

TERMS OF REFERENCE - NOTICE OF APPROVAL

ENVIRONMENTAL ASSESSMENT ACT

SUBSECTION 6(4)

APPROVAL OF TERMS OF REFERENCE

FOR

THE PREPARATION OF AN ENVIRONMENTAL ASSESSMENT

RE: Proponent: Noront Resources Ltd. ("Noront")

Undertaking: The construction, operation and closure, including remediation, of the Eagle's Nest multi-metal underground mine and associated infrastructure

EA File No.: EA 05-09-02

EAIMS No.: 11102

The proposed Terms of Reference submitted to the Ministry of the Environment and Climate Change on October 5, 2012 ("the proposed Terms of Reference" or "the Terms of Reference"), with the amendments which I consider necessary, all of which are set out in this notice, is hereby approved ("the approved Terms of Reference").

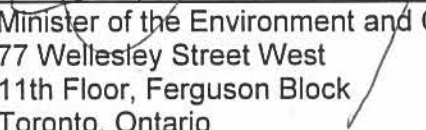
The approved Terms of Reference provides information other than that required by subsection 6.1(2) of the *Environmental Assessment Act*, R.S.O. 1990, c.E.18 ("the Act") and will govern the preparation of the environmental assessment for the above-noted undertaking. Pursuant to subsection 6.1(1) of the Act, any environmental assessment for the above-noted undertaking submitted to the Ministry of the Environment and Climate Change pursuant to subsection 6.2(1) of the Act must be prepared in accordance with the approved Terms of Reference.

Reasons:

1. I am satisfied that an environmental assessment prepared in accordance with the approved Terms of Reference will be consistent with the purpose of the Act and the public interest.
2. The approved Terms of Reference includes detailed requirements for consultation with Aboriginal communities that are intended to provide the basis for appropriate consideration of any potential adverse effects to established or credibly asserted Aboriginal or treaty rights as part of the environmental assessment and a basis for addressing any such effects. The requirements have been informed by the concerns with respect to potential adverse effects to established or credibly asserted Aboriginal or treaty rights that have been shared with the Crown during consultations with Aboriginal communities, or that can reasonably be anticipated at this point in the environmental assessment process.

3. The approved Terms of Reference includes other consultation requirements that are intended to provide for appropriate input by any interested person during the environmental assessment.
4. The approved Terms of Reference contains sufficient detail, including identification of alternatives, to provide for an appropriate assessment of potential environmental effects.
5. Broader concerns expressed in the context of the proposed undertaking during consultations to date are more appropriately considered as part of on-going initiatives in which the government is either involved or is leading, rather than in the context of the environmental assessment of the specific proposed undertaking.
6. I am satisfied that consultation with Aboriginal communities to this stage in the environmental assessment process has been sufficient. I am also satisfied that the Crown has honourably lived up to its commitments made under the Regional Framework Agreement, March 26, 2014, the 2012 Memorandum of Understanding with Marten Falls First Nation and the 2012 Memorandum of Cooperation with Webequie First Nation.

Dated the 18 day of June, 2015 at TORONTO.



Minister of the Environment and Climate Change
77 Wellesley Street West
11th Floor, Ferguson Block
Toronto, Ontario
M7A 2T5

Amendments:

The approved Terms of Reference sets out in detail the requirements for the preparation of the environmental assessment and the following amendments change the detailed requirements set out in the proposed Terms of Reference or provide further detailed requirements.

To the extent that there is any conflict between the requirements outlined in the proposed Terms of Reference and the amendments below, it is the amendments below that will take precedence.

The references below to the term "preferred project" mean all project components identified at the conclusion of the environmental assessment.

The amendments before are described in two parts: Part 1 – Technical Amendments and Part 2 – Aboriginal Communities-Specific Amendments.

Part 1 – Technical Amendments

1. Administrative

1.1. Update Regarding Applicable Section of the Environmental Assessment Act

The Terms of Reference is amended to remove references to sections 6(2)(a) and 6.1(2) of the *Environmental Assessment Act*, R.S.O. 1990, c.E.18 (sections 6(2)(c) and 6.1(3) apply to Noront's environmental assessment application).

1.2. Update Regarding Section 6.4.10 of the Terms of Reference

The following text is removed from section 6.4.10 of the Terms of Reference:

The province has committed to the proposed development of a new all-season road to run south from the Ring of Fire. The provincial Minister of Northern Development and Mines has recently committed the province to support the Cliffs Natural Resources business plan for the nearby chromite deposit. Accordingly, Noront has adopted the use of a north-south route, constructed by another party, as the base case for access to the mine site. In this scenario, a site near Aroland First Nation would be used for a trans-load facility.

2. Project Description

In its environmental assessment, Noront will include a complete project description of all project components through all project phases, including the estimated initiation and duration of the activities involved for the construction, operation, closure and post-closure phases. This description will also include details around construction including:

- A clear outline of the steps and methods involved in the construction of the project including location and details of construction staging areas and a discussion of how equipment and materials will be transported to the construction sites.
- Discussion of all access routes being considered for use for construction of the project, including the roads, mine access and other project components. These access routes may include potential future winter roads, airstrip, or any alternative routes/methods and how these may be used for the development of the project.

3. Screening of Transportation Routes

In its environmental assessment, Noront will redo the screening level assessment of the four "potential transportation route options" described on page A-15 of the March 2010 SNC Lavalin report, which is included in the proposed Terms of Reference ("the screening"). At the conclusion of the screening, Noront will identify the final route alternative(s) to be assessed in detail in the environmental assessment. In re-doing the screening, Noront will:

- Describe the criteria used (e.g. caribou, wildlife, archaeology) and weighting applied and any other information that Noront relied on to refine its proposed alternatives assessment from four alternative routes to the alternatives in the Terms of Reference (the screening).
- Consult the Ministry of the Environment and Climate Change, Aboriginal communities and interested persons on the criteria used and weighting applied in the screening.
- Complete and document the screening process and conclusions in a logical and transparent manner taking into consideration any new information made available to Noront and any input received from consultation.
- Reference and include any documentation or sources relied on to support the screening.

4. Alternatives Assessments

4.1. Alternatives (Access for Mine Construction)

In its environmental assessment, Noront will identify and assess alternative methods of access for mine construction. The assessment will include the consideration of the duration and frequency of the use of the access alternatives.

4.2. Alternatives (Alignments for Preferred Transportation Route and Linear Facilities)

In its environmental assessment, Noront will identify and assess alternative alignments for the preferred transportation route and any other linear facilities that are identified through the environmental assessment as preferred alternatives for project components (i.e. pipelines, transmission lines). For each road alignment alternative, Noront will assess proposed aggregate sources, as well as any aggregate source alternatives and the potential environmental effects of extracting and transporting aggregate from any source.

4.3. Additional Alternative (Water Supply)

In its environmental assessment, Noront will include for assessment the additional alternative method of combining surface and groundwater sources for water supply to support mine operation.

4.4. Additional Alternatives (Mine and Mill Wastewater Management)

In its environmental assessment, Noront will include in the alternative methods assessment of mine and mill wastewater management, alternative methods that involve discharge to the environment, including to the Muketei River or any wetland.

4.5. Alternatives (Closure and Post-Closure)

In its environmental assessment, Noront will identify and assess alternative methods for closure and post-closure for the preferred alternative methods of project components. This may include assessment of the following:

- Underground mine workings and ancillary facilities
- Surface infrastructure
- Aggregate stockpiles
- Pipelines
- Power generation facilities
- Fuel storage areas
- Waste and water management facilities
- Explosives handling and storage facilities
- Contaminated soils
- Site roads
- Power transmission lines
- Any other infrastructure (e.g. transload facility)

The environmental assessment will identify mitigation or rehabilitation measures for potential effects for the preferred alternatives.

5. Description of the Existing Environment (Wetlands, including Peatlands)

In the description of the existing environment in its environmental assessment, Noront will include a description of the wetland system, including the peatland. The description will include consideration of the ecological systems that the wetland systems support, including hydrologic functions, habitat and the regional and global importance of its carbon storage function.

6. Assessment of Potential Effects of the Project

6.1. Potential Effects of the Project (Airstrip)

In its environmental assessment, Noront will identify and assess any potential effects of the use of the airstrip on the environment where the use is reasonably related to the preferred project.

6.2. Potential Effects of the Project (Construction Phase)

In its environmental assessment, Noront will assess the potential effects of construction during the construction phase of all activities associated with developing the preferred project.

Noront will also provide a summary of its plan for construction of its preferred project.

6.3. Potential Effects of the Project (Road Operation)

In its environmental assessment, Noront will identify and assess the potential effects of ground traffic that is reasonably related to the preferred project.

The environmental assessment will include a Road Use Management Strategy as part of the environmental assessment.

The environmental assessment will also be required to include a description of the nature of the concentrate and any other material that will be transported on the road.

6.4. Potential Effects of the Project (Aggregate Extraction)

In its environmental assessment, Noront will provide a description of aggregate needs to support the preferred project, including approximate quantity of aggregate required. The environmental assessment will assess the potential effects of aggregate extraction.

7. Climate Change

Contributions of the project to climate change

In its environmental assessment, Noront will assess how the preferred project may contribute to greenhouse gas emissions and impact carbon storage and sequestration of the peatlands. This assessment will include:

- Predictions of potential emissions from the preferred project for all project phases.
- Description of how relevant industry best practices and best available technology have been considered in relation to potential greenhouse gas emissions from the mine.
- Assessment of the effects of the preferred project on the surrounding peatland's role in storing and/or removing carbon from the atmosphere (i.e. carbon storage, carbon sequestration). The analysis should include the effects of peat removal, covering, dewatering, storage, restoration and other disturbances associated with the project on carbon storage and greenhouse gas responses.
- Discussion of potential cumulative effects of the project's effects on peatland carbon storage and carbon sequestration in combination with any reasonably foreseeable proposed development in the regional study area.
- Description of proposed mitigation measures to avoid, minimize or offset the contribution of the project to greenhouse gas emissions and effects to the peatland's role in storing and removing carbon from the atmosphere (i.e. carbon storage, carbon sequestration).

Effects of climate change on the project

In its environmental assessment, Noront will assess the potential effects of climate change on the preferred project, including during the closure and post-closure phase, and related potential risks to the environment resulting from these effects. The assessment of potential effects may include effects related to changes in water availability, increased risk of flooding or fire, and severe weather events. The environmental assessment will include a consideration of measures to reduce and manage such potential risks during all phases of the preferred project.

8. Caribou Assessment

In the description of the existing environment in its environmental assessment, Noront will describe the existing environment as it pertains to woodland caribou, including a description of caribou ranges, range condition and habitat.

In addition, in its assessment of alternative methods and potential effects of the preferred project, Noront will include woodland caribou as a criterion. In developing indicators for this criterion, Noront will consider the following:

- Potential change to range condition (amount and arrangement) and resultant potential effects on population size and trend;
- Alignment or adjacency to existing or planned disturbances;
- Consistency with other land use or resource management plans;
- Amount of each category of habitat (i.e. Category 1, 2 or 3) directly affected;
- Sub-range features (e.g. nursery areas, travel corridors, winter use areas) directly or indirectly affected;
- Mortality directly or indirectly caused (e.g. collisions, harvest, predators, etc.); and
- Caribou health directly or indirectly affected (due to sensory disturbances such as noise, light, dust, etc.).

Noront will also propose mitigation measures for any potential effects identified. As Noront carries out its assessments and studies related to caribou, Noront will have regard to guidance that the Ministry of Natural Resources and Forestry considers appropriate.

9. Community Based Land Use Plans

In its environmental assessment, Noront will discuss any draft or final community-based land use plan under the *Far North Act, 2010* in the Ring of Fire area posted on the EBR Environmental Registry prior to submission of the environmental assessment and how any plan has been considered. The environmental assessment will also discuss how any information related to the plans that has been provided to Noront has influenced the preferred project.

10. Wetlands and Peatlands

In its assessment of alternative methods and potential effects of the preferred project, Noront will include wetlands, including peatlands, as a criterion. In developing indicators for this criterion, Noront will consider the following:

- Changes to wetland hydrology, morphology and characteristics;
- Changes to habitat function; and
- Effects on wildlife dependent on wetland habitat, including caribou.

11. Cumulative Effects

In addition to the commitment in the Terms of Reference that Noront will prepare the cumulative effects assessment based on the guidance document entitled *Addressing Cumulative Environmental Effects under the Canadian Environmental Assessment Act (CEAA, 2007)*, Noront will also prepare the assessment in consideration of any input and guidance provided by the Ministry of the Environment and Climate Change. Noront will discuss in the environmental assessment how the results of the cumulative effects assessment have informed the preferred project.

12. Draft Environmental Assessment

Noront will prepare a draft environmental assessment for review by interested persons, Aboriginal communities and the government review team for a minimum of six weeks prior to submission of the final environmental assessment, or for a period of time as may be directed by the Director of the Environmental Approvals Branch of the Ministry of the Environment and Climate Change.

Part 2 – Aboriginal Communities-Specific Amendments

The amendments below have been informed by issues and concerns raised by many First Nations in their written or oral comments on Noront's Terms of Reference. The overarching themes of the comments include involvement and participation in the preparation of the environmental assessment, gaps in environmental assessment studies and documentation, and approaches to consultation. These amendments outline requirements to address in the preparation and completion of the environmental assessment, in addition to those already in the Terms of Reference.

Consultation Milestones

The consultation milestones are intended to align with key process steps in the development of the environmental assessment and replace the consultation for "Aboriginal groups" described in the Consultation Plan in the Terms of Reference. These milestones are only intended to replace that consultation plan with respect to potentially affected First Nations identified by the Ministry of the Environment and Climate Change.

Noront and individual First Nations may work together to develop a community specific approach to the milestones as provided for in the first milestone below.

The following provisions apply to all the milestones below:

- If a community identifies an interest in additional information being incorporated into the environmental assessment, Noront will consider proceeding with any additional study or supplementing existing studies. If Noront concludes that it will proceed with additional study (new or supplemental), it will consider any input of the community on the study (e.g. appropriate timing for the start and completion of the study and whether the study can be combined with any other study) and involvement of the community in the study.
- If Noront concludes it will not proceed with any new or supplemental study, Noront will record and share its reasoning with the relevant community.

The Ministry of the Environment and Climate Change will provide any direction or guidance, as needed, to Noront or to the potentially affected First Nation communities, at each consultation milestone.

1.1. Milestone 1: Consultation Plan

Noront will offer each community an opportunity to develop a community specific consultation plan in relation to the development of the environmental assessment that includes addressing the following:

- How information will be shared between the proponent and the community, including information about potential adverse effects on established or credibly asserted Aboriginal or treaty rights.
- How the proponent will involve the community in the development of the environmental assessment, including specific studies.
- Potential approaches to avoid, mitigate or manage potential adverse effects on established or credibly asserted Aboriginal or treaty rights will be developed with and communicated to the community.

Plans may also include a budget of any anticipated, associated costs.

If a community expresses an interest in having a community specific plan, Noront will use reasonable efforts to develop a mutually agreeable plan with the community. Noront will consult with the Ministry of the Environment and Climate Change if it is unable to develop a community specific plan and propose an alternative plan that will be developed in consultation with the Ministry of the Environment and Climate Change.

Noront will provide the Ministry of the Environment and Climate Change with any consultation plan it develops.

1.2. Milestone 2: Baseline Studies

Noront will consult with potentially affected First Nation communities to get input about:

- (i) Baseline studies, including water, wildlife, habitat, cultural resources, socio-economic, and including the study areas, completed before Terms of Reference approval, and the interest in new study or supplementary study.

1.3. Milestone 3: Alternatives Assessment and Effects Assessment Studies

Noront will consult with potentially affected First Nation communities to get input about:

- (i) The alternatives that have been identified for assessment in the Terms of Reference, and the alternatives with respect to the transportation routes that will be identified following the screening referred in Amendment 3.1 of the amendments found in Part 1.
- (ii) Criteria identified by Noront to assess alternatives and any interest the community has in additional criteria.
- (iii) The methodology for the evaluation of alternatives.

Noront will also consult with potentially affected First Nation communities to get input about:

- (iv) Any work that has been done in the development and carrying out of any effects assessment study it conducted prior to approval of the Terms of Reference. Noront will discuss with communities their interest in any additional or supplemental effects assessment study, including criteria and methodology, and the communities' interest in participating in or carrying out such study.

1.4. Milestone 4: Outcomes of Alternatives Assessment and Effects Assessment and Proposed Mitigation Measures

Noront will consult with potentially affected First Nation communities to get input about:

- (i) The outcomes of the alternatives assessment (i.e. the identification of the preferred project).
- (ii) The outcomes of the effects assessment study/studies.
- (iii) Proposed mitigation measures to address any potential effects of the preferred project.

1.5. Milestone 5: Monitoring Plans

Noront will consult with potentially affected First Nation communities to get input about:

- (i) The development and implementation of an environmental management plan; a social management plan; a road management plan; and any monitoring in relation to these plans.
- (ii) Noront will consult with communities on whether and how the community might be involved in the implementation of the plans in (i).

2. Information to Assist in Crown oversight of Aboriginal Consultation

At each milestone, or as otherwise agreed to in writing by the Director, Environmental Assessment Branch, or alternate, Noront will provide to the Ministry of the Environment and Climate Change a written progress report of its consultation activities organized community by community. The relevant portion of the progress report will be provided to each potentially affected First Nation. These reports will also be made available on Noront's website for the project. These updates will include:

- A consultation log and summary that tracks information shared by Noront with the community, any community input and Noront's responses to input.
- A discussion of how any input and information provided by communities has informed the development of the environmental assessment.

These updates may also include:

- Reporting on what funding Noront is providing to First Nation communities for studies, participation and capacity building.

During the development of its environmental assessment, Noront will also report to the Ministry of the Environment and Climate Change as soon as possible on any information that is provided to it by an Aboriginal community that has not been identified by the Ministry of the Environment and Climate Change as a potentially affected First Nation, regarding potential adverse effects on established or credibly asserted Aboriginal or treaty rights from the identified alternatives and the preferred project.

3. Development of Socio-Economic and Cultural Study

In Noront's development of its study of the potential socio-economic effects of its preferred project and its study of the potential cultural effects of its preferred project, Noront will consult with potentially affected First Nation communities so that the considerations of First Nation communities may inform the study and so that any work previously conducted by a First Nation be appropriately considered by Noront.

Items for consideration in its study, as informed by community consultation, should include the following:

- Changes to culture, tradition and way of life, that potentially result from the preferred project, including a discussion of the potential effects of the project on First Nations' traditional way of life resulting from new access to a previously inaccessible area, such

- as additional hunting and fishing pressures; traditional practices relating to resource stewardship and maintenance and transmission of traditional knowledge; and
- The examination of potential social health effects that may result from increased temporary and permanent population increases related to the development and operation of the preferred project.

4. Aboriginal Traditional Knowledge

In the development of its environmental assessment, Noront will consult with potentially affected First Nation communities about:

- (i) If and how the communities would like to see any Aboriginal traditional knowledge that has already been collected incorporated into the environmental assessment.
- (ii) The potential for additional Aboriginal traditional knowledge to be collected as part of the environmental assessment process, including methods of collection and the role of the community in collection.
- (iii) Any limits to the use of Aboriginal traditional knowledge or community information from a confidentiality perspective.

5. Aboriginal Summary Chapter

This amendment is intended to require the proponent in its environmental assessment to include a chapter that is clear and consolidates discussion of how potentially affected First Nation communities and consultations with them have informed the development of the environmental assessment and the identification of the preferred project. Noront will make efforts to develop a community-specific portion of this chapter together with each community that has engaged with the proponent.

This chapter will include a discussion of the consultation undertaken with other Aboriginal communities. This chapter is in addition to the Record of Consultation that is required to be prepared and submitted with Noront's environmental assessment.

This chapter will include:

- A plain language summary and overview of each study carried out in the environmental assessment and the conclusions of each.
- A discussion of the consultation that occurred with each community that engaged in consultation, including the issues raised by the community at each consultation milestone and how Noront has considered and responded to these issues.
- Potential impacts of the preferred project on the exercise of established or credibly asserted Aboriginal or treaty rights by each community, and how those potential impacts may affect Aboriginal culture and the maintenance of traditional practices and way of life.
- How any Aboriginal traditional knowledge made available to the proponent, including cultural values, traditional land use, sensitive sites, and archeological and cultural heritage studies, has informed the development of the environmental assessment.

The chapter will also describe any additional matters identified by individual communities during consultation about this chapter.

6. Translation

The executive summary of the environmental assessment and the Aboriginal summary chapter will be translated into Cree, Ojibway and Oji-Cree. Other environmental assessment components to be translated may be identified by communities, for Noront's consideration, or requested of Noront at the discretion of the Director, Environmental Approvals Branch.