

**WATER USE LICENCE
(Industrial - Mining)**

Pursuant to the *Water Resources Act*, SNL 2002 cW-4.01

Date of Issuance: **MARCH 24, 2016**

No: **WUL-16-8540**

File: **517**

Licensee: **Iron Ore Company of Canada (IOC)
2 Avalon Drive
Labrador City, NL, A2V 2Y6**

Attention: **Lee Preziosi**

Re: **Water Removal and Displacement from Unnamed Body of Water (Second Pond) near Labrador City**

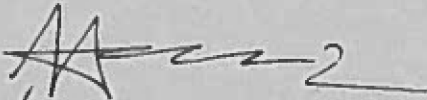
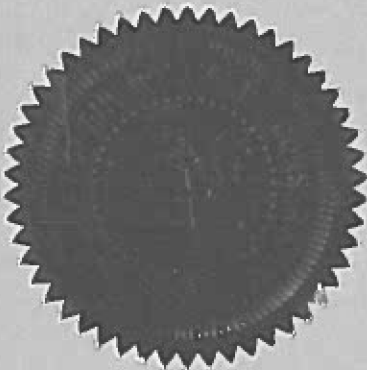
The Minister of Environment and Conservation (the "Minister") hereby grants a non-exclusive water right to: **Iron Ore Company of Canada (IOC)** (the "Licensee") to remove and displace water from an unnamed body of water (locally known as Second Pond) near the Town of Labrador City (53°0'29"N, 66°58'22"W), as indicated in Schedule A of this Licence (attached), for the purpose of extending the Iron Ore Company of Canada current mining activities of the Humphrey South open pit mine in reference to the application received on March 10, 2016.

This Licence is subject to the terms and conditions, reservations, exceptions, and provisions stated herein and the *Water Resources Act* and regulations thereunder. Appendices A, B and Schedule A (attached) form part and parcel of this Licence.

This Licence does not release the Licensee from the obligation to obtain appropriate approvals, permits or licences from other concerned municipal, provincial and federal agencies.

The Licensee shall complete and return the attached Notification of Acceptance of Water Use Licence to the Water Rights and Investigations Section of the Department of Environment and Conservation within thirty (30) days of receipt of this Licence.

Failure to comply with the terms and conditions, reservations, exceptions, and provisions set out herein will render this Licence null and void, place the Licensee and/or its agents in violation of the *Water Resources Act*, and cause the Licensee to be responsible for any and all remedial measures which may be prescribed by the Department of Environment and Conservation.



MINISTER

GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR
DEPARTMENT OF ENVIRONMENT AND CONSERVATION

No: WUL-16-8540
File: 517

APPENDIX A
TERMS AND CONDITIONS FOR WATER USE LICENCE

The Minister of Environment and Conservation (the "Minister") hereby grants a non-exclusive water right to: **Iron Ore Company of Canada (IOC)** (the "Licensee") to remove and displace water from an unnamed body of water (locally known as Second Pond) near the Town of Labrador City (53°0'29"N, 66°58'22"W), as indicated in Schedule A of this Licence (attached), for the purpose of extending the Iron Ore Company of Canada current mining activities of the Humphrey South open pit mine in reference to the application received on March 10, 2016.

1. Ownership of water rights remains with the Crown and is not transferred. This Water Use Licence only provides permission for the Licensee to withdraw and use water for the designated purpose indicated in this Licence.
2. The non-exclusive rights and privileges hereby demised by this Licence shall not be sold, assigned, transferred, leased, mortgaged, sublet or otherwise alienated by the Licensee.
3. The Licensee acknowledges and agrees that this Licence does not grant any interest in land.
4. This Licence shall remain valid up until December 31, 2017 irrespective of the time and duration of removal and displacement of water from the said body of water. However, this Licence may be suspended or modified or cancelled by the Minister due to reasons that include, but is not limited to, non-compliance with the Water Resources Act, 2002; any regulations in effect either at the date of issuance of this Licence or hereafter made pursuant thereto or any other relevant legislation enacted by the Province of Newfoundland and Labrador in the future; and terms and conditions, reservations, exceptions, and provisions or prompt reporting pursuant to this Licence. Also, this Licence may be renewed by the Minister for such renewal term as the Minister deems appropriate, on such terms and conditions as the Minister considers appropriate and in the public interest, provided the Licensee applies for an extension at least hundred and eighty (180) days before the validity date of this Licence.
5. The designated purpose of the water removal and displacement is Industrial-Mining.
6. The maximum estimated water removal and displacement from the said body of water is 42,122 cubic meters, subject to the exact final reporting by the Licensee. The water withdrawal pipe of the intake must be fitted with a screen to protect fish from impingement or entrainment.
7. The Licensee shall not at any time impair, pollute or cause to be polluted the quality of water in the said body of water or any nearby body of water. Also, this Licence shall not be interpreted as granting any rights to cause adverse effect(s) on water in or outside the water removal and displacement activities areas and all operations must be carried out in a manner that prevents damage to land, vegetation, and bodies of water. The Water Resources Management Division of the Department of Environment and Conservation must be informed if the water removal and displacement activities or any ongoing activity has a potential to impair, pollute or cause to be polluted the quality of water in the said body of water or any nearby body of water. In addition, any and all waste material that may result from the water removal and displacement activities must be removed and disposed at a site approved by the regional Government Service Centre of the Department of Service NL. The Departments of Environment and Conservation and Service NL may require samples to be submitted for testing and analysis.
8. The Licensee shall prudently maintain in good faith records, accounts and statements of the rates and volumes of water removals and displacements, and any other information that the Minister may require in whatever form, manner and time. Copies of such records, accounts, statements, all information required to exercise the non-exclusive rights and privileges demised under this Licence, and a form following the format of Appendix B shall be submitted to the Water Rights and Investigations Section of the Department of Environment and Conservation upon the completion of water removal and displacement activities, and on March 31st of each year or as required at any time during the term created by this Licence. Also, the Licensee is required to monitor and assess water removals and displacements and water quality in such manner as the Minister considers necessary including the installation of flowmeter(s) and/or other necessary measures to record the exact water removals and displacements for reporting and compliance purposes in relation to this Licence.
9. The Licensee shall not make changes in the purpose, plans and rates and volumes of water that to be removed or displaced pursuant to this Licence or construct any systems or works or divert the course or alter the physical features of any nearby body of water without the prior written approval from the Minister. Also, the Licensee shall strictly abide by any and all terms and conditions of Permit No. ALT8519-2016. In addition, the Licensee shall strictly abide by any and all provisions of


the Environmental Protection Plan.

10. The employees of the Department of Environment and Conservation, authorized by the Minister, may at all reasonable times during the term created by this Licence enter into the water removal and displacement activities areas and the Licensee's designated place(s) of business to inspect all associated systems or works, records, statements, and accounts, and shall be entitled to copy such information as may be required by the Minister in relation to this Licence and may exercise all other powers of inspection as provided for in the Water Resources Act, 2002.
11. The Licensee shall keep all systems, works, equipment and vehicles used for water removal and displacement activities, in clean and good condition and repair, free of oil leaks, or other harmful substances that could impair water quality of the said body of water or any nearby body of water and shall notify the Minister immediately if any problem arises which may adversely affect public safety or other water users in or outside water removal and displacement activities areas. Also, the Licensee shall restore all areas that may be affected by water removal and displacement activities, to a state that resembles local natural conditions. Further remedial measures to mitigate environmental impacts on water resources can and will be specified, if necessary in the opinion of this Department.
12. Water pumped or discharged from the water removal and displacement activities areas, or any runoff or effluent directed out of the water removal and displacement activities areas, must have silt and turbidity removed by filtration or other suitable treatment before discharging to any nearby body of water. Effluent discharged into receiving waters must comply with the Environmental Control Water and Sewage Regulations, 2003.
13. The Licensee and its agent(s), subcontractor(s), and consultant(s) are responsible for reporting any environmental problem encountered in connection with the said body of water or any nearby body of water to the Water Resources Management Division and environmental monitors within 24 hours. This includes, but is not limited to, any spillage of fuel, lubricant, or any other material or siltation of water of any nearby body of water in connection with the water removal and displacement activities from the said body of water.
14. The Licensee shall pay the applicable charges or royalties for the water removal and displacement from the said body of water, if imposed under the Water Resources Act, 2002 during the term of this Licence, irrespective of the time and duration of water removal and displacement from the said body of water. Once imposed, the Licensee shall, upon receipt of an invoice stating the amount owing for charges or royalties for the water removal and displacement from the said body of water, pay to the Minister the full amount owing within thirty (30) days of the receipt of the said invoice.
15. The Licensee and its agent(s), subcontractor(s), and consultant(s) indemnify and hold the Government and the Minister harmless against any and all liabilities, losses, claims, demands, damages or expenses including legal expenses of any nature whatsoever whether arising in tort, contract, statute, trust or otherwise resulting directly or indirectly from the non-exclusive rights granted under this Licence, systems, works and equipment in or outside the water removal and displacement activities areas, or any act or omission of the Licensee or its agent(s), subcontractor(s), or consultant(s) in or outside the water removal and displacement activities areas and all associated systems, works and equipment, or arising out of a breach or non-performance of any of the terms and conditions, exceptions and provisions of this Licence by the Licensee or its agent(s), subcontractor(s), or consultant(s).
16. If the Licensee or its agent(s), subcontractor(s), or consultant(s) fails to perform, fulfil, or observe any of the terms and conditions, or provisions of this Licence and/or Ministerial orders and guidelines, as determined by this Department, the Minister may, after providing ten (10) day notice to the Licensee, amend, modify, suspend or cancel this Licence in accordance with the Water Resources Act, 2002, any regulations in effect either at the date of issuance of this Licence or hereafter made pursuant thereto or any other relevant legislation enacted by the Province.
17. Should any provision of this Licence be unenforceable, it shall be considered separate and severable from the remaining provisions of this Licence which shall remain in force and be binding as though the provision had not been included.
18. This Licence is subject to all provisions of the Water Resources Act, 2002 and any regulations in effect either at the date of this Licence or hereafter made pursuant thereto or any other relevant legislation enacted by the Province of Newfoundland and Labrador in the future.
19. This Licence shall be construed and interpreted in accordance with the laws of the Province of Newfoundland and Labrador.

All notices to be given pursuant to the terms and conditions of this Licence shall be given in writing and delivered by facsimile with auto confirmation or registered mail. If a notice is delivered by facsimile, it is deemed to have been received on the day it was sent if that day is a normal business day, if not, it is deemed to have been received on the next normal business day. If a notice is sent by registered mail, it is deemed to have been received three days after the day it was mailed. The address of the Licensee is:

Iron Ore Company of Canada (IOC)
2 Avalon Drive
Labrador City, NL, A2V 2Y6

The address and facsimile number of the Department of Environment and Conservation are:

Water Rights and Investigations Section
Department of Environment and Conservation
PO Box 8700
St. John's NL A1B 4J6
(709) 729-0320 

GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
APPENDIX B

Report to Department of Environment and Conservation

To: Water Rights and Investigations Section
Water Resources Management Division
Department of Environment and Conservation
PO Box 8700
St. John's NL A1B 4J6

No: WUL-16-8540
File: 517
Authorized: MARCH 24, 2016

Re: *Water Removal and Displacement from Unnamed Body of Water (Second Pond) near Labrador City*

This report must be completed and filed on or before March 31st of each year or upon the completion of activities for a temporary period. Provide the information required below:

1. Has the Licensee used water during last year? Yes No
If no, explain (use extra sheet to provide more information, if any).

2. Does the Licensee wish to continue the non-exclusive water right? Yes No
If no, explain (use extra sheet to provide more information, if any).

3. Has the Licensee exceeded the estimated maximum water withdrawal of that indicated in Appendix A? Yes No
If yes, explain in the space below (use extra sheet to provide more information, if any).

In the table below, state the monthly water uses during last year or a temporary period and attach spreadsheet for daily water uses along with water quality report(s) as may be applicable:

| Month | Jan. | Feb. | Mar. | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Total |
|-------------------------------|------|------|------|-------|-----|------|------|------|-------|------|------|------|-------|
| Use in litres or cubic meters | | | | | | | | | | | | | |

4. Is there any other matter on which the Licensee wishes to inform the Department of Environment and Conservation regarding this Licence and its terms and conditions? Yes No
If yes, explain (use extra sheet to provide more information, if any).

I/We acknowledge that the information contained in this report is true and correct.

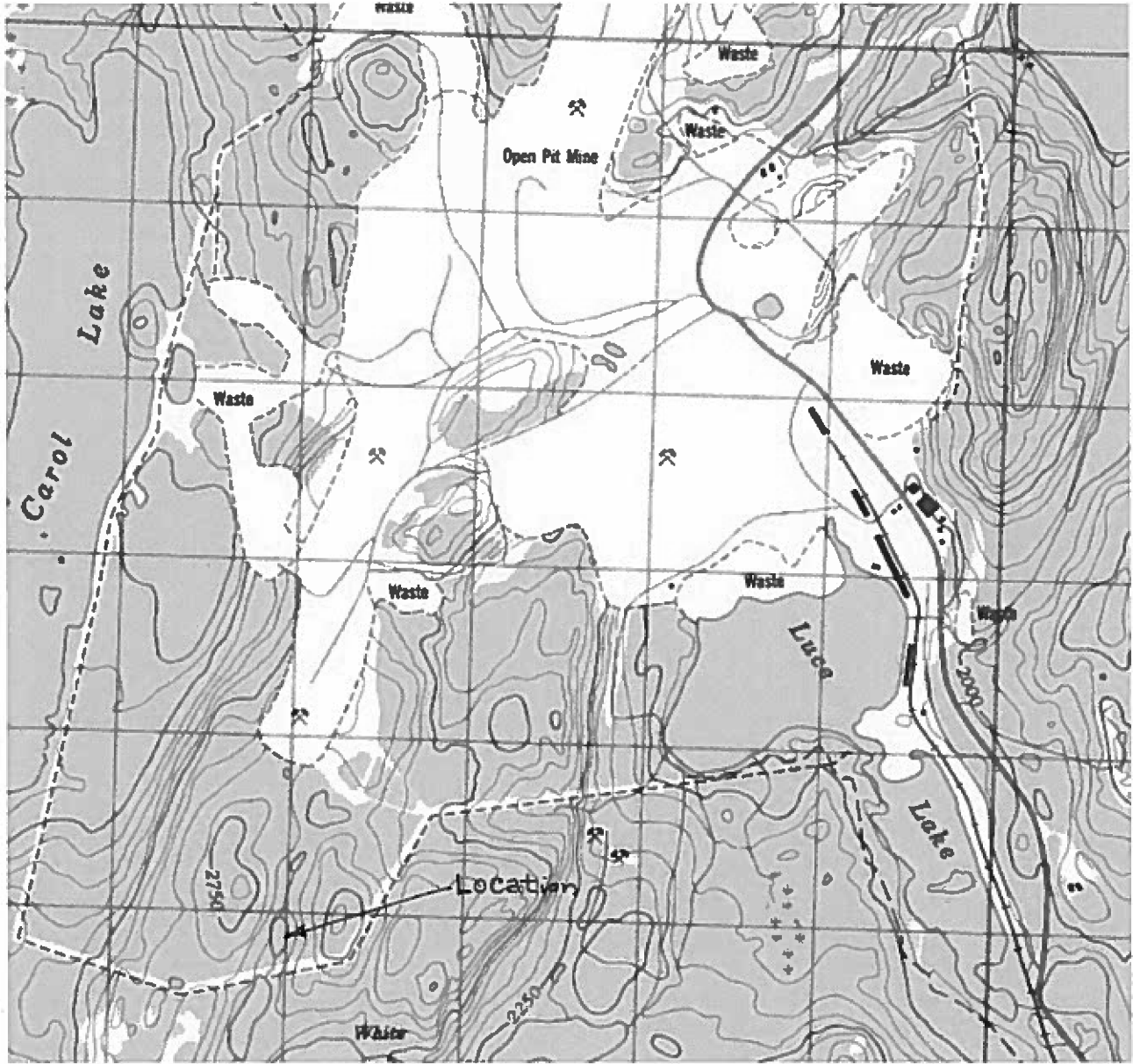
Iron Ore Company of Canada (IOC)
2 Avalon Drive
Labrador City, NL, A2V 2Y6

Signature: _____

Name/Title: _____

Date: _____

Schedule A
Location Map for Permit



No: WUL-16-8540
File: 517

cc: Dr. Abdel-Zaher Kamal Abdel-Razek, Ph. D., P.Eng.
Manager, Water Rights and Investigations Section
Water Resources Management Division
Department of Environment and Conservation
P.O. Box 8700
St. John's NL A1B 4J6

cc: Mr. Ken Russell (Labrador)
Manager of Operations
Department of Service NL
PO Box 3014, Stn. B
Happy Valley-Goose Bay NL A0P 1E0

cc: Fisheries Protection Division
Ecosystem Management Branch
Fisheries and Oceans Canada
P.O. Box 5667
St. John's NL A1C 5X1

cc: Town of Labrador City
Ms. Diane Gear
PO Box 280
Labrador City NL A2V2K5

cc: Mr. Grant Vivian
SEM Ltd.
79 Mews Place
St. John's, NL, A1B 4N2



Government of Newfoundland and Labrador
Department of Environment and Conservation
Water Resources Management Division

Water Rights and Investigations Section
Water Resources Management Division
Department of Environment and Conservation
PO Box 8700
St. John's NL A1B 4J6

Date: MARCH 24, 2016
File: 517

NOTIFICATION OF ACCEPTANCE OF WATER USE LICENCE

Water Removal and Displacement from Unnamed Body of Water (Second Pond) near Labrador City

Water Use Licence No. WUL-16-8540 issued on MARCH 24, 2016, and valid until December 31, 2017.

As a Licensee of Water Use Licence No. WUL-16-8540, issued pursuant to the *Water Resources Act*, **Iron Ore Company of Canada (IOC)** (the "Licensee"), agrees to accept this Licence for the stated duration and abide by all terms and conditions, reservations, exceptions and provisions stated therein. The Licensee acknowledges that failure to abide by the terms and conditions, reservations, exceptions and provisions indicated in Appendices A, B and Schedule A (attached), and the *Water Resources Act* will render the Licence null and void, place the Licensee and/or their agent (s) in violation of the *Water Resources Act* and regulations thereunder and cause the Licensee to be responsible for any and all remedial measures which may be prescribed by the Department of Environment and Conservation.

Signed, sealed, and delivered by
Iron Ore Company of Canada (IOC),
in accordance with its rules and
regulations in that behalf

at _____, _____, this _____ day
of _____, 2016 in the presence
of:

Witness

Per: _____
Signing Officer

Seal:

Important: The attached Water Use Licence is not valid unless the Licensee completes and returns this notification to the address above within thirty (30) days of receipt.