

Engagement: Crown Community and Company

P. Dawn Mills, PhD Law



Aboriginal Mineral Research

Mining · Water · Life · Research · Education

NORMAN B. KEEVIL

INSTITUTE OF MINING ENGINEERING

THE UNIVERSITY OF BRITISH COLUMBIA

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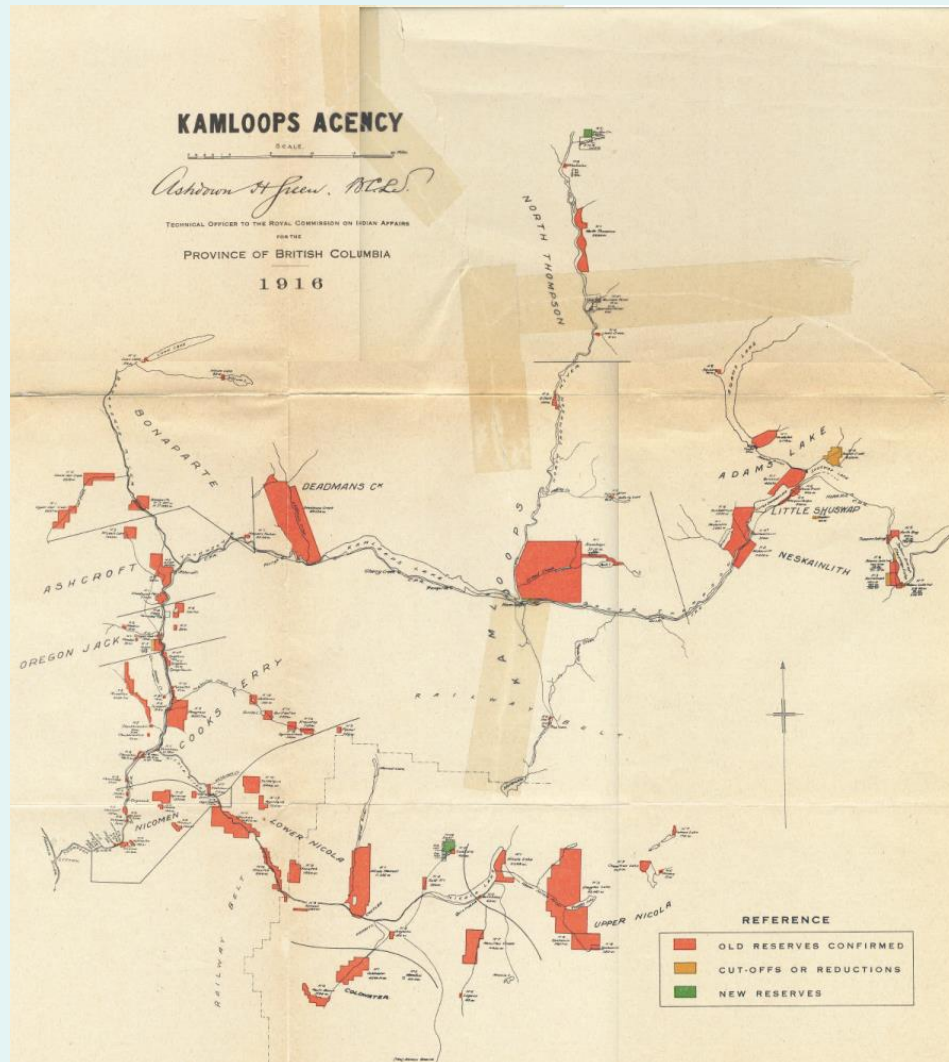
Vancouver BC V6T 1Z4

Overview

- T'kemulps & Skeetchestn Indian Bands
- Relationship of T'kemulps & Skeetchestn Indian Band with New Gold Inc.
- Strength of Claim
- New Afton Participation Agreement
- Permitting
- Environmental Monitoring
- Community Economic Development Agreement
- Challenges

Kamloops Agency

Map 1916 – Mckeena/McBride



Letter of Intent

Benefits:

Joint Position:

Employment

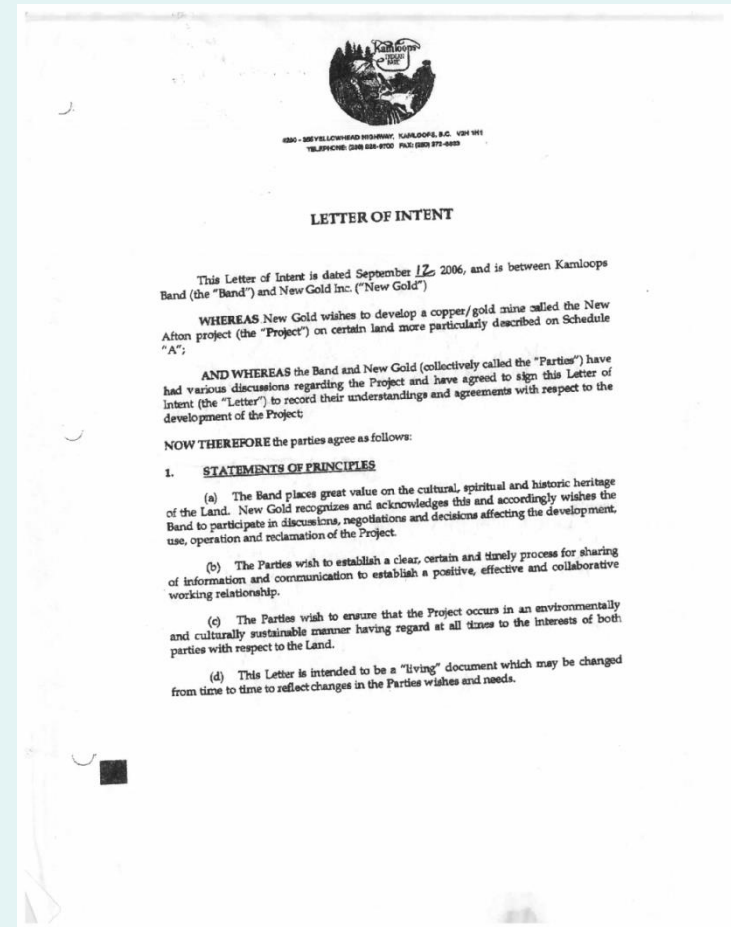
Contract

Own Source Revenue

Ecological Concerns:

Water Quality & Quantity

Reclamation of Brownfield



Strength of Claim

Determined by: **Environmental Assessment Act, [2002] c. 43; s.11(2)(f):**

the persons and organizations, including but not limited to the public, first nations, government agencies and, if warranted in the executive director's opinion, neighbouring jurisdictions, to be consulted by the proponent or the Environmental Assessment Office during the assessment, and the means by which the persons and organizations are to be provided with notice of the assessment, access to information during the assessment and opportunities to be consulted

Determined by:

Ministry of the Attorney General of BC

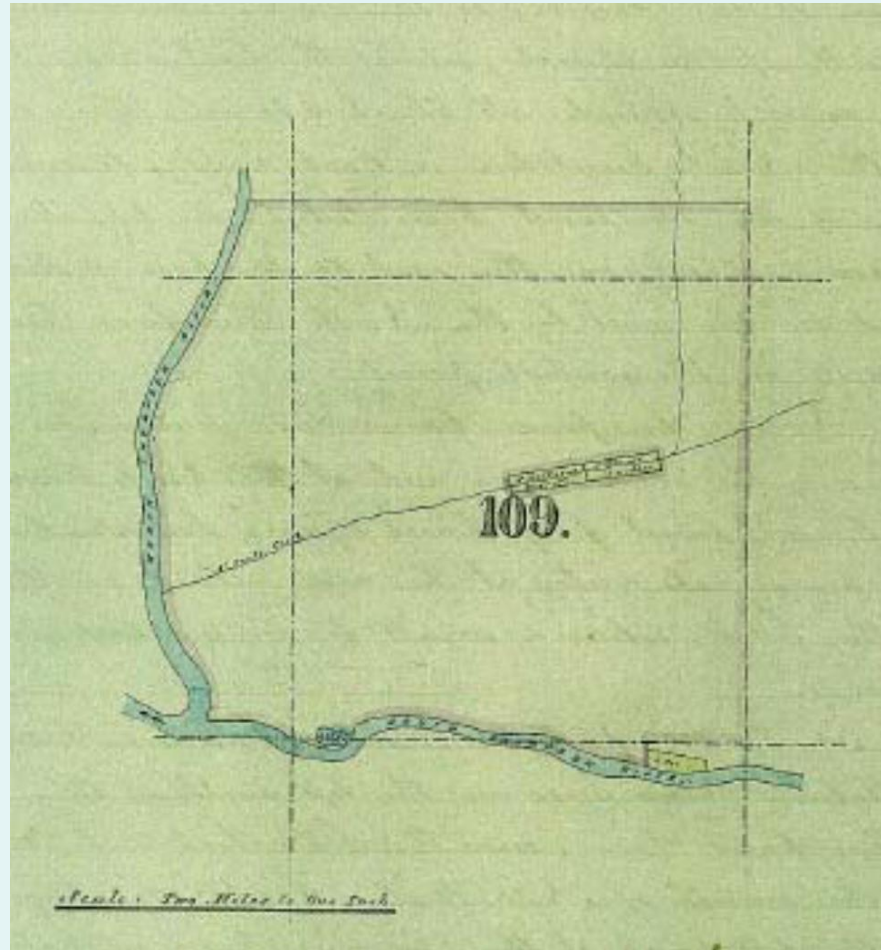
NEW AFTON COPPER-GOLD PROJECT:
REVIEW OF HISTORICAL AND ETHNOGRAPHIC
SOURCES RELATING TO ABORIGINAL USE AND
OCCUPATION OF THE SITE AREA BY
KAMLOOPS & SKEETCHESTN INDIAN BANDS

The purpose of this research is to inform the Crown of such historical, ethno-historical and archaeological data as is readily available and potentially useful to the preliminary assessment of a claim. This research is not intended to be an exhaustive nor conclusive examination of all evidence relating to the claim.

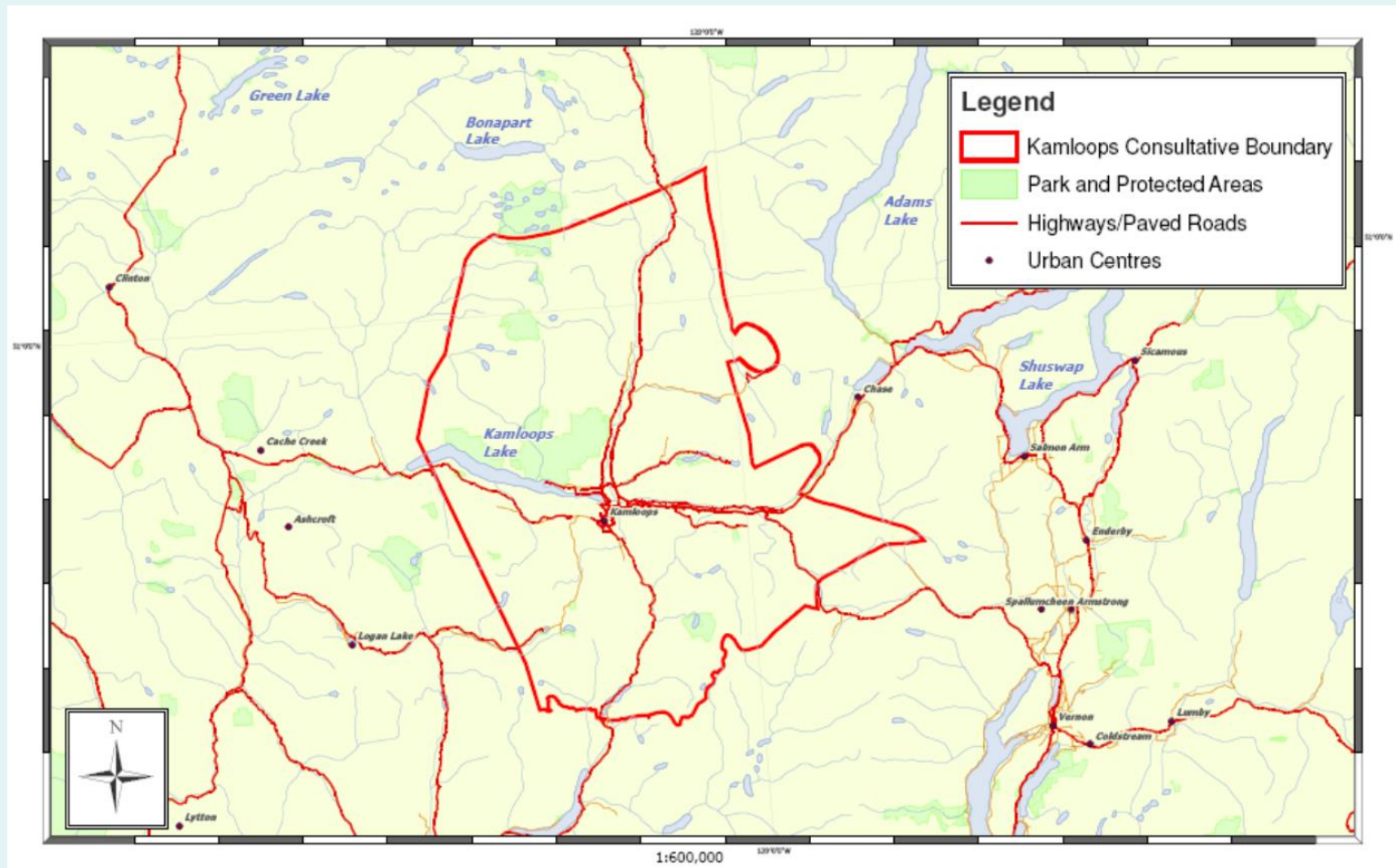
Prepared by:
Tracy Bulman
Ministry of Attorney General
Legal Services Branch
Aboriginal Research Division

1 October 2007
Revised 5 October 2007

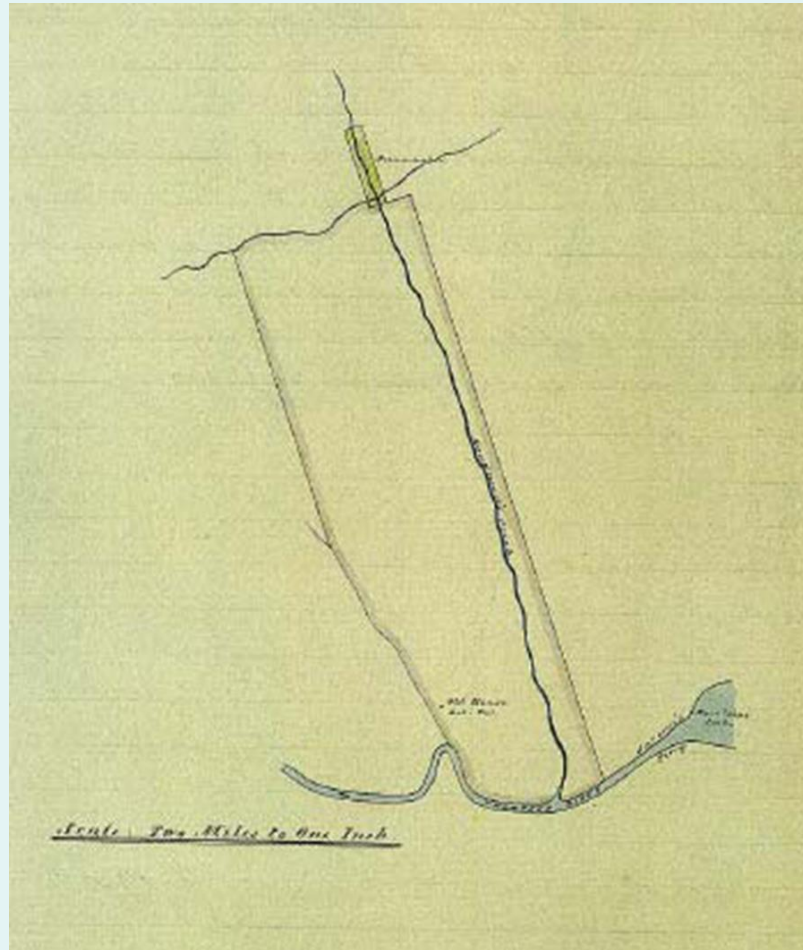
T'kemulps Indian Reserve



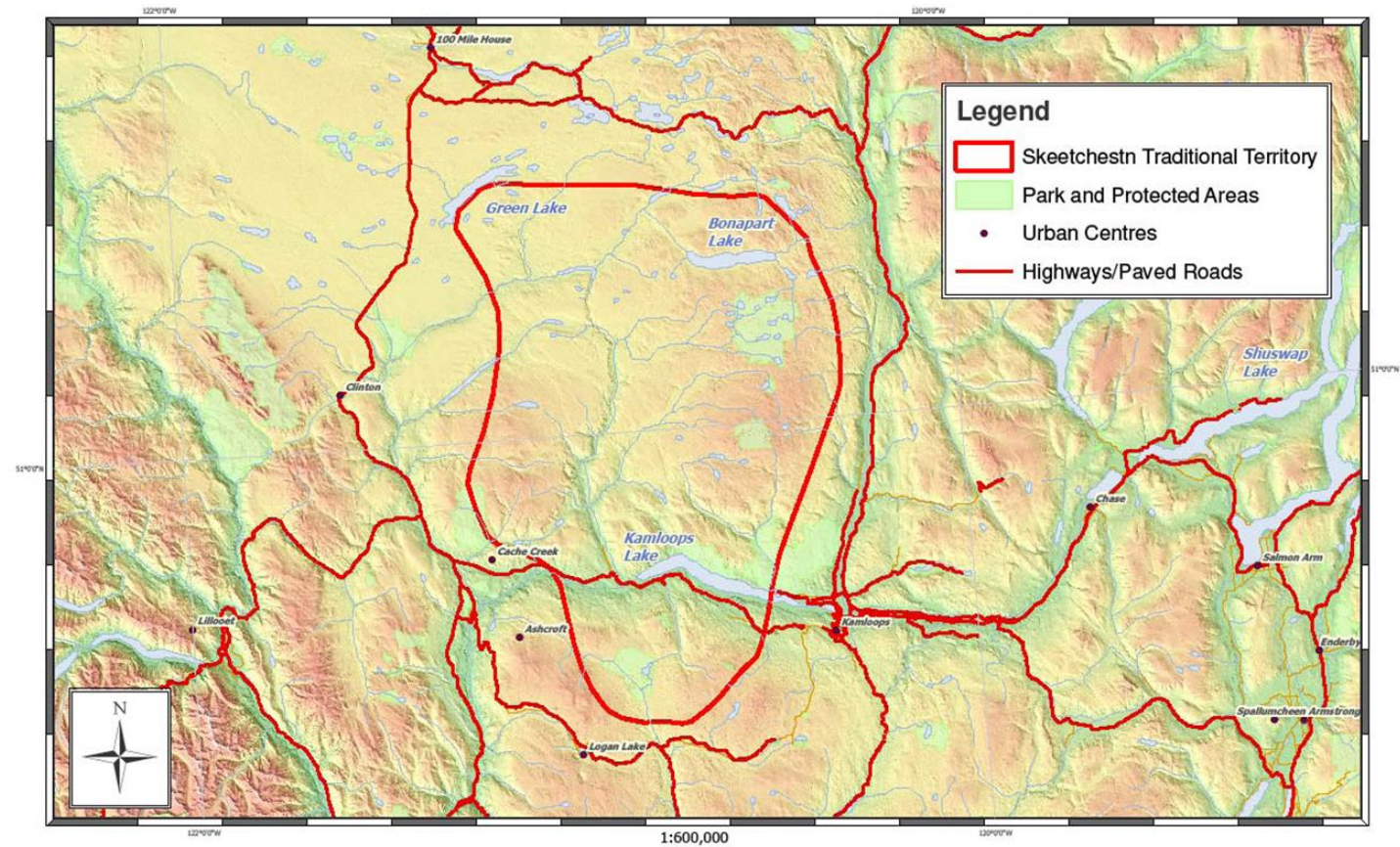
T'kemulps Indian Band



Skeetchestn Indian Reserve



Skeetchestn Indian Band



New Afton Participation Agreement

- Employment
- Contracts
- Revenue Sharing
- Quiet Enjoyment Clause
- Joint Implication Committee

NEW AFTON
PARTICIPATION AGREEMENT

between

KAMLOOPS DIVISION – SECWEPEMC NATION,
comprising the Kamloops Indian Band
and the Skeetchestn Indian Band

and

NEW GOLD INC.

OUR LAND IS OUR FUTURE

UNION OF BRITISH COLUMBIA INDIAN CHIEFS

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PRESS RELEASE
November 15, 2007

FOR IMMEDIATE RELEASE

UBCIC Challenges Kamloops Gold Mine Decision

(Coast Salish Territory/Vancouver) – UBCIC President Grand Chief Stewart Phillip today called on the BC Minister of Mines, Kevin Krueger, to reverse a recent provincial decision granting a mining permit for a gold mine near Kamloops, citing the government's failure to accommodate the aboriginal interests of local Shuswap Nation Bands.

"This permit was granted prematurely," said Grand Chief Phillip, "because the Kamloops and Skeetchestn Bands were not given a fair opportunity to be consulted and to reconcile their interests with those of the government and the mining industry. It is insulting to make BC First Nations communities wait in poverty for a provincial policy on sharing mining revenues while the government rushes to give away the unceded lands and resources of those same communities to a mining company based in Toronto."

Grand Chief Phillip pointed out that in 2005 the BC Government committed itself to share resource revenues with First Nations under the so-called New Relationship policy, but since that time there has been a "total policy vacuum" on revenue sharing in the mining industry.

NewGold Inc., a Toronto company, has made millions on the Toronto Stock Exchange based on a mining tenure that the BC Government gave the company without consulting the Kamloops and Skeetchestn Indian Bands (KDSN - Kamloops Division of the Shuswap Nation) in whose unceded territory the project is to take place. Further the province has exempted NewGold's project from a full environmental review. "Though plans for the project have been developing for the past several years the Ministry of Energy, Mines and Petroleum Resources only approached the KDSN bands in November 2006, and has not provided them with enough time or funding to obtain independent expert advice on the project."

"This government and Minister Krueger are in gross default of their duty to respect the interests of First Nations before giving away their lands and resources to outsiders" he stated. "First Nations communities have been here for generations upon generations. We are sick of seeing the mining industry destroy our lands and waters and then walk away with mega profits, leaving no economic benefits behind."

The proposed mine is to be built on the old Afton Mine site, previously occupied by Tech Cominco, which during the 1977-1997 period created a huge crater on the landscape, extensive dumping of tailings, and the destruction of a lake in the Cherry Creek watershed, but provided no economic benefits or compensation to the local Shuswap Nation bands.

– 30 –

FOR MORE INFORMATION CONTACT:
Grand Chief Stewart Phillip (250) 490-6314

2007 Regional
Stk'emlupsemc
communities, other than the
Skeetchestn and Tk'emlups,
felt that they were not
included in the consultation
process related to the mine
development.

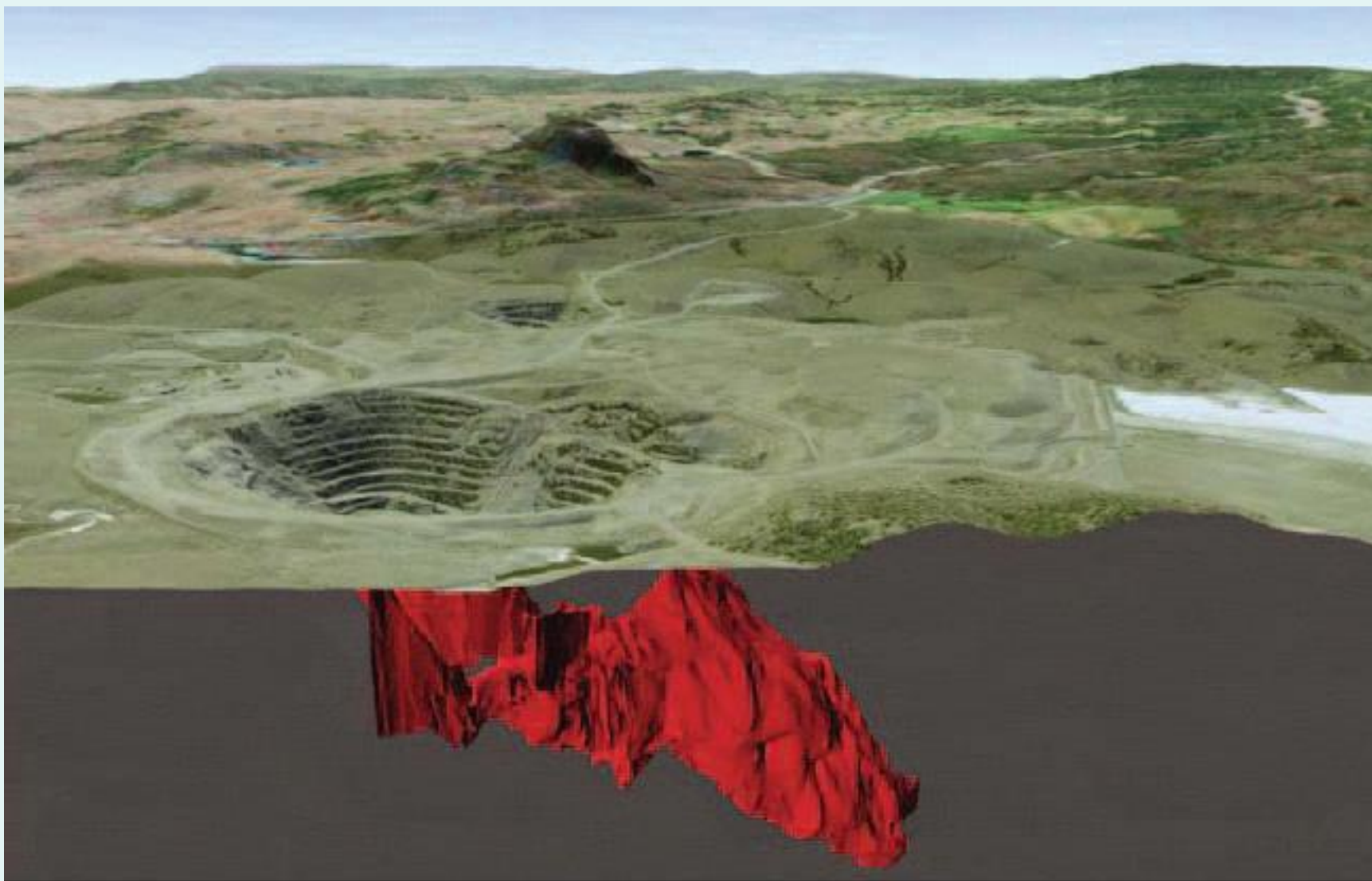
Permit Application

**Application for a Permit Approving
the Mine Plan and Reclamation
Program Pursuant to the *Mines Act*
R.S.B.C. 1996, C. 293
New Afton Copper-Gold Mine,
British Columbia, Canada**

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New Afton was classified as a brownfield and the permitting was managed by the **South Central** Office of the **Ministry of Energy, Mines and Petroleum and Natural Gas Resources**



Mine Permit 229

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

PERMIT

APPROVING WORK SYSTEM AND RECLAMATION PROGRAM
(Issued pursuant to Section 10 of the *Mines Act* R.S.B.C. 1996, c. 293)

Permit: M-229

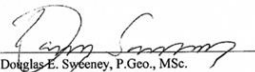
Issued to: New Gold Inc.
Suite 601, 595 Howe Street
Vancouver, British Columbia
V6C 2T5


for work located at the:

New Afton Mine

This approval and permit is subject to the appended conditions.

Issued at Victoria, British Columbia this 30th day of October in the year 2007.


Douglas E. Sweeney, P.Geo., M.Sc.
Chief Inspector of Mines



- 5. New Afton Monitoring Board
- **Work Systems**
- Waste Rock Dumps, Ore Stockpiles and
- Soil Storage Stockpiles
- 3. Tailing Management Facility
- 4. Surface Water Management Structures
- 6. Mine Roads

- **Protection of the Land and Watercourses**

- 1. Environmental Management Plans
- 3. Metal Leaching and Acid Rock Drainage
- 4. Water Management, Sediment Control and Monitoring
- 5. Soil Salvage and Storage
- 6. Vegetation Management
- 7. Wildlife Protection
- 8. Archaeological and Cultural Heritage
- Resources
- 9. Air Quality

- **Reclamation Program**

- 1. Reclamation Security
- 3. Land Use
- 4. Capability
- 5. Long-term Stability
- 6. Re-vegetation
- 8. Landforms
- 10. Waste Dumps
- 11. Erosion Control
- 12. Watercourses
- 13. Impoundments
- 14. Roads
- 16. Metal Uptake in Vegetation
- 18. Monitoring
- 22. Reclamation/Closure Plan

Environmental Monitoring Board

- Water Use – Water Quality
- Permitting and Licences
- Site Reclamation, Closure and Post-Closure

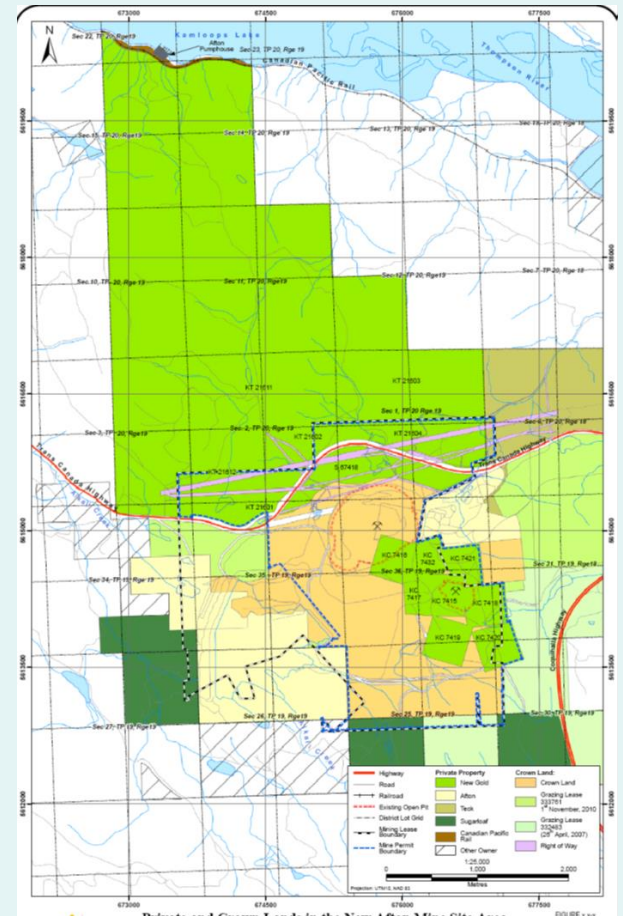
Water Study

- Water intake study to determine if Kamloops grey and storm water was viable for mineral processing
- Use to control dust
- Tailing Ponds water and evaporation control



Additional Permitting

- Exploration
- Renewal of existing Permits
- Water Licence Review
- Review of Dust and Site Air Quality



Site Reclamation and Post-Closure

- Review of Reclamation Plan
- Review of Closure Plans
- Tailings Pond Construction
- Tailings Ponds Closure
- Issues:
- Legacy Concerns



Announcement from British Columbia to share Mineral Tax Revenue 2008



NEWS RELEASE

Ministry of Energy, Mines and Petroleum Resources

For Immediate Release
2008EMPR0061-001616
Oct. 23, 2008

PROVINCE TO SHARE MINING BENEFITS WITH FIRST NATIONS

VICTORIA – The Province has authorized its provincial negotiators to include revenue sharing with First Nations on new mining projects, Minister of State for Mining Gordon Hogg announced today. British Columbia is the first province in Canada to share direct revenue generated from mining.

The process for development of revenue sharing will be decided on a project-by-project basis. Revenue sharing on new mining projects will place a strong focus on community development to assist First Nations in achieving their social and economic goals.

“Government is prepared to share the direct benefits of mining with First Nations,” Hogg said. “Revenue sharing is one of the key elements of the New Relationship and will help to build a more inclusive and prosperous future for all British Columbians.”

The revenue-sharing approach will be used where there is a proposed project that will result in a new stream of direct resource revenue to the Province. This process will ensure that First Nations receive revenue throughout the life of those mining projects.

Aboriginal leaders have asked government to include revenue sharing on new mine developments and there will be further discussions with the First Nation Leadership Council on how revenue sharing will occur.

The mining industry has also been clear that First Nations need to be included in the revenue stream.

“The Province looks forward to working co-operatively with industry and First Nations to develop profitably and environmentally sensitive projects for the benefit of all British Columbians,” Hogg added.

The mining industry is already working with First Nations, and the Province supports them in continuing their efforts. British Columbia is building a new relationship with First Nations founded on mutual respect, recognition and reconciliation, which will support Aboriginal people’s participation in the province’s economic and social progress.

-30-

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Ministry of Energy, Mines and
Petroleum Resources
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250 213-6934 (cell)

For more information on government services or to subscribe to the Province’s news feeds using RSS, visit the Province’s website at www.gov.bc.ca.

- Provincial announcement to revenue share on all new mines initially offered at 3% of 13% of Mineral Tax on Net Revenue
- Currently being expanded to existing mines...

Economic and Community Development Agreement

- Stk'emlupsemc communities, other than the Skeetchestn and Tk'emlups independently negotiated 37% of 13%
- Infrastructure money
- Modeled after the Forest and Range Community Economic Development Agreements
- Quiet Enjoyment Clause

This Agreement is dated 24 day of August, 2010.

ECONOMIC AND COMMUNITY DEVELOPMENT AGREEMENT

BETWEEN

HER MAJESTY THE QUEEN IN RIGHT OF BRITISH COLUMBIA

as represented by the Minister of
Energy, Mines and Petroleum Resources and
the Minister of Forests and Range and Minister Responsible for
Integrated Land Management Bureau
("British Columbia")

and

STK'EMLÚPSEMĆ OF THE SECWEPENC NATION

as represented by the Tk'emlúps Indian Band
and the Skeetchestn Indian Band
("SSN")

(collectively referred to as the "Parties")

WHEREAS:

- A. New Gold, Inc. has proposed to develop the New Afton Mine Project (the "Project") at the site of the historic Afton Mine, approximately 10 kilometres west of Kamloops;
- B. The Project site is within the traditional territory of Tk'emlúps and Skeetchestn, which together comprise the Stk'emlúpsemc of the Secwepenc Nation;
- C. The Parties will utilize this Economic and Community Development Agreement to demonstrate leadership and respect for each others' interests, while developing a successful long-term working relationship intended to address fundamental SSN concerns, including those presented in the 1910 Memorial to Sir Wilfred Laurier;
- D. The Parties acknowledge that British Columbia and SSN have undertaken a shared commitment to strengthening relationships on a government-to-government basis, and on focusing efforts to close the socio-economic and cultural gaps between Aboriginal and non-Aboriginal peoples, which will require a relationship between SSN and British Columbia based on enhanced collaboration,

Challenges

- Water Use
- Emphasis on Reclamation as part of the Mine Design
- Emphasis on Waste Management as part of initial Permitting process
- Separate Assurance for Tailings Ponds
- Crown and Mine Management turn over
- Knowledge Transfer