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September 7, 2018

Mr. Kyle Stanfield
Director, Environment & Community Relations Prodigy Gold - Magino Project
Box 209, 3 Dree Road
Dubreuilville, ON
POS 1B0
Kyle.Stanfield@argonautgold.com

Sent by E-mail

Dear Mr. Stanfield,

SUBJECT: Outcome of the Technical Review of the response to Information Requirement #2 of the Magino Gold Project Environmental Impact Statement – Part 2: Comments from Indigenous groups

Further to our correspondence dated August 9, 2018, this letter provides an addendum to Information Requirement #3 (IR-3) to Prodigy Gold Incorporated (Prodigy) regarding the Environmental Impact Statement (EIS) for the Magino Gold Project (the Project), based on questions and concerns raised by Michipicoten First Nation.

On August 23, 2018, the Canadian Environmental Assessment Agency (the Agency) received comments from Michipicoten First Nation. The Agency reviewed these comments and provides this addendum to IR-3, which is broken into two annexes attached to this letter:

- Annex 1 includes a new federal information requirement (IR) based on comments from Michipicoten First Nation. This federal IR in addition to those submitted on August 9, 2018, form IR-3.
- Annex 2 includes comments submitted by Michipicoten First Nation to the Agency. The Agency recommends Prodigy discuss these comments with Michipicoten First Nation, before providing the Agency with a table of how these comments were discussed and addressed.

Registry provisions

In accordance with CEAA 2012, comments received and other documents submitted or generated to inform the environmental assessment (EA) are part of the project file. Accordingly, information submitted to the Agency that is relevant to the EA of the project is available to the public upon request and may also be posted on the online public registry under reference number 80044. The Agency will remove information, such as home addresses, telephone numbers, personal email addresses and signatures prior to public disclosure. Should you provide any documents that contain confidential or sensitive information that you believe should not be made public, please contact me directly.

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Next Steps

The timeline remains stopped as of August 9, 2018. The Agency is currently reviewing the completeness of the responses to the first part of IR-3. The timeline will not recommence until the Agency receives all parts of IR-3 and is satisfied that the responses are sufficiently complete to proceed with the EA.

As per the Agency's "*Operational Policy Statement: Information Requests and Timelines, February 2016*" (<https://www.canada.ca/en/environmental-assessment-agency/news/media-room/media-room-2016/information-requests-timelines.html>) the Agency will take up to a maximum of 15 days to complete the conformity review of Prodigy's response to IR-3 without the timeline for the EA resuming. If the Agency has not come to a conclusion after 15 days, the timeline will resume.

The Agency is willing to meet with Prodigy to discuss the path forward and to clarify expectations for the IR responses.

If you have any further questions, please contact me directly at 437-999-9046 or ceaa.maginomine-minemagino.acee@canada.ca.

Sincerely,
<Original signed by>

Ian Martin
Project Manager

Attachments:

Annex 1 – Third Round of Information Requirements for the Magino Gold Project Environmental Impact Statement (IR-3) – Part 2

Annex 2 – Additional comments received from Michipicoten First Nation

Annex 1 – Third Round of Information Requirements for the Magino Gold Project Environmental Impact Statement (IR-3) – Part 2

IR -3 Number	Project Effects Link to CEAA 2012	Reference to EIS guidelines	Reference to EIS	Context and Rationale	Specific Question/ Proposed Follow-up Measure
<p>IR Number: IE(3)-30</p>	<p>Project Effects Link to CEAA 2012: 5(1)(c)(iv) any Structure, Site or Thing of Historical, Archaeological, Paleontological or Architectural Significance</p>	<p>Reference to EIS guidelines: Part 2, Section 6.2.6.</p>	<p>Reference to EIS: Chapter 7, Section 7.7.3.</p>	<p>Context and Rationale: In comments submitted to the Canadian Environmental Assessment Agency, Michipicoten First Nation stated that members have identified sites of archaeological significance within the project study area, including near the effluent discharge point at Otto Lake.</p> <p>The proponent’s assessment of potential effects to any structure, site or thing of historical, archaeological, paleontological or architectural significance does not consider these sites. The proponent did not identify any archaeological sites or potential effects to archaeological sites or the uses of these sites for spiritual or cultural purposes in Chapter 7, Section 7.7.3 of the EIS.</p> <p>The EIS Guidelines Part 2, Section 6.2.6, require the proponent to assess the potential effects of the project to any structure, site or thing of historical, archaeological, paleontological or architectural significance including but not limited to the loss or destruction of physical and cultural heritage and changes to access to physical and cultural heritage. The proponent should engage Indigenous groups in order to inform its effects assessment, including identifying appropriate mitigation measures to address any effects identified.</p>	<p>Specific Question/ Request for Information:</p> <p>A. Identify whether sites of archaeological importance identified by Michipicoten First Nation could potentially be disturbed by the project during construction, operation, decommissioning or abandonment;</p> <p>B. Provide information about the use, whether for spiritual, cultural or other purpose, of the identified sites and clarify whether Michipicoten First Nation’s concern is focused on preserving the sites of archaeological importance or the community also wishes to access the sites of archaeological importance during construction, operation, decommissioning or abandonment ;</p> <p>C. Provide an assessment of the potential effects of the project to any structure, site or thing of historical, archaeological, paleontological or architectural significance identified, and to the experience of using these sites for spiritual or cultural purposes. Where potential impacts are identified, provide a description of the existing environment (for example: nature of the site, accessibility of the site, nature and frequency of any use of the site), and the nature and extent of the effect;</p> <p>D. Describe mitigation measures to reduce the effects to the sites or use of the sites identified;</p> <p>E. Characterize residual effects, if any, after the mitigation measures have been implemented;</p> <p>F. Assess the significance of effects to any structure, site or thing of historical, archaeological, paleontological or architectural significance identified, and to the use of these sites for spiritual or cultural purposes;</p> <p>G. Provide a follow-up program for potential effects to any structure, site or thing of historical, archaeological, paleontological or architectural significance identified, and to the use of these sites for spiritual or cultural purposes, including objectives and any monitoring measures that will be implemented to verify the predictions of effects and evaluate the effectiveness of the proposed mitigation measures. Describe how Michipicoten First Nation would be engaged as part of the follow-up program, including for the development and implementation of any contingency mitigation measures that may be required;</p> <p>H. Provide information about the engagement with Michipicoten First Nation that contributed to the effects assessment and identification of mitigation and follow-up measures.</p>

Annex 2 – Additional comments received from Michipicoten First Nation

Comment ID	Topic	Comment	Proponent response
MFN-2	Water Management System	<p>[Is the] proposed mine water capture system seem adequate for such a large mine site?</p> <p>Given the massive volumes of groundwater that are to be pumped, the WQCP seems overly small. Also, the ditches that ring the site will also transfer surface runoff to the WQCP. It seems very likely that insufficient runoff storage capacity exists in the WQCP. Need a forecast to confirm the capacity of the pond to capture runoff for: 1 in 100-year storm <u>and</u> runoff from spring snow melt (freshet). The current analysis of drainage is insufficient.</p> <p>The WCQP seems overly small to handle the large drainage area and ditches that will collect water from varied sources.</p> <p>Review of TSD 7 – Site Water Balance and Quality suggests the volume of the WQCP is not correctly assessed relative to the flows from an extreme event runoff and freshet. Need more detailed water balance and storage capacity analysis.</p>	
MFN-3	Hydrology / Runoff	<p>Will the ditch system be sufficiently efficient to capture water and prevent runoff to adjacent watersheds?</p> <p>Site exists on a ridge and the current design of the ditches includes areas that will not be fully drained. Such scenarios exist, for example, on the north east side and south west side. When this water drains to other watersheds, potential for impacts to these habitats exists that were not assessed in the EIS.</p> <p>Since the ditch system will likely not capture 100% of the runoff, then this water will flow away from the WCQP and possibly disturb adjacent watersheds. Since this water missed by the ditches has not been quantified, it is unknown what the total runoff to adjacent watersheds will be.</p>	
MFN-4	Nutrient Budgets and Loading	<p>What might pre-mine nutrient (i.e., phosphorus) loading to Otto Lake and Herman Lake be?</p> <p>Nutrient (i.e., phosphorus) data for Otto Lake and Herman Lake from field surveys is missing from the EIS. Since this phosphorus data is missing from the EIS, it is not feasible to assess the total loadings to Otto Lake and Herman Lake. Since this information on total loadings is missing, it is not feasible to evaluate the risk of eutrophication to Otto and Herman Lakes. Since these phosphorus observations are missing, it is not feasible to complete an evaluation of the risk to Otto Lake and Herman Lake from water from the mine site.</p> <p>The EIS includes a paucity of observations for phosphorus for Otto Lake and Herman Lake. Specifically, phosphorus is only reported in Otto Lake for two dates while the lake was sampled 10 times for water quality. Similarly, phosphorus was only reported in Herman Lake on one date for the epilimnion although the lake was sampled nine times for water quality. Interestingly, the Otto Lake samples for phosphorus were October 17 and February 27 whereas the Herman Lake sample was from February 25. Hence, the phosphorus data available for analysis shows small sample sizes from times of the year when the phosphorus would be expected to be not at peak concentration. Please refer to TSD 16A, Table A1 for Otto Lake, and Tables A2 and A3 for Herman Lake. Also see Chapter 7 of the EIS, Table 7-75, page 7.119, to see how this limited phosphorus data was used as the basis of the effects analysis. It is unclear how these limited observations can be used to then estimate the 75th percentile for the nutrient analysis.</p> <p>In addition, this limitation then indicates that it is difficult to complete an analysis of total loadings for phosphorus currently and in the future to Otto and Herman Lakes.</p>	
MFN-5	Water Treatment	<p>Will the proposed water treatment plant be sufficient to treat parameters of concern beyond metals?</p> <p>Monitoring observations indicated that metals, metalloids like arsenic, mercury, and nutrients such as Phosphorus have all been documented at concentrations above environmental guidelines in water on-Site.</p> <p>Proposed water treatment plant is described in the context of being designed to treat metals. We are concerned this water treatment plant also needs to have the ability to treat metalloids like arsenic, mercury, and nutrients like Phosphorus.</p>	
MFN-6	Dust Management	<p>Will the dust management applied on-Site be sufficient to avoid dust deposition to surface waters, wetlands, woodlands? Also, will dust transport over long distances be avoided?</p> <p>It is unknown how effective dust control will be for the project. The Site exists on a ridge and dust could migrate in all four cardinal directions. Impacts from dust can be direct and indirect on water and land. This topic was treated superficially in the EIS.</p> <p>Impacts are possible on all habitats that receive dust. For example, if dust deposits in surface waters, it will impact aquatic species directly and transport phosphorus to these habitats, leading to eutrophication. Dust transport to wetlands could harm plants. Dust transport to woodlands could cause edible plant production (e.g., berries) to decline. Dust deposition in the woodlands could harm other plants of importance to members of MFN. Dust can also harm wildlife.</p>	

MFN-7	Ecology	<p>Wildlife species such as Moose, Marten, Bear, or Lynx of importance to members of MFN are not fully assessed for impacts in the EIS.</p> <p>The Magpie Forest Management Plan identifies critical habitat for featured species such as Moose across the proposed mine site. This critical habitat use is not addressed at all in the EIS. For example, areas upstream and downstream of Otto Lake represent Moose habitat and these areas will be totally lost to the mine activities.</p> <p>Detailed studies are required, to quantify habitat use by featured species, and then management actions identified to reduce disturbance. Such studies will then resolve impacts on important wildlife like Moose, Bear, and Lynx.</p>	
MFN-8	Species At Risk (SAR)	<p>Studies for SAR Woodland Caribou seem inadequate and require further analysis.</p> <p>Historical surveys demonstrate Woodland Caribou was evident in the area. This history and demonstration of recent presence near the Site identifies that Woodland Caribou needs to be included in the mitigation strategies for the Site.</p> <p>The future mitigation and closure plan need to include activities to enhance Woodland Caribou habitat as well as actions to help implement a Woodland Caribou Management strategy. Recovery of Woodland Caribou is a high priority for members of MFN.</p>	