

# 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

<b>HBMS Contacts</b>	
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

<b>Wednesday, January 11</b>			
	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

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

<b>HQMS Contacts</b>	
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**

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



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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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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>