

Ministers' Reasons for Decision

Red Mountain Underground Gold Project

Proposed by IDM Mining Ltd.

On October 5, 2018 pursuant to Section 17(3)(c) of the *Environmental Assessment Act*, we, the Minister of Environment and Climate Change Strategy and the Minister of Energy, Mines and Petroleum Resources, have issued an Environmental Assessment Certificate. This document sets out the reasons for this decision.

October 5, 2018



1.0 NATURE AND SCOPE OF THE DECISION

The environmental assessment (EA) of the Red Mountain Underground Gold Project (Red Mountain), located approximately 18 kilometers (km) northeast of the District of Stewart (Stewart), British Columbia (BC), began in 2015 and included the establishment of an advisory Working Group, consultation with Aboriginal groups and engagement with the public. Red Mountain also requires a federal EA, which was led by the Canadian Environmental Assessment Agency (CEA Agency). The EAO undertook a coordinated EA with the CEA Agency for Red Mountain.

On August 28, 2018, the Environmental Assessment Office (EAO) referred IDM Mining Ltd.'s (IDM) Application for an EA Certificate (Application) for Red Mountain to us for a decision. Section 17(3) of the *Environmental Assessment Act* (Act) requires that ministers must consider the Assessment Report and any recommendations accompanying the Assessment Report and may consider any other matters that they consider relevant to the public interest in making their decision on an application. Ministers must decide whether to issue an EA Certificate with any other conditions they consider necessary, refuse to issue an EA Certificate, or order that further assessment be carried out.

We considered the documents provided by the EAO including the Assessment Report, the Recommendations of the Executive Director, and the proposed Certified Project Description (CPD) and EA Certificate conditions.

2.0 MINISTERS' CONSIDERATIONS

2.1 EAO'S ASSESSMENT

The EAO, with advice from the advisory Working Group, reviewed IDM's Application, provided its detailed findings in the Assessment Report, and summarized its findings in the Summary Assessment Report. As described in the Assessment Report and Summary Assessment Report, the EAO worked closely with provincial and federal agencies, local governments, and Aboriginal groups to identify issues and seek ways to address these issues and concerns, including proposing 38 EA Certificate conditions for our consideration. The EAO collaborated with Nisga'a Nation, as represented by Nisga'a Lisims Government, throughout the EA to reach consensus on the Assessment Report, EA Certificate Conditions, and CPD.

The EAO advised us that it was satisfied that the proposed EA Certificate conditions and project design requirements set out in the proposed CPD would prevent or reduce potential adverse environmental, social, economic, heritage, or health impacts of the Red Mountain Project, such that no significant adverse effects are expected. We concur with the EAO's conclusion.

2.2 RECOMMENDATIONS OF THE EXECUTIVE DIRECTOR

The EAO's Executive Director considered the Assessment Report, the proposed EA Certificate conditions and the project design requirements set out in the proposed EA Certificate. He recommended that an EA Certificate be issued for the Red Mountain Project.

The EAO's Executive Director further advised that he was satisfied that the Crown's duty to appropriately consult and accommodate Aboriginal groups had been discharged for Red Mountain. During the EA, the EAO consulted with Nisga'a Nation and Tsetsaut/Skii Km Lax Ha (TSKLH). During the EA, the EAO worked collaboratively with Nisga'a Lisims Government to meet the obligations triggered under Chapter 10 of the Nisga'a Nation Final Agreement and the Guiding Principles outlined in the Kitsault Dispute Resolution Settlement Agreement, between the Province and Nisga'a Nation.

2.3 KEY CONSIDERATIONS

2.3.1 ADVERSE EFFECTS

The EAO examined whether Red Mountain would have adverse environmental, economic, social, heritage, or health effects to a wide range of Valued Components (VCs). The EAO identified several residual effects to VCs that are expected after the implementation of legally-binding conditions and mitigation measures. However, none of these adverse residual effects were determined to be significant. We are aware that the EA, through consultation with the advisory Working Group and Aboriginal groups, identified Water Quality, Social Effects, and Wildlife – Mountain Goat, as VCs with key residual effects and that Human Health was a main VC of concern.

Potential Effects on Water Quality

The EAO identified that Red Mountain would have residual effects to surface water quality. Red Mountain would contribute to the contaminant loading in surface water as a result of mine activities with adverse effects to water quality, and secondary effects to aquatic organisms and fish, as well as implications for human health. During the EA, IDM outlined their proposals for design mitigation and water treatment. The EAO has proposed conditions that include requiring additional water and aquatic baseline data collection and long-term monitoring and management of water quality and aquatic resources.

We agree with the EAO's conclusions that Red Mountain would not have significant adverse residual effects on surface water, and are satisfied that the EA Certificate conditions and existing and future regulatory requirements will effectively manage project impacts.

Potential Effects to Human Health

The EAO evaluated the effects of Red Mountain on human health. Activities associated with Red Mountain could lead to changes in levels of contaminants in air, soil, and water, and consequently vegetation, fish, and wildlife. A Human Health Risk Assessment (HHRA) conducted for Red Mountain identified that there

may be a human health risk for a theoretical year-round resident or country foods consumer. However, these users groups are not known to occur in the Bitter Creek valley.

The EAO concluded that there was not a residual effect to human health due to the small project-related contribution to overall risk, the conservatism applied to the modelling that informed the HHRA, the lack of a current human receptor in the Bitter Creek valley that might experience these risks, and the proposed condition for a Human Health Monitoring and Management Plan. There are recreational users and hunters who use the area and the Nisga'a Nation Final Agreement sets out the Nisga'a Nation members' rights to gather, fish, hunt, and trap in the Bitter Creek valley. To ensure that potential human health risks are identified and mitigated, we have imposed a condition that requires IDM to conduct ongoing monitoring of the environment and to work closely with provincial agencies, Nisga'a Nation, and the Northern Health Authority to ensure that there are no unforeseen human health effects.

We agree with the EAO's conclusion that Red Mountain would not have a residual effect on human health, and are satisfied that the EA Certificate conditions will effectively manage project impacts.

Potential Social Effects

The EAO evaluated the effects of a sudden and substantial increase in population in Stewart as a result of Red Mountain. The EAO determined that Red Mountain could result in adverse effects to social and health services, ambulance services, and housing; and an increase or exacerbation of social issues. Concerns were also raised about the feasibility of supplying sufficient housing and medical services to the workforce, most specifically during the operations period when the workforce would transition from residing in the work camp to being community residents. We understand that IDM committed to conduct further housing needs assessments, to identify gaps in health service needs, and to work closely with appropriate agencies to ensure that housing and health service needs are met without causing additional strain on the community. Given the context of this project with a relatively short mine life and potential for a significant population increase for the local community, we have imposed the following specific condition requirements to address potential project-related social effects:

- A housing needs assessment to identify the housing needs for the project's Operations workforce and that requires IDM to outline how an appropriate mix of housing will be made available, while minimizing potential impacts to vulnerable populations;
- Monitoring of social effects indicators and mitigation of any project-related effects, including previously unidentified effects, including those to childcare services and vulnerable populations;
- A requirement to provide information on economic opportunities from the project within the District of Stewart and Regional District of Kitimat-Stikine to promote local economic opportunities; and
- A separate Social Effects Monitor to monitor and report to IDM and the EAO on project-related social effects and the implementation of the social conditions, and to make recommendations to address potential unmitigated project-related social effects.

With the imposed EA Certificate conditions, including the Social Effects Monitor, we agree with the EAO's conclusion that Red Mountain would not have significant adverse social effects and are satisfied that the EA Certificate conditions will effectively manage project impacts.

Potential Effects to Wildlife-Mountain Goats

The EAO identified mountain goat as a VC of increased importance during the EA and found that the Red Mountain Project could result in residual adverse effects to mountain goat populations within the project area. We are aware that during the EA IDM committed to mountain goat monitoring and an Avalanche Control Plan to mitigate potential disturbance and mortality to mountain goats from project activities. To further mitigate concerns, the EAO proposed several conditions to minimize direct and indirect effects to mountain goats and their habitat.

With the imposed EA Certificate conditions we agree with the EAO's conclusion that Red Mountain would not have significant adverse effects to mountain goats, and are satisfied that the EA Certificate conditions will effectively manage project impacts.

2.3.2 INDIGENOUS CONSULTATION

The EAO examined potential impacts of Red Mountain on asserted or established Aboriginal rights and title, including treaty interests (Aboriginal Interests), and produced an Aboriginal Consultation Report (Part C, Nisga'a Nation and Part D, Tsetsaut/Skii Km Lax Ha of the Assessment Report).

Nisga'a Nation (represented by Nisga'a Lisims Government)

We understand that Red Mountain triggers obligations under Chapter 10 of the Nisga'a Nation Final Agreement, as the project is located in the Nass Area and Nass Wildlife Area. The EAO worked collaboratively with Nisga'a Lisims Government throughout the EA and Nisga'a Lisims Government was an active member of the working group and was involved in the development of the Decision Materials and EA Certificate, including the conditions and CPD. The Nisga'a Lisims Government and the EAO reached consensus on all of these materials prior to them being provided to us for decision.

We agree with the EAO that the Red Mountain Project is not reasonably expected adversely affect Nisga'a Nation's opportunities, lands or citizens and that Nisga'a Nation was consulted at an appropriate level and in accordance with obligations triggered under Chapter 10 of Nisga'a Final Agreement and consistent with the Kitsault Dispute Resolution Settlement Agreement. We agree with the extensive consultation undertaken with Nisga'a Nation throughout the EA and that the EAO further commits to working with Nisga'a Nation through implementing the conditions of the EA Certificate.

Tsetsaut/Skii Km Lax Ha (TSKLH)

It is our understanding that the EAO shared information and advised TSKLH of key milestones throughout the EA. The EAO shared the section of the Assessment Report specific to TSKLH for their review and comment. We are aware that the EAO considered all information provided by TSKLH and reflected this in their assessment of potential impacts to their asserted Aboriginal Interests.

Conclusion

We are of the view that consultation has been carried out in good faith and that the process of seeking to understand and respond to potentially outstanding issues and project impacts was reasonable. We are also of the view that the potential for adverse effects on the Aboriginal rights and title (Aboriginal Interests) of Aboriginal groups has been appropriately avoided, minimized or otherwise accommodated and that the obligations under Chapter 10 of the Nisga'a Nation Final Agreement have been met.

2.3.3 ENGAGEMENT WITH THE PUBLIC AND OTHER JURISDICTIONS

We are aware of the opportunities for the public to submit comments during the two public comment periods. In total, over the course of two public comment periods and two open houses, the public had 60 days of consultation in order to review materials and submit comments. We also note that these comments and IDM's responses were appropriately considered by the EAO during the EA, as reflected in the EAO's Assessment Report and EA Certificate conditions.

We understand that the EAO undertook a coordinated EA with CEA Agency, which included co-chairing working group meetings, coordinating consultation activities with Aboriginal Groups and the public, hosting a joint public comment period and jointly identifying and addressing technical issues during the assessment. This resulted in the development of a provincial Assessment Report and a federal Comprehensive Study Report to support separate provincial and federal decisions, respectively.

Furthermore, we are aware that the EAO consulted with and invited participation from United States of America federal (United States Environmental Protection Agency) and state (Alaska Department of Natural resources) agencies, and engaged with Alaskan Tribes, in accordance with the British Columbia – Alaska Statement of Cooperation on the Protection of Transboundary Waters.

2.3.4 PROVINCIAL AND COMMUNITY BENEFITS

We are aware that Red Mountain would provide local, regional and provincial benefits. IDM estimates that total construction expenditures would be \$93.5 million, with an estimated Gross Domestic Product of \$81.2 million. IDM predicted that Red Mountain would generate an average of 518 full-time equivalent (FTE) positions during the 18 months of construction in the Regional District of Kitimat-Stikine (RDKS) and BC, with 121 FTE positions in RDKS and BC the during the six year operations period. IDM estimated overall provincial revenue from taxes to be \$4.4 million during construction and \$8 million annually during operations. We are also aware that Nisga'a Lisims Government and IDM are negotiating a benefits agreement for Red Mountain.

3.0 CONCLUSION

We have considered the EAO's Assessment Report, the recommended CPD and conditions of the proposed EA Certificate, and the Recommendations of the Executive Director. Now, having regard to our responsibilities under the Act and Crown obligations to consult and accommodate Aboriginal groups, we have decided to issue an EA Certificate for the Red Mountain Project.

The EA Certificate includes enforceable conditions and specifies design parameters. These give us confidence to conclude that the Red Mountain Project will be constructed and operated such that no significant adverse effects are likely to occur.



Honourable George Heyman
Minister of Environment and Climate Change
Strategy



Honourable Michelle Mungall
Minister of Energy, Mines and Petroleum
Resources

Signed this 5th day of October 2018