami Project including the HBIS Group, Glencore and Liberty Metals and Mining Holdings. HBIS Group, China’s second largest steelmaker, has invested $182.2 million in the project and will purchase 60% of annual production. Glencore, a large globally diversified natural resource company, has an offtake agreement to purchase the remaining 40% of annual production. Liberty Metals and Mining Holdings have invested $49.2 million in equity and $22 million in convertible debt.

• On June 21, 2018, Alderon announced that it has entered into an agreement with Sprott Resource Lending for a US$ 14 million loan that will provide sufficient funds to repay the loan due to Liberty Metals & Mining Holdings, and also provide additional runway for Alderon to continue its re-boot of the Kami Project including completion of a revised feasibility study this fall. Altius Minerals Corporation will be participating in the loan by providing US$ 2 million of the US$ 14 million principal.

• The project was released from environmental assessment in January 2014. This release expired and the company applied and was granted an extension.

• On April 3-4, 2018, Minister Coady travelled to China to participate in meetings alongside Alderon as the company promoted its Kami Project to the HBIS Group and the China Development Bank.

**Analysis:**

• The current Alderon PEA is based on an iron ore price of US$ 72.23 per tonne, delivered to China, with production costs estimated at US$ 29.94 per tonne. Alderon's 2012 Feasibility Study was based on an iron ore price of US$ 110 per tonne, delivered to China with production costs estimated at US$ 42.17 per tonne.

**Search Minerals**

**Background and Current Status:**

• Search Minerals has 100% ownership of three Rare Earth Element (REE) camps in Labrador
  o Port Hope Simpson (REE) District including the company’s flagship Foxtrot deposit, Deep Fox Discovery and Fox Meadow Discovery
  o Henley Harbour Property on the southern coast of Labrador
  o Red Wine Complex Property in central Labrador

• Search Minerals received Junior Exploration Assistance (JEA) grants of $150,000, $123,506 and $47,245 under the Mineral Incentive Program in 2011, 2015 and 2016. Search has submitted a Letter of Intent indicating that they will be undertaking further exploration work this year and will seek a JEA grant for 2017/18.

• In February 2017, pilot plant testing produced a high quality purity mixed rare earth oxide. Search plans to prove its metallurgy to be economical, scalable and effective as a primary
processing technique. The end product would be a 98-99% rare earth oxide concentrate making it saleable to be refined by REE refineries.

- In April 2016, Search released an updated Preliminary Economic Assessment (PEA) on the Foxtrot deposit. The PEA evaluated an open pit-underground mine with a 1,000 tonnes per day processing facility producing a rare earth oxide concentrate. The rare earth oxide would be shipped out of the province for final separation of the REEs.

- The PEA estimated an initial capital cost of $152 million ($232 million including sustaining and closure capital), Pre-tax Net Present Value (at 10%) of $93 million and after-tax payback period of 4.4 years. The potential mine would have a 14 year mine life and employ 140 people during the 8 year open pit stage and 220 during underground mining.

Analysis:
- Search’s Foxtrot project is under both provincial and federal environmental assessment. An environmental impact statement is required for the project and is expected from the company in second quarter of 2019.

Exploration in Labrador

Background and Current Status:
- Mineral exploration in Labrador has become more diversified and includes iron ore, rare earth elements, nickel, copper, cobalt and gold. The 2018 forecasted value of Labrador exploration expenditures is $8.0 million; this is a 20% increase over last year’s $6.6 million.

- In addition to the ongoing exploration work being done by Vale and IOC, several other companies are undertaking exploration programs in Labrador including:
  - Fjordland Exploration Inc. and Commander Resources have drill ready targets on their South Voisey’s Bay property and are in advanced stages of exploration on their nickel-copper-cobalt property.
  - King’s Bay Resources are active on their Lynx Lake copper-cobalt property located in southeastern Labrador along the Trans Labrador highway and were granted $75,000 from the JEA Program 2017.
  - Labrador Gold and its subsidiaries are grassroots companies actively exploring for gold in various locations across Labrador. As part of the 2017 JEA Program, the company received $91,000 for work on its Ashuanipi South Project.
  - Big Land Exploration Ltd. in Labrador West received $25,000 from the JEA Program to work on its Evening Lake Project in 2017.
  - Search Minerals Ltd. was granted $69,000 in 2017 via the JEA Program for work on its Foxtrot Rare Earth Element Project near St. Lewis.
  - Maximos Metals Corp. received $105,000 from the 2017 JEA Program for work on its Big Brother Claims nickel project in Northern Labrador.
  - Red Moon’s Black Bay Project in Cartwright-L’Anse Au Clair received $17,000 through the JEA Program in 2017. Red Moon is exploring for nepheline, a source of alumina.

Action Being Taken:
- N/A.

Prepared/Approved by: B. Lawlor / G. Taylor / A. Smith

Ministerial Approval:

June 21, 2018
Attachments:
Appendix 1a: Map – Producing Mines in Labrador
Appendix 1b: Map – Developing Projects in Labrador

Appendix 1a: Map – Producing Mines in Labrador

1) Iron Ore Company of Canada
   Labrador City – Fe

2) Tata Steel Minerals Canada Ltd.
   Menihek – Fe

3) Vale Newfoundland and Labrador Limited
   Voisey’s Bay – Ni, Cu, Co

Appendix 1b: Map – Developing Projects in Labrador

1) Tacora Resource Inc.
   Wabush – Scully Mine – Fe

2) Alderon Iron Ore Corporation
   Labrador West – Kami Project – Fe

3) Howse Mineral Limited
   Menihek – Fe

4) Vale Newfoundland and Labrador Limited
   Voisey’s Bay Mine Expansion Project – Ni, Cu, Co

5) Search Minerals Inc.
   Port Hope Simpson – Rare Earth Elements
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 2018 Energy and Mines Ministers’ Conference

Background and Current Status:
- The gross value of mineral shipments for Newfoundland and Labrador in 2017 was $3.60 billion with a forecasted value of $3.39 billion for 2018.
- The NL Mining industry average employment was 5,335 person years in 2017 with a forecasted value of 6,111 person years in 2018. Mining construction employment included in these values for 2017 and 2018 are 496 and 874 respectively, the increase is mainly attributed to Voisey’s Bay Underground Mine Expansion.
- Iron, nickel, and copper contribute 91% 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>
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</thead>
<tbody>
<tr>
<td>Vale Newfoundland and Labrador Limited</td>
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</tr>
<tr>
<td></td>
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<td>Bishop’s Falls</td>
</tr>
<tr>
<td>Barite Mud Services Inc.</td>
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<td>Buchans</td>
</tr>
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<td>Trinity Resources Ltd.</td>
<td>Pyrophyllite</td>
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- Vale Newfoundland and Labrador announced that its Voisey’s Bay Mine Expansion will proceed this summer. The project represents close to $2 billion in capital expenditures by Vale. There will be 16,000 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.

- Tacora Resources Inc., an iron ore mining and development company based out of Grand Rapids, Minnesota, has acquired the former Wabush Scully mine in Wabush, Labrador. In a May 2018 Preliminary Economic Assessment 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.

- Wabush 3 project, owned by the Iron Ore Company of Canada, was delayed due to a nine week work stoppage. 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 their Howse project in Menihek area of Labrador.

• Alderon Iron Ore Corp. continues to advance their Kami project located in Labrador West. The company expects to release a new Feasibility Study in Q4, 2018.

• Red Moon Resources Inc. is developing the Ace gypsum deposit near Flat Bay. Mining Act approval is in place and mining can start once financial assurance is in place. The mine will employ 15 people on a seasonal basis with an initial production 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.

• Projects in advanced stages of exploration in the Province:

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Analysis:

• Over the past year, iron ore prices have remained fairly steady with a peak of $79.70 USD/tonne at the end of February. As of July 20, the price is $64.10 and the average price for the past month (June 20- July 20) is $63.40.

• Efforts to advance potential iron ore projects in Labrador are based on being high quality ore which is in demand from China due to efforts to reduce emission.

• Nickel prices have fluctuated over the past year peaking at $15,750 USD/tonne in June and at July 20 is $13,425. The average price for the past month (June 20 - July 20) is $14,335. Nickel prices are closely related to demand from stainless steel producers who account for about two-thirds of total demand.

• Copper prices had steadily increased since January 2016 and peaked in June at $3.29 USD/lb. Prices have since declined to $2.75 as of July 20 and the average price for the past month (June 20 - July20) is $2.95.

Prepared/approved by: B. Lawlor / K. Bradbury / A. Smith
Ministerial Approval: Received from Honourable

July 31, 2018
Information Note
Department of Natural Resources

Title: Newfoundland and Labrador Mining Industry Overview

Issue: To provide a status update on the Newfoundland and Labrador Mining Industry

Background and Current Status:
- The gross value of mineral shipments for Newfoundland and Labrador (NL) in 2017 was estimated to be $3.6 billion. The gross value is forecast to be $3.0 billion in 2018. The decrease can be primarily attributed to a reduction in the value of iron ore shipments.

- The NL Mining Industry generated an estimated 5,145 person years of employment in 2017 and expects to generate 5,527 person years of employment in 2018. The increase can be primarily attributed to an expected increase in construction employment related to the proceeding Voisey’s Bay Underground Mine Expansion Project.

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

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- As part of the Phase 3, The Way Forward: Building for Our Future, NR, in collaboration with the mining industry and community stakeholders, is developing a strategic framework for growing the provincial mining industry. Engagement sessions have been completed with specific stakeholders including Mining Industry NL, NL Prospectors Association, and other government departments. Broader consultation sessions will be completed by the first week of October and will be held in Labrador City, Happy Valley-Goose Bay, St. John’s, Springdale and Marystown. NR is targeting a release of the Mineral Strategy, pending completion of aboriginal consultations, at the annual Mineral Resources Review being held November 1, 2018.

- On June 11, 2018, Vale announced that it will be proceeding with the Voisey’s Bay Mine Expansion Project. The project represents close to $2 billion in capital expenditures by Vale and will provide 16,000 person years of employment during the five years of construction, peaking at 4,800 person years in 2020. First ore is expected by April 2021.

- Tacora Resources Inc. has acquired the former Wabush Scully mine in Wabush, Labrador. In a Preliminary Economic Assessment (May 2018) the Company estimated a capital
expenditure of $210 million to reactivate the mine. Tacora has been released from environmental assessment and is currently attempting to raise capital.

- The Wabush 3 project, owned by the Iron Ore Company of Canada, was delayed due to a nine week work stoppage which ended on May 28, 2018. IOC plans to officially open Wabush 3 on September 25, 2018.

- Howse Minerals Limited, a subsidiary of Tata Steel Minerals Canada, has been given Mining Act approval for the Howse project in the 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.

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Analysis:
- Over the past year, iron ore prices have fallen since peaking at US$79.90 per tonne at the end of February 2018. As of September 17, 2018, the price of iron ore is US$69.25 per tonne and the average price over the past month is US$66.82 per tonne.

- There exists increased demand for high quality iron ore in China as the country is dedicated to reducing its emission levels.

- Nickel prices have increased slightly over the past year peaking at US$15,750 per tonne in June 2018. As of September 17, 2018, the price of nickel is US$12,235 per tonne and the monthly average is US$12,863 per tonne.

- Copper prices have declined over the past year and as of September 17, 2018 sit at US$2.66 per pound.

Prepared/approved by: G. Taylor / A. Smith

Ministerial Approval: 29/9/18

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

Title: Mill Licence for Tacora Resources Inc.'s Scully Mine Reactivation

Decision / Direction Required:
- It is recommended that the Minister sign the attached Mill Licence (ML-TRI-01) for Tacora Resources Inc.

Background and Current Status:
- Wabush Mines, previously owned by US-based Cliffs Natural Resources (Cliffs), began producing in 1965. The mine was idled in February 2014; and, on October 30, 2014, Government was notified that the mine was permanently closed.

- Cliffs' fully owned Canadian subsidiaries, including the Wabush Mines property, were under creditor protection per the federal Companies' Creditors Arrangement Act ("CCAA"). The mine was sold to Tacora Resources through the CCAA process.

- Tacora is an iron ore mining and development company focused on the acquisition and revitalization of iron ore assets. The company is based out of Grand Rapids, Minnesota and its parent company is MagGlobal LLC, (MG). Tacora is controlled by Proterra (68.6%) a private investment firm, via Proterra's US$42 million equity investment in Tacora's purchase of Wabush Mines.

- With the purchase of Wabush Mines, Tacora has assumed sub-lease of the mineral rights from MFC Bancorp and the rehabilitation responsibility from the former mine owner. A condition of the sale was agreement with government on financial assurance.

- On July 13, 2017, the Minister accepted a rehabilitation and closure plan for the Wabush Scully Mine Project dated June 9, 2017 with associated financial assurance of $36.75 million. The plan was accepted conditional on undertaking aboriginal consultations prior to carrying out the accepted rehabilitation and closure plan.

- Tacora has provided financial assurance of $36.75 million in the form of a cash deposit. Financial assurance must be increased to $41.74 million prior to starting operations.

- On July 19, 2017, Tacora announced that it closed the acquisition of assets associated with the Scully Mine.

- Tacora has entered into a long term (five-year) offtake agreement with Cargill, an international metals supply chain company, for 100 percent of its concentrate product. The iron ore concentrate will be sold as feed for sinter plants and pelletizing plants.

- Tacora's "Wabush Scully Mine Reactivation" was released from the environmental assessment process on November 22, 2017. Conditions associated with the release include completion of a Benefits Plan, a Gender Equity and Diversity Plan, and an Environmental Protection Plan.

- Tacora has completed the feasibility study for the Tacora Mine reactivation (former Wabush Mines Scully mine and concentrator). The positive result is consistent with their due diligence performed prior to purchasing the property and that there were no negative surprises.
• Tacora provided a development plan dated November 21, 2017 and the accepted rehabilitation and closure plan dated June 9, 2017 to the appropriate indigenous groups for consultation in accordance with consultation guidelines issued by Indigenous Affairs.

• On January 23, 2018, Tacora’s development plan was approved and the rehabilitation and closure plan, following completion of indigenous consultations that were not done in 2017, was accepted.

• Tacora’s had planned to reactivate the Tacora Mine in 2018 and gradually ramp up annual production to a rate of 6.25 million tonnes of concentrate by 2021. Approximately 550,000 tonnes of concentrate were planned for 2018. The latest forecast information provided by Tacora in August 2018 shows no production in 2018 and 3.8 tonnes in 2019.

• Tacora will require approximately $205 million in pre-production capital expenditures to restart the project. The major capital expenditures include a fleet of mine and support equipment, repairs / upgrades to the concentrator and the installation of the manganese separation units. Tacora will attempt to raise the required capital in Q1 2018.

• Direct employment is projected to be 183 person years in 2018 and will increase to 260 person years by 2021.

• An application for a mill licence was received on February 19, 2018. At the time, Tacora was informed that the mill licence is not needed until Tacora restarts the mill and that review of the mill licence application would be delayed to allow Mineral Development resources to focus efforts on Mining Act submissions from other operators with more critical timelines.

• Tacora is in compliance with the Mining Act.

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.

• The attached Mill Licence has been reviewed by the Departmental Solicitor.

• Consultations took place with only the Naskapi Nation of Kawawachikamach responding to indicate that they had no comments. Indigenous Affairs has confirmed that, following notification to the other indigenous organizations that the timeframe for comment has ended, the mill licence may be issued. Such notification was sent on October 18, 2018.

Alternatives:
• The Mining Act states that a mill licence shall be issued on application by a lessee.

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

October 18, 2018