

Pages 1 through 44 redacted for the following reasons:

s.14

s.14, s.16,s.17



Reference: 102950

File: 30200-20/BGOL-04-01

April 5, 2013

Chief Liliane Squinas
and Councillors
Lhoosk'uz Dene Nation
PO Box 4639
Quesnel BC V2J 3J8

Dear Chief Squinas and Councillors:

The purpose of this letter is to provide Environmental Assessment Office's (EAO's) initial assessment of its duty to consult the Lhoosk'uz Dene Nation (under what has been described in the case law as the *Haida* spectrum) in the environmental assessment (EA) of New Gold Inc's (Proponent's) proposed Blackwater Gold Project (proposed Project), and to provide information about EAO's proposed consultations with the Lhoosk'uz Dene Nation for the EA of the proposed Project.

A. Initial Assessment of EAO's duty to consult

As an initial step in the consultation process for the proposed Project, the Province has conducted an initial review of information regarding the nature of Aboriginal Interests (i.e. established or asserted aboriginal rights or title) in the area of the proposed Project.

The initial assessment is being provided to Lhoosk'uz Dene Nation for your input.

The proposed Project would be an open pit gold and silver mine and ore processing facility approximately 110 kilometres (km) south of Vanderhoof in central BC. Main components of the proposed Project, as described in the Project Description submitted by the Proponent, are the mine site, a 133 km long, 230 kilovolt transmission line, use of and upgrades to the existing Kluskus and Ootsa Forest Service Roads (FSRs), and a new 15 km exploration road to access the mine site from the FSR.

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EAO is writing to the Lhoosk'uz Dene Nation because components of the proposed Project, including the mine site, a length of the transmission line and access roads, overlap the asserted traditional territory of the Lhoosk'uz Dene Nation as identified in the Forest and Range Consultation and Revenue Sharing Agreement dated March 31, 2011.

This assessment of strength of claims to Aboriginal Interests is specific to the proposed Project area (see enclosed map), and does not apply to other parts of Lhoosk'uz Dene Nation traditional territory. Please review this assessment and contact me if you have additional information that should be considered or comments regarding the assessment.

This assessment is based on information currently available to government, including:

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The information from these sources that were considered important for assessing Lhoosk'uz Dene Nation's strength of claims to Aboriginal Interests in the proposed Project area includes:

1. Lhoosk'uz Dene Nation, or Kluskus First Nation, is believed to be descendents of the pre-contact Kluskoten, a southern Carrier group.
2. First European contact was made in 1793 and documented by Alexander Mackenzie.
3. The traditional territory of the Kluskoten at the time of contact is described as being centred around the Kluskus Lakes and Upper West Road River drainage, about 20 km south of the area of the proposed Project.
4. There is also a description by one ethnographer that the traditional territory of the Kluskoten extended to Chedakuz Creek, which drains Tatelkuz Lake. This information indicates that the traditional territory of the Kluskoten could have included the area of Mount Davidson where the mine site is proposed.
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6. Ethnographers note that there were many trails in the area, including a trail that links the Upper Euchiniko Lake along the west side of Tatelkuz Lake. Tatelkuz Lake is less than 20 km from the proposed mine site and project infrastructure is proposed to cross that trail (proposed water supply line, transmission line and access route).
7. The Traditional Use Database identified seasonal deer hunting, camp and fall berry gathering sites in the vicinity of Mount Davidson, approximately 3 to 4 km east of the proposed mine site.
8. Ethnohistoric records indicate that the main hunting areas of the Kluskoten were located on the northern slopes of the Itcha-Ilgachuz Range located about 40-50 km south of the proposed Project area.

Based on the information available, the Province's initial view is that the Lhoosk'uz Dene Nation has a strong *prima facie* strength of claim to Aboriginal rights to fish, hunt and gather at and around the areas where the proposed Project overlaps with the Lhoosk'uz Dene Nation's asserted traditional territory.

In terms of strength of claim to title, in the sources reviewed, there was no indication that the proposed Project overlaps with any specific sites of occupation or regular and intensive use by the Kluskoten in 1846.

We would appreciate any additional information that Lhoosk'uz Dene Nation may have regarding any other traditional activities exercised in the area of the proposed Project by the Lhoosk'uz Dene Nation at the time of contact with Europeans and at and around 1846, as well as any initial views regarding potential impacts of the proposed Project on your Aboriginal Interests.

EAO has also considered the potential impacts of the proposed Project on the Lhoosk'uz Dene Nation's Aboriginal Interests. Based on preliminary information contained in the Proponent's Project Description (posted on EAO's website at <http://www.eao.gov.bc.ca>), the proposed Project, including the proposed mine site, access road and transmission line have the potential to impact fish and fish habitat, wildlife and wildlife habitat, and vegetation resulting from such effects as loss of habitat from infrastructure footprint, soil erosion, reduced water quality and quantity, and risk of accidents and malfunctions. The Project Description notes potential downstream effects from the mine construction and activities could affect Davidson Creek, Chedakuz Creek and Turtle Creek, and creeks upstream of Tatelkus Lake and Fawnie Creek. It also notes that the Blackwater River to the south is separated from the proposed mine site by a drainage divide and would not be affected by the proposed development.

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EAO proposes a consultation approach with the Lhoosk'uz Dene Nation which we consider exceeds the assessed duty to consult.

B. Proposed Consultation

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Yours truly,



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Executive Project Director

Enclosures: Map of proposed Project area

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Ministry of Aboriginal Relations and Reconciliation

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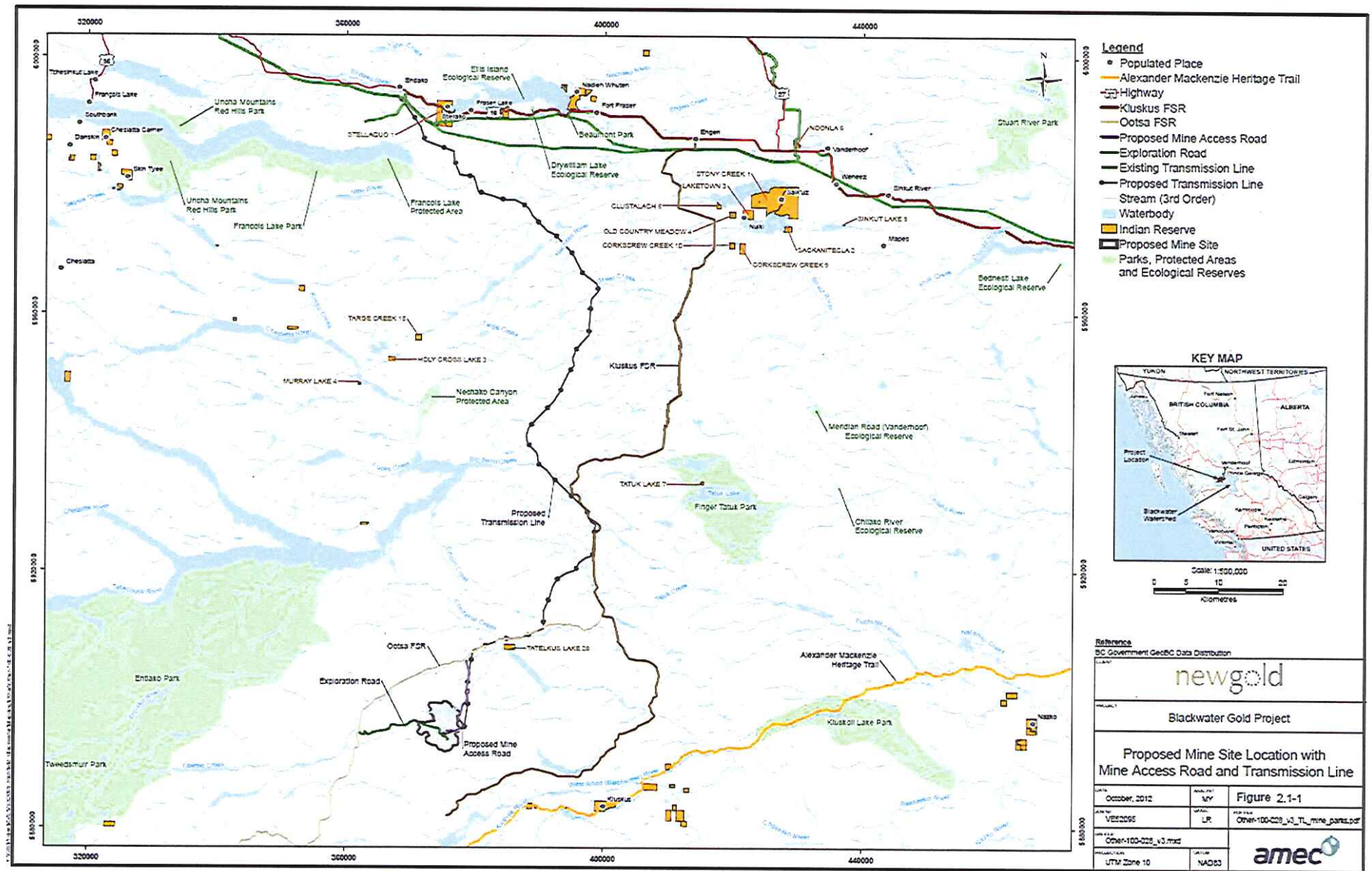
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Steve Payne, Advisor First Nations Relations
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May Darling
Environmental Assessment Office

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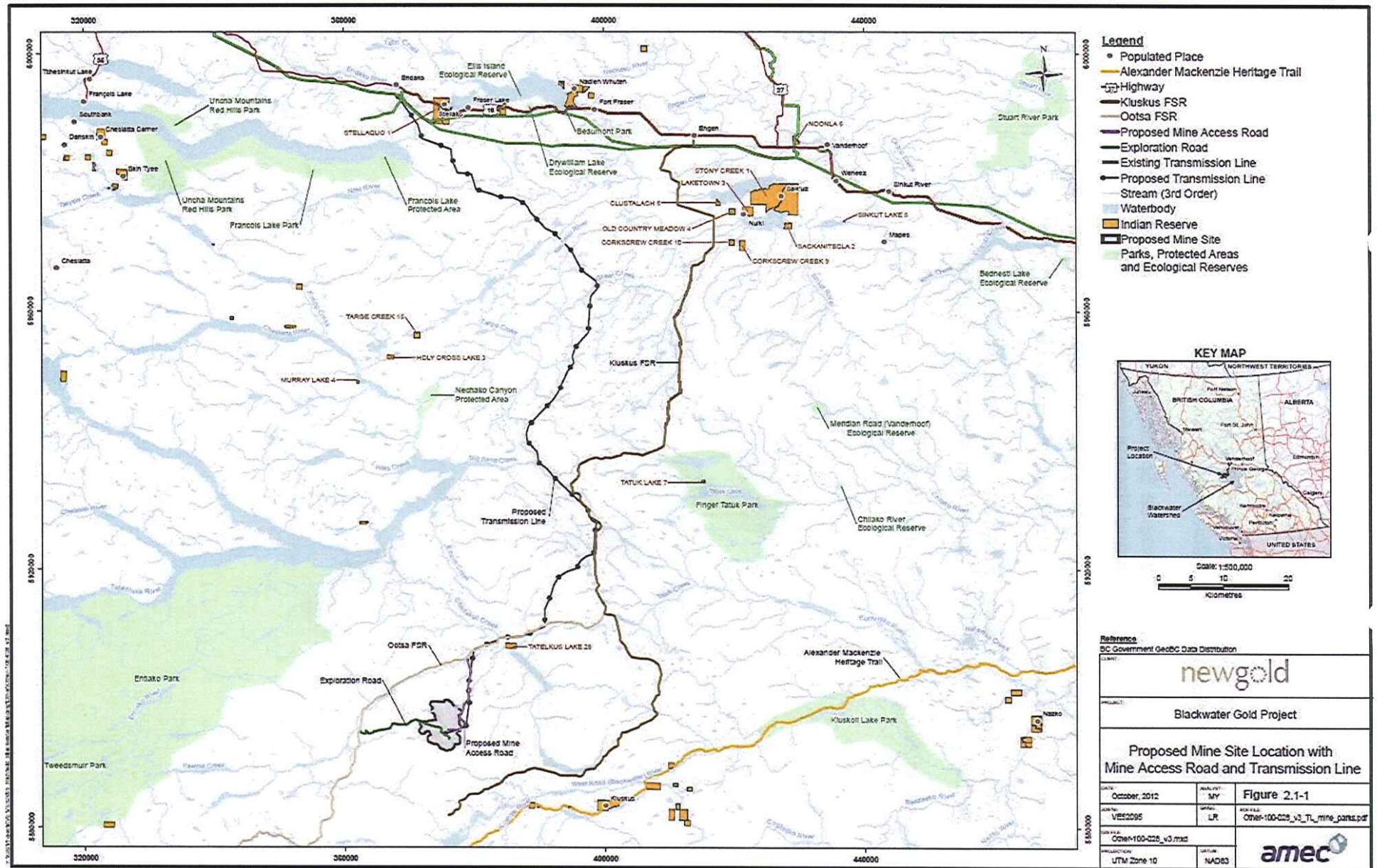
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Environmental
Assessment
Office

Mailing Address:
PO Box 9426 Sin Prov Govt
Victoria BC V8W 9V1

Location:
1st & 2nd Fl - 836 Yates Street
Victoria BC V8W 1L8

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Ministry of Aboriginal Relations and Reconciliation

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Legend

- Populated Place
- Alexander Mackenzie Heritage Trail
- Highway
- Kuskus FSR
- Ootsa FSR
- Proposed Mine Access Road
- Exploration Road
- Existing Transmission Line
- Proposed Transmission Line
- Stream (3rd Order)
- Waterbody
- Indian Reserve
- Proposed Mine Site
- Parks, Protected Areas and Ecological Reserves

KEY MAP

Scale: 1:500,000

0 5 10 20 Kilometers

Blackwater Gold Project

Proposed Mine Site Location with Mine Access Road and Transmission Line

October, 2012

Figure 2.1-1

UTM Zone 10

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Pages 263 through 301 redacted for the following reasons:

s.14, s.16

s.16