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3.0 INFORMATION REQUESTS FROM ABORIGINAL GROUPS

Comments were received from four Aboriginal groups: Innu Nation (IN); Naskapi Nation of Kawawachikamach (NNK); Innu Taikuakan Uashat mak Mani-Utenam (ITUM); NunatuKavut Community Council (NCC).

3.1 Information Requests Received from Innu Nation (IN)

In December 2012, Alderon received comments on the EIS from Innu Nation (IN). On December 21, 2012, Alderon offered to meet with IN to discuss these comments and Alderon's proposed responses. At the time of writing these responses, IN has not expressed its availability to meet with Alderon.

The following section includes the 26 information requests from IN and Alderon's response to each of these requests.

3.1.1 Information Request No. IN 01

In many instances throughout the EIS, key documents and analyses required by the EIS Guidelines and necessary to understanding the nature, scope and significance of the adverse environmental effects of the proposed Project are proposed to be provided at some specified or unspecified later date. This review identifies several specific examples where the EIS is not in compliance with the EIS Guidelines and/or with accepted standards for provision of information for an environmental assessment of a mine of this size and scope. The list of items is considerable and includes the following:

- Environmental management plans and programs not provided in either draft or final form in the EIS:
  - Environmental Protection Plan (S.5.7), including:
    - Environmental Protection Procedures;
    - Contingency Plans;
  - Spill Management Plan (Table 10.22);
  - Mine Water Management Plan (S.8.1.2);
  - Rehabilitation and Closure Plan (S.8.1.12, see IR.IN#12)
  - GHG Management Plan (S.13.1);
  - Waste Management Plan (S.2.6.2);
  - Emergency Response Plans (S.5.2);
  - Tailings Management Plan (S.2.6.5, IR.IN#4);
  - Avifauna Management Plan (S.5.2);
  - Fish Habitat Compensation Plan (S.18.6);
  - Environmental Effects Monitoring Program further to the federal MMER and the ECWSR (S.2.6.3);
  - Health and Safety Program (S.8.2);
  - Hazard Identification and Risk Assessments (S.8.2);
  - Follow-up Program (S.8.3, IR.IN#26);
- Non-environmental plans and programs deferred as indicated or to some unspecified later date:
  - Development Plan (S.8.1.12);
  - Human Resources Plan (S.2.8.5);
  - Diversity Plan (S.2.8.5, IR.IN#24);
  - Blasting Plan (2.6.2) following EA approval;

  - Project Benefits Plan (S.26.6.1.2);
  - Benefits Agreement (S.26.1.1);
  - Operation, Maintenance and Surveillance Manual for the Tailings Management Facility (S.2.6.2);
- Project alternatives and other activities are to be investigated as indicated or at some unspecified later date:
  - Suitability of waste rock for construction of other site infrastructure (S.2.5.3) or as aggregate (S.2.8.2) or for deposition in an exhausted area of the Rose Pit (S.2.8.2);
  - Tailings deposition in an exhausted area of the Rose Pit (S.2.5.4, IR.IN#4);
  - Final sizing of the polishing pit (S.2.5.4);
  - Tailings containment dam design (S.2.5.4);
  - The availability of suitable local borrow materials (S.2.5.4);
  - Containment dam foundation conditions during planned geotechnical site investigations (S.2.5.4);
  - TMF drainage (red water) treatment techniques during feasibility level engineering design (S.2.5.4, IR.IN#4);
  - MOU with the municipalities concerning accommodations and infrastructure (S.2.5.8);
  - Worker shift length and duration / rotation (S.2.6.1, IR.IN#23);
  - The mine plan during detailed engineering (S.2.6.2);
  - Project accommodation strategy (S.13.11, IR.IN#21).

The deferral of this many aspects of project planning, design, mitigation and monitoring raises concerns about the readiness of the Project for environmental assessment. While it is legitimate to defer some aspects of design pending further site information, many of the items listed above are important – and in some cases critically important – to determining the potential effectiveness of mitigation, the significance of potential residual adverse residual environmental effects, the environmental legacy of the Project, the potential return of the area to a condition suitable for more sustainable land uses, and the long-term implications of the proposed Project for Aboriginal rights. Many of the deferred items are also important to understanding the potential economic feasibility of the Project and its potential contribution to economic development in the region and Province.

A more appropriate approach to that taken in this EIS would be to present many of these plans and programs in draft form in order to facilitate public and Aboriginal consultation and to demonstrate that the measures designed to manage and monitor environmental effects and to deliver economic benefits have been appropriately considered. This approach would instill confidence that Alderon, a company with no reported prior corporate experience in the

development of a mine of this size and complexity,[1] will be positioned to meet regulatory requirements and achieve high standards of environmental performance.

Request for Additional Information

The Proponent is requested to table draft versions of the plans and programs listed above for consideration in conjunction with the EIS, or to provide evidence why such plans programs cannot be provided at this time.

[1] http://www.alderonironore.com

Alderon Response to IR No. IN 01

Section 4.10.1 of the EIS Guidelines states: "*The EIS shall describe the proposed Environmental Management Plans (EMPs) for all stages of the Project and include a commitment by the proponent to implement the EMPs, should the Project proceed. EMPs must be developed in consultation with federal and provincial government agencies, Aboriginal groups, the public and other stakeholders. This may occur after the EA, but must be consistent with the information presented in the EIS. Pertinent legislation, regulations, industry standards, documents and legislative guides shall be used when developing EMPs."* The EIS Guidelines do not require that the plans referenced by the Reviewer be finalized in advance of the environmental assessment – only that Alderon describe the content of such plans together with a commitment respecting implementation. Alderon has satisfied this requirement.

It would be premature to finalize the plans identified by the Reviewer in advance of the completion of the environmental assessment process. As an important and valuable planning and decision-aiding tool, environmental assessment allows for the identification, analysis and evaluation of potential environmental issues and effects at an early stage of Project planning and design.

It is normal and typical in the environmental assessment process to identify specific mitigation procedures and associated (forthcoming) plans for their implementation, which will be developed and defined further as the environmental assessment process and Project planning and design continue to advance.

Indeed, many of the plans and programs referenced in this section of the EIS will be required to incorporate and include information (including mitigation) that comes out of the EA process, and therefore it would be premature to complete these prior to EIS submission and review.

It is anticipated that there will be multiple opportunities for Aboriginal engagement and consultation with respect to many of the plans referenced by the Reviewer. The development, review, finalization and implementation of one or more of these plans may be required by legislation or, based on past and recent environmental assessment practice, may be an eventual regulatory condition of any environmental assessment release for the Project and such legislative or regulatory requirements may include the requirement of consultation. Alderon will comply with any legislative or regulatory requirements in this regard.

Alderon has also committed in EIS, Volume 1, Chapter 10 to continue its engagement and consultative efforts with Aboriginal groups and public stakeholders throughout the life of the Project and this commitment may include consultation in relation to one or more of the plans referenced by the Reviewer, consistent with Alderon's *Aboriginal Relations Policy* and associated *Aboriginal Engagement Strategy and Action Plan* (EIS Volume 1, Appendix M) and with the *Kami Project Public Consultation Plan* (EIS Volume 1, Appendix N). In addition, there may be other consultative processes implemented by government departments and agencies which will provide opportunities for consultation.

Finally, Alderon will implement a Sustainability Management Framework as a part of the overall Project management system that includes quality management systems, document control, risk management and Health, Safety and Environment (HSE) systems. The framework is made up of three main systems, the components of which are shown in Figure 1 (Appendix I).

3.1.2 Information Request No. IN 02

The Proponent is requested to revise Table E.1 showing where the requested information in S.4.3.3 of the EIS Guidelines is provided in the EIS, or to provide the missing information, as appropriate.

Alderon Response to IR No. IN 02

Section 4.3.3 of the Guidelines contains requirements related to regulatory framework and the role of government. This information is provided in Sections 1.2, 1.3 and 1.4 of the EIS, Volume 1. The corresponding row of Table E.1 is updated (Table 3.1.1) to read:

Table 3.1.1 Detailed Table of Concordance in Compliance with the EIS Guidelines (Update to EIS Table E.1, Volume 1)

Information Requirement of EIS Guidelines Section of EIS	Section of EIS, Volume 1
4.3.3 Regulatory Framework and the Role of Government	1.2, 1.3 and 1.4

Alderon recognizes and respects the regulatory framework and the role of government through all aspects of the Project. A summary of the requirements listed in Section 4.3.3 of the Guidelines and the corresponding location for information provided in the EIS is provided in Table 3.1.2.

Table 3.1.2 Summary of Requirements Listed in Section 4.3.3 of the EIS Guidelines

Information Requirement of EIS Guidelines Section 4.3	Section of EIS, Volume 1
"…the EIS should identify, for each jurisdiction, the government bodies involved in the assessment as well as the EA processes."	1.3
"…describe the process used to determine the requirement (or lack therefore) for federal and provincial EAs."	1.3, sub-section 1.3.1

Information Requirement of EIS Guidelines Section 4.3	Section of EIS, Volume 1
"…identify the environmental regulatory approvals and legislation that are applicable to the Project at the federal, provincial, and municipal levels…"	1.4
"…identify environmental government policies, resource management, planning or study initiatives pertinent to the Project and discuss their implications."	1.4, sub-section 1.4.2. The implications of each environmental policy, resource management planning or study initiative are discussed in the VEC chapters to which they apply.
"…identify policies and guidelines of potentially affected Aboriginal groups that are pertinent to the Project and discuss their implications."	1.4, sub-section 1.4.3
"…identify any relevant Land Use Plans, Land Zoning, and/or Community Plans."	1.2, sub-section 1.2.3
"…describe land tenure in the vicinity of the Project including the relationship between mineral rights and Habitat Conservation Agreements."	1.4, sub-section 1.4.4
"…identify and delineate major components of the Project and identify those being applied for and constructed within the duration of approvals under provincial and deferral legislation."	1.2
"…provide a summary of the regional, provincial and/or national objectives, standards, or guidelines that have been used by the proponent to assist in the evaluation of any predicted environmental effects."	1.4, sub-section 1.4.5

3.1.3 Information Request No. IN 03

The Proponent is requested to resubmit Table 1.3 providing the information required by the EIS Guidelines.

Alderon Response to IR No. IN 03

In compliance with the EIS Guidelines, Table 1.3 of the EIS Volume 1 provides a summary of the permits, approvals and authorizations that may be required for the Project components in Labrador. The information contained in Table 1.3 is intended to complement Sections 1.2, 1.3 and 1.4 of the EIS, Volume 1. As noted in the Response to IR No. IN 02, these sections of the EIS provide information on the regulatory framework and the role of government, as required by Section 4.3.3 of the Guidelines.

3.1.4 Information Request No. IN 04

The Proponent is requested to provide further information concerning the effectiveness of the proposed tailings management alternatives drawing on the findings in relation to key performance indicators at other mines in Western Labrador.

The Proponent is requested to undertake an analysis of the alternative means of potentially disposing tailings and waste rock inside the Rose Pit, in general accordance with the approach outlined in the EIS Guidelines.

Alderon Response to IR No. IN 04

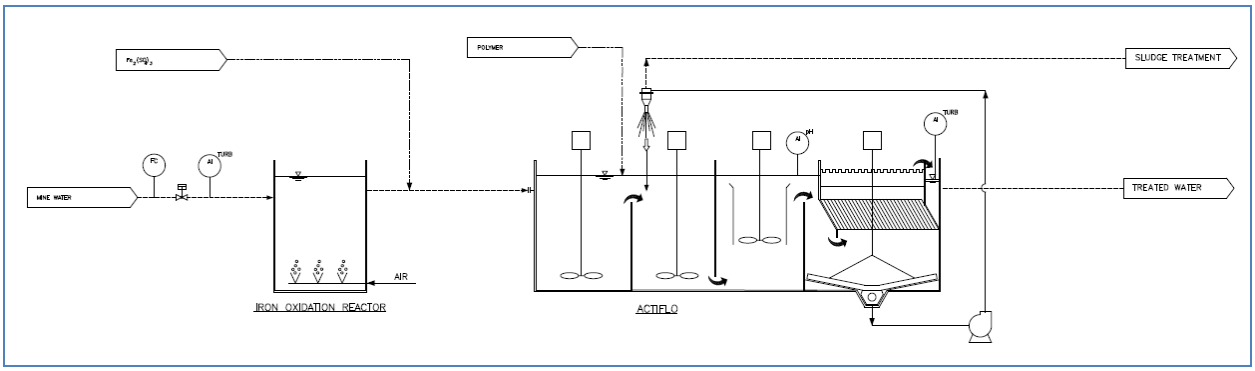
Tailings effluent discharged from the Process Plant will be pumped to the Tailings Management Facility (TMF) and will flow to retention ponds for sedimentation and treatment. Treatment of the water from the TMF is currently anticipated to be completed via mechanical treatment that involves an enhanced coagulation/settling treatment system that includes pH adjustment, feed of sand (as a ballast to improve settling and settling substrate), polymer feed, inclined plate settling chamber, ongoing removal of settled sludge and sand recovery system similar. The system uses the same mechanical treatment that is in use at a number of similar iron ore facilities.

An important part of the plant operations is based on the re-use of process water. The plant will reclaim water from the TMF as a primary source of process water supply. Depending on weather conditions and rain fall, it has been forecasted that there will be either a surplus or a deficit of water at the TMF. During the water surplus periods, excess water will need to be removed from the tailings facility to the environment. This excess water must meet regulatory quality standards and requirements before it is discharged to Long Lake. The system of treatment of excess water will be sized based on the detailed design and a detailed water balance for the site, but the initial design indicates that the system will need to treat a flow rate 760 m^3/h.

The primary water quality concern for the TMF surplus water discharge is the “red water” condition, which is an aesthetic issue in waste water associated with iron ore mining and processing effluents. The source of red water is the presence of very fine colloidal reddish iron particles (typically ranging from 1 nm to 1 micron) produced when iron dissolves and reacts with water and dissolved oxygen. These suspended particles are iron oxide, oxy-hydroxide and hydroxide, characterized by a red discoloration.

The water from the TMF will be treated using ballasted flocculation or “mechanical treatment”, which is a high-rate coagulation-flocculation-sedimentation process applied in the water treatment industry. A simplified process flow diagram for the mechanical treatment is shown in Figure 3.1.1. The process includes the combined use of a micro sand and a polymer coagulant to get the iron particles to connect together to form a ’floc’, which is heavier in weight and settles out of the water at an increased rate. The micro sand provides a surface area that enhances flocculation and acts as a “ballast” or “weight”. The resulting floc settles quickly, allowing for higher flow rates, short retention times and the ability to provide treatment under dramatically changing flow rates without impacting final effluent quality.

Figure 3.1.1 Simplified Process Flow Diagram



The mechanical treatment process consists of two steps, oxidation and clarification. Water oxidation is conducted in an oxidation reactor, where air is added to oxidize dissolved ferrous iron present in the water to form suspended ferric iron hydroxide particles. The water flows from the oxidation stage to a coagulation chamber, where a coagulant is added to start the micro-flocculation, and then to a maturation tank where polymeric flocculant and microsand are added to continue floc formation. In the maturation tank, a turbo-mixer creates ideal conditions for the suspended iron particles to combine with the microsand. From the maturation tank, the fully formed iron sediments enter a settling tank equipped with a lamella clarifier, which provides the rapid and effective removal of the microsand / sludge floc. The clarified water exits the system via a series of collection troughs or weirs. The clarified water is monitored for turbidity to provide real-time monitoring of red water conditions and allow adjustments to the process to be completed if the turbidity increases above target discharge set points.

The sand and iron sludge mixture settles to the bottom of the clarifier, where scrapers force the sludge into a centre cone from which it is continuously withdrawn and pumped to a hydrocyclone, where sludge and micro sand are separated by centrifugal force. After separation, the micro sand is returned to the process for re-use and the iron sludge is dewatered and disposed of within the TMF.

The proposed mechanical treatment system is not standard practice at older mines but has been used extensively on iron ore and other mines around the world. One potential vendor of this equipment is Veolia Water, which has installed over 800 Actiflo treatment plants globally, including many in Canada. A selected list of Veolia's Mining Experience in Canada is provided in Table 3.1.3. For reference, the preliminary expected capacity for the Kami mechanical water treatment system is 760 m^3/h, or approximately 18,000 m^3/d.

Table 3.1.3 Selected Mining Experience in Canada

Mine Operator	Location	Capacity (m^3/d)
Niobec Mine	St-Honoré-de-Chicoutimi, QC	14,400
Meadowbank Mining	Meadowbank, NU	50,000
GoldCorp	Red Lake, ON	6,000
GoldCorp II	Red Lake, ON	30,000
Williams Operating Corporation	Marathon, ON	2,000
Trevali Mining Corporation	Bathurst, NB	1,000

The geometry of the pit generally precludes considering the option of disposing tailings or waste rock in the pit during the operating life of the pit. The walls of the pit are generally designed at 50 degrees, including the presence of ramps, safety berms, etc. The natural angle of waste rock 'as disposed' would be approximately 35 degrees, or 2 to 5 degrees for tailings. This means that as the pit gets deeper and ore is being accessed at the bottom, waste could not be disposed higher in the pit or else it would cover the areas where mining was occurring. There are a couple of small areas in the pit where this is not specifically the case and later on in the mine life, there may be opportunity to place a small amount of waste rock within the pit instead of taking it to surface, but it would be risky to assume that this would amount to more than 5-10 percent of the total waste created. There is no opportunity to dispose of tailings in the pit. Deposit of waste materials within the open pit requires more horizontally extensive orebodies (rather than vertical as is the case with Rose North and Central) and where it might be possible to completely mine out one area of the pit before proceeding to the next so that waste can be disposed in the first portion. Strip mines (typically for coal or oil-sands) use this method by first creating a small and long pit and then, once the ore has been removed at the bottom of the first pit area, the waste from the next and adjacent pit is disposed into the first. This continues onwards with multiple 'strip-like' phases being mined beside each other. However, the key is the horizontal nature of the orebody versus the natural angle of repose of the waste that is disposed into the empty pit area. The geometry of the pit and the physical characteristics of the broken material create the opportunity or lack thereof.

3.1.5 Information Request No. IN 05

For reasons that are unclear, the Proponent has only considered electricity sourced and produced by Nalcor Energy. Given the proximity of the proposed Project to the Québec border, electricity sourced from Hydro Québec should also be considered. Recent regulatory filings for the Fire Lake North Iron Ore Project located southwest of the proposed Project indicate that power for that project will be sourced from Hydro Québec using an existing 161 kV transmission line. This line is located less than 20 km from the proposed Project. There are several existing arrangements between Nalcor Energy and Hydro-Québec involving cross-border provision of electricity suggesting that such an arrangement is technically feasible. Considering the relatively high marginal costs of new power sources in Labrador (e.g., the Muskrat Falls Project), and the well-known availability of more affordable power from Hydro Québec along with the proximity of

available infrastructure, this alternative means for meeting the power requirements of the Project needs to be considered.

The Proponent is requested to include electricity from Hydro Québec in the analysis of alternative means for meeting the power requirements of the proposed Project.

Alderon Response to IR No. IN 05

The Kami mine and rail infrastructure is located entirely within the province of Newfoundland and Labrador. The electrical utility that provides electrical services to customers in the service territory is Newfoundland and Labrador Hydro (NLH), the parent company of which is Nalcor Energy. It is their responsibility to advise if they are able to provide the required power for the proposed Project and to source that power. Nalcor and by extension NLH are wholly owned by the Government of Newfoundland and Labrador and government's policy for electricity rates for industrial customers in Labrador is to ensure that rates are competitive with those of neighbouring provinces.

3.1.6 Information Request No. IN 06

The Proponent is requested to clarify whether diesel power, either Proponent-generated or purchased from Nalcor Energy, is being considered for the operations phase of the proposed Project. If so, then the Proponent is requested to undertake an assessment of this alternative means including accident risk avoidance aspects related to the increased potential for fuel spills and increased potential for and implications of a fuel-related train derailment.

Alderon Response to IR No. IN 06

Diesel power is not being considered for the operations phase of the proposed Project.

Additional clarification regarding the Project power requirements is provided as follows:

- The operations phase of the Project will see an overall demand for electrical power in the order of **100 to 120 MW**.
- Alderon requires an estimated 60 MW of power for operation of Line 1 (8 Mtpa) by Q4 2015 and a total of 102 MW for both Lines 1 & 2 (16 Mtpa) by Q4 2019. A formal request for power has been submitted to Nalcor to meet the initial 60 MW requirement.
- Nalcor has completed preliminary engineering design for a 315 kV transmission line from Churchill Falls to Wabush and related infrastructure.
- Nalcor has indicated they will supply power to the Project from a new 315 kV switching station that will be located west of Wabush Lake and north of the QNS&L rail line. The utility would then build, own and operate a 13.7 km long, 315 kV wood-pole power line from the switching station to the proposed Kami mine site main substation.
- It is the responsibility of Nalcor to advise if they are able to provide the required power for the proposed Project. Nalcor has indicated that they will be able to supply power

within the requested timeframes upon successful completion of identified milestones including regulatory approvals.

3.1.7 Information Request No. IN 07

The Proponent is requested to undertake an assessment of lengthening the mine life as required by the EIS Guidelines. This assessment should adhere to the requirements of the Guidelines with respect to the assessment of alternative means, and a comparison of the alternatives means, including a reassessment of the findings of S.2.7.2 with respect to the operations workforce over a longer mine life under a single processing line scenario.

The Proponent is requested to clarify the meaning of the statement in S.3 with respect to the provision of economic benefits for “the next thirty years”.

Alderon Response to IR No. IN 07

The EIS assesses the use of two processing lines with a resultant 17-year mine life. Lengthening the mine life by not proceeding with a second processing line would result in effects of lower magnitude (for example, lower levels of equipment air emissions and lower processing line and mining labour requirements) over a longer, approximately 30-year, period. As such, the EIS presents the “worst case” scenario.

For example, under the extended mine life scenario, the total Project operations labour force would remain at the lower level required for a single line, and this level would be maintained for approximately 30 years (as compared to the actual 17 year life-of-mine). The average direct, indirect and induced employment levels for a single line operation, and the associated demands for community services and infrastructure in western Labrador and Fermont, would be reduced from those resulting from a shorter-life project. With fewer additional residents there would be less (but longer-term) additional demand for housing and accommodations, as well as transportation, municipal, health, training, education, employment, social, safety, security, recreation, industrial and commercial services and infrastructure and municipal administration.

The longer Project duration would also result in lower but longer-term economic benefits and government revenues. There would also be greater employment stability and opportunities for advancement when working on a single project, and the extended Project life would further justify investments by local goods and services suppliers, enhancing local business capture rates.

Accordingly, the residual adverse effect of the Project under an extended mine life scenario would be of lower magnitude as compared to that assessed in the EIS and remain not significant.

The operational life of the Project is approximately 17 years; the reference to the Project providing significant employment and business opportunities for the next 30 years on page 3-1 of Volume 1 of the EIS, is referring to a scenario where additional reserves are proven over the life of the mine, thereby extending it. The scope of the Project at this time can only be defined

for the known proven reserves, and therefore a 17-year operational phase was assessed in the EIS.

3.1.8 Information Request No. IN 08

The Proponent is requested to expand the list of situations considered in the analysis of accidents and malfunctions to include the following:

- Diesel fuel release from fuel storage tanks or dispensing areas;
- Diesel fuel release during truck or rail transport;
- Transportation accident (non-fuel shipment);
- Open pit stability;
- Explosives accident;
- Tailings pipeline failure;
- Tailings dam failure;
- Polishing pond inefficiencies; and
- Project-related fires.

The Proponent is also requested to address the requirements of the EIS Guidelines concerning the nature and scope of a coordinated response to a major accident or malfunction in relation to the proposed Project.

Alderon Response to IR No. IN 08

While there are a number of accidental events and malfunctions that could occur during the construction and operation of a project of this nature, the overall approach to the assessment of accidental events was to assess and predict potential environmental effects from reasonable worst case scenarios, with the understanding that other events could occur but, in terms of environmental effects, would be of lower magnitude. To provide for comprehensive treatment of these and other potential scenarios, the Emergency Response and Spill Response Plan to be developed by Alderon will be developed in such a manner that procedures will be applicable to all identified accidental events. A list of the emergency / spill responses to various accident scenarios is provided in Table 3.1.4.

Table 3.1.4 Emergency / Spill Responses to Various Accident Scenarios

Accidental Scenario	Response
Diesel Fuel Release from Fuel Storage Tanks or Dispensing Areas	Diesel fuel release from AST storage tanks was considered to be a risk with respect to Water Resources and an assessment of this accidental event was included in Section 16.8, Volume 1 of the EIS, under the heading of "AST Fuel Tank Failure". It was concluded that effects on groundwater resources and indirectly on surface water resources could be significant depending on the volume of material spilled. In the event of a major (> 1,000 m^3) fuel oil release, remedial efforts to address the effects of the spill will be implemented. Relevant federal and provincial regulatory guidance regarding AST design and fueling and fuel transfer facility planning will be incorporated into the detailed design process to ensure that the design of fuel transfer facilities mitigates and reduces the probability of accidents and malfunctions. Refer also to Alderon Response to IR No. EC 24 for identification and discussion of preferential oil spill flow paths from the fuel storage tanks and Alderon Response to IR No. EC 22 for a more detailed discussion of relevant federal and provincial regulatory guidance regarding AST design and fueling and fuel transfer facility planning.
Diesel Fuel Release During Truck or Rail Transport	Diesel fuel release during train transport was considered to represent the worst case scenario (versus diesel fuel release during truck transport), as the volume of fuel potentially released would be substantially greater. For this reason, train derailment was assessed for all VECs. The Emergency Response and Spill Response Plan will be prepared so that measures will apply to all potential fuel release scenarios.
Transportation Accident (non-fuel shipment)	With respect to transportation accidents that are non-fuel shipment related, the assessment of train derailment for the various VECs also considers the loss of ore concentrate. No other hazardous materials, other than fuel, are anticipated to be shipped into the site in bulk. Road accidents would involve smaller quantities of product and are therefore not considered to represent worst case scenarios with respect to potential environmental effects, although as noted above, the Emergency Response and Spill Response Plan will also address these events.
Open Pit Stability	As described in Section 7.4.1 of Volume 1 of the EIS, in Newfoundland and Labrador, guidance for the safe design and operation of open pit mine slopes are provided in the *Occupational Health and Safety Regulations (2007)*. Further codes and regulations have been developed in other provinces / territories within Canada, as well as other government bodies worldwide. These include: • Province of British Columbia – general criteria for open pit slopes; • United States Mine Safety and Health Administration (MSHA); • SNiP Codes of Russia; • Western Australia Department of Mines and Energy. While the Project is not governed by these other jurisdictions, their guidelines, codes and regulations will be referenced as best practices and considered and incorporated into the design, development and operation of the Rose Pit area, where applicable. Open pit mine slopes are generally designed on the basis of Factor of Safety, which represents the ratio of resisting (stabilizing) forces to those of driving (failure) forces. The ultimate slopes of the Rose Pit area will be designed in accordance with these guidelines and will be based on the anticipated geological and structural condition and behaviour of the pit wall material, determined by review, geotechnical investigations, and stability analysis. Slope stability is a critical aspect of occupational health and safety in relation to mine operation and is being given priority in mine design. In the unlikely event that a slope was to fail, effects on worker safety and mine operation would be possible. In a worst case scenario, mortality and/or temporary shut-down of the mine could result. Please

Accidental Scenario	Response
	refer to the Alderon responses to IR No. IN 22 and IN 25 for additional detail on socio-economic-related effects of such an event. With the exception of short-term, localized dust issues, effects on the biophysical environment beyond the footprint of the open pit would be negligible and therefore, no further environmental assessment was deemed necessary.
Explosives Accident	The potential for an explosives accident would be limited to a malfunction or accident in relation to a planned blasting activity. As described in Section 2.6.2 of Volume 1 of the EIS, a licensed explosives supplier will supply materials from a local, off-site manufacturing and storage area. The contractor will build, own and operate an explosives magazine (a trailer structure) at the Project site, which will store accessories such as detonators and boosters in separate areas of the magazine. No bulk explosives will be stored on site. The contractor will transport explosives materials by truck to the mine site, where fuel will be added from the mine fuel station and mixed prior to delivery directly to the blast holes. A malfunction during a planned blast (i.e., the blast detonating at an unscheduled time or location) could result in a health and safety issue and, depending on time of year, there could be localized effects to the terrain, waterbodies and wildlife in the vicinity. Any effects would likely be limited to the Project footprint or to the 1 km safety perimeter zone around the open pit. Effects due to an explosives accident would be addressed following procedures outlined in the Project's Environmental Protection Plan (EPP), Emergency Response Plan and Blasting Plan.
Tailings Pipeline Failure	The tailings pipeline will be insulated and heat trace cables will be installed to prevent freezing. In addition, it is being designed to incorporate automatic shut-down in the event of a break. As a result, any unplanned discharge of tailings is unlikely, with minimal associated volume.
Tailings Dam Failure	With respect to a dyke breach at the TMF, as stated in Section 4.5.1 of the EIS, Volume 1, the dykes located at the TMF will be designed to standards of the Canadian Dam Association Dam Safety Guidelines and will first require a hazard consequence assessment process. Further information on these guidelines and processes is included in Alderon's Response to IR No. EC 21. Due to design features of the TMF, in the event of a tailings dam breach, tailings impoundment water would have to migrate through the tailings beach (i.e., the deposited fines in the tailings) to the breach, and in the process, peak flows would be slowed down by migration through the fines, thus lowering the consequence levels. Water sampling would be carried out during an emergency discharge to measure the TSS concentration entering downstream waterbodies.
Polishing Pond Inefficiencies	The polishing pond will be designed to treat "red water" associated with the Project. Inefficiencies in the polishing pond could result in releases that do not meet the established guidelines and standards. As described in Section 2.6.2 of Volume 1 of the EIS (Subsection "Tailings Management and Effluent Treatment Infrastructure"), a systematic performance monitoring program will be implemented during operations to ensure the physical integrity of the dams and ancillary structures at the TMF. This will include environmental monitoring together with regular visual inspections of the entire facilities and monitoring of piezometric levels within the containment dams. An Operation, Maintenance, and Surveillance (OMS) Manual for the facility will be prepared in general accordance with the "Developing and Operation, Maintenance, and Surveillance Manual for Tailings and Water Management Facilities" guidelines developed by the Mining Association of Canada. The goal of the OMS Manual will be to provide guidance to the operators of the TMF under both normal and special operating conditions, and it will define and describe the following: • Key components of the facility;

Accidental Scenario	Response
	• Roles and responsibilities of personnel assigned to the facility; • Procedures required to operate, monitor the performance of, and maintain the facility to ensure that it functions in accordance with its design, meets regulatory and corporate policy obligations, and links to emergency planning and response; • Procedures and processes for managing change; and • Requirements for the analysis and documentation of facility performance. Development of the OMS Manual will occur during the detailed design and construction stage of the Project and it will be re-visited and updated on a regular basis to account for any changes in the performance or operation of the TMF. Monitoring programs will be designed and implemented for all final discharge points for metals, pH, BOD and toxicity. An Environmental Effects Monitoring (EEM) program will be designed and implemented in accordance with the federal MMER. With the OMS Manual and EEM in place, any polishing pond inefficiencies would be short-term in nature, as procedures will be in place to identify and address these inefficiencies. A polishing pond dyke breach is considered to be a worst case scenario with respect to the TMF and for this reason, this scenario was carried through Volume 1 of the EIS.
Project-related Fires	As stated in Section 4.5.1 of the EIS, Volume 1, under the heading of “Forest Fire”, although unlikely, Project activities involving the use of heat or flame could result in a fire. The assessment of forest fires as included in the EIS, Volume 1 is considered a worst case scenario from an environmental assessment perspective as it assumes the fire spreads beyond the Project footprint and affects additional and previously undisturbed habitat. The effects of a Project-related fire contained within the Project footprint would result in fewer effects than a Project-related fire that spreads to surrounding terrain and would include health and safety issues, economic burdens for the mine and air quality issues. The latter is addressed under forest fire and is considered to be a worst case scenario, as it assumes the fire spreads and possibly burns for a longer period generating more emissions. A worst case forest fire was assessed in the EIS, Volume 1, as having a potential significant residual environmental effect for: Atmospheric Environment (Section 14.7), Wetlands (Section 17.8); Birds, Other Wildlife and their Habitats, and Protected Areas (Section 19.8); Species at Risk (SAR) and Species of Conservation Concern (Section 20.8); Historic and Cultural Resources (Section 21.8); and Other Current Use of Lands and Resources (Section 23.8).

The EIS Guidelines state that given the potential for accidents and malfunctions to impact two provinces, the EIS should discuss how an accidental scenario affecting both jurisdictions would be handled (e.g., notification, response etc.). As stated in the Alderon Response to IR No. EC 20, an Emergency Response and Spill Response Plan will be developed and submitted to appropriate regulatory authorities prior to initiation of Project activities, which will detail the alerting and notification procedures. These procedures would include contact information for emergency response personnel and resources in the vicinity of the Project, including regional resources in Labrador and in Québec. Alderon will consult with local emergency response personnel in both provinces as necessary to develop notification and response procedures that facilitate a coordinated and efficient response to accidental events.

3.1.9 Information Request No. IN 09

Premature shutdown is indicated in the EIS Guidelines as an example of an unplanned event. The EIS appears to understand this to mean a permanent early shutdown of the proposed Project. However, the reviewer understands this to mean a non-permanent premature shutdown of temporary or prolonged duration. This issue is of considerable importance for mining in Labrador, as well as for Aboriginal participation in the Project, in light of the prolonged strike at the Voisey's Bay Project.

The Proponent is requested to assess the environmental effects and operational implications of a temporary (i.e. days or weeks) or prolonged (i.e. months or years) shutdown of the proposed Project in accordance with the EIS Guidelines.

Alderon Response to IR No. IN 09

The effects of any temporary or prolonged mine shutdown would vary according to the cause and duration. In the case of a closure of a few days, for example as a result of an extreme weather or weather-related event, there would be little or no project traffic, limited or no project air and other emissions, and those workers not dealing with the shut-down and its causes and consequences would remain at home. These short-duration effects would likely be shared with other businesses and the community as a whole.

In the case of a longer closure, the mine would see only management and maintenance activity; it is important to maintain the plant and equipment in a condition that would allow for convenient and low cost start up when the time comes. Traffic, emissions and employment levels during such a closure would be greatly reduced, as would requirements for goods and services. Income levels of non-management and maintenance employees would likely be reduced, for example to strike pay or Employment Insurance levels, with workers laid off in accordance with statutes and consistent with any collective agreement. This would have secondary effects on local businesses as workers and their families reduced their spending. Some workers would seek alternative employment on a temporary or permanent basis, with the latter becoming increasingly common given a prolonged closure. Other unemployed workers might use their spare time in recreational activities, albeit constrained by income reductions.

In the case of a closure lasting months or years, there would be an adverse effect on the local economy as a whole as a result of the direct and multiplier effects of reduced incomes and other project expenditures. There would also be reductions in revenues to all levels of government.

3.1.10 Information Request No. IN 10

The list of projects appears to have overlooked the ongoing construction of the Romaine River Complex, which will be under construction until at least 2020[2] and will potentially compete for labour with the proposed Project.

The proponent is requested to expand the list of projects for inclusion in the cumulative environmental effects assessment in relation to demands for skilled labour to include the Hydro Québec Romaine River Complex and potentially other projects in Labrador or eastern Québec.

[2] http://www.hydroQuébec.com/projects/romaine.html

Alderon Response to IR No. IN 10

The specific list of "other projects" to be considered in the cumulative effects assessment was prescribed in Section 4.8 of the EIS Guidelines, and included each of the ongoing and reasonably foreseeable projects and activities that were considered most likely to overlap in space and time with those of the proposed Project. The Reviewer is correct that the Romaine River Hydroelectric Complex was not specifically named or included in that list–however, neither was this or any other relevant ongoing or future project specifically excluded from consideration in the cumulative effects assessments.

Regarding the labour force issues referenced by the Reviewer, it should be noted that the cumulative effects assessment for the Economy, Employment and Business valued ecosystem component (VEC) (Section 26.7, Volume 1 of the EIS) makes general reference to projects in Québec and outlines the various reasons why the labour force and other economic effects of the Project will not likely overlap with these projects, and thus, why they are not particularly relevant to cumulative effects on this VEC. However, even if there is some degree of "labour force competition" between such projects, the unavailability of a potential project worker for one project would be because they are employed on another, and thus, this will not change the overall type and level of economic benefits that will accrue to Labrador and to the province as a whole. The overall size, skill sets and availability of labour at the local, regional and provincial level has been an important and integral consideration in the effects assessment for the Economy, Employment and Business VEC (Volume 1 of the EIS, Chapter 26).

3.1.11 Information Request No. IN 11

The Proponent is requested to provide additional information concerning the successes and challenges of rehabilitation at similar mines in the region, including the use of data and visuals where available, and what specific actions will be required in order to avoid or overcome the challenges or to otherwise achieve desirable outcomes, in relation to the following:

- Open pit mine;
- Processing facilities;
- Stockpiles;
- Tailings management facility;
- Quarries and gravel pits;
- Workforce accommodations;
- Access roads;
- Rail lines;

- Fuel storage;
- Transmission and distribution lines;
- Laydown and storage facilities;
- Potable water treatment, sewage treatment and waste management facilities;
- Water management and drainage works; and
- Explosives manufacturing and storage.

Alternatively, the above information could be addressed in the response to IR.IN#12 through provision of a draft Rehabilitation and Closure Plan.

Alderon Response to IR No. IN 11

Information on the results of rehabilitation at similar mines in the region is generally limited as there have been no mine closures in this area.

Progressive rehabilitation efforts with respect to tailings areas have been studied and implemented at Iron Ore Company of Canada (IOC) and Wabush Mines, which are each using somewhat different techniques to revegetate areas of exposed / beached tailings. Alderon intends to consult with the other mining operations in the area, including IOC and Wabush Mines, with respect to their experiences (successes and failures) regarding revegetation practices in support of conducting independent vegetation studies and trials given the specific overburden, topography, drainage, and mine design conditions for the Project. Current revegetation strategies generally combine quick-growth vegetation such as grasses to aid in surface stabilization (dust and erosion suppression) and to provide regenerative organics as a base for other vegetation (shrubs and trees). The ultimate goal is to achieve revegetation that will provide dust and erosion suppression.

Additional information on progressive rehabilitation planning is provided below for TMF and the waste rock disposal areas.

Progressive Rehabilitation of the Tailings Management Facility (TMF)

Objectives

Rehabilitation and closure will be aligned with the main objectives of the TMF design, which include:

- permanent and secure containment of all solid waste material within an engineered impoundment;
- limit the dust generation from the TMF footprint to comply with the environmental regulatory levels;
- achieve progressive reclamation of the facilities with a dry cover as per the selected TMF option to be presented.

Progressive Rehabilitation and Preliminary Closure Planning - TMF

As discussed above, a main objective of the TMF design will be to minimize dust generation. To achieve this goal, different TMF configurations are considered with respect to water cover and sequential deposition to allow progressive rehabilitation of select areas during mine operations and prior to final closure of the site. To limit dust generation, progressive closure activities will be undertaken in areas of the facility that are completed in terms of tailings deposition and no longer required for tailings management and disposal.

When an area of the TMF is closed capping materials will be applied graded to shed water and channels lined with riprap will be installed to convey storm water from the graded surface. The capping materials will be suitable for support of the revegetation of these areas and areas will be revegetated using selected vegetative species determined as part of the revegetation studies to be conducted early in the mine life.

A monitoring plan will be developed that will address potential deformations in the foundation materials, excessive settlements in the TMF embankments, seepage under the TMF, groundwater conditions at closure, and to facilitate successful re-vegetation of the capped surfaces.

Additional details and plans with respect to progressive and final closure of the TMF will be developed during the detailed design phase of the project and will be presented to regulators for approval via the permitting phase prior to mine construction and operation.

Progressive Rehabilitation of Waste Rock Disposal Areas

Objectives

The main objectives for rehabilitation and closure of the waste rock disposal areas are as follows:

- permanent and secure containment of all solid waste material within engineered waste rock disposal areas;
- limit the dust generation from the waste rock disposal area footprint to comply with the environmental regulatory levels;
- implement adequate water management to collect run-off and any seepage from the waste rock disposal areas;
- establish adequate water treatment (settling ponds) prior to release to comply with environmental regulations and to limit the effect of red water in the surrounding waterbodies;
- contain any potential Acid Rock Drainage (ARD) generation and Metal Leachate (ML); and
- achieve progressive rehabilitation of the disposal stages.

Progressive Rehabilitation and Preliminary Closure Planning – Waste Rock Disposal Areas

The closure plan will be developed to provide long term, secure and stable storage of the waste material. The closure works will be designed such that the stored materials are not transported from the facility by wind, or eroded by surface flows.

The Progressive Rehabilitation and Preliminary Closure Plan of the waste rock disposal areas will be designed on the basis of the following:

- topography;
- aesthetics (i.e., visual impact from neighboring communities);
- potential recreational use after mine closure;
- continuous containment of potential ARD and ML generation;
- assessment of potential for groundwater contamination originating from the waste rock; and
- assessment of the short and long term performance of proposed seepage controls and the impact of potential seepage to the groundwater.

The waste rock disposal areas will be developed in phases. Following foundation preparation activities, the waste material will be placed initially in the upper elevations within the designated waste rock disposal area to facilitate run off management. Once the initial waste rock disposal area phase reaches the design elevation, the surface will be capped and the perimeter slope regraded as appropriate for supporting vegetation and for long term stability. Waste placement will then proceed in an adjacent section or in a subsequent lift within the waste rock disposal area bounds. A strategy will be prepared with the mine planner to address containment of potential ARD and ML generation on a continuous basis during the life of the mine.

The waste rock will be capped with a loose layer of sand cap over the waste material including the slopes of the waste rock disposal area, overlain by overburden soils and topsoil as a cover layer to prevent wind or water erosion, and as a growth medium for the establishment of native vegetation. The overburden material will include surface soils collected and stored during site preparation work.

A monitoring plan will be developed to address potential deformations in the foundation materials, excessive settlements of the waste rock disposal area, seepage, groundwater conditions at closure, and to facilitate successful re-vegetation of the capped surfaces.

Additional details and plans with respect to progressive and final closure of the waste rock disposal areas will be developed during the detailed design phase of the project and will be presented to regulators for approval via the permitting phase prior to mine construction and operation.

3.1.12 Information Request No. IN 12

The EIS Guidelines contain numerous requirements in relation to rehabilitation and closure that have not been addressed in the EIS. In many (if not most) jurisdictions in Canada, mine proponents are required to file a draft Rehabilitation and Closure Plan either as part of or concurrently with an environmental impact statement. This does not appear to be a requirement in Newfoundland and Labrador, although we believe it would be appropriate practice on the part of the Province to require this because rehabilitation of the mine is part of the "undertaking" that is being assessed under the Province's *Environmental Protection Act*. However, without filing a draft Rehabilitation and Closure Plan, it is difficult to see how the Proponent would satisfy the requirements of the EIS Guidelines.

The Proponent is requested to either:

1) File a draft Rehabilitation and Closure Plan indicating where the Plan addresses the requirements of the EIS Guidelines related to rehabilitation and closure; and
2) Provide a detailed table of concordance in relation to the rehabilitation and closure requirements of the EIS Guidelines indicating where in the EIS the information is provided and supplementing this info.

Alderon Response to IR No. IN 12

The Rehabilitation and Closure Plan will satisfy the requirements under the *Mining Act* and associated guidelines in Newfoundland and Labrador. The Rehabilitation and Closure Plan will be based on the early stages of engineering and will be further advanced through the detailed design stage, prior to submission to Newfoundland and Labrador Departments of Natural Resources and Environment and Conservation (NLDOEC) as a component of the required submissions to obtain construction and operational approvals for the Project. Beyond the rehabilitation and closure objectives and goals set prior to Project construction as part of the planning and permitting stage of the Project, a process of updating the Rehabilitation and Closure Plan is required in order to address any changes in the design and construction of the Project, expansions or other changes during the operational stage of the Project, environmental monitoring over the construction and operational stages of the Project, and to address changes in closure 'best practices' and technology and changing regulations.

3.1.13 Information Request No. IN 13

The Proponent is requested to provide further information concerning how its proposed objectives will ensure that the Rehabilitation and Closure Plan will result in return of the site to conditions suitable for Innu to carry out traditional harvesting activities.

Alderon Response to IR No. IN 13

Alderon's Rehabilitation and Closure Plan will outline the measures required to return the site to an area that can be safely accessed and which will support flora and fauna species native to the area pre-mining operation. The Rehabilitation and Closure Plan is based on the early stages of

engineering and will be further advanced through the detailed design stage, prior to submission to Newfoundland and Labrador Department of Natural Resources and Department of Environment and Conservation as a component of the required submissions to obtain construction and operational approvals for the Project. Beyond the rehabilitation and closure objectives and goals set prior to Project construction as part of the planning and permitting stage of the Project, a process of updating the Rehabilitation and Closure Plan is required in order to address any changes in the design and construction of the Project, expansions or other changes during the operational stage of the Project, environmental monitoring over the construction and operational stages of the Project, and to address changes in closure 'best practices' and technology and changing regulations. The Rehabilitation and Closure Plan will satisfy the requirements under the *Mining Act* and associated guidelines in Newfoundland and Labrador.

3.1.14 Information Request No. IN 14

In the event that a draft Rehabilitation and Closure Plan is not filed in response to IR.IN#13, the Proponent is requested to provide additional information concerning the expected timeframes for rehabilitation to meet the objectives of the Rehabilitation and Closure Plan (identified in S.2.6.4 or as subsequently revised) and expected site conditions following closure in relation to the following:

- Land use:
  - Use for traditional purposes by Aboriginal peoples;
  - Non-Aboriginal land use;
  - Site topography;
  - Rose Pit;
  - Access roads and rail lines;
  - Areas cleared for infrastructure; and
  - Stockpiles.
- Local surface waters and receiving waters.
- Local groundwater.
- Terrestrial plant and wildlife communities.
- Aquatic plant and animal communities.

The Proponent is requested to provide further evidence from closure activities at other iron ore mines or other mines (e.g., diamond or metal mines) in similar conditions concerning the timeframes required (for closed projects) or anticipated to be required (for operating projects) to re-establish the diverse biological communities necessary to achieving the objectives of the Rehabilitation and Closure Plan.

Alderon Response to IR No. IN 14

Within the regulatory framework within the Province of Newfoundland and Labrador, a proponent is required to provide a Rehabilitation and Closure Plan that demonstrates the measures and costs associated with progressive and final closure of a mine site are understood. The requirements for closure planning address the physical and chemical stability of the site upon closure and a period of post-closure monitoring to assess and enhance employed measures. Other regulations and requirements respecting water quality monitoring and EEM will be incorporated into Alderon's Rehabilitation and Closure Plan, as these requirements are developed through permitting and consultation with the appropriate regulatory agencies. Similarly, the anticipated period of post-closure monitoring will be addressed and updated as required through further study, updates to the Rehabilitation and Closure Plan activities, operational experience, environmental monitoring during operations, and as the results of progressive rehabilitation work are known.

Given the fact that Alderon will be monitoring the success of progressive reclamation efforts and final reclamation upon closure, and will manage adaptively, it is expected that vegetation communities will be re-established within 10 to 20 years of closure. Alderon will consult with appropriate regulators throughout the reclamation activities.

3.1.15 Information Request No. IN 15

The federal Crown is requested to clarify whether its preliminary assessment, contained in its letter of November 21, 2011 to Innu Nation, was provided to the Proponent to assist it in undertaking the environmental assessment.

The Provincial Crown is requested to provide Innu Nation with its preliminary assessment of the nature and scope of the Innu Aboriginal and Treaty Rights potentially impacted by action by the Provincial Crown.

Alderon Response to IR No. IN 15

Alderon has developed an *Aboriginal Relations Policy* and associated *Aboriginal Engagement Strategy and Action Plan*, which has informed its engagement efforts with Aboriginal groups whose asserted interests may be affected by the Project (see EIS, Volume 1, Appendix M). Based on the Policy and associated Strategy, Alderon has engaged directly with five Aboriginal groups that have asserted claims to Aboriginal rights and title in the Project Development Area (PDA).

Alderon's engagement efforts with each of the five Aboriginal groups commenced prior to Project registration and has consisted of the provision of all Project-related information, meetings and offers to meet with Aboriginal leadership and the community, and offers to enter into formal agreements, including traditional land and resource use studies and benefits agreements. A comprehensive table detailing Alderon's engagement activities with each Aboriginal group is included in (see Chapter 2 and Chapter 10 in Volumes 1 and 2 of this Amendment to the EIS).

The purpose of Alderon's engagement efforts has been to provide each Aboriginal group with sufficient information in relation to the Project in order to enable those groups to identify and provide to Alderon information respecting Aboriginal interests and concerns. Where information has been made available by an Aboriginal group, it has incorporated into the EIS and used by Alderon to augment its understanding of the potential effects of the Project upon those interests and to develop measures to address any adverse effects. A principal component of Alderon's engagement efforts in this regard has been the offer, supported by funding, to each of the five Aboriginal groups to collect information related to both the historic and current use of land and resources for traditional purposes and to traditional knowledge. Only NunatuKavut Community Council (NCC) took up this offer and the results of the land and resource use study have been incorporated in the EIS (see EIS Volume 1, Appendix L).

In addition, Alderon has made repeated efforts to meet with the leadership of each of the five Aboriginal groups and community residents to discuss the Project and its potential effects upon asserted Aboriginal interests and has further offered to hold technical briefings in each community to discuss specific findings in the EIS. Each group has been invited to provide information respecting its rights and interests in the PDA. These efforts have been largely unsuccessful. As a consequence, Alderon has canvassed all publicly available information, including information provided in the environmental assessment of other projects in the region and information generated by Aboriginal groups in the context of land claims and court actions, to identify potential Project effects upon Aboriginal harvesting and other land and resource use activities and upon historic resources. Alderon also engaged two experts to report upon both the historic and contemporary usage of northeastern Québec and western Labrador by the Naskapi and Innu of both Labrador and Québec. The conclusions of these experts, contained in the EIS (Volume 1, Appendix Z), is that the area in question was, historically, one of common but secondary and intermittent usage by a variety of Aboriginal groups and that for at least the past 60 years, there has been little if any contemporary usage of land and resources by either the Québec or Labrador Innu (including the Naskapi) in or around the PDA.

Alderon has reviewed historic evidence of traditional land and resource usage in order to enhance its understanding of the potential effects of the Project upon the current use of land and resources by Aboriginal groups and has concluded that the Project will not have significant adverse effects upon such activities. However, Alderon has invited each Aboriginal group to identify the potential effects of the Project upon the current use of land and resources and, should an Aboriginal group provide evidence of adverse effects upon land and resource usage, Alderon will discuss appropriate mitigation and avoidance measures.

3.1.16 Information Request No. IN 16

In addition to its preliminary assessments (see IR.IN#15), the federal and provincial Crowns are requested to provide appropriate direction to the Proponent concerning the historical context that has shaped the Innu exercise of their Aboriginal rights in order that the Proponent can undertake the assessment on Innu rights required by the EIS Guidelines.

Alderon Response to IR No. IN 16

With respect to impacts of the Project on asserted Innu Aboriginal rights, Alderon has fully assessed the effects of the Project upon the contemporary exercise of asserted Aboriginal rights and the current use of land and resources for traditional purposes by Aboriginal persons. (EIS, Volume 1, Chapter 22). In order to facilitate its understanding of the potential effects of the Project upon the current use of lands and resources for traditional purposes by each Aboriginal group, Alderon has developed an *Aboriginal Relations Policy* and associated *Aboriginal Engagement Strategy and Action Plan* (see EIS Volume 1, Appendix M). The *Strategy and Action Plan* have guided Alderon's engagement efforts with Aboriginal groups whose asserted interests may be affected by the Project. Based on the *Policy* and associated *Strategy*, Alderon has engaged directly with five Aboriginal groups, including the Innu of Labrador and Québec, which have asserted claims to Aboriginal rights and title in the PDA.

Based on its engagement efforts with the various Aboriginal groups and organizations, as well as its review of all relevant publicly available information, Alderon has concluded that the area in question was, historically, one of common but secondary and intermittent usage by a variety of Aboriginal groups and that for at least the past 60 years, there has been little if any contemporary usage of land and resources by either the Québec or Labrador Innu (including the Naskapi) in or around the PDA due to mineral exploration, mining and associated activities which have been ongoing in the region since the 1950s.

Alderon has reviewed historic evidence of traditional land and resource usage in order to enhance its understanding of the potential impacts of the Project upon the current use of land and resources by Aboriginal groups and has concluded that the Project will not have significant adverse effects upon such activities. In Alderon's view, the level of information and assessment that was presented in the EIS was appropriate for an environmental assessment, which is intended to assess the likely impacts of a proposed project on the contemporary exercise of Aboriginal rights. If a particular group historically used the PDA but no longer does, the Project will have no impact on that group's exercise of rights. Alderon has invited each Aboriginal group to identify the potential effects of the Project upon the current use of land and resources and, should an Aboriginal group provide evidence of adverse effects upon land and resource usage in the PDA, Alderon will discuss appropriate mitigation and avoidance measures.

The EIS (and in particular, Chapter 22, EIS, Volume 1) assesses the potential environmental effects of the Project on the Current Use of Land and Resources for Traditional Purposes by Aboriginal Persons VEC, as specified in the EIS Guidelines and pursuant to the requirements of the provincial and federal environmental assessment legislation. This includes the CEAA definition of "environmental effect", which includes: *"(a) any change that the project may cause in the environment, ….[and] (b) any effect of any change referred to in paragraph (a) on … (iii) the current use of lands and resources for traditional purposes by Aboriginal persons...*".

As reflected in the title of this VEC (and as prescribed in the above cited CEAA requirements), the associated environmental effects assessment focuses upon the current (existing) use of land and resources by Aboriginal persons for traditional purposes, and the potential nature and

degree of any changes to these activities that may occur (either directly or indirectly) as a result of the Project. This is in keeping with standard approaches and practice in environmental assessment, in which changes to the existing (baseline) environment are assessed, evaluated, and where possible and appropriate, mitigated.

Notwithstanding this required (and appropriate) focus on the ***current*** use of land and resources for traditional purposes by Aboriginal persons, the fact that the environmental setting for the Project - including the nature and distribution of Aboriginal land and resource activities – has changed and evolved over time is well recognized and reflected in the description of the existing environment for each VEC, including this one.

The Existing Environment section of EIS Chapter 22, Volume 1 (Current Use of Land and Resources for Traditional Purposes by Aboriginal Persons VEC) begins with an "historical overview" of Aboriginal land use and occupancy in the Labrador-Québec region, which recognizes and discusses the various changes that have occurred for Aboriginal people and their activities due to community and industrial development in the region. Further details on historic land and resource uses are provided in the Aboriginal land use reports provided as Appendix L and Appendix Z to the EIS, Volume 1.

With particular reference to the Labrador Innu, for example, Section 22.5.2 of the EIS, Volume 1, describes the evolution and dynamic nature of Innu land use and harvesting activities in Labrador and the influence of various factors (including past development) on them, based on existing information that was available to Alderon during the completion of the EIS.

In addition to these temporal considerations, Alderon also maintains that the EIS (including the environmental effects assessment for this VEC), has also taken an appropriate regional perspective, with potential Project-specific and cumulative effects being assessed and evaluated from three spatial perspectives (summarized below for this VEC):

- The PDA is the area represented by the physical Project footprint and areas of physical disturbance;
- The Local Study Area (LSA) is the larger area that encompasses all planned Project components and activities and the potential "zones of influence" of any Project-related disturbances; and
- The Regional Study Area (RSA) is the overall geographic extent of traditional land and resource use activities by the various Aboriginal groups considered in this assessment, which has been defined to fully encompass the overall known distribution of these activities by all of the groups under consideration.

Given that the RSA encompasses the known geographic extent of Aboriginal land and resource use activities (again, based on the information available to Alderon), and because the cumulative effects assessment has considered all projects whose effects on this VEC may overlap in space and time with those of the Project within the RSA, the assessment has therefore provided an appropriate analysis of these issues, and has resulted in the conclusion that:

> *The proposed Project is not likely to interact with or affect (and especially, to have significant adverse effects on) the Current Use of Land and Resources for Traditional Purposes by Aboriginal Persons, and will therefore contribute little (if at all) to any cumulative effects on this VEC within the RSA. Although various other existing and proposed projects and activities in the region may to varying degrees, have implications for such activities by Aboriginal people, the total area covered and affected by these projects is still relatively small given the overall size of the RSA and the overall (and core) areas used by each group. This in combination with the mitigation measures being proposed by Alderon and those being implemented by other proponents (including consultation initiatives and in some cases benefits agreements) will therefore mean that the Project will not likely result in significant adverse cumulative effects in combination with other projects and activities that have been or will be carried out.*

With regard to the Reviewer's questions and suggestions about "*assessing the implications of ... the proposed Project on Innu Aboriginal rights*", the EIS does not seek to assess the strength of any particular rights claim or how the proposed Project will affect Aboriginal rights per se. Alderon's assessment focused on the historic basis for each asserted right, how the asserted Aboriginal rights in the vicinity of the Project are currently being exercised and how the proposed project is likely to affect those current activities. The EIS assessed and evaluated the nature and degree of change to any Current Use of Land and Resources for Traditional Purposes by Aboriginal Persons VEC (whether this entails an Aboriginal right or not), in keeping with environmental assessment legislation and process. In doing so, the Proponent is also (notwithstanding the Reviewer's views) required by legislation to evaluate the "significance" of any such effects.

Alderon has made significant efforts to engage all potentially affected Aboriginal groups in order to identify any and all adverse effects upon Aboriginal interests, whether significant or not. Alderon has committed in the EIS Volume 1 (Chapter 10) to continuing such efforts throughout the life of the Project.

3.1.17 Information Request No. IN 17

Pursuant to IR.IN#15 and IR.IN#16, upon receipt of direction from the Crown, the Proponent is requested to prepare a revised list of potential impact pathways for use in the environmental assessment, and to undertake a revised assessment of the relationship between valued ecosystem components and Innu rights pursuant to the EIS Guidelines.

Alderon Response to IR No. IN 17

The EIS (and in particular, Volume 1, Chapter 22) assesses the potential environmental effects of the Project on the Current Use of Land and Resources for Traditional Purposes by Aboriginal Persons VEC, including those undertaken by the Innu of Labrador.

The environmental effects assessment for this VEC recognizes and considers the potential for such land and resource use activities to be affected both directly (through direct disturbance)

and indirectly (as a result of any associated environmental effects on other components of the biophysical and socio-economic environments), and these potential "effects pathways" have been considered integrally within the assessment. This is reflected, for example, in the following excerpts from Chapter 22 (Volume 1) of the EIS:

> *As reflected in the title of this VEC, the associated environmental effects assessment focuses upon the current (existing) use of land and resources by Aboriginal persons for traditional purposes, and the potential changes to these activities that may occur (either directly or indirectly) as a result of the Project.*
>
> *This VEC also overlaps with other components of the natural and socioeconomic environments, including several of the VECs considered elsewhere in this assessment. Potential effects to these activities may result from, for example, changes in air quality and noise levels in an area (Chapter 14), in the availability and quality of vegetation, wildlife, water, fish resources, and/or other components of the biophysical environment (Chapters 15-20), cultural areas and resources (Chapter 21), effects on viewscapes and the remoteness and wilderness character of an area (Chapter 23), and others. These potential relationships and interactions are considered integrally within the environmental effects assessment for this VEC.*
>
> *Land and resource use activities may be affected by development projects both directly and indirectly. Direct effects occur where established activities are disturbed or otherwise interfered with by project-related components or activities during their construction or operations phases (e.g., reduced access to harvesting areas; avoidance or reduced use of areas due to project-related disturbances such as increased human presence, noise, dust; increased competition for land and resources with other local residents, etc.). Indirect effects to such activities can also occur when projects adversely affect vegetation, fish or wildlife, where such biophysical effects reduce the availability and/or quality of such resources and thus, their use and enjoyment for traditional purposes. In both cases, these direct and/or indirect effects may translate into a decrease in the overall quality and cultural value of these traditional activities by Aboriginal persons and communities.*

Elsewhere in the EIS, Volume 1, the environmental effects assessments for the other various biophysical (Chapters 14 to 20) and socio-economic (Chapters 21 to 26) VECs provide a detailed analysis of the potential effects of the Project on these environmental components. This includes identifying and defining the likely spatial and temporal extents of these effects, most of which have been determined to be relatively limited in distribution (and for the most part, restricted to the PDA and/or immediately adjacent area, encompassed by the LSA).

Again, the existing and available information does not indicate that the Labrador Innu currently undertake land and resource use activities within the PDA or even within the larger LSA. Therefore, even with the potential for such indirect effects / effect pathways, a lack of current Innu land and resource use within the likely zone of influence of the Project and its

environmental effects leads to the conclusion that there will be no Project-related effects (either direct or indirect) on such activities.

The EIS focuses on assessing and evaluating the nature and degree of change to any Current Use of Land and Resources for Traditional Purposes by Aboriginal Persons VEC (whether this entails an Aboriginal right or not), in keeping with environmental assessment legislation and process. The purpose of the EIS is not to assess the strength of any particular rights claim or how the proposed Project will affect Aboriginal rights themselves.

3.1.18 Information Request No. IN 18

The Proponent is requested to assess the capability of the lands in the Project area to support woodland caribou, and to determine the area of caribou habitat removed from the inventory of lands capable of supporting caribou within the regional study area.

Alderon Response to IR No. IN 18

As part of the Ecological Land Classification (ELC) and wildlife habitat study, habitat capability and suitability ratings for ELC habitat types were assessed for caribou within and in the vicinity of the RSA. Using this information, an ELC habitat classification estimated the amount (km^2) of existing potential primary, secondary and tertiary caribou habitat within the RSA. The habitat potential for caribou was assessed and ranked based research, field work, and available data.

There were no areas of primary caribou habitat identified in the Project ELC. It was estimated that 242 km^2 of potential secondary habitat and 497 km^2 of potential tertiary caribou habitat exists within the RSA. The total area of potential secondary and tertiary caribou habitat that could be lost in the PDA was estimated as 23 km^2.

Regardless of the quality of habitat within the RSA for caribou, as determined by the ELC habitat types, it is unlikely that the Project will have an impact on the capability of the lands within the vicinity of the Project to support caribou. Animals from the migratory George River Caribou Herd (GRCH) typically range north and northeast of the Project (Bergerud et al. 2008). Animals from the sedentary Lac Joseph Herd generally occupy an area south of the Smallwood Reservoir south to 51°N and between 66° and 62°W, which lies to the east of the Project (Bergerud et al. 2008). Caribou were not observed in the vicinity of the Project during ground-based or aerial surveys and interviews with local area residents and stakeholders indicate that caribou are not using the area.

In considering the potential effects of the Project within the context of the RSA, the Project area is located within the existing industrial area of western Labrador that includes several existing mining developments within the municipalities of Labrador City and Wabush, Labrador and Fermont, Québec. Woodland caribou have been found to avoid human developments, with the level of avoidance related to the amount of human activity in the area (Dyer 1999). Due to their highly mobile nature, caribou require large tracts of undisturbed land without human developments that may act as barriers to movement (Curatolo and Murphy 1986; Dyer 1999).

Given the existing developments in the surrounding area, it is unlikely that lands within the vicinity of the Project would support caribou in the future.

3.1.19 Information Request No. IN 19

The Proponent is requested to provide clarification as to its claim in the EIS that there are no historic or cultural resources in the RSA used for the historic and cultural assessment.

Alderon Response to IR No. IN 19

The EIS does not make this assertion in regard to the Regional Study Area (RSA). The EIS states that there are no know historic or cultural resources in the Project Development Area (PDA). Informant interviews did not lead to the identification of any known Historic and Cultural Resources within the RSA. The EIS does indicate there are known historic and cultural resources in the RSA. The EIS Volume 1, presents detailed information regarding previous historic and cultural resources research projects and assessments conducted in the region and a summary of their findings. In addition, Figure 21.4 of the EIS, Volume 1, highlights six large areas within the RSA (overlapping both western Labrador and Québec) where both Historic and Pre-contact Period archaeological sites have been identified. As stated in Section 21.2.1.1 of the EIS, Volume 1, "*…potential environmental effects [on HCR] nevertheless includes assessment within a Regional Study Area (RSA), which takes into account the overall cultural history of the region in which the PDA is located, and how any Archaeological and Cultural Resources that may be affected by the Project relate to this larger regional context…Review of data pertaining to the RSA enables prediction of the nature and extent of Archaeological and Cultural Resources that may be present within the PDA. Moreover, findings from the RSA provide a background and context within which the potential of the PDA as a whole for Archaeological and Cultural Resources may be assessed.*"

3.1.20 Information Request No. IN 20

The Proponent is request to provide further details concerning measures that will be taken to prevent damage to historic and cultural resources prior to commencing excavation or other subsurface activities in regions within the Project Development Area that are known to have high potential for historic and cultural resources.

Alderon Response to IR No. IN 20

There are no areas in the PDA that are known to have high potential for historic and cultural resources. As discussed in Section 21.6.2 of the EIS, Volume 1, no historic and cultural resources are registered or known for the PDA and none were identified during the historic and cultural resources field survey completed as part of the Project Stage 1 Historic Resources Overview Assessment (HROA). In general, the PDA has relatively low potential for historic and cultural resources. While some locations within the PDA have a higher potential than others, overall, the area does not have uniquely high potential zones.

As noted by the Reviewer, a Project-specific Environmental Protection Plan (EPP) will outline procedures to follow in the event of an unexpected discovery and measures will be taken to mitigate any adverse effects. Orientation and training programs provided to construction personnel will include briefings related to historic and cultural resources. In the event that historic and cultural resources are identified as a result of Project activities, Alderon will implement a Stage 1 HROA in accordance with provincial guidelines (Government of Newfoundland and Labrador 1992). No further activity would proceed until an appropriate approach is approved by the Provincial Archaeology Office (PAO).

In addition, the archaeological potential mapping of the LSA will be used to plan further field investigations and mitigation as Project planning progresses, consistent with provincial guidelines and in adherence to a precautionary approach. In the event any archaeological materials are identified during any phase of the Project, mitigation of sites or materials could include site avoidance and protection or Systematic Data Recovery (i.e., excavation). Systematic Data Recovery involves the scientific and systematic investigation of unavoidable archaeological sites losses using accepted data recovery techniques.

For any cultural / spiritual sites identified during any phase of the Project, site avoidance would be initiated until appropriate means and measures of documentation, interpretation and long-term conservation and stabilization are established in consultation with Aboriginal groups, other stakeholders, and the PAO.

3.1.21 Information Request No. IN 21

The proponent is requested to table a draft Project accommodation strategy, as required by the EIS Guidelines, which will address the key issues raised by interveners in relation to worker accommodations during both construction and operations, including the potential for a second processing line after year 4 of operations.

The proponent is requested, based on the accommodation strategy, to update the assessment on Community and Infrastructure and Economy, Employment and Business in relation to worker accommodations, rotations and duration.

The proponent is requested to provide further information concerning the structure and functioning of the Western Labrador Regional Task Force, including specific measures or processes that the Task Force intends to implement in order to address the cumulative effects of the proposed Project on Community Services and Infrastructure and Health and Community Health.

Alderon Response to IR No. IN 21

1. Accommodation Strategy

The Project accommodation strategy is not a requirement of the EIS Guidelines, but is rather a commitment presented by Alderon in the EIS. As described in Chapter 24 of the EIS, Volume 1, the purpose of the Project accommodation strategy is to address the effects of construction and

operations workforce demands on municipal services and infrastructure. The main principles of the Project accommodation strategy are outlined below.

In general terms, the accommodationj strategy to be adopted during operations requires that 100 percent of the employees hired for this Project become residents of the area, residing in either Labrador City or Wabush. While there may be some transition period where fly in / fly out of employees will be required, following that transition period fly in / fly out will be abandoned in favour of residency.

During the construction phase, which is anticipated to last for approximately 22 months, all contractors and their employees will be housed in a construction camp. The construction camp will most likely to be situated within the Town of Wabush, although the exact location of the camp within the town is yet to be determined and a limited number of alternatives are currently being explored. For those where it would be required, zoning amendments are currently being prepared and reviewed for submission, and it is expected that the necessary zoning amendments will be successfully concluded, allowing for commencement of the construction camp on or about April 1, 2013. Irrespective of location, the construction camp will not be the property of Alderon but rather, will be owned and operated by an arm's length, third party. Expressions of Interest are currently being reviewed from a number of groups who have an interest in building and administering the construction camp.

The camp will be sufficient to house up to 1,000 contractor employees and will include related facilities such as a dining room, recreational facilities, laundry facilities, leisure facilities and the like. The camp will be of high quality, as will be required in order to attract and retain the contractors required the numbers required to complete the construction phase of the Project on-time and on-budget. Considerable discussions have been held, both internally and externally, defining what will be required in the construction camp that will allow contractors to attract and retain the required employee base.

The camp will not be constructed, owned or operated by Alderon but will be built, owned and operated by an impartial third-party firm (or firms). Any contractor(s) engaged by Alderon to build and/or operate the camp will be required to do so to the highest standard in full compliance with all prevailing rules and regulations governing such activities, and will also abide by any commitments made by Alderon as part of any Benefits Agreement, Diversity Plan, Women's Employment Plan or Aboriginal benefits agreements.

Upon conclusion of the construction phase, a considerable portion of the construction camp will be dismantled and will no longer be used by Alderon. Alderon has adopted a position that there will be a reasonable transition period required, but on or before December 31, 2017, the local workforce will be entirely local residents. This will be accomplished through a number of initiatives and will also include hiring from amongst the local communities. By the time the goal of a 100 percent resident workforce is accomplished on or before December 31, 2017, the entire construction camp will have been dismantled and will no longer be used at site. While this is Alderon's current position, it should be stressed that agreement has not been reached on this topic with the Town of Wabush.

As part of its commitment to a 100 percent resident workforce, Alderon will work with a builder / developer to build apartment blocks sufficient to house Alderon's entire permanent workforce (anticipated to total approximately 500). Alderon will guarantee the occupancy of the units for a period to be agreed between Alderon and the developer. Alderon will also agree with the developer the rents to be charged (based on the size of the unit) and will determine on its own the rent to be charged to Alderon employees.

Alderon anticipates participating in the construction of no more than three apartment blocks, each with approximately 100 units made up of one-bedroom, two-bedroom, three-bedroom and four-bedroom units. Construction of the first of these units is expected to commence on or about January 1, 2014, with occupancy planned for September 1, 2014. The second of the units will commence construction on or about January 1, 2015, with occupancy planned for September 1, 2015, and construction of the third unit will commence on or about January 1, 2016, and occupancy is anticipated on or about September 1, 2016.

A combination of being able to recruit some employees from the local workforce and the construction / usage of these apartment blocks should allow for a 100 percent resident workforce being achieved by or before December 31, 2017, and the complete dismantling and abandonment of the construction camp.

Unlike some other company-sponsored housing programs, the Alderon program will not force employees to vacate these apartment blocks after a set period. Employees will be welcome to continue to reside in these apartment blocks as long as they wish to do so. Employees will, however, be encouraged to vacate the apartment blocks in favour of their own accommodations and financial incentives will be made available to employees, encouraging them to do so.

The exact nature of those financial incentives is not yet known, but as Alderon moves toward the December 31, 2017 deadline to achieve a completely resident workforce, industry practices will be reviewed and the best practices will be adopted to ensure Alderon's competitive position within the marketplace for employees, while allowing for some turnover of and vacancy of apartment units.

If the decision is made to increase the capacity to 16 million tpa, which would necessitate another approximately 300 employees, housing requirements would be reviewed well in advance in conjunction with any economic analysis giving rise to the decision to increase the capacity of the processing plant. If additional housing is required, (i.e., if the housing market at that time requires further expansion), Alderon would propose the construction of additional apartment units using a developer / builder and guaranteeing occupancy of those units as it did during the period of 2014 to 2016. Should Alderon elect to increase capacity to 16 million tpa, it will continue with its position of 100 percent resident employment and will meet housing requirements as they arise.

2. VEC Update

As outlined in EIS Volume 1 Section 2.6.1, the construction phase will take place over a period of approximately two years and will generate substantial employment benefits. During the

construction phase, fly in / fly out operations will be a necessity and has been the subject of discussions with the Town of Wabush and the Town of Labrador City and is being carried forward for assessment purposes. Specific worker shift lengths and duration / rotation arrangements will be better defined at a later stage of Project planning and development and will likely vary between occupations and employers (i.e., contractors). It is anticipated that most employees during construction will work 10 to 12 hours per day, six days per week, although it is also anticipated that employees will work one shift per day only. Work rotations will be finalized later, but will be competitive and reasonable and will be aimed at attracting and retaining the necessary construction workforce.

Given the number and diversity of occupations and associated skills that will be required during the construction phase, and the timelines involved, the construction workforce will comprise a mixture of western Labrador residents and non-residents. Non-residents will be housed in a construction camp to be built specifically for the construction of the Project. Workers will be bussed to and from the construction site each day from designated pick-up points. Non-resident workers will also be flown to and from the Wabush airport to their points of hire.

At outlined in EIS Section 2.6.2, specific worker shift lengths and duration / rotation arrangements will be defined at a later stage of Project planning and development and will vary somewhat between occupations. It is expected that most operations workers will work 10 to 12 hours per day and it is likely that there will be continuous operations (operating 24 hours per day).

Considering such factors as the proposed timing and duration of operations, the estimated size and composition of the required workforce, the availability of sufficient, trained candidates from which to draw and all required skill sets amongst the current population of the region, and current issues regarding housing availability and affordability and the current use and capacity of other services and infrastructure in western Labrador, this will also likely involve working with the towns to assist with the development and/or extension of residential infrastructure within both communities.

As set out at EIS Volume 1 Section 2.5.8, Alderon has recently completed Memorandums of Understanding (MOUs) with the Town of Wabush and the Town of Labrador City to address the impact of the Project on accommodations and associated infrastructure. Alderon has adopted the position that its workforce will be housed within the Towns of Wabush and/or Labrador City. Alderon's current plans regarding worker accommodations and shift rotations and durations are, therefore, still in keeping with those that were described (at a level of detail appropriate for an environmental assessment stage of Project planning) and assessed in the EIS, and there have been no revisions to or updates of those plans that would alter the results and findings of the environmental assessment with regard to potential Project effects or benefits, or which would, therefore, require that the relevant aspects of the assessment be revisited, revised or updated.

Accommodations will be quite different between the construction phase, anticipated to last for approximately 22 months, and the operations phase, which is anticipated to commence during Q4 2015. During the construction phase, it is anticipated that Alderon will have entered into

some form of Project Labour Agreement (or other similar sort of arrangement) with a number of trade unions representing a variety of trades.

As part of a Project Labour Agreement (or any other similar type arrangement), the contractors engaged either directly or indirectly by Alderon must agree to abide by the terms and conditions set out in a series of collective bargaining agreements. Each of the collective bargaining agreements will contain a variety of provisions covering a wide scope of related issues, but will also contain turnaround rules and regulations and prescribed rotations.

It will be Alderon's responsibility, in conjunction with its EPCM contractor, to negotiate a standardized agreement to ensure that all employees of all contractors working at site have a consistent set of rules, which will govern items such as turnarounds, shift schedules and rotations.

Given the competition for skilled employees, trades and otherwise, it will be imperative that any turnarounds and or rotations agreed between the parties are sufficiently attractive to attract and retain employees. It is unlikely that any employee would be required, as a matter of course, to work and be at site for any more than two weeks, which would be followed by two weeks away from site. Alderon recognizes that turnarounds, rotations, shift schedules and shift rotations are critical elements in determining Alderon's success in recruiting and retaining employees.

All subjects dealing with employees and their arrangements, both during construction and during operations, will need to be clearly defined and carefully planned and executed and will have to take into full consideration any union involvement (including a requirement to enter into collective bargaining), competitiveness and the ability to create an work environment that will allow Alderon to attract and retain employees with consideration to secondary items such as health, safety and well-being of the employees, costs and logistics.

Once Alderon moves from construction to operations, the pressure on Alderon to attract and retain employees will not diminish and the importance of having attractive rotations, turnarounds, shift schedules and shift rotations will not diminish. Rotations that were attractive during construction and that were successful in helping to attract and retain employees will likely be adopted during the initial months of the operations phase and will not likely see any employee at site for a period of greater than two weeks followed by two weeks away from site.

Although no final decisions have been made and although there was no requirement to do so, Alderon, along with the EPCM contractor, did meet with representatives of the Building Trades Council and the Resource Development Trades Council in early January 2013. At that time, it was discussed that during the construction phase, there would be no night shift and employees would work only one shift, eliminating any discussions regarding shift rotation.

With respect to turnarounds, there were a number of shifts discussed and the consensus seemed to be that either a 20+10 shift schedule (i.e., 20 days at work followed by 10 days away from work) or a 28+14 shift schedule (i.e., 28 days at work followed by 14 days away from work). While no final decision has been reached, all such shift schedules are available to the

parties. It is also recognized that in order to fill the requirement to attract and retain the necessary skills, a competitive and attractive turnaround will be required.

As the transition between a fly in / fly out operation to a 100 percent resident workforce unfolds, attention to turnarounds and rotations will continue until, when a completely resident workforce is achieved, there will no longer be any requirement to focus on turnarounds and/or rotations as employees will no longer be flying in / flying out.

The key will be to become and remain competitive in the workplace, while implementing best practices to recruit and retain the requisite numbers of employees.

3. Western Labrador Regional Task Force

Western Labrador communities have traditionally enjoyed high standards of living and good quality of life, which has certainly resulted at least in part from ongoing mining activity in the region. It has been recognized that as a result of ongoing activity and the proposed expansion of the mining sector in the region, there are concerns regarding the quality, availability and or affordability of community services and infrastructure such as housing and transportation services. These issues are not the result of any single project, but rather, the result of the overall levels of current economic activity and growth in the region. The provision and administration of community services and infrastructure is the responsibility of applicable governmental, community and private-sector organizations, and planning and preparing for future needs is the responsibility of these agencies, and is certainly beyond the ability and responsibly of any one party. This has resulted in the establishment of regional initiatives such as the Western Labrador Regional Task Force.

The Western Labrador Regional Task Force was designed to bring the public and private sectors together in an effort to identify and resolve issues faced by the communities of Wabush and Labrador City as growth, and possibly rapid growth, is experienced in the coming years. The goal of the Western Labrador Regional Task Force is to achieve its mandate in a collaborative and cooperative fashion.

The Western Labrador Regional Task Force recently concluded a fact-finding mission to Fort McMurray to determine how they dealt with rapid growth due to its proximity to major resource projects. The purpose of the trip was to determine how Fort McMurray managed their growth. By all accounts the visit was a success and all participants from the Western Labrador Regional Task Force left with ideas of how growth should be managed in Labrador City and Wabush and which pitfalls to avoid. The Western Labrador Regional Task Force recently concluded a series of meetings in St. John’s to further define its role. It was agreed that housing is the most critical issue facing the region and for that reason, it was further agreed that sound baseline information is critical. In an effort to secure that baseline information, a housing study will be completed to examine the current housing market, the anticipated housing market and also the issue of availability of existing, serviced land to build new accommodations. Although the details have not yet been finalized, it is anticipated that the cost of the study will be borne by all three levels of government, with contributions from the private sector as well.

Alderon has concluded MOUs with the Town of Wabush and the Town of Labrador City. The general purpose of the MOUs is to establish a constructive and cooperative long-term relationship over the life of the Project in order to address the potential impacts of the Project upon community infrastructure and accommodations. Each MOU has provisions for the establishment of a committee with a mandate to address issues related to the following topics: land use planning; Project employee accommodations; community infrastructure; community services; and any other matter agreed to by the Parties.

While the Western Labrador Regional Task Force will deal with many of these same issues, it will do so on a regional basis and with input from all local mining companies, and not just Alderon. The committees established by the MOUs will be much more focused and will deal exclusively with Alderon's impact on the towns' infrastructure and housing and commits the parties to work collaboratively to find creative and innovative solutions.

The MOU with the Town of Wabush was signed in mid-November and discussions with the Town of Wabush are ongoing. The MOU with the Town of Labrador City was signed in January 2013.

3.1.22 Information Request No. IN 22

The Proponent is requested to revisit the list of accident and malfunction scenarios to develop a new list of scenarios that better reflects the nature of the Community and Infrastructure Services VEC under consideration.

Alderon Response to IR No. IN 22

The EIS considered accidents and malfunctions as prescribed in Section 4.6.1 of the EIS Guidelines, with specific focus on potential accidents and malfunctions that may result from Project activities.

Other accident and malfunction scenarios suggested by the Reviewer include industrial, municipal or forest fire, storms, labour action or onsite industrial accident. An industrial, municipal or forest fire resulting in severe damage to existing worker accommodations is unlikely to be an accident or malfunction occurring as a result of Project activities. However, were such an event to occur as a result of Project construction or operations activities, alternative accommodations arrangements would be made, potentially including reduced Project activity while new housing was found or constructed. Accordingly, the residual adverse effects on the Community Services and Infrastructure VEC would not likely be significant.

Storms and labour action are usually events that can be anticipated, and hence, alternative arrangements could be made so replacement shift workers do not arrive immediately prior to an extended airport shutdown. However, were such an event to occur, Alderon would immediately review accommodations and transportation options, with the latter including using bus or rail transportation to move the replaced workers to other communities / airports. Accordingly, the residual adverse effects on Community Services and Infrastructure VEC would not likely be significant.

Alderon's technical and industrial expertise and commitment to health and safety will minimize the likelihood of an onsite industrial accident. Furthermore, on site industrial accidents are more appropriately addressed through occupational health and safety legislation. Were such an event to occur, short-term demands on local hospital and medical aid facilities could increase. However, injured workers would be transported to other hospitals, if demand exceeds capacity, and long-term demands on local facilities resulting in capacity exceedance are not likely. Accordingly, the residual adverse effects on the Community Services and Infrastructure VEC would not likely be significant.

3.1.23 Information Request No. IN 23

The Proponent is requested to undertake an assessment of the health, economic and other effects of alternative shift lengths, duration and rotation arrangements drawing on the experience at other mines in the region and in Labrador (e.g. Voisey's Bay).

Alderon Response to IR No. IN 23

There has been considerable research conducted and information available dealing with the subjects of shift length, duration and rotation and their impact on employee health and general wellbeing. Though mining is a strong economic contributor in Labrador, little information is available on the effects of mining on the health and wellbeing of the industry's workers. Shift work is a reality for more than 25 percent of working Canadians and much of the literature relates collectively to various industries (e.g. health care, transportation, hospitality, policing, emergency response, security, mining and industrial work) where shift work is the norm.

A literature review of the relevant studies dealing with shift work and employee well-being is presented in Appendix Q. The findings of these reports are being taken into consideration in determining shift rotations, lengths, durations or in discussing these topics if there is a union involved and collective bargaining of these work conditions is required.

It should be stressed, however, that such initiatives will be limited by the willingness of other operating mining companies to respond favourably to Alderon's requests for information and will further be limited by the participation of trade union(s), both during the construction phase and the operational phase. In the absence of trade unions, during both phases, Alderon will introduce shift schedules and rotations that it deems best serve the needs of the employees involved and best suits Alderon's goal of attracting and retaining a stable workforce.

During the construction phase, Alderon plans to have only one shift worked per day, although the duration of the shift has not yet been defined. Turnaround periods being considered include a 20+10 shift schedule (i.e., 20 days worked followed by 10 days away from work) or a 28+14 shift schedule (i.e., 28 days worked followed by 14 days away from work), with either of these shift schedules being prominent at other mining operations within Newfoundland and Labrador.

3.1.24 Information Request No. IN 24

The Proponent is requested to provide the information requested in the EIS Guidelines in relation to:

- G.4.4.4.3 – percentage Aboriginal workforce, by gender
- G.4.28.3 – Aboriginal business capacity baseline, including the capacity of specific Innu businesses with potential to take up opportunities in relation to the Project
- G.4.28.4 – the expected impacts on the Aboriginal labour force and Aboriginal businesses based on an actual analysis rather than an extrapolation of existing demographics
- Materials in the Diversity Plan specific to Aboriginal employment and business (or the entire Diversity Plan)

Alderon Response to IR No. IN 24

Alderon fully understands that the contribution the Project will make to the Province's economy and economic development is important to the people of Newfoundland and Labrador, and it is committed to the delivery of employment, business and other benefits to the Province as a whole, and especially to Aboriginal and other under-represented groups. The extent to which Aboriginal people are able to capitalize on employment, income and business opportunities will depend to a large measure on the success of affirmative human resources, procurement and supplier development initiatives established by Aboriginal groups, governments and Alderon. These will be variously described in a Benefits Agreement with the Government of Newfoundland and Labrador, related Benefits and Diversity (incorporating Gender Equity) Plans (as required by the EIS Guidelines, Section 4.28.4), and benefits agreements with Aboriginal groups. These agreements and plans are currently under negotiation and development, and will include provisions designed to facilitate the involvement of qualified Aboriginal workers and businesses. (It should be noted that the terms and conditions contained in any benefits agreement concluded with an Aboriginal group may be confidential.)

The potential to create economic opportunities for Aboriginal individuals and businesses will exist during all stages of the Project, from the initial land clearing to mining, concentrator and port operations. However, the extent to which Aboriginal economic benefits initiatives are successful will depend in part on the readiness, qualifications and desire of individuals and companies to participate in the Project directly or indirectly through employment and business opportunities.

Alderon will work towards delivering economic benefits to Aboriginal groups and businesses through: the employment of Aboriginal people directly and indirectly through contractors and support industries; and working with the Aboriginal business community to further develop its supply capacity. The impacts from these two measures will vary widely depending on the provisions of the above agreements and plans, Alderon's procurement policy and practices, Project engineering, and the qualifications of Aboriginal workers and businesses seeking

participation in the Project. In the latter case, will work with Aboriginal groups to enable a mutual understanding of Aboriginal business capacity and Project business opportunities.

Given these uncertainties, it is not possible to forecast the impacts on the Aboriginal labour force and businesses. However, the EIS (Section 26.6) provides estimates of the employment, income and expenditure benefits expected to be generated by the Project, reported for western Labrador, Labrador as a whole, and Newfoundland and Labrador as a whole.

The level of Aboriginal participation will be monitored in accordance with the provisions in the above-noted agreements and plans, and consistent with the EIS Guidelines requirement that Alderon commit to:

> *"provide quarterly reports during the construction phase, as well as for the duration of the operations phase, including information on the number employed (by 4-digit NOC), the number of full-time/part-time employees, the number of apprentices (by level) and journeypersons, gender, Aboriginal group, and source of the workforce. (Emphasis added; EIS Guidelines, Section 4.28.4)"*

The monitoring process will help indicate the success of benefits approaches and initiatives and provide input to reviewing and revision.

3.1.25 Information Request No. IN 25

The proponent is requested to revisit the list of accident and malfunction scenarios in order to develop a new list of scenarios that better reflects the nature of the Economy, Employment and Business VEC under consideration.

Alderon Response to IR No. IN 25

The EIS considered accidents and malfunctions as prescribed in Section 4.6.1 the EIS Guidelines, with specific focus on potential accidents and malfunctions that may result from Project activities.

Other accident and malfunction scenarios suggested by the Reviewer include onsite industrial accidents, airport shut down and/or other transportation interruption. Alderon's commitment to safety and safe work practices will minimize the likelihood of an industrial accident resulting in severe injury or death to one or more employees. Regardless, on site industrial accidents are more appropriately addressed through occupational health and safety legislation. However, were such an event to occur, experience at other industrial projects indicates that the shutdown of the facility or portions of the facility for investigation or remedial action is unlikely to be prolonged, some employees would continue to work maintaining the facility, and the others would continue to receive remuneration during short-term lay-off. Accordingly, the residual adverse effects on Economy, Employment and Business would not likely be significant.

An extended airport shutdown or other transportation interruption immediately prior to the arrival of incoming workers would also keep outgoing workers from departing, and they would be

expected to continue work in the short-term until their replacements are able to arrive. In the case of an extended transportation interruption, alternate means (e.g., road, rail or helicopter transportation) would be used to bring in workers or critical equipment. Accordingly, the residual adverse effects on Economy, Employment and Business would not likely be significant.

3.1.26 Information Request No. IN 26

The Proponent is requested to provide the information required in the EIS Guidelines in relation to the Follow-up Program for each VEC, including a consistent framework for the entire program.

Alderon Response to IR No. IN 26

The final design of the follow-up and monitoring programs will, as appropriate, be dependent on consultation with relevant government agencies, communities and stakeholders. The program will also be consistent with the terms and conditions of permits and approvals. As a result, the proposed follow-up and monitoring program must be described at this time in a more general manner so as not to pre-suppose the needs or interests of other involved parties.

A detailed follow-up program will be developed by Alderon and submitted to appropriate regulatory agencies for review prior to the initiation of relevant Project phases. The follow-up program will be developed within the SMF, and more specifically within the Environmental Management System (EMS) that is one of three components of the SMF.

The SMF is a part of the overall Project management system that includes quality management systems, document control, risk management and HSE systems. The SMF is made up of three main systems, the components of which are shown in Appendix I:

- The Sustainable Project Delivery system will provide a high level approach to sustainability management by establishing clear objectives, tracking of key Project commitments, support for engineering and procurement activities and reporting on overall sustainability performance.
- The EMS will provide detailed management of regulatory and permit requirements and includes EPPs and procedures. The EMS will include environmental monitoring and reporting on specific construction and operational activities. Environmental Management Plans will be developed in consultation with relevant regulatory agencies and stakeholder groups.
- The Social Responsibility System will manage and track the commitments made in various guidance documents and contracts (e.g., benefits agreement), as well as establish plans for effective Project communications, community liaison and complaints management.

Working closely with the HSE team, the SMF will facilitate the incorporation of sustainability principles into employee orientation, daily tailgate and safety meetings, contractor management, monitoring and incident response procedures.

Under Section 4.10.2 of the EIS Guidelines, Alderon was requested to describe the follow-up program that will be developed, specifically:

- the requirements and objectives of the follow-up program;
- a description of the main components of the program, each monitoring activity under that component, and the objectives of each monitoring activity (i.e., confirmation of mitigation, confirmation of assumptions, and verification of predicted effects);
- a schedule for the finalization and implementation of the follow-up program;
- a description of the roles and responsibilities for the program and its review process, by government, Aboriginal people and the public;
- a discussion of possible involvement of independent researchers;
- any contingency procedures / plans or other adaptive management provisions for dealing with unforeseen effects, or situations where benchmarks, regulatory standards or guidelines are exceeded; and
- a description of how results will be managed and reported.

This information is included in Section 8.3 of the EIS, Volume 1, and is reiterated below.

Requirements and Objectives

The purpose of the follow-up program is to verify the accuracy of the predictions made in the environmental assessment as well as the effectiveness of the mitigation measures. A follow-up program will be proposed in those cases where the level of confidence in an effects prediction is low due to the nature of the effect (i.e., unique or relatively unknown). This information will be used to refine and optimize mitigation measures and implement adaptive management measures associated with the Project. Upon completion, each plan within the follow-up program will have its own specific objectives.

Compliance and inspection monitoring will also be conducted, the object of which is to confirm that the Project is being operated in compliance with mitigation commitments, and that Project releases are within regulatory limits.

Main Components of the Program

The main components of the follow up program are provided in Table 8.2 of Volume 1 of the EIS.

For each main component, a detailed methodology for the sampling will be developed. This could include, for example:

- a detailed description of the sample locations, replicates, timing, frequency, quality control and quality assurance, etc;

- where applicable, a detailed description of the sample handling (e.g., collection procedure and chain-of-custody) and analysis to be conducted;
- references to accepted methods in the published literature;
- statistical considerations in the sampling design;
- statistical considerations for data analysis following collection; and
- a rationale for the choices used in the design.

Schedule for the Finalization and Implementation of the Follow-Up Program

The follow-up and monitoring program will be finalized after release from the environmental assessment process, and prior to the relevant Project phase (i.e., construction, operation and maintenance, decommissioning and reclamation, post-closure). The frequency and duration of monitoring will be determined at that time. Monitoring objectives (i.e., confirmation of mitigation and verification of predicted effects) will be established within a field-testable and statistically verifiable framework.

Roles and Responsibilities for the Program

Alderon will be responsible for managing, conducting and reporting, as it relates to the follow-up, as well as implementation of efforts to address deficiencies, as discussed below under “Adaptive Management Procedures”.

Involvement of Independent Researchers

Although not currently foreseen, if required, Alderon will retain the services of independent researchers.

Adaptive Management Procedures

The effectiveness of follow-up program will be assessed during the reporting phase. At that time, any deficiencies or limitations would be noted, and addressed as appropriate. Where a follow-up plan is found to be inadequate or inappropriate (e.g., not generating appropriate data), corrective measures will be undertaken (e.g., additional sampling undertaken, duration of the program extended), as appropriate. If follow-up plans identify that predictions associated with a VEC in the EIS were not correct, the associated adaptive management measures would be specific to that VEC.

Management and Reporting of Results

As stated in Section 8.3 of the EIS, Volume 1, results of the follow-up and monitoring program will be reported on an annual basis to the relevant government agencies, and will be shared with Aboriginal groups and the public.

3.2 Information Requests Received from Naskapi Nation of Kawawachikamach (NNK)

In December 2012, Alderon received comments on the EIS from the Naskapi Nation of Kawawachikamach (NNK). On December 21, 2012, Alderon offered to meet with NNK to discuss these comments and Alderon's proposed responses. A meeting between Alderon and NNK was originally planned for January 23, 2013. However, at NNK's request, this meeting has been rescheduled and will likely be held in mid-February.

The following section includes the 10 information requests from NNK and Alderon's response to each of these requests.

3.2.1 Information Request No. NNK 01

It is stated in several places in Alderon's documentation for the parts of its Project in western Labrador, that during consultation with the NNK, the Naskapis indicated that they do not currently carry on traditional activities in Labrador West. Thus:

> *"Currently, the Naskapi do not go into Lab West."*
> (Plain Language Summary, page B-133)
>
> *"Currently, the Naskapi do not go into Lab West."*
> (Vol. 1, part 11, page 22-5)
>
> *"This was further reinforced in the information and comments received during Alderon's engagement activities with the NNK, through which it was confirmed that the Naskapi do not currently use the Project area of (sic) other parts of Western Labrador."*
> (Vol. 1, part 11, page: 22-50)

The Naskapis do in fact currently use portions of western Labrador for carrying out their traditional activities. Reference is made to WEILER, M. 2009. *Naskapi Land Use in the Schefferville, Québec, Region*. Final report presented to New Millennium Capital Corp.

Alderon must have misinterpreted information and comments received during its engagement activities with the NNK.

The documentation referred to above should be amended by Alderon so that there is no reference to the mistaken notion that the Naskapis do not currently use western Labrador for traditional activities. There may be other references in Alderon's documentation to the same effect: they should be amended as well.

Alderon Response to IR No. NNK 01

The EIS does not state that the NNK do not use western Labrador for traditional activities. Based on information provided directly by NNK, as well as other publically available information, Alderon confirmed that "*the Naskapi do not currently use the PDA or the area covered by the towns of Labrador City and Wabush ("Lab West")*".

In planning and preparing the environmental assessment, Alderon has undertaken engagement initiatives with the Naskapi Nation of Kawawachikamach (NNK) and other relevant Aboriginal organizations, in accordance with its *Aboriginal Relations Policy* (EIS, Volume 1, Section 1.1.1). These initiatives have included meetings with NNK leadership and community members, an overview of which is provided in Section 10.5.3 of the EIS, Volume 1. As indicated, Alderon also offered to enter into formal arrangements with NNK, to provide resources for the collection of additional information on land and resource use, traditional knowledge and other matters for consideration in the EIS. However, no formal arrangements were concluded.

3.2.2 Information Request No. NNK 02

The directives were issued in February by Environment Canada and the Government of Newfoundland and Labrador (Department of Environment and Conservation) (2012). Generally speaking, the proponent has respected the directives. Although, in certain instances the way in which they have been fulfilled could be considered minimal. For example, the directives stipulate that the valued ecosystem components ("VEC"s) to be considered must include birds, other wildlife and their habitats. The proponent therefore chose to place birds, mammals, their habitats and the established protected areas in the same class when it assessed the impacts. According to good practice, some combinations are allowed; for example, fur-bearing animals can be combined in order to assess impacts on the group as a whole. In the case that concerns us here, a single class has been created, consisting of birds (including passerine birds, birds of prey and waterfowl), other terrestrial wildlife, their habitats and protected areas, for the purposes of the two impact statements (Labrador and Québec) (Alderon, 2012 a and b).

How is it possible to assess impacts affecting a single group that includes species with home ranges as different as those of the shrew, the bald eagle and the weasel? For example, such species have home ranges that vary from 100 m^2 to 200 km^2 (Feldhamer et al., 2003; Gauthier and Aubry, 1995). Moreover, their habitats are not comparable. For example, small mammals will see their entire habitat destroyed, whereas for others the destruction will affect only a small percentage of their home range. How is it possible to assess impacts for a group of species that are not biologically homogeneous?

Some of the species, such as the moose, are particularly important to the local population and should be considered as a separate VEC. Finally, the proponent failed to discuss groups of living organisms such as microfauna, insects and herpetofauna.

It is unusual to combine VECs in this way. Normally a study of them would be far more detailed. For example, Nalcor Energy (2009) broke down VECs on the basis of individual species, such as moose, Canada goose, American marten, black bear, migratory caribou, woodland caribou, beaver, porcupine, etc., when it assessed the impacts of its project on the Churchill River. Other mining projects, similar in scope to this project, divided VECs into smaller classes, such as the Renard project for the Stornoway diamond mine and the New Millennium project for Tata Steel.

The directives issued for preparation of the impact statement allow proponents a degree of interpretation. We have to keep in mind that the Environmental Impact Statement Guidelines must not be regarded as restrictive or exhaustive. Environmental assessment is a planning tool used to ensure that projects are considered in a careful, precautionary manner to avoid or mitigate a development project's possible adverse effects on the environment. In light of the foregoing, VECs have to be selected on the basis of similar biological characteristics, such as size of home range and habitat used. The use of a VEC class that contains several species creates a strong risk that the project's impact assessment will be diluted.

Alderon Response to IR No. NNK 02

The EIS focuses on issues raised during regulatory consultation, Aboriginal engagement and public stakeholder consultation. In accordance with standard practice and the EIS Guidelines, the environmental effects of the Project were assessed for VECs, which are components or attributes of the environment that are important for ecological, legal, scientific, economic, or aesthetic reasons. As per Sections 3.3 and 4.21 of the EIS Guidelines, birds, wildlife and their habitats and protected areas was to be included as a VEC. The information presented includes summaries from surveys and discussions on potential environmental effects on the specific environmental components that were identified and represented in the Birds, Wildlife and their Habitats, and Protected Areas VEC. A habitat-based approach, based on the ELC and habitat types, was used to assess potential Project effects on bird and wildlife species. In this way, the primary Project effects (i.e., physical disturbance, removal of habitat) on various species groups are comprehensively assessed. Overall conclusions were gathered from the data and results of the individual components or attributes of the VEC that were conducted separately. The grouping of the various components in this VEC was done to comply as closely as possible with the direction provided in the EIS Guidelines.

3.2.3 Information Request No. NNK 03

Incorporation of Naskapi environmental knowledge was also part of the directives issued in February 2012. Traditional and local knowledge, in combination with other information sources, can help achieve a better understanding of the potential effects of projects. In several instances, the impact statement that Alderon submitted to Labrador cites a document by Wheiler (2009) to present the essentials of Naskapi environmental knowledge. This document was prepared from a standpoint other than the current mining project, however, and covers an area that is different from the current study area. The information applies to the Kawawachikamach area and should be interpreted cautiously. It does not apply to the Alderon study area. Its use in several chapters of the impact statement is therefore somewhat inappropriate.

Alderon Response to IR No. NNK 03

Alderon acknowledges the value of considering Aboriginal traditional knowledge in the environmental assessment process, as advocated by the CEA Agency (2012). As stated on page 4-4 of EIS Volume 1:

> *"Appropriate ethical and confidentiality standards have been applied to any primary data collection efforts. The traditional and local knowledge to which Alderon has had access has been incorporated into the EIS (Chapters 14.0 to 26.0) and has informed the description of the existing physical, biological and human environments, natural cycles, resource distribution and abundance, long and short-term trends, the use of lands and water resources, harvesting, use of lands and resources for traditional purposes, identification of issues, and the consideration of follow-up and monitoring programs."*

As discussed on page 10-15 of the EIS, Volume 1, Alderon's engagement activities with each Aboriginal group that may be affected by the Project have included offers to provide funding and technical resources to collect traditional knowledge. Page 10-44 of the EIS, Volume 1, provides the details of Alderon's offer to provide the NNK with funding to consolidate information on land and resource use activities in the vicinity of the Project and traditional knowledge. As stated on page 10-44:

> *"On March 7, 2012, Alderon offered to engage NNK through the conclusion of formal collaborative arrangements, supported by offers of capacity funding, which would facilitate information exchange and assist in the identification and understanding of NNK's interests, values and concerns. As part of this offer, Alderon also committed to providing NNK with funding to consolidate information on land and resource use activities in the Project area and traditional knowledge. The results of this exercise would be used to augment Alderon's understanding of the possible effects of the Project upon NNK's s current land and resource use for traditional purposes and to identify and respond to community issues and concerns. An advisor to NNK undertook to bring Alderon's offer to the attention of Band Council to determine if the proposed approach was acceptable to the community. No response has been received from NNK as to the acceptability of this offer."*

As described in the EIS, Volume 1, Section 22.1.2 (page 22-7), primary information on Aboriginal traditional knowledge and land and resource use was considered and incorporated throughout the EIS, where Aboriginal groups chose to accept offers of formal agreements and associated funding to gather this information. Since NNK did not enter into formal arrangements, Alderon's assessment of potential effects of the Project on current NNK land and resource use was based upon the substance of discussions with NNK leadership and the community, as well as a review of publicly available information on Aboriginal traditional knowledge and land and resource use.

Alderon met with the NNK Chief and Band Council in Kawawachikamach on January 23, 2012. According to statements made at this meeting, it is Alderon's understanding that while NNK has an outstanding land claim which extends into Labrador, its members do not currently use land and resources in the PDA or go into Lab West (that is, Labrador City and Wabush).

Secondary sources, such as Weiler (2009), were used to discuss general NNK land use patterns and traditional knowledge. In addition, information from Weiler (2009) was used throughout Chapter 22.0 (Land and Resource Use by Aboriginal Persons for Traditional Purposes) in the EIS, Volume 1, to provide information on the extent of current NNK land and use in the Schefferville area and surrounding region, which is contained within the boundaries of the RSA. References to Weiler (2009) were thus not used to exclude NNK traditional knowledge regarding lands and resources in the vicinity of the Project but were used to supplement information provided directly from NNK.

It is Alderon's conclusion based on both the substance of its meetings with NNK and on its review of secondary sources that NNK members do not currently use land and resources in the vicinity of the Project for traditional purposes and that as a result the Project will have no significant adverse effects on current NNK land and resource use. Nevertheless, Alderon has engaged and will continue to actively engage NNK by providing reasonable opportunities for dialogue in order to identify and respond to community issues and concerns.

References:

CEA (Canadian Environmental Assessment) Agency. 2012. Considering Aboriginal traditional knowledge in environmental assessments conducted under the *Canadian Environmental Assessment Act* – Interim Principles. Available online at: http://www.ceaa-acee.gc.ca/default.asp?lang=En&n=4A795E76-1. Accessed: December, 2012.

3.2.4 Information Request No. NNK 04

Generally speaking, the impact assessment methodology is adequate for the two study areas (local and regional), applied to the various VECs. The mitigation measures and monitoring described are fairly general and involve very little commitment on the part of the proponent. For example, the proponent states *"Compliance monitoring will be conducted to confirm that wetland mitigation measures are appropriately implemented…"* (Plain Language Summary, page 76), but fails to provide a description or even any details regarding how the program will be implemented.

Similarly, the proponent explains they will be *"…restricting clearing to the period outside the breeding bird season (where feasible)…"* (Plain Language Summary, page 48). And if an at-risk or sensitive plant species is identified, its location will be delimited "if possible" and such plants would be avoided or transplanted. Statements like this appear throughout the EIS and it seems as though the proponent is establishing loopholes for themselves, and the lack of commitment to mitigation and monitoring is apparent. Furthermore, there is no explanation of how will they minimize disturbance or how sensitive plant species will be transplanted. Given that rare plants are identified for the impact statement, a more specific mitigation program for such plants should have been clarified in the statement.

The succinct description of the mitigation, monitoring and compliance measures leaves too much room for interpretation during the various phases of the project and may allow the proponent to do the minimum after the Authorization Certificate is issued.

Alderon Response to IR No. NNK 04

Prior to initiation of Project activities, Alderon will submit an EPP to appropriate regulatory authorities for review. The EPP will specify the mitigation measures and procedures to be used on site in sufficient detail to allow contractors and employees to implement these commitments in the field. This detail will become available at the permitting stage when the Project design is sufficiently detailed and finalized to prescribe site-specific environmental protection measures. A proposed Table of Contents for the EPP is provided in Section 5.3, Volume 1 of the EIS. The

above-noted approach to EPP development recognizes that detailed Project design information, which is still being developed, is required to fully operationalize the higher-level commitments contained in Volume 1 of the EIS and allows for regulatory review of these details, prior to Project initiation.

The final design of follow-up and monitoring programs will, as appropriate, be dependent on consultation with relevant government agencies, communities and stakeholders. The program will also be consistent with the terms and conditions of permits and approvals. As a result, the proposed follow-up and monitoring program must be described at this time in a more general manner so as not to pre-suppose the needs or interests of other involved parties.

Under Section 4.10.2 of the EIS Guidelines, Alderon was requested to describe the follow-up program that will be developed, specifically:

- the requirements and objectives of the follow-up program;
- a description of the main components of the program, each monitoring activity under that component, and the objectives of each monitoring activity (i.e., confirmation of mitigation, confirmation of assumptions, and verification of predicted effects);
- a schedule for the finalization and implementation of the follow-up program;
- a description of the roles and responsibilities for the program and its review process, by government, Aboriginal people and the public;
- a discussion of possible involvement of independent researchers;
- any contingency procedures / plans or other adaptive management provisions for dealing with unforeseen effects, or situations where benchmarks, regulatory standards or guidelines are exceeded; and
- A description of how results will be managed and reported.

This information is included in Section 8.3 of Volume 1 of the EIS and is reiterated below.

Requirements and Objectives

The purpose of the follow-up program is to verify the accuracy of the predictions made in the environmental assessment as well as the effectiveness of the mitigation measures. Follow-up plans are proposed in those cases where the level of confidence in an effects prediction is low due to the nature of the effect (i.e., unique or relatively unknown). This information will be used to refine and optimize mitigation measures and implement adaptive management measures associated with the Project. Upon completion, each follow-up plan will have its own specific objectives specific.

Compliance and inspection monitoring will also be conducted, the object of which is to confirm that the Project is being operated in compliance with mitigation commitments, and that Project releases are within regulatory limits.

Main Components of the Program

The main components of the follow up program are provided in Table 8.2 of Volume 1 of the EIS.

For each main component, a detailed methodology for the sampling will be developed. This could include, for example:

- a detailed description of the sample locations, replicates, timing, frequency, quality control and quality assurance, etc;
- where applicable, a detailed description of the sample handling (e.g., collection procedure and chain-of-custody) and analysis to be conducted;
- references to accepted methods in the published literature;
- statistical considerations in the sampling design;
- statistical considerations for data analysis following collection; and
- A rationale for the choices used in the design.

Schedule for the Finalization and Implementation of the Follow-Up Program

The follow-up and monitoring program will be finalized after release from the environmental assessment process, and prior to the relevant Project phase (i.e., construction, operation and maintenance, decommissioning and reclamation, post-closure). The frequency and duration of monitoring will be determined at that time. Monitoring objectives (i.e., confirmation of mitigation and verification of predicted effects) will be established within a field-testable and statistically verifiable framework.

Roles and Responsibilities for the Program

Alderon will be responsible for managing, conducting and reporting, as it relates to the follow-up, as well as implementation of efforts to address deficiencies as discussed below under “Adaptive Management Procedures”.

Involvement of Independent Researchers

Although not currently foreseen, if required, Alderon will retain the services of independent researchers.

Adaptive Management Procedures

The effectiveness of follow-up plans will be assessed during the reporting phase. At that time, any deficiencies or limitations would be noted, and addressed as appropriate. Where a follow-up program is found to be inadequate or inappropriate (e.g., not generating appropriate data), corrective measures will be undertaken (e.g., additional sampling undertaken, duration of the program extended), as appropriate. If follow-up plans identify that predictions associated with a

VEC in the EIS were not correct, the associated adaptive management measures would be specific to that VEC.

Management and Reporting of Results

As stated in Section 8.3, Volume 1 of the EIS, results of the follow-up and monitoring program will be reported on an annual basis to the relevant government agencies, and will be shared with Aboriginal groups and the public.

The statements highlighted by the Reviewer in relation to mitigation (e.g., where feasible and if possible) have been included by Alderon in recognition that the preferred mitigation proposed by Alderon may not be technically and/or economically feasible under all circumstances. In these instances, alternative mitigation will be proposed and discussed with appropriate regulatory authorities.

3.2.5 Information Request No. NNK 05

The proponent states that “the Executive Vice President of Project Delivery will be responsible for the preparation and the implementation of the EPP, including compliance” (EIS Vol 1 part 1, page 5-7).

It should be clarified who and how many employees are expected to report to the Executive Vice President of Project Delivery, dedicated to implementing the EPP and ensuring environmental standards are met.

Alderon Response to IR No. NNK 05

The EPP and the encompassing EMS will be implemented through the SMF (see Appendix I) by an environmental team that will monitor, inspect and uphold the environmental standards and commitments described in the EIS, related IRs, and the future permit applications and approvals for the Project. The actual number of employees, contractors, and/or consultants who will be involved in the implementation and maintenance of the EPP will be dependent upon the Project phase, the nature and number of permit conditions and the required staffing level for onsite monitoring.

3.2.6 Information Request No. NNK 06

The proponent notes that “Regional ambient air quality monitoring indicates that the average air quality in the region is good overall, with SO_2 and NO_2 ambient concentrations being below applicable standards and with total suspected particulate level occasionally exceeding guidelines. Baseline water quality monitoring data similarly shows that existing surface water quality is good, with several parameters occasionally and slightly exceeding ecological water quality guidelines”(Plain Language Summary, page 26) therefore, with the addition of another mine in the region, this project will likely add to this already occasional excess.

The proponent should address this issue in depth and ensure there is acceptable mitigation and exhaustive monitoring to avoid irreversible environmental damage.

Alderon Response to IR No. NNK 06

Chapters 14 and 16 in Volume 1 of the EIS is focused on the potential effects of the Project on air quality, noise and vibration and water resources, respectively. Baseline ambient air quality measurements and ambient air quality modelling forecasts were combined to identify the potential adverse effects on air quality from the Project. Baseline water quality measurements and dispersion modelling were used to identify the potential adverse effects on water quality resulting from the Project. The methodology used to assess the potential effect of the Project on air quality and water quality inherently assesses the cumulative effects from the Project and existing industrial activities in the region. The EIS found that these cumulative effects from the Project and surrounding industry to be not significant.

The EIS identified specific mitigation measures to reduce the effect of the Project on air quality, including the use of dust suppressants, covered conveyors, water sprays and dust collection systems where practical. The EIS also identified specific mitigation measures to reduce the effect of the Project on water quality, including effluent treatment and erosion and sedimentation controls. In addition, the EMS will be developed as a component to Alderon's SMF for the Project. The EMS will include the installation of air quality monitoring stations in cooperation with the NLDOEC existing Air Quality Monitoring Program, and water quality monitoring stations in consultation with the NLDOEC. Air quality monitoring will include dust composition analysis to measure trace metals. Additional best industry practices for ambient air quality and water quality monitoring and mitigation measures will be implemented in the EMS to reduce adverse effects on ambient air quality and water quality.

3.2.7 Information Request No. NNK 07

This EIS fails to evaluate the interrelationships between VECs. For example, the fact that the fish will be affected by pollution should also affect the Bald eagle who preys upon them. The structure of the EIS is very repetitive and does not allow a complete evaluation of the impacts of the project.

Alderon Response to IR No. NNK 07

The EIS has been prepared to systematically address the VECs outlined by the Guidelines. Alderon acknowledges the value of understanding interrelationships between VECs. Throughout Chapters 14 to 26 of Volume 1 of the EIS, such interrelationships are indicated and discussed where appropriate. For example, modelling results for air quality and noise were used to inform effects analyses for Land and Resource Use (Chapter 23) and Health and Community Health (Chapter 25). Inter-related aspects of Wetlands were addressed in Wetlands (Chapter 17), in Birds, Other Wildlife and their Habitat and Protected Areas (Chapter 19) and in Species at Risk and Species of Conservation Concern (Chapter 20). Fishing activity was addressed in Other Current Use of Lands and Resources (Chapter 23) and in Freshwater Fish, Fish Habitat, and Fisheries (Chapter 18).

With respect to food chain effects, effects to humans were assessed in Health and Community Health (Chapter 25), using information and effects analyses or modelling conducted for Project effects on air, water and soil. Even for locations close to the Project, emissions and/or discharges are not expected to result in changes to air, water or soil that would likely pose a threat to human health.

During operation, compliance monitoring will be conducted for effluent releases into the environment. An EEM program will also be developed and implemented as is required under the MMER. The effects to water quality, the benthic community and fish will be monitored. If there is indication that fish or the benthic community are adversely affected, the potential food chain effects will be considered within the SMF.

3.2.8 Information Request No. NNK 08

Migratory caribou, in this case the George River herd, are currently absent from the study area, therefore caribou have not been taken into account in the assessment of the project's impacts. Historically, this herd has used the study area in an intensive manner during the winter (D'Astous et al., 2004). The population has fallen dramatically, however, and it is unlikely that the herd will use the study area in the short term. Over the long term, however, the herd could return to the territory during the winter. At the minimum, migratory caribou should have been given special consideration in the impact statement, at least when the cumulative impacts were considered. Ideally, the various levels of government should oblige owners of development projects in the migratory caribou's distribution area to contribute financially to the studies and conservation efforts in progress like CaribouUngava research group, owing to the precarious situation of the George River herd.

Alderon Response to IR No. NNK 08

The GRCH has declined substantially over the past decade. While the known range of these migratory caribou has expanded and contracted over the years since the first aerial surveys in 1958, the herd typically remains north and northeast of the RSA (Bergerud et al. 2008). Caribou and other wildlife surveys, and interviews with residents and stakeholders, indicate that caribou are not using the RSA. As the documented former and existing range of the herd does not overlap the proposed Project, it is unlikely that potential effects would interact with the recovery of the GRCH.

In terms of the future range of this herd, Alderon has acted to reduce the Project's footprint through engineering design and in consideration of other operations in the area. The PDA is located within the existing industrial area of western Labrador, which includes a number of existing developments such as; Rio Tinto's IOC, Wabush Mines; the municipalities of Labrador City and Wabush, Labrador and Fermont, Québec; a rail line and other infrastructure associated with the Trans Labrador Highway. Woodland caribou have been found to avoid human developments, with the level of avoidance related to the amount of human activity in the area (Dyer 1999). Due to their highly mobile nature, caribou require large tracts of undisturbed land without human developments that may act as barriers to movement (Curatolo and Murphy 1986; Dyer 1999). As noted above, the Project site is located in an existing industrial development

zone and therefore, it is unlikely that lands within the PDA would support caribou in the future. Therefore, it is expected that the Project would not have an effect on the future range of the GRCH.

3.2.9 Information Request No. NNK 09

As a result of current human disturbance around the municipalities of Wabush and Fermont, the likelihood of finding woodland caribou in the study area is slim. Yet, the project will increase railway traffic as a result of the transport of iron ore to Sept-Îles, given that additional rail cars will likely be required. According to the information provided, QNS&L would be the carrier. There are several known groups of woodland caribou along the railway. The project proposed by Alderon will in all likelihood affect these caribou, but for the time being no assessment of this part of the project (the transportation of iron ore) has been included or completed. The problem that arises here is to determine who is responsible for assessing this part of the project. Normally, it would be logical that all components of a project be submitted in a single environmental impact statement. When a project is segmented, there is a greater likelihood that the significance of the impacts will be diluted. Woodland caribou should be included in the project's environmental assessment along with information regarding the potential environmental impacts of the additional traffic on the railway (and perhaps even possible construction of power lines).

Alderon Response to IR No. NNK 09

The EIS provides an assessment of the potential environmental effects of the proposed Project, as well as its likely cumulative environmental effects in combination with other relevant projects and activities that have been or will be carried out. Chapter 19 of the EIS (Volume 1) in particular provides the environmental effects assessments for various wildlife species, including caribou, and their habitats.

The EIS Guidelines issued by the provincial and federal governments for the environmental assessment require an assessment of potential Project effects on caribou in the vicinity of the proposed mine and associated infrastructure in western Labrador and at the port facilities in Sept-Îles. As described in Section 19.5.3 of the EIS (Volume 1), neither of these Project components are anticipated to overlap or interact with the current ranges of either of the herds that occur in western Labrador and therefore, will not likely result in any adverse effects upon caribou. This was further confirmed by the fact that none of the survey work (aerial and ground) undertaken for the Project to date have observed any caribou in or near the PDA, as well as through input received from local residents and others during the public consultation activities completed by Alderon as part of the environmental assessment process.

The QNS&L existing infrastructure has been in operation for decades. On average, aproximately 12 to14 trains per day travel the QNS&L. The Project will contribute one to two additional trains. Therefore, the Project's incremental contribution to existing disturbance levels to caribou are not substantial and are not likely to result in cumulative environmental effects.

3.2.10 Information Request No. NNK 10

The baseline studies are given in the appendix. Even though inventories have been prepared for waterfowl and mammals, the studies are not provided in the appendices. One of the important issues raised by construction and operation of an iron ore mine is undoubtedly the impacts on the hydrous environment and fish; but birds and mammals are among the concerns of the NNK, so it would have been desirable to include these studies in the appendices so that their scope, methodology and basic findings could be verified.

Alderon Response to IR No. NNK 10

Comprehensive environmental studies were conducted during 2011 and 2012 in support of the Project. Five supporting baseline studies were submitted as appendices to Volume 1 of the EIS, including:

- Air Quality Monitoring Baseline Report (EIS Volume 1 Appendix F);
- Water Resources Baseline Report (EIS Volume 1 Appendix G);
- Fish, Fish Habitat, and Fisheries Baseline Report (EIS Volume 1 Appendix H);
- Wetlands Baseline Report (EIS Volume 1 Appendix I); and
- Socio-economic Baseline Report (EIS Volume 1 Appendix J).

Additional environmental studies were conducted to support the environmental assessment process and are provided in the following appendices:

- Waterfowl Survey (EIS Volume 1 Appendix C);
- Forest Songbird Survey (EIS Volume 1 Appendix B);
- ELC (EIS Volume 1 Appendix A);
- Winter Wildlife Survey (EIS Volume 1 Appendix D);
- Rare Plant Survey (EIS Volume 1 Appendix G); and
- Amphibian Survey (EIS Volume 1 Appendix F).

Reports associated with these environmental studies include details on scope, methodology and the survey results, which provided baseline information for the assessment of Project-related environmental effects.

3.3 Information Requests Received From Innu Taikuakan Uashat mak Mani-Utenam (ITUM)

Since submitting the EIS, Alderon met with ITUM on October 10, 2012 and has offered further meetings with leadership and the community to discuss the EIS and to make its experts available to review specific aspects of the EIS. These offers have been either ignored or declined.

Alderon received ITUM's comments in December 2012 and on December 21, 2012, offered to meet with ITUM to discuss these comments and Alderon's proposed responses. At the time of writing these responses, IN has not expressed its availability to meet with Alderon.

The following section includes the 12 information requests from ITUM and Alderon's response to each of these requests.

3.3.1 Information Request No. ITUM 01

The entire Kami Mine Project (the "Project"), including its components in Labrador and Québec, is situated within the Nitassinan of the Uashaunnuat. The implementation of the Project will have significant cultural, spiritual, social, community and economic consequences for the way of life of the Uashaunnuat and the traditional families. The Project will irreparably and irremediably transform the natural environment of the traditional lands of the Uashaunnuat.

In particular, the Project facilities in Labrador would be built on the traditional territories of the Vollant family, which correspond in large part to Saguenay Beaver Reserve lots 244 and 245.

Alderon Response to IR No. ITUM 01

Alderon is aware that the Innu of Uashat mak Mani-Utenam (ITUM) claim lands in eastern Québec and western Labrador and that it is ITUM's assertion that the Project (both the Labrador and Québec components) will be situated on ITUM's traditional territory. In addition, Alderon is also aware that the proposed Project area overlaps Saguenay Beaver Reserve Lots 244 and 245, which are the subject of interests claimed by certain traditional ITUM families. However, there is no evidence that "*The implementation of the Project will have significant cultural, spiritual, social, community and economic consequences for the way of life of the Uashaunnuat and the traditional families. The Project will irreparably and irremediably transform the natural environment of the traditional lands of the Uashaunnuat.*"

The EIS provides a detailed assessment of the potential environmental effects of the proposed Project, as well as the likely cumulative effects of the Project in combination with other projects and activities that have been or will be carried out. As prescribed in the EIS Guidelines, Alderon assessed the current use of land and resources by Aboriginal persons for traditional purposes and the potential changes in those activities that may occur (either directly or indirectly) as a result of the Project (both individually and cumulatively). These previous effects on and the resulting changes to Aboriginal land and resource use in the RSA are integrally included and reflected in the description of the existing environment (EIS Volume 1, Section 22.5). This approach is further described in EIS Volume 1, Section 6.2, which notes that the cumulative effects assessment considers "*the likely nature and degree of change from the existing (baseline) environment as a result of the Project's effects in combination with other relevant on-going and future projects and activities*."

It is Alderon's conclusion that there is no evidence that the Project will adversely affect the current use of lands and resources by ITUM in the Project area, including Saguenay Beaver Reserve Lots 244 and 245.

Alderon's conclusions respecting of the effect of the Project on the current use of land and resources for traditional purposes by Aboriginal persons are based upon the results of its engagement efforts with all Aboriginal groups potentially affected by the Project, as well as upon a review of all publicly available information and Alderon's own commissioned research.

Alderon has developed an Aboriginal Relations Policy and *associated Aboriginal Engagement Strategy and Action Plan*, which has informed its engagement efforts with Aboriginal groups whose asserted interests may be affected by the Project (see EIS Volume 1, Appendix M). Based on the Policy and associated Strategy, Alderon has engaged directly with five Aboriginal groups, including ITUM, which have asserted claims to Aboriginal rights and title in the PDA. The purpose of Alderon's engagement efforts has been to provide each Aboriginal group with sufficient information in relation to the Project in order to enable it to identify and provide to Alderon information respecting Aboriginal interests and concerns. Where information has been made available by an Aboriginal group, it has incorporated into the EIS and used by Alderon to augment its understanding of the potential effects of the Project upon those interests and to develop measures to address any adverse effects.

A comprehensive table detailing Alderon's engagement activities with ITUM is included in the EIS Volume 1, Chapter 10 and a post-EIS record of engagement is provided in Volume 1, Chapter 10. Briefly, commencing prior to Project registration, Alderon has made repeated efforts to meet with ITUM leadership and the community to discuss the Project and its potential effects upon asserted Aboriginal interests and has further offered to hold technical briefings in each community to discuss specific findings in the EIS. While Alderon has met on a number of occasions with ITUM leadership and its advisors, ITUM has consistently rejected or ignored Alderon's offers to meet with the community to discuss the Project and the environmental assessment process.

In addition, Alderon has also offered to provide ITUM with significant financial resources to undertake a land and resource use study in order to obtain information respecting traditional knowledge and ITUM's historic and current use of land and resources in the Project area. Alderon has also offered to directly engage the traditional families claiming interests in Saguenay Beaver Reserve Lots 244 and 245. Both offers to fund a traditional land and resource use study and offers to directly engage the traditional families have been rejected or ignored by ITUM.

Since Alderon's efforts to obtain information directly from ITUM respecting the current use of lands and resources for traditional purposes have been unsuccessful, Alderon has canvassed all publicly available information, including information provided in the environmental assessment of other projects in the region, information provided in the context of land claims and information supplied in legal proceedings, to identify potential Project effects upon Aboriginal harvesting and other land and resource use activities and upon historic resources. Alderon also engaged two experts to report upon both the historic and contemporary usage of northeastern Québec and western Labrador by the Naskapi and Innu of both Labrador and Québec, including activities within Beaver Reserve Lots 244 and 245. Based upon its review of this information, Alderon has concluded that there is no current use of land and resources for traditional purposes by ITUM in or around the Project area (both Labrador and Québec components), including the Beaver Reserves Lots 244 and 245.

The absence of evidence of current use of land and resources by ITUM for traditional purposes is consistent with the industrialized nature of the regions in which the Project components will be

located. The Labrador components of the Project (the mine and rail infrastructure) will be located in the Hyron Regional Economic Zone and within the municipal planning areas of the Towns of Wabush and Labrador City, approximately 450 km to the north of the Uashat and Maliotenam reserves. Mineral exploration, mining and associated industrial activities have been ongoing in the region since the late 1950s and the land within the municipal planning boundaries has been zoned to permit such activities. It was the conclusion of Alderon's experts that area was historically one of secondary importance which was used only intermittently by a number of Aboriginal groups, including ITUM, and that such limited usage had ceased with the advent of mining in the region (see EIS Volume 1, Section 22.8). Similarly, the proposed Kami Terminal will be located on the lands of the Port Authority of Sept-Îles, adjacent to existing load-out operating facilities (the Pointe-Noire Terminal) and in an industrialized area with few natural habitats. The Pointe-Noire Terminal has been in operation for many decades and the region has long been the centre of natural resource exploitation (hydro-electricity generation, mining and shipping). As is the case with the proposed mine, the Terminal is not located within in an area that is currently used for traditional purposes by ITUM (see EIS Volume 2, Chapter 22).

With respect to the claims of ITUM respecting Beaver Reserve Lots 244 and 245, Alderon has not been provided with any information that would substantiate the assertions made by ITUM or alter Alderon's conclusions as to the legal significance of the Saguenay Beaver Reserve Lots as stated at EIS Volume 1, Pages 22-40 to 22-41:

> *"The contemporary Québec legislation which regulates trapping activities in the various beaver reserves in the province does not confer title or other form of proprietary right to the lands within the administrative boundaries of the reserve…Nor does this legislation as it applies to the Saguenay Beaver Reserve, confer any exclusive trapping rights upon Aboriginal persons. While trapping privileges are enjoyed only by Aboriginal persons in many of the other beaver reserves in Québec, both Aboriginal and non-Aboriginal persons may harvest furbearers in the various divisions of the Saguenay Beaver Reserve. The Saguenay Beaver Reserve was established by the Government of Québec without regard to the provincial border between that province and Newfoundland and Labrador…Specifically the Project will be carried out in whole or in part in Lots 244 and 245 of the Saguenay Beaver Reserve which are the subject of claimed interests by certain traditional families of Uashat mak Mani-Utenam. These two Lots are physically located entirely within Labrador and do not extend across the provincial border into Québec. As a result, the Québec legislation purporting to create reserves and to regulate trapping in those portions of the Saguenay Beaver Reserve located in western Labrador, including Lots 244 and 245, has no extra-territorial application or legal effect on activities carried out in Labrador….In particular there is no existing and available information which indicates that there is any current use of land and resources for traditional purposes by Aboriginal persons in Lots #244 and 245."*

As a result, there is no evidence that the Project will adversely affect current uses of lands and resources by Uashaunnuat membership and therefore no evidence that the "*implementation of the Project will have significant cultural, spiritual, social, community and economic*

consequences for the way of life of the Uashaunnuat and the traditional families" or that the Project "*will irreparably and irremediably transform the natural environment of the traditional lands of the Uashaunnuat*".

Nevertheless, Alderon has engaged and will continue to make all reasonable efforts to actively engage ITUM by providing opportunities for meaningful engagement in order to identify and respond to community issues and concerns. Alderon also remains prepared to engage directly with the traditional families claiming interests in Beaver Reserve Lots 244 and 245 and will implement a trapper compensation policy, if required.

3.3.2 Information Request No. ITUM 02

The position of the Uashaunnuat is firm: any use or occupation of their traditional territory without their consent is unconstitutional and illegal, and any development—past, present or future—in or concerning that territory, including its natural resources, cannot be implemented without their consent.

The consent of the Uashaunnuat is therefore required for the Project; however, it has not yet been obtained by the proponent or the governments of Québec, Newfoundland and Labrador, or Canada. Consequently, any decisions or authorizations that have been or may be issued by the governments of Québec, Newfoundland and Labrador, or Canada regarding the Project fail or would fail to take into account the title and rights of the Uashaunnuat, as well as the Uashaunnuat people using their traditional lands.

As a result, the implementation of the Project is subject to the consent of the Uashaunnuat. The proponent must respect the rights, interests, practices, activities, values, customs and traditions of the Uashaunnuat.

Alderon Response to IR No. ITUM 02

Alderon is aware that the ITUM assert that the Project (both the Labrador and Québec components) will be situated on ITUM's traditional territory and they also assert that their consent is required in order to enable the Project to proceed.

As a project proponent, Alderon is responsible to assess the likely effects of the proposed Project upon the current use of lands and resources for traditional purposes by ITUM. As described in EIS Volume 1, Chapter 10 and in the updated record of engagement (Volume 1, Chapter 10), Alderon has made significant and meaningful efforts to engage ITUM. The purpose of Alderon's engagement efforts has been to provide ITUM with sufficient information in relation to the Project in order to enable it to identify and provide Alderon with information respecting the potential effects of the Project upon ITUM's current use of land and resources in the Project area. These efforts have included offers to provide significant funding to ITUM to conduct a land and resource use study to collect information respecting traditional knowledge and ITUM's current use of land and resources for traditional purposes.

Since Alderon's efforts to obtain information directly from ITUM respecting the current use of lands and resources for traditional purposes have been unsuccessful, Alderon has canvassed all publicly available information, including information provided in the environmental assessment of other projects in the region, information provided in the context of land claims and information supplied in legal proceedings. Alderon also engaged two experts to report upon both the historic and contemporary usage of northeastern Québec and western Labrador by the Naskapi and Innu of both Labrador and Québec, including activities within Beaver Reserve Lots 244 and 245. Based upon its review of this information, Alderon has concluded that there is no current use of land and resources for traditional purposes by ITUM in or around the Project area (both Labrador and Québec components), including the Beaver Reserves Lots 244 and 245 and therefore no effects are predicted on ITUMs land and resource use.

Notwithstanding this conclusion, Alderon is aware of ITUM's assertions of Aboriginal rights and title, and in acknowledgment of these assertions has made repeated efforts to engage ITUM in comprehensive benefits agreement negotiations, including offers to fund ITUM's negotiation costs. ITUM, to date, has rejected these offers. Nevertheless, Alderon has engaged and will continue to make all reasonable efforts to actively engage ITUM by providing opportunities for the community to identify issues and concerns. Alderon also remains prepared to engage directly with the traditional families claiming interests in Beaver Reserve Lots 244 and 245 and will implement a trapper compensation policy, if required.

3.3.3 Information Request No. ITUM 03

The Uashaunnuat do not have sufficient financial resources to conduct an appropriate analysis of Alderon's Environmental Impact Statement (EIS). The Uashaunnuat's requests to the Canadian Environmental Assessment Agency (the Agency) and Alderon for funding were turned down. The amounts provided by the Agency constitute only a small part of what the Uashaunnuat would need to comment in depth on the Project's impact on the Uashaunnuat and the Nitassinan. The Government of Newfoundland and Labrador has not provided any funding; this is an aberration that runs counter to the constitutional duty of consultation and accommodation and renders it meaningless.

Alderon Response to IR No. ITUM 03

The assertion that Alderon rejected ITUM's request for funding to assist in its review of the EIS is misleading. Alderon has made repeated, good-faith efforts to facilitate ITUM's participation in the environmental assessment of the Project beginning in March 2011. As described in EIS Part I, Volume 1, Chapter 10 and EIS, Volume 2, Chapter 10, Alderon has provided ITUM with the full range of Project-related information and has made repeated offers to meet with leadership and the community to discuss the Project and its potential effects. Alderon has also made offers to facilitate ITUM's participation in the environmental assessment process. Such efforts have included offers to provide significant funding to ITUM to undertake a traditional land and resource use study and to collect traditional knowledge. Following release of the EIS, Alderon has made three distinct offers (on October 3, 2012, October 22, 2012 and December 21, 2012) to meet with the community to discuss the conclusions of the EIS, to make its experts

available to review specific findings and most recently, to discuss ITUM's comments on the EIS. As part of these offers, Alderon offered to provide $20,000 to ITUM to assist the community in its internal discussions of the EIS. This offer matched funding that had previously been made available to ITUM by CEA under the Aboriginal Funding Envelope. The offers to meet and the offer to provide additional funding to assist in the environmental assessment process have been either ignored or rejected by ITUM.

3.3.4 Information Request No. ITUM 04

The Uashaunnuat not only do not have the necessary financial resources to conduct an in-depth study of the EIS, but also have had an absurd 50-day deadline imposed on them to read through the more than 5,000 pages of the EIS. Also, their request for an extension of the 50-day deadline was turned down by Newfoundland and Labrador and by the Agency.

Alderon Response to IR No. ITUM 04

Alderon it has made repeated good faith efforts to meaningfully engage ITUM beginning prior to Project registration, as outlined in EIS Volume 1 Chapter 10. Alderon has made every reasonable effort to provide ITUM with the full range of Project-related information and has met and offered to meet with ITUM leadership and the community and to enter into formal arrangements, including traditional land and resource use studies and benefits agreements.

The purpose of Alderon's engagement efforts has been to provide ITUM with sufficient information in relation to the Project in order to enable ITUM to identify and provide to Alderon information respecting the potential effects of the Project upon its interests and concerns. A principal component of Alderon's engagement efforts in this regard has been the offer, supported by funding, to each of the five Aboriginal groups to collect information related to both the historic and current use of land and resources for traditional purposes and to traditional knowledge.

Since the submission of the EIS, Alderon has made three distinct offers to ITUM to assist its participation in the environmental assessment process. These offers (made on October 3, 2012, October 22, 2012 and December 21, 2012) have included offers to meet with ITUM leadership and the community to discuss the EIS, offers to make its experts available to review the findings of the EIS, an offer to provide $20,000 in capacity funding to assist the community in its internal review and most recently, an offer to meet with the community to discuss its comments on the EIS. ITUM has either ignored or declined each of these offers.

3.3.5 Information Request No. ITUM 05

The present comments will therefore not refer to the specific impacts on the biophysical environment of the places affected by the Project, nor will they be aimed at providing a detailed critique of the proposals in the EIS concerning the Uashaunnuat, their rights or their history. Therefore, rather than correcting the many errors contained in the EIS regarding their history and rights and the use of their territory, the Uashaunnuat are relying on the content of the many legal proceedings they have instituted.

However, an in-depth study of the EIS is not necessary to strongly refute the conclusions that Alderon reaches about the Project's impact on the Uashaunnuat's rights and interests, to denounce the "efforts" made thus far by Alderon to consult the Uashaunnuat or to point out the lack of seriousness of Alderon's assessment of the Project's cumulative effects.

The Project is in the middle of the Uashaunnuat's Nitassinan, and the Uashaunnuat will oppose it, unless they decide to consent to it in consideration of an impact and benefit agreement that they deem acceptable.

Alderon Response to IR No. ITUM 05

Alderon is aware that ITUM asserts Aboriginal rights and title to an area of Labrador, including the Project area, and that the Project mine will be established on Beaver Reserve Lots 244 and 245, which are the subject of interests claimed by certain traditional families in Uashat. As a consequence of this awareness, Alderon has made serious and meaningful efforts to engage ITUM. Such efforts commenced prior to Project registration, were carried out throughout the development of the EIS and have continued since the submission of the EIS and are fully documented in EIS Volume 1 Chapter 10 and the attached Chapter 10 in Volume 1 of this Amendment.

The purpose of Alderon's engagement efforts has been to provide each Aboriginal group with sufficient information in relation to the Project in order to enable it to identify and provide to Alderon information respecting Aboriginal interests and concerns. Alderon has provided ITUM with the full range of Project-related information and has made repeated offers to meet with leadership and the community to discuss the Project and the environmental assessment process. Alderon has provided many opportunities to ITUM to share information concerning the potential effects of the Project upon ITUM's interest, values and asserted rights and has made offers supported by significant funding to ITUM to conduct a land and resource use study and collect traditional knowledge. Since the submission of the EIS, the Proponent has met once with representatives of ITUM and has made offers of additional meetings on at least three subsequent occasions to discuss the EIS and to facilitate ITUM's participation in the environmental assessment process. These offers to meet have been accompanied by the offer of capacity funding in the amount of $20,000. Most recently, on December 22, 2012, the Proponent offered to meet with the community to discuss comments provided by ITUM in relation to the EIS.

Although Alderon has met with ITUM leadership and representatives on several occasions, its offers to meet with the community, to fund a traditional land and resource use study, to meet to discuss the EIS and its offer to provide capacity funding to assist ITUM in its internal review of the EIS have been either rejected or ignored by ITUM. Nevertheless, Alderon remains committed to continuing to pursue its engagement efforts with ITUM in order to address any adverse effects of the Project upon ITUM or individual members of ITUM, including the traditional families.

With respect to ITUM's statement that "*an in-depth study of the EIS is not necessary to strongly refute the conclusions that Alderon reached about the Project's impact on the Uashaunnuat's*

rights and interests", Alderon would note the following. Despite being afforded ample opportunities to do so, ITUM has consistently refused to share any information with Alderon respecting specific Project effects on ITUM's values, interests and asserted rights or to substantiate its assertions as to irreparable effects. In the absence of information provided directly by ITUM to Alderon, Alderon has consulted a wide range of publicly available information as cited in the EIS. Based on this information, including the reports prepared by independent experts (see EIS, Volume 1, Appendix Z), Alderon assessed the potential impacts of the Project in compliance with the EIS Guidelines and has concluded that there is no evidence of current use of land and resources for traditional purposes by ITUM or of use of the Beaver Reserves by the traditional families. Since there is no evidence of current use of land and resources for traditional purposes, Alderon concluded in the EIS that the Project will have no adverse effects upon ITUM's current use of land and resources.

Since the submission of the EIS, Alderon has also reviewed additional materials associated with ITUM's claims and referred to by ITUM in IR No. ITUM 05. These materials include information contained in legal proceedings initiated by ITUM (including materials filed in connection with *Edouard Vollant et al*. c. *Sa Majesté La Reine et al.*, *Les Uashaunnuat et al.* c. *La Procureure Générale du Québec et al.* and in connection with an application by Nalcor Energy to the Public Utilities Board of NL to establish a Water Management Agreement). These materials also include documentation (environmental impact statements, reports of Joint Review Panels, reports and submissions) prepared by ITUM or otherwise relating to the environmental assessment of projects in Labrador or Québec within or proximate to the claimed traditional territory of ITUM (including La Romaine, the Lower Churchill Hydroelectric Generation Project, James Mine (Labrador Iron Mines), Elross Lake Iron Ore Mine (New Millenium Capital Corporation) and Bloom Lake (Cliffs Natural Resources)). Alderon has carefully considered these materials and has found nothing that that would substantiate ITUM's assertions as to the effects of the Project or alter the conclusions reached by Alderon respecting ITUM's current use of land and resources for traditional purposes. In this regard, Alderon would also note that the lack of any current use of land and resources is in fact conceded by ITUM in its comments on IR Nos. ITUM 6, 7, 8 and 9.

Since there is no evidence of current use of land and resources for traditional purposes, Alderon has concluded that there will be no adverse effects from the Project upon ITUM's current land and resource use.

Nevertheless, while ITUM has refused to provide any information to Alderon respecting specific adverse effects or to substantiate its assertions that the Project will have adverse effects upon ITUM's rights and interests, Alderon remains committed to engagement with ITUM and, should ITUM substantiate its assertions respecting potential adverse effects of the Project, Alderon remains prepared to discuss appropriate mitigation measures.

3.3.6 Information Request No. ITUM 06

From a time that predates contact with Europeans, the Uashaunnuat have, in the area affected by the Project mining and port facilities, maintained basic customs, practices and traditions of the distinctive culture of their Innu Aboriginal society.

In these areas, the Uashaunnuat have on a continuous basis done the following, among other things:

a) hunted, fished and trapped;

b) harvested, used and enjoyed the natural resources of these areas, and used all of their fruits and products;

c) relied on the natural resources found in these areas as their means of subsistence and survival;

d) pursued a particular way of life in these areas;

e) benefited economically from these areas;

f) used rivers and bodies of water for their traditional activities, including transportation and food;

g) identified and named various locations;

h) engaged in spiritual and cultural practices;

i) developed a unique concept of and a special relationship with the Earth;

j) functioned as members of a nation and a distinct society with its own government, laws and institutions;

k) survived as members of a people on this land, partially thanks to this land; and

l) properly exercised their natural obligations as stewards and managers of the Earth and the environment.

They have maintained these customs, practices, traditions and way of life based on hunting, fishing, trapping and gathering on a continuous basis since long before the first contact with Europeans, without willingly assigning or extinguishing them.

The above-described activities, facts and relationships constitute customs, practices and traditions that are an integral part of the distinct culture of the Uashaunnuat, are closely tied to the territory and were and are at the heart of the Uashaunnuat identity.

The Uashaunnuat inhabited, occupied, owned and used the affected areas until IOC, without their consent, deprived them of these areas through its mining activities in the Wabush area and the erection and operation of various facilities, including the port facilities at Sept-Îles.

The Uashaunnuat have an Aboriginal title, Aboriginal rights and treaty rights in and on the areas affected by the Project, including all the natural resources of those areas.

Alderon Response to IR No. ITUM 06

Alderon has consistently acknowledged ITUM's claim that the Project lies within their traditional territory and has made meaningful and continuing efforts to engage ITUM as described in EIS Volume 1, Chapter 10, EIS Volume 2, Chapter 10 and the updated record of engagement.

Alderon has repeatedly invited ITUM to share information respecting its land and resource use with Alderon (including offers of significant funding to conduct a traditional land and resource use study), but such offers have either been ignored or declined. Despite being afforded ample opportunities to do so, ITUM has consistently refused to share any information with Alderon respecting specific Project effects on ITUM's values, interests and asserted rights or to substantiate its assertions as to irreparable effects. In the absence of information provided directly by ITUM to Alderon, Alderon has consulted a wide range of publicly available information, as cited in the EIS and in Alderon's response to IR No. ITUM 05. Alderon also commissioned independent research into the historic and contemporary occupation and use of the region by Labrador and Québec Innu (including the Naskapi). This research fully described the history of ITUM's land and resource use, including the legal status of, and activities by the Uashaunnuat in, Beaver Reserve Lots 244 and 245. Based on this information, including the reports prepared by independent experts (see EIS, Volume 1, Appendix Z), Alderon assessed the potential effects of the Project in compliance with the EIS Guidelines and has concluded that there is no evidence of current use of land and resources for traditional purposes by ITUM or of use of the Beaver Reserves by the traditional families. Since there is no evidence of current use of land and resources for traditional purposes, Alderon concluded in the EIS that the Project will have no adverse effects upon ITUM's current use of land and resources.

3.3.7 Information Request No. ITUM 07

Since 1962, IOC has operated a huge development and mining megaproject known as the Carol Project in Labrador near Labrador City.

The Carol Project includes exploration and mining activities, as well as the related facilities, including a concentrator and a pellet plant at Labrador City. The IOC products are shipped from the deep water port to world markets year-round.

Since the IOC activities began in Labrador City in 1962, over a billion tonnes of raw ore have been extracted.

The area affected by the IOC mining activities in the Wabush area is in the Uashaunnuat traditional territory and, specifically, in the traditional territory of the Vollant family.

This traditional territory of the Vollant family is commonly known as “lot 244” and “lot 245,” referring to the Saguenay Beaver Reserve.

Before the IOC arrived in the traditional territory, and from time immemorial, the members of the Vollant family regularly occupied and used this traditional territory as would owners, on a regular basis. They regularly engaged there in their traditional activities, including hunting, trapping, fishing and gathering, in accordance with the Innu way of life and for subsistence purposes.

The members of the Vollant family remained in their family’s traditional territory from August to the end of June. In the summer, they went to the Sept-Îles area. Sometimes they would also go to Sept-Îles for Christmas.

From the time that IOC arrived in the traditional territory of the Vollant family, the members of the Vollant family felt that they could not practise their traditional way of life for the following reasons, among others:

a) a significant decrease in the availability of natural resources, owing to the mining activities, the increased presence of non-Aboriginal persons in the traditional territory of the Vollant family and the over-harvesting of natural resources;

b) the significant decline in the quality of natural resources (including water), owing to pollution caused by the IOC mining activities (including the polluting of the Carol, Wabush and Shabogamo lakes);

c) vandalism of traps and camps of the Vollant family members, including through arson, by non-Aboriginal persons;

d) seizure of firearms and game by non-Aboriginal persons;

e) the prevention by RCMP officers and security officers of hunting, fishing, trapping and gathering ;

f) non-Aboriginal intrusion into places traditionally used by the Vollant family members;

g) the creation of towns and the construction of mines; and

h) the Vollant family members’ feeling of being unsafe.

The Vollant family members found themselves forced to use the traditional family territories of other families.

The traditional lands in the area of the IOC mining facilities in the Labrador City region, and, in particular, lots 244 and 245 of the Saguenay Beaver Reserve and the adjacent lots, have special importance for the Uashaunnuat.

Alderon's mining facilities will further destroy the territory and its natural resources, including the lands on which the Vollant family and the Uashaunnuat were accustomed to gathering, as well as the hunting, fishing and trapping areas.

Alderon Response to IR No. ITUM 07

The Kami mine site is located in a region that is claimed as traditional territory by Innu Nation, Matimekush Lac Jon, ITUM, and NunatuKavut and the Naskapi Nation of Kawawachikamach (NNK). Through Alderon's exhaustive and meaningful engagement efforts with the five Aboriginal groups, Alderon has concluded that there will be no significant residual adverse effects from the Project on the Current Use of Land and Resource for Traditional Purposes by Aboriginal Persons. Additionally, the PDA is located within a heavily industrialized region and within the municipal planning boundaries of the communities of Labrador City and Wabush in areas zoned for mineral exploration and development. The environmental assessment concludes that, through proposed mitigation, there will be no significant residual adverse environmental effects resulting from the development of this Project.

3.3.8 Information Request No. ITUM 08

Just as IOC drove the Uashaunnuat, particularly the Vollant family, out of the Wabush region, it also prevented the Uashaunnuat from continuing to use the Sept-Îles Bay area by building the Pointe aux Basques shipping and receiving terminal in 1950. The industrialization of the bay led to other developments that collectively forced the Uashaunnuat to stop practising their traditional activities in that area.

The area affected by IOC's developments in the Sept-Îles region is located within the traditional territory of the Uashaunnuat. This traditional territory was and still is community land that is extremely important to the Uashaunnuat. The Uashaunnuat have traditionally called and continue to call this territory Uashat. The islands also have Innu names.

Before IOC came to the traditional territory in the Sept-Îles Bay region, the Uashaunnuat accessed and used this traditional territory as owners would, on a regular basis and from time immemorial. They regularly practised their traditional activities, such as hunting, fishing and gathering, on this territory, in accordance with the Innu way of life and for subsistence purposes.

The Uashaunnuat used this traditional community land during the summer in particular, setting up tents, camps and summer villages. The Uashaunnuat later settled more permanently in the region, though they continued to access and use their traditional family lands.

Since IOC's arrival in the traditional territory of the Uashaunnuat in the Sept-Îles Bay region, the Uashaunnuat have felt unable to continue pursuing their traditional way of life for various reasons, including:

a) significant decrease in the availability of natural resources owing to mining and associated developments, the increased presence of non-Aboriginal persons on traditional community land, and over-harvesting of natural resources;

b) significant decline in the quality of natural resources (including water), particularly due to pollution caused by IOC's mining, port and associated developments;

c) vandalism of Uashaunnuat traps and camps by non-Aboriginal persons;

d) seizure of firearms and game by non-Aboriginal persons;

e) prevention of hunting, fishing, trapping and gathering activities by RCMP and security officers;

f) non-Aboriginal intrusion into sites traditionally used by the Uashaunnuat;

g) creation of towns and construction of port facilities; and

h) the Uashaunnuat's sense of being unsafe.

Today, IOC's port facilities continue to prevent the Uashaunnuat from pursuing their traditional activities and traditional way of life in the Sept-Îles Bay region.

Alderon's port facilities will destroy the land and its natural resources even further.

Alderon Response to IR No. ITUM 08

The proposed Kami Terminal would be located in an already industrialized area with few natural habitats. It is located on the lands of the Port Authority of Sept-Îles, adjacent to existing load-out operating facilities (the Pointe-Noire Terminal). The Pointe-Noire Terminal has been in operation for many decades and the region has long been the centre of natural resource exploitation (hydro-electricity generation, mining and shipping). The proposed Kami Terminal will be designed, permitted and constructed in such a manner as to minimize further degradation of the existing environment. The environmental assessment concludes that, through proposed mitigation, there will be no significant residual adverse environmental effects resulting from the development of this Project.

3.3.9 Information Request No. ITUM 09

Alderon has made no mention of the background outlined above, instead repeating through the EIS that there is no significant Aboriginal presence at the future sites of the Project's mine and port facilities. At no point does it note that the Uashaunnuat were forced to leave those sites without their consent. The Uashaunnuat continue to assert that they are the owners of those areas and that they are opposed to any additional destruction of their land or additional impacts on their rights.

Alderon's frequently repeated claim that the Wabush and Sept-Îles Bay regions do not constitute significant areas for the Uashaunnuat is not only completely false, but insults the Uashaunnuat and their recent painful history in those regions.

Alderon Response to IR No. ITUM 09

Alderon is aware that ITUM claims lands in eastern Québec and western Labrador and that it is ITUM's assertion that the Project (both the Labrador and Québec components) will be situated on ITUM's traditional territory. In addition, Alderon is also aware that the proposed Project area overlaps Beaver Reserve Lots 244 and 245, which are the subject of interests claimed by certain traditional ITUM families. Alderon acknowledges that area is important to ITUM in the context of asserted Aboriginal rights and title.

The focus of the EIS is upon an assessment of potential Project effects upon the current use of land and resources for traditional purposes by Aboriginal persons. In this regard, based on all available information, Alderon concluded that the area was of secondary importance historically to the Québec and Labrador Innu and that there is no evidence of the current use of land and resources for traditional purposes by either of these groups.

This conclusion was based upon a review of all available information, including information prepared by ITUM in support of land claims, in the environmental assessment of other Projects in the region and in the context of legal proceedings. In addition, Alderon also commissioned independent research into the historic and contemporary land and resource use northeastern Québec and western Labrador by Québec and Labrador Innu. Alderon's review also included a full assessment of the history of ITUM's land and resource use, including the legal status of, and activities by the Uashaunnuat in, Beaver Reserve Lots 244 and 245. It should be noted that Alderon has repeatedly invited ITUM to share information respecting its land and resource use with Alderon (including significant funding to conduct a traditional land and resource use study), but such offers have either been ignored or declined.

Based on all available information available to Alderon, there is no evidence that there will be adverse effects of the Project on ITUM's current use of land and resources for traditional purposes. The level of information and assessment that was presented in the EIS was appropriate for an environmental assessment, which is intended to assess the likely impacts of a proposed project on the contemporary exercise of Aboriginal rights. If a particular group historically used the project area but no longer does, the project will have no impact on that group's exercise of rights. The information referred to by ITUM respecting the effect of IOC's operations on land and resource use (see IR Nos ITUM 06, 07 and 08) may be important for the purposes of a land claim submission to show whether Aboriginal rights exist in a particular area, but it is not required for the environmental assessment of this Project.

3.3.10 Information Request No. ITUM 10

Consultation by Alderon

The Uashaunnuat have been very disappointed thus far by Alderon's approach towards them. The Uashaunnuat object to Alderon's statement in its EIS that "Alderon is committed to working collaboratively and constructively with the Innu of Uashat mak Mani-Utenam to establish a long-term, mutually beneficial relationship over the life of the Project and to respond to community issues and concerns about the Project" (page 10-22 of Vol. II Part I).

It is true that preliminary discussions between Alderon and the Uashaunnuat took place in 2011-2012, but they produced no results, and the Uashaunnuat condemn Alderon's lack of openness to their reasonable demands. The Uashaunnuat's two main demands at the preliminary discussions were compensation for the impact of Alderon's development work on Uashaunnuat rights and interests, and funding to strengthen the Uashaunnuat's environmental expertise capacities so that they could properly understand and analyze the impacts of the Project.

On page 10-4 of Vol. II Part 1, Alderon states that:

"Consistent with its Aboriginal Relations Policy (Section 1.1.1), Alderon recognizes the importance of building relationships based on mutual trust and respect with Aboriginal groups whose treaty rights or asserted or established Aboriginal rights may be affected by the Project. Alderon is committed to working constructively and collaboratively with those Aboriginal groups in proximity to the Project to achieve mutually beneficial outcomes. Alderon has developed and implemented an Aboriginal Engagement Strategy and Action Plan (Appendix J) to guide and inform its engagement initiatives with Aboriginal groups to establish and maintain positive working relationships with Aboriginal groups over the lifetime of the Project. This action plan is consistent with the requirements of any applicable treaties, laws, regulatory measures and governmental policies, including the EIS Guidelines."

The Uashaunnuat are still waiting for concrete results from Alderon's efforts in this regard.

Alderon Response to IR No. ITUM 10

Alderon strongly disagrees with ITUM's assertions that Alderon has failed to adequately or constructively engage with the Uashaunnuat and that Alderon has dealt with ITUMin a manner that is inflexible and unreasonable. Alderon has, from the outset, acknowledged ITUM's asserted claims of Aboriginal rights and title in the Project area and has made every effort to engage ITUM in a collaborative, meaningful and respectful process in order to understand and address community issues and concerns in relation to the Project. Consistent with its awareness of ITUM's asserted Aboriginal rights and title, Alderon has made early and ongoing efforts to engage ITUM consistent with the principles of its *Aboriginal Relations Policy* and associated *Aboriginal Engagement Strategy and Action Plan*. Engagement efforts have included the provision of Project-related information, repeated offers to meet with the community, offers to conduct traditional land and resource use studies, offers to assist ITUM in the environmental assessment process and offers to negotiate benefits agreements. A detailed chronology of dealings between Alderon and ITUM is provided in EIS Volume 1, Chapter 10, as well as Volume 1, Chapter 10 of this Amendment.

Alderon's engagement with ITUM commenced in January 2011, prior to Project registration and has been active since that time. Alderon has provided ITUM with Project updates and other relevant documentation on an ongoing basis. Alderon's representatives have met with Chief and Council or their advisors on a number of occasions since January, 2011, to discuss the progress of the Project. Alderon has, as well, made repeated offers to meet with the community to provide Project information, to discuss community issues and concerns and to work with the Innu of Uashat to address such issues and concerns. To date, ITUM has not agreed to any

community meetings. It has rejected or ignored Alderon's offers to fund a traditional land and resource use study and has rejected Alderon's most recent offer of capacity funding to assist ITUM in its review of the EIS.

In order to enhance its understanding of the community's use of land and resources in the Project area, Alderon has also offered to provide resources to enable Uashat to conduct a traditional land and resource use study and to otherwise participate in the environmental assessment process. Alderon has also offered, most recently on October 31, 2012, to initiate the negotiation of a benefits agreement, again supported by funding to cover ITUM's negotiation costs. Finally, Alderon has also attempted to deal directly with traditional families with interests in Beaver Reserve Lot 244 and 245. Alderon has invited ITUM on at least three separate occasions to work together to develop a process of engagement with those families through direct interviews, the participation of the traditional families in the planning and conduct of archaeological investigations. These offers have been either ignored or declined.

With specific reference to Uashat's allegation that Alderon has exhibited "*a lack of openness to their [i.e. ITUM's] reasonable demands,*" Alderon would note the following. Alderon has stated both in correspondence and at meetings with the Chief and Council that its intention is to work with ITUM and the Innu of Uashat in order to establish a long-term, mutually beneficial and cooperative relationship that will provide benefits to, and address any adverse effects of the Project upon, the community.

Specifically, since March 2011, Alderon and ITUM have been engaged in the exchange of correspondence respecting the negotiation of formal arrangements to provide benefits to the community. Formal arrangements have not been concluded due to a disagreement between Alderon and ITUM as to the need for a separate pre-development agreement. It is Alderon's position that any adverse effects of Alderon's past exploration activities can be addressed within the context of a comprehensive benefits agreement that would cover all aspects of the Project's phases.

The most recent offer to initiate benefits agreement negotiations was made by Alderon on October 31, 2012. No response to this offer has been received. Alderon is aware that on October 18, 2012, ITUM issued a declaration proposing a moratorium on talks with all developers, pending the development of a land use plan identifying development areas and protected areas. Alderon has assured ITUM that it is its intention to undertake good faith benefits agreement negotiations as soon as possible and that, regardless of the outcome of these negotiations, it is Alderon's wish to work cooperatively with ITUM throughout the life of the Project.

Accordingly, in light of the engagement efforts outlined above, Alderon believes it has met or exceeded any legal requirements regarding engagement with ITUM. Alderson nonetheless remains committed to continuing to engage ITUM in a manner that is meaningful and respectful.

3.3.11 Information Request No. ITUM 11

Cumulative Effects Assessment

Alderon has made no effort to study or understand the cumulative effects of its Project on the Uashaunnuat or on their Nitassinan. The Project is one of a series of current and future iron ore mining developments in the Labrador Trough. Instead of analyzing these developments and their associated impacts as a collective whole that led to the destruction of various parts of the region, Alderon simply states that since it does not believe that the Project will have an impact on the use of the area immediately adjacent to the Project, the Project therefore cannot have cumulative effects (see p. 22-68 of Vol. I Part II).

Not only do the Uashaunnuat reject Alderon's conclusion about the immediate effects of the Project for the reasons stated above, they demand that Alderon perform an in-depth study of the cumulative effects caused by another major development project in a fragile ecosystem.

In their comments on the guidelines, the Uashaunnuat noted that the guidelines should place more emphasis on the issue of cumulative effects, given the significance of cumulative effects in this file and the fact that EISs are often deficient in addressing cumulative effects. Regarding the EIS guidelines for the Project, the Uashaunnuat submitted the following comments:

"The guidelines are not sufficiently specific regarding the implementation of a study or assessment of the cumulative environmental effects of the project by the proponent. They give the proponent a great deal of leeway in that respect, despite the fact that EISs are typically incomplete and inadequate with regard to assessing the cumulative environmental effects of projects."

The CEAA chose to ignore that comment, and the result can be seen. The EIS contains a brief and extremely vague, unscientific analysis of the Project's cumulative effects in relation to the many other development projects in the area. Where is the analysis of the impact of all these developments on, for example, the precarious caribou populations—a fundamental issue for the Uashaunnuat?

Lastly, the EIS anticipates that, in any case, the mitigation measures taken by the other mine proponents in the area will further reduce the cumulative effects (which the EIS claims are non-existent). The Uashaunnuat must note here that in the case of the proponent that has caused the most damage to the Uashaunnuat and to their Nitassinan, no agreement is in place or forthcoming, and IOC has yet to take any mitigation measures, despite the efforts made in good faith by the Uashaunnuat to reach an agreement.

The reality is that the many mining, forestry and other developments, including the construction of towns, cottages and resorts, have had devastating impacts on the Uashaunnuat, particularly by preventing them from accessing and occupying large parts of their traditional territory and by destroying the plants and animals that the Uashaunnuat need to practise traditional activities and maintain their Innu lifestyle.

The current and anticipated mining developments in the region have caused and will cause substantial changes and significant cumulative adverse effects on the Uashaunnuat and on the environment of the North Shore and Labrador, given:

a) the net reduction in the area of the territory following the construction of the mines;

b) the loss of the ecological heritage of the North Shore and Labrador;

c) the fragmentation of the land;

d) the loss and disturbance of plant and animal species;

e) the destruction of plant and animal habitat;

f) the disturbance to wildlife migration;

g) the accumulation of mercury in reservoirs and animal tissues;

h) the reduction of water quality;

i) the alteration of the landscape;

j) the alteration of navigable waters;

k) the loss of peatlands and wetlands;

l) deforestation;

m) the opening up of the territory to mining, forestry and other activities;

n) the opening up of the territory to recreation and tourism;

o) the increased number of hunters and poachers;

p) the increased number of predators; and

q) greenhouse gas emissions.

Alderon Response to IR No. ITUM 11

The EIS provides a detailed assessment of the potential environmental effects of the proposed Project itself, as well as its likely cumulative environmental effects in combination with other relevant projects and activities that have been or will be carried out. The approach and methods used in the cumulative effects assessments for each VEC are described in Volume 1, Chapter 6 of the EIS, and are based on and in keeping with recent and accepted environmental assessment practice, as well as the requirements of environmental assessment legislation and the EIS Guidelines / Scoping Document issued to Alderon by the provincial and federal

governments to guide the conduct of the environmental assessment and the preparation of the EIS. The EIS Guidelines / Scoping Document were developed by governments following Aboriginal and public review and comment and provided to Alderon, and their content (including whether and how the ITUM's comments were addressed by governments) is clearly beyond the responsibility of the Proponent.

The particular section of the EIS referenced by the Reviewer (page 22-68 of Volume 1) is related specifically to one VEC – namely, the Current Use of Land and Resources for Traditional Purposed by Aboriginal Persons. Assessments of potential Project-specific and cumulative effects are provided for all of the various VECs that are considered in the environmental assessment. This section of the EIS does not state that "*… since [Alderon] does not believe that the Project will have an impact on the use of the area immediately adjacent to the Project, the Project therefore cannot have cumulative effects*", as suggested by the Reviewer. The results of the cumulative effects assessment for the Current Use of Land and Resources for Traditional Purposed by Aboriginal Persons VEC does, however, state that existing and available information on current land and resource use activities by the various Labrador and Québec Aboriginal communities and organizations under consideration does not indicate that traditional activities currently occur within the PDA or LSA. In all cases, other areas of Labrador and/or Québec have been documented as being much more important for the land and resource use activities of each of the groups under consideration, and in no cases are there known sites of historical, cultural or spiritual importance to either group that may be adversely affected by the Project. As a result, and based on the information available to Alderon for use in this EIS, the Project is not likely to adversely affect the current use of land and resources for traditional purposes by Aboriginal persons, either on a Project-specific or cumulative basis. The VEC assessment goes on to recognize and state that although various other existing and proposed projects and activities in the region may, to varying degrees, have implications for such activities by Aboriginal people, the total area covered and affected by these projects is still relatively small given the overall size of the RSA and the overall (and core) areas used by each group. If the proposed Project does not adversely affect Aboriginal land and resource use, however, it cannot result in cumulative effects on this VEC in combination with other projects and activities – and especially, this cannot result in significant adverse cumulative environmental effects on this VEC in combination with other projects and activities that have been or will be carried out.

Each of the other 12 VECs being considered in the environmental assessment have their own individual cumulative effects assessments and findings. Caribou are native to Labrador and are part of the boreal population, which is subdivided into several ecotypes, including: 1) Migratory Woodland Caribou, including the GRCH, which migrates between forest and tundra in Québec and Labrador; and 2) Sedentary Woodland Caribou, which include the Lac Joseph Herd found in western Labrador and Québec (currently listed as threatened under the Newfoundland and Labrador *Endangered Species Act* and the federal *Species at Risk Act*.). As described in Section 19.5.3, Volume 1 of the EIS, the Project is not anticipated to overlap or interact with the current ranges of either of these herds, and therefore will not likely result in any adverse effects upon caribou. Current information indicates that the GRCH is known to occur to the north and northeast of the PDA, whereas the range of the sedentary Lac Joseph herd occupies an area to the south and east. This was further confirmed by the fact that none of the survey work (aerial

and ground) undertaken for the Project to date have observed any caribou in or near the PDA, as well as through input received from local residents and others during the public consultation activities completed by Alderon as part of the environmental assessment process. Again, if the proposed Project does not adversely affect caribou, it cannot result in cumulative effects on the herd(s) in combination with other projects and activities.

The cumulative effects assessment for the Current Use of Land and Resources for Traditional Purposed by Aboriginal Persons VEC (Volume 1, Chapter 22 of the EIS) does indeed generally note that the lack of known Aboriginal land and resource use in the PDA / LSA along with "*...the mitigation measures being proposed by Alderon and those being implemented by other proponents (including consultation initiatives and in some cases benefits agreements) will therefore mean that the Project will likely result in not significant adverse cumulative environmental effects in combination with other projects and activities that have been or will be carried out*". This statement merely references that fact that for some existing and proposed developments in the region, proponents and governments have carried out consultation with relevant Aboriginal groups, including in some cases the negotiation and implementation (or at least, the offering) of benefits agreements. The VEC does not state or suggest that benefits agreements have been concluded with all groups for all past projects, nor are the findings of the cumulative effects assessment based on that premise. Whether and how other proponents (including IOC) have engaged with any Aboriginal group is clearly beyond the ability and responsibility of Alderon, as is determining the appropriateness and adequacy of any such processes by others.

The environmental effects of other ongoing and adjacent mining developments and other projects and activities in western Labrador (and elsewhere as appropriate) were a key consideration in the cumulative effects assessments for all relevant VECs. Again, the approach and methods used in, and the focus of the cumulative effects assessments for each VEC were as described in Volume 1, Chapter 6 of the EIS, with each VEC having its own individual cumulative effects assessment. The various environmental issues and potential effects listed by the Reviewer were considered as relevant in each of these VECs and their cumulative effects assessments (e.g., habitat disturbance from multiple projects; water quality issues; air emissions, etc.). Please note that several of those listed by the Reviewer are not relevant to the proposed Project or likely to other mining developments in the region (e.g., the accumulation of mercury in reservoirs and animal tissues).

The proposed Kami Iron Ore Project will be located within an area that has a long-standing history of mining development and mineral exploration activity that has been on-going for several decades, The various components of the Project will occur within a portion of the Labrador City Municipal Planning Area (MPA), most of which has been zoned for Mineral Extraction (ME) or Mining Reserve-Rural (MRR) activities. The proposed mine is located within in an area designated as MRR, where permitted uses include mineral exploration and mining-related transportation. The proposed Kami Project and its associated components and activities are therefore well in keeping with the nature and scale of past and on-going (approved) development activities in the region, and within the context of the region's existing municipal planning framework.

3.3.12 Information Request No. ITUM 12

Conclusion

The Project will violate the rights of the Uashaunnuat and adversely affect their Aboriginal and treaty rights for the abovementioned reasons and the reasons set out below.

Furthermore, Alderon's operations and facilities will have an irreversible impact on the atmospheric, air, terrestrial, subterranean, aquatic and social environment of the affected areas of the Nitassinan, in addition to having adverse social, economic, ecological and personal consequences for the Uashaunnuat.

To be specific, the Project may have harmful impacts and significant adverse effects on the environment, including:

- Loss and disturbance of a large proportion of plant and animal species;
- Destruction of plant and animal habitat;
- Reduction of water quality;
- Fragmentation of the land;
- Net reduction in the surface area of the territory affected by the Project;
- Deforestation;
- Opening up of the territory to forestry and other mining activities;
- Opening up of the territory to recreation and tourism;
- Increased presence and activity of non-Aboriginal persons in the territory;
- Debris associated with mining;
- Alteration of the landscape; and
- Alteration of navigable waters.

The Project may also affect Uashaunnuat rights, interests, values, customs, practices and traditions, such as:

- Occupation and use of the land, waterways, rivers, streams and natural resources of the Uashaunnuat;
- Harvesting activities of the Uashaunnuat;
- Livelihood, way of life and traditional use of the Uashaunnuat Nitassinan;
- Spiritual and other bonds of the Uashaunnuat with the portion of their Nitassinan affected by the Project, thereby hampering spiritual and cultural practices;

- Cultural and historical heritage of the Uashaunnuat, such as cultural sites and burial sites;
- Exercise, by the Uashaunnuat, of their harvesting rights and activities;
- Hunting, fishing, gathering and trapping grounds;
- Territories used for passing on traditional knowledge;
- Ability of the Uashaunnuat to exercise their natural obligations to protect and manage the Earth and the environment;
- Jurisdiction and authority of the Uashaunnuat over their lands;
- Relations between Aboriginal and non-Aboriginal communities, primarily regarding natural resource accessibility and development.

Alderon's operations and facilities are subject to the consent of the Uashaunnuat, and the Uashaunnuat have not given their consent to those operations and facilities.

The Uashaunnuat hereafter oppose Alderon's operations and facilities, particularly given the violation of their rights and the Project's negative consequences as described in this document.

Alderon Response to IR No. ITUM 12

Alderon has carried out the environmental assessment with a view to addressing the requirements of the environmental assessment process and to meet or exceed the requirements of the Guidelines. Each of the environmental issues and potential effects listed by the Reviewer were considered as relevant in the appropriate section(s) of the EIS. The results of the environmental effects assessments for each VEC have indicated that the Project will not result in significant adverse environmental effects on either the biophysical or socio-economic environments, including on Aboriginal communities and their current land and resource use activities. No additional information has been obtained or provided by Uashaunnuat that would indicate that these findings are incorrect or need to be revised.

As described in Volume 1, Chapter 10 of the EIS and elsewhere, Alderon has been making substantial efforts to consult appropriately with each of the relevant Aboriginal communities and organizations in Labrador and Québec, including the Uashaunnuat. This has included the ongoing provision of Project information, as well as offers of formal agreements and associated funding to gather and provide information on current land and resource use and harvesting, traditional Aboriginal knowledge, and community issues and concerns regarding the Project and its potential environmental effects, for consideration and incorporation into the environmental assessment and ongoing Project planning.

Alderon is of the view that the type and level of Aboriginal engagement activities that is has undertaken and/or offered in relation to this Project have been both meaningful and appropriate.

Alderon is confident that there will be no significant residual Project effects resulting from the development of the Project. Alderon maintains a willingness to continue to engage potentially

affected Aboriginal groups, including ITUM, to discuss community issues and concerns. In addition, should ITUM provide Alderon with evidence of adverse project effects upon its members' current use of land and resources, Alderon is prepared to discuss appropriate additional mitigation and avoidance measures.

3.4 Information Requests Received from Nunatukavut (NCC)

In December 2012, Alderon received comments on the EIS from NunatuKavut Community Council (NCC). On December 21, 2012, Alderon offered to meet with NCC to discuss these comments and Alderon's proposed responses. A meeting between NCC representatives and Alderon was held on January 30, 2013 to discuss the environmental assessment of the Project and certain of NCC's comments on the EIS. A community meeting with NCC members in Lab West to discuss the environmental assessment process and the status of the Project is tentatively scheduled for the third week in February, 2013.

The following section includes the 14 information requests from NCC and Alderon's response to each of these requests.

3.4.1 Information Request No. NCC 01

A more comprehensive description of Traditional Knowledge issues and the related requirements of the Proponent are necessary. Within the stand-alone section on Aboriginal Peoples one part should address Traditional Knowledge issues, including for the NCC communities. At a minimum that part should include provisions that describe:

- How Aboriginal Traditional Knowledge and scientific knowledge are to be balanced and used in concert throughout the life of the Project;
- Recognition that Traditional Knowledge is to remain the property of the individual holder of the Knowledge and his or her Aboriginal group along with the acknowledgment that they shall dictate whether and how the information may be used;
- If the Traditional Knowledge may be used, how the Proponent must enter into agreements with the individual holder of the Knowledge and the NCC on behalf of the NCC communities. Those agreements shall contain specific provisions to achieve the necessary protection; and
- The requirement for the provision by the Proponent of adequate funding to the Aboriginal group to enable the gathering, compiling organization and use of the Aboriginal Traditional Knowledge.

Alderon Response to IR No. NCC 01

Alderon has been and remains committed to ensuring that Aboriginal people and communities are engaged appropriately in the environmental assessment process and in other phases and aspects of the Project. As described in detail in the EIS (see EIS Volume 1, Chapter 10 and Chapter 10 of Volume 1 of this Amendment) and in other responses to Information Requests, to date this has included the ongoing provision of Project-related information, meetings and offers to meet with Aboriginal leadership and community residents, and offers of formal agreements supported by capacity funding with various Labrador and Québec Aboriginal groups, for the purposes of obtaining and sharing information relevant to the Project and its environmental assessment, including traditional knowledge and information relating to the current use of land and resources for traditional purposes by Aboriginal persons.

In 2012, Alderon and NunatuKavut Community Council (NCC) entered into an agreement which established processes and parameters for the collection and use of information respecting the current use of land and resources by NCC members and traditional knowledge, as well as a survey of NCC members' issues and concerns. This agreement also included funding for the conduct of the land and resource use study and the survey of NCC members. The results of this study and survey were fully considered by Alderon and incorporated into the EIS. The full report, entitled *NunatuKavut Land Uses in the Labrador Iron Belt*, is set out in full in EIS Volume 1, Appendix L.

Alderon recognizes the sensitivities associated with the collection and use of traditional knowledge. As a result, offers made to each Aboriginal group respecting research into land and

resource use and traditional knowledge included provisions respecting the confidentiality, use and ownership of such information. The data collection pursuant to the 2012 agreement with NCC was approved by NunatuKavut's Research Ethics Board and undertaken in compliance with Research Guidelines published by NCC.

Page 10-25 of Volume 1 of the EIS describes the arrangement between Alderon and NCC, including funding provided by Alderon for NCC to collect data related to traditional land use and Traditional Knowledge:

> *"Alderon has concluded formal arrangements, supported by capacity funding, with NCC. The Community Engagement Agreement which was entered into on February 28, 2012, provides a framework for the ongoing exchange of Project-related information between Alderon and NCC to determine the interests, values and concerns of NCC membership. Pursuant to this agreement, Alderon has provided NCC with funding to collect data related to traditional land and resource use and traditional knowledge. NCC conducted land and resource use interviews with ten land users in early summer, 2012 and also surveyed a representative sampling of its membership to identify issues and concerns in relation to the Project. The results of this exercise, including land and resource use maps, have been incorporated into the EIS (Chapter 22 and Appendix L) and have been used to augment Alderon's understanding of the possible effects of the Project upon NCC membership's current land and resource use for traditional purposes. The information generated through interviews, map biographies and surveys are also valuable sources of information in identifying community issues and concerns and will be helpful in informing Alderon's next steps in its relationship with NCC as well as the development of any required mitigation measures."*

Alderon will continue to work with NCC to address the issues raised by NCC (i.e., Aboriginal Employment and Business Opportunities; Aboriginal Engagement; Traditional Land Use Activities by Aboriginal Persons; and Project Design, as described in EIS Section 10.3.2 of Volume 1). Alderon will use Traditional Knowledge and scientific knowledge, in consultation with NCC, to address issues as and if they arise throughout the life of the Project.

Alderon considered Aboriginal Traditional Knowledge in the environmental assessment process, as advocated by the CEA Agency (2012). As stated on EIS page 4-4 of Volume 1:

> *"Appropriate ethical and confidentiality standards have been applied to any primary data collection efforts. The traditional and local knowledge to which Alderon has had access has been incorporated into the EIS (Chapters 14.0 to 26.0) and has informed the description of the existing physical, biological and human environments, natural cycles, resource distribution and abundance, long and short-term trends, the use of lands and water resources, harvesting, use of lands and resources for traditional purposes, identification of issues, and the consideration of follow-up and monitoring programs."*

Alderon acknowledges that Traditional Knowledge remains the property of the individual holder of the Knowledge and his or her Aboriginal group, and that the holder of the Knowledge may prescribe whether and how the information may be used. As is consistent with the current arrangement between Alderon and NCC, Alderon acknowledges that agreements must be in place between Alderon and NCC and the individual holder of the Knowledge. These agreements will address items such as ownership of Traditional Knowledge and how it may be used.

References:

CEA (Canadian Environmental Assessment Agency). 2012. Considering Aboriginal traditional knowledge in environmental assessments conducted under the *Canadian Environmental Assessment Act* – Interim Principles. Available online at: http://www.ceaa-acee.gc.ca/default.asp?lang=En&n=4A795E76-1. Accessed: December, 2012.

3.4.2 Information Request No. NCC 02

The Parties to the current Comprehensive Study have failed to engage directly with NCC in relation to section 35 matters; failed to assess the scope and depth of the rights and interests concerned – which necessarily requires some level of consultation with NCC – and therefore have failed to provide Alderon, as a nominal 3rd party proponent, with the key base information on which it can make assessments of specific impacts and make proposals for mitigation and/or accommodation.

Alderon Response to IR No. NCC 02

With respect to impacts of the Project on Aboriginal rights, Alderon has fully assessed the effects of the Project upon the contemporary exercise of asserted Aboriginal rights and the current use of land and resources for traditional purposes by Aboriginal persons. (EIS, Volume 1, Chapter 22). In order to facilitate its understanding of the potential effects of the Project upon the current use of lands and resources for traditional purposes by each Aboriginal group, Alderon has developed an *Aboriginal Relations Policy* and associated *Aboriginal Engagement Strategy and Action Plan* (see EIS Volume 1, Appendix M). The *Strategy and Action Plan* have guided Alderon's engagement efforts with Aboriginal groups whose asserted interests may be affected by the Project. Based on the *Policy* and associated *Strategy*, Alderon has engaged directly with five Aboriginal groups, including NCC, which have asserted claims to Aboriginal rights and title in the PDA.

Alderon has undertaken exhaustive engagement efforts with each of these groups, and is confident that the level of information that was presented in the EIS was appropriate for an environmental assessment, which is intended to assess the likely effects of a proposed project on the current use of land and resources by Aboriginal purposes by Aboriginal persons. Alderon disagrees that further information is required to complete this assessment.

Alderon's engagement efforts with NCC commenced prior to Project registration and has consisted of the provision of all Project-related information, meetings and offers to meet with

NCC leadership and the community and offers to enter into formal arrangements, including traditional land and resource use studies, supported by capacity funding. A comprehensive description of Alderon's engagement activities with NCC is included in EIS Volume 1, Chapter 10 and in the updated record of engagement provided in Part 1, Chapter 10 of this Amendment.

The purpose of Alderon's engagement efforts has been to provide NCC with sufficient information in relation to the Project in order to enable NCC and its members to identify and provide to Alderon information respecting their interests and concerns. Information generated through Alderon's engagement efforts have been used by Alderon to augment its understanding of the potential effects of the Project upon NCC and its members and to identify any measures required to address adverse effects. A principal component of Alderon's engagement efforts has been the offer, supported by funding, to NCC to collect information, as required by the EIS Guidelines, related to both the historic and current use of land and resources for traditional purposes and to traditional knowledge. In 2012, NCC and Alderon entered into an agreement that provided for the collection of land and resource use information, as well as a survey of NCC members issues and concerns relating to the proposed Project. The results of the land and resource use study and members' survey were fully considered by Alderon and incorporated into the EIS. The full report entitled, *NunatuKavut Land Uses in the Labrador Iron Belt*, is set out in EIS Volume 1, Appendix L.

In addition to information provided directly by NCC itself, Alderon canvassed all publicly available information, including NCC's land claim documentation entitled "*Unveiling NunatuKavut*" and information provided by NCC in the context of the environmental assessment of other projects in the region in order to identify potential Project effects upon harvesting and other land and resource use activities and upon historic resources.

Based upon information directly provided by NCC and publicly available information respecting current land and resource use in the PDA, Alderon has concluded that the Project will not have significant adverse effects upon such activities.

Alderon is confident that NCC was provided with sufficient Project-related information to allow it to identify potential effects of the Project upon its interests, asserted rights and values. Alderon is also confident, as a result of its exhaustive engagement efforts with NCC, that it has assessed the potential effects of the Project upon NCC's current use of land and resources for traditional purposes as required by the EIS Guidelines. Alderon will continue to pursue its engagement activities with NCC and should NCC provide Alderon with evidence of adverse effects upon its members' current use of land and resources, Alderon is prepared to discuss appropriate mitigation and avoidance measures.

3.4.3 Information Request No. NCC 03

Also of importance is that for the federal government, it is CEAA that holds the role for the federal Crown to "conduct background research on Aboriginal groups in the area and their rights; identify potential adverse impacts of the proposed project/activity; undertake initial assessment and analysis (including strength of claim assessment); and, based on the potential

severity of the adverse impacts of the proposed project on the potential or established Aboriginal and treaty rights under Section 35 of the *Constitution Act, 1982*, establish the initial form and content of a consultation process. It is not at all clear to NCC that this role has in fact been carried out, whether by CEA for Canada or by NL-ENVC for the province, so as to sufficiently inform Alderon of the extent to which it should apprise itself of the specific nature of Inuit/Metis rights and interests that may be affected by the different elements of the Project. In this respect the process of completing an Environmental Impact Statement has been conducted prior to the assessment of NCC rights, including strength of claim, as with the cart going before the horse.

The NunatuKavut Community Council is presently submitting a document which was written and developed through a Community Engagement Agreement between Alderon and the NCC. The this final report was submitted to Alderon July of 2012, designed to report on the ATK collected during the map biographies.

Alderon Response to IR No. NCC 03

Alderon does not agree that the environmental assessment of the Project must be deferred until there has been a full assessment by the Crown of NCC's asserted Aboriginal rights and that any assessment in the EIS of the effects of the Project on the current use of land and resources for traditional purposes by NCC membership persons that is not based on a preliminary assessment of the nature and scope of NCC's asserted rights is deficient. The purpose of the EIS is not to assess the strength or validity of any particular claim to Aboriginal rights and title or to determine how the proposed Project will affect Aboriginal rights per se. The purpose of environmental assessment is to determine an Aboriginal group's current use of lands and resources in the proposed PDA and to assess how the proposed Project is likely to affect those current activities, in compliance with the EIS Guidelines.

Alderon has developed an *Aboriginal Relations Policy* and associated *Aboriginal Engagement Strategy and Action Plan*, which has informed its engagement efforts with Aboriginal groups whose asserted interests may be affected by the Project (see EIS Volume 1, Appendix M). Alderon is aware that NCC asserts claims of Aboriginal rights to land and resources in western Labrador, including the Project area and, based upon it awareness of this claim, Alderon has engaged directly with NCC.

Alderon's engagement efforts with NCC commenced prior to Project registration and has consisted of the provision of all Project-related information, meetings and offers to meet with NCC leadership and the community and offers to enter into formal arrangements for the collection of land and resource use information and traditional knowledge. These efforts are described in EIS, Volume 1, Chapter 10 and in the updated record of engagement provided in Part 1, Chapter 10 of this Amendment.

The purpose of Alderon's engagement efforts has been to provide NCC with sufficient information in relation to the Project in order to enable it to understand the proposed Project and to identify potential issues and concerns. The information provided by NCC during the course of the environmental assessment has been used by Alderon to augment its understanding of the

potential effects of the Project upon those interests and to develop measures to address any adverse effects. A principal component of Alderon's engagement efforts in this regard has been the offer of funding to NCC to undertake the collection of information relating to both the historic and current use of land and resources for traditional purposes and to traditional knowledge. In 2012, NCC and Alderon entered into an agreement that provided for the collection of land and resource use information and traditional knowledge, as well as a survey of NCC members issues and concerns relating to the proposed Project. The results of the land and resource use study and members' survey were fully considered by Alderon in its assessment of the potential effects of the Project upon NCC members' current use of land and resources for traditional purposes and incorporated into the EIS. The full report, entitled *NunatuKavut Land Uses in the Labrador Iron Belt*, is set out in EIS Volume 1, Appendix L. In addition to information provided directly by NCC itself, Alderon canvassed all publicly available information, including NCC's land claim documentation entitled "*Unveiling NunatuKavut*" and information provided by NCC in the context of the environmental assessment of other projects in the region in order to identify potential Project effects upon harvesting and other land and resource use activities and upon historic resources.

Alderon is confident that the level of information and the assessment that was presented in the EIS was appropriate for an environmental assessment which is intended to assess the likely effects of a proposed project on the current use of land and resources for traditional purposes by Aboriginal persons and that no further information is required to complete this assessment.

3.4.4 Information Request No. NCC 04

The following comments relate to specific sections of the EIS regarding Aboriginal Traditional Knowledge provided by NunatuKavut Community Council. During the summer of 2012 Alderon and NunatuKavut conducted a project which saw the collection of Aboriginal Traditional knowledge through the surveys and directed map biography interviews.

One of the primary tenets of the agreement between the NunatuKavut Community Council and Alderon was that two sets of community meetings were to be held. The community meetings outlined the project and people's reactions to the project. The intent was for the second set of meetings to bring back the Aboriginal Traditional Knowledge (ATK) which had been gathered from the process and the issues of concern. The second purpose of the community meetings and portions of the surveys were to gain feedback from participants on the environmental and socio – economic effects, or perceived effects. In a way, this was a very ambitious goal in that if the project could not be described in any amount of detail, then it is very difficult to gain accurate responses from participants because participants were not given a clear picture of the project.

Alderon Response to IR No. NCC 04

Alderon does not agree with the Reviewer's implication that NCC members were not given a clear picture of the Project.

Alderon has made significant efforts to engage all potentially affected Aboriginal groups, including NCC, commencing prior to Project registration. Alderon's engagement efforts have included the ongoing provision of Project-related information, including the Project registration, permit applications, the full text of the EIS and a Plain Language Summary. Alderon has also met with both NCC executive and membership to discuss the Project and provide Project updates. In addition, in an effort to obtain information respecting current land and resource use and Traditional Knowledge, Alderon and NCC concluded a Community Engagement Agreement on February 28, 2012. This agreement involved the provision of funding to NCC to retain a consultant to conduct and report on a traditional land and resource use study based on interviews with selected land and resource users in the area and surveys of NCC membership on the socio-economic effects of the Project. The results of this exercise are set out in *NunatuKavut Land Uses in the Labrador Iron Belt* (EIS, Volume 1, Appendix L).

In addition, it should be noted that the proposed Project is located in western Labrador, within the Labrador City and Wabush municipal planning area boundaries and the Hyron Regional Economic Zone. Mineral exploration, mining and associated industrial activities have been ongoing in the region since the late 1950s and are the main engine of regional development and prosperity. The Kami property is flanked by several existing iron ore mining operations (IOC, Wabush Mines, and Arcelor Mittal). As a result, mining operations and the environmental effects of mineral extraction and mitigation measures to address any adverse effects are well known and understood in the area. In fact, many of the NCC participants in the survey and land and resource use study contained in *NunatuKavut Land Uses in the Labrador Iron Belt* (EIS, Volume 1, Appendix L) indicated some affiliation with or participation in the mining industry.

While it is true that the agreement between Alderon and NCC did anticipate a second, follow-up meeting to discuss the results of the land and resource use study and members' survey and that such a meeting has not yet occurred due to scheduling difficulties, Alderon is confident that its engagement efforts with NCC (which are continuing) have been sufficient to provide NCC members with a clear understanding of the Project and to enable NCC to identify issues and concerns. A follow up meeting is planned for early 2013. However, Alderon is confident that NCC members were provided with sufficient information to understand the Project and its potential effects and that no further information is required to enable NCC members to understand the Project.

3.4.5 Information Request No. NCC 05

Before the EIS can be credibly completed, the measures required to accommodate any infringements or interference, including appropriate impact benefit arrangements, have to be informed by an assessment of right and therefore the EIS finalization process should be halted pending the completion of such assessments and discussions of mitigation/accommodation, at least to the point of providing a framework within which Alderon and NCC, in consultation, can review the details and come up with an accommodation plan that is acceptable and implementable. This egregious fault within the EIS should lead Canada at least to require Alderon to further consult with NunatuKavut with a view to achieving such accommodations

before agreeing to consider the EIS as sufficiently complete on which to form a comprehensive study and provide any related recommendations to the responsible Ministers.

It is the view of NCC that this conduct by the Crown was not consistent with its duty to consult and accommodate the asserted rights, titles and interests of the NCC. We have, as a result, done the best we could with a limited budget, short time frame and very limited access to government expertise on the project.

Alderon Response to IR No. NCC 05

Alderon does not agree with the assertion that "*Before the EIS can be credibly completed, the measures required to accommodate any infringements or interference, including appropriate impact benefit arrangements, have to be informed by an assessment of right and therefore the EIS finalization process should be halted pending the completion of such assessments…*".

Alderon has undertaken exhaustive and meaningful engagement efforts with NCC as described in Volume 1, Chapter 10 of this Amendment and Volume 1, Chapter 10 of the EIS, and IR Nos. NCC 01, 02, 03 and 04, and is confident that the level of information and assessment that was presented in the EIS was appropriate for an environmental assessment, which is intended to assess the likely effects of a proposed project on the current use of land and resources for traditional purposes by Aboriginal persons. Based upon the information directly provided by NCC through its land and resource use study and members' survey as well as publicly available information, including NCC's land claims documentation entitled "Unveiling NunatuKavut" and information provided by NCC in the context of the environmental assessment of other projects, Alderon has concluded that the Project will not have significant adverse effects upon NCC's current use of land and resources in the Project area. Nevertheless, Alderon has committed to continued engagement with NCC throughout the life of the Project and should NCC provide evidence of adverse effects upon its current land and resource usage, Alderon will discuss appropriate mitigation and avoidance measures.

Alderon also disagrees with the assertion that the environmental assessment of the Project must be deferred until some form of accommodation agreement between Alderon and NCC has been concluded, Alderon's understanding is that the Crown's duty to consult does not require Alderon or the Crown to offer any particular form of accommodation to a potentially affected Aboriginal group. The Crown has an obligation to ensure that all potentially affected groups are informed about the Project, that opportunities are provided for those groups to review the Project information and provide input to the decision maker, and to ensure that Aboriginal concerns are considered prior to the Crown making a decision that could affect Aboriginal rights and interests. This assessment, together with any information submitted by the Aboriginal groups themselves, is then used by the Crown in the course of making its decision as to whether to allow the project to proceed.

3.4.6 Information Request No. NCC 06

Transmitting Power

It is still unclear to the NCC how Alderon will receive power for this project and it is hard to accurately review an EIS when it is a moving target. Will a transmission line be built from Muskrat Falls to the Kami Mine site? The NCC feels if a transmission line does get built, it should follow the current Trans Labrador Highway. Following the Trans Labrador Highway route would reduce immensely the need for new road construction and further unnecessary destruction to our Environment. When considering cumulative effects and alternative ways of carrying out the project and taking in account sustainability following the certain Trans Labrador Highway seems like the most logical choice. New access roads open up more of the interior of Labrador into traditional hunting and fishing areas of the NCC members. With limit enforcement and conservation officers this area will be severally treated from over fishing and hunting.

Alderon Response to IR No. NCC 06

In response to Alderon's formal request for power, Nalcor has completed preliminary engineering design for a 315 kV transmission line from Churchill Falls to Wabush and related infrastructure. Stage III engineering and investigation work for the provision of transmission and electrical plant and services associated with supplying power to the Project will be completed by Nalcor and commenced in December 2012. Nalcor will be responsible for the routing of the new transmission line and is responsible for assessing the impact of the Nalcor project components required to deliver power to the Project.

3.4.7 Information Request No. NCC 07

<u>EIS Guidelines, CEAA Document</u>

In April of 2012 the NCC commented on the EIS Guidelines for the Kami Mine project. The NCC stated then that;

1. The NCC feels that CEAA should adopt a more regional approach to the Kami Mines project and the Labrador trough in general. For the purposes of the Kami Mine project we would like to see expanded assessment boundaries to encompass a broader geographic area, an area that can better represent interrelationships between environment and development. The NCC feels that given the cumulative effects of continued development and mining exploration in Western Labrador that a project based EIS is not sufficient for the Kami Mine project.

2. The NCC is also very concerned with the potential destruction of rare and limited wetlands that remain in this area. It has been brought to the attention of the NCC that some wetlands will be destroyed or totally altered as a result of this project.

It seems as though these comments had little or no effect on the current Kami Mine EIS.

Alderon Response to IR No. NCC 07

1. Cumulative Effects

In the EIS, Alderon has assessed the potential cumulative environmental effects of the Project in combination with other projects and activities that have been or will be carried out, and whose environmental effects will likely overlap in space and time with those of the Project for each VEC. This has included defining appropriate environmental assessment boundaries (spatial and temporal) for each VEC, with consideration of potential Project-specific environmental interactions and effects, as well as the larger geographic perspectives that are often required to assess cumulative effects on a regional scale (particularly, through the LSA and larger RSA defined for each VEC).

Additionally, the Project is located within the municipal planning boundaries of Labrador City and Wabush, in areas that are zoned for mineral exploration and associated activities. The town planning process was conducted under the *Urban and Rural Planning Act, 2000* and considered the significance of mining to the region, provided opportunities for public consultation and contemplated the cumulative effects of these activities within the region.

Alderon is therefore of the view that it has assessed the cumulative effects of the Project in accordance with the requirements of the provincial and federal environmental assessment legislation that apply to the Project, and with the Final EIS Guidelines issued to Alderon by governments.

2. Effects on Wetlands

Owing to the nature of the Project, with an ore body dispersed throughout a significant depth from the bedrock and a requirement for open pit mining operations, Alderon acknowledges that there will be a loss of natural wetlands associated with the social and economic imperatives of developing the Project. As identified in the EIS (Chapter 17; Section 17.6.2; Table 17.8), development of the Project will result in the loss or alteration of approximately 572 ha of wetlands in the PDA, with the majority of the wetland area comprised of wetland types considered relatively common in the region. Fens occupy the large majority of wetland habitat areas, whereas marshes are found in limited abundance, being restricted primarily to the shorelines of certain waterbodies and watercourses. Projections of wetland habitat loss in the PDA are over-estimated as it is anticipated that portions of the PDA will not be used, and measures to minimize clearing, filling, dredging, draining and other potential disturbances outside of the required Project components will be employed through conformance with the Project-specific mitigation measures.

Avoidance and minimization of adverse effects to wetlands and their functions will be practiced through development of final Project design and the Environmental Protection Plan (EPP). Furthermore, wetlands will be rehabilitated where possible and the construction of wetlands will be considered where feasible. With an identified loss of wetlands and wetland function, due to topographic or hydrological pattern changes, or from soil movement (removal of soils and overburden) associated with Project construction, *in situ* reclamation opportunities associated

with those wetlands are not considered practical. Rather than undergoing rehabilitation, a portion of those wetlands which will be permanently altered will be offset through compensation.

Additional mitigation to reduce Project effects on wetlands and wetland function during construction and operations include the following:

- Measures to minimize disturbance to wetlands outside the PDA, in particular Project components will be employed, as per the EPP;
- Development of a Wetland Mitigation and Monitoring Plan mitigating the potential effects to wetlands resulting from the Project. Wetland mitigation and monitoring provides an effective means to monitor a variety of effects to wetlands because wetland composition and distribution are easily monitored with accuracy (from baseline conditions), they are indicators of other ecosystem components and changes in wetland composition are may be reflected in effects to other ecosystem components (e.g., wildlife habitat); and
- Implementation of additional wetland development to the extent practical, if monitoring determines that further measures are needed to address loss or alteration of remaining wetland types.

In relation to wetlands, the primary focus of adaptive management will be to monitor potential changes (e.g., hydrological, biological, chemical) on these wetlands to detect any negative effects resulting from the Project or other adjacent land uses. This will enable remedial action to be taken, preferably at the earliest opportunity.

3.4.8 Information Request No. NCC 08

Comprehensive Study

The NCC feels that due to the high level of impacts resulting from this project that this project has to be referred to a Joint Panel review. Furthermore the NCC believes that all major mining projects in Western Labrador should fall under a JRP.

It is generally accepted that this project will have immense and adverse effects on the environment and the people of the NCC, considering cumulative effects this project will cause, understandably there is very strong public concern within the NCC. The Minister then should refer the Kami Mine Project to a Joint Panel with proper extra funding and time lines to allow parties to engage in the process.

Alderon Response to IR No. NCC 08

The decision whether the Project and its environmental assessment (or indeed, any other proposed mining project in western Labrador) should be referred to a Joint Review Panel or subject to some other type and level of environmental assessment is a decision to be made by the federal and provincial governments.

Notwithstanding the statement of the Reviewer that "*it is generally accepted that this project will have immense and adverse effects on the environment and the people of NCC*", this statement is unsubstantiated and is not in keeping with the findings of the EIS or with the results of the members' survey conducted by NCC (see EIS Volume 1, Appendix L).

The proposed Project is located in western Labrador, within the Labrador City and Wabush municipal planning area boundaries that are zoned for mineral exploration and development. Mineral exploration, mining and associated industrial activities have been ongoing in the region since the late 1950s and are the main engine of regional development and prosperity. The Kami property is flanked by several existing iron ore mining operations (IOC, Wabush Mines and ArcelorMittal). As a result, mining operations and the environmental effects of mineral extraction and mitigation of any adverse effects are well known and understood in the area.

The potential environmental effects of the Project (project-specific and cumulative) on the biophysical and socio-economic environments have been assessed and described in detail throughout the EIS, Volume 1, including the identification of potential effects and mitigation measures to avoid or reduce them. The results of these environmental effects assessments have indicated that the Project will not likely result in significant adverse environmental effects on any of the biophysical or socio-economic VECs.

No additional information has been obtained or provided which would indicate that these findings are not accurate or require revision.

Alderon has made significant and ongoing efforts to engage NCC to provide its members with all Project-related information in order to identify issues and concerns. As part of these engagement efforts, Alderon funded a traditional land and resource use study in order to determine the effects of the Project upon NunatuKavut members' land and resource use in the vicinity of the Project. This exercise included the development of land and resource use maps illustrating harvesting, fishing, camping and travel route sites in and around the Project site as well results of interviews and surveys of members' attitudes on the potential socio-economic effects of the Project. The full report entitled *NunatuKavut Land Uses in the Labrador Iron Belt* was considered by Alderon in its assessment of the potential effects of the Project upon the current use of lands and resources for traditional purposes by Aboriginal persons and included as EIS, Volume 1, Appendix L. The conclusions of this Report do not support the Reviewer's assertion that the Project will have "*immense and adverse effects on the environment and the members of NCC*". In addition to information directly provided by NCC to Alderon, Alderon also reviewed publicly available information, including information prepared by NCC in connection with its land claim and information provided by NCC in the context of the environmental assessment of other Projects. This information similarly does not support NCC's assertions as to the "*immense and adverse effects of the Project*" or alter Alderon's conclusion that the Project will have no significant adverse effects upon NCC's current use of land and resources.

3.4.9 Information Request No. NCC 09

Benefits to the NCC and Affected Communities

The communities of the NCC with experience the highest costs from this project and in particular the various Aboriginal communities in the project area and in Labrador. The NCC has concerns of how the benefits of this project cannot be fully assessed without including the cost and benefits of the Project to residents of Labrador and Aboriginal groups should be more than just a few short term jobs.

It is generally accepted that this project will have immense and adverse effects on the environment and the people of the NCC, considering cumulative effects this project will cause, understandably there is very strong public concern within the NCC.

Alderon Response to IR No. NCC 09

The residents and businesses located in communities of the NCC and throughout Labrador will have an opportunity to participate in the long-term benefits associated with the Project. The duration of those benefits will depend on the pace and scale of the Project and the preparedness of residents and businesses.

The results of an economic impact analysis contained in the EIS suggests that the Project will cost an estimated $12.5 billion to construct and operate, consisting of $2.1 billion in capital expenditures, which include sustaining capital and closure costs and $10.4 billion in operating expenditures. Approximately, 83 percent of the costs are related to operations and the remaining 17 percent are devoted to capital expenditures.

The project is expected to create approximately 14,490 person-years of direct employment, yielding approximately $1,090 million in incomes to direct labour. Approximately 87 percent of the direct employment (12,689 person-years) and 85 percent of the direct labour income ($916 million) generated by the expenditures is expected to accrue to residents of Newfoundland and Labrador.

From the capital phase of the Project, residents and businesses located in Labrador communities can expect to receive $92 million of income benefits, of which the residents of the Hyron region can expect to receive $66 million. The impact during the operating phase is $1.5 billion in Labrador, $1.2 billion of which will occur in the Hyron region. The corresponding capital phase employment impacts are 1,253 person-years of employment for Labrador, including 869 person-years for the Hyron region. The impact during the operation phase is 21,295 person-years in Labrador, 17,047 person-years of which will occur in the Hyron region.

As with any large-scale resource project, many of the goods and services required to construct the Project may be manufactured and sourced from outside the province and perhaps Canada, such as steel (plate, tubulars, rebar), power generation equipment, utility and concentrator equipment, drilling equipment, mobile fleets, etc. In many instances, local businesses will be compensated for adding small amounts of value through items such as transportation, logistics,

warehousing, assembly or batching. The actual level of domestic procurement for the required goods and services depends on the bidding competitiveness of the local industry as well as commitments contained in benefits plans with the Province.

Often materials and equipment required in the various construction and fabrication phases of the Project are also required during operations. The operations phase represents the most substantive opportunity for suppliers from Newfoundland and Labrador given the need for continuity of supply, the existence of other producing mines and the geographical advantage afforded Newfoundland and Labrador suppliers. The EIS contains a list of businesses in the western Labrador region. Alderon will work with Aboriginal groups, including NCC, to develop a comprehensive inventory of Aboriginal business capacity and Project business opportunities

By their nature, many of the goods and services required during operations are captive to the local economy. That is, local businesses should be able to provide the goods and services required on a day-to-day basis to the Project more economically than companies located outside the province. In addition, Newfoundland and Labrador, and in particular Labrador City, has a long history of providing goods and services in support of iron ore mining. Residents and businesses in the NCC will have an opportunity to take advantage of these long term opportunities over the 20 year life of the Project.

Alderon's contracting philosophy will be based on adhering to the commitments made in the mining authorization issued by the Government of Newfoundland and Labrador. This agreement will contain commitments to full and fair opportunity and first consideration for qualified Newfoundland and Labrador businesses, as well as workers. The company will put in place measures to evaluate potential suppliers based on standard commercial considerations that will include preferential treatment local businesses and workers.

Distribution of Income and Employment Impacts – Labrador and Hyron

This section describes how the employment and income impacts are expected to be allocated across Newfoundland and Labrador, throughout Labrador and within the Hyron region. The most recent labour force data for the Hyron region is presented in Table 3.4.1. There are 440 people who work in the construction and manufacturing industry within that region. There are also 1,390 people in the rest of Labrador who work in the construction and manufacturing industry. As well, there are 3,180 and 7,285 people working in the service industry in Hyron and the rest of Labrador, respectively.

Table 3.4.1 Labour Force Hyron Region, Labrador and Newfoundland - 2006

	All Industries	Primary Industry		Manufacturing and Construction Industry		Service	
	People	People	Share	People	Share	People	Share
Hyron	6,230	2,615	42.0%	440	7.1%	3,180	51.0%
Rest Of Labrador	9,795	1,125	11.5%	1,390	14.2%	7,285	74.4%

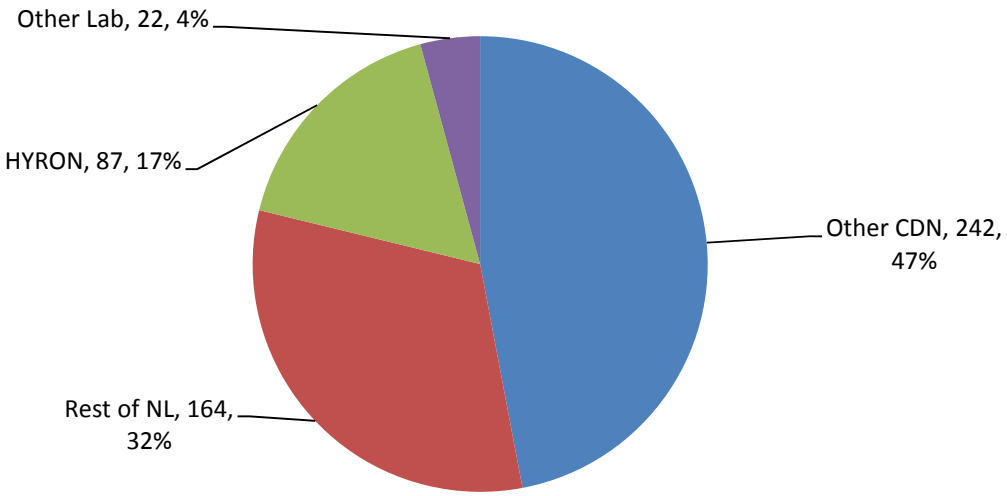
	All Industries	Primary Industry		Manufacturing and Construction Industry		Service	
Labrador Total	16,025	3,740	23.3%	1,830	11.4%	10,465	65.3%
Newfoundland Total	251,150	23,865	9.5%	42,010	16.7%	185,260	73.8%
Newfoundland & Labrador	267,175	27,605	10.3%	43,840	16.4%	195,725	73.3%

Given the distribution of labour within Labrador and Hyron, it is assumed, as illustrated in Table 3.4.2 and Figure 3.4.1, that during the six years of construction activity, an average of 87 of 440 people from the Hyron region will be attracted to the Project during each year of construction; 22 of 1,390 people will be attracted from the rest of Labrador and 164 of 42,010 will be attracted from the rest of Newfoundland and Labrador. This assumes that as construction projects end, the skilled trades from each of the region would be available to work on the Project. Also, 21 people and 15 people, from Hyron and the rest of Labrador, respectively, will be employed in the companies that supply goods and services to the Project. During the operation phase, workers will either be attracted from other projects or will move to Labrador to take the permanent jobs that are available for the 17 year operational life.

Table 3.4.2 Distribution of Average Annual Construction

	Other CDN	Rest of NL	HYRON	Other Lab	CDN	NL	LAB
Direct	242	164	87	22	515	273	109
Indirect	990	189	21	15	1,215	225	36
Induced	1,096	165	28	21	1,310	214	49
Total Capital	**2,328**	**517**	**136**	**58**	**3,040**	**712**	**195**

Figure 3.4.1 Distribution of Average Employment for the Construction Period – 2014-2016



Total direct, indirect and induced impacts on income from combined capital and operating expenditures by geographical distribution are summarized in Tables 3.4.3 and 3.4.4 and Figures 3.4.2 to 3.4.5. From the capital phase of the Project, residents of Labrador can expect to receive $92 million of income benefits: $57 million associated with direct capital expenditures; $20 million associated with companies that supply goods and services in support of the construction activities; and $15 million will be felt throughout the service sector. The corresponding impacts expected for the Hyron region are: $46 million in direct incomes; $12 million indirect incomes; and $9 million induced incomes, for a combined income impact associated with capital expenditures of $66 million. The impact during the operating phase is $1.5 billion in Labrador, $1.2 billion of which will occur in the Hyron region. To put that in perspective, the annual direct income impact in the Hyron region from the Project's operation is approximately $40 million per year, for a total of $800 million.

Table 3.4.3 Direct, Indirect and Induced Income Summary (2011$, Millions)

	CDN	Other CDN	NL	LAB	Hyron
Income Associated with Capital and Operating Expenditures					
Direct	$268	$125	$143	$57	$46
Indirect	$772	$648	$124	$20	$12
Induced	$520	$451	$69	$15	$9
Total Capital	$1,561	$1,224	$336	$92	$66
Direct	$822	$49	$773	$773	$773
Indirect	$5,057	$3,978	$1,080	$421	$237
Induced	$2,940	$2,458	$482	$239	$152
Total Operating	**$8,820**	**$6,485**	**$2,335**	**$1,433**	**$1,162**
Total Project	**$10,381**	**$7,710**	**$2,671**	**$1,526**	**$1,228**

Table 3.4.4 Distribution of Direct, Indirect and Induced Income Summary (2011$, Millions)

	Rest of CDN	NL	Rest of NL	Hyron	Other LAB
Income Associated with Capital and Operating Expenditures					
Direct	46.8%	53.2%	31.9%	17.0%	4.3%
Indirect	83.9%	16.1%	13.5%	1.5%	1.1%
Induced	86.7%	13.3%	10.4%	1.7%	1.3%
Total Capital	78.5%	21.5%	15.6%	4.2%	1.7%
Direct	6.0%	94.0%	0.0%	94.0%	0.0%
Indirect	78.7%	21.3%	13.0%	4.7%	3.6%
Induced	83.6%	16.4%	8.3%	5.2%	3.0%
Total Operating	**73.5%**	**26.5%**	**10.2%**	**13.2%**	**3.1%**
Total Project	**74.3%**	**25.7%**	**11.0%**	**11.8%**	**2.9%**

Figure 3.4.2 Direct, Indirect and Induced Income – Associated with Capital Expenditures

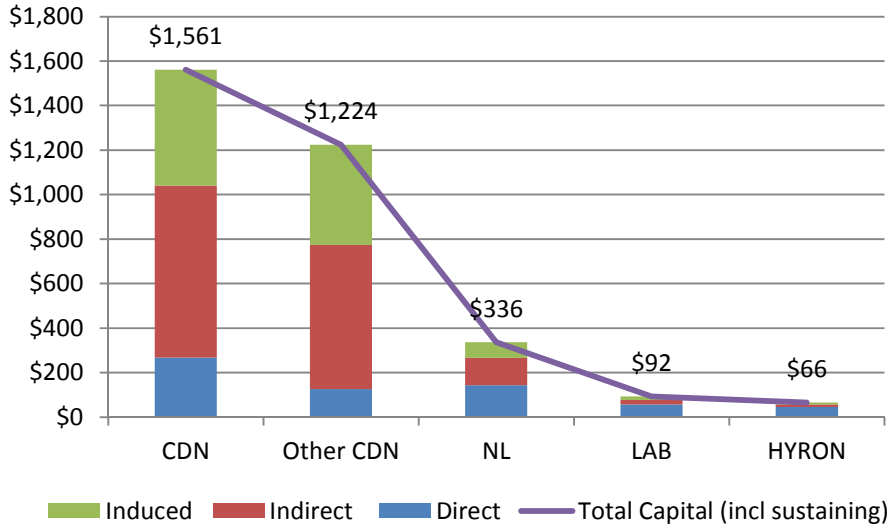


Figure 3.4.3 Distribution of Direct, Indirect and Induced Income – Associated with Capital Expenditures

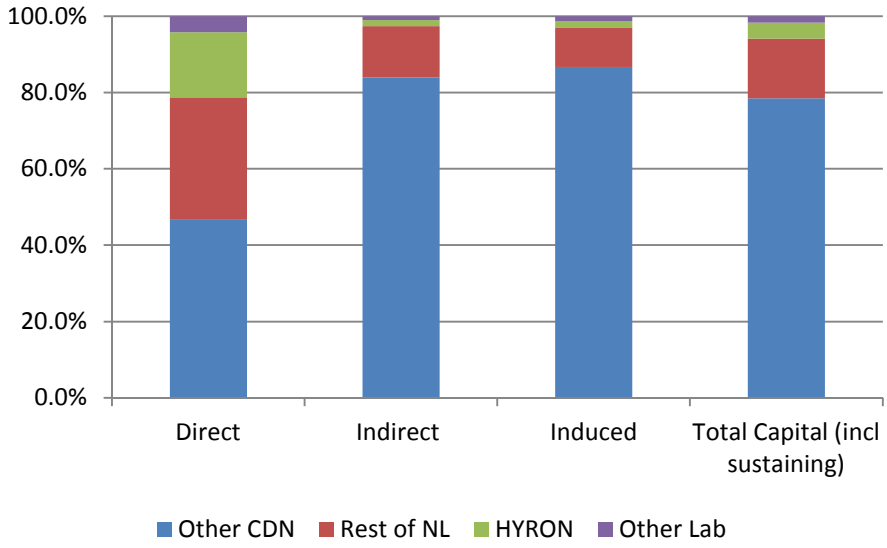


Figure 3.4.4 Direct, Indirect and Induced Income – Associated with Operations Expenditures

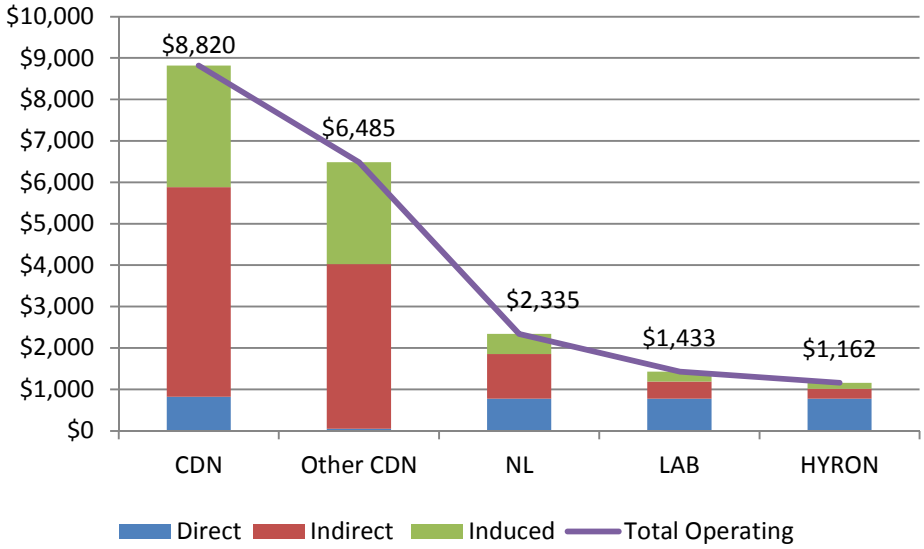
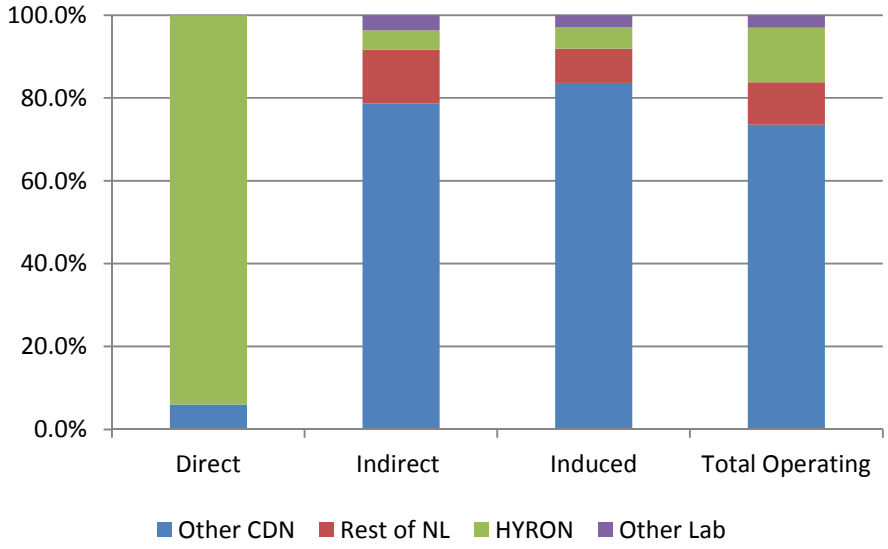


Figure 3.4.5 Distribution of Direct, Indirect and Induced Income – Associated with Operations Expenditures



Total direct, indirect and induced impacts on employment from combined capital and operating expenditures by geographical distribution are summarized in Tables 3.4.5 and 3.4.6 and Figures 3.4.6 to 3.4.10. From the capital phase of the Project, residents of Labrador can expect to receive 1,253 person years of employment: 670 person-years associated with direct capital expenditures; 267 person-years associated with companies that supply goods and services to companies that support the construction activities; and 316 person-years will be felt throughout

the service sector. The corresponding impacts expected for the Hyron region are: approximately 536 person-years of direct employment; 157 person-years of indirect employment; and 177 person-years of induced employment, for a combined employment impact associated with capital expenditures of 869 person-years. The impact during the operation phase is 21,295 person-years in Labrador, 17,047 person-years of which will occur in the Hyron region. To put that in perspective, the annual direct income impact in the Hyron region from the Project's operations are approximately 560 person-years per annum, for a total of 11,130 person-years.

Table 3.4.5 Direct, Indirect and Induced Employment Summary (2011$, Millions)

	CDN	Other CDN	NL	LAB	Hyron
Income Associated with Capital and Operating Expenditures					
Direct	3,147	1,473	1,674	670	536
Indirect	8,582	6,926	1,656	267	157
Induced	8,892	7,470	1,423	316	177
Total Capital	20,621	15,869	4,752	1,253	869
Direct	11,342	561	10,781	10,781	10,781
Indirect	56,194	41,800	14,394	5,614	3,158
Induced	50,256	40,374	9,882	4,900	3,108
Total Operating	**117,792**	**82,736**	**35,057**	**21,295**	**17,047**
Total Project	**138,413**	**98,604**	**39,809**	**22,548**	**17,916**

Table 3.4.6 Distribution of Direct, Indirect and Induced Employment Summary (2011$, Millions)

	Rest of CDN	NL	Rest of NL	Hyron	Other LAB
Income Associated with Capital and Operating Expenditures					
Direct	46.8%	53.2%	31.9%	17.0%	4.3%
Indirect	80.7%	19.3%	16.2%	1.8%	1.3%
Induced	84.0%	16.0%	12.4%	2.0%	1.6%
Total Capital	77.0%	23.0%	17.0%	4.2%	1.9%
Direct	4.9%	95.1%	0.0%	95.1%	0.0%
Indirect	74.4%	25.6%	15.6%	5.6%	4.4%
Induced	80.3%	19.7%	9.9%	6.2%	3.6%
Total Operating	**70.2%**	**29.8%**	**11.7%**	**14.5%**	**3.6%**
Total Project	**71.2%**	**28.8%**	**12.5%**	**12.9%**	**3.3%**

Figure 3.4.6 Direct, Indirect and Induced Income – Associated with Capital Expenditures

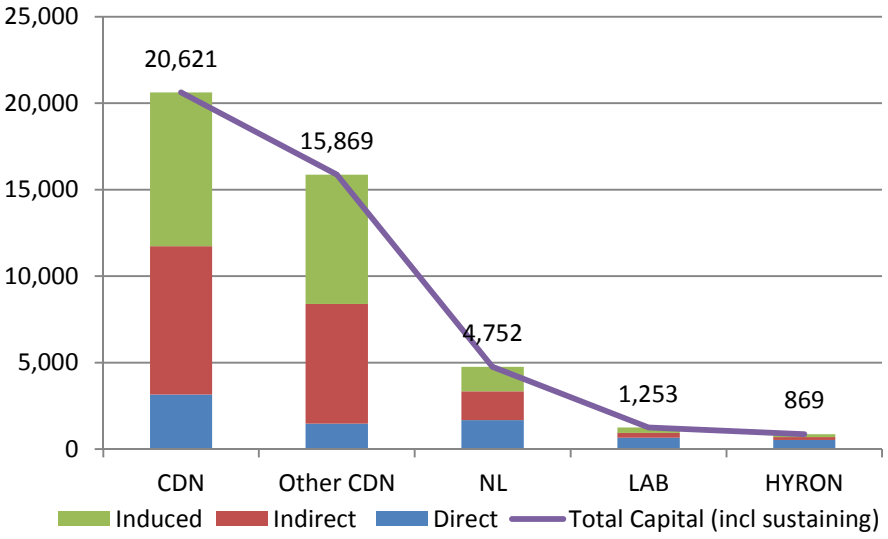


Figure 3.4.7 Distribution of Direct, Indirect and Induced Income – Associated with Capital Expenditures

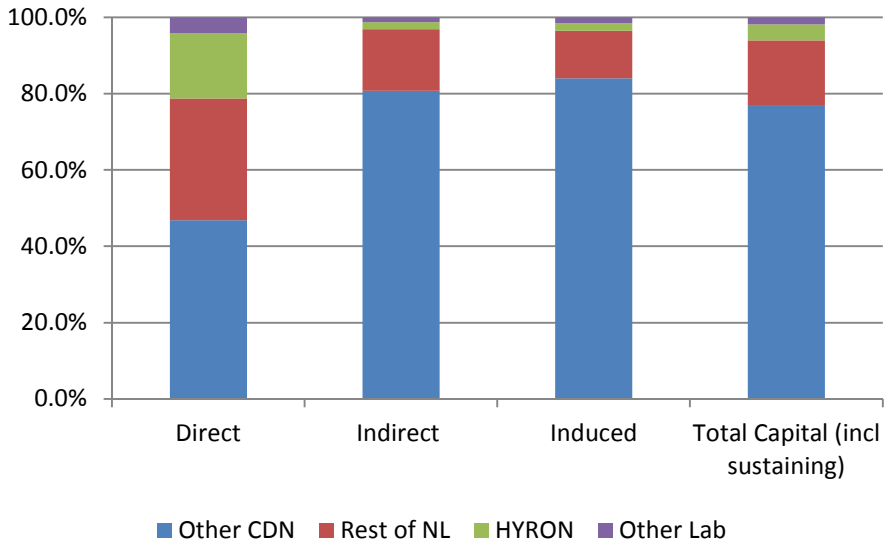


Figure 3.4.8 Direct, Indirect and Induced Income – Associated with Operations Expenditures

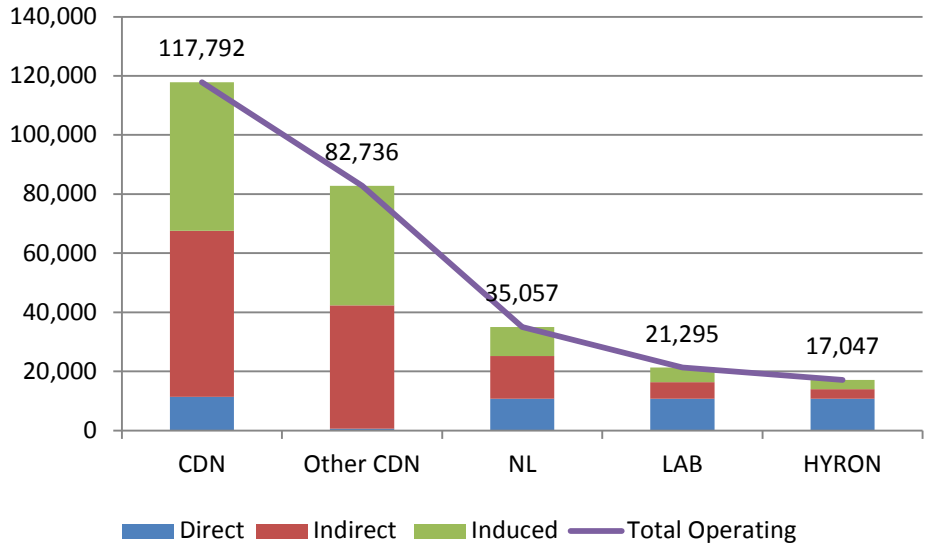
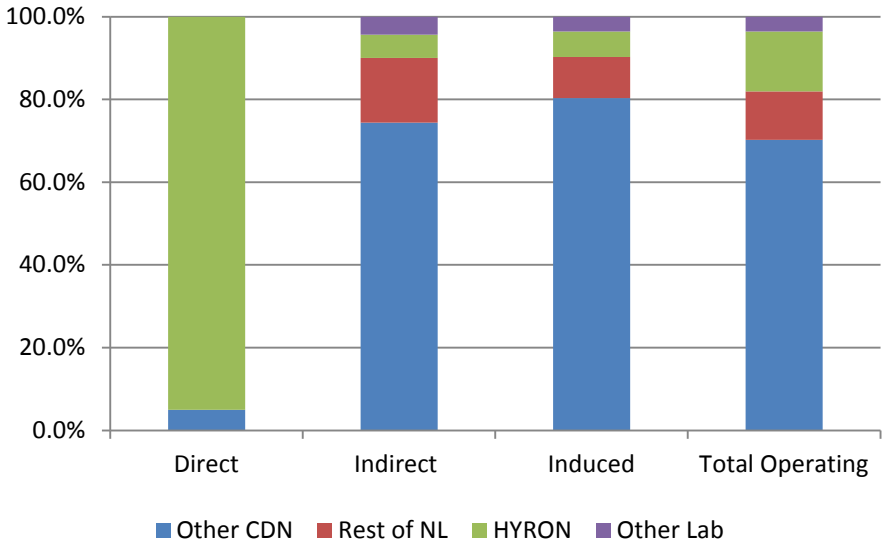


Figure 3.4.9 Distribution of Direct, Indirect and Induced Income – Associated with Operations Expenditures



Finally, the statement of the Reviewer that "*it is generally accepted that this project will have immense and adverse effects on the environment and the people of NCC, considering cumulative effects this project will cause, understandably there is very strong public concern within the NCC*", is unsubstantiated and is not in keeping with the findings of the EIS or with the results of the members' survey conducted by NCC (see EIS Volume 1, Appendix L).

The proposed Project is located in western Labrador, within the Labrador City and Wabush municipal planning area boundaries and the Hyron Regional Economic Zone. Mineral exploration, mining and associated industrial activities have been ongoing in the region since the late 1950s and are the main engine of regional development and prosperity. The Project itself will take place within the municipal planning boundaries of the Towns of Labrador City and Wabush on lands that have been zoned to permit mineral exploration and associated activities. The Kami property is flanked by several existing iron ore mining operations (IOC, Wabush Mines and ArcelorMittal). As a result, mining operations and the environmental effects of mineral extraction and mitigation of any adverse effects are well known and understood in the area.

The potential environmental effects of the Project (Project-specific and cumulative) on the biophysical and socio-economic environments have been assessed and described in detail throughout the EIS, including the identification of potential effects and mitigation measures to avoid or reduce them. The results of these environmental effects assessments have indicated that the Project will not likely result in significant adverse environmental effects on any of the biophysical or socio-economic VECs.

No additional information has been obtained or provided that would indicate that these findings are not accurate or require revision.

Alderon has made significant and ongoing efforts to engage NCC to provide its members with all Project-related information in order to identify issues and concerns. As part of these engagement efforts, Alderon funded a traditional land and resource use study in order to determine the effects of the Project upon NunatuKavut members' land and resource use in the vicinity of the Project. This exercise included the development of land and resource use maps illustrating harvesting, fishing, camping and travel route sites in and around the Project site, as well results of interviews and surveys of members' attitudes on the potential socio-economic effects of the Project. The full report, entitled *NunatuKavut Land Uses in the Labrador Iron Belt*, was included as EIS, Volume 1, Appendix L. The conclusions of this report do not support the assertion that the Project will have immense and adverse effects on the environment and the members of NCC. In addition to information directly provided by NCC to Alderon, Alderon also reviewed publicly available information, including information prepared by NCC in connection with its land claim and information provided by NCC in the context of the environmental assessment of other Projects. This information similarly does not support NCC's assertions as to the "*immense and adverse effects of the Project*" or alter Alderon's conclusion that the Project will have no significant adverse effects upon NCC's current use of land and resources.

3.4.10 Information Request No. NCC 10

Traditional Use

In Chapter 22, Volume I Part II, Alderon states that the use of the Land in Western Labrador by NCC members may not be "Traditional Use". The NCC disagrees with this statement, NCC ancestors used and sustained themselves off areas in the Height of Land and Western Labrador

for countless Generations and this has continued on into today's contemporary Land Use by NCC members in Western Labrador.

Alderon Response to IR No. NCC 10

Alderon acknowledges the concern expressed by NCC and that NCC asserts traditional rights in that area. Alderon withdraws the following statement in the EIS (EIS Volume 1, Part II 22-36):

"*NCC members live and work in the Labrador West area, and currently undertake a number of recreational land and resource use activities throughout the region, including hunting, trapping, camping and general travel. As "traditional use" is, however, generally understood to mean activities that have been exercised (and are being exercised) by an identifiable Aboriginal community since before European contact or control of a specific area, these land and resource use activities may not be considered traditional in that they are not necessarily a continuation of ancestral activities that took place historically within this area of western Labrador* (although they do reflect local knowledge and use of the area)".

Alderon has assessed all available information on current land and resource use activities undertaken by members of NCC including information provided directly by NCC members themselves. Notwithstanding the classification of use as traditional or otherwise, the results of the assessment demonstrate that there is not anticipated to be any significant residual adverse effects from the project on any land and resource use by NCC members.

The EIS recognizes that current land and resource use activities for traditional purposes by Aboriginal persons may be affected by both directly and indirectly by development projects. Direct effects occur where established activities are disturbed or otherwise interfered with by project-related components or activities during their construction or operations phases (e.g., reduced access to harvesting areas; avoidance or reduced use of areas due to project-related disturbances such as increased human presence, noise, dust; increased competition for land and resources with other local residents, etc.). Indirect effects to such activities can also occur when projects adversely affect vegetation, fish or wildlife, where such biophysical effects reduce the availability and/or quality of such resources and thus, their use and enjoyment for traditional purposes. In both cases, these direct and/or indirect effects may translate into a decrease in the overall quality and cultural value of these activities by Aboriginal persons.

The assessment in the EIS of the effects of the Project upon the current use of land and resources for traditional purposes by Aboriginal persons recognized both the direct and indirect effects of the Project and these potential "effects pathways" have been considered integrally within the assessment. The EIS also recognizes that the current use of land and resources for traditional purposes also overlaps with other components of the natural and socioeconomic environments considered in the EIS. Potential effects to land and resource use activities may result from, for example, changes in air quality and noise levels in an area (Chapter 14), in the availability and quality of vegetation, wildlife, water, fish resources, and/or other components of the biophysical environment (Chapters 15-20), cultural areas and resources (Chapter 21), effects on viewscapes and the remoteness and wilderness character of an area (Chapter 23), and others.

For purposes of the environmental assessment of the Project, Alderon fully considered all relevant information respecting NCC's land and resource use in the region, including information directly provided by NCC membership through Alderon's engagement efforts described in EIS Chapter 10, Volume 1 and Chapter 10, Volume 1 of this Amendment and acknowledges that NCC asserts that those rights are traditional rights. Information generated as a result of Alderon's engagement efforts included the results of NCC's land and resource use study entitled "NunatuKavut Land Uses in the Labrador Iron Belt" (EIS, Appendix L). In addition, Alderon reviewed all publicly available information respecting NCC's land and resource use, including NCC's land claims documentation, previous land and resource use studies, information provided by or about NCC in the context of the environmental assessments of other projects in the vicinity of the Project and academic publications.

The assessment of the potential effects of the Project upon the current use of land and resources for traditional purposes by NCC membership included an assessment of the potential Project effects (both direct and indirect) upon travel routes and camp sites, hunting and trapping, fishing and cultural and spiritual sites. Based on information provided to Alderon by NCC, the EIS concluded that NCC members live and work in the Labrador West area and currently undertake a number of land and resource use activities throughout the region, including hunting, trapping, camping and general travel. The land and resource use study conducted by NCC confirms that the Project Area constitutes a small portion of the total harvested land base. No moose hunting, food or berry extraction or cultural/spiritual sites within the PDA were identified by NCC and there was no evidence of fishing in the PDA. While participants interviewed as part of the land and resource use study expressed general concerns about potential adverse effects on wildlife caused by loss of habitat, loss of cabins in the mine site and potential loss of travel routes, these potential effects have been fully assessed in the EIS. The results of this assessment demonstrate that no significant residual adverse effects on land and resource users' activities are anticipated.

No information was provided to Alderon by NCC during engagement as to the nature or content of such asserted rights although participants in the land and resource use study characterized harvesting, camping and related activities as examples of 'traditional' land use. Other than as discussed above, information provided to Alderon by NCC membership did not specifically identify potential effects upon asserted aboriginal rights as an issue of concern.

Notwithstanding the conclusion of the EIS that there are no anticipated significant residual adverse effects on the current use of land and resources by NCC members, Alderon is committed to engagement with NCC through the life of the Project. Alderon has engaged and will continue to engage with NCC in order to identify and, where necessary, address questions, issues and concerns. Should NCC provide Alderon with evidence of adverse project effects upon its members' current use of land and resources, Alderon is prepared to discuss appropriate additional mitigation and avoidance measures.

3.4.11 Information Request No. NCC 11

Cumulative Effects and Environmental Effects

The proponent fails to mention several key cumulative effects on the Lands and the Environment, as a result of developing the Kami Mine and Railway and the added pressure it will place on resources, for example;

The added pressure not only from ongoing mining projects but also the extensive exploration and new road construction ongoing in Western Labrador. The added noise, dust, water contamination, habitat loss, population increase, etc. must be considered in cumulative effects. Also these ongoing projects and exploration will add to the number of flights to the Wabush Airport, which saw the number of flights triple from 2010 to 2011 with no figures released yet for 2012.

Also there is the effect of ongoing Low level flying in some of these areas in Western Labrador.

The proponent provides lack of information on the Lac Joseph Caribou Herd and the George River Caribou Herd, both very important herds to the NCC. Also both herds will be directly affected by this project.

This project will have significant impacts on Fish species, Migratory Birds, Furbearers, Caribou and other species, more work needs to be conducted to determine the damage these impacts will have on the NCC member's traditional and contemporary lifestyle.

The NCC and its members have major concerns with dust and noise levels with the increase in exploration and development in Western Labrador; ongoing monitoring of noise and dust levels must be conducted. The NCC has to be consulted and accommodated through the monitoring and operations stage.

Alderon Response to IR No. NCC 11

The EIS provides a detailed assessment of the potential environmental effects of the proposed Project itself, as well as its likely cumulative environmental effects in combination with other relevant projects and activities that have been or will be carried out. The approach and methods used in, and the focus of the cumulative effects assessments for each VEC were as described in Volume 1, Chapter 6 of the EIS, are based on and in keeping with recent and accepted environmental assessment practice.

The environmental effects of other ongoing and adjacent mining projects, mineral exploration activities, road construction and other development in western Labrador were a key consideration in the cumulative effects assessments for all relevant VECs. With particular reference to the environmental components and issues referenced by the Reviewer, for example, the air emissions and noise modelling and analysis completed for the Atmospheric Environment VEC (Section 13.1 and Chapter 14, EIS Volume 1) focussed on determining the likely magnitude and spatial and temporal extent of these disturbances. This included whether

and how the atmospheric emissions associated with the proposed Project would interact (overlap in space and time) with those from other projects and activities in the region to result in cumulative environmental effects. This analysis included specific reference to key locations such as the communities of Labrador City, Wabush and Fermont and surrounding rural dwelling, recreational areas, etc., and included comparing any such (overall) effects to relevant regulatory standards and guidelines. Similar approaches were also used in the environmental and cumulative effects assessments for water resources, the various fish and wildlife related VECs, etc.

It is also important to note that the proposed Project is to be located within an area that has a long-standing history of mining development and mineral exploration activity that has been ongoing for several decades, Indeed, the various components of the Project will occur within a portion of the Labrador City Municipal Planning Area, most of which has been zoned for Mineral Extraction or Mining Reserve-Rural activities. The proposed mine is located within in an area designated as Mining Reserve-Rural, where permitted uses include mineral exploration and mining-related transportation. The proposed Project and its associated components and activities are therefore well in keeping with the nature and scale of past and ongoing (approved) development activities in the region, and within the context of the region's existing municipal planning framework.

For the socio-economic VECs, in particular Community Services and Infrastructure (Volume 1 of the EIS, Section 13.11 and Chapter 24), there was a clear recognition that there are a number of current issues and concerns around the local and regional availability of services and infrastructure in western Labrador. These have resulted in part from ongoing development projects in the area, and the proposed Project has the potential to contribute further to several of these. For these VECs and issues, the EIS includes a discussion of the Project's potential socio-economic effects, and thus, its possible contribution to cumulative effects on a regional scale, as well as identifying and proposing various mitigation measures that are within the ability and responsibility of Alderon to help avoid or reduce such effects (such as the Project's accommodations strategy, transportation arrangements, etc.). The EIS also references a number of ongoing regional / multi-party processes and mechanisms that are in place to try and address these issues over the long-term, as well as committing to Alderon's continued participation in these initiatives.

Military flight training activity has been carried out in Labrador since the 1950s, with low-level flight training by multiple countries occurring throughout the second half of that century. Low-level flying in Labrador and Québec was itself subject to an environmental assessment review, and its environmental effects (which have been subject to extensive environmental monitoring over the years) are considered to be reflected in the existing (baseline) environmental conditions of the area. Past projects and activities and their effects were considered as an iintegral part of the existing (baseline) environment in the assessment of cumulative effects, as described in Volume 1, Section 6.2.1 of the EIS. The type, amount and frequency of low level flying activity that is presently taking place in western Labrador is considerably less than that which occurred in previous decades. Any effects from these activities are likely to be adequately reflected in the existing environment that was considered in the environmental assessment, and

are not likely to result in new or additional effects that would interact cumulatively with those of the proposed Project.

Caribou are native to Labrador and are part of the boreal population, which is subdivided into several ecotypes, including: 1) Migratory Woodland Caribou, including the GRCH, which migrates between forest and tundra in Québec and Labrador; and 2) Sedentary Woodland Caribou, which include the Lac Joseph Herd found in western Labrador and Québec (currently listed as threatened under the Newfoundland and Labrador *Endangered Species Act* and the federal *Species at Risk Act.*). As described in Volume 1, Section 19.5.3 of the EIS, the Project is not anticipated to overlap or interact with the current ranges of either of these herds, and therefore will not likely result in any adverse effects upon caribou. Current information indicates that the GRCH is known to occur to the north and northeast of the PDA, whereas the range of the sedentary Lac Joseph herd occupies an area to the south and east. This was further confirmed by the fact that no caribou in or near the PDA were observed as part of the survey work (aerial and ground) undertaken for the Project to date, and by input received from local residents and others during the public consultation activities completed by Alderon as part of the environmental assessment process.

The potential effects of the Project on fish, migratory birds, furbearers, caribou and other species were assessed and described in detail in Volume 1, Chapters 18 to 20 of the EIS, including the identification of potential effects and mitigation measures to avoid or reduce any such effects. Chapter 22 and 23 then also considered whether and how any such (biophysical) effects would then result in effects upon the current use of lands and resources by both Aboriginal and non-Aboriginal persons. The results of these environmental effects assessments have indicated that the Project will not likely result in significant adverse environmental effects on either of these VECs. No additional information has been obtained or provided that would indicate that these findings are incorrect or need to be revisited.

Potential effects on the atmospheric environment (both Project-specific and cumulative) resulting from dust, noise and other emissions were assessed in detail in Section 13.1 and Chapter 14 of the EIS, Volume 1. This also included proposed environmental monitoring programs related to any changes in air quality, greenhouse gasemissions, sound, vibrations and light (Section 14.9).

Alderon has engaged with NCC and other relevant Aboriginal organizations (EIS Volume 1 Section 10.2), in accordance with its *Aboriginal Relations Policy* (EIS Volume 1 Section 1.1.1) and associated *Aboriginal Engagement Strategy and Action Plan* (see EIS Volume 1 Appendix M). Consistent with this Policy and associated Strategy and Action Plan, Alderon will establish and maintain positive working relationships with Aboriginal groups over the life of the Project and has committed to continued engagement with the Aboriginal groups, including NCC. Finally, as the design, implementation and results of environmental compliance and/or effects monitoring will likely also be completed pursuant to associated provincial and/or federal permitting or other regulatory processes, government departments and agencies may also choose to consult directly with NCC on these matters.

3.4.12 Information Request No. NCC 12

Background Studies

The Proponent must be required to provide the NCC communities, through the NCC, with the necessary funds to enable them to engage meaningfully in gathering compiling and organizing that information for use. The Proponent must be required to provide Aboriginal Peoples with the necessary funds to enable them to engage meaningfully in the procedural aspects of the consultation and accommodation process for which the Proponent is responsible.

Many of the studies which are relied upon were conducted by Innu based companies and associations between 1998 and 2010. It is clear from recent written comments made to the Joint Review Panel by Innu Nation that they do not recognize rights and titles of Inuit-Metis people. This is an admitted bias and the results of studies carried out by Innu based organizations should at least be suspect of that bias.

It is probably both evident and reasonable to think that present day Innu travel and activities into the interior could be related to pre-contact sites. The very same can be said for Inuit descent peoples, and it is not unreasonable to think that; (1) Inuit descent trappers in the eighteenth and nineteenth centuries (often referred to in the report as Settlers) would have travelled similar routes as their Aboriginal ancestors, (2) that their ancestors hunted caribou in the interior and (3) it is well documented that historically Innu and Inuit peoples avoided one another. It is therefore reasonable to surmise that if information was not gathered from Inuit descent peoples, then it should be considered either an error or, at the very least, a data gap.

Alderon Response to IR No. NCC 12

Alderon disagrees with the Reviewer's implication that NCC has not been provided with the necessary funds to engage meaningfully in consultation respecting the Project. Alderon has made meaningful and continuing efforts to engage with all Aboriginal groups and organizations potentially affected by the Project. These efforts commenced prior to Project registration and have included the provision of all relevant Project-related information (including the Project registration, permit applications, EIS and associated documentation) and Alderon has made repeated offers to meet with Aboriginal leadership and community residents to provide Project updates and discuss issues and concerns. In addition, Alderon has made offers to all potentially affected Aboriginal groups and organizations to enter into formal arrangements to obtain information related to land and resource use and traditional knowledge. These offers have been supported by offers of significant capacity funding in order to enable Aboriginal groups to understand the potential effects of the Project upon their interests and to identify issues and concerns.

With specific reference to NCC, Alderon has provided NCC with relevant Project documentation and has met with NCC leadership on a number of occasions to discuss the Project and its potential effects on NCC membership. Alderon has also met with NCC membership (both in one meeting specifically with NCC members and in other public forums attended by NCC membership) and is engaged in discussions with NCC respecting further meetings. Alderon

provided NCC with funding to conduct a traditional land and resource use study and to survey the views of its members on potential socio-economic effects of the Project. The results of this exercise are set out in a report entitled *NunatuKavut Land Uses in the Labrador Iron Belt* (EIS Volume 1, Appendix L). Alderon's engagement efforts are described in EIS Volume 1, Chapter 10 and in the updated Record of Engagement provided in Part 1, Chapter 10 of this Amendment.

Alderon is also aware that NCC has been provided with $20,950 under CEA's Participant Funding Program – Aboriginal Funding Envelope to participate in environmental assessment. And finally, in this regard, it should also be noted that the proposed Project is located in western Labrador, within the Labrador City and Wabush municipal planning area boundaries and the Hyron Regional Economic Zone. Mineral exploration, mining and associated industrial activities have been ongoing in the region since the late 1950s and are the main engine of regional development and prosperity. The Kami property is flanked by several existing iron ore mining operations (IOC, Wabush Mines and ArcelorMittal) and mining and the environmental effects of mineral extraction and mitigation measures to address any adverse effects are well known and understood in the area. In fact, many of the NCC participants in the survey and land and resource use study contained in *NunatuKavut Land Uses in the Labrador Iron Belt* (EIS, Volume 1, Appendix L) indicated some affiliation with or participation in the mining industry.

As a result of its previous engagement efforts and its commitment to continue to engage with NCC through the life of the Project, and taking into account funding provided by Alderon and by CEA to NCC as well as evidence of NCC members' participation in mining in Lab West, Alderon is confident that NCC has had (and continues to have) the necessary capacity to engage meaningfully in a review of the Project and has been provided with sufficient information to allow NCC members to identify issues and concerns.

Alderon also strongly disagrees with the Reviewer's assertion that its conclusions as to the potential effects of the Project upon NCC members' land and resource usage are biased by the identity of the companies and consultants (specifically those with affiliations to Innu Nation) utilized by Alderon in preparing the EIS. Alderon's consultants are qualified and independent and there is no evidence of bias.

Moreover, Alderon's assessment of the potential effects of the Project upon NCC's current use of land and resources for traditional purposes has been based not only upon the reports of its consultants but upon information generated through Alderon's engagement activities with NCC, as well as upon publicly available information. In order to determine whether, how and to what degree the Project might affect current land and resource use activities by NCC members, Alderon identified, compiled, reviewed and summarized information from a wide variety of sources, including information supplied directly by NCC, information provided in the environmental assessment of other projects, land claims documentation and court actions, governmental records and academic publications. As a result, the environmental assessment has been conducted on the basis of all existing and publicly available information, including information supplied by NCC itself. Therefore, the Reviewer's allegation of bias is particularly surprising in that a primary source of information respecting Project effects was supplied directly

by NCC membership as set out in the report entitled "*NunatuKavut Land Uses in the Labrador Iron Belt*" (EIS Volume 1, Appendix L). This information supports Alderon's conclusion that the Project will have no significant adverse effects upon NCC's members' current use of land and resources in the Project area.

Alderon also strongly disagrees with the Reviewer's assertion that "*if information was not gathered from Inuit descent peoples, then it should be considered either an error or, at the very least, a data gap*". First, the request by NCC for additional information appears to relate to the historical use of the Project area by Aboriginal groups and suggests that the EIS is deficient absent this additional information. In Alderon's view, the level of information and assessment that was presented in the EIS was appropriate for an environmental assessment, which is intended to assess the likely effects of a proposed project on the current use of land and resources for traditional purposes by Aboriginal persons. The type of historical information that NCC requests may be important for the purposes of a land claim submission to show whether Aboriginal rights exist in a particular area but is not required for an environmental assessment, which is concerned with the potential effects of a proposed project upon contemporary activities and conditions. Secondly, on the assumption that NCC represents "*Inuit descent peoples*", information was gathered from this source. In addition to its review of publicly available information and its own commissioned research, Alderon specifically analyzed information prepared and provided directly by NCC, including NCC's land claim documentation and the report entitled "*NunatuKavut Land Uses in the Labrador Iron Belt*" (EIS, Volume 1, Appendix L), which was prepared by a consultant retained by NCC and which focussed on NCC's members' current land and resource use in the PDA. Alderon is confident that its assessment of Project effects upon NCC's land and resource use in the Project area is based upon the most accurate and comprehensive information currently available.

3.4.13 Information Request No. NCC 13

It is very clear that the people NunatuKavut are the ones who use this land extensively. They use it for; harvesting animals, fishing for food, plant components for food and medicinal purposes and a range of other purposes. It is safe to say that NunatuKavut people have spent a great deal of time on the Land in Western Labrador and their children are learning the ways of this land. If the Kami Mine project is to move ahead a mitigation and compensation agreement must be reached between the NCC and Alderon.

Alderon Response to IR No. NCC 13

Alderon acknowledges that NunatuKavut membership residing in the communities of Labrador City and Wabush currently use the land and resources within the region; however, there is no evidence that there is "extensive" land and resource use by members of NunatuKavut within PDA (see EIS Volume 1, Part II, Chapter 22). These uses were assessed in the EIS and the EIS concluded that the Project will have no significant adverse effects upon harvesting, camping and other similar activities currently carried out by NCC members. This conclusion was based in part on Alderon's commitment to implement mitigation measures addressing particular effects on traplines or cabins.

Alderon has also committed to continuing its engagement efforts with NCC throughout the life of the Project.

Alderon disagrees, however, with the assertion that a mitigation and compensation agreement must be reached between Alderon and NunatuKavut before the Project can proceed. Alderon's understanding is that the Crown's duty to consult does not require Alderon or the Crown to offer any particular form of accommodation to a potentially affected Aboriginal group or obtain their consent. The Crown has an obligation to ensure that all potentially affected groups are informed about the Project, that opportunities are provided for those groups to review the Project information and provide input to the decision maker, and to ensure that Aboriginal concerns are considered prior to the Crown making a decision that could affect Aboriginal rights and interests.

3.4.14 Information Request No. NCC 14

Through conducting our Land Use report (Attached Report - *NunatuKavut Land Uses in the Labrador Iron Belt (10 interviewees*), it is evident that the people interviewed use the land very extensively and some people, in some ways, will be affected by any future mining activities. Informants advised that there would be; (1) general adverse effects on wildlife caused by loss of habitat, (2) effects on air quality from silica dust, (3) adverse effects from tailings ponds, (4) loss of cabins in the mine site, (5) effects on accessibility to other areas due to loss of trail routes, (6) effects on affordable housing in the area, and (7) they expressed concerns regarding local hiring.

Alderon Response to IR No. NCC 14

Alderon has undertaken substantial engagement efforts with NCC in order to identify and, where necessary, respond to the issues and concerns identified by its membership. Such engagement efforts have included the provision of Project-related information, meetings and the funding of a land and resource use study (see EIS Volume 1, Appendix L).

These engagement efforts have generated a number of issues and concerns that are noted by the Reviewer.

Each of these issues has been fully assessed in the relevant VEC chapter of the EIS (Volume 1, Part II, Chapters 14, 16, 19, 23, 24, 26).