

Shannon Hayden

From: Rick Schryer <RSchryer@fortuneminerals.com>
Sent: February 24, 2012 11:44 AM
To: Todd Slack; Paul.Green@aandc-aadnc.gc.ca; Shannon Hayden
Cc: Chuck Hubert
Subject: RE: Security Deposits

Todd: Please note that Chuck Hubert is away until the middle of March. Shannon Hayden has taken over his duties so I have included her in this e-mail so she can deal with your request.

Rick

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From: Todd Slack [mailto:tslack@ykdene.com]
Sent: Friday, February 24, 2012 12:38 PM
To: Paul.Green@aandc-aadnc.gc.ca; Rick Schryer
Cc: Chuck Hubert
Subject: Security Deposits

Hi Paul/Rick.

During the Fortune sessions, John Brodie and Ken Bocking(?Golder guy) were asked if they could provide examples of situations where a company had folded and how the security performed. There was a lot of back and forth about how there were sites that had closed with security and it was all under control – but they were, as far as I could tell, unanimously purchased by other companies which assumed the liability. The second fallback position was that a lot of these mines had started up a long time ago, where the instruments weren't available. Not that I don't understand this, but I don't see how it's relevant to the discussion. Simply because the government imposed weak closure requirements in the past isn't a great reason to not ensure that the people who rely on the land and water aren't the victims of a future government's choice between spending money to remediate the site or allowing environmental degradation. This isn't a case of the company potentially choosing to walk away from a liability because it would be profitable – it's a case of there being no ability to respond to risk after year 20.

So I am still looking for a case where the security deposit performed as expected – where the company has closed and stuck the govt with the problem, but the money was sufficient. At this point I'm not even considering if the eventual closure case was more severe and costly than predicted, just give me an example where a bond existed and covered costs.

Otherwise it makes no sense to accept John Brodie's view that the worst case scenario isn't what should be securitized against, as there will be no recourse for the taxpayers if that's what indeed happens. If this mine proceeds, obviously we

all hope Mr. Schryer's prediction for the liability down the road is correct – that it turns out to be minor and thus easily addressed within the environmental bonding – but I remain to be convinced why the risk and potential costs associated with a case other than the expected should fall on the residents of the North and Canada, with the First Nations as the people primarily exposed to the environmental legacy that would need to be remediated.

Regards,

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