

Meeting Notes

Date of Meeting	November 23, 2012	Start Time	10:00	Project Number	60267596
Project Name	First Nations Support Services				
Location	Pukatawagan, Manitoba				
Regarding	Lalor and Reed Projects				
Attendees	Cliff Samoiloff (AECOM), Alison Weiss (AECOM), Shawna Kjartanson (AECOM), Stephen West (Hudbay) Jay Cooper (Hudbay), Pam Marsden (Hudbay), Mathias Colomb Cree Nation (MCCN) Chief and Council and community members (list below), Ginger Gibson (Firelight), Stephen DeRoy (Firelight)				
Distribution	AECOM, Hudbay, MCCN, Firelight, Sheryl Rosenberg (TDS)				
Minutes Prepared By	S.Kjartanson				

PLEASE NOTE: If this report does not agree with your records of the meeting, or if there are any omissions, please advise, otherwise we will assume the contents to be correct.

AECOM and Hudbay prepared a presentation for Mathias Colomb Cree Nation (MCCN) regarding the environmental assessment and description of the proposed Lalor and Reed Projects near Snow Lake, Manitoba. The goal of the presentation was to provide the community with further information regarding the environmental work conducted as well as to describe the proposed Projects.

Overall, the presentation was well received and there was much good discussion. The main issues raised by MCCN members were:

1. Mine closure and/or historical mining impacts.
 - a. Long-term effects of the tailings deposition.
 - b. Scope of potential effects (duration or geographic extent).
2. Involvement in the early stages of planning of environmental assessment.
3. Employment, training and business opportunities for MCCN members.

Chief Dumas asked the attendees to introduce themselves, starting with AECOM, Hudbay and Firelight representatives. Following this introduction, the Chief, Council and community members individually introduced themselves. Several community members entered the room throughout the day and were not identified. The presentation was well attended and included the following individuals:

- Chief Arlen Dumas,
- Mathias Sinclair,
- Flora Jane Castel (elder and Councillor),
- Marlene Dumas (Councillor),

- Maryanne Dumas (Councillor),
- Angeliqne Dumas (Councillor, justice worker),
- Maria Colomb (elder),
- Angus (Last name not recorded) (fisherman, past president of local trappers),
- Gordie Bear (Councillor, construction operator)
- Rob Robinson (administrative assistant to MCCN Chief and Council),
- Floyd North (Business Development Officer, Sherridon),
- Glen Dumas (fire captain),
- Cree speaking elder (name not recorded), and
- Theresa Bigetty (elder),
- (First name not recorded) Baptiste (elder).

Following introductions, Councillor Maryanne Dumas led the group in an opening prayer.

Ginger Gibson (GG) began the presentation with a description of the intention and purpose of the meeting. Firelight's task is to review, with Chief and Council and the community, the environmental reports prepared by AECOM and Hudbay in order to develop an understanding of the work that has been done as well as an understanding of the proposed project components. Hudbay and AECOM will present this information at this and future meetings. Firelight and MCCN, through internal discussions, will work to identify additional knowledge that MCCN can provide to enhance the reports, identify the resources the community values and then, propose changes to the project that can protect the land or resources that are important to the community. Firelight and MCCN will build a common purpose before presenting the information to Hudbay.

GG asked the attendees if they had questions regarding the approach proposed by Firelight.

Comment: Chief Dumas stated that yesterday, Chief and Council met to discuss their approach and what to expect through today's meeting. They had no questions and invited Hudbay and AECOM to proceed with their presentation.

Stephen West (SW) began the presentation. He emphasized that mines are built looking to the future and incorporate closure plans as early into the planning process as possible. His company has reclaimed the sites of many former operations and are proud of the work they do. They have learnt many lessons regarding mine closure, most importantly that it's better to plan the closure at the beginning. He stated that, during development of Lalor, they may discover additional resources at depth. He described the former operations in the Snow Lake region and how much of the infrastructure required for Lalor is already present due to these former operations (e.g., Chisel wastewater treatment plant). They have worked to minimize the area required for the concentrator and that, where possible, trailers are used for offices or dry so they can be easily removed later.

Comment: GG asked if the new structures were allowing for more flooding.

Response: SW indicated that yes approximately 100 ha would be flooded to raise the water levels in the Anderson Tailings Impoundment Area (TIA).

Comment: GG asked if the plan was to continue to have tailings stored under water.

Response: SW indicated that yes the tailings storage under water will continue.

Comment: Councillor Gordie (MCCN) asked SW if there were plans to close off discharge to Anderson Creek.

Response: SW stated that the release from Anderson TIA is not continuous, that discharge is generally restricted to late May to November (i.e., no winter discharge). In the spring, we try to hold water in Anderson TIA until the ice is off to allow oxygen back into the water. One benefit of expanding the TIA is to be able to hold the water back with sufficient freeboard to allow this to happen. Otherwise an early discharge could smell (rotten egg) until water becomes more oxygenated.

Comment: Glen Dumas (MCCN) asked if there were plans to ever remove the tailings from Anderson TIA?

Response: SW responded that the Anderson TIA is the permanent storage for these tailings, there will be no plans to ever remove them. They are inert because they have a water cover preventing oxygen from reaching the deposited tailings.

Comment: Glen Dumas (MCCN) asked if there have been any studies done on Anderson TIA water to see if the water quality is OK? Will it be OK after you leave the area?

Response: SW responded saying that there have been many tests on Anderson TIA water and many examples of lakes across the country that are licenced as the Anderson TIA is. Tests have shown that Anderson TIA water is of high quality. The original Environment Act licence (in 1978) required HBMS to maintain a 5ft water column above the tailings. SW stated that the tailings may not really require that much water above them but areas near the shoreline would be subject to wave and wind action so maintaining the water depth is important.

Comment: Elder Mathias Sinclair (MCCN) asked if all studies conducted by government or AECOM in these areas could be provided to MCCN for review. He said he would be interested to see the results of the Anderson TIA water. He stated that MCCN have firsthand knowledge of the impacts of tailings, referring to Lynn Lake. He explained that, with respect to Lynn Lake, there were no measures for containing tailings at the site. Impacts on fish, wildlife species have been observed by locals (in Lynn Lake area). He remembered hearing about "red suckers" that were captured in the creek in Lynn Lake that the locals avoided and identified that as an impact to fish. He asked SW what kind of fish were in Anderson TIA.

Response: SW acknowledged that the land-based deposition of tailings, such as Lynn Lake or Sherridon can have impacts. He re-stated that Hudbay plans their mines thinking of closure. He also said that there are no fish in Anderson TIA. Anderson TIA has no in/out creeks for any fish to travel into the lake and it is isolated. He said that Anderson Creek is dry except when they are discharging (May to November).

Comment: Angus (last name unknown) (MCCN) stated that he was surprised to hear there were no fish. If there are no fish, there must be something wrong with the water. Angus (MCCN) also mentioned Lynn Lake as a place that fish have been impacted by tailings.

Response: SW agreed that Lynn Lake was bad and has personally seen other bad examples. Lynn Lake has land-based tailings deposition (i.e., no water cover) and the impacts have resulted from wind-blown tailings that entered the lake.

Comment: GG asked if SW could describe how Lynn Lake was different from Anderson TIA.

Response: SW explained that Lynn Lake had no treatment, that it was land-based tailings deposition. He clarified that there are Brook Stickleback and minnows in Anderson TIA, but there are no large-bodied fish (like suckers). He also stated that there had been studies on Anderson TIA before it was used as a tailings facility (whereas Lynn Lake had no such studies). There were limnology studies conducted in the Anderson area every 3 years from 1978 until about 2003. On-going Environmental Effects Monitoring (EEM) studies occur every 3 years on the receiving waterbody for the Anderson TIA discharge, Anderson Bay of Wekusko Lake. The EEM studies also compare Anderson Bay (receiving waterbody) to a reference lake; although no 2 lakes are the same, the comparison can tell us a lot about what impacts there might be. Hudbay can provide any of these studies to MCCN, if requested.

Comment: Angus (MCCN) mentioned that the Lynn Lake area needs cleanup. He said that they dumped rock wherever and has personally seen the dirty water run off from the rock into the surrounding waterbodies. What are the effects on fish or animals that are exposed to that water?

Response: SW stated that he couldn't speak to that mine; it was a different company that operated that mine. He suggested that the Manitoba government might have done an environmental or human health risk assessment but he wasn't sure.

Comment: Stephen DeRoy (SD) asked how Hudbay contains the tailings in the Anderson TIA without having them release down Anderson Creek.

Response: SW said the tailings deposit in the lake and settle to the bottom. They have deposited into the western portion of the Anderson TIA for tailings storage (the discharge from the Anderson TIA is on the eastern end). They have plans to use the rest of the Anderson TIA for tailings storage for the new Lalor Concentrator over the long term. The discharge from Anderson TIA is by a pipe which is controlled by a valve. Water monitoring is conducted on the discharge to make sure the water quality meets effluent limits.

Comment: SD asked what, if any, water quality monitoring is occurring of the water in Anderson TIA.

Response: SW replied that Hudbay analyzes samples in Anderson TIA (for metals) on a weekly basis, with samples collected for toxicity (rainbow trout and Daphnia assays) conducted monthly when the TIA is being discharged.

Comment: Glen Dumas (MCCN) asked if SW could define tailings for the elders and councillor members.

Response: SW explained that when ore is mined, it is taken to the mill to be crushed into sand-like grains. This sand goes through the mill, where the metals are extracted. What's left after metals are extracted is tailings. The tailings go to Anderson TIA.

Comment: Glen Dumas (MCCN) addressed the elders and councillors in Cree.

Comment: Councillor Gordie (MCCN) asked what chemicals are used in processing at the mill.

Response: SW explained that the reagents used have been used for 30 years. They are standard chemicals and mostly stay with the concentrate. There may be a small amount that stays with the tailings.

Comment: Councillor Gordie Bear (MCCN) asked what the depth of water cover was required in Anderson TIA.

Response: SW explained that the licence for Anderson TIA requires a minimum of 5 ft of water cover. He said that Hudbay conducts a bathymetric survey, where they make a bottom surface map, every 3 years. This allows them to plan where to put the tailings.

Comment: Councillor Gordie Bear (MCCN) suggested that on windy days, you could get 4ft waves on the lake [Anderson TIA], this could stir up the tailings. He suggested that it could take 4-5 days for the water to settle.

Response: SW said that they collect water samples at the discharge of the Anderson TIA and one of the things that is measured is suspended sediments or solids.

Comment: GG asked how Hudbay incorporates those types of observations (anecdotal or analytical) in order to guide how to make the decision to discharge the Anderson TIA.

Comment: Councillor Gordie Bear (MCCN) indicated that when you lift the stop logs to discharge the Anderson TIA that you can suck up the bottom sediments and that more than just water can go out in the discharge.

Response: SW said that the discharge point is far from where the tailings are deposited. The lake [Anderson TIA] is protected by high rock and bays, and that they don't see high wave events at the discharge end of the lake. Hudbay is looking at using a silt curtain for when they will use the rest of the lake for tailings storage to prevent release of sediments. However, monitoring for the last 30 years has never indicated the transport of solids out of Anderson TIA. There are no stop logs in the spillway. The spillway is for emergency overflow only and to maintain a metre of freeboard on the Anderson dam.

Comment: Councillor Gordie Bear (MCCN) suggested that bays can encourage "brewing", where contaminants are concentrated.

Response: SW suggested that settling agents could be added but have never been needed. Weekly sampling shows that the water released is of good quality. Bays are calm, promoting settling of solids.

Comment: Councillor Gordie Bear (MCCN) asked what additives are currently added before release. He suggested that these contaminants could travel far into Wekusko Lake.

Comment: Glen Dumas (MCCN) asked what environmental studies have been conducted on the muskeg surrounding the Anderson TIA. What tests have been done on muskegs? He said that much of this area is muskeg and suggested that muskeg could hold onto contaminants. He grew up 40 miles south of Lynn Lake, remembers seeing a grey film over muskeg, and asked how that got there from Lynn Lake, and where is the pathway? He also asked how far the water table is under Anderson TIA.

Response: SW said that there is mostly high rock that surrounds the Anderson TIA.

Comment: Glen Dumas (MCCN) suggested that water can travel through cracks in the rock.

Response: SW said that they have checked the drainage flow from/to Anderson TIA. He thanked Glen Dumas (MCCN) for his suggestion regarding the muskeg and groundwater impacts.

Comment: Glen Dumas (MCCN) said that all water leads down Nelson River to Hudson Bay.

Response: SW said that the water table is at the lake [Anderson TIA] surface. They have mapped the topographic relief in the area, know the snow melt and precipitation. The water from Anderson TIA naturally flows towards where the discharge point is. There is muskeg around the western portion of Anderson Lake [Anderson TIA].

Comment: Councillor Gordie Bear (MCCN) suggested that the muskeg is heavy and indicated that it can push water and create a flow in the reverse direction (backflow).

Response: SW said that the watershed is bound by elevation, not changing water table. It could not be forced to flow in any direction other than what it's doing now.

Comment: Councillor Gordie Bear (MCCN) suggested that future weather or climate change could force the water to move in a different direction and asked if these factors were considered in the design of the Anderson TIA.

Response: SW said that they have used the most extreme weather events to design the Anderson TIA and is confident in their design. The water level of Anderson Lake would have to rise much higher than the design elevation to change any flow patterns, regardless of any climate change.

Comment: Councillor Gordie Bear (MCCN) stated that he believes that the highway realignment is to create a levee and that he does not agree that there is a visibility issue. He is concerned that there is a hidden agenda with regards to the highway alignment.

Response: Jay Cooper (JC) stated that Hudbay is building dams and that these are indicated on the figure in the presentation. He said that there would be a culvert through the highway to keep Anderson Creek flowing and the highway would not act as a levee at all.

Comment: Councillor Gordie Bear (MCCN) said that they have not been successful with getting approvals from DFO to install culverts on their roads in Pukatawagan. He also asked if tailings would force the water out of Anderson TIA or if water would evaporate and cause a repeat of Sherridon.

Comment: GG thanked Councillor Gordie Bear for his comments and reminded the MCCN that they need to provide these types of good questions. She asked SW if Hudbay could provide details on what kinds of long-term modelling they have conducted to describe what the lake [Anderson TIA] will look like in 20-30 years.

Response: SW thanked GG and Councillor Gordie Bear (MCCN) for their questions and would be happy to provide information regarding the long-term design plans of Anderson TIA.

SW resumed the presentation. He described the timeline for the Lalor and Reed projects.

Comment: GG addressed the MCCN and stated that asking questions makes companies change their approach. She told them they could cause change just by asking public questions. She asked SW how long the environmental review period is.

Response: SW said that, although the initial public comment period for the Lalor mine has passed, the environmental review is ongoing until the Environment Act licence is issued. The concentrator application has not yet been submitted. MCCN members can participate at any time.

Comment: GG encouraged MCCN to always ask questions, saying that good companies will always listen. She said that even though they should always ask questions, now is the time to make an informed decision about your land.

Comment: Chief Dumas told SW that at the end of 2011, they'd received notice that there was environmental work conducted at the Lalor sewage treatment plant. He sent a letter to the government in response, asking for more information. The government did not respond to him about his request. He found online, a dismissive response. He understood that SW can't respond for the province, and only mentioned it to make note that MCCN needs to be a part of the decision making process.

Response: SW suggested that it might have been the Snow Lake sewage treatment plant, not the Lalor one that this is in reference to. He said that the Lalor sewage treatment plant discharges only treated effluent to the Snow Lake sewer system.

SW resumed the presentation and described the Reed project.

Comment: Councillor Gordie Bear (MCCN) pointed to the aerial photograph of the Reed site. He said that he had been invited to bid on clearing the area and that he had been told that every tree was to be removed. He said that he was surprised that many trees were left standing.

Response: SW stated that they had redesigned the site to leave as many trees standing as possible, in order to minimize the amount of disturbance.

Comment: Councillor Gordie Bear (MCCN) felt he was being lied to when he was invited to bid and that some information was hidden from him so that he would not be successful in the bid. He also said that the area has recovered from the harvesting that occurred nearby. Councillor Gordie Bear suggested that the aerial photos shown in the presentation were out of date.

Response: SW showed another aerial photo of the Reed area, showing the parts of the forest that had been harvested.

SW resumed the presentation and described the existing camp at the Reed site.

Comment: Floyd (MCCN) asked what company runs the camp at Reed? Are there any opportunities for employment for Aboriginals? Was this tendered out or does Hudbay have a preferred company?

Response: SW said that VMS was using their drilling camp during exploration and HBMS has basically continued with the facility that was in place. He was not sure if this will change once production starts.

Comment: GG asked if Hudbay could provide a list of business, procurement or employment opportunities at the Reed site. She also asked if there were Hudbay targets on the percent of the workforce that is Aboriginal.

Response: SW said that Hudbay's president has been eager to discuss these opportunities with the Chief and said he'd leave it with the Chief to discuss that with Hudbay's president.

Response: Pam Marsden (PM) said she has been trying to schedule those discussions with the Chief.

Comment: GG and Floyd (MCCN) requested that the information on opportunities be provided ahead of time for review.

Response: SW agreed to forward any requests for information to the appropriate people within the company.

Comment: Mathias (MCCN) asked if Reed was similar to Trout Lake Mine? He also asked what size the haulage trucks were.

Response: SW confirmed that Reed was similar to Trout Lake Mine in that there was a decline in the early operation of Trout Lake Mine. However, Trout also has a shaft which Reed will not. He also said that the underground haulage trucks will be Load Haul Dumps (LHD), which are specifically designed for underground. They haul ore and rock to the surface and return underground. They are not designed to travel on highways.

Comment: Mathias (MCCN) asked SW to describe the ore haul trucks that haul ore from Reed to Flin Flon. How many haul trucks will travel on the highway?

Response: SW said there will be 33 trucks per day, over 24 hrs that will travel to Flin Flon.

Comment: Mathias (MCCN) said that he would be nervous to meet one of those big haul trucks on the highway at night.

Response: SW stated that Hudbay conducts highway traffic studies to determine what impact additional traffic will potentially be. He said that they are similar to semi-trucks which regularly travel on this highway.

Comment: Floyd (MCCN) asked if there would be a tendering process for the haulage trucks, if the mine is operational.

Response: SW said he believes they will tender that out.

Comment: GG suggested that it would be beneficial to MCCN to see a comparable mine, in order to understand what they look like and how they operate.

Response: PM said that we've taken MCCN Chief and Council and other members on mine tours in Flin Flon and Snow Lake in 2011. If there is interest in other tours, Hudbay would be happy to accommodate that request.

Comment: GG stated that she has worked with other First Nations groups to obtain Impact Benefit Agreements (IBA) with other mining companies. These provide details of financial benefits, employment and business opportunities as well as cultural benefits (e.g., unexplained time off to observe a spiritually significant day/event).

Comment: Glen Dumas (MCCN) asked SW what benefits are available for MCCN.

Response: PM asked if MCCN could provide information regarding what services/equipment MCCN could provide.

Comment: Glen Dumas (MCCN) said they have already provided the land.

Comment: GG agreed with Glen Dumas, in that First Nations are the biggest investors in any development, as they provide the land.

Comment: Glen Dumas (MCCN) recalled that Manitoba Hydro had built a generating station within their territory and promised to compensate. They have received no compensation, only bills for the Hydro services. Glen Dumas asked Hudbay what they will pay MCCN as compensation.

Response: GG suggested that there are more internal discussion that are required before we can make a list of demands.

Chief Dumas requested that the Hudbay timeline schedule be displayed on the screen. He then addressed the attendees in Cree. Other MCCN members added to the discussion, including Glen Dumas and Floyd, also in Cree.

Comment: Mathias Sinclair (MCCN) asked the non-MCCN attendees if anyone understood the Cree discussion. He said that this has often been the problem with these types of discussions in the past; that the communication gap is always present. He recalled spending a summer (~1964) on the north shore of Reed Lake with his sister and Ernest Lavallee (brother of George Lavallee, a trapper). Ernest Lavallee was working on the rail line. He said that the Lavalles and MCCN members lived in Cormorant. He said that his people have been in the Reed area and that he himself has spent time there as a First Nations person. He asked SW why they mined out Chisel Lake.

Response: SW said that Chisel Lake was mined out and that Chisel open pit was the crown pillar of Chisel Lake mine that was mined down from the surface. He said other mines in the Snow Lake area are mined out.

Comment: Mathias Sinclair (MCCN) asked if Chisel was not mining enough ore to continue operation of the rail line.

Response: SW said that after Stall Concentrator came online, ore wasn't being railed to Flin Flon. It became too expensive to continue using the rail line and cheaper to use trucks.

Comment: Elder Flora Jane Castel (MCCN) commented that no one consulted MCCN on how to conduct the environmental studies and that all they get is the final report. She said that MCCN needs to be consulted and be involved in planning these studies as these projects affect their land, water, and medicine. It wasn't long ago when they were forced to sign an agreement and get nothing in return. Elder Flora Jane Castel (MCCN) believes that more mining opportunities will come up in their territory and they want to be involved and benefit.

Comment: Glen Dumas (MCCN) agreed with Elder Flora Jane Castel, that the environmental impact assessment should include the First Nations perspective. He recalls stories of medicines growing on the shores of Wekusko Lake and more recently went there himself to find almost none. He uses that as an example of a clear effect. He suggested that if the company was interested in what was in the land, they should ask the First Nations.

Comment: SD asked if there were traffic studies between Reed Lake and Flin Flon and any studies on wildlife.

Response: Cliff Samoiloff (CS) confirmed that there were traffic and wildlife studies conducted.

Comment: Councillor Gordie Bear (MCCN) asked what size the rocks are that come out of the mines? He also requested the specific model or type of haul truck required so he could buy it and successfully bid on the tender.

Response: JC said the ore rocks are usually up to 2ft long.

Response: SW said that he could provide that type of information but that he does not handle the tendering.

Comment: Angus (MCCN) said that he does not want to see any trapper be displaced from his trap line. He said that many trappers require more than monetary compensation; it's not just livelihood but lifestyle as well. He suggested that Hudbay talk with the local trappers.

Response: SW said that they have reached out and had discussions with local trappers.

Chief Dumas suggested that we break for lunch (approximately 1:30pm).

SW thanked the Chief and Council for lunch and invited CS to discuss the environmental components (approximately 2:00pm).

CS also thanked the Chief and Council for lunch and the invitation to speak. He acknowledged the comments received so far. He requested more information from the MCCN regarding these areas and ideas on how to improve. He invited questions not only today but throughout the Project, there is always room for more work to be done. He described the various environmental components examined and the scope of the assessment.

Comment: Councillor Gordie Bear (MCCN) asked for some details on features on the map, some of the labels were not readable. He asked CS to name the large lake in the top left-hand corner of the map.

Response: CS apologized for the low resolution of the NTS map and better maps can be provided. The labels that are larger are a selection of waterbodies to give the map meaning. The large lake is File Lake.

Comment: Councillor Gordie Bear (MCCN) asked if waterfowl were assessed.

Response: CS said that flora and fauna were assessed and waterfowl are included in that group.

Comment: Councillor Gordie Bear (MCCN) asked why seagull eggs are green. He said that we wouldn't know they were green because we don't eat them and they [MCCN] do.

Comment: GG suggested that, as part of their internal discussions, the MCCN members can list the species that are important. This list can be compared to the list of species studied by AECOM and Hudbay, perhaps MCCN can provide new information or direction to Hudbay and AECOM.

CS invited SW to resume the presentation. SW provided an overview of the regional economic benefit of the Lalor and Reed projects.

Comment: GG asked what percentage of the workforce is Aboriginal (at Chisel North)? Does Hudbay have a target percentage?

Response: SW stated that unless employees self-identify as Aboriginals, Hudbay cannot inquire. Hudbay must also abide by employment equity laws, where they can't discriminate to hire people of a certain religion (for example).

Comment: GG asked how many employees worked at Chisel North.

Response: SW said approximately 80 people were employed at Chisel North.

Comment: Glen Dumas (MCCN) asked if Hudbay conducts monitoring before and after a project.

Response: CS said that, in addition to the baseline, EEM programs are conducted every couple of years. These examine all the same environmental components we looked at in the baseline and compares them to see if there was any impact.

Comment: Glen Dumas (MCCN) suggested that the Project Region should be expanded to be larger than 10km. He recalls seeing dust deposited in Pukatawagan as a result of the Flin Flon smelter.

Response: CS explained that the Project Region is defined in the early part of the assessment but can be expanded or reduced.

Response: SW indicated that there is a difference between a smelter and a concentrator. There will not be a smelter in Snow Lake. The effects from the concentrator will not travel past 10km.

Comment: Glen Dumas (MCCN) asked how far the evaporated chemicals could travel in the air.

Response: SW said that the smelter stacks were high up but that the vent raise at Lalor is at surface, effects won't travel that far.

Comment: Glen Dumas (MCCN) stated that he did not believe that the effects wouldn't be felt in MCCN territory or, at the very least, only within 10km of the Project Site.

Response: SW acknowledged Glen Dumass' concern about potential effects and resumed the presentation.

Comment: SD asked where the Anderson TIA was on the Project Site and why it wasn't on the Project Site/Area/Region map.

Response: CS said that the map was for the Lalor mine, not the concentrator (which has the Anderson TIA associated with it). He has an image of the Project Site for the Lalor Concentrator on his computer and offered to show it on the screen after the presentation if it was requested. [The Lalor Concentrator and Anderson TIA expansion were covered before lunch].

Response: SW reminded the group that the concentrator report is not submitted and is not completed yet.

SW resumed the presentation and talked about site closure. He emphasized that Hudbay is committed to closing sites properly and incorporates this consideration early in the planning process.

Comment: Councillor Gordie Bear (MCCN) asked if there were Hudbay mines in the Snow Lake area that require closing.

Response: SW said that Stall Lake mine needs to be closed but Hudbay is waiting for the Stall Lake concentrator to close before closure activities are conducted. Chisel North finished operation in September 2012 and will also need to be closed however, it is part of the Lalor ramp and mine project.

Comment: Councillor Gordie Bear (MCCN) asked if there were other mines in the Flin Flon area that need closing and if so, if this work will be tendered out.

Response: SW said that Trout Lake mine needs to be closed and will provide information on tendering when it becomes available.

Comment: Chief Dumas stated that they will have a unique relationship with Hudbay moving forward to ensure that MCCN members receive the jobs first.

Response: SW repeated that Hudbay's president is eager to discuss opportunities for MCCN with the Chief.

Comment: Rob Robinson (MCCN) asked about what kinds of training Hudbay provides. He asked if there is on-the-job training, or classroom training that MCCN members could take advantage of.

Response: PM said that there are many training opportunities. Hudbay wants to engage with MCCN, to include the Mining Academy and the University College of the North. We want to encourage MCCN to take part in these opportunities.

Chief Dumas thanked Hudbay and AECOM for their presentation and information. He stated that there are internal discussions and more work needs to be done. He will send dates for another larger meeting. SW thanked the Chief for the opportunity and again, offered to provide any additional information they need.

Respectfully Submitted,

Shawna Kjartanson, M.Sc.
Environmental Scientist

HUDBAY MINERALS



Site Visit May 9, 2011

Name	Boot Size	Coverall Size	Respirator Size
Chief Arlen Dumas	8	L	L
Sherman Lewis	12	XLT	M
Floyd North	10	XL	L
Ken Bighetty	12	XLT	M
Hanson Dumas	11	XLT	L
Gordie Bear	8.5	XLT	L
Jimmy Colomb	11	XXLT	M
Kelly Linklater	12		
Pam Marsden	7	L	S

Monday, May 9

4:00 pm – 6:00 pm	Orientation & Fit Testing – Staffhouse Basement	W Ryan R Rebelo C Dewhirst
6:30 pm	Dinner at Staffhouse Basement – Northern Manitoba Sector Council	B Lantz D Lauvstad D Nisbet C Taylor K Gilmore B. Niedermaier

Tuesday, May 10

 8:30 am – 11:00 am	Presentation & 777 Mine Tour	R Trudeau
11:15 am	Transport to Staffhouse Basement	
11:30 pm – 1:00 pm	Lunch – Lalor Presentation	B Lantz K Proctor
 1:00 pm	Transport to Mill	B Lantz K Hoover
1:15 pm – 2:45 pm	Zinc Plant & Mill Tour	B Lantz R Winton K Hoover

Tuesday, May 10

2:45 pm	Transport to Staffhouse Basement to change out of surface gear	B Lantz R Winton
3:00 pm	Transport to Logistics	
3:15 pm -- 4:00 pm	Meeting with Contracts	T Goodman G Thompson C Huntley M Lippett

HBMS Contacts	
Antila, Dianne	Chief Financial Officer
Barth, Rick	Metallurgical Manager
Fulmore, Joyce	Timekeeper / Receptionist 777 Mine
Goodman, Tom	Senior Vice President & COO
Hoover, Karl	Flin Flon Mill Superintendent
Huntley, Cal	Contracts Administrator
Lantz, Brad	Vice President, Mining
Lippett, Miles	Contracts Administrator – Lalor Project
Proctor, Kim	Lalor Project Manager
Rebelo, Richard	Industrial Hygiene Technologist
Ryan, Walt	Safety & Health Coordinator
Thompson, Garth	Director of Supply Chain & Contracts Administration
Trudeau, Richard	777 Mine Manager

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**Flin Flon Meetings, Tours and Presentations
Mathias Colomb Cree Nation**

May 9-10, 2011

Meeting Notes

This two-day visit was planned to give the MCCN information about training, employment and business opportunities in relation to mining and exploration.

The visit began in the afternoon of Monday, May 9, 2011 with a safety orientation required to prepare MCCN for a tour of the underground workings of the 777 Mine, to be held the following day. The safety orientation was followed by dinner in the Staff House with representatives of the Northern Manitoba Sector Council. Doug Lauvstad, Executive Director, gave a presentation on the Mining Academy and its relationship with the satellite sites for the University College of the North (UCN). The Mining Academy and Flin Flon UCN site were both under construction. The presentation included some of the past history around the Sector Council's work with First Nation groups in all aspects of mining, forestry, exploration and related programs. Don Nisbet, Aboriginal Liaison Coordinator Northern Manitoba Sector Council, talked about the programs that have been undertaken at Wabowden with the training of First Nations workers and spoke to what worked and what didn't work. It worked for some, but not all. There was also discussion about the plans for the Mining Academy, including when it would be open, and how students could be enrolled.

The discussion focused on how MCCN could participate in future programs either through business opportunities or careers, and training options for band members. Hudson Bay Mining and Smelting Co., Limited (HBMS) representatives mentioned the Lalor growth and the likelihood of 300 to 350 jobs that would be created and positions to be filled, from laborers to mechanics, electricians, mining personal and professionals. It was also indicated that the concentrator, whether new or refurbished, could provide additional employment.

Exploration was discussed in general, including increased activity by HudBay Minerals in the region of Flin Flon and Snow Lake, which MCCN consider as traditional lands. HBMS mentioned the potential for the Reed Copper Project to generate additional employment opportunities, with the potential for approximately 80 positions.

MCCN discussed work that they were doing for the Manitoba government in Sherridon on the rehabilitation of mine site tailings. Chief Dumas emphasized that MCCN have people and equipment who could do more work. Given their experience, MCCN leaders feel strongly that their First Nation should be considered for potential construction opportunities associated with HBMS mine development projects.

On Tuesday morning, May 10, 2011, the MCCN visitors toured the underground 777 Mine. After lunch, tours continued with Zinc Plant and mill. The site tours were intended as an opportunity for MCCN to learn about HBMS operations and what potential job opportunities may exist.

During lunch, Kim Proctor, Lalor Project Manager, gave a presentation on the Lalor Advanced Exploration Project, including updates on the progress of construction and some background on its connection to older HBMS developments in the Snow Lake region. The same power point presentation was given in the Town of Snow Lake on April 13, 2011.

The Lalor presentation included a brief review of exploration and discoveries on the site, including continuous drilling since the spring of 2007, and updates on construction of the ramp from the Chisel deposits and shaft components of the Project. Kim also described plans for development into 2015, including environmental assessment and permitting for the mine itself. A tradeoff study was underway to help HBMS decide whether to refurbish the existing Snow Lake Concentrator or build a new concentrator on the Lalor site. Part of the study on a new concentrator was whether a gold plant and use of cyanide

would be required. Without the gold plant, the milling process would be the same whether it is at a new or old concentrator.

There were few questions on Kim's presentation, except for concerns expressed by MCNN about the potential use of cyanide during ore concentrating. Either method would discharge tailings to the using the existing Anderson Tailings Impoundment Area (TIA), with some expansion. Kim also discussed the possibility of having a portion of the tails go back underground as backfill.

The visit concluded with a meeting between MCCN visitors and HBMS Contracts personnel. This meeting was intended to inform MCCN on how to get on the Bidders List for various opportunities in areas where the First Nation believes they have capacity. HBMS requested that MCCN send information to HBMS about the personnel and equipment that they have available and also provided MCCN with a package to fill out and return for the Bidders List.

PARTICIPANTS

Chief Arlen Dumas	Mathias Colomb Cree Nation (MCCN)
Sherman Lewis Pukatawagan Development Corporation	Pukatawagan Development Corporation
Floyd North Pukatawagan Development Corporation	Pukatawagan Development Corporation
Ken Bighetty, Special Assistant to Chief	Mathias Colomb Cree Nation
Councillor Hanson Dumas	Mathias Colomb Cree Nation
Councillor Gordie Bear	Mathias Colomb Cree Nation
Councillor Jimmy Colomb	Mathias Colomb Cree Nation
Councillor Kelly Linklater sent regrets	Mathias Colomb Cree Nation
Pam Marsden Mining Association of Manitoba, Director of Communications and Aboriginal Relations	Mining Association of Manitoba
Walt Ryan Health & Safety Coordinator	HBMS
Richard Rebelo Industrial Hygiene Technologist	HBMS
Corey Dewhirst Industrial Hygiene Technologist	HBMS
Brad Lantz Vice President, Manitoba Division	HBMS
Craig Taylor Exploration Manager	HBMS
Kelly Gilmore Chief Exploration Geologist	HBMS
Brenda Niedermaier Executive Assistant	HBMS

Richard Trudeau Manager, Flin Flon & Snow Lake Mines	HBMS
Kim Proctor Lalor Project Manager	HBMS
Karl Hoover Lalor Concentrator Project Manager	HBMS
Rob Winton Metallurgical Manager	HBMS
Tom Goodman Senior Vice President & Chief Operating Officer	HBMS
Garth Thompson Director of Supply Chain and Contracts Administration	HBMS
Cal Huntley Contracts Administrator	HBMS
Miles Lippett Lalor Project Procurement Coordinator	HBMS

HUDBAY MINERALS


Lalor Site Visit January 10 – 12, 2012




Name	Boot Size
Chief Arlen Dumas	8
Larry Sloan	11
Marcel Caribou	9
Jimmy Colomb	11
Kelly Linklater	12
Simeon Blghetty	
Pam Marsden	7
Louis Harper	10.5
Lisa Harper	8.5 (L)
Chris Beaumont-Smith	11
Cliff Samoiloff	10
Sheryl Rosenberg	8.5 (L)

Tuesday, January 10,

4:00 pm	Arrive at Staffhouse Basement	B Niedermaier
4:30 pm – 5:30 pm	Tour of Mining Academy	R Penner
6:00 pm – 7:30 pm	Dinner at Staffhouse Basement – Northern Manitoba Sector Council	T Goodman B Lantz D Nisbet B Niedermaier
Victoria Inn – Reservations under HBMS 10 rooms - Confirmation # 105495 to 105505		

Wednesday, January 11

 7:30 am – 10:30 am	Bus to pick up at the Victoria Inn and transport to Snow Lake - S West - S Neault	Northern Bus Lines
10:30 am	Tour Lalor Camp	K Proctor T Scheres
11:15 am – 12:00 pm	Lunch Lalor Camp	K Proctor T Scheres

Wednesday, January 11			
	12:00 pm 12:30 pm	Transport to Chisel North Mine Site	Northern Bus Lines
	12:30 pm – 1:30 pm	Lalor Presentation & PPE	K Proctor T Scheres
	1:30 pm 2:00 pm	Transport to Lalor Site	Northern Bus Lines
	2:30 pm – 4:00 pm	Lalor Site Orientation & Tour	K Proctor T Butt
	4:00 pm – 6:30 pm	Transport to Victoria Inn	Northern Bus Lines

Thursday, January 12			
	8:00 am	Arrive at Staffhouse Basement	
	8:30 am	Environment Meetings and Other Business	S West J Cooper S Neault

HQMS Contacts	
Butt, Tony	Health, Safety & Environment, Lalor Project
Cooper, Jay	Assistant Superintendent, Environment
Goodman, Tom	Senior Vice President & COO
Hardy, Vania	Lalor Project Clerk
Lantz, Brad	Vice President, Mining
Neault, Shirley	Management Systems Coordinator
Ayotte, Jack	Mine Construction Manager - Lalor
Proctor, Kim	Lalor Project Manager
Scheres, Tony	Chisel North Mine Superintendent
West, Steph	Superintendent, Environment

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Mathias Colomb Lalor Site Visit and Presentations

Reed Project Presentation

January 10-12, 2012

Meeting Notes

Welcome and Introductions

Commencement of the visit by Mathias Colomb Cree Nation (MCCN) leadership and elders was delayed by weather. Chief Arien Dumas, Elder Marcel Caribou and Councilor Jimmy Colomb arrived during the evening of January 10, 2012, in time for dinner and the planned tour of the Mining Academy and the new satellite campus of the University College of the North (UCN), both due to be opened soon and both of which are located next door to the Hudson Bay Mining and Smelting Co., Limited (HBMS) staff house. Pam Marsden of the Manitoba Mining Association also arrived later that evening. The other members of the MCCN delegation and Chris Beaumont-Smith did not arrive in time for the evening meeting. Louis and Lisa Harper of MCCN were unable to attend the meetings due to weather.

Tom Goodman opened the evening with a welcome and invitation to dinner. He explained that the main purpose of this visit was for HBMS to present the details of HBMS projects, and since MCCN had made the case that HBMS projects lie within MCCN traditional territory, to present environmental assessment information and get MCCN's comments and concerns about adverse impacts on traditional activities. Tom reviewed the intended agenda for the visit and described what MCCN could expect to see in their tours on the following day. Chief Dumas thanked Tom for the welcome and agreed that it was good to be having the meetings that had been planned for some time.

Education, Training and Employment Opportunities

The HBMS and MCCN groups were joined for dinner by Don Nisbet, Aboriginal Liaison Coordinator for the Northern Manitoba Sector Council, and Rob Penner, Chair of the Faculty of Arts and Sciences of UCN (the Pas) and Executive Director of the Northern Manitoba Mining Academy. Following dinner, Don and Rob gave the group a tour of the UCN and Mining Academy facilities, which are under development and nearly completed.

There was a very passionate discussion of the potential benefit of the education and training opportunities that these facilities might offer to Aboriginal residents of the North. The fundamental goal is to train northern people for northern jobs. HBMS has been instrumental in supporting these facilities, with a grant of land and cooperation with their facilities and programs. Tom Goodman made the point that HBMS hopes that First Nations will benefit from increased employment, while HBMS benefits from having a well-qualified workforce who are happy to remain in the north.

Chief Dumas explained that what most people want is to be able to work at good jobs in the northern environment that is their home. Chief Dumas and the elders told a number of stories which illustrate how jobs in mining and forestry have changed - more education is required and that makes it difficult for older members to keep work that they used to do - for example, one elder was employed in line clearing for mineral exploration and the railway until a requirement was made that workers be able to apply GPS skills. During a site tour on the following day, one elder expressed some sadness at seeing young people stop attending school before completing sufficient education to qualify for these jobs.

HBMS requires applicants to take its own basic skills test before qualifying for employment. The "Essential Skills" program offered by UCN will help potential workers catch up by closing gaps in the

areas (such as literacy and numeracy) where their skills are inadequate to get work and climb the employment ladder in a highly skilled environment. Chief Dumas also mentioned the UCN satellite facility being built in Pukatawagan; there was some discussion of the opportunity to link facilities through webcast technology.

During the first evening and during the site visits and meetings that occurred over the next two days, the elders and Councilor Colomb told a number of stories about work they had done in line cutting for exploration, jobs for the railway and in logging in the region and work in the open pit mine at Leaf Rapids. They had many experiences to share from a period of over 30 to 40 years in various jobs in northern mines, logging and railways.

Chief Dumas emphasized that getting and keeping high quality employment is very important in MCCN, where one third of the 1200 residents are under 18 years of age. Chief Dumas spoke of the mine tailings remediation jobs that his community was able to get in Sherridon and how they were able to leverage funding for training, ending up with 60 certified heavy equipment operators. The Chief emphasized that MCCN has capacity which needs to be matched with opportunity.

Tom Goodman responded with the comment that, in collaboration with UCN, Manitoba and other groups, HBMS was committed to finding training funding to help First Nation members upgrade skills needed to qualify for jobs in mineral exploration and mining. HBMS is committed to the region and to the education and training needed for Northern residents to get and maintain a well-qualified, sustainable workforce.

During the last afternoon of the visit, there was further discussion about jobs and Councilor Linklater offered information about MCCN experience in constructing water and sewer lines in their community. Chris Beaumont-Smith commented on potential support for training provided by Manitoba, as well as opportunities that may be afforded by construction of a new sewage treatment plant and 200 serviced lots in the Town of Snow Lake. HBMS can assist in connecting MCCN with Jeff Precourt, Administrator of the Town of Snow Lake.

Lalor Project Description and Site Visits

On Wednesday morning, January 11, 2012, the group boarded a bus for the Town of Snow Lake, for a day of site tours. Along the way, Steph West was able to point out the location of the Reed exploration site. Some of HBMS' supporting infrastructure in Snow Lake, including the Anderson Tailings Impoundment Area (TIA) and the access road to the Stall Lake Concentrator, were also pointed out to the group. Once in Snow Lake, the group toured the Lalor Camp, located on HBMS lots in town, including the dormitories and cafeteria. Lunch was served, after which the group proceeded on to the Chisel North Mine site, a distance of about 12 kilometers down the highway. On the way, Steph West pointed out some existing HBMS infrastructure supporting the Chisel North mine site which will continue in operation to support the Lalor Mine.

Once the group was settled in the Chisel North mine conference room, Kim Proctor began a power point presentation on the Lalor project description. (A hard copy of the presentation was provided.) Kim's presentation was intended to update the presentation given to MCCN leadership during their visit to Flin Flon on May 10 and 11, 2011. She described progress in construction of the Lalor AEP and Lalor Ramp projects, projected HBMS' plans to seek environmental regulatory approval of the Lalor Mine and described plans for related future development (Lalor Concentrator).

However, counsel for MCCN, Larry Sloan, had not been involved in the May meetings and he had a number of specific questions which he wanted to have answered before the presentation could proceed. Larry inquired about permits required for mining and environmental approvals in Manitoba and for Lalor in particular, whether CEAA would apply to the project, the value of the gold resource discovered at Lalor, how such values are determined. He also had a number of questions about capital spending for the project. Additional questions related to the HBMS infrastructure supporting existing developments, such as the Stall Lake Concentrator and Anderson TIA. Before Kim Proctor proceeded with her update presentation, the group provided some background on the licensing and approval regime in Manitoba.

Having been advised of the requirement for licensing under the *Environment Act* for the operation of a mine, Larry inquired how HBMS was able to construct the Lalor project without an *Environment Act* license. There also was some confusion generated by the fact that Manitoba's ministry dealing with environmental matters is called "Manitoba Conservation," which was cleared up in the discussion. It was explained that: current operations on the site constitute an "advanced exploration project" in Manitoba; the Lalor deposit had been drilled continuously since early in 2007; the Lalor (underground) ramp and ventilation raise project are being carried out pursuant to minor alteration of *Environment Act* licensing for the Chisel North Mine; the Lalor shaft is being constructed pursuant to approval of the Lalor Advanced Exploration Project and other General Permits; and that mineral leases, claims and other rights have been held for a number of decades. The Advanced Exploration Project entails the development needed for the extraction of a 10,000 tonne metallurgical sample. The Mines Branch, as the lead government agency, circulated the application for advanced exploration to other provincial and federal government departments for review as part of the approval process.

HBMS offered to provide copies of the submissions filed with regulators in support of the Lalor Ramp and Advanced Exploration Projects and approvals received from Manitoba, and to respond to questions that Mr. Sloan might have after review of that material. Mr. Sloan requested a copy of the approvals in place for the development to date, and HBMS agreed.

Mr. Sloan was advised that environmental licensing of the Lalor Mine would entail a public review process, that these meetings with MCCN and other communities were intended to inform the public in advance of application for the license and gather information to help with identifying any environmental concerns that have not already been considered.

Mr. Sloan observed that the Lalor site already has been cleared and occupied. Chief Dumas made the point that the Lalor project is in MCCN ancestral lands and that public information about Lalor had not been provided in the manner that was most readily available in Pukatawagan - for example, stories in the Winnipeg Free Press. Chief Dumas also reiterated the point (made in a recent (undated) letter to Mr. Goodman) that he had written to the Premier on August 23, 2010 concerning consultation. Both Chief Dumas and Mr. Sloan made the point that MCCN expects to be consulted, and that they do not regard this meeting as "consultation." After some discussion about these points, both at the January 11 presentation in the Chisel North Mine site and the meetings held the following day in Flin Flon, it was agreed that we would refer to these meetings as "information sharing" meetings rather than "consultation." Mr. Sloan suggested that these meetings also could be termed "pre-consultation."

It was explained that HBMS has been operating in the region for more than 50 years, had been operating on the Lalor site continuously since 2007 and that information about its operations on the site had been publicly released since 2007. HBMS explained that its submission in support of approval of the Lalor AEP took note that HBMS had not encountered any First Nation or other Aboriginal use of the site. It also included a comprehensive closure plan and letter of credit to cover the full cost of rehabilitation of the site. HBMS made the commitment to provide further information directly to Chief Dumas as environmental and regulatory review of Lalor proceeds. HBMS also expressed appreciation that this information sharing meeting concerning environmental assessment of the impacts of the Lalor project [re-scheduled from the meeting scheduled for September 12, 2011] was taking place now.

Kim's presentation included updates on construction of the main shaft (on the Lalor site), ventilation shaft and underground ramp, and also plans to propose construction of a new concentrator on the Lalor site. In the course of Kim's presentation, there was some discussion about technical aspects of how mining wastes would be handled and technical aspects of planning for a new concentrator.

Mr. Sloan asked about the extent of surface clearing and development that would be required for the concentrator. HBMS indicated that the area for the concentrator has already been cleared for other purposes during the advanced exploration project and that additional leveling is all that would be required. In constructing the Lalor AEP, HBMS is not storing waste rock on site. Rather, a decision was made to transport all potentially acid generating waste rock to the Chisel Open Pit for disposal. The decision to

build a new concentrator at the same location as the mine allows the mine to use paste backfill and will reduce the number of trucks on the highway from 60 trucks per day to 16 trucks per day. Steph West indicated that paste fill has a similar consistency to toothpaste and is fairly stable for use as backfill. Tailings need water, heat and oxygen in order to oxidize and create potential acid rock drainage conditions. Some of the tailings would be mixed with cement, which acts as a neutralizing agent as they are placed underground.

Steph explained how infrastructure for the Lalor projects is linked to existing previously-licensed facilities. He also described how drainage from the underground workings is collected and pumped to the surface for treatment prior to discharge to the environment.

Mr. Sloan inquired what approval had been granted for the ventilation shaft. It was explained that the ventilation shaft was approved as part of the Lalor Ramp Project, as a minor alteration to the existing Chisel North *Environment Act* license. Mr. Sloan asked if authorizations for various aspects of the project came from both Mines Branch and Manitoba Conservation. Ms. Rosenberg indicated that this was correct. Mr. Sloan asked when the ramp authorization was approved. Mr. West indicated that the alteration to the existing Chisel North *Environment Act* license was granted in December 2009.

Mr. Sloan questioned what public notifications had been given for the Lalor projects. Ms. Rosenberg and Mr. West indicated that no formal public notification was required, and that the application for approval of the advanced exploration project had been circulated to government agencies as part of the approval process. No formal public notification is required under *The Environment Act* before approval of minor alterations to existing licenses and none was given for the minor alteration to the Chisel North *Environment Act* license. Public notification was provided for environmental licensing of the Sewage Treatment Plant (STP) that services the Lalor Camp in the Town of Snow Lake, including advertisements in the Snow Lake newspaper and the Winnipeg Free Press. Chief Dumas mentioned that he had written in opposition to approval of the STP, but that approval had been granted.

Two public meetings have been held in the Town of Snow Lake, one to describe the project and the other to present environmental assessment information regarding the project.

Mr. Sloan asked what contracting companies were currently working on the project and where were they from. Chief Dumas expressed concerns at the lack of First Nation contracting companies currently working on the project. Kim Proctor explained that some of the work currently being conducted at the site is highly specialized, with few contractors in Canada qualified to carry it out. HBMS indicated that the following contractors were currently working on the project: Dumas – shaft sinking (Ontario), Redpath – vent raise sinking (Ontario), PCL – foundations (Winnipeg), Derkson – mechanical/electrical (Winnipeg), Ocean Steel – steel erection and cladding (NB), Denare Beach Mechanical – piping (Flin Flon) and several local sub-contractors. Although some of these companies are headquartered outside of Manitoba, most hire local residents to work on these jobs.

Upon conclusion of the presentation, the group re-boarded the bus for the 3 kilometer ride to the Lalor project site. There, everyone received a site safety orientation and donned protective gear, prior to a tour of the hoist house, head frame, water treatment plant and warehouse. During the site tour, MCCN elders shared experiences they had had on similar sites. For example, Councilor Colomb shared memories of his work in the open pit mine in Leaf Rapids with HBMS' Tony Butt, who also had worked at the Ruttan Mine, but at a time later than Councilor Colomb. In the hoist house, an MCCN member asked what the minimum education requirement for employment at the Lalor Mine would be. HBMS requires applicants to take its own basic skills tests in areas such as literacy and numeracy, even if they have completed Grade 12. Chris Beamont-Smith indicated that there is an education grant program available to First Nations students to improve eligibility for such jobs by upgrading education levels.

The last stop of the tour was the ventilation raise location. HBMS explained that, once construction of the raise is complete, the existing head frame and other gear will be removed and replaced with an exhaust hood, which will be surrounded by a fence. The area surrounding the vent raise will be re-vegetated and returned to nature.

On the way back to Flin Flon, Steph again pointed out the site of the Reed exploration project. He also pointed out former access to the site of the closed Spruce Point Mine, where re-vegetation has made the site nearly indistinguishable from the surrounding landscape.

Environmental Impact Assessment

On the following morning, January 12, 2012, the group met in the HBMS Staff house Basement in Flin Flon office and were joined by two additional Environmental Control Department employees, Jay Cooper and Riley Little. Cliff Samoiloff gave a power point presentation on environmental impact assessment of the Lalor Mine and Reed projects, outlining the background on mining in the respective areas and the baseline environmental data collected to date. For the Reed project, the presentation outlined the content of the advanced exploration project and the closure plan that has been filed. For the Lalor project, the presentation included a review of public consultation undertaken to date, as well as the preliminary findings of the ongoing environmental assessment of the project. Hard copies of each of the presentations were provided.

Mr. Sloan had a number of further questions about permitting and environmental regulatory review for the Lalor projects. These were addressed during the course of the presentations. He also inquired whether the effects of clearing and blasting were taken into account in the environmental assessment. Cliff and Steph replied that the AEP plan covered environmental concerns. Cliff advised that potential residual effects of clearing and blasting are being included in the environmental impact assessment for the future Lalor Mine.

Environmental assessment information included a description of baseline studies that had been carried out in the area of potential influence. These studies had been commenced in response to the discovery first announced in early 2007. The presentation explained how AECOM had considered each of the aspects of the environment which could be affected by the development, stated their conclusions about expected environmental effects and outlined the mitigation measures that they recommended be followed in constructing, operating and ultimately closing the Lalor Mine. The presentation outlined the environmental approval process that would apply to the Lalor Mine and also discussed planning for a future application that may be made for approval of a new concentrator on the Lalor site.

Mr. Sloan inquired whether AECOM is responsible for design of the project. Stephen West explained that AECOM's experts gather environmental information and make recommendations, while the HBMS Environment Department and Lalor project manager are responsible for incorporating environmental concerns into project design. Steph described how environmental information collected in the baseline assessment has been used in planning the Lalor AEP and Lalor Mine. The development has been planned to use HBMS existing infrastructure to supply the necessary services to the site and accept the wastes generated by the development, minimizing the footprint of the Lalor AEP and future Lalor Mine. For example, when tailings are generated in the operation of future new concentrator, they will be routed to the existing, approved Anderson TIA, rather than to any new facility. Mine discharge water will be returned by pipeline to existing licensed HBMS treatment facilities.

Mr. Sloan had a number of questions on how tailings are managed in the Anderson TIA. Mr. Samoiloff and Mr. West provided clarification on the management of tailings at the Anderson TIA. They indicated that tailings are placed subaqueously, with a five foot water cover maintained over the tailings at all times. The cover is maintained by moving the pipeline around the lake for tailings deposition and controlling the water level at Anderson Dam. Depth surveys are conducted every three years which allows a deposition plan to be developed for the next three years of operation. Discharge from the Anderson TIA occurs intermittently over a four to six month period on an annual basis.

Cliff Samoiloff explained that tailings remain in the approved TIA, while discharge from the Anderson TIA is tested for compliance with Provincial approvals and the Metal Mines Effluent Regulation, before it flows downstream. Cliff also described the ongoing compliance monitoring required under Provincial and Federal licensing and regulation. Mr. Sloan inquired what capacity is available in the Anderson TIA.

HBMS indicated that there is sufficient capacity for the next 4-5 years, but further capacity would be required. HBMS indicated that improvement to the Anderson TIA is planned.

There was further discussion about the manner in which waste rock produced during shaft sinking is being managed. Steph explained the analytical procedures used to test the rock and reiterated that all potentially acid generating rock is being taken to the Chisel Open Pit in an existing licensed site.

Mr. Sloan asked a number of further questions about information in HudBay's press releases concerning the value of the gold resource and how the value is calculated. There was some general discussion about categories of resources, but it was pointed out that the specific contents of the press releases can be reviewed verbatim on HudBay Minerals Inc.'s website, to which Mr. Sloan was referred. He was advised that HBMS must be mindful of regulatory responsibilities in regards to statements of value of resources and was referred to the HudBay Minerals Inc. website for information of that nature.

Further questions dealt with requirements for the archaeological, cultural and heritage assessment performed by AECOM in accordance with Provincial standards, the continuing use of existing water rights licenses, and timing for application for *Environment Act* licenses for the Lalor Mine and concentrator (see "Next Steps" slide in the enclosed presentation). HBMS expects to apply for the Lalor Mine *Environment Act* license in the spring of 2012. Steph and Kim described the project description information that has to be finalized before the concentrator application can be prepared. The specific timing for proposal of the Lalor Concentrator has yet to be determined, with potential to submit a proposal by the summer/fall of 2012. Mine production can commence without construction of a new concentrator, but ultimately refurbishment of the existing Stall Lake Concentrator or construction of a new facility would be required.

Manitoba's regulatory requirements for approval of an advanced exploration project or mine include submission of a detailed closure plan and the filing of financial assurance covering the full cost of rehabilitation of affected sites. Manitoba has accepted a closure plan and a letter of credit in relation to the Lalor AEP which, before approval of the Lalor Mine, HBMS will have to replace with a closure plan and letter of credit covering the Lalor Mine. Mr. Sloan asked a number of questions about adoption of Manitoba legal requirements in regards to closure and Chris Beaumont-Smith advised that, in his recollection, the Act had been amended in 1999.

First Nation Experience in the Region

Cliff Samoiloff described AECOM's baseline studies in the region of the Lalor deposits, including plant and animal surveys and the lakes and waterways in the region. This work was started before any specifics were known about the nature and location of potential future development of the Lalor deposits. The studies, therefore, covered a wide area. More recent studies have focused on the actual area surrounding the project site. The baseline work included an aquatic assessment of a number of lakes and streams in and around the Lalor deposits. One elder asked about whether the water in the lakes AECOM had studied would be suitable for drinking. While Ghost and Chisel Lakes might be suitable drinking water sources, some of the other lakes that were surveyed likely would not meet drinking water standards due to naturally high metals from surrounding swamps, high organics reducing water clarity and other factors.

Chief Dumas emphasized that members of MCCN had personal experience in the region: referring to the elders with him, he stated that three had grown up near Lalor Lake and that one has a cabin located a 10 minute flight north of the Lalor site. Elders Simeon Bighetty and Marcel Caribou mentioned that riverbeds viewed from the bus along Highway #395 appeared to be dry, but had been flowing in the 1970's. Elder Caribou asked about what had happened to the water. Steph was not sure which waterways the elder was referring to, but his recollection was that CN had constructed many drainage ditches in the Snow Lake Region which may have changed the direction of some of the water flows. AECOM had brought along an enlarged map showing water drainage and topography in the region and Steph asked the elders to point out the dry waterways. The elders pointed to a drainage ditch, which drains Ghost Lake and Threehouse Lake into Tem Lake, and downstream to Snow Lake. There was

some discussion of the flows, and Steph mentioned that for the majority of the year, those drainage channels are stagnant.

Elder Caribou asked how long it had taken DFO to permit the drainage, since his experience with DFO was that he had been refused permission for a creek crossing, after waiting a year for DFO to reply to his application. He felt that big industry might be treated more favorably than he had been in getting DFO permits. Steph had no knowledge of CN's permitting process, and mentioned that he thought those ditches had been constructed during the 1950's. The elders wondered if the existence of mines in the area could have contributed to dewatering. Steph stated that there was no connection between mines in the area and waterways. Steph, Cliff and the elders also looked at the map and had some discussion about the various watersheds in the region.

The Lalor site is in a different watershed than existing operating HBMS properties. However, HBMS plans to use the existing infrastructure for water supply and wastewater treatment, so that there will not be an impact on the watershed where the Lalor site is located.

Cliff was asked whether, during the terrestrial review, AECOM had sought input from First Nations, particularly with respect to plants that can be used for traditional medicines. Cliff explained that when the baseline studies commenced, the Lalor site and access road had already undergone some clearing related to exploration on the site in the year(s) prior. Baseline studies commenced in September of 2007 and were carried out over multiple years during different growing seasons. Exploration drilling was carried on continuously during that time. HBMS and AECOM were not aware of any First Nation presence on and around the Lalor site. AECOM did contact trappers with registered trap lines in the area.

Steph and Cliff mentioned that the Lalor site is a rocky knoll, with little soil cover, quite typical of many kilometers of terrain in the region. When there is soil cover, HBMS practice is to save it for use in reclamation. The team of AECOM scientists carried out a vegetation assessment in a one-kilometer buffer zone around the Lalor site and access road. This survey produced a catalogue of species observed, which was compared with Provincial records concerning vegetation in the region and information about plant species that are known to have been identified as potentially having medicinal or cultural importance. Cliff was asked whether there is a way to verify that the environmental review includes plants that First Nations consider to be traditional medicines.

Cliff advised that AECOM's work to date has not identified any plant or animal that would be unique to the area that has been or potentially will be affected by the Lalor developments. AECOM and HBMS indicated during discussion that they would be grateful for any comments that MCCN elders or resource harvesters might have about the vegetation on the AECOM list (a copy of which is enclosed with these notes) or any other knowledge they may have about the area.

As well, HBMS and AECOM invited MCCN elders and resource harvesters to return to the site with AECOM scientists and walk the area together, to determine if there are any environmental sensitivities that AECOM's assessment may need to include. For example, if a resource harvester or elder knows of any plant or animal or special habitat that may have been affected by the Lalor development, this information should be factored into the assessment. HBMS will pay the costs associated with such work on the site by as many elders or resource harvesters as, in the Chief's judgment, may have an interest in this work. The environmental impact assessment report for Lalor Mine will consider both the information contained in AECOM's surveys and any comments that MCCN may be able to contribute.

Chief Dumas mentioned that there are many trappers operating in the area directly north of Reed Lake. Elder Caribou remembered that when trap lines were first registered, not all individuals were included in the registration process. Cliff advised that AECOM had contacted registered trappers in the area.

Conclusions and Commitments

At the close of the meetings, discussion returned to potential employment. Chief Dumas emphasized that tree-cutting is an activity that was completed for the project and that the First Nation should be given

opportunities in that regard. HBMS agreed but indicated that the representatives in the room that day could not address employment. HBMS promised that a follow-up contact would be made by other HBMS officials who would speak further about employment and contracting opportunities. HBMS was advised that the Councilor with the applicable portfolio is Gordie Bear.

Chief Dumas advised that MCCN was not in a position to respond at this meeting to the information presented by HBMS. HBMS invited MCCN to continue with another meeting at which there could be more discussion and information sharing by MCCN. HBMS also offered to bring the meeting to Pukatwagan to facilitate participation by elders and resource harvesters. Wherever the follow-up meeting(s) are held, HBMS will pay the costs.

AECOM also would like to return to the project areas with the elders who attended the meeting and any other MCCN members who might have additional knowledge that could contribute to the environmental assessment. Chief Dumas expressed appreciation for the offer and will be glad to consider it and let us know. Mr. Sloan suggested that HBMS consider funding a traditional knowledge study, to be carried out by a third party expert, incorporating matters of culture. He promised to prepare a more detailed proposal for such a study. This request was directed both at HBMS and the Crown. HBMS agreed to consider a proposal of that nature.

Mr. Sloan requested and HBMS agreed to provide copies of the presentations given to MCCN and copies of the applications it had filed and permits received for the Lalor project. It was agreed that we would have a follow up meeting to discuss MCCN's views on the environmental assessment information presented at this week's meetings.

Further discussion of business, education and employment are to be carried on through Councilors Gordie Bear, who attended the meeting in Flin Flon on May 9, 2011 and Kelly Linklater. Ms Rosenberg made a commitment that someone from HBMS would contact Councilor Bear in that regard.

As well, HBMS personnel will help connect the administrator of the Town of Snow Lake with Councilor Gordie Bear regarding potential opportunities for Missinippi Construction to work on development sites in the town. Chief Dumas will provide contact information for each of the MCCN councilors.

Chief Dumas was invited to submit receipts for any disbursements that MCCN may have incurred to participate in these meetings, including the cost of plane travel back to Winnipeg chartered on January 12, 2012, as HBMS fully intends to cover the costs related to information sharing.

The meetings ended with expressions of appreciation on both sides and a closing prayer delivered by Elder Simeon Bighetty.

PARTICIPANTS

Chief Arlen Dumas	Mathias Colomb Cree Nation
Larry Sloan (Legal Counsel)	
Eider Marcel Caribou	Mathias Colomb Cree Nation
Councillor Jimmy Colomb	Mathias Colomb Cree Nation
Councillor Kelly Linklater	Mathias Colomb Cree Nation
Elder Simeon Bighetty	Mathias Colomb Cree Nation
Tom Goodman Senior Vice President & Chief Operating Officer	HudBay Minerals Inc.
Stephen West Superintendent, Environmental Control Department	HBMS
Jay Cooper Assistant Superintendent, Environmental Control Department	HBMS
Riley Little Section Leader Tailings and Engineering Projects Environmental Control Department	HBMS
Kim Proctor Lalor Mine Project Manager	HBMS
Shirley Neaut Management Systems Coordinator Environmental Control Department	HBMS
Brenda Niedermaier Executive Assistant	HBMS
Tony Scheres Chisel North Mine Superintendent	HBMS
Tony Butt Lalor Health, Safety and Environment	HBMS
Sheryl Rosenberg (Legal Counsel)	Thompson Dorfman Sweatman LLP
Cliff Samoiloff	AECOM
Pam Marsden Director of Communication & Aboriginal Relations	Mining Association of Manitoba
Chris Beaumont-Smith Manager, Minerals Policy & Business Development Manitoba	Manitoba Mines Branch



**HUDSON BAY MINING AND
SMELTING CO., LIMITED**

February 10, 2012

Mathias Colomb Cree Nation
P.O. Box 135
Pukatawagan, MB R0B 1G0

Attention: Chief Arlen Dumas

**RE: Follow-up to Mathias Colomb Cree Nation and HBMS
Meetings of Jan. 9-12, 2012**

Dear Chief Dumas,

Thank you for coming to Flin Flon to meet with Kim Proctor, myself and our environmental consultants on January 9 -11, 2012. Please find enclosed copies of the records that HBMS has prepared for our own use. We would be pleased to note any additional comments or corrections that you might wish to add to these notes.

I believe Tom Goodman is writing to you about issues relating to employment and business opportunities that are of concern to your First Nation. I write to follow up on the commitments I made to you in relation to traditional knowledge that might be relevant to completion of the environmental impact assessment which we have commissioned AECOM to perform. I was very interested to meet the elders who attended the meeting, Elders Marcel Caribou and Simeon Bighetty, and Councillor Jimmy Colomb and to hear of their many experiences working in the region.

As we explained at the meetings, HBMS has been working in the Chisel Basin for many decades. In planning and assessing the Lalor project, we have spoken with people who have local knowledge, such as Manitoba Conservation officers who work in the region, owners of registered trap lines, cottagers and lodge owners and other local residents. As well, we have made presentations in the nearby Town of Snow Lake. In keeping with HBMS practice, our intention is to plan our projects with a view to avoiding impacts on other people's uses of the region and to make any reasonable accommodation that might be required to mitigate any effects that our projects might cause.

We have planned the Lalor project, to the greatest extent possible, to reduce environmental impact by using existing support facilities at our Chisel operations and in the Town of Snow Lake and by designing the project to occupy as small a footprint as possible. These sites are the ones you toured on January 11, 2012.

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Environmental assessment of the Lalor Advanced Exploration Project (and the future Lalor Mine) takes into account the effects of surface clearing and leveling, including removal of trees and plants, and exclusion of animals and people (other than workers), from the road and cleared sites occupied by the project. As Cliff Samoiloff of AECOM explained at our meeting, the wildlife and vegetation identified by AECOM seem to be common to the broader environment generally found in the Snow Lake/Flin Flon region. This information, together with the nature of the physical environment, is important to us in understanding the effects of our project.

In light of the comments made by the elders at our meetings, we would like the opportunity for AECOM to work with them and other elders (and any other resource harvesters) who can add to the information that AECOM has collected about water resources, soil conditions, vegetation, wildlife and heritage features in the Snow Lake area and, more specifically, in the region that AECOM has identified as relevant to environmental assessment of the Lalor project. As noted at our meetings, the information collected to date, which is extensive, includes a catalogue of the plant species observed within a one-kilometer buffer of the Lalor site and access road. I enclose a copy of that catalogue for the review of your elders and resource harvesters. Our baseline information also includes a comprehensive list of animal species that likely have been present in the Lalor Region, a copy of which also is enclosed. We would appreciate the benefit of the elders' thoughts and experiences in that regard.

I would propose that we follow up on our January discussions in several different ways. Firstly, following up on the comments set out on page 7 of the meeting notes, I suggest that you help us get AECOM in direct contact with the elders and resource harvesters, so they can meet as soon as possible to review the information AECOM has collected, including the catalogues of plant and animal species. That could occur at whatever locations and times would be convenient for your members.

Then, as soon as weather permits, we also would like to invite the elders and resource harvesters to return to the sites for a renewal of field investigations, in order to make sure that AECOM's investigations have not missed anything of importance to your members. We look to you for advice on how to organize this work and whom to engage in addition to the elders who attended the January meetings with you.

We are mindful that the elders might have knowledge which is sensitive or confidential and we would want to provide assurances that their confidence will be respected, including in any report made to regulatory authorities. Please also be assured that HBMS will pay both the out-of-pocket expenses incurred for the meetings and honoraria to compensate for your members' time and expertise.

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SMELTING CO., LIMITED**

If these investigations result in any new information about impacts on traditional uses, we will do our best to plan additional mitigation or find other accommodation that is acceptable to the elders. As well, I think we should consider whether one or more of the elders might be able to make a longer term commitment to work with us on environmental monitoring that might be planned in the future, as we continue to work on the Lalor project.

I feel also that it is important to continue the environmental impact discussions of January 11, 2012, with any additional information that you would like us to provide and also with your responses to the information that has been provided to date. To that end, I would like to arrange a date for a further meeting, in Pukatawagan if that is what works for your community, or at whatever location you think best.

I would appreciate it if you could email me with your availability for the follow-up work with the elders and our next information sharing meeting. For myself, I would appreciate scheduling this meeting as soon as possible. Please be assured that, even once regulatory review has commenced, we will continue to work with you on these commitments.

Please let me know, as well, your thoughts on a process to involve the elders in further environmental investigations.

Sincerely,

Stephen P. West, P.Eng.
Superintendent – Environmental Control Department

Terrestrial Surveys

A list of confirmed vegetation (based on desktop review and supported by field observation in 2007 and 2010) is provided in **Table 1.1**. The spring 2011 survey did not reveal any species not previously observed in the previous work.

**Table – 1.1: Vegetation Observed
in the General Project Area (2007, 2010 and 2011)**

Awned hair cap moss (<i>Polytrichum piliferum</i>)	Lily of the Valley (<i>Maianthemum canadense</i>)
Balsam Fir (<i>Abies balsamea</i>)	Marsh Cinquefoil (<i>Potentilla palustris</i>)
Bearberry (<i>Arctostaphylos uva-ursi</i>)	Mountain Cranberry (<i>Vaccinium vitis-idaea</i>)
Black Spruce (<i>Picea mariana</i>)	Northern Reindeer Lichen (<i>Cladonia stellaris</i>)
Bog Cranberry (<i>Vaccinium vitis-idaea</i>)	Paper Birch (<i>Betula papyrifera</i>)
Bunchberry (<i>Cornus canadensis</i>)	Perennial Sow Thistle (<i>Sonchus arvensis</i>)*
Canada Anemone (<i>Anemone canadensis</i>)	Reed Canary Grass (<i>Phalaris arundinacea</i>)
Canada Bluejoint (<i>Calamagrostis canadensis</i>)	Rough Cinquefoil (<i>Potentilla norvegica</i>)
Canada Buffaloberry (<i>Shepherdia canadensis</i>)	Sedge (<i>Carex</i> sp.)
Canada Thistle (<i>Cirsium arvense</i>)*	Shore-Growing Peat Moss (<i>Sphagnum riparium</i>)
Cladonia (<i>Cladonia</i> sp.)	Snowberry (<i>Symphoricarpos albus</i>)
Common Reed Grass (<i>Phragmites australis</i>)	Speckled Alder (<i>Alder rugosa</i>)
Common Cattail (<i>Typha latifolia</i>)	Sphagnum moss (<i>Sphagnum</i> sp.)
Drooping Wood-Reed (<i>Cinna latifolia</i>)	Squarrose Peat Moss (<i>Sphagnum squarrosum</i>)
Dwarf Billberry (<i>Vaccinium caespitosum</i>)	Stiff Club Moss (<i>Lycopodium annotinum</i>)
Early Blue Violet (<i>Viola adunca</i>)	Stinging Nettle (<i>Urtica dioica</i>)*
Fern (<i>Matteuccia</i> sp.)	Tall Cotton-Grass (<i>Eriophorum angustifolium</i>)
Finger Felt Lichen (<i>Peltigera neopolydactyla</i>)	Trembling Leaf Aspen (<i>Populus tremuloides</i>)
Girgensohn's Peat Moss (<i>Sphagnum girgensohnii</i>)	Tufted Moss (<i>Aulacomium palustre</i>)
Ground Cedar (<i>Lycopodium complanatum</i>)	Velvet Leaf Blueberry (<i>Vaccinium myrtilloides</i>)
Ground Pine (<i>Lycopodium obscurum</i>)	Wavy Dicranum (<i>Dicranum undulatum</i>)
Jack Pine (<i>Pinus banksiana</i>)	Wax Paper Lichen (<i>Parmelia sulcata</i>)
Labrador Tea (<i>Ledum groenlandicum</i>)	Wild Mint (<i>Mentha arvensis</i>)
Large Cranberry (<i>Vaccinium macrocarpon</i>)	Wintergreen (<i>Pyrola asarifolia</i>)
Leatherleaf (<i>Chamaedaphne calyculata</i>)	

* Invasive species

A list of observed and indirectly observed wildlife (based on field observations in 2007 and 2010) is provided in **Table 1.2**. No species were found in the spring 2011 survey that was not previously recorded.

Table – 1.2: Wildlife Directly or Indirectly Observed in the General Project Area (2007, 2010 and 2011)

North American Black Bear	<i>Ursus Americanus</i>
Moose	<i>Alces alces</i>
Coyote	<i>Canis latrans</i>
Red Fox	<i>Vulpes vulpes</i>
White Tailed Deer	<i>Odocoileus virginianus</i>
Timberwolf	<i>Canis lupis</i>
North American River Otter	<i>Lontra canadensis</i>
North American Beaver	<i>Castor canadensis</i>
Bald Eagle	<i>Haliaeetus leucocephalus</i>
American White Pelican	<i>Pelecanus erythrorhynchos</i>
Sandhill Crane	<i>Grus canadensis</i>
Great Northern Loon	<i>Gavia immer</i>
Northern Leopard Frog	<i>Rana pipiens</i>
Common Raven	<i>Corvus corax</i>



Innovation, Energy and Mines
Assistant Deputy Minister
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April 15, 2013

Chief Arlen Dumas and Council
Mathias Colomb Cree Nation
P.O. Box 135
Pukatawagan MB R0B 1G0

Dear Chief and Council:

Re: Lalor Mine and Reed Mine Projects – Consultation

Manitoba Innovation, Energy and Mines is interested in continuing with, and completing, the consultation process with Mathias Colomb Cree Nation for the Lalor Mine and Reed Mine Projects proposed Hudson Bay Mining and Smelting Co. Ltd.

In September 2012 Manitoba IEM, Hudbay and MCCN representatives, including Chief Dumas and MCCN lawyers from the firm of Janes Freedman Kyle, agreed on a plan for the consultation processes for the Lalor and Reed projects that involved the Firelight Group, consultants identified by MCCN and its lawyers, conducting both a third party review study of Hudbay's Environmental Assessment Report and a Traditional Land Use Study. These two studies were expected to be completed by the end of March 2013 and were to be made available to Manitoba IEM and Hudbay. As agreed, the studies have been funded by Manitoba and Hudbay.

The studies would then be available to assist MCCN in identifying any concerns about potential adverse effects of the Projects on the exercise of Aboriginal or treaty rights of MCCN and its members and expressing those concerns in the consultation processes for the Lalor and Reed projects.

I understand that Janes Freedman Kyles is no longer representing MCCN. I also understand that Dr. Craig Candler of the Firelight Group has advised Hudbay that the two studies are currently "on hold" at the request of MCCN.

We continue to be interested in consulting with MCCN about the Projects; however we expect to be able to complete the consultation process in a reasonable time period, which I believe would be by the end of June 2013 for the Lalor Project and would be in a similar time period for the Reed project.

I am therefore asking Chief and Council to respond to this letter advising of whether it intends to continue with the consultation processes, and, if so, whether it would direct Dr. Candler to complete the studies and to make the studies available to be considered in the consultation process.

We will require a response as soon as possible. If MCCN representatives do not participate in the consultation process we will nonetheless consider all available information we are aware of about potential effects of the Projects in making decisions about the proposal.

Please feel free to contact me by e-mail at john.fox@gov.mb.ca or by telephone at (204) 945-4317.

Yours truly,

A handwritten signature in black ink, appearing to be 'J. Fox', with a long horizontal flourish extending to the right.

John N. Fox, P.Eng.

cc: Stephen West, Hudbay Minerals Inc./Hudson Bay Mining and Smelting



April 9, 2013

Mathias Colomb Cree Nation
P.O. Box 135
Pukatawagan, MB R0B 1G0

Attention: Chief Arlen Dumas

Re: Traditional Use Study and Information Sharing re Proposed Hudbay Projects

Dear Chief Dumas:

I write further to the commitments made by Mathias Colomb Cree Nation, Hudbay and Manitoba with respect to information sharing and consultation concerning Hudbay projects, a process which now has been underway in an organized fashion since Spring of 2011.

Hudbay's records contain detailed notes of a meeting held May 9-10, 2011 at Flin Flon with you and seven members of your Council/First Nation, at which you received updated project information on the Lalor Advanced Exploration Project, the planning for the Lalor Mine and Reed Copper Projects, and the tradeoff study then underway to help Hudbay decide whether to refurbish the Stall Lake Concentrator or build a new one on the Lalor site. Those meetings also included site tours in Flin Flon and discussions about training, contracting, business and educational opportunities.

Following that meeting, in response to your expression of MCCN interest in the Snow Lake area, I contacted you about getting together to share environmental information about the Lalor and Reed projects. We organized a visit to Pukatawagan to occur on September 12, 2011. My intention was to bring our environmental team to meet with you, your Council and elders and resource harvesters. On September 9, 2011, you cancelled that visit, indicating that you couldn't ensure participation by all necessary persons on that date.

After extended email correspondence, you and I were able to re-schedule the meeting for January 10-12, 2012, this time to be held in Flin Flon and Snow Lake. You indicated that you would bring with you the persons needed to participate in information sharing about the environmental effects of our projects. Hudbay committed to including a site tour of the Lalor project and additional meetings on education and job training, including tours of the new Mining Academy and UCN facilities in Flin Flon. These meeting occurred as planned. At the meetings it was agreed that information sharing should continue. We suggested inclusion of First Nation elders and resource harvesters in the collection of environmental information and the sharing of traditional knowledge with our environmental consultants. You were represented at the meeting by legal counsel, Larry Sloan, whom we met for the first time at the January 10, 2012 meeting. Mr. Sloan took the position that the information sharing process would have to include a formal traditional knowledge study. Detailed notes of the meeting were prepared and shared with you and your counsel. We sent a complete record of environmental and permitting documentation pertinent to current Hudbay project planning to Mr. Sloan on January 20, 2012, with a view to facilitating further discussion. On February 10, 2012, Hudbay Vice President Tom Goodman

and I each wrote to follow up on the January meetings with further offers, Mr. Goodman with respect to business cooperation, and I with respect to sharing of information relevant to the potential for effects of the proposed projects on traditional activities.

On January 27, 2012, our lawyer, Sheryl Rosenberg of TDS, received a letter from your new lawyers, Robert Freedman and Mark Gustafson, of Janes Freedman Kyle (JFK). Our counsel replied, setting out Hudbay's position concerning the assertions made by JFK, and then our lawyers agreed that a meeting(s) should be held to discuss the nature and content of further information sharing. We met on ... and ... in TDS offices in Winnipeg. You and your counsel took the position that, in order to participate in meaningful sharing of information, MCCN would require a study of traditional knowledge and use to be carried out by the consultant of your choice, whom you identified as Dr. Craig Candler of the Firelight Group, and that Hudbay and/or Manitoba should pay the costs of such a study. In addition, you asked Hudbay to provide funding so that MCCN could engage an environmental expert of your choice, Dr. Ginger Gibson, to perform a third party review of the environmental impact assessment reports prepared for Hudbay and to help MCCN participate in meaningful information sharing.

After consideration of proposals submitted by Dr. Candler and Dr. Gibson and detailed discussion in meetings, telephone conferences and emails, Hudbay and Manitoba agreed to fund both requests. The agreement between us in that regard is summarized in emails exchanged during September of 2012 between JFK, TDS and Dr. Candler. Firelight committed to you and to us to share their report within six months, based on the amount of time required to complete the work in a conscientious fashion.

After we reached agreement on the terms set out in the above-noted emails, both you and we took the steps necessary to carry out both studies. You provided the authorization for the work to commence. Drs. Candler and Gibson worked with our consultants, AECOM, to assemble the materials needed to carry out both pieces of work, including mapping of traditional uses. AECOM sent their studies concerning the Lalor and Reed Projects to Dr. Gibson and spent time discussing them with her. My team and I, along with our environmental consultants, attended in Pukatawagan on November 23, 2012 to meet with Dr. Gibson, yourself and the members you selected. We covered the proposed Lalor Mine, Lalor Concentrator and Reed projects. We answered all the concerns raised that day and promised to facilitate any follow-up requested by Dr. Gibson. Dr. Candler and his team completed the interviews needed to map your First Nation's traditional uses and draft the report of the traditional knowledge and use study. And I have met Hudbay's commitment to pay Firelight's invoices. Those payments have been accepted.

In accordance with our agreement, Hudbay should by now have received feedback from Dr. Gibson's review. The traditional knowledge and use report should have been completed. By now, we should have resumed meeting or at least scheduled a date to return to the table to discuss the results of these studies and consider together whether any current First Nation traditional use will be affected by any aspect of any of Hudbay's proposed projects.

Instead, Ms Rosenberg was informed by Mr. Gustafson that he could not secure instructions from you to set a date for a meeting. Then she was advised that you and JFK have parted ways.

On March 26, 2013, I wrote to Dr. Candler to see where matters stood with respect to completion of Firelight's work. On April 4, 2013 I was informed that Firelight's work was "currently on hold based on a request from MCCN received earlier this year" and that "Firelight has been asked by MCCN to allow MCCN leadership to handle any questions from Hudbay or Province of Manitoba regarding status of the studies." Dr. Candler further indicated that they would require written authorization from you before "picking up pens again." I can't tell from this exchange when Firelight's work came to a stop. I do know that it was to be finished no later than

end of March, 2013 and that you did not consult or even inform us that you were providing instructions to Dr. Candler for the work to stop.

Chief, at this point, I believe that Hudbay has done all we can do to facilitate the exchange of information with MCCN. You have taken the position that there is a potential for impact of Hudbay's proposed projects on traditional activities practiced by MCCN. We have studied the environmental effects of our proposed projects and shared that information with you. You have received all the information that is relevant to potential impacts on natural resources that could potentially be subject to traditional use. We have funded studies so that you can determine for yourself what traditional activities are practiced in the vicinity of our projects and consider the environmental effects of our proposed projects.

Should you choose to provide instructions to Dr. Candler for Firelight to resume its work, we will be pleased to meet with you to discuss the results. If there is any link whatsoever between adverse effects of our proposed projects and activities practiced by a member(s) of MCCN, we will do all that is necessary to avoid, mitigate or compensate for any loss so occasioned. If the work and our discussions are done in time, we will provide the results to regulators for consideration in the licensing applications for the Lalor and Reed projects. Even if licenses have issued, we will continue to welcome the participation of your elders and resource harvesters in our environmental information collection and monitoring programs. At all times, Hudbay has been and will continue to be responsible for the effects of its projects.

Based on the information provided by MCCN to date, including Dr. Candler's technical memo dated xxxx and the comments made by your members at our meetings of May 2011, January 2012 and November 2012, together with the results of our environmental impact assessment, we must rely on the correctness of our initial assessment, which was that there is little or no traditional activity currently practiced in any area which could be affected by any of our proposed projects.

I am not responsible for but am aware of the many attempts made by Pam Marsden, Hudbay's Aboriginal Liaison Officer, to communicate with you in relation to employment, education and training opportunities. I know that, Brad Lantz, Vice President in charge of the Manitoba Business Unit, and Tom Goodman who preceded him, have made numerous attempts to reach out to you with offers for cooperation on the development of opportunities in education, training, contracting and employment, including the offer to fund a position for an MCCN member to work with us in that regard.

I hope that you and your Council will re-consider your position in relation both to completion of the Firelight studies and to working with Hudbay management on such opportunities.

Please advise if I may expect Dr. Candler's work to resume.

Sincerely,

Stephen P. West, P.Eng.
Superintendent - Environmental Control Department



**HUDSON BAY MINING AND
SMELTING CO., LIMITED**

February 10, 2012

Mathias Colomb Cree Nation
P.O. Box 135
Pukatawagan, MB R0B 1G0

Attention: Chief Arlen Dumas

**RE: Follow-up to Mathias Colomb Cree Nation and HBMS
Meetings of Jan. 9-12, 2012**

Dear Chief Dumas:

Thank you for coming to Flin Flon in January to meet with us concerning the Lalor and Reed projects. It was much appreciated, particularly in light of the weather conditions that made travel so difficult. Our Superintendent of Environment, Stephen West, is writing to you about further work on the environmental assessment matters that were discussed in January.

I am writing to follow up on our discussions about contracting, employment and education and training opportunities. I would like to see what more could be done in each of these areas that would be of benefit both to MCCN and HBMS.

I very much appreciate the point you made about needing to match up existing MCCN capacity with opportunity. I know that in May, 2011, your visit included a meeting with our Contracting department, intended to give your leadership information on how HBMS contracts are awarded and what businesses need to do to qualify for work of this nature.

I am told, though, that we don't seem to have received any subsequent contacts from MCCN businesses about qualifying for these opportunities. This tells me that more needs to be done to help MCCN businesses prepare to submit bids for future opportunities. We would like to explore with you what more HBMS might be able to

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offer that would be effective in preparing MCCN businesses to enter into competition for opportunities as they arise.

I would suggest that we plan a further meeting between yourself, Councilors Gordie Bear and Kelly Linklater and any other First Nation leaders who should be involved, and HBMS contracting staff and other leadership. At that meeting we could talk about what concrete steps would be useful for us to take. Perhaps one idea would be for our contracting staff to participate in a facilitated workshop(s) with MCCN business leaders?

Also, we have been thinking about the comments you, Councilor Linklater and the elders offered about the need for young people to take advantage of training and job opportunities in the North. I was particularly interested in seeing if we could follow up on some concerns expressed by the elders about the need to encourage older high school students to consider potential future opportunities when making decisions about staying in school and furthering their education.

If our Lalor exploration is successful, we may be looking forward to two decades of mining in the Snow Lake region. Many of our skilled workers will retire in that time and need to be replaced. As I said at our meetings, HBMS needs a well-qualified work force who are committed to living in the North. It is in the company's best interest to do what we can to help encourage youth to remain in school and get the education they need to seek good employment and business opportunities.

One idea that has been suggested to me is to work out a plan for groups of high school students and their teachers to come for visits such as the ones your leadership have experienced. We could dedicate some staff time to showing the students potential work opportunities that will exist in mining and we could demonstrate to them some of the skills tests that they would have to pass in order to qualify for employment.

I'm sure that this is just one of many ideas that could be generated. I suggest that we put together a MCCN and HBMS team to plan and execute practical steps that could help over the long term. It seems to me that this team should include your educators, as well as MCCN Councilors and business leaders. The team also could think about how to maximize the benefit that could be realized through links between the new Mining Academy and UCN satellite campuses in Flin Flon and Pukatawagan.

In summary, it seems to me that a more direct and ongoing relationship between MCCN and HBMS is needed to encourage business, employment, education and training opportunities that could be of benefit to us both. As you know, HBMS has been a presence in Flin Flon and Snow Lake for many decades and we are committed to the future of the region. I hope that together we can put together a combined MCCN/HBMS task group to think about these issues and generate ideas. The task group could create an action plan and meet from time to time to monitor progress.

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P.O. Box 1500 Flin Flon Manitoba R8A 1N9 Canada

We have decided that it would be in HBMS best interests to dedicate some reasonable funding that is budgeted towards facilitating these meetings and also to carrying out practical plans that could make a difference over the long term. If you are in agreement, I would like to get together to discuss with you how to get started. If it would not be convenient to meet, I'm sure that we could do some planning by phone.

Either way, I look forward to further productive discussions.

Regards,



Tom Goodman
Senior Vice President
& Chief Operating Officer

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cc file

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