

RAINY RIVER POWERLINE PROJECT

LEAVE TO CONSTRUCT: 230KV TRANSMISSION LINE

[REDACTED]

JANUARY 13, 2014

RAINY RIVER POWERLINE PROJECT

APPLICATION EXHIBIT LIST

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IN THE MATTER of the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15, Schedule B;

AND IN THE MATTER of an Application by Rainy River Resources Ltd. for an Order or Orders under section 92, 96, 97 and 101 of the *Ontario Energy Board Act, 1998* granting Leave to Construct new Transmission Facilities between the Rainy River Mine and the Hydro One Networks Inc. 230 kV Transmission Grid north of Highway 615 near Panorama Lake in the Township of Chapple in the Territorial District of Rainy River.

RAINY RIVER POWERLINE PROJECT

APPLICATION

- 1) Rainy River Resources Ltd. ("**RRR**" or "**Applicant**") is a corporation with its principal business office in Toronto, Ontario. RRR carries on the business of developing and operating mines. RRR is owned by New Gold Inc. ("**New Gold**"), an intermediate mining company with its head office in Vancouver, B.C. and an office in Toronto, Ontario. Publicly available information on RRR and New Gold has been provided at Exhibit B, Tab 1, Schedule 1, Appendix A and B respectively. New Gold is traded under the symbol NGD on the TSX and NYSE-MKT
- 2) RRR hereby applies to the Ontario Energy Board ("**Board**") pursuant to section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 Schedule B ("**OEB Act**") for an order or orders granting leave to construct approximately 17 kilometres of 230kV transmission line (the "**Rainy River Powerline Project**" or "**Transmission Line**") and facilities to provide electricity to the Rainy River Project ("**RRP**"). An overview map of the proposed Transmission Line is provided at Exhibit A, Tab 2, Schedule 2. More detailed maps are found at Exhibit B, Tab 2, Schedule 2.

- 3) The Rainy River Powerline Project includes 17km of 230kv transmission line, the station and breaker at the inter-connection to the existing Hydro One Networks Inc. ("**Hydro One**") 230kV transmission line, circuit K24F, and the transformer station at the mine.
- 4) The route of the Transmission Line was selected through an environmental assessment process and generally runs from the mine in a north-easterly direction to the inter-connection with the Hydro One K24F circuit near Panorama Lake.
- 5) RRR also applies, pursuant to section 97 of the OEB Act, for approval of the form of easement agreement found in Exhibit B, Tab 6, Schedule 4 and pursuant to section 101 of the OEB Act for authority to cross Highway 71.
- 6) The RRP will have an initial load of approximately 10MW and a peak demand of approximately 57MW. There are no transmission facilities adequate to supply the size of the load located near the RRP other than the proposed point of inter-connection.
- 7) The list of interested parties includes Hydro One, the Independent Electricity System Operator (the "**IESO**") and landowners, rights holders in close proximity to the proposed Transmission Line and certain First Nations, including those that have entered into a Participation Agreement with RRR. A list of interested parties is provided in Exhibit A, Tab 3, Schedule 2.
- 8) A draft affidavit of Title Search may be found at Exhibit B, Tab 6, Schedule 6. This will be finalized upon receipt of direction from the Board. The vast majority of the proposed route is on Crown land for which RRR has surface rights and for which a permit will be required from the Ministry of Natural Resources pending RRR's receipt of a mineral and surface lease with respect to the applicable lands.
- 9) The Applicant has completed a system impact assessment ("**SIA**") with the IESO. A copy of the SIA is found at Exhibit B, Tab 6, Schedule 2.
- 10) A customer impact assessment ("**CIA**") is currently being completed by Hydro One which will show the potential impacts, if any, to the reliability of service for other customers. RRR will

file the CIA as soon as it becomes available. RRR will adhere to the requirements of the CIA and SIA.

- 11) Construction of the Rainy River Powerline Project is anticipated to begin January 2015 with commissioning and energization occurring February 2016. Purchasing commitments to major equipment services is anticipated to be made during the summer/fall 2014.
- 12) RRR expects to enter into a series of agreements with Hydro One in accordance with the provisions of the *Transmission System Code*. Included will be the calculation of any cost contribution to Hydro One for the work required to complete the connection. RRR will finance and construct the Rainy River Powerline Project using its own resources which may include support from New Gold. As such, the Rainy River Powerline Project will have no adverse impact on other ratepayers. It is anticipated that the addition of the load from the RRP, once operational, will have a beneficial impact for other ratepayers through increased demand on the existing grid.
- 13) A wholesale license for participation in the IESO market will be submitted to the OEB under separate application. An application to the IESO for market participation will also be made in due course.
- 14) RRR requests the Board issue a Letter of Direction for publishing the Notice of Application and Hearing, and that a copy be posted on the website of the Applicant.
- 15) The Application is supported by written evidence which is pre-filed and may be amended and updated from time to time prior to the Board's final decision on this Application. RRR may seek meetings with Board Staff and other interested parties in an attempt to identify and reach agreement on issues arising out of this Application.
- 16) RRR requests this proceeding be conducted in writing.
- 17) RRR requests the Board issue a decision in this matter prior to July 31, 2014.

18) RRR requests that correspondence in this proceeding be conducted in English and that all correspondence should be directed to:

- a) The Applicant:
Address: Rainy River Resources Ltd.
c/o New Gold Inc.
200 Bay Street
Toronto, ON M5J 2J8

Telephone: Attention: Darcy Cowan
(416) 645-7281
Email: Darcy.Cowan@newgold.com
- b) The Applicant's Counsel:
Address: Aird & Berlis LLP
Suite 1800, Box 754
Brookfield Place, 181 Bay Street
Toronto, ON M5J 2T6

Telephone: Attention: Mr. Scott A. Stoll
(416)865-4703
Fax: (416)865.1515
Email: sstoll@airdberlis.com
- c) Applicant's Consultant
Address: SanZoe Consulting Inc.
25 Priest Ave.
Minesing, ON L0L 1Y3

Telephone: Attention: Wayne Clark
(705)728-3284
Fax: (705)721-0974
Email: c.w.clark@sympatico.ca

19) RRR requests the Board issue Order or Orders:

- a) as necessary for the publication of notice for this proceeding and the scheduling of the hearing;
- b) granting leave to construct for the Rainy River Powerline Project pursuant to section 92 of the OEB Act;
- c) approving the proposed easement agreement pursuant to section 97 of the OEB Act;
- d) granting approval to cross Highway 97 pursuant to section 101 of the OEB Act; and

e) such other relief as may be requested.

DATED January 13, 2014 at Toronto, Ontario

RAINY RIVER RESOURCES LTD.

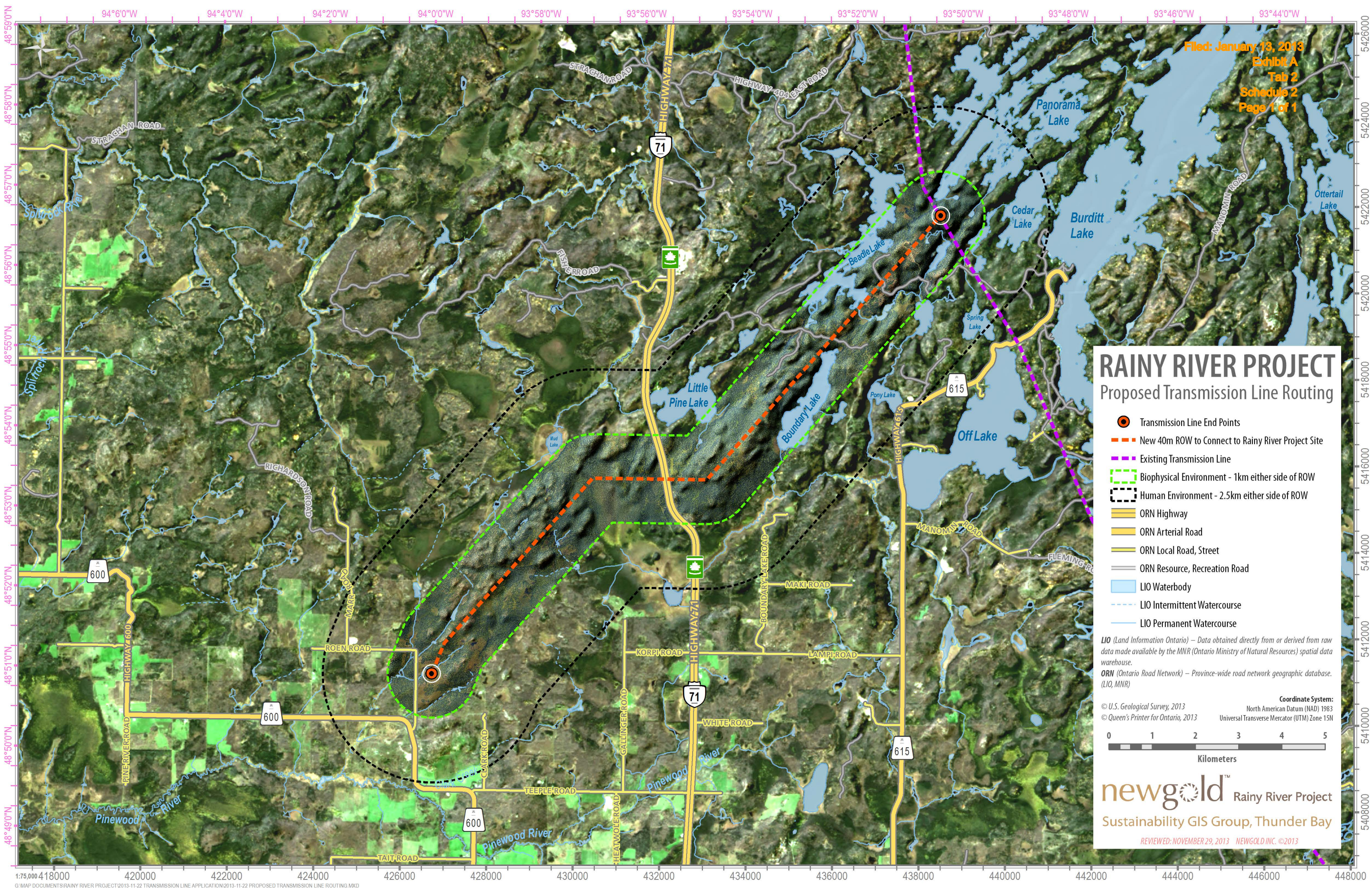
By its Counsel

AIRD & BERLIS LLP

Original signed by Scott Stoll

Scott A. Stoll

15978830.2



Filed: January 13, 2013
Exhibit A
Tab 2
Schedule 2
Page 1 of 1

RAINY RIVER PROJECT

Proposed Transmission Line Routing

- Transmission Line End Points
- New 40m ROW to Connect to Rainy River Project Site
- Existing Transmission Line
- Biophysical Environment - 1km either side of ROW
- Human Environment - 2.5km either side of ROW
- ORN Highway
- ORN Arterial Road
- ORN Local Road, Street
- ORN Resource, Recreation Road
- LIO Waterbody
- LIO Intermittent Watercourse
- LIO Permanent Watercourse

LIO (Land Information Ontario) – Data obtained directly from or derived from raw data made available by the MNR (Ontario Ministry of Natural Resources) spatial data warehouse.
ORN (Ontario Road Network) – Province-wide road network geographic database. (LIO, MNR)

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Coordinate System:
North American Datum (NAD) 1983
Universal Transverse Mercator (UTM) Zone 15N



newgold™ Rainy River Project
Sustainability GIS Group, Thunder Bay
REVIEWED: NOVEMBER 29, 2013 NEWGOLD INC. ©2013

SUMMARY OF PREFILED EVIDENCE

Overview

Rainy River Resources Ltd. (“RRR” or “Applicant”) has applied to the Board, pursuant to section 92 of the *Ontario Energy Board Act, 1998*, c. 15, Schedule B (“OEB Act”) for an order or orders granting leave to construct approximately 16.7km of 230kV transmission line and related facilities (the “Rainy River Powerline Project” or “Transmission Line”) between the Rainy River Project (“RRP”) and the Hydro One Networks Inc. (“Hydro One”) existing 230kV grid, circuit K24F, connecting Fort Frances and Kenora. A detailed map showing the location of the RRP and proposed Transmission Line may be found at Exhibit B, Tab 2, Schedule 2.

The RRP is centered in the Township of Chapple in the Territorial District of Rainy River in northwestern Ontario, approximately 65 kilometres north of Fort Frances, 162 kilometres south of Kenora and 418 kilometres west of Thunder Bay. The inter-connection to the Hydro One transmission system will occur approximately 51km from Fort Frances near Panorama Lake north of Highway 615.

Figure 1 – RRP Location



Section 92 Application

In order for the Board to grant leave to construct, the Board is to consider the following:

96(2) In an application under section 92, the Board shall only consider the following when, under subsection (1), it considers whether the construction, expansion or reinforcement of the electricity transmission line or electricity distribution line, or the making of the interconnection, is in the public interest:

1. The interests of consumers with respect to prices and the reliability and quality of electricity service.

2. Where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources.

For the reasons provided in support of this Application, RRR submits that the proposed facilities are in the "public interest" and should be approved under Section 92 of the OEB Act. Accordingly, RRR requests an Order from the Board granting leave to construct pursuant to Section 92 of the OEB Act by July 31, 2014.

Proponent

RRR is a Canadian precious metals exploration company whose key asset is the RRP, a large gold system in Northwestern Ontario. RRR was listed on the Toronto Stock Exchange main board under the symbol "RR" prior to being acquired by New Gold Inc. ("**New Gold**"). As at June 30, 2013, as filed on SEDAR, RRR had approximately \$80 million in cash and cash equivalents.

New Gold and RRR jointly announced on May 31, 2013 that they had entered into a definitive acquisition agreement whereby New Gold would offer to acquire all of the outstanding shares of RRR. Pursuant to a successful takeover bid, on July 24, 2013 New Gold acquired 86% of RRR, as well as an additional 11% on August 8, 2013. Thereafter, New Gold completed a compulsory acquisition of the remaining shares of RRR to bring its ownership to 100%, effective October 15, 2013. New Gold is an intermediate gold mining company. The company has a portfolio of four producing assets and two significant development projects. The combination of the New Afton Mine in Canada, the Cerro San Pedro Mine in Mexico, the Mesquite Mine in the United States and the Peak Mines in

1 Australia positions New Gold as one of the lowest cost producers in the industry. In 2013,
2 the company is forecasting between 390,000 and 400,000 ounces of gold production. In
3 addition to its four operating mines, New Gold owns 100% of the Blackwater project in
4 Canada and 30% of the world-class El Morro project located in Chile. Further information
5 on New Gold may be found at www.newgold.com.

6 7 **The Rainy River Project**

8 The following provides highlights from the RRP April 2013 Feasibility Study that give a brief
9 overview of the magnitude of the development.

- 10 • Proven and Probable Mineral Reserves of **4.0** million ounces of gold and **10.3** million
11 ounces of silver.
- 12 • Average annual production of 326,000 of gold and 494,000 ounces of silver over the
13 first 10 years of a combined open pit and underground mining operation is
14 anticipated.
- 15 • Initial pre-production capital costs of **\$713** million.
- 16 • Total open pit sustaining capital costs of **\$322** million (tailings facilities, overburden,
17 waste removal, and equipment).
- 18 • Underground development capital costs of **\$68** million, commencing in 2016, funded
19 by operating cash flows.
- 20 • Underground sustaining capital costs of **\$95** million (development, infrastructure and
21 equipment).

22
23 For further information, refer to the technical report filed by RRR on SEDAR on May 24,
24 2013.

1 **The Transmission Line**

2 The maximum power demand of the RRP is estimated at 56.9 MW. The inter-connection to
3 the Hydro One grid, the K24F circuit, will occur north of Highway 615 and southwest of
4 Panorama Lake. The 230kV line will travel approximately 17km south and west to the mine.
5 The main 230–27.6 kV substation will be located near the concentrator building at the mine.
6 The electrical distribution to the site infrastructure will consist of a dedicated 27.6 kV
7 overhead line distribution network.

8
9 The Independent Electricity System Operator (“**IESO**”) has completed a System Impact
10 Assessment (“**SIA**”). The SIA is found at Exhibit B, Tab 6, Schedule 2. The design,
11 construction and operating parameters of the proposed facilities are acceptable with certain
12 conditions regarding the design of protections and controls and the acceptance to curtail
13 load when direct by the IESO. RRR has requested that Hydro One complete a Customer
14 Impact Assessment (“**CIA**”). The CIA will be filed as evidence when available. RRR will
15 abide by the conditions required by the IESO and Hydro One in the SIA and CIA. The
16 design of the proposed facilities is in accordance with the Transmission System Code, the
17 IESO market rules and good utility practice.

18
19 A construction schedule can be found at Exhibit B, Tab 5, Schedule 1. The anticipated
20 normal demand of 50MW will be relatively flat 24 hours a day, seven days a week. The
21 RRP will not require significant changes to the transmission network. It is likely that it will
22 have a positive impact on prices as the new load will more fully utilize the existing assets of
23 the transmission network.

24
25 **Permits and Approvals**

26 In order to complete the Rainy River Powerline Project, RRR requires a number of permits
27 and certain land rights both for construction and permanent rights. RRR will obtain the
28 required land rights prior to entering the lands for the construction of the Transmission Line.
29 A summary of the impacted landowners and rights holders is provided at Exhibit B, Tab 6,
30 Schedule 3. RRR has included a draft easement agreement that will be offered to each
31 impacted landowner where an easement is required. A summary of the required permits is

provided in Exhibit B, Tab 6, Schedule 1. RRR does not foresee any issues with the issuance of the necessary permits in due course.

a) Provincial Environmental Assessment

The Ministry of the Environment (MOE) Guide to Environmental Assessment Requirements for Electricity Projects provides a guide to assist proponents in comprehending the environmental assessment ("EA") requirements of Ontario Regulation (O. Reg.) 116/01 Electricity Projects under the Ontario *Environmental Assessment Act*. The proposed Transmission Line is 230 kV of approximately 17 km length and is not associated with a generation facility. It is therefore considered a Category B Project. Category B Projects are required to follow the process under Ontario Hydro's (now Hydro One) Class Environmental Assessment for Minor Transmission Line Facilities.

RRR entered into a Voluntary Agreement with the Ontario Ministry of the Environment (MOE) on May 4, 2012, to conduct a Provincial Individual EA for the RRP that will meet the requirements of the *Ontario Environmental Assessment Act*. RRR initiated the Provincial EA process, through the submission of a draft Terms of Reference (ToR) to facilitate ongoing public consultation on the RRP. The Proposed ToR, as subsequently amended, was approved by the Ontario Minister of the Environment on May 15, 2013.

RRR has completed the draft EA report in accordance with the Approved ToR and *The Code of Practice: Preparing and Reviewing Environmental Assessments in Ontario (June 2007)*. The draft EA report was made available for comment on July 19 2013 for a 30-day period, and could be downloaded from the internet or viewed at several public review locations.

b) Federal Environmental Assessment

Although the transmission line itself is not identified under the *Canadian Environmental Assessment Act* (CEAA) 2012 Regulations Designating Physical Activities, the potential application of CEAA 2012 to mine was identified based on the following Activities identified in Regulation:

- Section 8: *The construction, operation, decommissioning and abandonment of a facility for the extraction of 200,000 m³/a or more of ground water....*

- Section 15(d): *The construction, operation, decommissioning and abandonment of a gold mine, other than a placer mine, with an ore production capacity of 600 t/d or more.*

Based on these criteria, RRR submitted a Project Description, which included the transmission line and facilities, to the Canadian Environmental Assessment Agency ("**CEA Agency**") that was subsequently approved on August 31, 2012. Based on the Project Description, the CEA Agency confirmed that a Federal EA was required and issued draft Environmental Impact Statement (EIS) Guidelines on October 19, 2012 to help identify the scope of the EA required for the RRP. On December 18, 2012 RRR was informed that a Standard Assessment would be required for the RRP and final EIS Guidelines were issued by the CEA Agency. The draft EA report was developed to fulfill the requirements of the EIS Guidelines.

c) Consultation

RRR requested advice from the Ministry of Northern Development and Mines ("**MNDM**") in 2010 and again in 2011 as to which Aboriginal groups should be engaged regarding the RRP due to potential impacts of exploration and mine development on Aboriginal or Treaty rights. Following advice provided by MNDM at the time, RRR engaged the following nine First Nations, along with the Métis Nation of Ontario (MNO), that could be affected by RRP:

- Anishinaabeg of Naongashing (Big Island) First Nation
- Couchiching First Nation
- Lac La Croix First Nation
- Mishkosiminiziibiing (Big Grassy River) River First Nation
- Mitaanjigamiing First Nation
- Naicatchewenin First Nation
- Nigigoonsiminikaaning First Nation
- Rainy River First Nations
- Seine River First Nation
- Sunset Country Métis

In May 2012, the Provincial government updated the list of Aboriginal groups, see list below, RRR was to consult or notify about mine development:

- Anishinaabeg of Naongashing (Big Island) First Nation
- Mishkosiminiziibiing (Big Grassy River) River First Nation
- Métis – Rainy River Lake of the Woods RCC Region #1
- Naicatchewenin First Nation
- Naotkamegwanning (Whitefish Bay) First Nation
- Ojibways of Onigaming First Nation
- Rainy River First Nations
- Buffalo Point First Nation
- Anishinabe of Wauzhushk Onigum First Nation (Rat Portage)*
- Couchiching First Nation*
- Lac La Croix First Nation*

RRR and the Naicatchewenin First Nation, Rainy River First Nations, Mitaanjigamiing First Nation, Couchiching First Nation, Lac La Croix First Nation and Seine River First Nation announced on April 3, 2012 the signing of a Participation Agreement ("**PA**") with respect to the development and operation of the RRP. The PA is the culmination of negotiations initiated by the parties pursuant to a Memorandum of Understanding entered into in May of 2010.

Land

RRR is in the process of acquiring additional land rights and is not aware of any issue that would prevent the acquisition of the necessary land rights to complete the Project. An easement agreement to be offered to landowners is provided at Exhibit B, Tab 6, Schedule 5.

* Notification Only

LIST OF INTERESTED PARTIES

The list of interested parties in the RRP and the Rainy River Powerline Project has been compiled from landowners, rights holders and industry organizations and First Nations and Métis that have been involved in the environmental assessment process regarding the RRP and the Transmission Line. Rights holders include the holders of timber licenses, bait-line licenses and trap-line licenses. Hydro One and the IESO are also interested parties as a result of the inter-connection to the 230kV transmission grid.

This schedule is being filed in confidence due to the personal information of identifiable individuals. A copy of the landownership map has been provided in confidence at Exhibit B, Tab 6, Schedule 4, Attachment 1. A redacted version is available in the copy of the Application filed on the public record.

Table A.3.2-1 List of Interested Parties.

INTERESTED PARTY	CONTACT INFORMATION
Rainy River Resources Ltd.	1 Richmond Street West, Suite 701 Toronto, ON M5H 3W4 Attention: Land and Corporate Manager Tel: (416) 645-7285
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Her Majesty the Queen in the Right of the Province of Ontario represented by the Minister of Transportation and Communication	c/o Ontario Ministry of Transportation Northwestern Region - Property Section/Corridor Management 615 James Street South Thunder Bay, ON P7E 2V5 Tel: (807) 473-2000
[REDACTED]	[REDACTED]

INTERESTED PARTY	CONTACT INFORMATION
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Hydro One Networks Inc.	Independent Electricity System Operator 483 Bay Street North Tower, 15 th Floor Reception Toronto, ON M5G 2P5
Ontario Power Generation Inc.	700 University Avenue Toronto, ON M5G 1X6 Attention: Manager – Real Estate Services
Ministry of Northern Development and Mines	Mining Lands Section 3 rd Floor, 933 Ramsey Lake Road Sudbury, ON P3E 6B5 Attention: Mr. Tony Scarr, Manager – Technical Services Unit / Ms. Julie McFarling, Lands Technician Tel: (705) 670-5738
Ministry of Natural Resources Responsible for Timber licenses and Crown land.	922 Scott Street Fort Frances, ON P9A 1J4 Tel: (807) 274-5337
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

INTERESTED PARTY	CONTACT INFORMATION
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	
Independent Electricity System Operator	655 Bay Street Suite 410 P.O. Box 1 Toronto, ON M5G 2K4 Tel: 905-403-4291 Attention: Tam Wagner, Sr. Regulatory Analyst
Anishinaabeg of Naongashing (Big Island) First Nation	1 Main Road Box 335 Morson, ON P0W 1J0 Telephone: (807) 488-5602 Toll Free: 1 888 238 0102 Fax: (807) 488-5492 Chief Wesley Big George
Couchiching First Nation	107 Highway 11 East RMB 2027 R.R. #2 Fort Frances, ON P9A 3M3 Phone: (807) 274 – 3228 chuckmcp@vianet.ca
Lac La Croix First Nation	Street A Box 640 Fort Frances, ON P9A 3M9 Phone: 807-485-2431 x2222 Fax: 807-485-2583 reception@llcfn.ca

INTERESTED PARTY	CONTACT INFORMATION
Mishkosiminiziibiing (Big Grassy River) River First Nation	Box 414 410 Anishinabe Way Morson, ON P0W 1J
Mitaanjigamiing First Nation	P.O. Box 609 Fort Frances, ON P9A 3M9 Telephone: (807) 274-2188 Toll Free: 1-888-389-6839 Chief Janice Henders
Naicatchewenin First Nation	186 Main Community Road R.R.# 1 Box 15 Devlin, ON P0W 1C0 Phone: (807) 486-3407 Fax: (807) 486-3704 Wayne.smith@bellnet.ca
Nigigoonsiminikaaning First Nation	P.O. Box 68 Fort Frances, ON P9A3M5
Rainy River First Nations	P.O. Box 450 Emo, ON P0W 1E0 Phone: 807-482-2479 Fax: 807-482-2603 Chief Jim Leonard
Seine River First Nation	33 Riverside Road West P.O. Box 124, Mine Centre, ON P0W 1H0 Phone: 807-599-2224 Fax: 807-599-2865 daniel.warren@bellnet.ca
Sunset Country Métis	426 Victoria Ave Fort Frances, ON P9A 2C3
Métis – Rainy River Lake of the Woods RCC Region #1	Box 403 Fort Frances, ON P9A 3M7 Phone: 807-274-1386 Fax: 807-274-9773 danao@metisnation.org

INTERESTED PARTY	CONTACT INFORMATION
Naotkamegwanning (Whitefish Bay) First Nation	Pawitik Post Office, Pawiti, ON P0X 1L0 Phone: 807-226-5411 Fax: 807-226-5389 Naot@Naotkamegwanning.ca
Ojibways of Onigaming First Nation	PO BOX 160 Nestor Falls, ON P0X 1K0 Phone: 807-484-2162 Fax: 807-484-2737 Chief Bob Kelly
Buffalo Point First Nation	PO Box 1037 Buffalo Point, MB R0A 2W0 Phone: 204-437-2133 Fax: 204-437-2688 reception@buffalopoint.mb.ca
Anishinabe of Wauzhushk Onigum First Nation (Rat Portage)	PO Box 1850 Kenora, ON P9N 3X8 Phone: 807-548-5663 Fax: 807-548-4877

16203359.1

LETTERS OF ACKNOWLEDGMENT AND DIRECTION

(to be updated)

NOTICE OF APPLICATION AND AFFIDAVIT OF SERVICE

(to be updated)

PROCEDURAL ORDERS

None at time of Application (to be updated)

WITNESS CVS

(To be provided)

PROPONENT, LOCATION AND PROJECT

Proponent

RRR is a Canadian precious metals exploration company whose key asset is the RRP, a large gold system centred in Richardson Township. RRR was listed on the Toronto Stock Exchange main board under the symbol "RR" prior to being acquired by New Gold Inc. As at June 30, 2013, as filed on SEDAR, RRR had approximately \$80 million in cash and cash equivalents. A copy of its most recent securities filings financials may be found at Exhibit B, Tab 1, Schedule 1, Attachment 1. Further information on RRR may be found at <http://www.rainyriverresources.com>.

RRR is forecasting a construction spend of \$713.5 million and 2,415 person-years of direct employment and another 1,252 person-years of indirect employment and 883 person-years of induced employment. It is expected that the operational life of the mine will be from 2016 to 2031 with approximately 727 employees during an average year.

New Gold and RRR jointly announced on July 24, 2013 that 89.2 million common shares of RRR had been validly deposited in response to New Gold's offer to acquire all of the outstanding shares of RRR. New Gold is an intermediate gold mining company. The company has a portfolio of four producing assets and two significant development projects. The combination of the New Afton Mine in Canada, the Cerro San Pedro Mine in Mexico, the Mesquite Mine in the United States and the Peak Mines in Australia positions New Gold as one of the lowest cost producers in the industry. In 2013, the company is forecasting between 440,000 and 480,000 ounces of gold production. In addition to its four operating mines, New Gold owns 100% of the Blackwater project in Canada and 30% of the world-class El Morro project located in Chile. A copy of its most recent securities filings financials may be found at Exhibit B, Tab 1, Schedule 1, Attachment 1. Further information on New Gold may be found at www.newgold.com.

1 **RRP Location**

2 The RRP is centered in the Township of Chapple in the Territorial District of Rainy River in
3 northwestern Ontario, approximately 65 kilometres north of Fort Frances, 162 kilometres south
4 of Kenora and 418 kilometres west of Thunder Bay. The inter-connection to the Hydro One
5 transmission system will occur approximately 51km from Fort Frances near Panorama Lake
6 north of Highway 615. A map of the detailed route of the RRP may be found at Exhibit B, Tab 2
7 Schedule 2.

8 **Figure 1 – RRP Location**



1 **RRP Overview**

2 The following summary provides a brief overview of the magnitude of the development of the
3 RRP and provides some highlights:

- 4 • Proven and Probable Mineral Reserves of **4.0** million ounces of gold and **10.3** million
5 ounces of silver.
- 6 • According to the April 2013 Feasibility Study average annual production of 326,000
7 of gold and 494,000 ounces of silver over the first 10 years of a combined open pit
8 and underground mining operation is anticipated.
- 9 • Initial pre-production capital costs of **\$713** million.
- 10 • Total open pit sustaining capital costs of **\$322** million (tailings facilities, overburden,
11 waste removal, and equipment).
- 12 • Underground development capital costs of **\$68** million, commencing in 2016, funded
13 by operating cash flows.
- 14 • Underground sustaining capital costs of **\$95** million (development, infrastructure and
15 equipment).
- 16 • An open pit mine with approximately 20,000 tonnes per day of ore production.
- 17 • An underground mine with approximately 2,000 tonnes per day of ore production

18 **The Transmission Line**

19 The maximum power demand of the Transmission Line is estimated at 56.9 MW. The inter-
20 connection to the Hydro One grid, the K24F circuit, will occur north of Highway 615 and
21 southwest of Panorama Lake. The 230kV line will travel approximately 17km south and west to
22 the mine. The main 230–27.6 kV substation will be located near the concentrator building at the
23 mine. The electrical distribution to the site infrastructure will consist of a dedicated 27.6 kV
24 overhead line distribution network, equipped with 4/0 ACSR conductors.

- 1 Further details on the selection process of the technical elements of the Rainy River Powerline
- 2 Project may be found in the SIA at Exhibit B, Tab 3, Schedule 1 and Exhibit B, Tab 6, Schedule
- 3 2 respectively.



RAINY RIVER RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

FOR THE THREE AND SIX MONTHS ENDED
June 30, 2013

(Unaudited)

Rainy River Resources Ltd.
Condensed Interim Consolidated Balance Sheets
(Unaudited)

ASSETS		June 30, 2013	December 31, 2012
Current assets			
Cash and cash equivalents	Note 4	\$ 80,437,330	\$ 102,118,421
Receivables	Note 6	521,738	1,430,993
Prepaid expenses		95,695	87,392
		81,054,763	103,636,806
Non-current assets			
Investments	Note 5	131,579	263,158
Mineral properties, plant & equipment	Note 7	56,863,319	53,132,217
		\$ 138,049,661	\$ 157,032,181
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 7,022,930	\$ 6,550,813
Current portion of lease obligation	Note 12	38,863	38,863
		7,061,793	6,589,676
Non-current			
Lease obligation	Note 12	72,786	92,724
		7,134,579	6,682,400
SHAREHOLDERS' EQUITY			
Share capital	Note 11	326,851,188	325,566,869
Contributed surplus	Note 11	31,442,975	30,132,547
Obligation to issue shares	Note 11	69,654	706,691
Accumulated deficit		(227,448,735)	(206,056,326)
		130,915,082	150,349,781
		\$ 138,049,661	\$ 157,032,181

Commitments (Note 12)**Subsequent events (Note 17)****APPROVED ON BEHALF OF THE DIRECTORS:***Signed "Dale C. Peniuk"**Signed "Raymond W. Threlkeld"***Dale C. Peniuk, Director****Raymond W. Threlkeld, Director***The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

Rainy River Resources Ltd.
Condensed Interim Consolidated Statements of Loss
(Unaudited)

		For the three months ended June 30,		For the six months ended June 30,	
		2013	2012	2013	2012
Expenses					
Exploration and evaluation	Note 8	\$ 7,365,224	\$ 15,844,120	\$ 15,905,202	\$ 32,572,423
General and administration	Note 8	3,688,289	2,430,927	6,083,787	5,214,534
Finance expense	Note 12	1,528	2,034	3,188	2,763
Impairment loss on available-for-sale investments	Note 5	-	-	131,579	-
Finance income	Note 9	(390,724)	(564,657)	(731,347)	(886,897)
Loss for the period		\$ (10,664,317)	\$ (17,712,424)	\$ (21,392,409)	\$ (36,902,823)
Basic and diluted loss per share	Note 10	\$ (0.10)	\$ (0.20)	\$ (0.21)	\$ (0.42)

**Condensed Interim Consolidated Statements of
Comprehensive Loss**
(Unaudited)

		For the three months ended June 30,		For the six months ended June 30,	
		2013	2012	2013	2012
Loss for the period		\$ (10,664,317)	\$ (17,712,424)	\$ (21,392,409)	\$ (36,902,823)
Other comprehensive loss					
Unrealized loss on available-for-sale investments, net of tax		-	(123,888)	-	(137,777)
Reclassification of unrealized losses on disposal of available-for-sale investments		-	12,000	-	12,000
Other comprehensive loss for the period		-	(111,888)	-	(125,777)
Comprehensive loss for the period		\$ (10,664,317)	\$ (17,824,312)	\$ (21,392,409)	\$ (37,028,600)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Rainy River Resources Ltd.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
Six months ended June 30, 2013

(Unaudited)

		Share capital		Contributed surplus	Obligation to issue shares	Accumulated other comprehensive loss	Accumulated deficit	Total
		Number of shares	Share capital					
Balance at January 1, 2013		99,904,050	\$ 325,566,869	\$ 30,132,547	\$ 706,691	\$ -	\$ (206,056,326)	150,349,781
Loss for the period		-	-	-	-	-	(21,392,409)	(21,392,409)
Other comprehensive loss		-	-	-	-	-	-	-
Comprehensive loss for the period		-	-	-	-	-	(21,392,409)	(21,392,409)
Stock based compensation	Note 11c,e	-	-	1,310,428	45,249	-	-	1,355,677
Receipts under employee share purchase plan ("ESPP")	Note 11e	-	-	-	90,497	-	-	90,497
Shares issued to employees under ESPP	Note 11e	37,259	129,926	-	(129,926)	-	-	-
Share issued in connection with community development objectives	Note 11d	254,664	642,857	-	(642,857)	-	-	-
Property option agreements and mineral property purchases	Note 11b (ii)	199,831	511,536	-	-	-	-	511,536
Balance at June 30, 2013		<u>100,395,804</u>	<u>\$ 326,851,188</u>	<u>\$ 31,442,975</u>	<u>\$ 69,654</u>	<u>\$ -</u>	<u>\$ (227,448,735)</u>	<u>\$ 130,915,082</u>
Balance at January 1, 2012		84,016,582	\$ 235,034,032	\$ 23,723,439	\$ 74,714	\$ (97,222)	\$ (140,107,991)	\$ 118,626,972
Loss for the period		-	-	-	-	-	(36,902,823)	(36,902,823)
Other comprehensive loss		-	-	-	-	(125,777)	-	(125,777)
Comprehensive loss for the period		-	-	-	-	(125,777)	(36,902,823)	(37,028,600)
Stock based compensation	Note 11c,e	-	-	3,003,181	156,297	-	-	3,159,478
Stock options exercised		23,334	96,668	-	-	-	-	96,668
Reclassification of fair value of options exercised		-	54,644	(54,644)	-	-	-	-
Fair value of warrants issued for mineral properties	Note 11c	-	-	379,210	-	-	-	379,210
Warrants exercised		3,646,450	25,889,795	-	-	-	-	25,889,795
Share issued in connection with community development objectives	Note 11d	114,954	642,858	-	-	-	-	642,858
Property option agreements and mineral property purchases	Note 11b (ii)	861,892	4,329,686	-	-	-	-	4,329,686
Balance at June 30, 2012		<u>88,663,212</u>	<u>\$ 266,047,683</u>	<u>\$ 27,051,186</u>	<u>\$ 231,011</u>	<u>\$ (222,999)</u>	<u>\$ (177,010,814)</u>	<u>\$ 116,096,067</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Rainy River Resources Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

	For the six months ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (21,392,409)	\$ (36,902,823)
Items not involving cash:		
Amortization	203,516	181,509
Interest accrual on short-term investments	-	(48,904)
Impairment loss on investments	Note 5 131,579	-
Loss on disposal of investments	Note 7 -	24,000
Stock-based compensation	Note 11c 1,355,677	3,159,478
Employee share purchase plan	Note 11e 90,497	-
Shares for community-development expenses	Notes 11d -	672,858
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	472,117	2,562,099
Receivables	Note 6 909,255	(170,611)
Prepaid expenses	(8,303)	(49,208)
Cash flows used in operating activities	(18,238,071)	(30,571,602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of share capital	Note 11b -	25,986,463
Cash flows provided by financing activities	-	25,986,463
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of short-term investments	-	46,186,027
Purchase of mineral properties, plant & equipment	(3,443,020)	(11,367,042)
Cash flows provided by (used in) investing activities	(3,443,020)	34,818,985
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(21,681,091)	30,233,846
Cash and cash equivalents - beginning of period	102,118,421	30,267,342
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 80,437,330	\$ 60,501,188

Supplemental disclosure with respect to cash flows (Note 4)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

RAINY RIVER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2013
(Unaudited)

1. CORPORATE INFORMATION

Rainy River Resources Ltd. (the “Company” or “Rainy River”) is incorporated under the laws of British Columbia, is domiciled in Canada, is a corporation publicly listed on the Toronto Stock Exchange (“TSX”) and is engaged in gold mineral exploration. The Company’s focus is its 100%-owned Rainy River Gold Project located in northwestern Ontario. The address of the Company’s head office is 1 Richmond Street West, Suite 701, Toronto, Ontario, Canada, M5H 3W4. The address of the Company’s registered and records office is 1620 West 8th Avenue, Suite 302, Vancouver, British Columbia, Canada, V6J 1V4.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of the Canadian Institute of Chartered Accountants, including IAS 34 *Interim Financial Reporting*.

These condensed interim consolidated financial statements do not include all disclosures required by IFRS for annual consolidated financial statements and, accordingly, should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2012 prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were approved by the Company’s Audit Committee on August 13, 2013.

3. ACCOUNTING POLICIES

Changes in accounting policies

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as the Company’s consolidated financial statements for the year ended December 31, 2012, except for changes described below.

Effective January 1, 2013, the Company adopted the following new standards. These changes were made in accordance with the applicable transitional provisions:

IFRS 10 *Consolidated Financial Statements* – This new consolidation standard changes the definition of control in such a way that harmonizes the definition of control across different types of entities. The Company’s consolidation of its subsidiaries was unchanged as a result of IFRS 10.

IFRS 13 *Fair Value Measurement* – This new standard provides a definition of fair value and guidance on how to measure fair value, as well as a requirement for enhanced disclosures. The measurement basis and disclosure of the Company’s assets and liabilities was unaffected by IFRS 13.

RAINY RIVER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2013
(Unaudited)

4. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012
Cash	\$ 1,963,743	\$ 761,680
Cashable guaranteed investment certificates	78,473,587	101,356,741
Total cash and cash equivalents	\$ 80,437,330	\$ 102,118,421

Guaranteed investment certificates included within cash equivalents consist of 30-day cashable guaranteed investment certificates within a managed portfolio with a Canadian chartered bank.

For the six months ended June 30, 2013, the Company's significant non-cash financing and investing transactions consisted of the issuance of common shares valued at \$511,536 (2012 - \$4,972,544) as instalments under mineral property option agreements and for the purchase of mineral property interests.

5. INVESTMENTS

At June 30, 2013, investments consist of shares of Northern Superior Resources Inc. ("Northern Superior") with an original cost of \$500,000 (\$500,000 as at December 31, 2012). These shares are classified as available-for-sale investments and are reported at fair value, reflecting their quoted share price as at the balance sheet date.

The Company determined that the investments were impaired as at December 31, 2012 and March 31, 2013 and, as a result, for the six months ended June 30, 2013 an impairment loss of \$131,579 (2012 - \$nil) was recorded in the condensed interim consolidated statement of loss.

6. RECEIVABLES

	June 30, 2013	December 31, 2012
HST receivable	\$ 521,738	\$ 1,415,744
Other receivables	-	15,249
Total accounts receivable	\$ 521,738	\$ 1,430,993

RAINY RIVER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2013
(Unaudited)

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Mineral property acquisition costs	Plant and leasehold improvements	Operating equipment	Office furniture & equipment	Computers and software	Total
COST						
At January 1, 2012	\$ 27,653,964	\$ 595,329	\$ 525,783	\$ 292,196	\$ 476,223	\$ 29,543,495
Additions	25,711,125	275,145	206,884	36,398	20,989	26,250,541
Write-off	(1,600,000)	-	-	-	-	(1,600,000)
At December 31, 2012	51,765,089	870,474	732,667	328,594	497,212	54,194,036
Additions	3,808,050	122,406	-	-	4,163	3,934,619
At June 30, 2013	\$ 55,573,139	\$ 992,880	\$ 732,667	\$ 328,594	\$ 501,375	\$ 58,128,655
ACCUMULATED AMORTIZATION						
At January 1, 2012	\$ -	\$ (65,654)	\$ (275,783)	\$ (105,814)	\$ (241,258)	\$ (688,509)
Charge for the period	-	(87,743)	(90,841)	(30,333)	(164,393)	(373,310)
At December 31, 2012	-	(153,397)	(366,624)	(136,147)	(405,651)	(1,061,819)
Charge for the period	-	(57,732)	(45,792)	(16,430)	(83,563)	(203,517)
At June 30, 2013	\$ -	\$ (211,129)	\$ (412,416)	\$ (152,577)	\$ (489,214)	\$ (1,265,336)
NET BOOK VALUE						
At January 1, 2012	\$ 27,653,964	\$ 529,675	\$ 250,000	\$ 186,382	\$ 234,965	\$ 28,854,986
At December 31, 2012	\$ 51,765,089	\$ 717,077	\$ 366,043	\$ 192,447	\$ 91,561	\$ 53,132,217
At June 30, 2013	\$ 55,573,139	\$ 781,751	\$ 320,251	\$ 176,017	\$ 12,161	\$ 56,863,319

a) Rainy River Gold Project, Ontario ("RRGP")

The Company holds a 100% interest in the RRGP, consisting of patented surface and mining rights, unpatented mining claims and leasehold mining rights, located west of Fort Frances, in the southwest corner of northern Ontario.

The Company has entered into several additional property option agreements in the Rainy River district which, together with the aforementioned property, make up the entire RRGP. A portion of the property is subject to a 10% net profits interest.

During the period from September 2005 to June 30, 2013, the Company entered into various agreements respecting mineral properties and community development objectives. Under the agreements relating to mineral properties, the Company has an option to earn a 100% interest, subject to a 2% net smelter return royalty (3% on one property), in certain patented mineral and surface rights in various townships in the Rainy River district, by making cash payments totaling \$4,806,000 (\$3,937,727 paid as at June 30, 2013) and issuing a total of 2,029,500 common shares (1,759,500 issued as at June 30, 2013 at a total value of \$8,550,514) over the period to September 2016.

RAINY RIVER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2013
(Unaudited)

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

a) Rainy River Gold Project, Ontario (Cont'd)

During the six months ended June 30, 2013, the Company purchased the surface and mineral rights to certain properties within the RRGP for cash and common share consideration totaling \$3,301,515 (2012 – \$14,009,217). This amount is included in the total of \$3,808,050 representing additions to the mineral property acquisition costs in the six months ended June 30, 2013, which also includes cash and the value of shares issued as instalments under mineral property option agreements.

b) TPK Property, Ontario

On December 20, 2012, the Company announced that it had elected not to complete the exercise of its option to earn into a 51% interest in the TPK Property. This decision resulted in the write-off of mineral property acquisition costs in the amount of \$1.6 million, during the year ended December 31, 2012.

8. SUPPLEMENTARY DISCLOSURE OF EXPENSE INFORMATION

a) Exploration and evaluation expenses

By project:

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Rainy River Gold Project exploration	\$ 4,919,817	\$ 11,873,145	\$ 9,284,706	\$ 23,452,244
Rainy River Gold Project engineering and environment	2,445,407	3,629,328	6,620,496	6,653,905
TPK Property exploration	-	334,488	-	2,452,646
Mud Creek Property exploration	-	7,159	-	13,628
Total exploration and evaluation expense	\$ 7,365,224	\$ 15,844,120	\$ 15,905,202	\$ 32,572,423

By nature:

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Drilling & assaying	\$ 3,479,949	\$ 9,101,605	\$ 6,441,209	\$ 19,268,997
Other exploration and site costs	1,175,877	2,611,322	2,512,651	5,501,912
Geotechnical, metallurgical and other studies	199,622	1,113,694	262,701	2,809,466
Feasibility study	372,391	589,705	1,809,833	1,198,553
Environmental baseline monitoring	65,537	349,533	655,088	602,881
Other engineering & environmental costs	1,914,523	1,576,396	3,892,906	2,043,005
Stock based compensation Note 11c, e	157,325	501,865	330,814	1,147,609
Total exploration and evaluation expense	\$ 7,365,224	\$ 15,844,120	\$ 15,905,202	\$ 32,572,423

RAINY RIVER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2013
(Unaudited)

8. SUPPLEMENTARY DISCLOSURE OF EXPENSE INFORMATION (Cont'd)

b) General and administrative expenses

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Office and general	\$ 1,521,411	\$ 994,737	\$ 2,825,526	\$ 2,217,996
Professional fees	1,459,847	225,605	1,835,444	497,454
Communication and travel	99,341	160,949	194,438	305,706
Amortization	102,085	91,672	203,516	181,509
Stock based compensation	Note 11c, e 505,605	957,964	1,024,863	2,011,869
General and administrative expenses	\$ 3,688,289	\$ 2,430,927	\$ 6,083,787	\$ 5,214,534

9. FINANCE INCOME

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Interest income	\$ 390,724	\$ 588,657	\$ 731,347	\$ 910,897
Loss on disposal of investments	-	(24,000)	-	(24,000)
Finance income	\$ 390,724	\$ 564,657	\$ 731,347	\$ 886,897

10. LOSS PER SHARE

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Loss for the period	\$ (10,664,317)	\$ (17,712,424)	\$ (21,392,409)	\$ (36,902,823)
Weighted average number of shares	100,263,893	88,253,266	100,102,511	86,968,259
Basic and diluted loss per share	\$ (0.10)	\$ (0.20)	\$ (0.21)	\$ (0.42)

11. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Issued and fully paid

During the six months ended June 30, 2013:

- (i) The Company did not receive any proceeds from the exercise of warrants (2012 – received \$25,889,795 from the exercise of 3,646,450 warrants); and

RAINY RIVER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2013
(Unaudited)

11. SHARE CAPITAL (Cont'd)

b) Issued and fully paid (Cont'd)

- (ii) The Company issued a total of 199,831 common shares at a fair value of \$511,536 (2012 – issued 976,846 shares at a fair value of \$4,972,544) in connection with mineral properties at the RRGP, including:
- a. the issuance of 85,000 shares at a fair value of \$261,536 (2012 – issued 85,000 shares at a fair value of \$486,411) in connection with mineral property option agreements relating to the RRGP (Note 7a); and
 - b. the issuance of 114,831 shares at a fair value of \$250,000 (2012 – issued 776,892 shares at a fair value of \$3,843,245) as consideration for purchases of land, surface and mineral rights at the RRGP.

c) Stock options and warrants

The Company has a shareholder-approved, rolling stock option plan, whereby, from time to time, at the discretion of the Board of Directors, stock options may be granted to directors, officers, employees and consultants. The number of shares reserved for issuance under the stock option plan and the Company's employee share purchase plan (Note 11e) shall not exceed 10% of the issued and outstanding common shares of the Company. The exercise price of each option is based on the market price of the Company's common shares at the date of the grant. The options may be granted for a maximum of five years and vesting is determined at the time of grant by the Board of Directors.

Stock options are summarized as follows:

	Number of options	Weighted average exercise price
Outstanding, January 1, 2012	8,243,469	\$6.02
Granted	1,855,000	4.95
Exercised	(26,668)	4.25
Expired/forfeited	(229,166)	6.68
Outstanding, January 1, 2013	9,842,635	5.81
Expired/forfeited	(6,667)	12.65
Outstanding, June 30, 2013	9,835,968	\$5.80
Exercisable, June 30, 2013	8,119,302	\$5.84

RAINY RIVER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2013
(Unaudited)

11. SHARE CAPITAL (Cont'd)

c) Stock options and warrants (Cont'd)

The following details the vested and exercisable and total outstanding stock options and warrants at June 30, 2013, by exercise-price range:

Vested and exercisable options				All outstanding options			
Exercise price range	Vested and exercisable options	Remaining contractual life (years)	Weighted average exercise price	Exercise price range	Outstanding options	Remaining contractual life (years)	Weighted average exercise price
\$0.83 - \$2.00	2,331,800	0.5	\$1.60	\$0.83 - \$2.00	2,331,800	0.5	\$1.60
\$2.01 - \$4.91	1,335,000	2.6	\$3.41	\$2.01 - \$4.81	2,480,000	3.5	\$4.06
\$5.00 - \$6.18	956,668	1.7	\$5.51	\$5.00 - \$6.18	956,668	1.7	\$5.51
\$6.75 - \$7.28	1,513,334	3.1	\$7.07	\$6.75 - \$7.28	2,070,000	3.2	\$7.10
\$9.15 - \$12.65	1,982,500	2.5	\$11.69	\$9.15 - \$12.65	1,997,500	2.5	\$11.68
Totals	8,119,302	2.0	\$5.84	Totals	9,835,968	2.3	\$5.80
Warrants							
\$10.00	100,000	3.6	\$10.00	\$10.00	100,000	3.6	\$10.00

Vesting of options may be accelerated under certain conditions pertaining to a change of control of the Company. Refer to subsequent events (Note 17).

During the six months ended June 30, 2013, the Company did not grant any stock options (2012 – granted 150,000 stock options). The vesting periods of option grants range from date of grant to a period of two years. For the six months ended June 30, 2013, the Company recorded a total of \$1,310,428 (2012 - \$3,003,181) as stock-based compensation expense from option grants, \$45,249 (2012 – \$nil) relating to the obligation to issue shares under its ESPP, and \$nil (2012 – \$156,297) pertaining to the obligation to issue shares pursuant to employment contracts.

In February 2012, the Company issued 100,000 warrants as consideration for the purchase of surface and mineral rights within the RRGp. The warrants have an exercise price of \$10.00 and will expire on February 2, 2017. At the time of issuance, the warrants had an estimated fair value of \$3.79 per warrant based on the Black-Scholes option pricing model; accordingly, \$379,210 was credited to contributed surplus during the year ended December 31, 2012. The pricing parameters reflected in the Black-Scholes calculation included a risk-free interest rate of 0.97%, an expected life of 3.7 years, expected stock volatility of 70%, a forfeiture rate of 0%, and no dividend yield. Refer to subsequent events (Note 17).

RAINY RIVER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2013
(Unaudited)

11. SHARE CAPITAL (Cont'd)

c) Stock options and warrants (Cont'd)

The fair value of stock options granted is estimated on the grant/issue date using the Black-Scholes option pricing model. The weighted-average assumptions used in the calculation of fair values of options granted are as follows:

	June 30, 2013	December 31, 2012
Exercise price of options granted ¹	-	\$4.95
Risk-free interest rate	-	0.97%
Expected life	-	3.0 years
Expected stock volatility ²	-	51%
Expected forfeiture rate	-	5%
Expected dividend yield	-	Nil

1 – The exercise price approximates the market share price at the time of grant.

2 – Expected stock volatility assumptions are determined based on actual historic stock volatilities measured over periods that equal the expected lives of corresponding option grants.

d) Commitments to issue shares

During 2012, the Company entered into an agreement that requires it to issue shares in connection with community development objectives in the Rainy River district. The Company issued 254,664 shares at a fair value of \$642,857 during the three months ended June 30, 2013 in connection with this agreement.

e) Employee share purchase plan (“ESPP”)

During the six months ended June 30, 2013, the Company received \$90,497 (2012 - \$nil) from employees under the ESPP, which is recorded as an obligation to issue shares as at June 30, 2013 and is presented within operating activities in the condensed interim consolidated statement of cash flows for the six months ended June 30, 2013. Company-matched contributions during the six months ended June 30, 2013 were \$45,249, which is recorded as an obligation to issue shares as at June 30, 2013 and as stock-based compensation expense for the six months ended June 30, 2013. During the six months ended June 30, 2013, 37,259 common shares were issued under the ESPP, at a value of \$129,926.

12. COMMITMENTS

The Company does not have any significant commitments pertaining to acquisitions of mineral properties, plant and equipment, as at June 30, 2013.

On March 5, 2012, the Company entered into a finance lease transaction with respect to a piece of operating equipment. The lease has a four-year term, carries an interest rate of 5.17%, and transfers ownership of the equipment to the Company for consideration of \$1, at the end of the term. As at June 30, 2013, the net carrying amount of the finance lease was \$111,649, representing the present value of future minimum lease payments, of which \$38,863, representing the current portion of the obligation, is reported in current liabilities. During the six months ended June 30, 2013, the Company incurred finance expense of \$3,188 (2012 - \$2,763), representing interest expense incurred on this finance lease.

RAINY RIVER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2013
(Unaudited)

13. COMPENSATION OF KEY MANAGEMENT

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Salaries and short-term employee benefits	\$ 1,412,465	\$ 803,578	\$ 2,405,707	\$ 1,587,192
Stock-based compensation	522,068	1,072,144	1,059,355	2,278,257
	\$ 1,934,533	\$ 1,875,722	\$ 3,465,062	\$ 3,865,449

Key management includes directors and officers of the Company. During the six months ended June 30, 2013, the Company accrued bonuses to certain members of senior management pursuant to the Company's merit-based incentive program.

14. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and related parties are disclosed below.

During the six months ended June 30, 2013, the Company paid or accrued consulting fees in lieu of salary and bonuses of \$231,950 (2012- \$183,732) to a company controlled by the Company's Vice President and General Counsel, who is also a director.

As at June 30, 2013, accounts payable and accrued liabilities includes \$23,091 due to related parties (December 31, 2012 - \$nil).

The foregoing transactions were in the normal course of operations and were concluded on terms that prevailed in arm's length transactions.

15. INCOME TAXES

For the six months ended June 30, 2013, the Company did not have any current or deferred tax expense (2012 - \$nil).

As at June 30, 2013, the material deductible temporary differences for the Company were \$130,029,000 relating to Canadian exploration costs, \$32,918,000 relating to non-capital losses, \$11,668,000 relating to investment tax credits, \$4,623,000 relating to share-issue costs, and \$4,378,000 relating to capital losses.

16. SEGMENTED INFORMATION

The Company operates in one segment being the acquisition and exploration of mineral properties. All of the Company's assets are located in Canada.

RAINY RIVER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2013
(Unaudited)

17. SUBSEQUENT EVENTS

On May 31, 2013, the Company and New Gold Inc. ("New Gold") jointly announced that they had entered into a definitive acquisition agreement, whereby New Gold offered to acquire all of the outstanding common shares of the Company through a takeover bid. Under the terms of the acquisition agreement, New Gold offered, at the election of each holder of the Company's common shares, 0.5 of a common share of New Gold or \$3.83 in cash, in each case subject to proration. In connection with this takeover bid:

- On June 18, 2013, New Gold filed a Takeover Bid Circular and the Company filed a Directors' Circular;
- Effective July 24, 2013, the expiry date of the original takeover bid offer, a total of 3,081,800 in-the-money stock options of the Company were exercised and all out-of-the-money stock options of the Company were cancelled;
- On July 24, 2013, 86% of the Company's common shares were tendered to the New Gold offer under the takeover bid, which was then extended by New Gold to August 8, 2013;
- New Gold took up and paid for the tendered shares on July 29, 2013, constituting a change of control, which generated an obligation of the Company of up to \$9.2 million to senior officers of the Company under their employment agreements, and up to \$2.4 million to senior officers and employees of the Company, representing transition bonus payments;
- The take-up of tendered shares by New Gold led to the resignation and appointment of certain new directors effective July 29, 2013; and
- On August 9, 2013, New Gold announced that 97.5% of the Company's common shares had been tendered to the New Gold offer, as extended, and that New Gold planned to acquire the balance of the Company's common shares not tendered to the offer by way of compulsory acquisition under the Business Corporations Act (British Columbia).

In connection with the transaction with New Gold, the terms of the previously-issued warrant agreement over the 100,000 warrants that entitle the holder to acquire up to 100,000 common shares of the Company at \$10.00 per share were revised under an amendment agreement such that the warrant holder is now entitled to acquire up to 50,000 shares of New Gold at a price of \$20.00 per share. Other terms of the warrants remain unchanged by the amendment agreement.



Condensed Consolidated Financial Statements

For the quarter ended September 30, 2013



Growing Together

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CONDENSED CONSOLIDATED INCOME STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013
(unaudited)

		Three months ended		Nine months ended	
		\$	\$	\$	\$
(In millions of U.S. dollars, except per share amounts)	Note	2013	2012	2013	2012
Revenues		196.0	195.5	581.3	540.4
Operating expenses	5	102.1	88.8	313.8	239.1
Depreciation and depletion		42.7	29.4	124.7	69.9
Earnings from mine operations		51.2	77.3	142.8	231.4
Corporate administration		6.5	3.2	21.1	16.2
Share-based payment expenses	12	2.2	3.3	6.5	8.6
Exploration and business development		12.5	4.7	28.4	12.0
Income from operations		30.0	66.1	86.8	194.6
Finance income	5	0.6	0.2	1.2	1.0
Finance costs	5	(9.1)	(2.3)	(32.0)	(4.9)
Rainy River acquisition costs	4	(4.9)	-	(4.9)	-
Other gains (losses)	5	5.9	(15.6)	39.1	(49.7)
Earnings before taxes		22.5	48.4	90.2	141.0
Income tax expense	13	(10.3)	(30.6)	(26.7)	(65.9)
Net earnings		12.2	17.8	63.5	75.1
Attributable to:					
Equity holders of New Gold Inc.		12.2	17.8	63.5	75.1
Non-controlling interests		-	-	-	-
		12.2	17.8	63.5	75.1
Earnings per share					
Basic	12	0.02	0.04	0.13	0.16
Diluted	12	0.02	0.03	0.13	0.16
Weighted average number of shares outstanding <i>(in millions)</i>					
Basic	12	495.3	462.2	482.9	461.8
Diluted	12	497.9	468.6	486.0	473.6

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013
(unaudited)

		Three months ended		Nine months ended	
		\$	\$	\$	\$
(In millions of U.S. dollars)	Note	2013	2012	2013	2012
Net earnings		12.2	17.8	63.5	75.1
Other comprehensive (loss) income					
Unrealized gains (losses) on mark-to-market of gold contracts	11	-	(27.9)	18.1	(37.2)
Realized gains on settlement of gold contracts	11	-	12.0	13.8	35.7
Reclassification of discontinued gold contracts	11	7.0	-	11.7	-
Unrealized gains (losses) on available-for-sale securities (net of tax)		0.2	0.1	(0.2)	(0.8)
Foreign currency translation adjustment		-	29.1	-	21.5
Deferred Income tax related to gold contracts	11	(2.9)	6.5	(17.8)	0.6
Total other comprehensive income (loss)		4.3	19.8	25.6	19.8
Total comprehensive income		16.5	37.6	89.1	94.9
Attributable to:					
Equity holders of New Gold Inc.		16.5	37.6	89.1	94.9
Non-controlling interests		-	-	-	-
		16.5	37.6	89.1	94.9

All items recorded in other comprehensive income will be reclassified in subsequent periods to net earnings.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

		September 30	December 31
		\$	\$
(In millions of U.S. dollars)	Note	2013	2012
Assets			
Current assets			
Cash and cash equivalents		428.8	687.8
Trade and other receivables	6	19.7	46.9
Inventories	8	189.6	163.3
Current income tax receivable		29.8	6.6
Prepaid expenses and other		7.5	12.9
Total current assets		675.4	917.5
Investments		0.7	1.0
Non-current inventories	8	36.7	32.4
Mining interests	9	3,588.8	3,134.9
Deferred tax assets		192.5	194.1
Other		2.7	3.8
Total assets		4,496.8	4,283.7
Liabilities and equity			
Current liabilities			
Trade and other payables	7	111.6	120.7
Current derivative liabilities	11	-	56.4
Total current liabilities		111.6	177.1
Reclamation and closure cost obligations	14	60.8	68.5
Provisions		12.1	9.5
Non-current derivative liabilities	11	-	54.1
Non-current non-hedged derivative liabilities	11	33.4	80.3
Long-term debt	10	859.7	847.8
Deferred tax liabilities		402.0	322.9
Deferred benefit		46.3	46.3
Other		0.6	0.7
Total liabilities		1,526.5	1,607.2
Equity			
Common shares	12	2,810.6	2,618.4
Contributed surplus		88.2	85.2
Other reserves		(24.9)	(50.5)
Retained earnings		86.9	23.4
Total equity attributable to New Gold Inc. shareholders		2,960.8	2,676.5
Non-controlling interests		9.5	-
Total equity		2,970.3	2,676.5
Total liabilities and equity		4,496.8	4,283.7

Approved and authorized by the Board on October 28, 2013

"Robert Gallagher"

Robert Gallagher, Director

"James Estey"

James Estey, Director

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

		Nine months ended	
		\$	\$
(In millions of U.S. dollars)	Note	2013	2012
Common shares			
Balance, beginning of period		2,618.4	2,464.0
Acquisition of Rainy River	4	183.9	-
Shares issued for exercise of options and warrants	12	8.3	10.9
Balance, end of period		2,810.6	2,474.9
Contributed surplus			
Balance, beginning of period		85.2	80.4
Exercise of options		(3.1)	(3.1)
Equity settled share-based payments		6.1	6.5
Balance, end of period		88.2	83.8
Other reserves			
Balance, beginning of period		(50.5)	(86.4)
Foreign currency translation adjustment		-	21.5
Change in fair value of available-for-sale investments		(0.2)	(0.8)
Change in fair value of hedging instruments (net of tax)		25.8	(0.9)
Balance, end of period		(24.9)	(66.6)
Retained earnings (deficit)			
Balance, beginning of period		23.4	(175.6)
Net earnings		63.5	75.1
Balance, end of period		86.9	(100.5)
Total equity attributable to New Gold Inc. shareholders		2,960.8	2,391.6
Non-controlling interests			
Balance, beginning of period			
Acquisition of Rainy River		9.5	-
Net earnings attributable to non-controlling interests		-	-
Balance, end of period		9.5	-
Total equity		2,970.3	2,391.6

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013
(unaudited)

(In millions of U.S. dollars)	Note	Three months ended		Nine months ended	
		2013	2012	2013	2012
				\$	\$
Operating activities					
Net earnings		12.2	17.8	63.5	75.1
Adjustments for:					
Realized gains (losses) on gold contracts		7.0	(2.5)	8.2	(7.3)
Realized and unrealized foreign exchange losses (gains)	5	(6.7)	3.7	11.8	4.7
Realized and unrealized (gains) losses on non-hedged derivatives	5	(1.6)	11.6	(44.8)	9.1
Unrealized losses (gains) on concentrate contracts		0.3	(1.0)	1.3	(1.0)
Settlement payment of gold hedge contracts	11	-	-	(65.7)	-
Payment of Rainy River acquisition expenses		(12.9)	-	(12.9)	-
Loss on redemption of senior secured notes		-	-	-	31.8
Reclamation and closure costs paid	14	(0.4)	(3.4)	(1.4)	(7.9)
Loss on disposal of assets	5	0.5	0.7	1.7	1.3
Depreciation and depletion		42.8	29.4	125.1	69.5
Equity-settled share-based payment expense	12	1.9	2.2	6.1	6.5
Realized and unrealized (gains) losses on cash flow hedging items	5	-	(0.6)	(9.5)	1.6
Income tax expense	13	10.3	30.6	26.7	65.9
Finance income	5	(0.6)	(0.2)	(1.2)	(1.0)
Finance costs	5	9.1	2.3	32.0	4.9
		61.9	90.6	140.9	253.2
Change in non-cash operating working capital	15	(14.0)	(23.5)	(31.1)	(47.9)
Cash generated from operations		47.9	67.1	109.8	205.3
Income taxes paid		(11.7)	(20.4)	(37.6)	(75.7)
Net cash generated from operations		36.2	46.7	72.2	129.6
Investing activities					
Mining interests		(63.7)	(142.6)	(201.1)	(398.0)
Proceeds received from sale of pre-commercial production inventory		-	7.6	-	7.6
Purchase of additional Blackwater mining claims		-	-	-	(6.0)
Acquisition of Rainy River (net of cash received)	4	(107.2)	-	(107.2)	-
Recovery of reclamation deposits		-	-	-	8.9
Interest received		0.4	0.2	0.8	0.8
Cash used in investing activities		(170.5)	(134.8)	(307.5)	(386.7)
Financing activities					
Issuance of common shares on exercise of options and warrants	12	0.8	2.9	5.2	7.7
Redemption of senior secured notes		-	-	-	(197.6)
Proceeds from issuance of senior notes		-	-	-	300.0
Financing initiation costs		-	-	(0.3)	(8.0)
Interest paid		-	-	(26.3)	(7.6)
Cash generated (used) by financing activities		0.8	2.9	(21.4)	94.5
Effect of exchange rate changes on cash and cash equivalents		(0.2)	2.4	(2.3)	0.8
Decrease in cash and cash equivalents		(133.7)	(82.8)	(259.0)	(161.8)
Cash and cash equivalents, beginning of the period		562.5	230.4	687.8	309.4
Cash and cash equivalents, end of the period		428.8	147.6	428.8	147.6
Cash and cash equivalents are comprised of:					
Cash		267.5	48.2	267.5	48.2
Short-term money market instruments		161.3	99.4	161.3	99.4
		428.8	147.6	428.8	147.6

See accompanying notes to the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2013 and 2012

(Amounts expressed in millions of U.S. dollars, except per share amounts and unless otherwise noted)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

New Gold Inc. (the “Company”) and its subsidiaries are gold producers engaged in gold mining and related activities including acquisition, exploration, extraction, processing and reclamation. The Company’s assets are comprised of the New Afton Mine in Canada, the Cerro San Pedro Mine in Mexico, the Mesquite Mine in the United States (“U.S.”), and the Peak Gold Mines in Australia. Significant projects include the Blackwater development project in Canada, the Rainy River development project in Canada and a 30% interest in the El Morro copper-gold development project in Chile.

The Company is a corporation governed by the *Business Corporations Act* (British Columbia). The Company’s shares are listed on the Toronto Stock Exchange and the New York Stock Exchange MKT under the symbol NGD.

The Company’s registered office is located at 1800 – 555 Burrard Street, Vancouver, British Columbia, V7X 1M9, Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2012.

These unaudited interim financial statements should be read in conjunction with the most recently issued Annual Financial Report of the Company which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies were presented as Note 2 to the audited consolidated financial statements for the fiscal year ended December 31, 2012, and have been consistently applied in the preparation of these unaudited condensed consolidated interim financial statements, except as noted in 2(b).

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors of the Company on October 28, 2013.

(b) Changes in accounting policies

The Company has adopted the following new and revised International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) along with any amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 7, Financial Instrument Disclosure (Amended)

IFRS 7, *Financial Instrument Disclosure (Amended)* (“IFRS 7”), requires disclosure about all recognized financial instruments that are offset in accordance with IAS 32 *Financial Instruments: Presentation*. The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The Company has reviewed the amendment and determined that no additional disclosures are currently required.

IFRS 10, Consolidated Financial Statements

IFRS 10, *Consolidated Financial Statements* (“IFRS 10”), replaces the guidance on control and consolidation in IAS 27, *Consolidated Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 requires consolidation of an investee only if the investor possesses the power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11, Joint Arrangements

IFRS 11, *Joint Arrangements* (“IFRS 11”), supersedes IAS 31, *Interests in Joint Ventures*, and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28, *Investments in Associates and Joint Ventures (amended in 2011)*. The other amendments did not affect the Company. The Company has classified its joint arrangements and concluded that the adoption of IFRS 11 did not result in any changes in the accounting for its joint arrangements.

IFRS 12, Disclosure of Interests in Other Entities

IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"), combines the disclosure requirements for the Company's subsidiaries, joint arrangements, associates and unconsolidated structured entities. The requirements of IFRS 12 include reporting on the nature of risks associated with the Company's interests in other entities, and the effects of those interests on the Company's consolidated financial statements. The Company has assessed its disclosure and concluded that the adoption of IFRS 12 did not result in any change in disclosure in these condensed consolidated interim financial statements, however will result in additional disclosure in the year-end financial statements.

IFRS 13, Fair Value Measurement

IFRS 13, *Fair Value Measurement* ("IFRS 13"), provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

IAS 1 Amendment, Presentation of Items of Other Comprehensive Income ("IAS 1")

The Company has adopted the amendments to IAS 1 effective January 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

IAS 19 Employee Benefits (Amended)

IAS 19, *Employee Benefits (Amended)* ("IAS 19") revised accounting for employee benefits. It requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in net earnings. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The adoption of the amendments had no material impact.

IFRIC 20, Stripping Costs in the Production Phase of a Mine

IFRIC 20, *Stripping Costs in the Production Phase of a Mine* ("IFRIC 20"), clarifies the accounting for the costs of stripping activity in the production phase of a mine when two benefits occur: (i) usable ore that can be used to produce inventory and (ii) improved access to further quantities of material that will be mined in future periods. IFRIC 20 includes guidance on transition for pre-existing stripping assets. The adoption of IFRIC 20 did not require any adjustments to the existing accounting for stripping activities and did not result in any measurement adjustments as at January 1, 2013. The adoption supported the Company's current accounting policy which is disclosed as follows:

Stripping costs in surface mining

As part of its operations, the Company incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred as part of development stage mining activities incurred by the Company are deferred and capitalized as part of mining properties.

Stripping costs incurred during the production stage are incurred in order to produce inventory or to improve access to ore which will be mined in the future. Where the costs are incurred to produce inventory, the production stripping costs are accounted for as a cost of producing those inventories, in accordance with IAS 2, *Inventories*. Where the costs are incurred to improve access to ore which will be mined in the future, the costs are deferred and capitalized to the balance sheet as a stripping activity asset (a non-current asset) if the following criteria are met: improved access to the ore body is probable, the component of the ore body can be accurately identified and the costs relating to the stripping activity associated with the component be reliably measured. If these criteria are not met the costs are expensed in the period in which they are incurred.

The stripping activity asset is subsequently depreciated using the units-of-production amortization method over the life of the identified component of the ore body to which access has been approved as a result of the stripping activity.

3. FUTURE CHANGES IN ACCOUNTING POLICIES

Accounting standards anticipated to be effective January 1, 2015

Financial instruments

The IASB intends to replace IAS 39 – *Financial Instruments: Recognition and Measurement* ("IAS 39") in its entirety with IFRS 9 – *Financial Instruments* ("IFRS 9") in three main phases. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss ("FVTPL"), financial guarantees and certain other exceptions. On July 22, 2011, the IASB agreed to defer the mandatory effective date of IFRS 9 from annual periods beginning on or after January 1, 2013 (with earlier application permitted) to annual periods beginning on or after January 1, 2015 (with earlier application still permitted). The IASB proposed the deferral of IFRS 9 in an exposure draft

with a 60-day comment period which ended on October 21, 2011. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

4. ACQUISITION OF RAINY RIVER RESOURCES

On July 24, 2013, the Company acquired 86.2% of the outstanding shares (the “first take-up”) of Rainy River Resources Limited (“Rainy River”), thus obtaining control. On August 8th, 2013 the Company acquired an additional 11.3% of the outstanding shares (the “second take-up”) increasing our total holding of Rainy River shares to 97.5%. In the first take up consideration of 22,310,594 common shares of the Company, 50,000 warrants and \$166.0 million cash was paid to Rainy River shareholders. In the second take up consideration of 2,832,420 common shares of the Company and \$20.9 million cash was paid to Rainy River shareholders. The Company has determined that this transaction represents a business combination with New Gold identified as the acquirer. The Company began consolidation of the operating results, cash flows and net assets of Rainy River on July 24, 2013.

Rainy River was a public company that owned the development stage Rainy River gold project, hosting National Instrument 43-101 compliant gold reserves and resources. The Rainy River gold project is situated in Richardson Township, approximately sixty-five kilometres northwest of Fort Frances in Northwestern Ontario.

The acquisition of Rainy River further enhances New Gold’s Canadian footprint while contributing an increase in gold reserves for New Gold shareholders. This robust gold project will further augment New Gold’s organic growth pipeline at below industry average cash costs.

The tables below present the purchase cost and our provisional allocation of the purchase price to the assets and liabilities acquired.

Purchase cost		\$
Cash paid to Rainy River shareholders		186.9
Value of New Gold shares and warrants issued		183.9
Total acquisition cost		370.8
Cash acquired with Rainy River		79.7
Net Consideration		291.1

Summary of purchase price allocation		\$
Assets		
Current assets (including cash of \$79.7)		80.0
Other assets		0.1
Property, plant and equipment		1.3
Rainy River project mining interest		352.2
Total assets		433.6
Liabilities		
Current liabilities		17.4
Deferred income tax liabilities		35.9
Total liabilities		53.3
Equity		
Non-controlling interest		9.5
Net assets		370.8

The fair values disclosed are provisional due to the complexity of the acquisition. The review of the fair value of the assets and liabilities acquired will be completed within 12 months of the acquisition date at the latest.

We used a discounted cash flow model to estimate the expected future cash flows of the mine. Expected future cash flows are based on estimates of future production and commodity prices, operating costs and forecast capital expenditures based on the life of mine plan as at the acquisition date.

Non-controlling interest has been determined using the proportionate method.

From the date of acquisition Rainy River has contributed \$0.3 million of income to net earnings. If the acquisition had been completed on January 1, 2013, Rainy River would have contributed \$1.0 million of income to net earnings for the nine months ended September 30, 2013.

Acquisition related costs incurred by the Company of \$4.9 million have been expensed.

5. EXPENSES

(a) Operating expenses by nature

Operating expenses by nature for the three and nine months ended September 30, are as follows:

	Three months ended		Nine months ended	
	\$	\$	\$	\$
	2013	2012	2013	2012
Raw materials and consumables	40.2	42.5	124.6	103.6
Salaries and employee benefits	31.1	28.3	91.1	66.0
Repairs and maintenance	6.7	2.7	22.4	16.5
Contractors	12.9	12.4	39.1	25.6
Royalties	2.9	4.5	10.8	13.0
Change in inventories and work-in-progress	(5.4)	(12.1)	(18.3)	(24.5)
Operating leases	4.8	6.4	18.5	21.9
General and administrative	8.9	3.8	23.8	14.7
Other	-	0.3	1.8	2.3
	102.1	88.8	313.8	239.1

(b) Finance costs and income

Finance costs and income for the three and nine months ended September 30, are as follows:

	Three months ended		Nine months ended	
	\$	\$	\$	\$
	2013	2012	2013	2012
Finance costs				
Interest on senior unsecured notes	13.4	5.2	40.1	10.7
Interest on senior secured notes	-	-	-	7.0
Interest on convertible debentures	-	1.6	-	4.3
Other interest	0.8	0.2	2.4	1.1
Unwinding of the discount on decommissioning obligations	0.2	0.5	1.0	1.3
Other finance costs	0.8	0.9	2.8	2.0
	15.2	8.4	46.3	26.4
Less: amounts included in cost of qualifying assets	(6.1)	(6.1)	(14.3)	(21.5)
	9.1	2.3	32.0	4.9

	Three months ended		Nine months ended	
	\$	\$	\$	\$
	2013	2012	2013	2012
Finance income				
Interest income	0.6	0.2	1.2	1.0

(c) Other gains (losses)

The following table summarizes other gains (losses) for the three and nine months ended September 30:

		Three months ended		Nine months ended	
		\$	\$	\$	\$
		2013	2012	2013	2012
Ineffectiveness on hedging instruments	i	-	0.6	9.5	(1.6)
Realized and unrealized gain (loss) on non-hedged derivatives	ii	1.6	(11.6)	44.8	(9.1)
Loss on redemption of senior secured notes	iii	-	-	-	(31.8)
Gain (loss) on foreign exchange		6.7	(3.7)	(11.8)	(4.7)
Loss on disposal of assets		(0.5)	(0.7)	(1.7)	(1.3)
Other		(1.9)	(0.2)	(1.7)	(1.2)
		5.9	(15.6)	39.1	(49.7)

(i) Ineffectiveness on hedging instruments

On May 15, 2013 the Company settled its outstanding gold hedge contracts, paying \$65.7 million to fully close all hedges dated to December 31, 2014 (as described in Note 11(a)). At the settlement date the hedge was deemed to be fully effective and the Company reclassified the cumulative ineffective portion of the hedge from other comprehensive income to net earnings. The Company reclassified \$10.0 million upon settlement to net earnings.

(ii) Realized and unrealized gain (loss) on non-hedged derivatives

Realized and unrealized gains and (losses) on non-hedged derivatives for the three and nine months ended September 30 are as follows:

	Three months ended		Nine months ended	
	\$	\$	\$	\$
	2013	2012	2013	2012
Unrealized and realized gains (loses) on share purchase warrants	1.6	(2.6)	44.8	(0.8)
Unrealized losses on embedded derivative in senior secured notes	-	-	-	(3.7)
Unrealized losses on equity conversion option on debentures	-	(9.0)	-	(4.6)
	1.6	(11.6)	44.8	(9.1)

Share purchase warrants

The Company has outstanding share purchase warrants ("Warrants"), as of September 30, 2013. The Warrants have an exercise price denominated in a currency other than the Company's functional currency and therefore are classified as a non-hedged derivative liability. The Warrants are measured at fair value on initial recognition, and subsequently re-measured at fair value at the end of each reporting period. Gains or losses are recognized in net earnings.

At September 30, 2013 the fair value of the derivative liability was \$33.4 million (December 31, 2012 - \$80.3 million). The change in fair value resulted in a gain of \$1.6 million and a foreign exchange loss of \$0.8 million on the revaluation of the Warrants for the three months ended September 30, 2013 (2012 – fair value loss of \$2.6 million and a foreign exchange loss of \$5.0 million). For the nine months ended September 30, 2013 the change in fair value resulted in a gain of \$44.8 million and a foreign exchange gain of \$2.1 million (2012 – loss of \$0.8 million and a foreign exchange loss of \$5.0 million).

Embedded derivative in Senior Secured Notes

The Company had Senior Secured Notes ("Notes") with a face value of C\$187.0 million which were redeemed on May 7, 2012. The Company had the right to redeem the Notes, in whole or in part, at any time prior to June 27, 2017, the maturity date, at a price ranging from 120% to 100% (decreasing based on the length of time the Notes were outstanding) of the principal amount of the Notes to be redeemed. As at May 7, 2012 the redemption price of the Notes was 105% of the principal amount. The early redemption feature in the Notes qualified as an embedded derivative and was bifurcated for reporting purposes. The embedded derivative was measured at fair value on initial recognition, and subsequently re-measured at fair value at the end of each reporting period. Gains or losses were recognized in net earnings. This resulted in a fair value loss of \$nil and \$3.7 million for the three and nine months ended September 30, 2012.

Equity conversion option on Convertible Debentures

The Company had subordinate convertible debentures ("Debentures") with a face value of C\$55.0 million, which were redeemed on November 20, 2012. The Company had the right to give notice of the intended early redemption if its share price traded at a 25% premium to the C\$9.35 per share conversion price for a period of 30 days on a volume weighted average basis. This occurred on October 11, 2012.

The Debentures were classified as compound financial instruments for reporting purposes due to the holder conversion option. The conversion option was treated as a derivative liability measured at fair value on initial recognition, and was subsequently re-measured at fair value at the end of each reporting period. Gains or losses were recognized in net earnings. This resulted in a loss of \$8.9 million and a foreign exchange loss of \$0.7 million for the three months ended September 30, 2012. For the nine months ended September 30, 2012, the Company recognized a loss of \$4.5 million in net earnings and no foreign exchange gain or loss.

(iii) Loss on redemption of Senior Secured Notes

The Company redeemed the Notes in whole on May 7, 2012 (the "redemption date"). The Notes had a face value of \$188.2 million (C\$187.0 million) with a fair value of \$181.2 million (C\$180.0 million) on the redemption date. Embedded in the Notes was an early redemption option that had a fair value of \$15.4 million on the redemption date. This option allowed the Company to redeem the Notes at a premium of 105% of face value. On the redemption date, the Company paid the premium of \$9.4 million in addition to the face value, and recognized \$7.0 million of accelerated accretion on the Notes.

6. TRADE AND OTHER RECEIVABLES

	\$ September 30	\$ December 31
	2013	2012
Trade receivables	11.5	11.1
Sales tax receivable	10.1	33.9
Copper swap contracts	(1.9)	(0.9)
Other	-	2.8
	19.7	46.9

7. TRADE AND OTHER PAYABLES

	\$ September 30	\$ December 31
	2013	2012
Trade payables	44.3	34.3
Interest payable	21.3	8.4
Accruals	42.0	74.7
Current portion of decommissioning obligations (Note 14)	4.0	3.3
	111.6	120.7

8. INVENTORIES

	\$ September 30	\$ December 31
	2013	2012
Heap leach ore	154.2	129.5
Work-in-process	10.1	18.1
Finished goods	18.4	13.9
Stockpile ore	1.0	0.3
Supplies	42.6	33.9
	226.3	195.7
Less: non-current inventories	(36.7)	(32.4)
	189.6	163.3

The amount of inventories recognized in operating expenses for the three and nine months ended September 30, 2013 was \$99.2 million and \$303.0 million (2012 – \$81.6 million and \$221.8 million). There were no write-downs or reversals of write-downs during the year. Heap leach inventories of \$36.7 million (December 31, 2012 – \$32.4 million) are expected to be recovered after one year.

9. MINING INTERESTS

	Mining properties		Plant &	Construction	Exploration	Total
	Depletable	Non depletable	equipment	in progress	& evaluation	
	\$	\$	\$	\$	\$	\$
Cost						
As at December 31, 2011	609.9	1,728.4	612.8	31.0	9.7	2,991.8
Additions	28.6	320.5	116.0	135.5	-	600.6
Disposals/write-offs	(0.1)	-	(15.8)	-	-	(15.9)
Transfers	791.7	(742.8)	41.1	(117.0)	-	(27.0)
Pre-commercial production revenue	-	(14.5)	-	-	-	(14.5)
Foreign exchange translation	10.6	7.4	3.3	-	-	21.3
As at December 31, 2012	1,440.7	1,299.0	757.4	49.5	9.7	3,556.3
Additions	40.7	77.2	34.1	83.0	-	235.0
Acquisition of Rainy River	-	352.2	1.3	-	-	353.5
Disposals/write-offs	-	-	(5.5)	-	-	(5.5)
Transfers	45.7	-	46.5	(92.2)	-	-
As at September 30, 2013	1,527.1	1,728.4	833.8	40.3	9.7	4,139.3
Accumulated depreciation						
As at December 31, 2011	162.1	-	134.4	-	-	296.5
Depreciation for the period	81.3	-	55.6	-	-	136.9
Disposals	-	-	(12.5)	-	-	(12.5)
Foreign exchange translation	-	-	0.5	-	-	0.5
As at December 31, 2012	243.4	-	178.0	-	-	421.4
Depreciation for the period	81.2	-	51.7	-	-	132.9
Disposals	-	-	(3.8)	-	-	(3.8)
As at September 30, 2013	324.6	-	225.9	-	-	550.5
Carrying amount						
As at December 31, 2012	1,197.3	1,299.0	579.4	49.5	9.7	3,134.9
As at September 30, 2013	1,202.5	1,728.4	607.9	40.3	9.7	3,588.8

The Company capitalized interest of \$6.2 million and \$14.3 for the three and nine months ended September 30, 2013 (2012 – \$6.1 million and \$21.5 million) to qualifying development projects. The Company's annualized capitalization rate is 6.53% (December 31, 2012 – annualized capitalization rate of 6.53%).

A summary of carrying amount by property as at September 30, 2013 is as follows:

	Mining properties		Plant &	Construction	September 30
	Depletable	Non depletable	equipment	in Progress	2013
	\$	\$	\$	\$	\$
Mesquite Mine	164.5	31.0	89.1	3.8	288.4
Cerro San Pedro Mine	148.4	70.7	87.3	4.6	311.0
Peak Gold Mines	109.2	49.0	84.5	19.0	261.7
New Afton Mine	780.4	-	296.3	12.9	1,089.6
Rainy River project	-	361.1	1.3	-	362.4
Blackwater project	-	785.0	46.8	-	831.8
El Morro project	-	431.6	-	-	431.6
Other projects	-	9.7	-	-	9.7
Corporate	-	-	2.6	-	2.6
	1,202.5	1,738.1	607.9	40.3	3,588.8

A summary of carrying amount by property as at December 31, 2012 is as follows:

	Mining properties		Plant & equipment	Construction in Progress	December 31 2012
	Depletable	Non depletable			
	\$	\$	\$	\$	\$
Mesquite Mine	169.9	30.6	91.1	1.1	292.7
Cerro San Pedro Mine	170.6	70.7	70.9	4.4	316.6
Peak Gold Mines	103.4	49.0	87.6	10.2	250.2
New Afton Mine	753.4	-	302.9	9.6	1,065.9
Blackwater project	-	725.5	23.5	24.2	773.2
El Morro project	-	423.2	-	-	423.2
Other projects	-	9.7	-	-	9.7
Corporate	-	-	3.4	-	3.4
	1,197.3	1,308.7	579.4	49.5	3,134.9

10. LONG-TERM DEBT

Long-term debt consists of the following.

	\$ September 30 2013	\$ December 31 2012
Senior unsecured notes - due April 15, 2020	293.1	292.5
Senior unsecured notes - due November 15, 2022	490.6	490.1
El Morro project funding loan	76.0	65.2
Revolving credit facility (a)	-	-
	859.7	847.8

(a) Revolving credit facility

On February 28, 2013, the Company extended its \$150.0 million revolving credit facility (the "Facility") for an additional twelve months to December 14, 2014. At the same time certain terms of the Facility were amended, resulting in a reduction in pricing and increased flexibility with regard to shareholder distributions and the security underpinning the Facility. In addition, net debt, rather than total debt, will be used to calculate leverage for the purpose of covenant tests and pricing levels. The commitments from each member of the bank group remain the same, and all other major aspects of the Facility remain unchanged.

The Facility contains various covenants customary for a loan facility of this nature, including limits on indebtedness, asset sales and liens. Significant financial covenants are as follows:

		September 30 2013	December 31 2012
	Financial covenant		
Minimum tangible net worth (\$1.38 billion + 25% of positive quarterly net income)	>\$1.51 billion	\$3.35 billion	\$3.05 billion
Minimum interest coverage ratio (EBITDA to interest)	>4.0:1.0	7.2 : 1	13.2 : 1
Maximum leverage ratio (net debt to EBITDA) ¹	<3.0:1.0	1.1 : 1	2.0 : 1

1. The comparative covenant test presented as at December 31, 2012 was not recalculated using net debt to EBITDA. It was calculated using total debt which was the covenant test at the time.

The interest margin on drawings under the Facility ranges from 1.25% to 3.50% over LIBOR, the Prime Rate or the Base Rate, based on the Company's debt to EBITDA ratio and the currency and type of credit selected by the Company. The standby fees on undrawn amounts under the Facility range from 0.56% to 0.88%, depending on the Company's net debt to EBITDA ratio. Based on the Company's net debt to EBITDA ratio, the rate is 0.63% as at September 30, 2013.

As at September 30, 2013, the Company has not drawn any funds under the Facility; however the Facility has been used to issue letters of credit of A\$10.2 million for Peak Mines' reclamation bond for the State of New South Wales, C\$9.5 million for New Afton's commitment to B.C. Hydro for power and transmission construction work (the B.C. Hydro letter of credit will be released over time as New Afton consumes and pays for power in the early period of operations), C\$9.5 million for New Afton's reclamation requirements, C\$2.4 million for Blackwater's reclamation requirements, \$0.6 million relating to worker's compensation security at Mesquite and \$18.8 million relating to environmental and reclamation requirements at Cerro San Pedro. The annual fees are 1.60% of the value of the outstanding letters of credit which totalled \$49.7 million as at September 30, 2013.

11. DERIVATIVE INSTRUMENTS

The following tables summarize derivative liabilities designated as hedging instruments:

	\$ September 30 2013	\$ December 31 2012
Gold contracts	-	110.5
Less: current derivative liabilities	-	(56.4)
Non-current derivative liabilities	-	54.1

On May 15, 2013 New Gold eliminated its legacy gold hedges that were associated with the 2008 project financing put in place to develop the Mesquite Mine. As a result of Mesquite's successful start-up, the Company repaid the loan in 2010, four years ahead of schedule. Hedge accounting with respect to these contracts was discontinued on May 15, 2013. Realized gains (losses) on derivatives in a qualifying hedge relationship (prior to discontinuance of hedge accounting) are classified as revenue for gold hedging contracts. Refer to Note 11 (a) for further analysis.

Unrealized and realized non-hedged derivative gains (losses) on the provisional pricing of concentrate sales are classified as revenue. For the three and nine months ended September 30, 2013 the Company recorded a gain of \$5.6 million and a loss of \$13.4 million (2012 - \$1.0 million gain for the three and nine months) within revenue.

The Company enters into a copper swap to reduce exposure to copper prices. Realized and unrealized gains (losses) are recorded as revenue. For the three and nine months ended September 30, 2013 the Company recorded a mark to market loss of \$2.9 million and gain of \$3.5 million on copper swaps outstanding (2012 - \$nil and \$nil) and settled to manage the risk related to provisionally priced copper concentrate sales. The notional amount of copper underlying the swaps outstanding was 8,365 tonnes with settlement periods ranging from October 2013 to January 2014.

Realized and unrealized gains (losses) on non-hedged derivatives not related to concentrate sales are recorded in other gains and losses. The following table summarizes realized and unrealized non-hedged derivative gains (losses) for the three and nine months ended September 30:

	Three months ended		Nine months ended	
	\$ 2013	\$ 2012	\$ 2013	\$ 2012
Share purchase warrants	1.6	(2.6)	44.8	(0.8)
Prepayment option on senior secured notes	-	-	-	(3.7)
Conversion option on convertible debentures	-	(9.0)	-	(4.6)
	1.6	(11.6)	44.8	(9.1)

The following table summarizes derivative gains (losses) in other comprehensive income for the three and nine months ended September 30:

	Three months ended		Nine months ended	
	\$ 2013	\$ 2012	\$ 2013	\$ 2012
Effective portion of change in fair value of hedging instruments				
Gold hedging contracts - unrealized	-	(27.9)	18.1	(37.2)
Gold hedging contracts - realized	7.0	12.0	25.5	35.7
Deferred income tax	(2.9)	6.5	(17.8)	0.6
	4.1	(9.4)	25.8	(0.9)

(a) Gold hedging contracts

Under a term loan facility the Company retired on February 26, 2010, the Mesquite Mine was required to enter into a gold hedging program. The Company settled these contracts, at the Company's option, by physical delivery of gold or on a net financial settlement basis. On May 15, 2013 the Company settled its outstanding hedge position, paying \$65.7 million to fully close all hedges dated to December 2014.

On July 1, 2009, the Company's gold hedging contracts were designated as cash flow hedges. Prospective and retrospective hedge effectiveness was assessed on these hedges using a hypothetical derivative method. The hypothetical derivative assessment involves comparing the effect of changes in gold spot and forward prices each period on the changes in fair value of both the actual and hypothetical derivative. The effective portion of the gold contracts was recorded in other comprehensive income until the forecasted gold sale impacts earnings. Where applicable, the fair value of the derivative had been adjusted to account for the Company's credit risk.

Prior to the discontinuance of hedge accounting, the net amount of existing gains (losses) arising from the unrealized fair value of the Company's gold hedging contracts, which are derivatives that are designated as cash flow hedges and are reported in other comprehensive income, would be reclassified to net earnings as contracts are settled on a monthly basis. The amount of such reclassification would be dependent upon fair values and amounts of the contracts settled.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The Company discontinued hedge accounting on May 15, 2013. At that date, any cumulative gain or loss on the hedging instrument recognized in equity remains deferred in equity until the original forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognized immediately in net earnings.

Of the \$65.7 million liability at May 15, 2013, \$19.4 million had passed through the income statement in advance of electing hedge accounting in 2009. At the date of close, the hedge was determined to be fully effective and as a result the previously ineffective portion of the hedge was reversed resulting in a gain of \$nil and \$9.5 million (2012 – unrealized derivative gain of \$0.6 million and a loss of \$1.6 million) recorded in other gains and losses for the three and nine months ended September 30, 2013.

At the closing date of the hedge, the Company had unrecognized losses related to the gold hedging contracts of \$46.3 million, which will remain deferred in other reserves and will be released to net earnings in the same period in which the original designated underlying forecast sales occur. For the three and nine months ended September 30, 2013 the Company transferred \$7.0 million and \$11.7 million of these losses to net earnings.

The fixed impact on net earnings in future years of the close out of the gold hedging contract will be a reclassification of the unrecognized losses to net earnings of \$7.0 million during the remainder of 2013 and \$27.6 million during 2014.

(b) Share purchase warrants

The following table summarizes information about the outstanding Warrants.

Warrant Series	Number of warrants (000s)	Common shares issuable (000s)	Exercise price C\$	Expiry date
At September 30, 2013				
New Gold Series A	27,850	27,850	15.00	June 28, 2017
Rainy River Warrants	50	50	20.00	February 2, 2017
	27,900	27,900		
At December 31, 2012				
New Gold Series A	27,850	27,850	15.00	June 28, 2017
Silver Quest Warrants - B	122	122	10.22	January 19, 2013
Silver Quest Warrants - C	148	148	11.56	January 20, 2013
Silver Quest Warrants - D	126	126	11.56	January 29, 2013
	28,246	28,246		

The Warrants are classified as a non-hedged derivative liability recorded at fair value through profit or loss ("FVTPL") liability due to the currency of the Warrants. The Warrants are priced in Canadian dollars, which is not the functional currency of the Company. Therefore the Warrants are fair valued using the market price with gains or losses recorded in net earnings.

As part of the Rainy River acquisition (refer to Note 4 for additional detail), the Company acquired 100,000 Rainy River warrants. Upon the completion of the acquisition, the Warrants were converted to 50,000 New Gold Warrants and upon exercising would be converted to 50,000 common shares of the Company. The Warrants have an exercise price of C\$20.00 and expire on February 2, 2017. The Warrants are classified as a non-hedged derivative liability recorded as a FVTPL liability based on the currency of the Warrants.

During the first quarter ended March 31, 2013 all the Warrants acquired during the Silver Quest Resources Ltd. asset acquisition on November 23, 2011 were exercised or expired. Of the outstanding Warrants acquired during the asset acquisition, 0.4 million expired unexercised.

(c) Non-current non-hedged derivative asset and liabilities classified as FVTPL assets and liabilities

The following table summarizes FVTPL assets and liabilities.

	\$ September 30 2013	\$ December 31 2012
Share purchase warrants	33.4	80.3

12. SHARE CAPITAL

At September 30, 2013, the Company had unlimited authorized common shares and 502.6 million common shares outstanding.

(a) No par value common shares issued

	Number of shares (000s)	\$
Balance - December 31, 2011	461,358	2,464.0
Exercise of options	1,339	11.6
Exercise of warrants	7,434	75.5
Conversion of debentures	5,872	67.3
Balance - December 31, 2012	476,003	2,618.4
Exercise of options	i 1,395	8.1
Exercise of warrants	ii 39	0.2
Acquisition of Rainy River	iii 25,143	183.9
Balance - September 30, 2013	502,580	2,810.6

(i) Exercise of options

For the nine months ended September 30, 2013, the Company issued 1.4 million common shares pursuant to the exercise of stock options (2012 – 1.1 million). The Company received proceeds of \$5.0 million (2012 – \$7.2 million) from these exercises and transferred \$3.1 million (2012 – \$3.1 million) from contributed surplus.

(ii) Exercise of warrants

For the nine months ended September 30, 2013, the Company issued 39,000 common shares pursuant to the exercise of warrants related to the warrants acquired during the Silver Quest Resources Ltd. asset acquisition (2012 – 60,000). The Company received proceeds of \$0.2 million (2012 – \$0.6 million) from these exercises.

(iii) Acquisition of Rainy River

On July 24, 2013, the Company issued 22.3 million common shares to effect the acquisition of Rainy River Resources Inc. for an 86.2% interest in Rainy River, as described in Note 4. The shares were issued at the closing share price of the Company on July 24, 2013, the transaction completion date, of C\$7.58 for consideration of \$164.2 million. On August 8, 2013, the Company acquired an additional 11.3% interest through a second take-up of shares. The Company issued 2.8 million common shares at the closing price of the Company on August 8, 2013 of C\$7.17 for consideration of \$19.7 million.

(b) Share-based payment expenses

The following table summarizes share-based payment expenses for the three and nine months ended September 30:

		Three months ended		Nine months ended	
		\$	\$	\$	\$
		2013	2012	2013	2012
Stock option expense	i	1.9	2.2	6.1	6.5
Performance share unit expense	ii	0.1	-	0.6	
Share award unit expense	iii	0.2	1.0	(0.3)	2.0
Deferred share award unit expense	iv	-	0.1	0.1	0.1
		2.2	3.3	6.5	8.6

(i) Stock options

Under the Company's Stock Option Plan (the "Plan"), the maximum number of shares reserved for exercise of all options granted by the Company may not exceed 5% of the Company's shares issued and outstanding at the time the options are granted. The exercise price of certain options granted under the Plan is the five day volume weighted average share price preceding the grant date. Other options have the exercise price equal to the grant price on the date of issuance. Options granted under the Plan expire no later than the 5th or 7th anniversary of the date the options were granted and vesting provisions for issued options are determined at the discretion of the Board. Options granted under the Plan are settled for equity. The Company has incorporated an estimated forfeiture rate for stock options that will not vest.

The following table presents the changes in the Plan:

	Number of options (000s)	Weighted avg exercise price C\$
Balance - December 31, 2011	10,280	4.83
Granted	2,160	11.46
Exercised	(1,339)	5.92
Expired	(56)	6.62
Forfeited	(106)	7.98
Balance - December 31, 2012	10,939	5.96
Granted	1,689	9.46
Exercised	(1,395)	3.54
Forfeited	(243)	8.60
Expired	(595)	7.89
Balance - September 30, 2013	10,395	6.68

For the nine months ended September 30, 2013 the Company granted 1.7 million stock options (2012 – 2.1 million). The weighted average fair value of the stock options granted during the nine months ended September 30, 2013 was C\$4.27 (2012 – C\$5.48). Options were priced using a Black-Scholes option-pricing model. Volatility is measured as the annualized standard deviation of stock price returns, based on historical movements of the Company's share price and those of a number of peer companies. The grant date fair value will be amortized as part of compensation expense over the vesting period.

The Company had the following weighted average assumptions in the Black-Scholes option-pricing model for the nine months ended September 30:

	2013	2012
Grant price	C\$9.72	C\$11.29
Expected dividend yield	0.0%	0.0%
Expected volatility	60.0%	60.0%
Risk-free interest rate	0.61%	0.70%
Expected life of options	3.7 years	4.6 years

(ii) Performance share units

In 2013, the Company established a performance share unit ("PSU") plan for employees and officers of the Company. A PSU unit represents the right to receive the cash equivalent of a common share or, at the Company's option, a common share purchased on the market. PSUs issued vest at the end of three years. The number of units which will vest is determined based on the Company's total return performance (based on the preceding five trading days volume weighted average share price) relative to the S&P/TSX Global Gold Index Total Return Index Value during the applicable period. Each of the three years where the PSU is outstanding will be weighted 25%, and the three year annualized period will be weighted 25% as well. The number of units that vest is determined by multiplying the number of units granted to the participant by the return performance adjustment factor, which ranges from 0.5 to 1.5. Therefore, the number of units that will vest and are paid out may be higher or lower than the number of units originally granted to a participant. Subject to TSX and shareholder approvals, which the Company intends to seek at its 2014 shareholders' meeting, on a PSU maturity date, a PSU participant may, at the discretion of the Board, be issued the equivalent number of common shares of New Gold as the number of PSUs that vested on the maturity date in lieu of a cash payment.

The Company issued 0.5 million PSUs for the nine months ended September 30, 2013 (2012 – \$nil). As the Company is currently required to settle this award in cash, it will record an accrued liability and record a corresponding compensation expense. The PSU awards are financial instruments that will be fair valued at each reporting date based on the Company's share price performance and the S&P/TSX Global Gold Index. For the three and nine months ended September 30, 2013 the Company recorded \$0.1 million and \$0.6 million as compensation expense (2012 – \$nil). As at September 30, 2013 the liability was \$0.6 million (December 31, 2012 – \$nil).

(iii) Share award units

In 2009, the Company established a share award unit plan as part of its long-term incentive program. Each share award unit allows the recipient, subject to certain plan restrictions, to receive cash on the entitlement date equal to the Company's volume weighted average share price on the TSX for the five days prior to the anniversary date. One-third of the share awards units vest annually on the anniversary of the grant date. As the Company is required to settle this award in cash, it will record an accrued liability and record a corresponding compensation expense. The share award unit is a financial instrument that will be fair valued at each reporting date based on the five day volume weighted average price of the Company's common shares. The changes in fair value will be included in the compensation expense for that period.

The Company issued 0.6 million share award units for the nine months ended September 30, 2013 (2012 – 0.4 million). At September 30, 2013, there were 1.1 million non-vested share awards outstanding (December 31, 2012 – 0.6 million). Including the fair value adjustment for the share award units previously issued, the Company recorded an expense of \$0.7 million and \$0.6 million as compensation expense for the three and nine months

ended September 30, 2013 (2012 - \$2.6 million and \$5.1 million). For the three and nine months ended September 30, 2013 the Company capitalized \$0.1 and \$0.3 million (2012 - \$0.5 million and \$0.9 million) for recipients working at the Company's development projects and included a recovery of \$0.4 million and \$0.6 million (2012 - \$1.1 million and \$2.2 million) as operating expenses as it relates to producing mine site employees.

(iv) Deferred share units

In 2010, the Company established a director deferred share unit ("DSU") plan for the purposes of strengthening the alignment of interests between eligible Directors of the Company and shareholders by linking a portion of the annual director compensation to the future value of the Company's common shares.

A Director is only entitled to payment in respect of the DSUs granted to him or her when the Director ceases to be a Director of the Company for any reason. On termination, the Company shall redeem each DSU held by the Director for payment in cash, being the product of: (i) the number of DSUs held by the Director on ceasing to be a director and (ii) the greater of either: (a) the weighted average trading price; or (b) the average of daily high and low board lot trading prices of the common shares, on the TSX for the five consecutive days immediately prior to the date of termination.

The Company issued 0.1 million DSUs for the nine months ended September 30, 2013 (2012 - \$nil). As the Company is currently required to settle this award in cash, it will record an accrued liability and record a corresponding compensation expense. The DSU awards are financial instruments that will be fair valued at each reporting date based on the performance measurement criteria. For the three and nine months ended September 30, 2013 the Company recorded \$nil and \$0.1 million as compensation expense (2012 - \$0.1 million and \$0.1 million). As at September 30, 2013 the liability was \$0.9 million (December 31, 2012 - \$0.7 million).

(c) Earnings per share

The following table sets out the computation of diluted earnings per share for the three and nine months ended September 30:

	Three months ended		Nine months ended	
	\$	\$	\$	\$
	2013	2012	2013	2012
Net earnings	12.2	17.8	63.5	75.1
Dilution of net earnings				
Dilutive effect of the Debenture conversion option	-	-	-	3.4
Dilutive effect of the Warrants	-	(4.7)	-	(2.1)
Net diluted earnings	12.2	13.1	63.5	76.4
Basic weighted average number of shares outstanding (in millions)	495.3	462.2	482.9	461.8
Dilution of securities				
Stock options	2.6	5.2	3.1	5.0
Debentures	-	-	-	5.9
Warrants	-	1.2	-	0.9
Diluted weighted average number of shares outstanding	497.9	468.6	486.0	473.6
Net earnings per share				
Basic	0.02	0.04	0.13	0.16
Diluted	0.02	0.03	0.13	0.16

The following table lists the equity securities excluded from the computation of diluted earnings per share. The securities were excluded as the exercise prices relating to the particular security exceed the average market price of the Company's common shares of C\$7.09 and C\$8.09 for the three and nine months ended September 30, 2013 (2012 - C\$10.67 and C\$10.29), or the inclusion of the equity securities had an anti-dilutive effect on net earnings.

	Three months ended		Nine months ended	
	(000s)	(000s)	(000s)	(000s)
	2013	2012	2013	2012
Stock options	5,243	1,772	3,705	2,087
Warrants	27,900	28,246	27,900	28,246

13. INCOME AND MINING TAXES

The composition of income tax expense between current tax and deferred tax for the three and nine months ended September 30:

	Three months ended		Nine months ended	
	\$	\$	\$	\$
	2013	2012	2013	2012
Current tax				
Canada income tax	-	0.1	0.1	0.6
Canadian mining tax	1.7	-	1.7	-
Foreign income and mining tax	(2.2)	18.9	17.6	65.2
Adjustments in respect of the prior year	(4.7)	0.2	(4.7)	0.2
	(5.2)	19.2	14.7	66.0
Deferred tax				
Canada income tax	8.4	1.1	13.8	(3.2)
Canadian mining tax	1.7	-	1.7	-
Foreign income and mining tax	(0.9)	8.5	(9.8)	1.3
Adjustments in respect of the prior year	6.3	1.8	6.3	1.8
	15.5	11.4	12.0	(0.1)
Income tax expense	10.3	30.6	26.7	65.9

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before taxes. The differences result from the following items for the three and nine months ended September 30:

	Three months ended		Nine months ended	
	\$	\$	\$	\$
	2013	2012	2013	2012
Earnings before taxes	22.5	48.4	90.2	141.0
Canadian federal and provincial income tax rates	25.8%	25.2%	25.8%	25.2%
Income tax expense based on above rates	5.8	12.2	23.3	35.5
Increase (decrease) due to:				
Non-taxable income	(5.5)	1.7	(10.2)	0.4
Non-deductible expenditures	0.3	4.2	5.7	6.0
Different statutory tax rates on earnings of foreign subsidiaries	(1.3)	3.2	1.4	7.3
Taxable gain	0.1	(6.8)	0.4	-
British Columbia mining tax	2.1	-	3.4	-
Withholding tax on repatriation	-	-	0.1	1.1
Benefit of losses not recognized in the period	5.4	4.9	-	-
Other	3.4	11.2	2.6	15.6
	10.3	30.6	26.7	65.9

Effective April 1, 2013 the British Columbia corporate tax rate increased from 10% to 11%. This resulted in an effective tax rate of 25.8% instead of a rate of 25.2%.

14. RECLAMATION AND CLOSURE COST OBLIGATIONS

Changes to the reclamation and closure cost obligations are as follows:

	Mesquite Mine \$	Cerro San Pedro Mine \$	Peak Gold Mines \$	New Afton Mine \$	Blackwater project \$	Total \$
Balance, December 31, 2011	10.5	16.8	17.6	9.8	0.3	55.0
Reclamation expenditures	(7.7)	-	-	(0.3)	-	(8.0)
Unwinding of discount	0.2	0.3	0.6	0.2	-	1.3
Revisions to expected cash flows	8.4	0.3	4.6	0.4	8.4	22.1
Foreign exchange movement	-	1.3	(0.2)	0.3	-	1.4
Balance, December 31, 2012	11.4	18.7	22.6	10.4	8.7	71.8
Less: current portion of closure costs	0.7	0.2	1.2	1.2	-	3.3
Non current portion of closure costs	10.7	18.5	21.4	9.2	8.7	68.5
Balance, December 31, 2012	11.4	18.7	22.6	10.4	8.7	71.8
Reclamation expenditures	(0.4)	-	(0.1)	(0.9)	-	(1.4)
Unwinding of discount	0.1	0.2	0.5	0.1	0.1	1.0
Revisions to expected cash flows	0.8	(0.3)	(1.9)	(0.8)	(1.3)	(3.5)
Foreign exchange movement	-	(0.3)	(2.3)	(0.3)	(0.2)	(3.1)
Balance, September 30, 2013	11.9	18.3	18.8	8.5	7.3	64.8
Less: current portion	2.6	0.1	1.1	0.2	-	4.0
Non current portion of closure costs	9.3	18.2	17.7	8.3	7.3	60.8

The current portion of the reclamation and closure cost obligations has been included in Note 6: Trade and other payables.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information for the three and nine months ended September 30, is as follows:

	Three months ended		Nine months ended	
	\$	\$	\$	\$
	2013	2012	2013	2012
Operating activities:				
Change in non-cash operating working capital				
Trade and other receivables	(9.3)	(15.3)	1.5	(14.3)
Inventories	(8.1)	(8.4)	(28.8)	(23.7)
Prepaid expenses and other	(1.7)	(2.9)	5.8	0.7
Trade and other payables	5.1	3.1	(9.6)	(10.6)
	(14.0)	(23.5)	(31.1)	(47.9)

16. SEGMENTED INFORMATION

(a) Segment revenues and results

The Company manages its reportable operating segments by operating mines, development projects and exploration projects. The results from operations for these reportable operating segments are summarized for the three and nine months ended September 30:

	Three months ended 2013						
	Mesquite Mine	Cerro San Pedro Mine	Peak Gold Mines	New Afton Mine	Corporate	Other ⁽¹⁾	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues ⁽²⁾	21.8	35.9	42.7	95.6	-	-	196.0
Operating expenses	21.7	22.2	30.6	27.6	-	-	102.1
Depreciation and depletion	5.4	4.4	7.4	25.5	-	-	42.7
Earnings from mine operations	(5.3)	9.3	4.7	42.5	-	-	51.2
Corporate administration	-	-	-	-	6.5	-	6.5
Share-based payment expenses	-	-	-	-	2.2	-	2.2
Exploration and business development	0.1	-	1.5	4.2	-	6.7	12.5
Income from operations	(5.4)	9.3	3.2	38.3	(8.7)	(6.7)	30.0
Finance income	-	-	-	-	0.3	0.3	0.6
Finance costs	-	(0.1)	(0.2)	-	(7.9)	(0.9)	(9.1)
Rainy River acquisition costs	-	-	-	-	(4.9)	-	(4.9)
Other (losses) gains	(0.6)	(2.2)	1.9	6.0	1.3	(0.5)	5.9
Earnings (loss) before taxes	(6.0)	7.0	4.9	44.3	(19.9)	(7.8)	22.5
Income tax (expense) recovery	7.7	(3.1)	(1.2)	(34.4)	18.3	2.4	(10.3)
Net earnings (loss)	1.7	3.9	3.7	9.9	(1.6)	(5.4)	12.2

1. Other includes balances relating to the exploration properties that have no revenues or operating costs.

2. Segmented revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period.

Nine months ended 2013							
	Mesquite Mine \$	Cerro San Pedro Mine \$	Peak Gold Mines \$	New Afton Mine \$	Corporate \$	Other ⁽¹⁾ \$	Total \$
Revenues ⁽²⁾	80.3	135.0	135.6	230.4	-	-	581.3
Operating expenses	67.4	72.4	94.2	79.8	-	-	313.8
Depreciation and depletion	16.8	18.8	21.9	67.2	-	-	124.7
Earnings from mine operations	(3.9)	43.8	19.5	83.4	-	-	142.8
Corporate administration	-	-	-	-	21.1	-	21.1
Share-based payment expenses	-	-	-	-	6.5	-	6.5
Exploration and business development	1.0	-	5.4	10.6	0.2	11.2	28.4
Income from operations	(4.9)	43.8	14.1	72.8	(27.8)	(11.2)	86.8
Finance income	-	-	0.1	0.1	0.7	0.3	1.2
Finance costs	(0.1)	(0.2)	(0.7)	(0.5)	(27.9)	(2.6)	(32.0)
Rainy River acquisition costs	-	-	-	-	(4.9)	-	(4.9)
Other (losses) gains	7.4	(1.3)	(1.5)	(9.2)	46.8	(3.1)	39.1
Earnings (loss) before taxes	2.4	42.3	12.0	63.2	(13.1)	(16.6)	90.2
Income tax (expense) recovery	8.4	(13.4)	(2.7)	(47.5)	24.4	4.1	(26.7)
Net earnings (loss)	10.8	28.9	9.3	15.7	11.3	(12.5)	63.5

1. Other includes balances relating to the exploration properties that have no revenues or operating costs.

2. Segmented revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period.

Three months ended
2012

	Mesquite Mine \$	Cerro San Pedro Mine \$	Peak Gold Mines \$	New Afton Mine \$	Corporate \$	Other ⁽¹⁾ \$	Total \$
Revenues ⁽²⁾	41.7	71.6	50.2	32.0	-	-	195.5
Operating expenses	22.9	22.5	29.8	13.6	-	-	88.8
Depreciation and depletion	6.1	8.0	5.3	10.0	-	-	29.4
Earnings from mine operations	12.7	41.1	15.1	8.4	-	-	77.3
Corporate administration	-	-	-	-	3.2	-	3.2
Share-based payment expenses	-	-	-	-	3.3	-	3.3
Exploration and business development	-	1.3	1.8	1.0	0.5	0.1	4.7
Income from operations	12.7	39.8	13.3	7.4	(7.0)	(0.1)	66.1
Finance income	-	-	0.1	-	0.1	-	0.2
Finance costs	(0.1)	-	(0.2)	(0.1)	(1.6)	(0.3)	(2.3)
Other (losses) gains	(0.1)	1.5	1.9	(26.1)	8.8	(1.6)	(15.6)
Earnings (loss) before taxes	12.5	41.3	15.1	(18.8)	0.3	(2.0)	48.4
Income tax (expense) recovery	(3.8)	(7.3)	(6.3)	(4.6)	1.6	(10.2)	(30.6)
Net earnings (loss)	8.7	34.0	8.8	(23.4)	1.9	(12.2)	17.8

1. Other includes balances relating to the exploration properties that have no revenues or operating costs.

2. Segmented revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period.

Nine months ended
2012

	Mesquite Mine \$	Cerro San Pedro Mine \$	Peak Gold Mines \$	New Afton Mine \$	Corporate \$	Other ⁽¹⁾ \$	Total \$
Revenues ⁽²⁾	152.4	215.3	140.7	32.0	-	-	540.4
Operating expenses	74.2	67.9	83.4	13.6	-	-	239.1
Depreciation and depletion	19.9	24.9	15.1	10.0	-	-	69.9
Earnings from mine operations	58.3	122.5	42.2	8.4	-	-	231.4
Corporate administration	-	-	-	-	16.2	-	16.2
Share-based payment expenses	-	-	-	-	8.6	-	8.6
Exploration and business development	-	4.5	4.6	1.0	1.3	0.6	12.0
Income from operations	58.3	118.0	37.6	7.4	(26.1)	(0.6)	194.6
Finance income	-	-	0.3	0.1	0.6	-	1.0
Finance costs	(0.4)	(0.3)	(0.6)	(0.2)	(2.4)	(1.0)	(4.9)
Other (losses) gains	(2.9)	1.8	1.3	(57.1)	7.8	(0.6)	(49.7)
Earnings (loss) before taxes	55.0	119.5	38.6	(49.8)	(20.1)	(2.2)	141.0
Income tax (expense) recovery	(12.1)	(32.9)	(12.3)	(2.7)	4.6	(10.5)	(65.9)
Net earnings (loss)	42.9	86.6	26.3	(52.5)	(15.5)	(12.7)	75.1

1. Other includes balances relating to the exploration properties that have no revenues or operating costs.

2. Segmented revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period.

(b) Segment assets and liabilities

The following tables present the segmented assets and liabilities:

	September 30, 2013		December 31, 2012	
	Total assets	Total liabilities	Total assets	Total liabilities
	\$	\$	\$	\$
Mesquite Mine	475.3	133.1	471.7	238.2
Cerro San Pedro Mine	444.0	167.2	415.5	150.1
Peak Gold Mines	320.3	99.9	324.9	89.3
New Afton Mine	1,211.8	61.8	1,181.4	76.0
El Morro project	430.4	197.4	423.2	136.6
Blackwater project	866.1	21.2	804.8	34.0
Rainy River project	422.6	39.8	-	-
Other ⁽¹⁾	326.3	806.1	662.2	883.0
	4,496.8	1,526.5	4,283.7	1,607.2

1. Other includes corporate balances and exploration properties.

The Company accounts for its investment in the El Morro project using equity method accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss after the date of acquisition. The amount recorded in net earnings for the three and nine months ended September 30, 2013 related to the El Morro project is \$nil and \$nil (2012 – \$nil and \$nil).

17. FAIR VALUE MEASUREMENT

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Company adjusts the valuation models to incorporate a measure of credit risk. Fair value represents management's estimates of the current market value at a given point in time.

The Company's financial assets and liabilities are classified and measured as follows:

	September 30, 2013			
	\$	\$	\$	\$
	Loans and receivables at amortized cost	Fair value through profit/loss	Available for sale at fair value	Financial liabilities at amortized cost
Financial assets				
Cash and cash equivalents	428.8	-	-	-
Trade and other receivables	21.9	-	-	-
Provisionally priced contracts	-	(0.3)	-	-
Copper swap contracts	-	(1.9)	-	-
Investments	-	-	0.7	-
Financial liabilities				
Trade and other payables	-	-	-	107.6
Long-term debt	-	-	-	859.7
Warrants	-	33.4	-	-
Share award units	-	3.3	-	-

	December 31, 2012				
	\$	\$	\$	\$	\$
	Loans and receivables at amortized cost	Fair value through profit/loss	Available for sale at fair value	Financial liabilities at amortized cost	Total
Financial assets					
Cash and cash equivalents	687.8	-	-	-	687.8
Trade and other receivables	49.2	-	-	-	49.2
Provisionally priced contracts	-	(1.4)	-	-	(1.4)
Copper swap contracts	-	(0.9)	-	-	(0.9)
Investments	-	-	1.0	-	1.0
Financial liabilities					
Trade and other payables	-	-	-	117.4	117.4
Long-term debt	-	-	-	847.8	847.8
Gold contracts	-	110.5	-	-	110.5
Warrants	-	80.3	-	-	80.3
Share award units	-	4.0	-	-	4.0

The carrying values and fair values of the Company's financial instruments are as follows.

	September 30, 2013 \$	September 30, 2013 \$	December 31, 2012 \$	December 31, 2012 \$
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	428.8	428.8	687.8	687.8
Trade and other receivables	19.7	19.7	46.9	46.9
Investments	0.7	0.7	1.0	1.0
Financial liabilities				
Trade and other payables	111.6	111.6	120.7	120.7
Long-term debt	859.7	872.5	847.8	902.9
Gold contracts	-	-	110.5	110.5
Warrants	33.4	33.4	80.3	80.3
Share award units	3.3	3.3	4.0	4.0

The Company has not offset financial assets with financial liabilities.

The Company has certain financial assets and liabilities that are held at fair value. The investments and the gold contracts are presented at fair value at each reporting date using appropriate valuation methodology. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following table summarizes information about financial assets and liabilities measured at fair value on a recurring basis in the statement of financial position and categorized by level of significance of the inputs used in making the measurements:

	September 30, 2013		
	\$	\$	\$
Asset (Liability)	Level 1	Level 2	Level 3
Investments	0.7	-	-
Warrants	(33.4)	-	-
Share award units	(3.3)	-	-
Provisionally priced contracts	(0.3)	-	-
Copper swap contracts	-	(1.9)	-
Gold contracts	-	-	-

	December 31, 2012		
	\$	\$	\$
Asset (Liability)	Level 1	Level 2	Level 3
Investments	1.0	-	-
Warrants	(80.3)	-	-
Share award units	(4.0)	-	-
Provisionally priced contracts	(1.4)	-	-
Copper swap contracts	-	(0.9)	-
Gold contracts	-	(110.5)	-

There were no transfers between Levels 1, 2 and 3 as at September 30, 2013. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Valuation methodologies for Level 2 financial assets and liabilities

Gold contracts

The Company's current derivative liabilities include commodity forward contracts for a portion of the Company's gold sales. The fair value of the forward contracts is calculated using discounted contractual cash flows based on quoted forward curves and discount rates incorporating LIBOR and the Company's appropriate interest rate spread.

Copper swap contracts

The fair value of the copper swaps is calculated using the mark to market forward prices of London Metal Exchange copper based on the applicable settlement dates of the outstanding swap contracts and the Company's appropriate interest rate spread.

18. COMMITMENTS AND CONTINGENCIES

In assessing the loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought. If the assessment of a contingency suggests that a loss is probable, and the amount can easily be estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or is probable but the amount of the loss cannot be reliably estimated, then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the Company discloses the nature of the guarantees. Legal fees incurred in connection with pending legal proceedings are expensed as incurred. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on our financial condition, cash flow and results of operations.

(a) The Company has entered into a number of contractual commitments for capital items related to operations and development. At September 30, 2013, these commitments totalled \$29.5 million (December 31, 2012 – \$87.4 million), all of which are expected to fall due over the next 12 months.

(b) The Chilean Environmental Permitting Authority ("Servicio de Evaluación Ambiental" or "SEA") approved the El Morro Project's environmental permit in March 2011. A constitutional action was filed against the SEA in May 2011 by the Comunidad Agrícola Los Huasco Altinos ("CAHA") seeking annulment of the environmental permit. Sociedad Contractual Mineral El Morro ("El Morro") is the Chilean company jointly held by the Company and Goldcorp. El Morro owns and operates the El Morro Project and participated in the legal proceedings as an interested party and beneficiary of

the environmental permit. In February 2012, the Court of Appeals of Antofagasta ruled against approval of the environmental permit, for the primary reason that the SEA had not adequately consulted or compensated the indigenous people that form the CAHA. SEA and El Morro appealed the ruling; however, the ruling was confirmed by the Supreme Court of Chile on April 27, 2012. Based on the Supreme Court's announcement, El Morro immediately suspended all project field work being executed under the terms of the environmental permit. On June 22, 2012, SEA initiated the administrative process to address the deficiencies identified by the Chilean Court. During the period of temporary suspension, Goldcorp worked with the Chilean authorities and local communities to correct the deficiencies. El Morro filed an addendum to its environmental permit which proposed compensation arrangements for certain local communities. On October 22, 2013, SEA approved the reinstatement of El Morro's environmental permit.

(c) In March 2011, the municipality of Cerro de San Pedro approved a new municipal land use plan, after public consultation, which clearly designates the area of the Cerro San Pedro Mine for mining. New Gold believes this plan resolves any ambiguity regarding the land use in the area in which Cerro San Pedro is located, and which has had a history of ongoing legal challenges related to the environmental authorization ("EIS") for the Mine. In April 2011, a request was filed for a new EIS based on the new Municipal Plan and on August 5, 2011 a new EIS was granted.

19. SUBSEQUENT EVENTS

(a) On October 15, 2013, New Gold acquired the remaining 2.5% of the outstanding common shares of Rainy River. On this date New Gold became the sole shareholder of Rainy River and ceased recognizing a non-controlling interest in Rainy River on the consolidated statement of financial position.

(b) On October 22, 2013, SEA approved the reinstatement of El Morro's environmental permit (refer to Note 18 (b)).



NEED FOR THE PROPOSED FACILITIES

The existing transmission and distribution system cannot provide sufficient capacity to serve the RRP without the construction of the Rainy River Powerline Project. During the latter part of construction, and into commissioning and operation, the power requirement at the mine site will increase considerably from approximately 10MW up to approximately 57 MW during mine operations. The primary power demand at the mine will be the process plant and primary crusher, with the grinding circuits in the plant requiring approximately 40MW of the total power draw.

Discussions with the IESO and Hydro One have confirmed that there is sufficient capacity within the Ontario electrical grid in the region to provide the power demand required for the RRP. The closest point of access to the regional electrical grid is located northeast of the proposed process plant, and provides access to Line Segment K24F (230 kV) and the regional 115 kV line (K6F) that connects Fort Frances and Kenora.

Although a 115 kV connection could also potentially supply the RRP, the choice of a 230 kV connection was driven by a combination of anticipated demand, supply reliability and technical requirements associated with the large mill motor drives. An approximately 17km route was selected that provides the greatest separation distance from existing homes, seasonal residences and tourist operations to limit potential disturbance to existing local residents and also takes advantage of better ground conditions. Further information on power supply and transmission line routing alternatives considered as part of the environmental assessment is provided below.

RAINY RIVER PROJECT

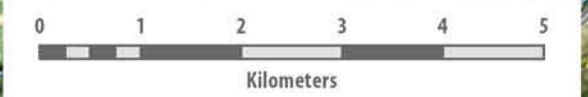
Preliminary RRP ROW

- Transmission Line End Points
- Proposed Transmission Line Route
- Existing Transmission Line
- Data Frame Outline
- ORN Highway
- ORN Arterial Road
- ORN Local Road, Street
- ORN Resource, Recreation Road
- LIO Waterbody
- LIO Intermittent Watercourse
- LIO Permanent Watercourse

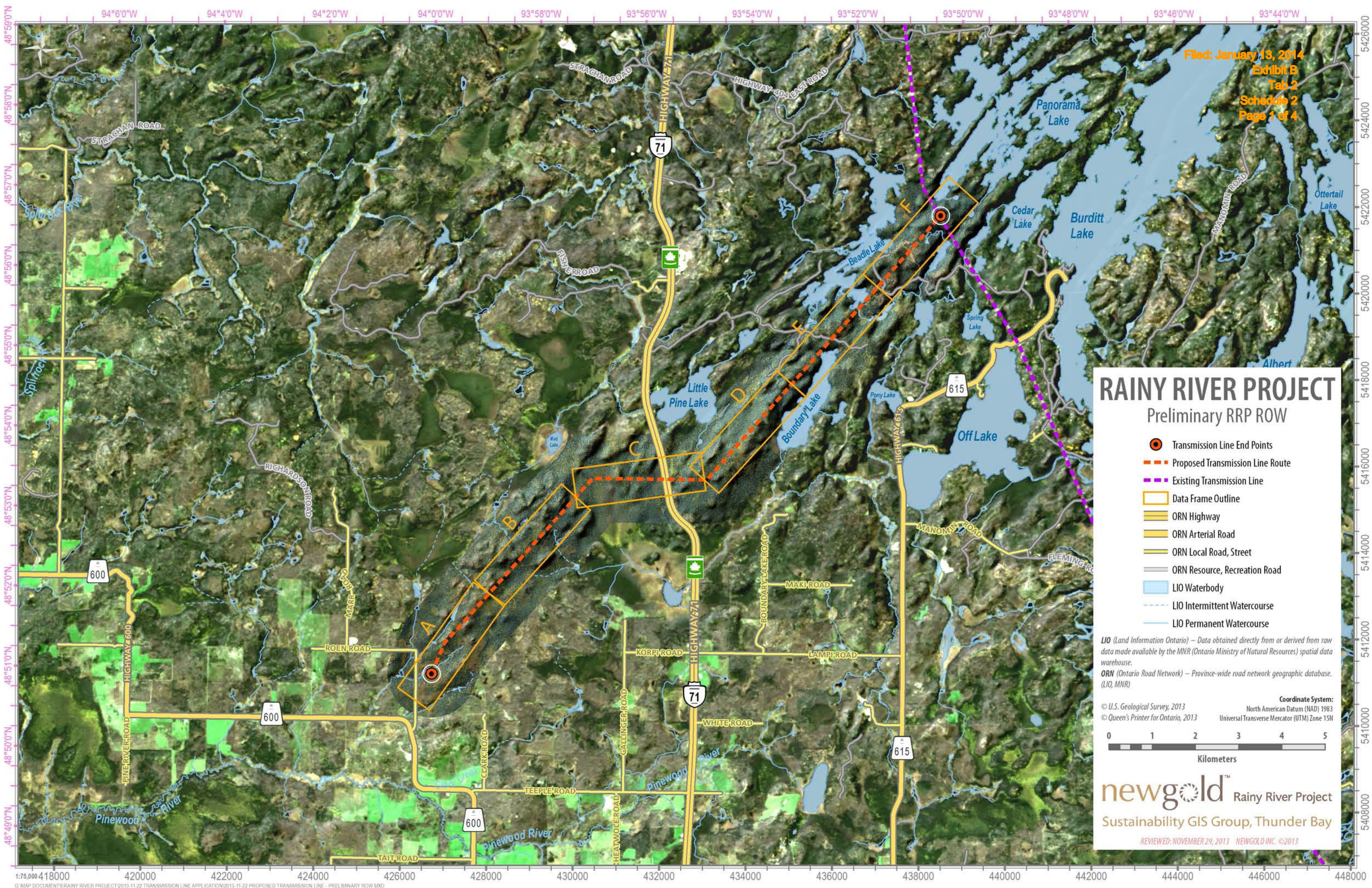
LIO (Land Information Ontario) – Data obtained directly from or derived from raw data made available by the MNR (Ontario Ministry of Natural Resources) spatial data warehouse.
ORN (Ontario Road Network) – Province-wide road network geographic database. (LIO, MNR)

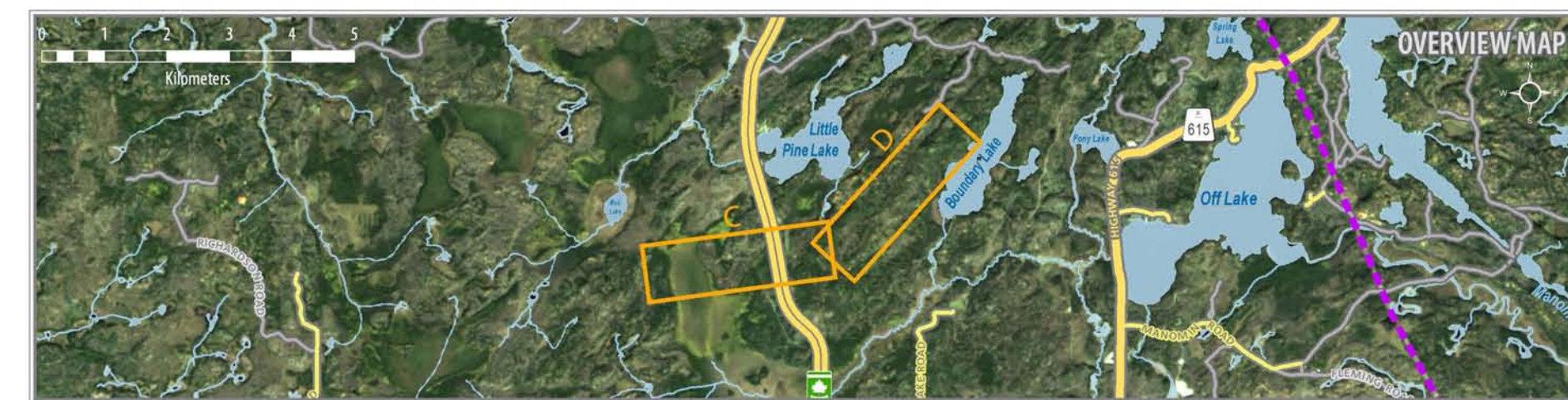
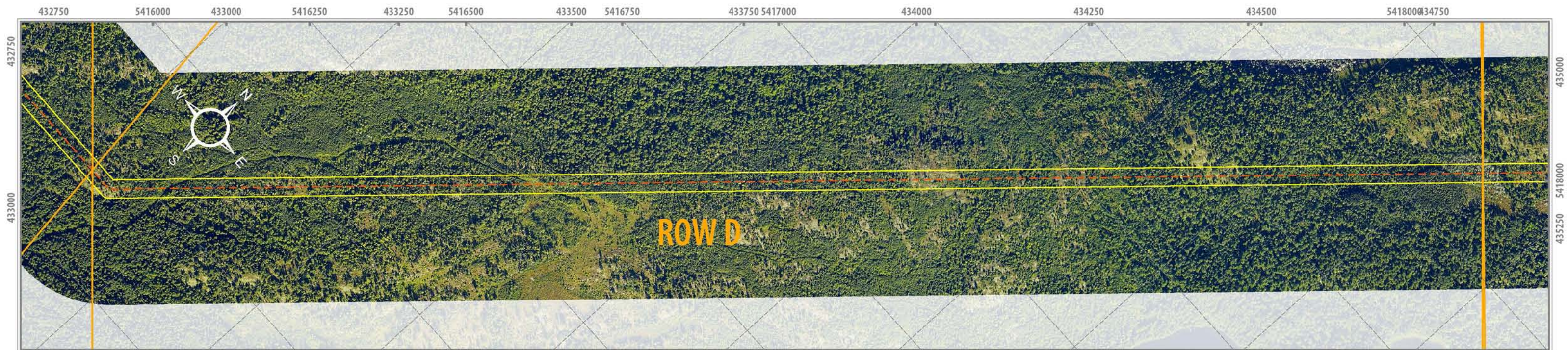
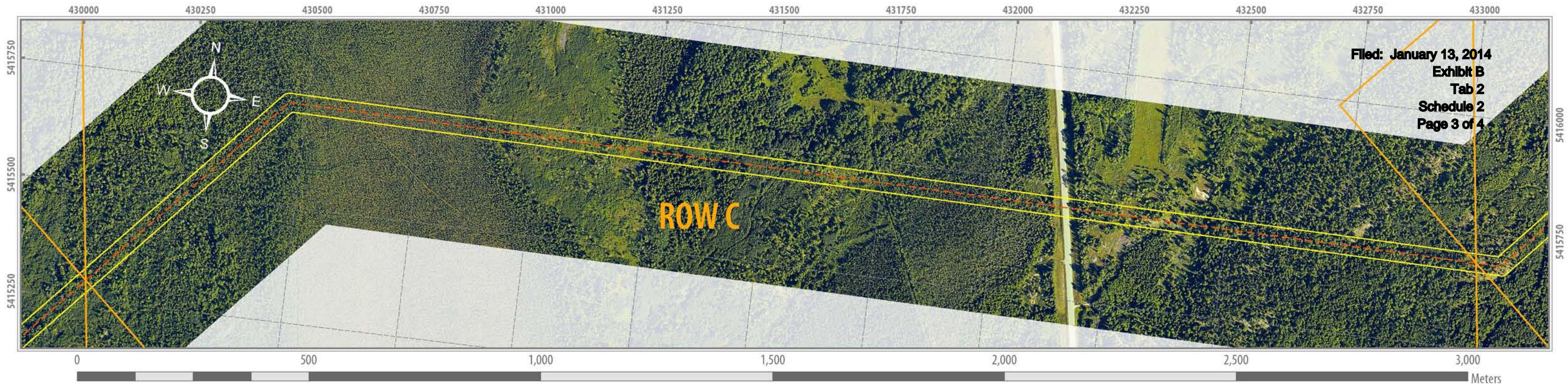
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Coordinate System:
North American Datum (NAD) 1983
Universal Transverse Mercator (UTM) Zone 15N



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- New 40m ROW to Connect to Rainy River Project Site
- Proposed Transmission Line Route
- Data Frame Outline

RAINY RIVER PROJECT Preliminary RRP ROW C and D

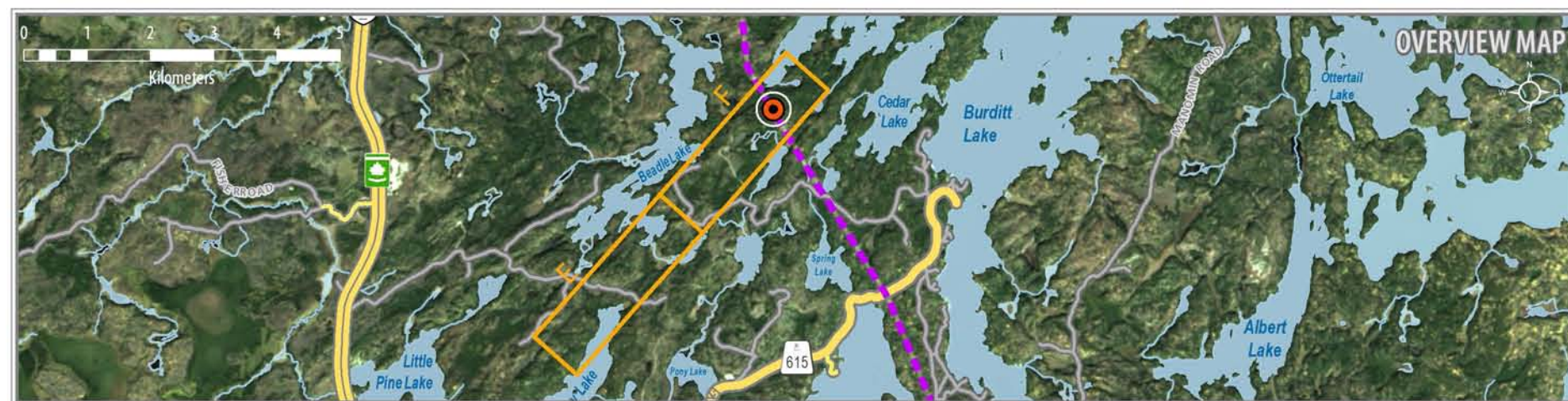
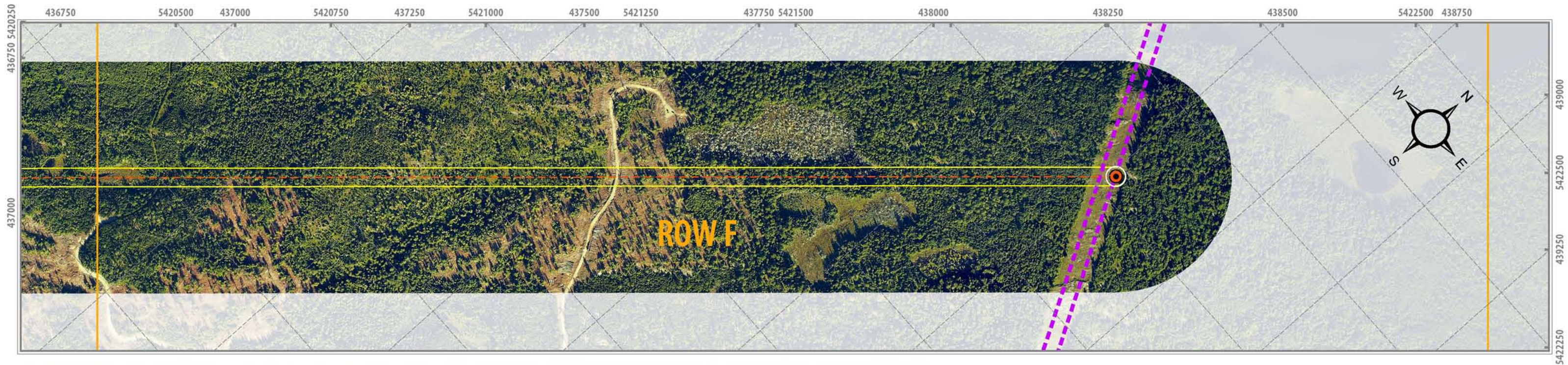
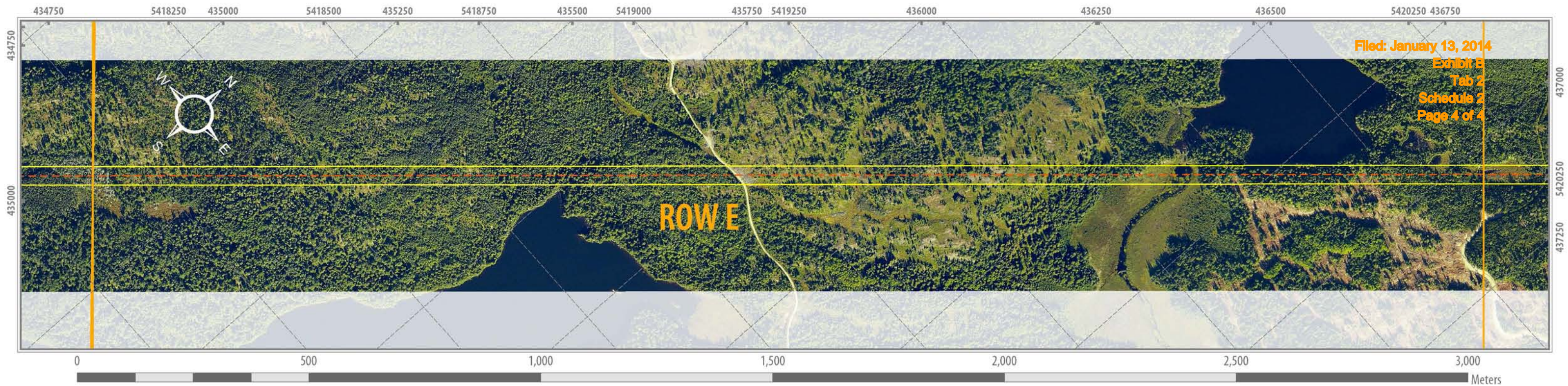
LIO (Land Information Ontario) – Data obtained directly from or derived from raw data made available by the MNR (Ontario Ministry of Natural Resources) spatial data warehouse.
ORN (Ontario Road Network) – Province-wide road network geographic database. (LIO, MNR)

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Universal Transverse Mercator (UTM) Zone 15N



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1:8,000

G:\MAP DOCUMENTS\RAINY RIVER PROJECT\2013-11-22 TRANSMISSION LINE APPLICATION\2013-11-22 PRELIMINARY ROW E.F.MXD

-  New 40m ROW to Connect to Rainy River Project Site
 Proposed Transmission Line Route
 Data Frame Outline

RAINY RIVER PROJECT

Preliminary RRP ROW E and F

LIO (Land Information Ontario) – Data obtained directly from or derived from raw data made available by the MNR (Ontario Ministry of Natural Resources) spatial data warehouse.

ORN (Ontario Road Network) – Province-wide road network geographic database. (LIO, MNR)

ORN (Ontario Road Network) – Province-wide road network geographic database. (LIO, MNR)

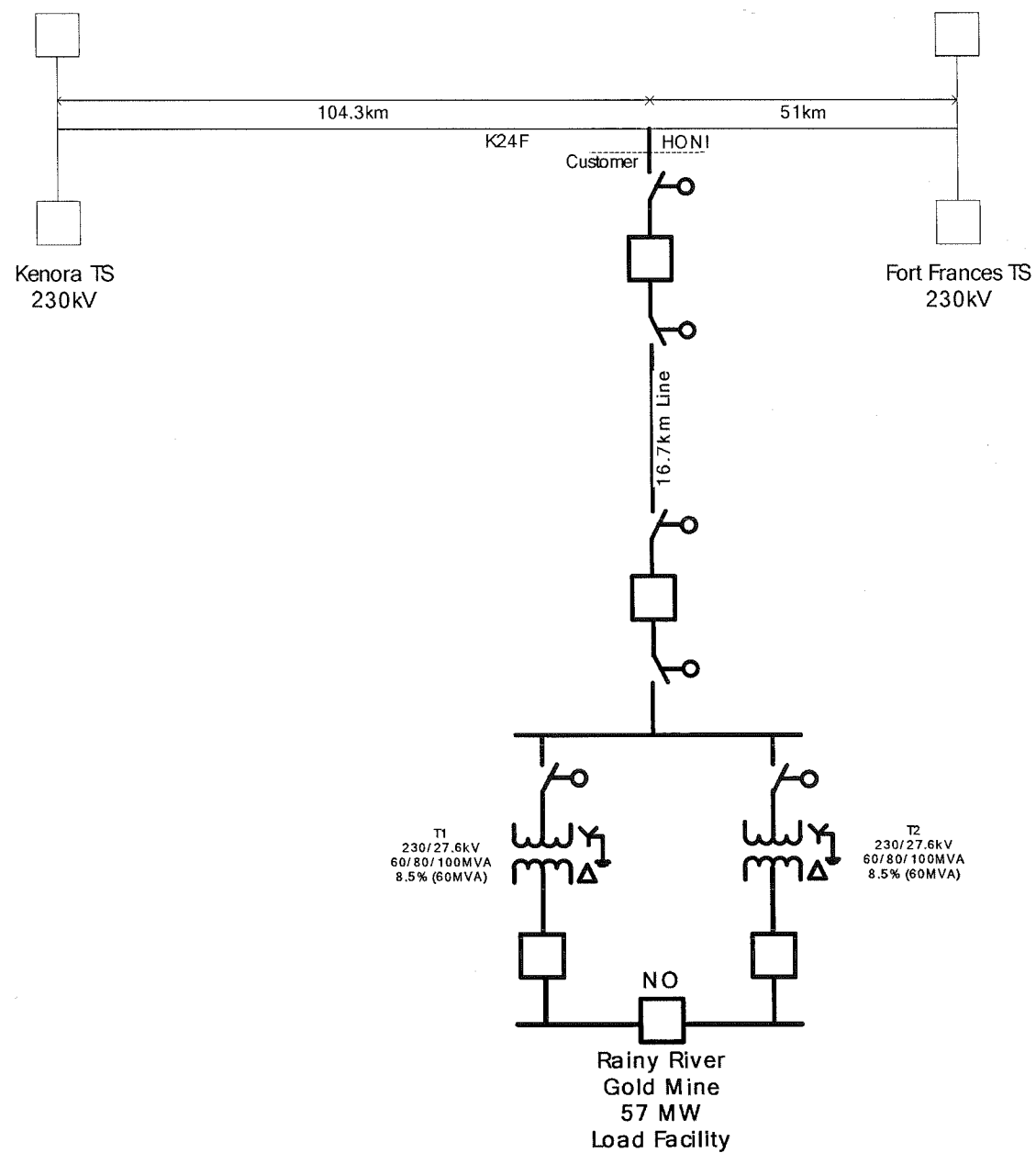
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Schematic of Proposed Connection Facility



2

8 Metering

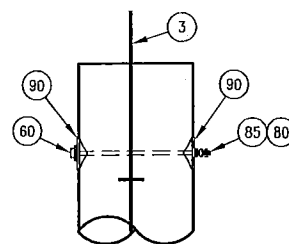
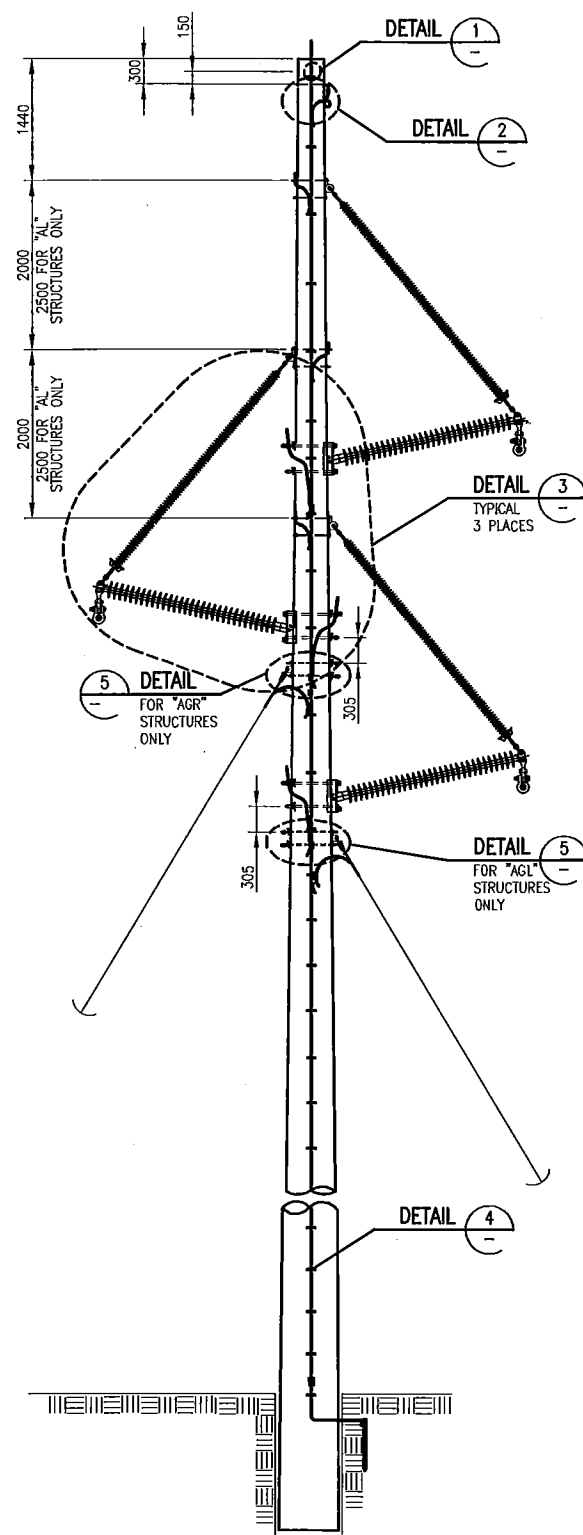
11 NERC & NPCC

12

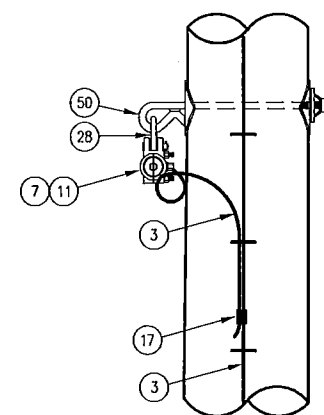
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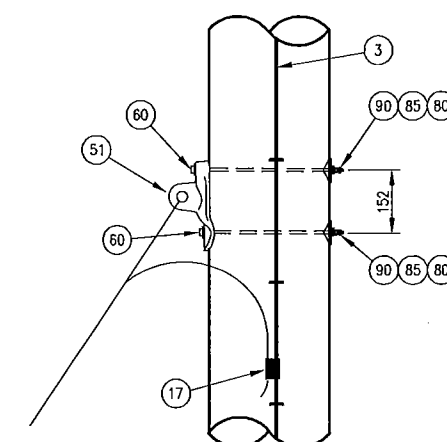
230kV Single Pole, 1 cct Tangent Structure Detail



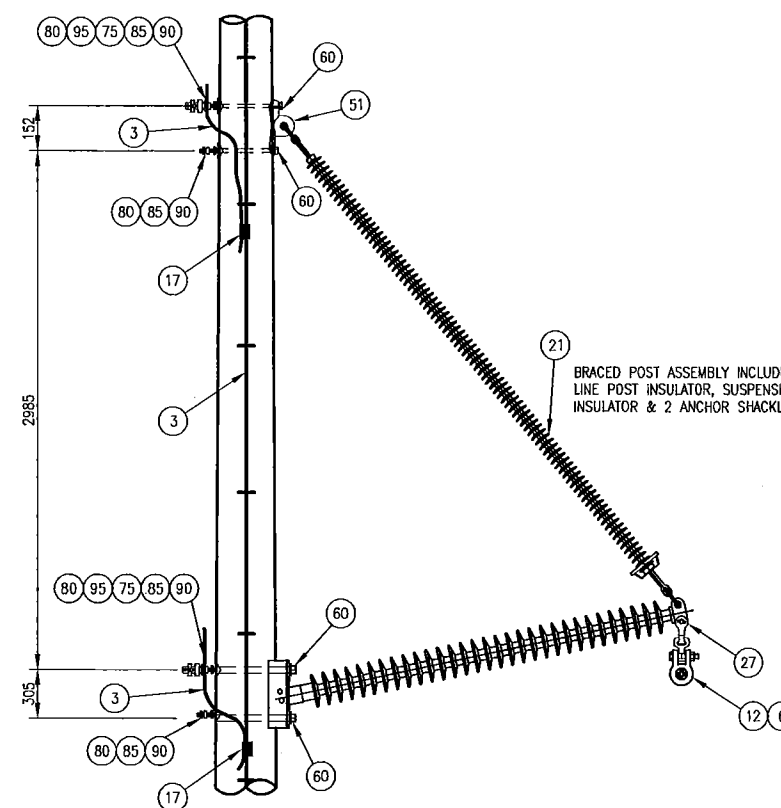
DETAIL 1
ANTI-SPLIT BOLT ASSEMBLY



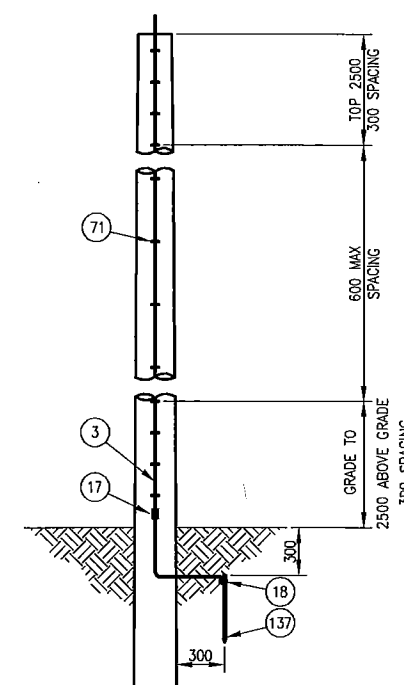
DETAIL 2
OPGW SUSPENSION ASSEMBLY



DETAIL 5
POLE GUY ATTACHMENT
(FOR "AGR" AND
"AGL" ONLY)



DETAIL 3
BRACED POST INSULATOR

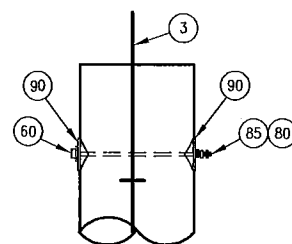
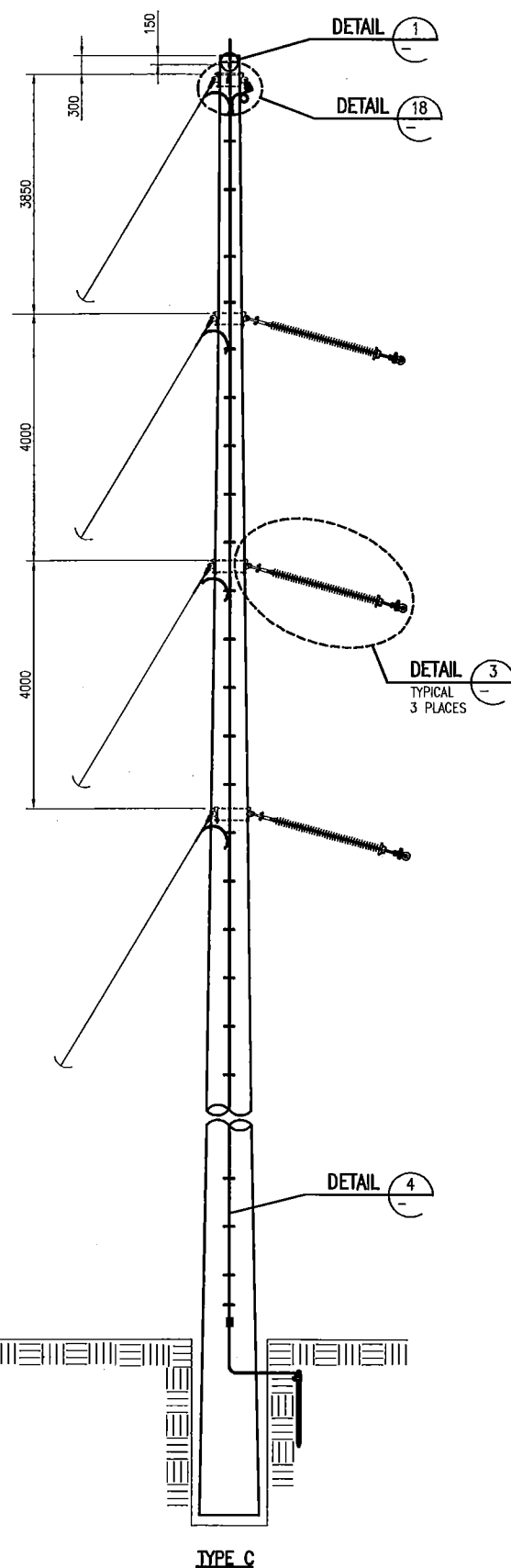


DETAIL 4
POLE GROUNDING

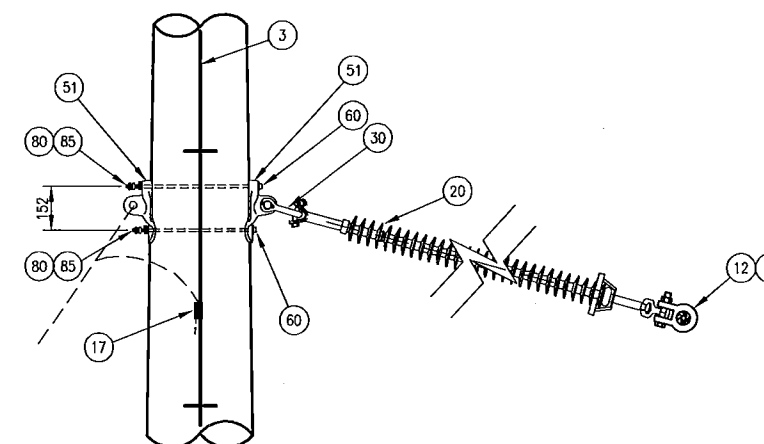
NOTES

1. DIMENSIONS IN mm.

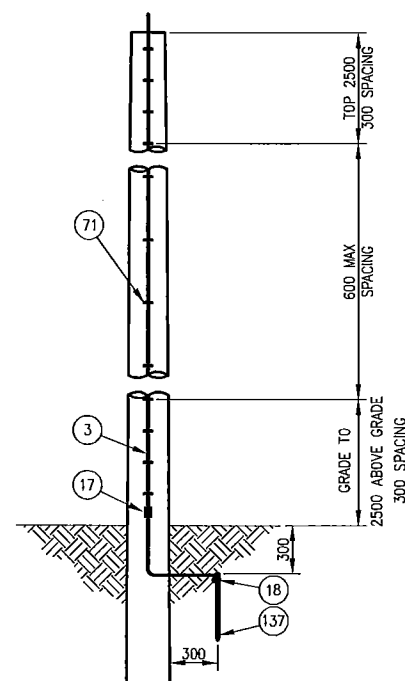
230kV Single Pole, 1 cct Deadend Structure Detail



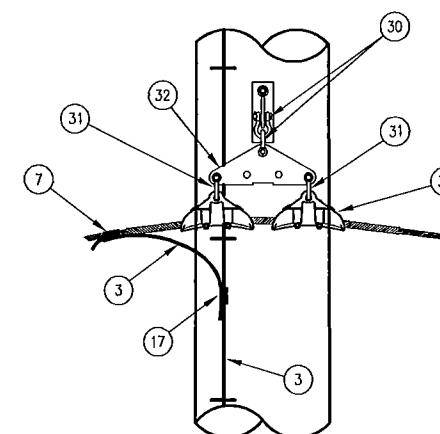
DETAIL 1
ANTI-SPLIT BOLT ASSEMBLY



DETAIL 3
RUNNING ANGLE INSULATOR ASSEMBLY



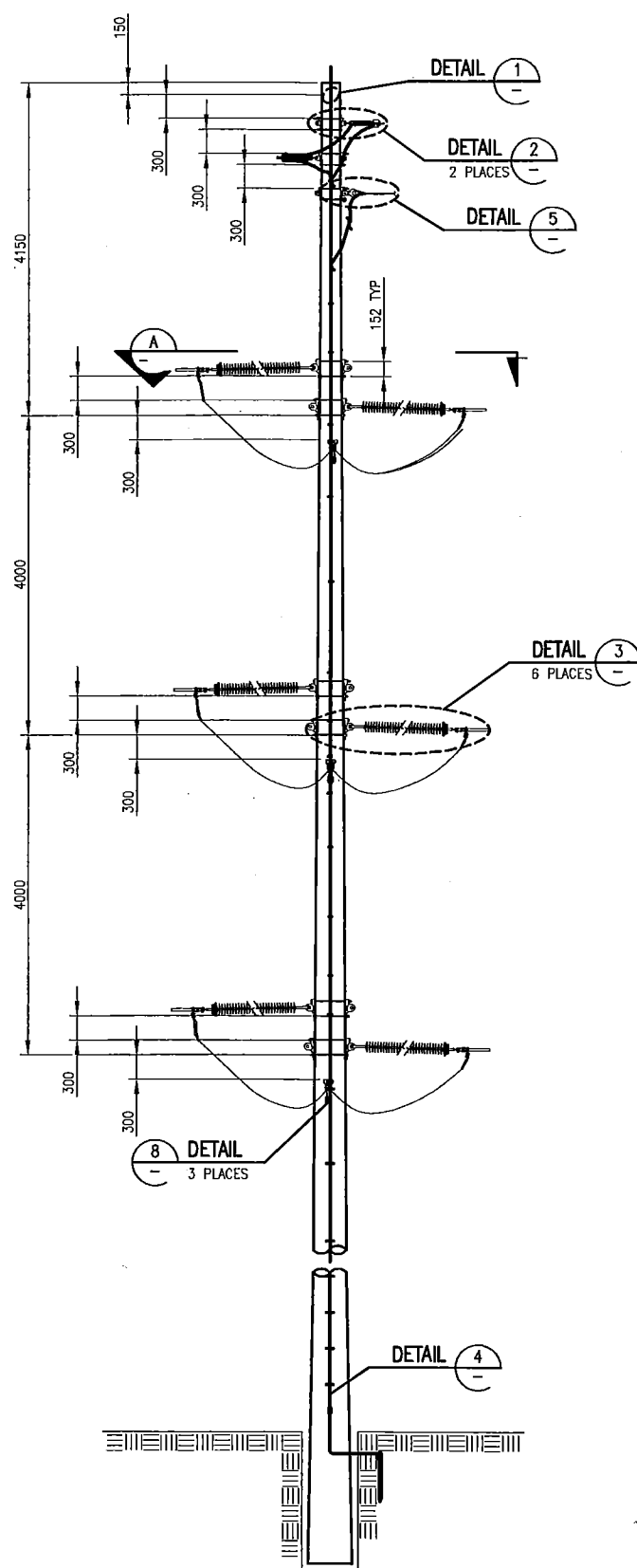
DETAIL 4
POLE GROUNDING



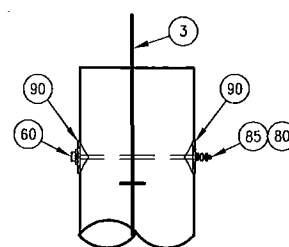
DETAIL 18
OPGW SUSPENSION ASSEMBLY
(LINE ANGLE > 30°)

NOTES

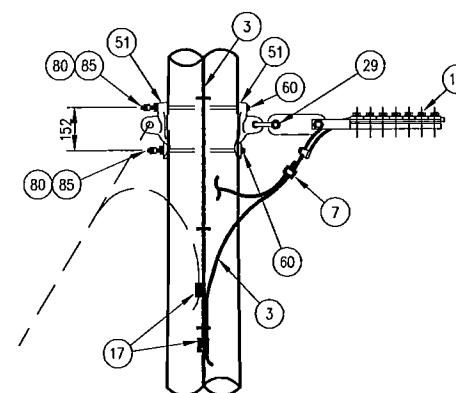
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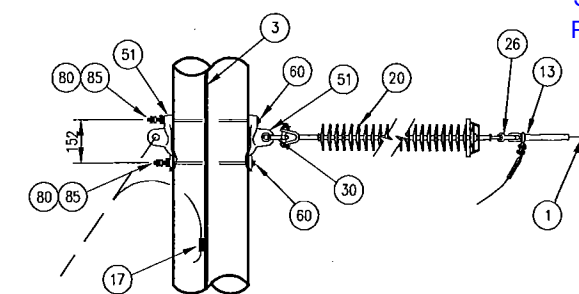
TYPE D, D-P, D-SUB



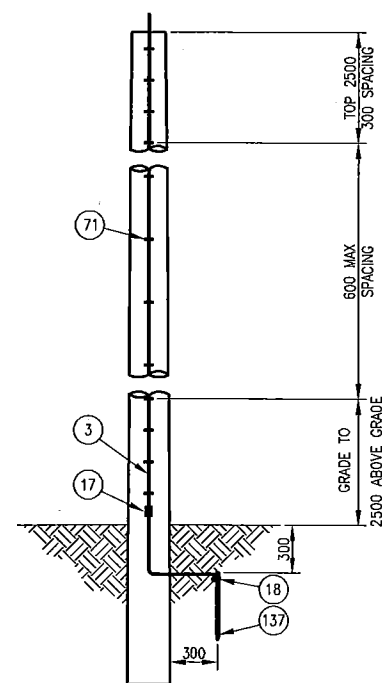
DETAIL 1
ANTI-SPLIT BOLT ASSEMBLY



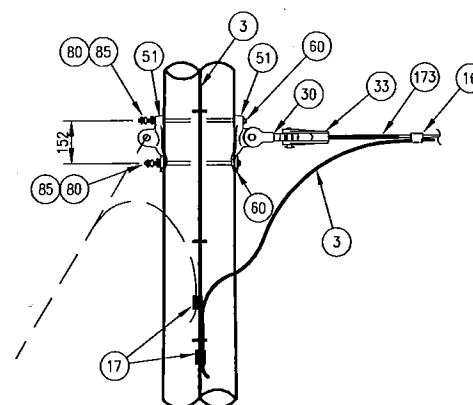
DETAIL 2
OPGW DEADEND ASSEMBLY



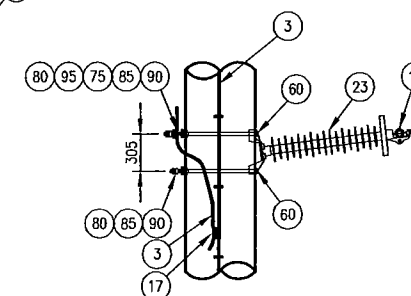
DETAIL 3
CONDUCTOR DEADEND ASSEMBLY



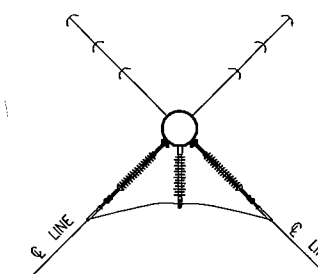
DETAIL 4
POLE GROUNDING



DETAIL 5
OPGW DEADEND ASSEMBLY
ONLY USED ON "D-SUB"
STRUCTURE OUTSIDE OF
SWITCH YARD



DETAIL 6
POST INSULATOR FOR "D-P"
(FOR LINE ANGLES
OF LESS THAN 80°)

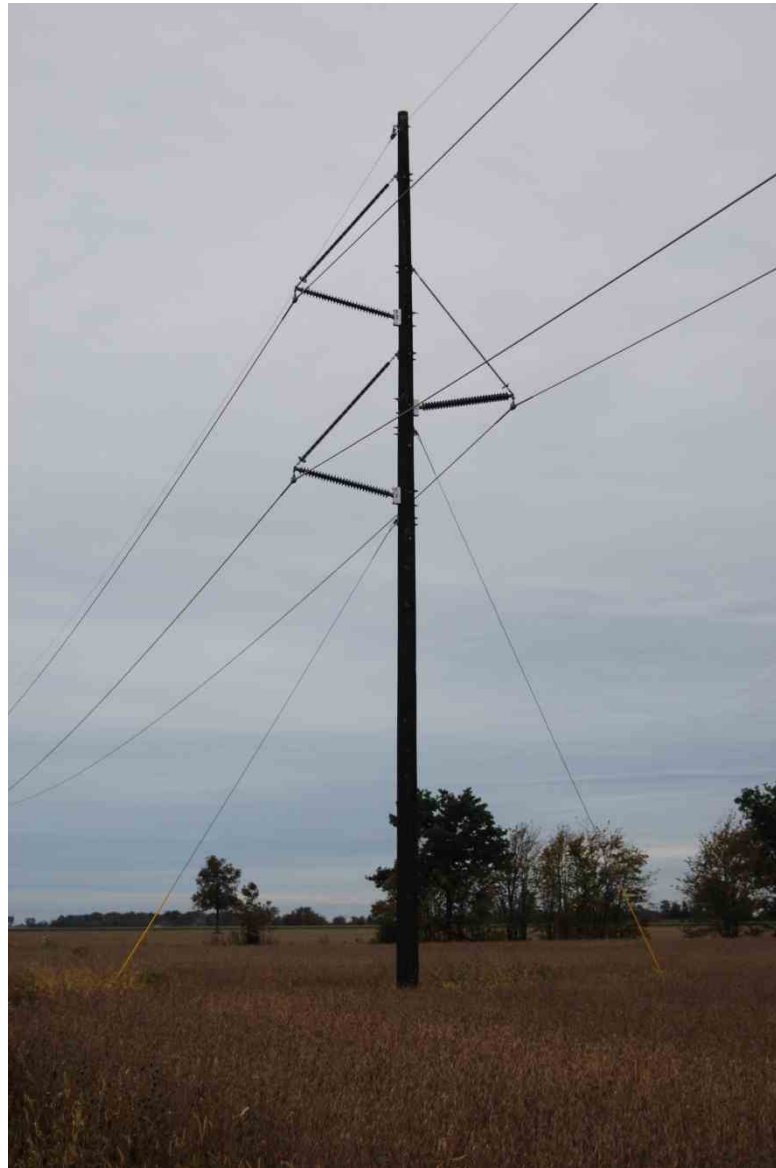


SECTION A

NOTES

1. DIMENSIONS IN mm.

230kV Single Pole,
1 cct Large Angle Structure Detail



Rainy River Resources – Sample installation of proposed line design



Rainy River Resources – Sample installation of proposed line design



Rainy River Resources – Sample installation of proposed line design

TRANSMISSION ALTERNATIVES

Introduction

The assessment of alternative methods undertaken as part of the RRP EA was carried out at a level sufficient to distinguish the relative merits of the different alternative methods for developing, operating and closing the Rainy River Powerline Project. The EA included consideration of the advantages and disadvantages of each alternative method based on a series of performance objectives, evaluation criteria and indicators, to define a preferred alternative. Within the preferred alternative, various routes or options were considered.

The power supply alternatives considered for the mine were as follows:

- Option 1 - Construct a 230 kV transmission line to the regional electrical grid (four routing alternatives were assessed); or
- Option 2 - Install diesel-fired generators on the mine site.

Although self-generated power could include sources such as hydroelectric, solar and wind, these alternative energy sources cannot provide consistent uninterrupted power (wind and solar) and the nearest site with significant hydroelectric potential is Rainy River. This is an international waterway and is located further away from the RRP than the existing 230 kV line. Alternative energy generated by Rainy River is therefore not a viable alternative and was not assessed further.

Performance Objectives and Evaluation

Performance objectives are meaningful attributes that are essential for RRP success and provide a basis for distinguishing between individual alternatives. Performance objectives applicable to the power supply and transmission line routing alternatives are as follows:

- Cost-effectiveness;
- Technical applicability and/or system integrity and reliability;
- Ability to service the site effectively;
- Effects (adverse) to the natural environment;
- Effects to the human environment; and
- Amenability to reclamation.

Witness: To be determined

1 The following sections summarize results of the detailed assessment.

2 **Option 1 - 230 kV Transmission Line to the Existing Grid**

3 Power in the region is predominantly generated at hydroelectric stations, with surplus capacity
4 capable of supplying the mine. Atikodan GS formerly a coal-fired thermal generating station is
5 being converted to a biomass-fuelled station and is expected to provide and additional supply
6 resource in the area during periods of low water or other contingencies. Atikokan GS is
7 scheduled to return to service in 2014. The nearest 230 kV transmission line, K24F, links
8 Kenora to Fort Frances and is located approximately 16 km northeast of the process plant.

9 Several routes for constructing a 230 kV transmission line to the existing grid were considered
10 including: cross-country routes, routes that follow existing road systems and more direct routes.
11 Alternative transmission line routes are discussed further below in Table B.3.1-1. The preferred
12 transmission line route is a cross-country route that follows ridges to the northeast of the plant
13 site and is used in the power supply comparison.

14 The 230 kV transmission line will extend 16.7 km to the northeast and connect to the Hydro One
15 Networks transmission line between Beadle Lake and Panorama Lake. The route is located
16 primarily on high ground, with the exception of an approximately 2 km segment where it extends
17 east through a low-lying area and a less than 1 km segment near Beadle Lake. The route
18 avoids populated areas, with a highway crossing at the Trans-Canada Highway (Highway 71)
19 and two other minor road crossings. The only significant watercourse crossing is the outlet of
20 Beadle Lake.

1 **Table B.3.1-1 Alternative Routes for 230kV Transmission Line**

Alternative	Route	Length (km)	Description
A – <i>Northeastern Route</i>	construct along high ground to the northeast of the site;	16.7	Generally to the northeast and routed along sparsely vegetated high ground and rocky ridges, occasionally crossing lowland terrain and one river between ridges. Alternative A is intended to minimize impacts to the human environment by avoiding residences.
B – <i>Direct Route</i>	shortest direct route to the Hydro One Networks transmission line	15.7	Runs east-northeast to connect with the Hydro One Networks transmission line. Alternative B passes to the immediate north of the community of Finland, and is generally located through forested areas. This ROW route minimizes the transmission line length, thereby reducing the impacted area and having a lower construction costs.
C – <i>East Route</i>	similar to the shortest direct route but maintains a setback from nearby residences	16	Generally follows a similar route as Alternative B. The primary difference between Alternatives B and C is that Alternative C maintains a larger separation distance from residences / buildings. The east route initially proceeds to the northeast prior to turning due east for approximately half the route distance.
D – <i>Along Existing Roads</i>	construct along the existing road network	19.2	Follows along existing roads where possible, for ease of access for construction and maintenance. This results in reduced tree clearing requirements.

2

3 **Option 2 - Diesel-fired Generators**

4 The other power supply alternative identified is to install a series of diesel-fired generators
5 capable of supplying sufficient power for the sole use of the mine and construct a fuel tank farm
6 to store the required fuel. Diesel-fired generators typically have self-contained double-walled
7 fuel tanks for immediate fuel storage and are equipped with appropriate measures to prevent
8 and monitor tank ruptures or overflows. At the scale required, generators would be supplied by
9 a local day tank connected by a fuel line to a fuel tank farm.

Witness: To be determined

Summary Evaluation

Diesel-Fired Generators

Use of diesel-fired power generation is not supportable on economic, environmental and socioeconomic grounds. From an economic perspective, the diesel-fired generator requires large operating costs associated with the fuel transport and consumption that cannot be justified for the mine. The transmission line alternative offers more affordable hydroelectric power from the Provincial grid. The major environmental limitation to the use of on-site diesel generation is increased fuel consumption and associated unnecessary increased emission of greenhouse gases. Potential adverse effects to the human environment include increased fuel transport on local roads, and increased air emissions associated with the diesel generation alternative. Both alternatives are technically able to supply power to the site and are amenable to reclamation. Overall, a 230 kV transmission line connection to the existing electrical grid is selected as the preferred option.

Transmission Line Routing

From an overall perspective, Alternative A is preferred as land access for this alternative is already available to Rainy River, or can reasonably be obtained in the case of those portions of the ROW positioned on Crown lands; and because there is less potential for conflicts or concerns from local residents, as this routing is the most removed from local residences.

The primary limitations to Alternatives B and C are uncertainties regarding land availability, and potential public concern due to proximity to residences along a portion of the route.

Alternative D is located in very close proximity to a number of residences and consequently is aesthetically less preferred and has a greater potential for concerns over health aspects related to electromagnetic fields, and as such is unlikely to receive public support. This potential for adverse public reaction is also important to investor confidence, and hence financing and scheduling for the mine. Alternative D is therefore rated as unacceptable.

PUBLIC INTEREST CONSIDERATIONS

Public information regarding RRR may be found as part of the securities filing system on SEDAR.

RRR is not a rate regulated utility and intends to finance, construct, own and operate the Rainy River Powerline Project. As such, RRR is not providing cost information regarding the Rainy River Powerline Project. It is anticipated that the additional load will have a positive impact on Hydro One and other ratepayers. It is expected that Debt Retirement Charges and Global Adjustment payments will be significant and will assist in reducing the amounts owed in respect of such obligations. RRR will comply with the requirements of the *Transmission System Code* in its dealings with Hydro One .

The IESO has completed a SIA in respect of the Rainy River Powerline Project. The SIA is found at Exhibit B, Tab 6, Schedule 2. RRR will file a copy of the CIA currently being completed by Hydro One when it is finalized, which it is anticipated will be February 2014.

As such, RRR is of the view that the Rainy River Powerline Project fulfills the requirements of section 96 of the OEB Act.

POWER - ELECTRICAL AND COMMUNICATION

Powerline Connection and Corridor	Start Date	End Date
...		
System Impact Assessment (SIA)	1-Oct-13	31-Jan-14
Customer Impact Assessment (CIA)	1-Feb-14	31-Mar-14
Section 92 ("Leave to Construct") Application to OEB / Parallel to EA	1-Nov-13	1-Feb-14
Confirmation to clear trees (pine) from Powerline corridor	1-Nov-13	31-Dec-13
Approvals - Section 92 Application	1-Feb-14	31-Jul-14
Wholesaler License Application (register consumer with IESO prior to energisation)	1-Feb-14	1-Apr-14
Letter of Credit with Hydro One for full cost of connection work (\$2M)		
Hydro One - Preliminary Engineering	1-Sep-13	1-Jan-14
Hydro One - Capital Cost Recovery Agreement (CCRA)	1-May-14	31-Aug-14
Hydro One - Engineering and Construction	1-Sep-14	31-Oct-15
NG Contractor Selection (for Powerline)	1-May-14	31-Jul-14
NG Engineering and Construction	1-Jan-15	26-Mar-16
Clear Tower Pad	1-Jan-15	1-May-15
Power Line		
Tie-Point Switching Station (at point of connection)		
Main Substation		
Commissioning	1-Dec-15	31-Jan-16
Energisation	1-Feb-16	28-Feb-16
Site Electrical Distribution		
Emergency Power		
Communication System	1-Apr-14	30-Jun-14

1 **OTHER MATTERS, AGREEMENTS & APPROVALS**

2 In addition to the Leave to Construct, RRR is completing an EA for the RRP, including the
3 Transmission Line, and requires other approvals from various provincial and federal bodies.
4 RRR has consulted broadly about the RRP and will obtain all of the necessary approvals.

5 **Environmental Assessment**

6 a) Provincial Framework

7 The MOE Guide to Environmental Assessment Requirements for Electricity Projects provides a
8 guide to assist proponents in comprehending the EA requirements of Ontario Regulation 116/01
9 Electricity Projects ("**Reg. 116**") under the Ontario *Environmental Assessment Act*. The
10 proposed Transmission Line is 230 kV of approximately 17 km length and is not associated with
11 a generation facility. It is therefore considered a Category B Project for the purpose of Reg.
12 116. Category B Projects are required to follow the process under Ontario Hydro's (now Hydro
13 One) Class Environmental Assessment for Minor Transmission Line Facilities.

14 RRR entered into a Voluntary Agreement with the Ontario Ministry of the Environment (MOE) on
15 May 4, 2012, to conduct a Provincial Individual EA for the RRP that will meet the requirements
16 of the *Ontario Environmental Assessment Act*.

17 The two main steps in preparing an EA in Ontario are:

- 18 1) Obtaining the approval for the ToR for the EA; and
19 2) Obtaining approval for the EA.

20 RRR initiated the Provincial EA process, through the submission of draft ToR to facilitate
21 ongoing public consultation on the RRP. A draft ToR was issued for a 30-day public comment
22 period between May 17, 2012 and June 16, 2012. The draft ToR was subsequently revised
23 based on comments on the document and results of open houses, and was re-issued as the
24 Proposed ToR for another 30-day public comment on October 26, 2012.

25 The Proposed ToR, as subsequently amended, was approved by the Ontario Minister of the
26 Environment on May 15, 2013.

27 RRR has completed the draft EA report in accordance with the Approved Terms of Reference
28 and *The Code of Practice: Preparing and Reviewing Environmental Assessments in Ontario*
29 (June 2007). The draft EA was made available to First Nation and Métis on May 18, 2013 for
30 early review purposes. The draft EA report was made available for comment on July 19 2013
31 for a 30-day period, and could be downloaded from the internet for viewed at the public review
32 locations listed in the Table below.

Table B.6.1-1 Locations for Public Review

Barwick Township of Chapple 54 Barwick Road Barwick, ON P0W 1A0 T. 807-487-2354	Emo Rainy River Resources Ltd. 5967 Highway 11/71 Emo, ON P0W 1E0 T. 807-482-2501
Fort Frances Fort Frances Public Library 601 Reid Avenue Fort Frances, ON P9A 0A2 T. 807-274-9879	Rainy River Rainy River Library 334 4th Street Rainy River, ON P0W 1L0 T. 807-852-3375
Thunder Bay Brodie Resource Library 216 South Brodie Street Thunder Bay, ON P7E 1C2 T. 807-345-8275	Toronto Rainy River Resources Ltd. 701-1 Richmond Street West Toronto, ON M5H 3W4 T. 416-645-7280

The draft EA Report was also made available at local Aboriginal community offices.

b) Federal Framework

Although the Transmission Line itself is not identified under the CEAA 2012 Regulations Designating Physical Activities, the potential application of CEAA 2012 to the mine was identified based on the following Activities identified in Regulation:

- Section 8: *The construction, operation, decommissioning and abandonment of a facility for the extraction of 200,000 m³/a or more of ground water....*
- Section 15(d): *The construction, operation, decommissioning and abandonment of a gold mine, other than a placer mine, with an ore production capacity of 600 t/d or more.*

Based on these criteria, RRR submitted a Rainy River Project Description, which included the transmission line and facilities, to the Canadian Environmental Assessment Agency (“**CEA Agency**”) that was subsequently accepted on August 31, 2012. Based on the Project Description, the CEA Agency confirmed that a Federal EA was required and issued draft Environmental Impact Statement (“**EIS**”) Guidelines on October 19, 2012 to help identify the scope of the EA required for the project. On December 18, 2012 RRR was informed that a Standard Assessment would be required for the RRP and final EIS Guidelines were issued by the CEA Agency. The draft EA Report was developed to fulfill the requirements of the EIS Guidelines.

c) Federal and Provincial Alignment

RRR worked closely with the Provincial and Federal approvals agencies to harmonize the Federal and Provincial EA processes and where possible align public consultation periods, to

1 meet the needs of each Act, while minimizing duplication of effort which can lead to
2 unnecessary project delay. This coordination will be directed by the Canada-Ontario Agreement
3 on Environmental Assessment Cooperation, and as led by the CEA Agency and the MOE.

4 The Federal EIS Guidelines and the Provincially-approved Amended Proposed ToR together
5 set out the framework and requirements for the EA Report.

6 d) Other Regulatory Aspects

7 *Federal Government Environmental Approvals Process*

8 Although federal environmental approvals will be required for other aspects of the RRP, federal
9 environmental approvals for development of the transmission line are not anticipated at this
10 time, particularly given recently enacted changes to the *Fisheries Act* as well as the scheduled
11 introduction of the *Navigation Protection Act* (scheduled to come into force and replace the
12 current *Navigable Waters Protection Act* in Spring 2014).

13 *Provincial Environmental Approvals Process*

14 The *Ontario Water Resources Act*, the *Ontario Environmental Protection Act*, the *Mining Act*, the
15 *Public Lands Act*, and the *Ontario Planning Act* contain associated regulations, guidelines and
16 policies stipulating that relevant aspects of the natural and / or human use environments are to
17 be protected against undue disturbance from industrial and other sources, except as provided
18 through the granting of permits, approvals and authorizations.

19 There are four primary Provincial agencies that could be involved with approvals / permits for
20 the RRP: Ministry of Northern Development and Mines (MNDM), Ministry of the Environment
21 (MOE), Ministry of Natural Resources (MNR), and the Ontario Energy Board (OEB):

- 22 • MNDM has a responsibility to ensure the orderly development of mineral resources in
23 the Province of Ontario, including primary responsibility for mine closure activities;
- 24 • MOE grants permits and approvals that address project aspects related to water and air
25 quality (including sound) and waste management;
- 26 • The MNR role is to ensure the protection and wise use of Crown resources not
27 otherwise disposed, including natural heritage features and Species at Risk (SAR); and
- 28 • The OEB has responsibility for energy-related approvals, including approval to construct
29 transmission lines, and operates as an adjudicative tribunal, carrying out its regulatory
30 function through oral or written public hearings.

31 Ministry of Tourism, Culture and Sport (MTCS) may also be involved with permitting of project
32 components. The role of Ministry of Municipal Affairs and Housing (MMAH) for land use
33 planning ensures sound infrastructure planning, economic development and safe communities.

34 A number of Provincial environmental approvals are expected to be required to construct and
35 operate the Transmission Line.

1 The table below provides a preliminary listing of the Provincial approvals anticipated to be
2 required or likely to be required, for the construction and operation of the Transmission Line.
3 RRR will obtain all necessary approvals for the Rainy River Powerline Project.

4 **Table B.6.1-2 List of Other Provincial Approvals**

Permit / License / Assessment	Agency Responsible	Description
Permit to Take Water <i>Ontario Water Resources Act</i>	MOE	Required for any taking of water of greater than 50,000 L/day
Work Permit <i>Public Lands Act / Lakes and Rivers Improvement Act</i>	MNR	Work / construction on Crown land.
Forest Resource License (Cutting Permit) <i>Crown Forest Sustainability Act</i>	MNR	Clearing of Crown merchantable timber.
Land Use Permit <i>Public Lands Act</i>	MNR	Tenure for permanent facilities on Crown land (if any).
SAR Net Benefit Permit <i>Ontario Endangered Species Act</i>	MNR	Management of activities related to SAR.
Leave to Construct <i>Ontario Energy Board Act</i>	OEB	Approval to construct a transmission line.
Closure Plan <i>Mining Act</i>	MNDM	For mine construction / production including that related to the eventual RRR decommissioning at mine closure.

Consultation

a) Identifying Stakeholder Communities

The main stakeholders involved to date in the RRP include those with a direct interest in the RRP, and those who provided data for baseline environmental reports, such as Municipal and Provincial government department representatives, community-based service providers, economic development agencies and other similar groups.

RRR requested advice from the MNDM in 2010 and again in 2011 as to which Aboriginal groups should be engaged regarding the RRP due to potential impacts of exploration and mine development on Aboriginal or Treaty rights. Following advice provided by MNDM at the time, RRR engaged the following nine First Nations along with the Métis Nation of Ontario ("MNO") that could be affected by the RRP:

- Anishinaabeg of Naongashing (Big Island) First Nation
- Couchiching First Nation
- Lac La Croix First Nation
- Mishkosiminiziibiing (Big Grassy River) River First Nation
- Mitaanjigamiing First Nation
- Naicatchewenin First Nation
- Nigigoonsiminikaaning First Nation
- Rainy River First Nations
- Seine Rivre First Nation
- Sunset Country Métis

In May 2012, the Provincial government identified changes and considerably expanded the list of Aboriginal groups RRR is to consult or notify about mine development:

- Anishinaabeg of Naongashing (Big Island) First Nation
- Mishkosiminiziibiing (Big Grassy River) River First Nation
- Métis – Rainy River Lake of the Woods RCC Region #1
- Naicatchewenin First Nation
- Naotkamegwanning (Whitefish Bay) First Nation
- Ojibways of Onigaming First Nation
- Rainy River First Nations
- Buffalo Point First Nation
- Anishinabe of Wauzhushk Onigum First Nation (Rat Portage)*
- Couchiching First Nation*
- Lac La Croix First Nation*

* Notification Only

b) The Consultation Process

Since acquiring the RRP property in 2005, RRR has engaged the local communities as well as First Nations and Métis community members about exploration and more recently, development plans. The primary focus of the consultation and engagement in these early years was to introduce RRR, to inform citizens of the status of the exploration and future mining-related activities, and to provide information regarding future consultation opportunities.

To demonstrate commitment to local communities, RRR opened a community office in Emo, Ontario, in August 2010, and maintains an open door policy whereby community members may drop by during office hours to learn more about the RRP and share their views. The Rainy River Powerline Project permitting office is located in Thunder Bay, Ontario. As appropriate, RRR tabulates enquiries to their offices from the interested public and documents any issues raised.

During this early stage of the RRP, consultation activities consisted of:

- Hosting informal meetings, exploration site tours and presentations for stakeholders including local citizens, government departments and members of the Aboriginal communities;
- Initiating meetings with the Aboriginal leaderships to establish a path forward through negotiated agreements;
- Establishing a local Aboriginal liaison position to enhance community participation in the project;
- Raising awareness about mining and supporting training by sponsoring a Mining Matters workshop (Prospectors and Developers Association of Canada) in Fort Frances in the summer of 2011 and 2012, and by supporting Confederation College's Diamond Driller's Helper's training program; and
- Discussions about approaches to Aboriginal Traditional Knowledge / Traditional Land Use (TK / TLU) studies with Aboriginal groups to work toward building a relationship to proceed with studies.

Subsequent to the issuance of the Proposed ToR in October 2012, RRR sought additional feedback from all interested stakeholders and Aboriginal communities on the RRP. The ToR development process included RRR holding project open houses in various communities.

In preparing the Draft EA, a number of interviews and meetings occurred and socio-economic questionnaires were distributed for the purposes of communicating information about the RRP and gathering information to inform the baseline reporting, effects assessment and management planning. Seven socio-economic interviews were conducted with Municipal and public agencies, and Aboriginal organizations. Meetings were held with various Provincial and Municipal government agencies during which topics such as management planning, the Proposed ToR and potential impacts of the Rainy River on municipalities and municipal planning were discussed.

1 **Table B.6.1-3 First Nation Consultation Summary**

Consultation Activity	Description
<i>Aboriginal Meetings Discussions</i> <i>Group and</i>	A total of 12 meetings were held with Aboriginal groups during the preparation of the Draft EA. Meeting discussions focused primarily on TK / TLU studies.
<i>Community Houses</i> <i>Open</i>	RRR hosted two open houses during the preparation of the Draft EA (November 10, 2012 to February 15, 2013) in addition to those held previously. The first was held at the Seine River First Nation on November 15, 2012 and the second at Mitaanjigamiing First Nation on November 20, 2012. Approximately 10 individuals attended each of the sessions. Four comment forms were received from attendees and these are located in Appendix D-4 in the EA. Further information about the open houses can be found in Appendices D-5 and D-6 in the EA.
<i>Site Tours</i>	RRR hosted one site tour for four Environment Canada employees on November 15, 2012. The purpose of the tour was to provide them with an opportunity to view the RRP site and address comments related to the RRP. A listing of tour participants is located in Appendix D-5 in the EA.
<i>Newsletters and Updates</i>	RRR distributed a one page RRP update on February 11, 2013, which included information about the RRP and the EA process. In total, 7,521 copies of the update were mailed to residents throughout the region.
<i>Rainy River Webpage</i>	The RRR webpage was updated to include a copy of the approved Amended Proposed ToR on February 28, 2013.

2

3 RRR is not aware of any significant unresolved issues that have arisen to date, during the

4 environmental assessment process.

5 **Other**

6 a) Participation Agreement

7 On April 3, 2012, RRR, the Naicatchewenin First Nation, Rainy River First Nations,

8 Mitaanjigamiing First Nation, Couchiching First Nation, Lac La Croix First Nation and Seine

9 River First Nation (together, the "First Nations Group") signed a PA with respect to the

10 development and operation of the RRP. The PA is the culmination of negotiations initiated by

11 the parties pursuant to a Memorandum of Understanding entered into in May of 2010.

1 The PA was developed together with the First Nations, each of which is a member of the Fort
2 Frances Chiefs Secretariat, in order to define their participation in the development and
3 operation of the RRP. The agreement identifies key project milestones and ways to work
4 together with the First Nations Group, as RRR initiates mine environmental assessment and
5 permitting in 2012. The PA sets out a schedule of benefits that the First Nations Group
6 communities will receive, including employment and business opportunities, funding to support
7 skills development, occupational training and education, as well as equity participation. The PA
8 reflects RRR's continued commitment to environmental stewardship, respect for First Nation
9 Group's traditional culture and values and the need for economic sustainability.

10 b) IESO

11 The IESO has completed a SIA in respect of the Rainy River Powerline Project. The SIA is
12 found at Exhibit B, Tab 6, Schedule 2.

13 RRR will be required to be a market participant and will complete the IESO market entry
14 process in due course.

15 c) OEB – Wholesale License

16 RRR will require a wholesale license pursuant to section 57(e) of OEB Act and will make such
17 application in due course.

18 d) Transmission System Code ("TSC")

19 The TSC outlines the requirements for both licensed and unlicensed transmitters and the
20 process for connecting to the IESO-controlled grid. RRR is not required to become a licensed
21 transmitter.

22 RRR will be entering into a series of agreements with Hydro One to complete the connection
23 process. RRR will abide by the requirements of the TSC.

Summary of Comments on Draft Environmental Assessment Report - Transmission Line¹

Topic	Date	Stakeholder	Comments	Official Response
Aboriginal				
Indigenous Traditional Knowledge	11/20/2012	Mitaanjigamiing First Nation (comment made at open house with Mitaanjigamiing First Nation	Indicated on comment form that traditional protocols should be in place for proposed transmission line(s) and road(s) prior to disturbing the land and animals.	Noted. This will be considered and discussed further with the community representatives.
Government				
Transmission Line	09/03/2013	Cyrus Elmpak-Mackie, Transmission Asset Management, Hydro One Networks Inc.	In our initial review, we have confirmed that Hydro One Transmission facilities are located within immediate vicinity of the proposed site in your study area. Please allow appropriate lead-time in your project schedule in the event that proposed development impacts Hydro One infrastructure which requires relocation or modifications, or needs an outage, that may not be readily available.	<p>Thank you Mr. Elmpak for the HydroOne comments on the Environmental Assessment of the Rainy River Gold Project. As you know, the project is subject to a Provincial Individual Environmental Assessment as agreed with the Ministry of the Environment in the spring of 2012. Sasha McLeod with the Ministry of the Environmental Approvals Branch in Toronto is the Provincial lead coordinator for the Environmental Assessment and is responsible for ensuring that all Provincial Environmental Assessment requirements (including any Class EA) aspects are met.</p> <p>The project is also subject to a Federal Standard Environmental Assessment underway and harmonized with the concurrent Provincial process. The Draft Environmental Assessment was issued by Rainy River Resources in July of 2013 and is currently being commented on by both Provincial and Federal regulatory agencies so your input is indeed timely.</p> <p>RRR has passed your comments on to our engineers who are managing this project aspect with their consultant Wayne Clarke at SanZoe Consulting. Someone from the engineering team will be in touch with Roman Dorfman to discuss the aspects below in more detail.</p>
			In planning, please note that developments should not reduce line clearances and limit access to our	RRR and our consultants are aware of these requirements, but appreciate your comment.

¹ Extracted from Aboriginal Records (EA Report, Appendix D-1), Government Records (EA Report, Appendix D-2), and Stakeholder Records (EA Report, Appendix D-3).

Topic	Date	Stakeholder	Comments	Official Response
			facilities at any time in the study area of your Proposal.	
			Any construction activities must maintain the electrical clearance from the transmission line conductors as specified in the Ontario Health and Safety Act for the respective line voltage.	RRR and our consultants are aware of these requirements, but appreciate your comment.
			The integrity of the structure foundations must be maintained at all times, with no disturbance of the earth around the poles, guy wires and tower footings. There must not be any grading, excavating, filling or other civil work close to the structures.	RRR and our consultants are aware of these requirements, but appreciate your comment.
			Note that existing rights of ways may have provisions for future lines or already contain secondary land uses (i.e. pipelines, water mains, parking, etc). Please take this into consideration in your planning.	RRR and our consultants are aware that these provisions may occur and have considered these aspects in the planning of the RRP.
			Once details are known and it is established that your development will affect Hydro One facilities including the rights of way, please submit plans that detail your development and the affected Hydro One facilities to: Roman Dorfman, Hydro One Real Estate Management 185 Clegg Road, Markham L6G 1B7 Phone: (905) 946-6273 roman.dorfman@HydroOne.com	We understand that the RRR / engineering primary contact for Hydro One is to be Mr. Blackburn, the major account representative, who will direct information within Hydro One. Please let us know if that has changed.
			Please note that the proponent will be responsible for costs associated with modification or relocation of Hydro One facilities, as well as any added costs that may be incurred due to increase efforts to maintain our facilities.	RRR and our consultants are aware of this requirement.
Archaeological / Cultural Heritage Considerations	09/03.2013	Amy Didrikson, Heritage Planner, Ontario Ministry of Tourism, Culture and Sport	<p>[I]t is unclear how the proponent has concluded that “no apparent” effects on built heritage and cultural heritage landscapes will result from the Highway 600 Realignment, the power supply alternatives or the Transmission Line Routing when the assessment by Unterman and McPhail on built heritage and cultural heritage landscapes has not yet been completed.</p> <p>The rationales behind the conclusions regarding cultural heritage resources are not explained in the accompanying text in section 6.</p>	The tables contained in Appendix O will be revised to reflect the results of the Unterman and McPhail report; along with the text provided in Section 6 of the Final EA Report.

Topic	Date	Stakeholder	Comments	Official Response
EMF and Health Concerns	09/04/2013	A. Denning, Regional Environmental Assessment Coordinator, Health Canada	<p>Section 4.1; 6.18.2 – Electric and Magnetic Fields: One project component involves the construction and operation of a 230 kV transmission line. Section 6.18.2 of report indicates that the transmission line will generate electromagnetic fields and that there may be public concern associated with potential human health effects. No specific public/aboriginal concerns related to electric and magnetic fields were identified in the EIS.</p> <p>If concern is expressed, the following assessment of EMF effects can be undertaken, including:</p> <p>1) A discussion on the current state of scientific knowledge with respect to possible health effects from EMF exposure and a review of current exposure guidelines and/or position statements from health-related organizations (e.g. World Health Organization 2007a7 and 2007b8, Federal-Provincial-Territorial Radiation Protection Committee 20089, International Commission on Nonionizing Radiation Protection (ICNIRP) 2010a10,b11)</p> <p>2) Identification of all potential sources of EMF and potential human residents in the project area;</p> <p>3) Assessment of background EMF levels at selected locations at the proposed site prior to construction, and their corresponding estimated levels after construction; and</p> <p>4) A description of measures that will be taken to mitigate potential public concern over project-related EMF exposure.</p>	RRR appreciates the advice from HC on these matters.
Watercourse impacts	09/04/2013	Sara Eddy, Senior Fisheries Protection Biologist, Department of Fisheries and Ocean	Section 6.17.1, p.6-85: States the only significant watercourse crossing of the transmission line is the outlet of Beadle Lake. Provide more detail on this crossing in the document	<p>Engineering of the transmission line is currently underway. All poles and other structures will be placed above the high water mark of all watercourses / waterbodies.</p> <p>Figure 1 attached shows an aerial photographic image of this minor creek.</p>
Wildlife / Habitat impacts	09/05/2013	Environment Canada	<p>Figure 5-16; Pg. 5-200:</p> <p>In reviewing the Breeding Bird Survey Locations map a deficiency was noted. There is a significant gap in</p>	Some areas were inaccessible due to the lack of roads, the presence of wetlands, or were bounded by private lands where permission to access these lands

Topic	Date	Stakeholder	Comments	Official Response
			<p>bird survey locations shown particularly in the southwest portion of the transmission corridor.</p> <p>EC requests that the proponent indicate why these sections were not surveyed and describe any effect on the breeding bird density estimates.</p>	<p>was not able to be obtained. Therefore, desk-top analyses were completed. The habitat types located within the transmission corridor gap have been well surveyed elsewhere in the footprint and species lists and densities for these habitats have been calculated.</p>
			<p>Section 7.12.1.1 - Area Sensitive Woodland Breeding Birds, Pg. 7-62: The EIS states that "Vegetation removal from Woodlands 156 and 173 will be limited to the transmission corridor..."</p> <p>EC requests that the proponent evaluate the transmission corridor and new Highway 600 route as they relate to fragmentation effects.</p>	<p>The effects of fragmentation and edge are discussed throughout the Draft EA Report and have been considered in the overall effects assessment (Table 747). A statistical fragmentation assessment was not conducted as it was deemed unnecessary in a Municipal area that already has a high level of disturbance from roads, forestry, agriculture, cottages and an existing transmission line corridor.</p> <p>RRR and our consultants do not believe a fragmentation assessment would provide a different conclusion then the one reached.</p>
Vegetation, Wildlife and SAR impacts	09/06/2013	<p>Rachel Hill, District Planner; John Van den Broeck SAR Biologist; Christopher Martin, Biologist; Melissa Mosley Management Biologist; Marney Brown; Kevin Brown; P. Cooze, Forester</p> <p>Ministry of Natural Resources</p>	<p>Volume 2, Description of the Environment, S5.2.1; pg 5-5: The spatial coverage of most baseline studies did not include the area of all transmission line alternatives. Provide rationale for not conducting baseline studies in area of all transmission line corridor alternatives.</p>	<p>Per the RRR response to the MNR comments on the Draft Proposed Terms of Reference (Table J-2 of Appendix D-1 of the Draft EA Report): <i>"Detailed desk-top studies (including habitat assessments and likely wildlife associations, as well as the potential presence of Species at Risk; SAR) and an aerial survey have been conducted on all alternatives and this will be presented in the EA. Due to the size of the project it was not economically or logistically feasible to conduct ground surveys on all alternatives (transmission line and other) so careful due diligence and screening were employed in order to select a preferred powerline route and then ground surveys were conducted along that route,..."</i></p> <p><i>The powerline alternatives considered were all located within a 7 km wide area running east of the proposed mine site to an existing powerline. Due to the close proximity of the powerline alternatives to each other, they all pass through similar habitat types and any ecological concerns are likely to be the same for each."</i></p>
			Volume 2, Description of the Environment,	As noted by the reviewer a considerable amount of

Topic	Date	Stakeholder	Comments	Official Response
			<p>S5.2.12.1; Pg. 5-28: While considerable breeding bird survey effort was applied, notable gaps in coverage of the RRGP footprint remain, including the southwest section of the preferred transmission line corridor, all other transmission line corridor alternatives, portions of preferred Hwy 601 reroute and water management pipeline, Hwy 601 re-route alternatives, east section of the tailings management area, explosives facility, overburden stockpile, low grade ore stockpile and mine rock pond. 1) In areas of RRGP footprint where spatially distinct alternatives do not exist, provide rationale for decision not to survey breeding birds and information used to determine likelihood of bird species at risk presence. (In areas of apparently similar habitat - possibly TMA - a species accumulation curve may help to demonstrate the surveys conducted captured most species) 2) In areas of RRGP footprint where spatially distinct alternatives do exist, provide rationale for decision not to apply equal survey effort to all areas impacted by alternatives.</p>	<p>survey effort was utilized to compile a comprehensive species list for the RRP property. Although it is not feasible nor typical to sample 100 percent of large sites such as the RRP, the principle of representative sampling has ensured that reasonable representation of all habitat types in the project area were sampled. This enables the project team and reviewers to infer potential species usage of the remaining areas, and or alternative alignments.</p> <p>SAR sampling consisted of multiple years of effort and included planning and consultation with MNR to ensure appropriate scales of effort were implemented.</p>
			<p>Volume 2, Description of the Environment, S5.9.3.: Among other habitats, MNR suggested rare plant surveys be focused in "Ecosite 12/open canopy forest with shallow soils over bedrock" (ELC B012) as per Nov. 22, 2012 e-mail and Vandenbroeck (2006). B012 habitats in area of preferred transmission line corridor proximal to the mine site were not surveyed. Explain why rare plant surveys were not focused in ELC=B012 habitats.</p>	<p>As noted by the reviewer, a considerable amount of survey effort was utilized to compile a comprehensive species list for the RRP property. Although it is not feasible nor typical to sample 100 percent of large sites such as the RRP, the principle of representative sampling has ensured that reasonable representation of all habitat types in the project area were sampled. This enables the project team and reviewers to infer potential species usage of the remaining areas, and or alternative alignments.</p> <p>SAR sampling consisted of multiple years of effort and included planning and consultation with MNR to ensure appropriate scales of effort were implemented.</p>
			<p>Vol 2 S5.10.6.2 P5-137: Trapping records do indicate that grey foxes occur in the NLSA, as the trapline from which they were trapped overlays the east mine rock stockpile and transmission corridor. It is therefore logical to conclude that grey foxes are</p>	<p>The text will be revised in the Final EA Report to reflect the occurrence of grey fox, as suggested.</p>

Topic	Date	Stakeholder	Comments	Official Response
			<p>present. Revise text to reflect occurrence of grey fox.</p> <p>Vol 2 section 6.18, Pg 6-89 and Appendix O Table 013: Alternative A has been selected as the preferred alternative. Although the report identifies it was the preferred alternative in all 5 categories, it would appear the preferred alternative was based on cost. Table O-13 Pg 150 does not include maintenance in the analysis.</p> <p>1) There needs to be a better description of the transmission line (ie what is the ROW required for a 230KV line) how the performance objectives and evaluations were assessed.</p> <p>2) Please better describe the topography and the forest composition of each alternative (ie forest composition, vol of merchantable timber to be harvested, area of wetland to be crossed, and number and width of water crossings)</p> <p>3) Please provide details on maintenance requirements. The assessment has not included whether or not chemical tending will be needed and the associated effects as well as cost. Chemical tending is a common application for control of tree growth.</p> <p>4) Please provide references/information to support the statement on pg 6-93 that suggests there is an effect/concern to humans from electromagnetic field exposure.</p> <p>The statement on Pg 6-92 requires more clarity. A) If chemical tending will be used for maintenance the assessment needs to include impacts to fish habitat. B) which SAR are being referred to in the context of a adverse impact? And more description is needed on how the potential benefits of the transmission line to Whip-poor-will, Boblink, and Barn Swallow. MNR does not agree there will be any benefits to Boblink and Barn Swallow, and it is a extremely low probability that there will be benefits to Whip-poor-will.</p>	<p>A description of the transmission line is provide in Section 4.16 of the Draft EA Report: one- or two-pole wooden structure; nominal 40 m wide right-of-way (ROW). Further design details would be provided in permit applications to the MNR once design details are finalized, including pole positions, etc.</p> <p>Additional detail on the topography / forest compositions / wetlands / stream crossings for the four alternatives will be provided in the Final EA Report, as suggested.</p> <p>Maintenance requirements were considered to be similar for all transmission lines. As the transmission line is expected to remain owned by RRR, RRR is willing to commit to manual vegetation management to eliminate potential concerns related to chemical tending.</p> <p>The electromagnetic radiation effects reference is provided on Pg 158 of Appendix O, and is listed in the reference list to Appendix O of the Draft EA Report. This reference will also be added to the summary text, as suggested.</p> <p>While Bobolink and Barn Swallow prefer open and fragmented habitats, we would agree that 40 m wide linear corridors may not be sufficiently wide so as to provide a tangible benefit to these two SAR species. The statement regarding these two species will be removed from the Final EA Report. Whip-poor-will are however, known to use and prefer forest edge environments, so AMEC believes that the statement "could potentially benefit" is a fair statement with regard to Whip-poor-will.</p>
			Volume 2, Evaluation of Alternatives S6.2.2, pg. 6-7.	This change will be made to the Final EA Report to

Topic	Date	Stakeholder	Comments	Official Response
			Appendix 0. Table 0-2, 0-6, 0-10: Both mine water management alternatives apply mitigation to minimize effects to the natural environment. A performance of 'preferred' is therefore inappropriate as per definition provided in S6.2.2, Effects to the Natural Environment. Comment also applies to Ore Processing Alternatives, Tailings Management Area Alternative A, Domestic Sewage Management alternatives 1 and 2, Transmission Corridor Alternative D, etc. For the first mine water management alternative, change effects to the natural environment summary rating from preferred to acceptable. Because most alternatives apply at least some mitigation to reduce environmental impacts, it may be more efficient to revise the definition of 'preferred' to 'requires least amount of mitigation to minimize adverse effects to the natural environment and is superior to acceptable alternatives.'	more accurately reflect the comparative analysis. The intent of the analysis would be preserved and best served by modifying the definition of "preferred", as suggested.
			Volume 2, Evaluation of Alternatives, S6.17-6.18. Appendix 0. Table 0-12 and 0-13. Effects on terrestrial species and habitat: In addition to positive effects on some wildlife, creation of forest edge habitat also has detrimental effects on forest-interior/area sensitive species by rendering habitat unsuitable (Robbins et al. 1989) and reducing reproductive success(Askins 1994; Schlaepfer et al. 2002); creates a barrier to dispersal and gene flow in populations (Spellerberg 1998; Trombulak and Frissell 2000); and supports colonization of invasive species, particularly plants (Spellerberg 1998, personal observations). It is unlikely that bobolink and barn swallow will use the transmission line corridor as breeding habitat as these species are limited by field area/distance-to-edge requirements and presence of suitable nesting structures respectively.1. Consider additional disadvantages of power supply alternatives to the natural environment. Also see comments 81 and 82. 2. Address difference in magnitude of habitat removal and fragmentation impacts among transmission corridor alternatives. 3. See comment	<p>The evaluation of power supply alternatives does list adverse impacts related to forest clearing as a disadvantage to "woodland species that would be displaced as ROW cleared", along with disadvantages to ungulates related to greater ease of predator movement.</p> <p>The reference to potential advantages of corridor development to Bobolink and Barn Swallow will be removed in the Final EA Report pre response to comment #76.</p> <p>Relative to other mining and major infrastructure developments in Ontario, a 16.7 km transmission line is quite modest. For example, the Victor Mine required approximately 450 km of new transmission line, and the Detour Lake Mine required 185 km of new transmission line.</p> <p>The total ROW footprint of the proposed transmission line, at an average ROW width of 40 m, is 0.67 km 2. Such clearing would also be considered</p>

Topic	Date	Stakeholder	Comments	Official Response
			87 regarding transmission corridor alternative D. 4. Given large magnitude of impacts, justify why an 'unacceptable' summary rating for effects to the natural environment was not applied to any of the transmission corridor alternatives.	as modest within the context of any forest management plan. Moreover, the selected transmission line passes through considerable portions of bedrock and wetland terrain which would be subject to much lesser disturbance as groundcover along the length of the line would be left intact. Therefore none of the alternative routings would be considered unacceptable from a natural environment perspective.
			Vol 2 Section 7 Pg 7-108: The report does not mention the Crown Land Use Policy Atlas (CLUPA) Mine development is within the General Land Use Area (GLUA) G-2581 (Agricultural Hinterland). The primary land uses of this area are sport fishing, forestry and deer management. The Transmission line options A and D overlap with GLUA G-2601 (Nestor Falls/Morson) and G-2573 (Pipestone Chain of Lakes) both of which have a focus to protect existing tourist, recreational and cottaging interests. Provide a description in this section that speaks to the land use policies in MNRs CLUPA and provide reference to where/how they are addressed.	MNR policies will be referenced in the Final EA Report as suggested.
			Appendix J-5 2013 Winter Aerial Survey for Mammals Report s. 5. p4: Winter deer concentration areas (yards) are surveyed and identified by the MNR, and sub-categorized/ranked based on usage. This report did not adequately describe the extent of these areas in the project area, nor was it designed to determine preference by deer for these areas. The conclusion that the authors determined no pattern of preference, based on field observations, is not supported. The statement "...deer and moose typically benefit from some level of disturbance..." should be qualified. While these species do benefit from some level of forest disturbance, it is in conjunction with either natural or artificial regeneration of the forest shrub and tree species, not the absence of such as occurs during mine development and operation when habitat is cleared and removed from the landscape. Transmission corridors are unlikely to produce new	The delineation data for winter deer yard habitat was provided by the MNR and is presented in Figure 6 of the Draft EA Report. Therefore, a more detailed description of the extent of these areas in the NLSA / NRSA was not necessary and was not one of the objectives. A more detailed description and effects assessment is provided in the Draft EA Report. Land Information Ontario and the Forestry Management Plan for the Crossroute Forest indicate that Stratum I deer yarding areas exist within all intact forest communities occurring within the NLSA. The results of the aerial survey correspond to this Land Information Ontario distribution within forested areas. The results also indicate considerable use of open agricultural areas. Recorded data (this aerial

Topic	Date	Stakeholder	Comments	Official Response
			browsing opportunities as they must be sprayed with herbicide or mechanically cut to reduce competing vegetation, thus eliminating the target browse species. Please remove conclusion that deer, and other species, showed no pattern of preference for habitat within the study area.	<p>survey plus four years of baseline surveys for the RRP) indicate that deer are abundant in the NLSA and that they utilize both forest and agricultural habitat even in mid-winter (February 2013).</p> <p>The statement "...deer and moose typically benefit from some level of disturbance..." will be qualified in an erratum to the report, as requested. It is anticipated that clearing of forest for the installation of the transmission line alignment to the mine may create modest browsing opportunities for moose and deer as woody browse vegetation will regenerate along this corridor. Herbicides are not proposed to be used along the transmission corridor and mechanical removal of vegetation will be infrequent enough to allow modest regeneration and therefore browsing opportunities.</p> <p>The conclusion that deer, and other species, showed no pattern of preference for habitat within the study area will be removed from the Draft EA Report.</p>
			Wood harvest on Crown Land: Some overlap with the planned allocation (both harvest and contingency blocks) associated with the 2012-2017 Phase 2 Operational plan for the 2007/2017 FMP for the Crossroute Forest. One planned harvest block overlaps with the preferred transmission line route. Two contingency blocks also overlap: one with the mining site and one with the preferred transmission line route. Information on forest resource licensing is provided as a separate attachment	Comment noted with appreciation.
			Volume 2 s. 7.9.1 p. 50: Mine development will remove approx 1300ha of deer winter concentration areas, or over 13% of winter concentration area in the NRSA, and a greater proportion in the NLSA, according to MNR analysis of Stratum 1, rank 3&4 winter concentration area data. Update text to reflect this amount.	<p>According to MNR shapefiles / data on deer wintering habitat (presented in the attached Figure 5.9.1) there is very little deer winter concentration area within the footprint of the mine and an abundance of deer wintering habitat present throughout the NRSA (15,016 ha of deer wintering habitat in the NRSA). The attached figure shows that the footprint overlaps with some deer winter concentration areas on the eastern portion of the mine rock stockpile, the western portion of the TMA, and along the</p>

Topic	Date	Stakeholder	Comments	Official Response
				<p>transmission line corridor (total loss = 1,265 ha of 15,016 ha or 8.4% of the NRSA).</p> <p>When RRR received shapefiles / data on deer wintering habitat from MNR, rankings for these areas were not provided and therefore, calculation for Stratum 1, rank 3 and 4 were not included. If detailed aerial surveys have been conducted by the MNR in the NLSA subsequently and information is immediately available regarding Stratum and rankings for deer yards in the footprint, we would be willing to incorporate this information in the final EA.</p>
	08/08/2013	Open House Participant	What was the basis for selecting the proposed transmission line route over other alternatives that would appear to be more direct or easier to construct?	<p>Four routes were considered: the northernmost route, a route along existing roads, and two intermediate routes. The northern route was selected because it provided a reasonably direct route and more importantly was the furthest route from existing residences. Also, RRR had the best land position for this route (acquired lands and/or options and crown land). The southern route along existing roads is longer but would provide good construction access so it might be less costly to build, but people along this route had expressed a lack of support for this option as it would pass close to their homes, which was aesthetically not pleasing and otherwise restrictive to their property use. There is also the potential concern for adverse electromagnetic magnetic radiation which is of concern for high voltage transmission lines. The intermediate alternatives were further from people's homes, but still passed near some residences, and RRR also did not hold as favourable a land position on these alternatives. The northernmost and two intermediate alternatives were all similar in their expected environmental effects as they all passed through similar terrain.</p>

Comments on Proposed Terms of Reference, in Relation to the RRGF Transmission Line, Extracted from Aboriginal Records (EA Report, Appendix D-1), Government Records (EA Report, Appendix D-2), and Stakeholder Records (EA Report, Appendix D-3)

Date	Stakeholder	Comments	AMEC Response	Stakeholder Response	Additional AMEC Response
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Date	Stakeholder	Comments	AMEC Response	Stakeholder Response	Additional AMEC Response
Public					
Nov 19, 2012	Donelda DeLaRonde	How much power will be required to run the mining operation? Will this have an impact on power for residents?	This information will be provided in the EA Report. There is no impact on residential power foreseen.	MOE - I believe some of this information is available in the ToR, please provide a response and specify where in the TOR this information can be found.	<p>The description of the undertaking as required by the Guide and as provided in Section 4.1 of the Proposed ToR is a "preliminary description (below is) provided in order to assist in the ToR review process, and should not be considered finalized."</p> <p>Nonetheless, the mine has a planned power requirement of 54 megawatts when in full production. Section 5.3.11 of the Amended Proposed ToR provides information regarding the anticipated power requirement.</p> <p>There will be no impact on power to local residents and a dedicated transmission line is the preferred alternative (as per Section 5.4.11 of the Proposed ToR).</p>
Government					
Nov 27, 2012	Ministry of Energy	The proponent should describe the anticipated power needs of the project in ToR or say they will describe the anticipated power needs of the project in the EA. The power requirements for the project are usually described for each phase of the project (i.e. construction, operation). The information would support the need for the 230 kV transmission line connection.	<p>Preliminary engineering completed to the time of the Proposed ToR submission indicates that a 230 kV transmission line is required and as described in the document. Further information regarding the RRGp power needs will be provided in the EA Report (and will be detailed in submissions to the Ontario Energy Board).</p> <p>The mine has a planned power requirement of 54 megawatts (MW) when in full production. About three</p>	MOE to AMEC: Please specify where in the ToR it states that a 230kV transmission line is required? Please be specific.	Page 24, Section 5.4.11, Power Supply Alternatives as well as Appendix B (Page B-1). Additional information will also be provided in the Amended ToR.

Date	Stakeholder	Comments	AMEC Response	Stakeholder Response	Additional AMEC Response
			<p>quarters of the power requirement is for the processing plant, with the balance required by the mine itself, along with ancillary needs such as dewatering, administration, etc. The choice of a 230 kV connection is driven by a combination of the level of anticipated demand, supply reliability and technical requirements associated with the drives for the large mill motors.</p> <p>During construction, electrical power demand is expected to be relatively low, at around 2 to 3 MW or less for most of the construction period, rising to around 5 MW prior to commissioning of the processing plant. The current schedule anticipates the 230 kV connection will be in service for the later stages of construction.</p>		
Nov 26, 2012	Greg Chapman, District Manager, Ministry of Natural Resources	Description and Rationale for Alternatives: There needs to be additional explanation to this section of the report. It is not understood if the alternatives selected for this ToR have been screened as per the framework identified in section 5.1 of the ToR. A summary of information that was collected during the screening for these alternatives should be presented in the ToR and further details provided in the supporting documentation.	<p>This section was prepared and revised based on the comments received on the draft ToR and additional explanation provided regarding the alternatives per discussions with the Ministry of the Environment. Appendices B and C provide further detail regarding the transmission line and Highway 600 re-alignment alternatives. The assessment of alternatives will be fully addressed in the EA Report.</p> <p>Under guidance from the MOE EA Branch Section 5 regarding alternatives assessment in the Amended ToR has been revised to more clearly meet the MOE Code of Practice.</p>		

Date	Stakeholder	Comments	AMEC Response	Stakeholder Response	Additional AMEC Response
			The title of Section 5.1 in the Amended ToR has been revised to more clearly state this is background information.		
		It is expected the EA will provide details of the alternatives to be examined but the ToR should set out a reasonable range of those alternatives that will be examined and how they will be selected for further study. The alternatives identified in 5.4.1 would appear to have the methods identified for each undertaking and this would be logical. However, this is not carried through consistently through the rest of the document and lends to some confusion. That is, in Table 1, it should be clearly identified what is the project undertaking, the project elements and the alternative methods of those project elements. Each project element should clearly identify the method (i.e. the undertaking of Highway 600 alignment should identify the 4 alignment options).	<p>As per its title, Table 1 Summary of Alternatives to be Considered in the EA, is intended only as a summary. The individual subsections (Sections 5.4.2 through 5.4.12) describe which alternatives will be assessed in the EA Report in more detail.</p> <p>Per your example, Section 5.4.12 states A number of routing alternatives for Highway 600 have been identified and will be described and assessed in the EA (Figure 3, Appendix C). Figure 3 shows four potential routes and Appendix C provides considerable detail about the alternative routings. We believe this fully identifies the alignment options under consideration.</p> <p>Table 1 has been revised to more clearly identify the aspects requested in the Amended Proposed ToR, and the alternative routings.</p>	MNR is satisfied that Table 1 has been revised in the amended ToR to include all alternative routings for the road and transmission line options.	Response acknowledged with thanks.
		<p>MNR has several questions and comments on Table AppB-1 Pg. AppB-9:</p> <ul style="list-style-type: none"> • Effects on the Human Environment – a description of why Alternative A is expected to ‘provide positive effects’ is warranted. • Could Alternative D be considered ‘preferred’ under amenability to reclamation? • Does RRR plan to remove the transmission line following use? 	<p>Noted and understood.</p> <p>As indicated in Section 5.4.11 the potential routing alternatives will be considered in the EA Report. RRR will ensure that these comments will be addressed therein. Nonetheless, a brief discussion is provided below:</p> <ul style="list-style-type: none"> • This is a typographic error that has been corrected. • This alternative is not considered 	The MNR remains concerned about the flexibility allowed in the ToR regarding the relative importance of performance objectives, with regard to: “It may be that one or two performance objectives are more important and override all other objectives, so long as a minimum rating of acceptable is attained for the less important objectives” (Section 5.2.3 of	Section 5.2.3 of the Amended Proposed ToR will be revised to include the requested phrase: "and the relative importance assigned to performance objectives is supported by provincial and federal regulatory agencies."

Date	Stakeholder	Comments	AMEC Response	Stakeholder Response	Additional AMEC Response
		<ul style="list-style-type: none"> • The broad, 3-level evaluation criteria may mask some finer differences among the alternatives – e.g. effects on the biophysical environment are all ranked as ‘acceptable’ but some alternatives are likely ‘preferable’ within this ranking. • This preliminary assessment of transmission line routing alternatives is of some value, but a much more detailed analysis is expected in the environmental assessment. Currently, the assessment does not suggest that there is very strong economic, social and/or technical rationale to reject alternatives B, C and D. These conditions were needed to justify lack of detailed baseline studies in the area of these alternatives. 	<p>appreciably different in regards to reclamation; while it does afford more ready access, working off the road network could cause considerable disruption to local traffic flow</p> <ul style="list-style-type: none"> • Yes - that is RRR's preferred approach • Understood - a more comprehensive assessment will be included in the EA report, including environment-related indicators (see Amended Proposed ToR, Section 5. • The primary rationale for the preferred route was avoidance of residences as demonstrated in Appendix B and avoidance of low-lying areas / requirements for turning points (both for technical and environmental reasons). In verbal discussions RRR has had with local landowners, it was very clearly stated as a preference that the transmission line avoid being proximal to residences as much as practical. 	<p>Amended Proposed Terms of Reference). MNR would like to be assured that assigning greater relative importance to non-environmental considerations (e.g. cost-effectiveness and to some degree technical applicability ...) over environmental considerations will not be supported by regulatory agencies. To ensure this approach for the forthcoming environmental assessment is understood by all parties, including Rainy River Resources, we request including the following phrase at the end of the statement quoted above: ‘...and the relative importance assigned to performance objectives is supported by provincial and federal regulatory agencies.</p>	
		<p>The approach to restrict analysis of cumulative projects/activities is not supported. Awareness of past projects/activities may be an important consideration in cumulative effects assessment. As one example, recognizing that historical clearing of land and road construction in the study area has fragmented and reduced forest cover, alternatives that will fragment forests further (e.g. transmission corridor alternative A) will contribute to cumulative impacts on forest environments.</p>	<p>Past and current projects and activities (such as that reflected by the historical clearing of the area) is considered within the description of existing baseline condition and will be described in the EA Report.</p> <p>The approach to cumulative effects proposed is driven by the Federal requirements for addressing cumulative effects (CEA Agency 1999) and has been used recently for several mining and mining related Individual and Class EAs within the Province of Ontario.</p>	<p>MNR states that while it does not support this approach to cumulative effects assessment, we will defer this component to the expertise of CEAA</p>	<p>Response acknowledged with thanks.</p>

Date	Stakeholder	Comments	AMEC Response	Stakeholder Response	Additional AMEC Response
June 15, 2012	Greg Chapman, District Manager, Fort Frances District, Ministry of Natural Resources	While it is recognized that the study areas have not yet been firmly defined, a number of alternative routings for the 230 kV transmission line have been determined. The transmission line to be constructed across 15.7 km – 19.2 km, some of which is Crown land, should have been included as part of the preliminary study area with alternative routes presented on a map.	The alternative transmission line routings that have been considered thus far will be included in the Proposed ToR as suggested, and will also be included in the EA.		
		Power supply: The ToR identifies two power supply alternatives but not an alternative that considers a combination of energy sources.	The Proposed ToR will consider the combination of energy source alternatives.		
		The map that was provided to MNR separate from the ToR shows 4 alternatives for a transmission line to link to the existing power line. This map needs to be provided as part of the ToR.	A map of alternative transmission line routings will be provided in the Proposed ToR showing routing alternatives to be addressed in the EA.		
Nov 27, 2012	Paula Kulpa, Team Lead – Heritage Land Use Planning, Ministry of Tourism, Culture and Sport	<p>Table 2 within [Section 6.0] provides a summary of environmental components to be profiled. “Heritage and cultural resources” are included as a component under Socio-cultural Aspects, but are otherwise not discussed within subsection 6.7 Human Environment. Furthermore, the further detail provided in Table 2 only mentions archaeology and Traditional Knowledge studies and does not make reference to built heritage resources or cultural heritage landscapes.</p> <p>Table 3, which provides a summary of potential environmental data sources, lists the Stage 1 Archaeological and Cultural Heritage</p>	Built heritage resources and cultural heritage landscapes will be assessed in the EA Report as appropriate. The Amended Proposed ToR has been modified to more clearly state this aspect.	<p>MTCS: The ToR should indicate that these types of resources will be considered during the EA, both in terms of describing the existing environment and in terms of evaluating project impacts on cultural heritage resources and providing mitigation strategies.</p> <p>MOE: AMEC does not provide a response to MTCS’ recommendation that additional data be collected and technical studies be undertaken. MTCS also asks whether any of the buildings are over 40; however, AMEC does not provide a response to this question.</p>	<p>Table 2 of the Amended Proposed ToR has been modified accordingly.</p> <p>A Stage 2 Assessment has been conducted at the RRGp site and does include built heritage aspects.</p> <p>The scope of the assessment was defined in association with the MTCS. There are structures and buildings over 40 years old. To date there is no information that there are buildings that may be of potential cultural heritage value or interest, but the Stage 2 report remains in preparation. This information will be available to support the EA.</p>

Date	Stakeholder	Comments	AMEC Response	Stakeholder Response	Additional AMEC Response
		<p>Resource Assessment of the Rainy River Resources Advanced Exploration Project, northwest of Fort Frances, Rainy River District, Ontario (in progress). Archaeological assessments do not address known or potential built heritage resources or cultural heritage landscapes. It is recommended that additional data be collected and technical studies undertaken to identify these types of cultural heritage resources. For example, the ministry notes that in Figure 2 which shows the preliminary site plan conceptual layout, that there are a number of buildings (both residential as well as those where the use is unknown) within the area. Are any of these building over 40 years old, or is there information available indicating that they may be of potential cultural heritage value or interest?</p>			<p>MTCS – Built heritage resources and cultural heritage landscapes are not addressed as part of an archaeological assessment. Therefore it is inappropriate to rely on these studies to determine if any these potential resources exist. Any advice that MTCS gave with respect to the Stage 2 assessment would have been specific to addressing archaeology and not other cultural heritage resources. The proponent acknowledges that there are structures over 40 years old, but then states that “to date there is no information that there are buildings that may be of potential cultural heritage value or interest.” A 40 year old threshold is commonly used as an indicator of potential when conducting a preliminary survey for identification of cultural heritage resources. While the presence of a built feature that is 40 or more years old does not automatically signify cultural heritage value, it does make it more likely that the property could have cultural heritage value or interest. MTCS has included a checklist that helps identify other potential resources.</p> <p>These need to be addressed as part of the EA report and the ToR should include a commitment to undertake the necessary studies for all areas of</p>

Date	Stakeholder	Comments	AMEC Response	Stakeholder Response	Additional AMEC Response
					<p>the project (including the transmission corridors and highway alternatives).</p> <p>RRR - With apologies for our lack of clarity, we do understand the differences.</p> <p>The Amended Proposed ToR includes a commitment to conduct a specialized built heritage / cultural heritage assessment, with the results to be included in the EA report and utilized in assessing Project Alternatives.</p>
		<p>Neither [Appendix B nor Appendix C] includes a discussion of cultural heritage resources when considering effects on the human environment, which includes the cultural environment.</p>	<p>Noted. Cultural heritage resources as defined by MTCS will be considered in the EA Report. The work that went into the preparation of Appendix B and C did consider these aspects; however, the baseline documentation was not available to reference as it remains in progress. The routing assessment in the EA will include assessment of cultural heritage resources.</p>	<p>MTCS: The ToR should indicate that these types of resources will be considered during the EA, both in terms of describing the existing environment and in terms of evaluating project impacts on cultural heritage resources and providing mitigation strategies.</p>	<p>This is indicated in the Amended Proposed ToR.</p> <p>MTCS: It is not clear how impacts to cultural heritage resources could have been considered if there was not baseline documentation available. A preferred option was put forward in both appendices. It seems inappropriate to determine even a preliminary preferred option without having first gathered all the necessary baseline data. The ToR should include a commitment that will consider impacts to cultural heritage resources for all of the project components (i.e. transmission corridor and highway alternatives).</p> <p>RRR - Amended Proposed ToR includes a commitment to conduct a specialized built heritage / cultural heritage</p>

Date	Stakeholder	Comments	AMEC Response	Stakeholder Response	Additional AMEC Response
					<p>assessment, with the results to be included in the EA report and utilized in assessing Project Alternatives.</p> <p>The preliminary assessment of transmission line and road routes in the Proposed ToR purposefully avoided all structures and none of the routes were expected to require demolition of any built structures (no matter the age). The preliminary routings will be reassessed based on the results of the built heritage / cultural heritage resources investigation.</p>
Dec 6, 2012	Jeffrey Leon (individual)	<p>An additive impact of the RRGPs massive physical presence on the natural environment is that the open pit mine, waste stockpile, processing plants, tailings management areas, transmission lines, and new road network all directly encroach on the habitat of thirteen Species at Risk (SAR). The smaller tributaries in closer contact with the project area link up to the Pinewood River, a home to large-bodied fish with integral ecosystem importance. The forest and wetlands nearby are home to a variety of avian, mammal, amphibian and reptile species as well. Knowing that three of these species are classified as threatened, I would highly recommend obtaining the Provincial Species at Risk Permit to exercise environmental responsibility in anticipation that this project will likely harm these animals.</p>	<p>For clarity, the Proposed ToR does not indicate that the RRGPs will directly encroach on the habitat of thirteen SAR, rather that there are thirteen SAR known to be present in the RRGPs environs (Table 13).</p> <p>RRR is working closely with both the Ministry of Natural Resources and Trent University to study Species at Risk in support of mine development. Table 19 of the Proposed ToR indicates that a Species at Risk Screening is anticipated to be required related to management of activities associated with SAR. Through consultation with the local Ministry of Natural Resources, we understand that a Species at Risk Permit(s) are required.</p>		

Date	Stakeholder	Comments	AMEC Response	Stakeholder Response	Additional AMEC Response
Nov 27, 2012	Neal Bennett, Mineral Exploration and Development Consultant, Ministry of Northern Development and Mines	The proponent should describe the anticipated power needs of the project in ToR or say they will describe the anticipated power needs of the project in the EA. The power requirements for the project are usually described for each phase of the project (i.e. construction, operation). The information would support the need for the 230 kV transmission line connection (comment submitted on behalf of Cisca McInnis from ENERGY)	<p>Preliminary engineering completed to the time of the Proposed ToR submission indicates that a 230 kV transmission line is required and as described in the document. Further information regarding the RRGp power needs will be provided in the EA Report (and will be detailed in submissions to the Ontario Energy Board).</p> <p>The mine has a planned power requirement of 54 megawatts (MW) when in full production. About three quarters of the power requirement is for the processing plant, with the balance required by the mine itself, along with ancillary needs such as dewatering, administration, etc. The choice of a 230 kV connection is driven by a combination of the level of anticipated demand, supply reliability and technical requirements associated with the drives for the large mill motors.</p> <p>During construction, electrical power demand is expected to be relatively low, at around 2 to 3 MW or less for most of the construction period, rising to around 5 MW prior to commissioning of the processing plant. The current schedule anticipates the 230 kV connection will be in service for the later stages of construction.</p>	MOE to AMEC: As described in the ToR? If so, please specify section of the ToR.	<p>Sections 3.1, 5.1, 5.2.1, 5.2.3, 6.3.12 and Table 1 indicate that the currently preferred option is the development of a 230 kV connection to the existing Ontario electrical grid.</p> <p>Section 6.3.12 of the Amended Proposed ToR has been revised to include the information provided in the original RRR Response.</p>

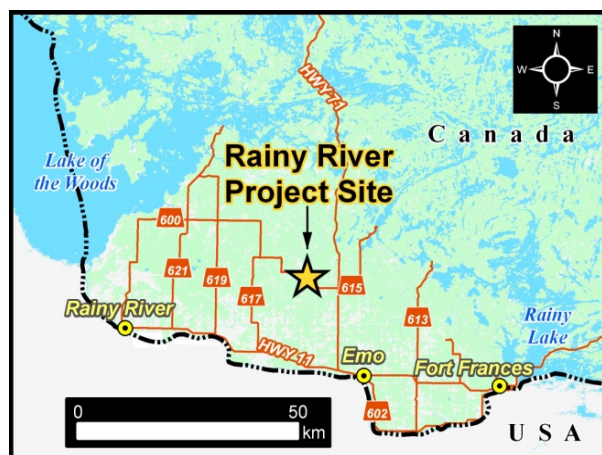


Rainy River Gold Project Rainy River Resources Ltd.

Rainy River Resources Ltd. has initiated an environmental assessment under the Ontario *Environmental Assessment Act* for the **Rainy River Gold Project**.

The **Rainy River Gold Project** is a proposed open pit and underground gold mine with related processing facilities and infrastructure, to be developed by Rainy River Resources Ltd. located in the Township of Chapple, approximately 65 kilometres (by road) northwest of Fort Frances, Ontario.

The Project is anticipated to be a significant contributor to the local economy and provide exceptional employment opportunities.



The Process

On May 15, 2013 the Provincial Minister of the Environment approved the amended terms of reference for the **Rainy River Gold Project**. A copy of the approved terms of reference is available at:

<http://www.rainyriverresources.com/Community-and-Environment/environmental-assessment-process>

The approved terms of reference is also available during business hours at the following Rainy River Resources offices:

1 Richmond Street W., Ste 701 5967 Highway 11 / 71
Toronto, ON Emo, ON
T. 416-645-7280 T. 807-482-2501

The study will be carried out according to the approved terms of reference and the requirements of the Ontario *Environmental Assessment Act*. Results from this study will be documented in an environmental assessment report, which will be submitted to the ministry for a review. At that time, the public and other interested persons will be informed when and where the environmental assessment report can be reviewed.

This Provincial Environmental Assessment process is one of two environmental assessment processes required for approval of the **Rainy River Gold Project**. A Federal environmental assessment is also required pursuant to the *Canadian Environmental Assessment Act, 2012*. Environmental Impact Statement Guidelines were issued on December 18, 2012 by the Canadian Environmental Assessment Agency, which provide the scope of the Federal Environmental Assessment.

Rainy River Resources Ltd. is working with the Ontario Ministry of the Environment and the Canadian Environmental Assessment Agency to develop a coordinated environmental assessment process, including coordinated public consultation opportunities wherever possible to reduce duplication of effort.

Consultation

Members of the public, agencies, Aboriginal communities and other interested persons are encouraged to actively participate in the environmental assessment process by attending consultation opportunities or contacting **Rainy River Resources Ltd.** directly with information, comments or questions. Upcoming consultation events will be advertised in local papers and also published at www.rainyriverresources.com.

If you would like to be added to our project mailing list or have project-related questions, please contact:

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Under the *Freedom of Information and Protection of Privacy Act* and the *Environmental Assessment Act*, unless otherwise stated in the submission, any personal information such as name, address, telephone number and property location included in a submission will become part of the public record files for this matter and will be released, if requested, to any person.

For more information, please contact us:

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And he tried to turn the tables on skeptical opposition leaders, claiming he acted more quickly and decisively on the Duffy matter than they've done when faced with ethical lapses of their own.

"As soon as this information was conveyed to me by the former chief of staff, I immediately insisted he go to the appropriate authorities and the information be made public," Harper told the Commons.

"Which is totally different than the leader of the NDP, who withheld information from the public and from the police for 17 years."

He was referring to the fact that NDP leader Tom Mulcair waited until 2011 to speak to police about a 1994 meeting with former Laval mayor Gilles Vaillancourt, at which Mulcair suspected he was about to be offered a bribe.

Mulcair has said he had nothing to report because he had not actually seen any cash.

Harper also rounded on Liberal leader Justin Trudeau, accusing him of taking "no action whatsoever" to address reports that Liberal Sen. Pana Merchant is the beneficiary of her husband's secret offshore bank account worth \$11.7 million.

Trudeau said yesterday that as soon as he learned of the situation, he instructed the Liberal leader in the Senate to ask Merchant to meet with the Senate's ethics officer about the matter, and that she has complied.

Harper has responded to 42 direct questions on the Senate expense scandal over two days in the House this week, but riddles abound.

Among them:
• Did anyone other than Wright in the Prime Minister's

cheque to Duffy.
"The prime minister has full confidence in Mr. Wright and Mr. Wright is staying on," spokesman Andrew MacDougall had said May 17.

On May 19, Harper accepted Wright's resignation. What changed the prime minister's mind in the interim?

Opposition MPs are predictably unimpressed by Harper's question period performance.

"I don't think we're that far ahead in terms of information than we were a couple of days ago," said Liberal MP Bob Rae.

Calling Harper's the "most controlling administration in the history of the country," Rae said the expense scandal damage control had to have been handled by the PMO.

"To suggest that what was going on in the Senate was an act of somehow sort of spontaneous combustion is, frankly, preposterous," he charged.



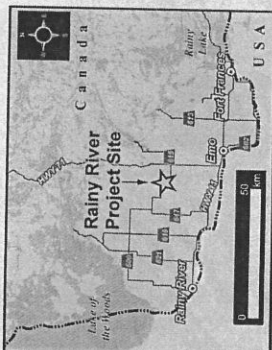
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5967 Hwy 11/71
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T. 807-482-2501

Notice of Commencement of Environmental Assessment

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SPORTS

12 DAILY BULLETIN Thursday, May 30, 2013

career coaching wins list.
The 54-year-old Tortorella got the Rangers back into the playoffs in this lockout-shortened season, and New York outlasted Washington in seven games in the first round of the playoffs before being knocked out by Boston.
Tortorella made curious com-

but he managed only one goal and zero assists in his 10 post-season games with the Rangers. Richards also likely will be gone from the Rangers, who can buy out the remainder of his lucrative deal and remove him from the salary cap that will go down for next season.



SUMMER HOURS

*In order for our staff
to enjoy summer
we're closing at
4:00 pm every Friday.*

Mon-Thurs, 8am-5 pm
Fri, 8am-4 pm



10 Times

RAINY RIVER GOLD PROJECT



- 400 construction and 600 fulltime jobs will be created
- Full mine operation expected by 2016 with onsite ore processing facility
- Proven and probable reserves of 4 million ounces of gold and 10 million ounces of silver
- Located in the heart of rural Northwestern Ontario's Rainy River District
- Major support infrastructure (Highway, Power, Rail) already within the project area
- Within driving distance to larger civic centres including Fort Frances, Thunder Bay, Winnipeg and Minneapolis
- Employees can be home after each work day with their families and enjoy world-class fishing or golf at one of the local courses



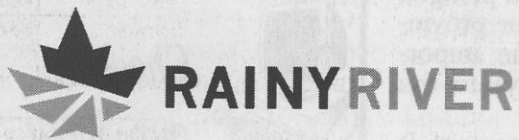



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Wednesday, May 29, 2013

FORT FRANCES TIMES A11



Rainy River Gold Project Rainy River Resources Ltd.

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The Project is anticipated to be a significant contributor to the local economy and provide exceptional employment opportunities.



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Toronto, ON **Emo, ON**
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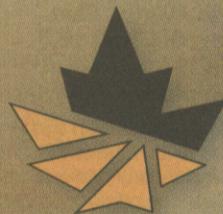
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countries around the world for people who cannot afford glasses but are in need of receiving a canteen attendant at the "little

The municipality also is looking for someone to act as the

Ford scandal persists

THE CANADIAN PRESS

TORONTO — The controversy around an alleged video appearing to show the mayor of Toronto smoking crack cocaine showed no signs of diminishing Tuesday as the leader of Canada's largest city sidestepped questions about a new twist in the scandal.

The Toronto Star reported a police investigation was triggered after two of the mayor's closest staffers discussed how to handle a tip about the possible location of the alleged video. Their discussion reportedly came one day after reports of the video first surfaced on May 16.

"I can't comment on that," a dismissive Rob Ford told reporters when asked about the report. "You'll have to ask my staff, I don't know."

Ford has said he doesn't use crack cocaine and that the alleged video does not exist.

In a story based on unidentified sources, however, the Toronto Star reported David Price, the mayor's director of logistics, told Ford's then chief-of-staff Mark Towhey that he had been contacted by a source who suggested where the alleged video could be found.

The newspaper said Price asked Towhey what they would do if they knew where the clip was, a question to which an alarmed Towhey reportedly advised going to the police.

The newspaper reported Towhey told Price in no uncertain terms that the mayor's staff would not be getting the video themselves.

The Star said Towhey — who parted ways with Ford last week — then went to police to give investigators a statement, citing Price as the source of his information. The newspaper says Price was asked to do the same and that police say an investigation into the matter is underway.

According to the Star, Price also said the alleged video of Ford might have been why a young man named Anthony Smith, who appeared alongside the mayor in a photograph, was killed at the end of



THE CANADIAN PRESS

Toronto Mayor Rob Ford speaks during a press conference Tuesday.

March.

Toronto police have told the newspaper, however, that their investigation of the video matter is not a homicide probe.

Asked about the Star report, Const. Wendy Drummond would only tell The Canadian Press that police continue to "monitor the situation closely."

The Star said its report was based on interviews with people close to the mayor's circle and people in the part of the city where it said the alleged video was shot.

Price did not respond to reporters' questions at City Hall Tuesday and Towhey could not be reached for comment.

Tuesday's report in the Star did however draw the attention of Ontario's Premier, prompting Kathleen Wynne to say she was "worried" about the latest development.

"I think there are real personal problems that are surfacing at City Hall," said Wynne. "There's a lot of distraction going on at City Hall right now. . . It's difficult to lead, it's difficult to govern when the ability to focus is compromised."

Ford has battled a firestorm of criticism ever since two separate reports — published in the Star and gossip website Gawker — claimed the mayor had been videotaped smoking what appeared to be crack

cocaine. The reports said someone described as a drug dealer took the cellphone video and wanted to sell the clip.

Neither of the reports about the video has been independently verified and the Star itself has said it could not vouch for its authenticity.

The U.S.-based Gawker reached a \$200,000 fundraising goal to buy and post the clip on Monday but was having difficulty locating whoever claimed to have the video.

Tuesday's development came as the mayor celebrated his 44th birthday, an event which — like much of the business at city hall lately — was overshadowed by the video scandal.

A handful of residents in party hats and streamers tried to crash a meeting of the mayor's executive committee to deliver a birthday cake — one frosted with an unusual message.

Written in red and blue frosting were the words "Happy Birthday Rob, Please Resign."

"He's having a hard time right now and sometimes it takes courage to just step down and step aside and get the help you need," said Christine Brubaker, adding the mayor seemed to be "in over his head."

After being turned away from the meeting, the group tried to leave its offering at Rob Ford's office but ended up having to carry it away.

Privacy commissioner baffled by deleted gas plant emails

THE CANADIAN PRESS

TORONTO — It's hard to believe senior staff in the Ontario premier's office didn't know they were legally obliged to keep emails on cancelled gas plants in Oakville and Mississauga, Information and Privacy Commissioner Ann Cavoukian said Tuesday.

"It strained credulity that no one thought maybe they should retain some of the emails, that there are retention obligations and things of that nature," said Cavoukian. "Suffice it to say I was not pleased, putting it mildly, and you will see that reflected in the report that comes out."

The NDP asked Cavoukian to investigate after senior staff members in former premier Dalton McGuinty's office, including former princi-

pal secretary Jamison Steeve and former deputy policy director Sean Mullin, testified at legislative hearings that they deleted their emails accounts.

Cavoukian also found there were no emails from McGuinty's former chief of staff, Chris Morley, who has not yet testified at the justice committee hearings into the Liberals' decisions to cancel gas plants at a cost of at least \$585 million.

"Our investigation is ongoing and we are leaving no stone unturned," she said. "We took the complaint very seriously, and we have conducted interviews and an extensive investigation."

The opposition parties say the Liberals cancelled the gas plants to save Liberal seats in the 2011 election, and accuse them of trying to hide the true costs of the decisions.

Insurance rates rise despite promised cuts

THE CANADIAN PRESS

TORONTO — The New Democrats are accusing the governing Liberals of allowing auto insurers to raise rates while promising to provide a cut.

NDP Leader Andrea Horwath says she's received complaints from dozens of people who say their rates have jumped, including a woman from Bramalea who says her premiums are going up more than 30 per cent even though her driving record hasn't changed.

Susan Wright says the cost of her policy for two cars, which includes two drivers and two occasional drivers, went up from \$3,612 to \$4,867.

She says she called her insurer and they told her that rates are going up across the board.

Finance Minister Charles Sousa says rates overall have actually gone down marginally since last year and he's asked the provincial regulator to take appropriate measures to ensure rates don't go up.

The Liberals promised in the May 2 budget to lower auto insurance premiums by 15 per cent on average across the province after the NDP demanded a cut.

Wright, who is retired and whose husband is planning to retire, says she can't afford the monthly increase.

Transit funding report suggests gas tax, HST hike

THE CANADIAN PRESS

TORONTO — Ontario's transportation agency is recommending a regional gas tax and sales tax increase estimated to cost an average family \$477 a year to help fund public transit in the Greater Toronto and Hamilton area.

The five cent a litre gas tax and one percentage point hike in the HST are among four new fees Metrolinx is proposing in a report Monday to raise \$2 billion a year for transit. The others include a 25 cents per day business off-street parking levy and a 15 per cent increase in development charges.

Metrolinx says a regional increase in the HST to 14 per cent from the current 13 per cent would bring in \$1.3 billion a year if applied only in the greater Toronto and Hamilton region.

But the report says that due to the administration and collection of HST at the federal and provincial levels, it may be necessary to increase the tax across Ontario. It says if that happens, revenue collected outside of the GTHA would be exclusively directed to priorities outside of the region.


The agency said while the gas tax and HST hikes would cost the average household in the region about \$477 a year, that would increase to about \$977 for a family of five with an above-average income and two cars driven a total of 40,000 kilometres a year.

Metrolinx president Rob Prichard says the agency realizes \$477 a year is a lot, but he says that will be offset by the benefits of less congestion.

Metrolinx is also recommending other tools, such as paying for parking at GO Transit stations and allowing drivers to pay to use carpool lanes even if they have no passengers.

The transportation agency says all the revenues would be dedicated to public transit projects, with 25 per cent carved out for municipalities in the area to spend on local transit and transportation projects.

Premier Kathleen Wynne said her government will take the recommendations under advisement.



RAINY RIVER

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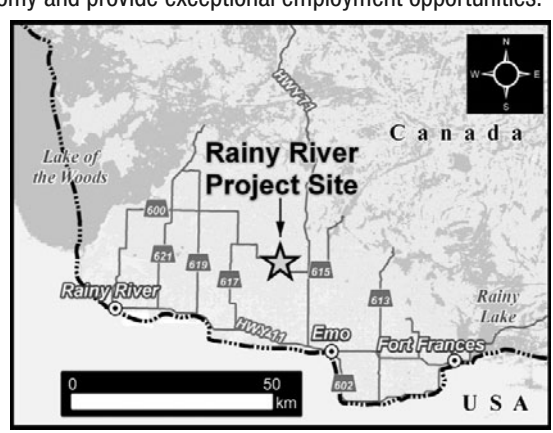
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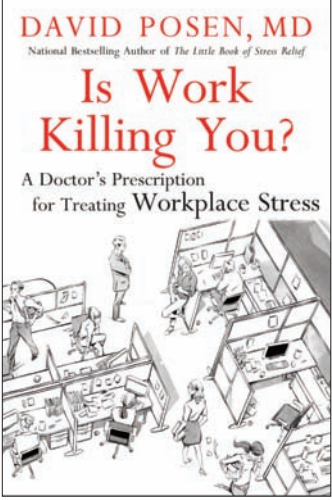
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You set goals at the beginning of the fiscal year and you already know that your employees won't make them.

Yes, they've had to push a little harder than they did before and they've endured some lay-offs but everybody seems to have adjusted. Still, you know that morale is low and you're thinking a fun group event might help.

According to David Posen, MD, you're on the right track but there are lots more things you can do for your employees. In his book "Is Work Killing You?" you'll see how helping them will help you.

In his medical practice, David

Relay for Life update

submitted by Rainy River RFL Committee

It's hard to believe that Relay for Life in Rainy River is less than a month away! The committee has been busy recruiting teams, searching for attendees for our Survivor Supper and organizing a fun-filled evening for all of our participants! If you have ever thought about entering a team, it's not too late to join us.

We currently have 11 teams ready to join our fight. They are out in our communities collecting pledges, selling luminaries and organizing fundraising events to benefit the Canadian Cancer Society! Their efforts and your support help the Canadian Cancer Society fight cancer everyday though funding research, promoting prevention and providing support for people living with cancer.

If you wish to purchase a luminary in honour of a cancer survivor or in memory a loved one lost to cancer, they are for sale at Canada Post in Rainy River. You may also purchase them from any participant, or you may purchase them online. Luminaries are placed around the track and lit during a moving ceremony after sunset. Not only do they pay tribute to cancer survivors and loved ones lost, but they also provide inspiration for participants walking the track throughout the night.

This year the Survivor's Supper will take place at the Rainy River Evangelical Church. If you know of a cancer survivor, or you are one, please contact Julie Tiboni (852-1473) for more information or to register for the supper. We invite all of the supper attendees to join us on the track at Riverview Elementary for our Survivor's Victory Lap, where we pay tribute to cancer survivors. We also encourage the community to join us at this time.

If you would like to become a volunteer, we have many opportunities to do so, before, during and after the event. Some of the most critical components to the event are the raising and take down of the tent, and event day set up. Other areas include luminary sales and set-up, entertainment, food services, Fight Back Zone, among others! Please contact Georgia Kreger (488-5778 or by email auntieula@hotmail.com) if you could spare an hour or two to lend us a hand.

Thank you to our incredible teams and amazing communities! Visit our website www.relayforlife.ca/rainyriver for more information or to make a donation. Please support the efforts of our participants out and about in the community so that we may continue to celebrate victories made possible by donors, volunteers, partners and staff, while continuing to work toward a future where no Canadian fears cancer.

Important dates to remember:

- Team Captain Meeting – *Tuesday, June 11 @ 7pm RR Rec Centre** (change of date)
- *Bank Night – Monday, June 17 (scheduled times 4:30pm-7pm)

Posen sees "first-hand and up close the psychological and physical damage" caused by workplace woes. Employees are stretched too thin, they're doing more work for less money - some businesses even expect employees to work through lunches, weekends, holidays, and vacations - which often leads to headaches, forgetfulness, irritability, agitation, and depression that Posen directly attributes to work-related stress.

"Workplaces are making people sick," he says, and no one seems willing to discuss it.

As he sees it, the biggest con-

tributors to workplace stress are volume (an increase in workload, to the point of overload), velocity (accelerated speed at which employees are expected to work), and abuse (office bullies who "wreak havoc"). Other issues come into play, but these are the top three.

So what can you do?

Though it's a "hard sell," Posen says studies indicate that productivity, mental clarity, and energy actually improve when work hours are reduced, face-time and meetings become optional, vacation-taking is mandatory, and employees are encouraged to disconnect from

work on a regular basis.

As an employer, you'll also get more out of your employees if you encourage healthy habits. If it's feasible, let them go home early when work is finished. Share the wealth - or at least make salaries more equitable. Help employees deal with office politics. Know the difference between "excellent service and excessive service." Prioritize projects wisely and discourage multitasking.

Lastly, ease up. Your employees' health and your bottom line both depend on it.

Wow. As I was reading "Is Work Killing You?" there was

one question that kept popping into mind: why isn't this book taught in school?

You'll ask yourself that, too, as you devour this common-sense, how-to, rant-slash-advice book because author and physician David Posen makes many good points for employees and business owners alike. In making those arguments, he underscores his research by sharing dozens of anecdotes from his patients and others, and some of them are jaw-droppingly uncomfortable to read. Posen doesn't leave us hanging on those squirmy details for long, though; he offers

pages and pages of ideas meant to make the business world better, do-able from dual sides of the paycheck.

This is one of those books that could potentially benefit anyone who works for a living, and I'm excited to finally see this topic tackled. I think that if a stress-free workday is what your business needs, then reading "Is Work Killing You?" should be your goal.

c.2013, House of Anansi \$18.95 US and Canada 358 pages

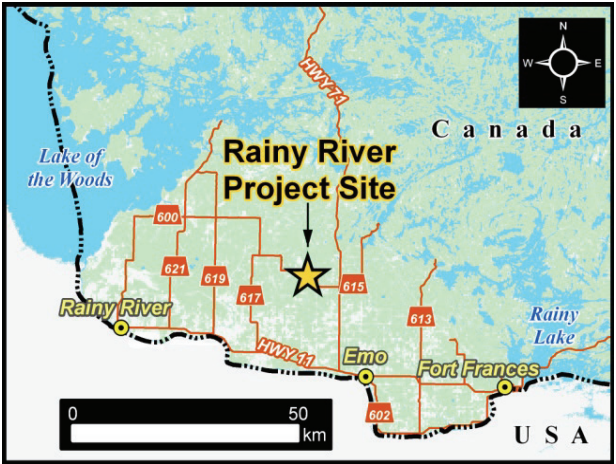


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Officers cleared by SIU

Suspect suffered broken ribs during arrest

BY CARL CLUTCHEY
NORTH SHORE BUREAU

Two provincial police officers did not use excessive force earlier this month when they subdued a Kapuskasing man suspected of assaulting a woman during a domestic dispute, Ontario's Special Investigations Unit has ruled.

The civilian agency said Monday that while the 39-year-old suspect suffered "one, perhaps two," fractured ribs, officers acted properly during his May 2 arrest.

"The subject officers had the lawful authority to arrest the man for assault (because) they received information that he was involved in a domestic assault and saw a woman on the ground close to him," SIU director Ian Scott said in a news release.

"Given his level of resistance and noncompliance during the arrest, I am of the view that the force used was not excessive, even though it probably caused his rib fractures."

Police encountered a "motionless" woman lying on the ground when they entered an O'Brien Street apartment building laneway just before midnight, the SIU release said.

Officers "yelled" at the suspect to get down on the ground, the release said. When he did not, one of the officers shoved him down.

Both officers got on top of the man, who "continued to resist while he was handcuffed," the release said.

After the man complained about pain in his ribs, he was transported to hospital where it was confirmed he had suffered one or two fractures.

The SIU investigates when someone dies, has been seriously injured, or there are allegations of sexual assault when police are involved.

Officers are not named unless the agency lays charges.

Provincial police said Monday that the accused in the Kapuskasing case, who was charged with assault and assault with intent to resist arrest, has been released from custody.

A court date for the accused wasn't available Monday.

The woman is not in hospital, police added.



SUBMITTED PHOTO

The West Thunder Community Centre has expanded twice since it was opened in 1993.

20-year anniversary nears

The West Thunder Community Centre is celebrating 20 years of success and service to the community with an anniversary celebration on Saturday, June 15, from noon to 3 p.m. An official ceremony with local dignitaries takes place at 12:30 p.m. in the main hall.

Everyone is invited to join in this celebration. Enjoy a barbeque, children's Funfest, music by Slightly Off Broadway, dance groups, the Taiko drummers, and interactive cultural displays and demonstrations.

There is also an opportunity for a stroll down memory lane through photos and videos recognizing the outstanding group of volunteers who fundraise, run programs and generally help the centre in every way.

When West Thunder was still just a "dream" among Westfort people, a strong-willed group of citizens contributed more than 15,000 hours to raise funds to help build the centre. In less than 18 months, they raised \$120,000. Municipal and provincial support, and a generous donation of \$100,000 from the National Japanese Cultural Association, led to the construction of a 10,000-square-foot building in 1993. This is testimony to how people working together can make a dream come true.

Today — 20 years later — West Thunder offers services and programs for ages 3 to 93. It

YOUR STORIES

News written by our readers on Northwestern Ontario events.
YOUR.CHRONICLEJOURNAL.COM

has expanded twice since the centre was first built in order to accommodate the increasing demand for function rooms, sports and fitness programs.

West Thunder is unique in the province of Ontario in its privileged partnership with the Lakehead Japanese Cultural Association that has made West Thunder its permanent home.

Come celebrate the West Thunder Community Centre's 20th Anniversary, Saturday, June 15, noon to 3 p.m., at 915 Edward St. S., next to the Mary J.L. Black Library.

Congratulations West Thunder!

— Submitted by Beatrice Metzler

The Chronicle-Journal welcomes stories of interest from our readers. Tell us, in 200-300 words, about recent gatherings, projects and meetings — and send pictures too. Visit your.chroniclejournal.com to make your submission.

THE REGION

Woman fails roadside breath test

A 33-year-old Gorham Township woman is to appear in court on June 21 on a charge of impaired driving.

Provincial police said the accused's blood-alcohol reading registered double the legal limit around 1 a.m. Sunday during a roadside breath test on Highway 589.

The accused was charged with having a blood-alcohol reading of more than 80 milligrams. — *North Shore Bureau*

Vehicle hits ditch; woman charged

A 37-year-old Ware Township woman's blood-alcohol reading was twice the legal limit Saturday afternoon when officers responded to a report about a vehicle in a Highway 17 ditch.

When police arrived at the scene near Dog River Road near Raith, the vehicle's driver "exhibited obvious signs of impairment," police said Monday.

The accused was charged with impaired driving. She is to appear in Thunder Bay court on July 15. — *North Shore Bureau*

Tips lead police to impaired driving suspects

Three men have been charged with impaired driving over the past week after provincial police acted on tips from the public in the Fort Frances and Atikokan areas.

Police said that the latest charge was laid against a driver from Atikokan on Friday after police received a complaint about 11 p.m. of a possible impaired driver in the community.

In a separate incident on Thursday, police stopped a vehicle driven by a Timmins man at about 8 p.m. after receiving a traffic complaint regarding a vehicle being driven erratically in the Off Lake Road area near Fort Frances.

And in a third incident last Tuesday, officers stopped a vehicle in the town of Fort Frances at about 3 a.m. and arrested a local man for drunk driving.

Three men, aged 23, 49 and 55, are to appear in Fort Frances and Atikokan courts on June 24 and 27. — *North-west Bureau*



Notice of Consultation Opportunity

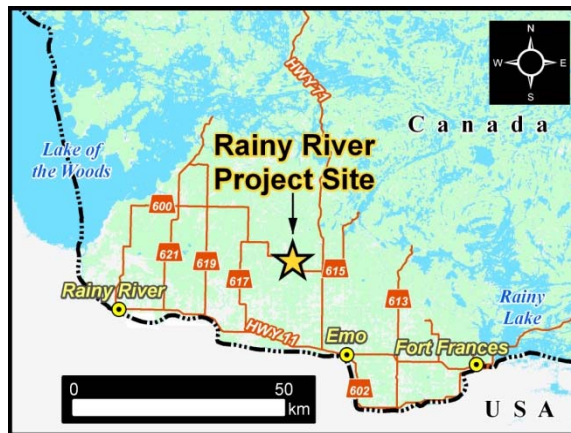
Exhibit B
Tab 6
Schedule 1
Attachment 2
Page 9 of 17

Rainy River Gold Project Rainy River Resources Ltd.

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The **Rainy River Gold Project** is a proposed open pit and underground gold mine with related processing facilities and infrastructure, to be developed by **Rainy River Resources Ltd.** located in the Township of Chapple, approximately 65 kilometres (by road) northwest of Fort Frances, Ontario.

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or, a hard copy will be available for viewing during normal business hours at the following locations:

Barwick Township of Chapple 54 Barwick Road Barwick, ON P0W 1A0 T. 807-487-2354	Emo Rainy River Resources Ltd. 5967 Highway 11/71 Emo, ON P0W 1E0 T. 807-482-2501
Fort Frances Fort Frances Public Library 601 Reid Avenue Fort Frances, ON P9A 0A2 T. 807-274-9879	Rainy River Rainy River Library 334 4th Street Rainy River, ON P0W 1L0 T. 807-852-3375
Thunder Bay Brodie Resource Library 216 South Brodie Street Thunder Bay, ON P7E 1C2 T. 807-345-8275	Toronto Rainy River Resources Ltd. 701-1 Richmond Street West Toronto, ON M5H 3W4 T. 416-645-7280

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Your written comments about the draft Environmental Assessment Report are requested by August 19, 2013. All comments and questions about the **Rainy River Gold Project** and the draft Environmental Assessment Report should be directed to:

Kyle L. Stanfield, P.Eng.
Vice President, Environment & Sustainability
Rainy River Resources Ltd.
1111 Victoria Avenue East
Thunder Bay, ON, P7C 1B7
T. 807-622-8111
E-mail: Comments@rainyriverresources.com

Under the *Freedom of Information and Protection of Privacy Act* and the *Environmental Assessment Act*, unless otherwise stated in the submission, any personal information such as name, address, telephone number and property location included in a submission will become part of the public record files for this matter and will be released, if requested, to any person.

Coca-Cola struggles with shift away from soda

THE ASSOCIATED PRESS

NEW YORK — Coca-Cola is struggling to sell more soda in the U.S., and it can't seem to catch a break.

The world's largest beverage maker on Tuesday blamed a confluence of factors including unusually bad weather for its disappointing second-quarter results. It cited cold, wet conditions at home and flooding in parts of Europe for weak volume growth globally. Profit declined 4 per cent.

The temporary setbacks clouded the underlying challenge the company faces in North America and other developed markets, where soda consumption has been declining for years amid criticism that sugary drinks fuel obesity rates.

In the latest quarter, for example, Coca-Cola said soda volume in North America fell 4 per cent. But the figure has declined in 20 of the 26 quarters since the start of 2007, including a 2 per cent slide a year ago.

It was flat in four quarters and rose by just 1 per cent in the other two quarters.

Still, executives expressed confidence they'd be able to return to growth with greater investments in marketing, new packaging and other tactics.

"I hate to use the weather, but a lot of it was the weather," Chief Financial Officer Gary Fayard said in an interview on CNBC, apparently acknowledging the frequency with which companies cite the weather when they deliver disappointing results.

When asked if people drink less soda when it's cold and wet outside, Fayard said that was indeed the case.

"We are an industry that's susceptible to weather," he said.

Coke's shares fell 90 cents, or 2.2 per cent, to \$40.11. Over the past year, the company's stock is up more than 7 per cent.

Looking ahead to the second half of the year, executives expressed confidence that the weather would even out and that business would improve, including in key markets such as India, China and North America.

In the meantime, Coca-Cola and rival PepsiCo Inc. have been trying to come up with a soda that uses a natural, low-calorie sweetener to reverse the slide in U.S. soda consumption. The challenge is that such sweeteners often have a bad aftertaste. Notably, Coca-Cola has yet to roll out a mid-calorie version of Fanta and Sprite using the sweetener stevia that it began testing last summer.

Chrysler to start selling new midsize car next year

THE ASSOCIATED PRESS

STERLING HEIGHTS, Mich. — Chrysler will start selling a completely new midsize car during the first quarter of next year, company executives confirmed on Tuesday.

The replacement for the aging Chrysler 200 and Dodge Avenger is badly needed for the company to compete with the likes of the Honda Accord and Toyota Camry in the most popular part of the U.S. auto market.

Chrysler officials gave few details about the new car. It will be built at a factory in Sterling Heights, Mich., north of Detroit, where the 200 and Avenger are now built. The officials confirmed the timing of the car Tuesday while taking reporters on a tour of the factory's new paint shop.

Chrysler's current midsize cars were unveiled in 2006 and updated three years ago. Their designs are the oldest in the midsize car market, and buyers pay far less for them than nearly all competitors. The 200 and Avenger generally are noisier, get lower gas mileage and have worse rides than the competition, a bad combination in the hotly contested market.

The new car likely will be built with components jointly designed with Italian automaker Fiat SpA, which owns a majority stake in Chrysler.

Through June, Chrysler has sold just 136,000 200s and Avengers combined. While sales are up over last year, they're far below the top-selling cars in the midsize segment. For instance, Toyota sold almost 208,000 Camrys through June, while Honda sold 187,000 Accords.

Business TV 7/17/13							
	7 PM		7:30	8 PM	8:30	9 PM	9:30
CNBC	The Kudlow Report (N)		Crime Inc. "Deadly Prescriptions" Medications cause tragic outcomes.			The Call (N)	
	Erin Burnett OutFront (N)		Anderson Cooper 360 (N)			Piers Morgan Live (N) (L)	
CNN	Beyond Politics "Ted Hsu"		Tête à tête MP Lise Thériault.		Headline Politics		The Public Record
	Jane Velez-Mitchell (N)		Nancy Grace (N)			Dr. Drew on Call (N)	
CPAC	The Lang & O'Leary Exchange (N) ⚡		CBC News Now With Ian Hanomansing With host Ian Hanomansing. (N)			The National (N) ⚡	

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Market drops on weak U.S. earnings

THE CANADIAN PRESS

TORONTO — Several disappointing U.S. earnings reports pulled North American stock markets lower on Tuesday, while investors sold off materials and energy stocks.

The S&P/TSX composite index lost 11.46 points to 12,516.89, closing out a tightly-traded session ahead of comments from both Canada's central bank and the U.S. Federal Reserve on Wednesday.

The Canadian dollar was up 0.45 of a cent to 96.47 cents US before the Bank of Canada issues its first policy decision under new governor Stephen Poloz, scheduled for 10 a.m. ET on Wednesday.

On the TSX, materials stocks dropped 2.2 per cent, as Agrium (TSX:AGU) fell \$2.42 to \$93.16.

The energy sector closed 0.3 per cent lower with the August crude contract on the New York Mercantile Exchange weakening 32 cents to US\$106 a barrel.

Gold stocks were some of the biggest gainers as August bullion rose \$6.90 to US\$1,290.40 an ounce while the TSX gold sector rose 3.1 per cent. The September copper contract on the Nymex gained 4.2 cents to US\$3.187 a pound.

In the U.S., investors still had plenty to digest as both Coca-Cola, the world's largest beverage maker, and retail brokerage Charles Schwab, delivered second-quarter results that disappointed analysts.

Coca-Cola reported declining profits and weak volume growth for the quarter. Charles Schwab said its profits fell seven per cent to \$256 million, or 18 cents per share, in the second quarter, from \$275 million, or 20 cents per share, a year earlier.

On Wall Street, the Dow and S&P moved back after closing at record highs for three consecutive sessions. The Dow shifted back 32.41 points to 15,451.85, the Nasdaq composite index was 8.99 points lower to 3,598.50 while the S&P 500 index slid 6.24 points to 1,676.26.

North American markets were holding back from any major shifts before the testimony from U.S. Federal Reserve chairman

DAILY MARKET WATCH			
JULY 16, 2013			
S&P/TSX	12,516.89	-11.46	▼
S&P/TSX VENTURE	910.84	+14.12	▲
CANADIAN DOLLAR (US¢)	96.47	+0.45	▲
DOW JONES	15,451.85	-32.41	▼
NASDAQ	3,598.50	-8.99	▼
OIL (\$US)	106.00	-0.32	▼
GOLD (\$US)	1,290.40	+6.90	▲

THE CANADIAN PRESS

Ben Bernanke on Wednesday that could set the tone in markets for the rest of the summer.

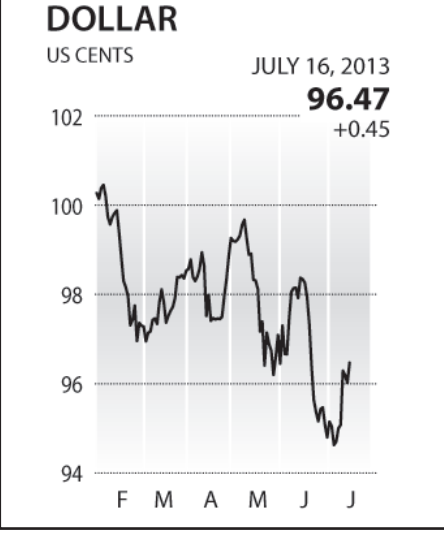
"It's sort of a wait and see attitude. No one wants to position themselves too much in one way or the other," said Norman Raschkowan, North American strategist with Mackenzie Financial Corp.

In particular, investors will be looking for any further guidance on when the Fed will start to reduce its monetary stimulus.

The Fed is currently spending US\$85 billion a month to buy financial assets in the hope of keeping long-term borrowing rates low and stimulating the U.S. economy. The new money created by the various monetary stimulus enacted in recent years have been one of the key drivers of the markets.

Disappointing retail sales figures on Monday reinforced expectations that the so-called "tapering" may take place later in the year than previously thought.

"The markets have rallied since (the Fed) softened their view, so people are a bit confused about how the Fed really sees the current environment," Raschkowan added.



THE CANADIAN PRESS

Shares of Loblaw Cos. Ltd. (TSX:L) pulled back a day after the company announced it planned to buy Shoppers Drug Mart Corp. (TSX:SC) for \$12.4 billion in cash and stock — a deal that has sparked a review by two ratings agencies.

Standard & Poor's is placing the companies on CreditWatch "with negative implications," which means it may lower or affirm the ratings within the next three months.

DBRS also placed Shoppers Drug Mart under review with negative implications, reflecting Loblaw's "potential assumption of approximately \$1 billion of Shoppers' debt."

Loblaw stock dipped \$1.53 to \$48.60, while Shoppers moved down 43 cents to \$59.69.

Barrick Gold stock (TSX:ABX) lifted nearly six per cent after a Chilean appeals court ruled against the world's largest gold mining company on Monday. The court ruled in favour of Chilean Indians who accuse Barrick of contaminating their water downstream and creating more doubts about the future of the world's highest gold mine. Shares of the company gained 93 cents to \$16.620.

MARKET MOVERS

THE CANADIAN PRESS

TORONTO — Some of the most active companies traded Tuesday on the Toronto Stock Exchange and the TSX Venture Exchange:

TORONTO STOCK EXCHANGE (12,516.89 down 11.46 points):
Surge Energy Inc. (TSX:SGY). Oil and gas. Up three cents, or 0.52 per cent, at \$5.84 on 14.62 million shares.
Twin Butte Energy Ltd. (TSX:TBE). Oil and gas. Down 17 cents, or 8.76 per cent, at \$1.77 on 11.06 million shares.
Shoppers Drug Mart Corp.

(TSX:SC). Pharmacy. Down 43 cents, or 0.72 per cent, at \$59.69 on 6.11 million shares.
Standard & Poor's placed the pharmacy chain and Loblaw (TSX:L) on CreditWatch "with negative implications," meaning it may lower or affirm the ratings within the next three months. The announcement came a day after the two struck a friendly deal pegged at \$12.4 billion.
Loblaw Companies Ltd. Grocer. Down \$1.53, or 3.05 per cent, at \$48.60 on 4.81 million shares. Standard & Poor's rating agency also placed Loblaw's par-

ent company George Weston Ltd. (TSX:WN) on CreditWatch with negative implications. Weston shares were down \$2.14, or 2.46 per cent, at \$84.86 on 387,065 shares.
Kinross Gold Corp. (TSX:K). Miner. Up 30 cents, or six per cent, at \$5.30 on 4.80 million shares.

TORONTO VENTURE EXCHANGE (910.84 up 14.12 points):
Border Petroleum Corp. (TSXV:BOR). Oil and gas. Up 1.5 cents, or 100 per cent, at three cents on 9.91 million shares.
Brookmont Capital Inc. (TSXV:BKT). Miner. Down half a cent, or 9.09 per cent, at five cents on 5.26 million shares.

NEW BOARD CHAIR ANNOUNCEMENT



Mr. Greg S. Arason
New Board Member

The Thunder Bay Port Authority Board of Directors is pleased to announce that Mr. Greg S. Arason was elected as the Board's new Chair at a meeting held Wednesday, June 26, 2013.

Mr. Arason has been a Director with Thunder Bay Port Authority since 2011 and resides in Winnipeg. He served as President and C.E.O. of the Canadian Wheat Board from 2006 to 2008 and from 1998 to 2002. He was C.E.O. of Manitoba Pool Elevators from 1988 to 1998 and has served on many corporate and industry associations including the Western Transportation Advisory Council, the Western Grain Elevator Association and the Vancouver Port Authority.



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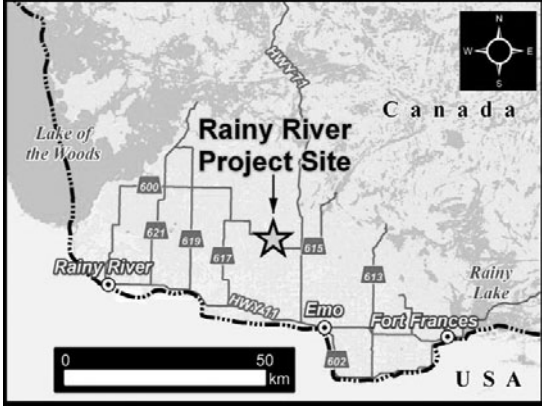


Rainy River Gold Project
Rainy River Resources Ltd.

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This is the Older Adult Program garden. Inset is a sampling of the tulip and sunflower shaped cookies we enjoyed.

By Marlene Deschamps
Rainycrest hosted it's second Garden Party on Tuesday, July 16th from 1:30 until 3:30 pm. It was a chance to showcase the four beautiful gardens which are sponsored and maintained by The Horticultural Society, United Native Friendship Centre, Older Adults Program and the Kiwanis. Each had tour guides and a table of refreshments and cookies. The Kiwanis even had a donation from Doubly Delicious and saw decorated small cupcakes that looked like flowers. At the Older Adults Garden there were cookies shaped like tulips and sunflowers. The UNFC also

had bannock along with cookies and each had a draw for a door prize. The Horticultural Society Garden also has vegetables growing. The pepper plants and cucumbers looked delicious and the tomato plants are loaded with tomatoes. What an enjoyable way to spend some afternoon hours.

The Rainy River Community Garage Sale originally set for RailRoad Daze, Saturday, July 20th has been redesigned and re-scheduled to Saturday, September 7th, 2013 as a Charity Auction. A veritable mountain of goods has already been donated for the event by members of the community and the Committee felt the logistics of a Garage Sale for the busy RailRoad Daze weekend had

become unmanageable. The Charity Auction will be held Saturday, September 7th at the same location- the front portion of the Rainy River Municipal Garage- and additional donations of items will continue to be accepted every Monday until sales date. Please call Carolyn Kreger 852-2886 or Mel Murray 852-3308 for additional details. In addition, total purchases over \$20.00 shall be considered a charitable donation, making the lucky bidder eligible for a tax deductible receipt. So enjoy your summer and RailRoad Daze. And mark the date, Saturday, September 7th at 10:00 am for the Community Charitable Auction Sale in support of the Rainy River Locum House.

Donor Wall set up at Rainycrest



Nikki Baird of Riverside and Steve Gushulak in front of new donor wall.

By Marlene Deschamps
Rainycrest came under the umbrella of Riverside in 2005 and like the hospitals in Fort Frances, Emo and Rainy River they now have a donor wall. They worked in cooperation with General Supply and the wall was put out for local tender which allowed Riverside to save quite a bit of money. It

was done by Herb Walner of Devlin and it looks just as professional as the ones located in the hospitals. This will allow people to donate to Riverside and designate where they want the names placed. Donations can be made by groups, agencies or in memory of individuals

Rainy River
CANADIAN LEGION
MAJOR HUGHES BRANCH NO.54

2013 Railroad Daze
Events you don't want to miss at the Legion!

Friday, July 19

4:00 to 7:00 serving Pork on a Bun

7:30 Presentation of Long Service Medals
Presentation of Pins to Korean Veterans
Presentation of cheque to Locum House Fundraising Committee

Saturday, July 20

11:00 Leading off the Railroad Daze Parade

1:00 Rainy River Legion Royals **GRUDGE MATCH** vs Pinewood Bears

5:00 to 7:00 BBQ Steak Supper \$14.00 includes steak, baked potato, cole slaw, bun and coffee (Burger substitution \$8.00 with all the trimmings)

9:00 50/50 Draw

Happy Railroad Daze from the Staff and Members of the Legion!

Friday Night Fish Fry

Buffet style meal...

Breaded Walleye, 4 oz, 8 oz, or 12 oz serving with shore lunch buffet

Serving 5:00 pm to 7:00 pm

4 oz. \$11.99
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12 oz. \$17.99

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Many Household items including furniture, some Collectibles, Tools, Recreation including Potter's Wheel, Kiln, Misc. including Water trough & corral panels. No reserves, everything must go, something for everyone!

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<http://www.rainyriverresources.com/Community-and-Environment/environmental-assessment-process/default.aspx>

or, a hard copy will be available for viewing during normal business hours at the following locations:

Barwick Township of Chapple 54 Barwick Road Barwick, ON P0W 1A0 T. 807-487-2354	Emo Rainy River Resources Ltd. 5967 Highway 11/71 Emo, ON P0W 1E0 T. 807-482-2501
Fort Frances Fort Frances Public Library 601 Reid Avenue Fort Frances, ON P9A 0A2 T. 807-274-9879	Rainy River Rainy River Library 334 4th Street Rainy River, ON P0W 1L0 T. 807-852-3375
Thunder Bay Brodie Resource Library 216 South Brodie Street Thunder Bay, ON P7E 1C2 T. 807-345-8275	Toronto Rainy River Resources Ltd. 701-1 Richmond Street West Toronto, ON M5H 3W4 T. 416-645-7280

The draft Environmental Assessment Report will also be available at local Aboriginal community offices.

Your written comments about the draft Environmental Assessment Report are requested by August 19, 2013. All comments and questions about the **Rainy River Gold Project** and the draft Environmental Assessment Report should be directed to:

Kyle L. Stanfield, P.Eng.
Vice President, Environment & Sustainability
Rainy River Resources Ltd.
1111 Victoria Avenue East
Thunder Bay, ON, P7C 1B7
T. 807-622-8111
E-mail: Comments@rainyriverresources.com

Under the *Freedom of Information and Protection of Privacy Act* and the *Environmental Assessment Act*, unless otherwise stated in the submission, any personal information such as name, address, telephone number and property location included in a submission will become part of the public record files for this matter and will be released, if requested, to any person.

Summer of adventures ahead

I managed to get a bit of



It was calling for rain the following day and the hay had been cut for a week already, so I called Doug and despite not baling before, he did a great job and it was all rolled up!

We look forward to seeing everyone once again this year!

Sunshine is forecast for Fri-

Then Sunday also should be sunny, along with a high of 22

Sunset tonight is at 9:10 p.m., with sunrise tomorrow at 5:30 a.m.

ecaning, Justin Whitecrow from the
Seine River, Jordan Desserre
from Pinewood, and Nikola
Tuesday, Brody Hogan, Jonah
Cawston, Maryam Seid, and
Alexis Holland, all from Fort
Frances), led by our courageous

Or call toll-free: 1-800-667-1940 and ask to be forwarded to one of the contacts above

The winner of a 4th Generation iPad will be drawn Monday, August 19, 2013.

by mail or in person to:
Fort Frances Power Corporation,
320 Portage Avenue,
Fort Frances, ON P9A 3P9

FFPC
FORT FRANCES POWER CORPORATION

Rainy River Resources Ltd. is working with the Canadian Environmental Assessment Agency and the Ontario Ministry of the Environment to develop a coordinated environmental assessment process, including coordinated public consultation opportunities wherever possible to reduce duplication of effort.

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Rolling Stone cover sparks ire, questions

By Leanne Italie
THE ASSOCIATED PRESS

NEW YORK—Sultry eyes burn into the camera lens from behind tousled curls.

A scruff of sexy beard and loose T-shirt are bathed in soft, yellow light.

The close-up of Dzhokhar Tsarnaev on the cover of Rolling Stone to hit shelves tomorrow looks more like a young Bob Dylan or Jim Morrison than the 19-year-old who pleaded not guilty a little more than a week ago in the Boston Marathon bombing—his arm in a cast and his face swollen in court.

Has the magazine, with its roundly condemned cover, offered the world its first rock star of an alleged Islamic terrorist?

The same image of Tsarnaev was widely circulated and used by newspapers and magazines before. But in this context, it took on new criticism and accusations that Rolling Stone turned the bombing defendant into something more appealing.

"I can't think of another instance in which one has glamorized the image of an alleged terrorist," said Kathleen Hall Jamieson, a communications professor and the director of the Annenberg Public Policy Center at the University of Pennsylvania.

"This is the image of a rock star," she noted.

“This is the image of someone who is admired, of someone who has a fan base, of someone we are critiquing as art.”

Public outrage was swift, including hard words from the Boston mayor, bombing survivors, and the governor of Massachusetts.

At least five retailers with strong New England ties—CVS, Tedeschi Food Stores, and the grocery chain, the Roche Bros.—

said they would not sell the issue that features an in-depth look into how a charming, well-liked teen took a dark turn toward radical Islam.

Stop & Shop and Walgreens followed suit.

Tsarnaev is not referred to as Tsarnaev in the article. The magazine uses his playful diminutive instead in a headline: "Jahar's World."

With cover teasers for other stories on Willie Nelson, Jay-Z, and Robin Thicke, it declares for the Tsarnaev story: "The Bomber. How a Popular, Promising Student was Failed by His Family, Fell Into Radical Islam, and Became a Monster."

Rolling Stone did not address whether the photo was edited or filtered in any way in a brief statement offering condolences to bombing survivors and the loved ones of the dead.

"The fact that Dzhokhar Tsarnaev is young, and in the same age group as many of our readers, makes it all the more important for us to examine the complexities of this issue and gain a more complete understanding of how a tragedy like this happens," the statement said.

That's little consolation for James "Bim" Costello, 30, of Malden, Mass., who needed pig skin grafts on most of his right arm and right leg after the bombing.

His body was pebbled with shrapnel, including nails he pulled out of his stomach himself.

Three of his close friends lost legs that day while others suffered serious burns and shrapnel injuries.

"I think whoever wrote the article should have their legs blown off by someone," struggle through treatment, "and then see who they would choose to put on the cover," he said

The accompanying story, he added, "just seems like a cry for attention" from Rolling Stone.

Lauren Gabler had finished her fourth Boston Marathon and was two blocks from the finish line explosions that April day.

At first, she thought the Rolling Stone photo—released on the magazine’s website and Facebook page—was of a model or a rock star.

"All of a sudden, you realize that's the Boston bomber," said Gabler, who lives in the Washington, D.C. area.

"The cover almost tricks you into what you're looking at."

"I haven't read the article yet, and I know it will probably be

quite in-depth," she remarked.

"But my initial reaction is that the photo that's being used almost makes him look like a good guy."

Rolling Stone said the cover story was part of its “long-standing commitment to serious and thoughtful coverage of the most important political and cultural issues of our day.”

And the magazine has had plenty of covers featuring people outside the realm of entertainment, from President Obama to Charles Manson.

Putting criminals and alleged criminals on the covers of major magazines is justified if they are major news figures, said Samir

Husni, a journalism professor who heads the Magazine Innovation Center at the University of Mississippi.

It's digitally manipulating a photo that never is, stressed Husni, reached by phone on vacation in his native Lebanon.

"They'll probably regret it later," he said of Rolling Stone's handling of its cover.

“Even if it wasn’t doctored, it’s going to bring those negative reactions.”

Hundreds of Facebook and Twitter commenters condemned the magazine. Many cursed.

Others expressed sadness and still more vowed never to read or purchase the magazine again.



Summer Clearance Sale

40%^{*} Off

ALL Regular
Priced Summer
Merchandise

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Garden Signs
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 Butterfly, Dragonfly,
 Bumble Bee, etc.



* Excludes fresh

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FORT FLORAL
274-6782
 310 Scott Street, Fort Frances

RAINY RIVER

Notice of Consultation Opportunity

Rainy River Gold Project

Rainy River Resources Ltd.

As part of the planning process for the Rainy River Gold Project, **Rainy River Resources Ltd.** has completed a draft Environmental Assessment Report (Environmental Impact Statement) for the **Rainy River Gold Project**.

The **Rainy River Gold Project** is a proposed open pit and underground gold mine with related processing facilities and infrastructure, to be developed by **Rainy River Resources Ltd.** located in the Township of Chapple, approximately 65 kilometres (by road) northwest of Fort Frances, Ontario.

The Project is anticipated to be a significant contributor to the local economy and provide exceptional employment opportunities.

Members of the public, agencies, Aboriginal communities and other interested persons are encouraged to actively participate in the environmental assessment process by attending consultation opportunities; or contacting **Rainy River Resources Ltd.** directly with information, comments or questions. Consultation opportunities will occur throughout the planning process including this opportunity to provide comments on the draft Environmental Assessment Report. All upcoming consultation events will be advertised in local papers and also published at: www.rainyriverresources.com.

As part of this consultation process, a draft Environmental Assessment Report intended to meet both the Federal and Provincial requirements is being made available for public review and comment beginning July 19, 2013. The draft Environmental Assessment Report can be accessed from our website:

<http://www.rainyriverresources.com/Community-and-Environment/environmental-assessment-process/default.aspx>

or, a hard copy will be available for viewing during normal business hours at the following locations:

Barwick Township of Chapple 54 Barwick Road Barwick, ON P0W 1A0 T. 807-487-2354	Emo Rainy River Resources Ltd. 5967 Highway 11/71 Emo, ON P0W 1E0 T. 807-482-2501
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Thunder Bay Brodie Resource Library 215 South Brodie Street Thunder Bay, ON P7E 1C2 T. 807-345-8275	Toronto Rainy River Resources Ltd. 701-1 Richmond Street West Toronto, ON M5H 3V4 T. 416-645-7280

The Process

The **Rainy River Gold Project** requires approval under two environmental assessment processes: a Federal environmental assessment under the *Canadian Environmental Assessment Act, 2012* and a Provincial environmental assessment pursuant to the *Ontario Environmental Assessment Act*. The scope of the Federal Environmental Assessment is guided by the Environmental Impact Statement Guidelines issued on December 18, 2012 by the Canadian Environmental Assessment Agency. The Provincial Environmental Assessment will be carried out according to the Amended Terms of Reference approved by the Provincial Minister of the Environment on May 15, 2013.

Consultation

Rainy River Resources Ltd. is working with the Canadian Environmental Assessment Agency and the Ontario Ministry of the Environment to develop a coordinated environmental assessment process, including coordinated public consultation opportunities wherever possible to reduce duplication of effort.

Kyle L. Stanfield, P.Eng.
Vice President, Environment & Sustainability
Rainy River Resources Ltd.
1111 Victoria Avenue East
Thunder Bay, ON, P7C 1B7
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THE TOWN OF FORT FRANCES



FORT FRANCES, ONTARIO
CANADA

PUBLIC NOTICE

TOWN OF FORT FRANCES

TEMPORARY ROAD CLOSURE

To accommodate the holding of the 2013 Fort Frances Canadian Bass Championship Live Release Tournament, Front Street south of Resolute FP Shevlin Wood Yard between Minnie Avenue and Butler Avenue shall be closed to through traffic

Noon, Friday, July 19 to Noon, Wednesday, July 31, 2013

Scott Street is to be used as the alternate route for heavy truck traffic during this period.

The following traffic is not affected by this closure:

- Heavy truck traffic to and from the scales at the Shevlin Wood Yard
- Local traffic to and from residences with access to the closed street
- Traffic destined for the Sorting Gap Marina to use the boat ramp

Glenn W. Trefthlin
Town Clerk

Exhibit B
Tab 6
Schedule 1
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Page 13 of 17

The logo for the Kraft Celebration Tour, featuring the word "Kraft" in a white oval on a pink banner, with "CELEBRATION TOUR" in white text on a pink banner below it, and the "TSN" logo in pink at the bottom.

FORT FRANCES

has been selected as a finalist in the

KRAFT CELEBRATION TOUR

**FORT FRANCES VS DRYDEN
for the \$25,000 Prize!**

The community with the most votes wins:

\$25,000 for Curling Club Geothermal Project

TSN Sports Centre Live Broadcast • Kraft Community BBQ

VOTING IS FOR 24 HOURS ONLY

Beginning July 19, 2013 at 11:00 a.m.

Ending July 20, 2013 at 11:00 a.m.

PLEASE VOTE!!!

There is NO LIMIT

on how many times you can vote at

**<http://kraftcelebrationtour.ca/en/nominate/vote/>
or www.fortfrancescurlingclub.ca Call 274-6667**

Spread the word on your social media contact list!

A square QR code located on the right side of the poster, next to the voting information.

Kraft

The logo for Curling Canada, featuring a stylized curling stone and the words "Curling Canada".

f Follow us on Facebook

Visit: **KRAFTCELEBRATIONTOUR.CA**

HELP WITH PROMOTION AND PRINTING COURTESY FORT FRANCES TIMES LIMITED

VOTE AT ANY OF THESE LOCATIONS DURING THEIR NORMAL BUSINESS HOURS!

Fort Frances Curling Club
Boston Pizza
La Place Rendezvous
McDonald's Restaurant

Fort Frances Public Library Technology
Centre
From the Grind Up
Wilson's Business Solutions

NCDS
Fort Frances Chamber of Commerce
(until 10 pm Friday night)
Fort Frances Museum



‘Awesome’ music

Taylor Shouldice sang Taylor Swift’s song, “Mean,” last Wednesday evening at the Lions Park in Emo during a “Music in the Park” fundraiser. The audience was encouraged to donate to the “I Am Awesome (and I know it)” girls’ retreat, with monies raised being split between those participants on hand for the event. Refreshments also were sold and a 50/50 draw held. The retreat, for girls aged 10-14, is being held in September and spaces still are available. —Heather Latter photo

New online tool developed

By Gary Sliworsky
Ag rep, Emo

The Ontario Ministry of Agriculture and Food and Ministry of Rural Affairs have developed a new online tool that helps produce growers understand the regulations and requirements to bring their foods of plant origin to market.

Whether they are selling at the farm gate, or to local farmers’ markets or retailers, this tool (Marketing Foods of Plant Origin in Ontario: A Guide to Legislative Requirements) connects producers to the food safety, labelling, and packaging requirements for their region.

Producers in the Northern Ontario region were facing a challenge to understanding how they could offer their locally-grown fruits, vegetables, and other foods of plant origin through a variety of channels in their

communities.

Regulations that influence the sale of these products can be from the federal or provincial government, as well as the local health unit.

Knowing where to go to get the right information was daunting.

The new tool allows growers to go online and answer a series of questions, the answers to which allow them to offer their products while complying with appropriate rules and regulations.

Questions include what is being sold, if any minimal processing is required before going to market, where the items are being sold, etc.

Links to the correct information from various sources then are provided (as applicable). These links indicate the regulation that is in place, and can relate to packaging, food labelling,

or processing.

While initiated due to a need identified by growers in Northern Ontario, this tool is available online to all Ontario producers of foods of plant origin.

To use the tool online, visit ontario.ca/producesafety

Growers who do not have access to the web version may contact the Agricultural Information Contact Centre at 1-877-424-1300 for alternate ones.

For more information about Marketing Foods of Plant Origin in Ontario: A Guide to Legislative Requirements, visit ontario.ca/producesafety

Dates to remember

- July 25–Soil and crop tour, starts 9:30 a.m., Larry Lamb farm;
- July 25–Community pasture open house, 1 p.m., Morley-Dilke Road; and
- July 25–Emo research station open house, 7 p.m.

Confederation College has been serving the citizens of northwestern Ontario since 1967 meeting the educational needs of students in a catchment area of some 550,000 square kilometres. Along with its main campus in Thunder Bay, Confederation College has eight regional sites located in Dryden, Fort Frances, Geraldton, Kenora, Marathon, Sioux Lookout, Red Lake and Wawa.

Confederation College delivers exceptional education and training to an average of 8,800 combined full and part-time students per year and currently has a total of 805 full and part-time employees.

www.confederationc.on.ca

Applications being accepted for Confederation College Board of Governors’ Vacancy

Confederation College is seeking applications for a vacancy on the Board of Governors.

The term of office for this vacancy will be September 1, 2014 to August 31, 2017 with eligibility of reconsideration for a second three-year term.

The Board is responsible for strategic leadership and good governance. The Board enhances the College’s public image and provides a link between the organization and the communities served.

For more information on the Board of Governors and how to apply for this vacancy, visit www.confederationc.on.ca/governors.

Applications must be received on or before August 31, 2013.

INSPECTION

Inspection of Approved Aerial Herbicide Spraying Crossroute Forest

The Ontario **Ministry of Natural Resources (MNR)** invites you to inspect the MNR-approved aerial herbicide spray project. As part of our ongoing efforts to regenerate and protect Ontario’s forests, selected stands on the **Crossroute Forest** (see map) will be sprayed with herbicide to control competing vegetation, starting on or about **August 1, 2013**. The herbicide VisionMax, registration #27736 will be used.

The approved project description and project plan for the aerial herbicide project is available for public inspection at the Resolute Forest Products office and on the MNR public website at ontario.ca/forestplans beginning **April 1, 2013** until **March 31, 2014** when the annual work schedule expires. Ontario Government Information Centres in Atikokan, Fort Frances and Rainy River provide access to the Internet.

Interested and affected persons and organizations can arrange an appointment with MNR staff at the MNR District or Area Office to discuss the aerial herbicide project.

For more information, please contact:

Judy Kaufman
Resolute Forest Products
427 Mowat Avenue
Fort Frances, ON P9A 3N2
tel: 807-274-5311 ext. 1469

Philip Cooze or Ralph Horn
Ministry of Natural Resources
922 Scott Street
Atikokan, ON P0T 1C0
tel: 807-274-8639 or 807-274-8614

Renee Perry
Ministry of Natural Resources
108 Saturn Avenue
Fort Frances, ON P9A 1J4
tel: 807-597-5010

Or call toll-free: 1-800-667-1940 and ask to be forwarded to one of the contacts above.

Filed: January 13, 2014
FORT FRANCES TIMES A11
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Page 14 of 17

Curling club’s bid wins out

More from A1

ended up staying for all 24 hours, and there were about 15-20 people who were there all night voting in shifts,” Briere recalled.

“The club was packed from 4-7 p.m. on Friday with no free computers available, and there were a ton of people who were bringing their wireless devices to cast their vote,” he added.

“The support from the community has been great to see.”

Nine other local businesses also had computers on site for people to vote, with the traffic at those locations proving to be at a steady pace throughout their respective business hours.

The amount of work the curling club put in was noted by Mayor Roy Avis at Monday night’s council meeting, which took place shortly after the winning community was announced on TSN.

“I must commend the Fort Frances Curling Club’s committee and executive for a job well-done,” said Mayor Avis.

“I think it’s pulled the community together.

“When they started off, I thought maybe if they can get a couple hundred thousand [votes], they’d be lucky,” he admitted.

“But I understand the vote this evening was 518,082 for Fort Frances, which I think is remarkable.”

Mayor Avis stressed it is great to see the volunteerism at the local curling club.

“They’ve always been self-supporting,” he noted. “It’s all done by volunteer staff. They have very few employees.

“It’s just the public itself that puts things together and makes it happen.

under the Dedicated Gas Tax Funds for Public Transportation Program (the town is receiving \$73,763 for 2012-13);

•agreed to a recommendation from the Administration and Finance executive committee to donate the proceeds from the 2013 OPP auction, in the amount of \$1,919.94, to the Community Policing for Youth Safety Initiatives (i.e., bicycle safety) in the Town of Fort Frances;

•approved purchase card expenses in the amount of \$134.47 for Fort Frances CAO Mark McCaig (this was for attendance at a Human Rights Tribunal meeting held June 21 at Valhalla Inn in Thunder Bay;

•approved an updated list of Officers of the Corporation, and whom is authorized to conduct financial transactions on behalf of the corporation (the list of officers now includes Coun. Doug Kitowski); and

•heard a report on ongoing capital projects in town (which was reported in Tuesday’s Daily Bulletin).

Residents urged to stay off dock

More from A1

the outer dock.

Administration closed the dock to public use on July 10, when a sign and a concrete barrier were installed near the access point.

“We have four signs up now that were ordered with proper wording that the insurance company wanted on them,” Brown explained, noting two signs are posted at the middle of the dock while one is placed at the end and one at the shoreline.

He added a claim has been put in with the insurance company since nature created the problems at the dock.

“We’re really not aware of where we stand on that,” Brown conceded.

However, he said an insurance adjuster has been in contact and has taken photos of the dock, and is reviewing the policy at this time.

“So basically, the Point Park dock is closed until further notice,” Brown reiterated.

Also at Monday night’s meeting, council did not accept Minutes of Settlement for gas distribution lines in town pending further investigation (this may or may not include a municipal appeal of pipeline reassessment).

Council, however, did approve Minutes of Settlement for commercial and residential properties on 250-252 Scott St. (2013) and a residential property at 319 Third St. W. (2013).

The total financial impact of these settlements consist of a reduction of municipal revenue of \$20,512.77 and education revenue of \$6,077.10.

As well, council:

- passed a bylaw to authorize taking title to certain lands in the name of the municipality, and to declare the lands as necessary for municipal purposes as a municipal parking lot, to make official the transfer of land from Resolute FP Canada Inc. to the town (this land is the parking lot behind St. Mary’s Church);
- passed a bylaw to approve an agreement with the Minister of Transportation for financing

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Borderland Racing - Emo Speedway

July 27, 2013 - 7:30 pm Start

CANDYMAN NIGHT

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You're Invited...

...to get involved in our Environmental Assessment.

Rainy River Resources is conducting a coordinated environmental assessment process under the Ontario Environmental Assessment Act and the Canadian Environmental Assessment Act, 2012 for the development and operation of the Rainy River Gold Project. This Project is a proposed open pit and underground gold mine with related processing facilities and infrastructure. The Project will be developed in the Township of Chapple, approximately 65 km by road, northwest of Fort Frances.

Rainy River Resources will be hosting open houses to share the details of the Draft Environmental Assessment report which is open for a 30-day public review until August 19, 2013.

For comments and questions about the Rainy River Gold Project, contact us at:

Rainy River Resources Ltd.
Kyle Stanfield, Vice-President of Environment & Sustainability
1111 Victoria Avenue East, Thunder Bay, ON P7C 1B7
T. 807-622-8111

Please drop by one of our Public Open Houses

Barwick Community Hall

Tuesday, July 30, 2013
5:00 pm-7:00 pm

140 Main Street
Barwick, ON

Confederation College Rainy River District Campus

Thursday, August 8, 2013
6:00 pm-8:00 pm

440 McIrvine Road
Fort Frances, ON

For more information, please visit our web site at www.rainyriverresources.com

There’s something in the water



Muscles burning, hearts pounding, neck and neck, the excitement builds.

Just three weeks after a tremendously successful event, the Boundary Waters Dragon Boat Club Committee is already thrilled to be planning next year’s Dragon Boat Festival, scheduled to hit the water on Tuesday, July 1st, 2014. Members are excitedly discussing the purchase of a second dragon boat, paddles and life jackets, a boat trailer and storage trailer. In addition to these purchases, the Committee will also be arranging training this September that will bring Dragon Boat Canada’s Level One coaching procedures to a group of volunteers. “It’s an opportunity for us to obtain local coaches and trainers to help grow the sport and make it more accessible to our community,” says Jenny Greenhalgh, Vice President of the Committee. Those who have previously paddled and are interested in participating in the training this Fall can contact Sarah Marusyk at NCDS by calling (807) 274-2282. Moreover, those interested in paddling recreationally throughout the summer can grab a life jacket and head to the Sorting Gap Marina every Wednesday evening at 5:30 p.m. – with the exception of Wednesday, July 24th.

The Committee is also taking the responses of their 2013 Paddler Survey into account as they move ahead. Marusyk says they’ve received plenty of

positive feedback and constructive comments from those that have responded thus far. Those who paddled but have yet to complete a survey are invited to do so by following the link on the Festival’s website: www.bwdbf.ca.

This year’s Dragon Boat Festival saw 13 teams, 200 paddlers and—although it was difficult to take count—the waterfront was flooded with spectators from 10:00 a.m. until the last race of the day. A Kid’s Fun Zone spearheaded by Community Living Fort Frances & District kept kids busy with barrel train rides, a fishing wall, face painting, Canada Day cake and more. Lindsay Hamilton’s collaborative art project was a true spectacle even in the daytime as the arch of red and white balloons with LED lights stretched into the sky and across the Rainy River. Food and craft vendors did well with one craft vendor saying it was her most profitable day ever in Fort Frances.

In 2012, a partnership between NCDS, Valley Diabetes, the Northwestern Health Unit and the Town of Fort Frances sparked the flame that has become the Boundary Waters Dragon Boat Festival. That flame continues to burn thanks to the support from local businesses, organizations and individuals who contributed everything from financial support to in-kind donations and

expertise. This year’s Festival simply wouldn’t have come to fruition without support from the following: 93.1 FM The Border, Ainsworth Engineered, Badiuk Equipment, Beta Sigma Phi, Betty’s, Business Improvement Association, Boundary Waters Dragon Boat Committee and their families, Chamber of Commerce, Community Living Fort Frances & District, Daryl’s Custom Landscapes, DeGagne Equipment, Dragon Boat Canada, First Responders, Fort Frances Lion’s Club, Fort Frances Voyageur Lion’s Club, Gillons’ Insurance Brokers Ltd., Investors Group, La Place Rendez-Vous, Lee & Alanna Barr, Maurice L. Filion (CA), McDonald’s Restaurant, Moffat Family Fund, NCDS Staff & Directors, Pulling for Peace Committee, Royal Canadian Legion (Fort Frances Branch 29), Tamarack Photography, Taylor International, TBT Engineering, Town of Fort Frances, Travis Glowasky (Studio Gibbous), The West End Weekly, Wilson’s Business Solutions and World of Water.

The Boundary Waters Dragon Boat Club Committee is always welcoming new members to join them. Eager individuals can e-mail marketing@ncds4jobs.ca for more information.

Rainy River First Nation holds Treatment Program Grand Opening



By Marlene Deschamps

The Ojibwe Name for the Program may be hard to pronounce but translated it tells the story of the Suboxone Treatment Program initiated at Rainy River First Nations earlier this year. The Good Straight Journey is the translation into English and when one sees the clients and hears of their Journey it comes home that this is exactly what the eight clients have experienced.

The Grand Opening was held on Wednesday, July 17th. It was a gathering that honoured all those involved in the dream of the program, the journey to get the journey started and eight clients who have travelled the journey to a better life. It was also an opportunity to honour Elvis DeBungee who initially met with Chief Jim Leonard to say they had to do something about the addiction problem Rainy River First Nation was having.

The Opening Prayer was done by Elder, Dorothy Medicine. This was proceeded and followed by Drum songs led by Bwaan Deweigan. This was followed by an offering to the drums and a smudge.

Chief Leonard then gave a history and background of the Suboxone Program. He first thanked everyone for coming and then acknowledged Elvis DeBungee as the inspiration to begin the program. He spoke of how in 2007-08, there was a huge problem and how many of in the community were dealing and using drugs and how no one seemed to know what to do about it. They did a survey and found out the number of people between the ages of 14-30 who were using drugs were 68 out of the 88

names on the list. This shocked everyone and they sat down to try and figure out what to do about this. They took the information to the elders. The elders told them they didn’t know what these drugs were or anything about them. This is where Hugh Dennis came in and he did presentations regarding the various drugs. They called a meeting of the young people and 35 showed up for this same presentation. Four young girls indicated they wanted help with their problem. They went out again and invited people to a second meeting at the Roundhouse. 67 showed up this time with one from each of the affected families. After a lot of discussion they all decided it was time to quit talking and do something. They wanted to help but not penalize. They wanted help with the sickness, help to get better and a way to provide housing and jobs for them. They searched and found a model at the Fischer River First Nation that adapted and then passed a drug testing policy in 2010. On September 17th, they held their first testing. Chief Leonard was the first one tested and this was followed by 85 which included the Chief, Council and staff. They started sending those requesting help away for treatment but found that when they came back they were right back to using. None of the treatment programs came with a counselling component and there was no follow up. They then found about the Suboxone Treatment Program that was operating in Long Lac. They travelled there and met with the staff and clients to develop the program for RRFN. It began in January 2013. With the help of Elvis, who brought Katherine Delany on Board, they began with first one couple, then others until they had 8 clients who came forward. He told those gathered that to begin with these 8 weren’t very good people but he now wanted them to know how proud they were of each of them and what they have done and encouraged more residents to get into the program so they could travel the Good Straight Journey.

There was a food prayer and song before everyone sat

down to a delicious lunch. Following lunch there were Elvis DeBungee Memorial Plaques given to the DeBungee family, Joe Hunter, for the Representative Medical Office and Katherine Deleary for the Program Office. The plaques featured a smiling Elvis etched into the black background. For anyone who knew him or met him they were all struck by that smile. It was warm, endearing and came with a feeling of immediate friendship.

The Elders were then presented with gifts of appreciation.

Joe Hunter then presented gifts and honourable mentions to RRFN Chief & Council, Peter West, Hugh Dennis, Emo Health Centre/Dr. Meyers & Dr. Whatley. Art Hunter and Melanie Jones gave out gifts to these people.

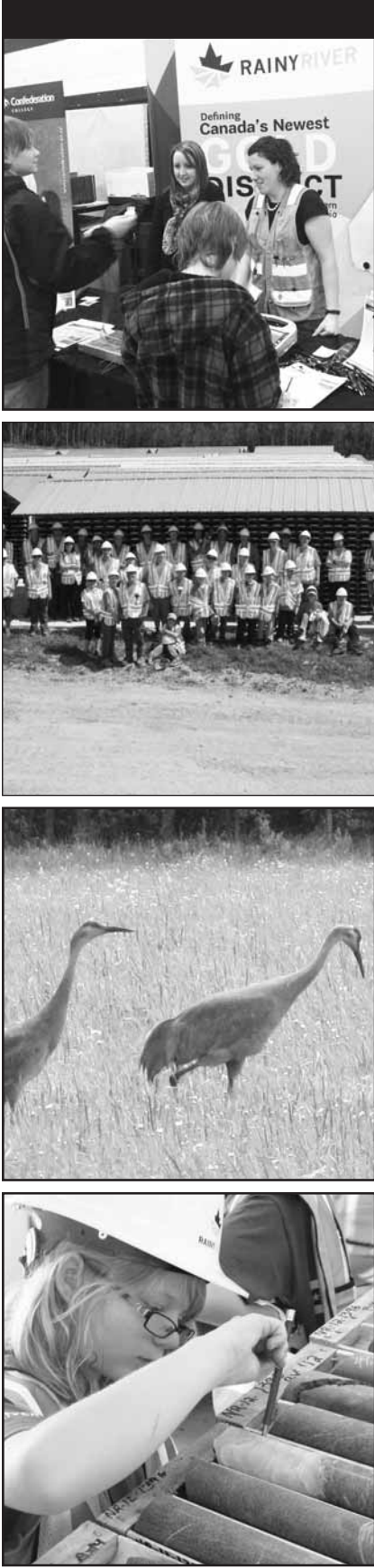
There was then the presentation of certificates and recognition of the clients. This was done by Art and Melanie. Melanie is the new trainee who is working with the clients and Art is also working to help the clients and each were presented with the high honour of receiving an eagle feather.

Katherine spoke of how she came to be involved and how Elvis was the person who persuaded her to travel from her home in Cornwall and come to RRFN to design and head the program. She was deeply affected by Elvis and although he has recently passed, promised she would carry on because she had promised him. The clients presented Katherine with a beautiful set of bags and spoke of their gratitude to her and to the program.

The afternoon ended with a drum song. You can read the stories of Good Straight Journey for six of the eight clients who were on hand for the Grand Opening. They are too important to be given short attention as they are stories of hope for all who suffer from any form of addiction.

A Very Happy
91st Birthday
to Val Grant

Wishing you many
more,
Ann



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...to get involved in our
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Rainy River Resources Ltd.

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Tuesday, July 30, 2013
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Thursday, August 8, 2013
6:00 pm-8:00 pm

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Bobbie Loyie, left, Tanya Hughes, Everett Freeman, and Calvin Morrisseau of Fort Frances Tribal Area Health Services were up to their ears in books Friday as they got them ready to be distributed to young readers at the 10 area First Nations and points in-between.

—Duane Hicks photo

Myriad of books going to kids

More from A1
young children to young adults. There are about 80 titles in total, ranging from “The Backyard Adventure” and “The Jewel Fairies” to “Captain Underpants and the Big Bad Battle of the Bionic Booger,” not to mention books about the environment and solar system. “We’re pretty excited about all these books,” enthused Morrisseau. “It’s a great opportunity to get books up here. “It’s not every day you get 30,000 books for free, delivered to your door,” he added. “That’s so cool,” echoed Hughes. “It’s nice to be thought of.” Morrisseau stressed the books are for all children living in the area, and will be made available to anyone who wants them. “We wouldn’t like to see any child go without a book,” he said. In addition to being delivered directly to the 10 area First Nations, books also will be made available at various local agencies in the near future. More details will be announced soon.

New district power station lauded

More from A1
last week. “By building a new station in the Township of Chapple, shorter spans of 44 kV power lines will connect customers to our system, ultimately improving the reliability of their power supply,” he remarked. Baccega Rosa noted another benefit of the new station is “providing more capacity if there’s future growth in the area.” Hydro One said an Environmental Study Report (ESR) was completed and the project has received all of the required approvals for construction to begin. The new transformer station will consist of two 115,000/44,000 volt transformers. It will occupy a 150-metre by 150-metre site in Barwick, located north of Highway 11 and west of Westover Road.

More pasture utilization tips

By Gary Sliworsky
Ag rep, Emo

Last week’s article addressed factors affecting utilization of pasture and ways to improve that utilization. The following is part two of the article on utilizing your pasture from Jack Kyle, grazier specialist, OMAF/MRA: Factors that influence pasture utilization are the number of paddocks and the frequency of moves. According to the Purdue Extension Forage Field Guide, continuously grazed pasture will result in 40 percent utilization of the forage. A four-paddock system will result in 45 percent utilization, an eight-paddock system will have about 60 percent utilization, and a 12-paddock system will have about 65 percent utilization. Moving to a 24+ paddock system will bring the utilization rate up to about 75 percent. This is a huge increase in productivity of your pastures—almost doubling it. Increasing the number of paddocks also allows you to increase the frequency of moves to fresh pasture. According to the Purdue Extension Forage Field Guide, moving every three days to fresh pasture will give a 70 percent utilization rate. Moving every seven days reduces the pasture utilization rate to 50 percent while 14-day moves result in only 40 percent utilization of the pasture. The number of paddocks and frequency of moves go together. More paddocks allow for more frequent moves. This results in a longer rest period for the grass to recover from the previous grazing, and

more growth of fresh grass for the next grazing. Take half and leave half are seasonal utilization rates. At each grazing pass, the best results are achieved when you have the livestock remove about 50 percent of the available forage to allow the plant to quickly recover and re-grow. There is minimal impact on the root system when grazing about 50 percent of the top growth. But when more than 50 percent is removed, the impact on the roots is much more significant. The more paddocks you can organize for each group of livestock, and the more frequent the moves to a fresh paddock, the better the performance you will see from your pastures. **Dates to remember** •Aug. 15-17—Rainy River Valley Agricultural Society Fall Fair, Emo.

Zebra mussels creeping into area

More from A1
survival. There are steps that can be taken to prevent zebra mussels from spreading. “[First], inspecting your boat and making sure your livewell is drained before you leave the system, or immediately after you pull your boat out of the water,” Martin said. “And making sure you’re not transporting water anywhere else in your boat or bait bucket.” Washing the outside of your boat can help, too, he added. “The other important thing is to not release live bait because the water you collected from wherever it is you got your bait can have the younger zebra mussels in it,” Martin explained. “They’re extremely small, they’re called veligers, and they float through the water column and move really big distances at that time. “That’s what makes them so good at colonizing new areas,” he stressed. “When they’re adults, they’re pretty sedentary,” he noted. “They sit in one spot for the rest of their lives.” The same precautions should be taken to prevent other invasive species, such as the rusty crayfish and spiny water flea. “The most important thing with zebra mussels is preventing them from arriving in the first place,” Martin reiterated. He said the MNR is focusing most of its efforts on prevention. “We’re working with the Minnesota Department of Natural Resources and the Ontario Federation of Anglers and Hunters; [and] with outreach programs to let people know about the threat of this invasive species,” Martin said.

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From the house submitted by John Rafferty M.P.

Credit unions are not your typical financial institution. They are democratic, membership based, and not-for-profit financial institutions that are an important part of northern and rural communities. Unfortunately, the Harper Conservatives have chosen to raise the income tax for credit unions and will ultimately punish their members.

Credit unions are financial institutions that work as a cooperative, are owned and controlled by their members, and where simply making money is not the purpose of their operations. Members are not just clients but shareholders of a democratically controlled institution in which every member has an equal vote in this community approach to banking. The membership even elects their Board of Directors which is responsible for governing the institutional behaviour of the credit union.

Credit unions have been serving members and communities throughout Canada since 1900. The first, founded by Alphonse Desjardins in Quebec (Desjardins Group), was established at a time when ordinary citizens had little access to commercial banks and the services they provided. The movement has steadily grown around the world and in Canada today there are 348 different credit unions with more than 1,760 locations that employ more than 27,000 Canadians in service of 5.3 million members. Because there is no emphasis on generating profit and "maximizing shareholder value" credit unions are able to open

branches in remote and rural areas where banks dare only put ATM's to collect fees because there is not enough potential profit to justify the investment.

Since credit unions put the interests of their members first and do not seek to generate profit they are seen as a threat by Canada's big banks. Stephen Harper's Finance Minister agrees with those underprivileged and hard done by big banks so he axed an important tax credit that credit unions have benefitted from for over forty years. The tax credit in question was established in 1972 to help credit unions compensate for their inability to use the markets to raise capital by issuing shares, since they are owned by their members, and was initially put into place to allow for credit unions to break into a sector dominated by big banks and offer them competition to the benefit of consumers. With the elimination of this credit, small to medium size credit unions will face big challenges just to keep their doors open. The Canadians who will be most affected are those that live in northern and rural communities who depend on credit unions as their sole financial institutions. In terms of size this was a very small federal tax credit, costing the federal government just \$47 million dollars last year, but that money made a huge difference to the institutions and their ability to serve their members and rural and northern communities.

Credit unions tend to serve markets where there are higher

operating costs – think small and rural. A major bank won't invest in building a branch in these communities because there are constraints on profits. It makes more sense for banks to finance expansion in high density urban centres where they can serve thousands of customers instead of dozens or even hundreds. Today, there are 25 communities in Ontario where their local credit union is the only financial institution in town. Thunder Bay is home to five credit unions which have their head offices located in the city, and the area served by seven locations in total, while Rainy River and Fort Frances are served by two credit union locations each. These and other credit unions will now have to find ways to handle the higher taxes they face, and since they are membership driven, they will have to pass down this additional cost to their members in some way (ie: fees, interest rates).

The Harper Government has not explicitly declared war on credit unions and rural Canada, but they sure are making life more expensive and difficult for both. Like the big banks Stephen Harper's Conservatives are ready to put profits and money ahead of the interests of customers and the public. For our part, New Democrats like that credit unions are committed to serving their members and operate in a transparent and democratic manner. We think credit unions deserve our admiration and support, and with a New Democrat they would get just that.

From Queen's Park submitted by Sarah Campbell, MPP Kenna Rainy River

Some thoughts on the recent by-elections

On August 1st by-elections were held in five ridings in Southern Ontario, as a result of the resignation of four former Liberal Cabinet Ministers and former Premier Dalton McGuinty.

When by-elections are held they are generally considered a gauge of the government's performance and an opportunity for communities and regions to weigh in on the direction the current government is taking.

These by-elections, however, came under unique circumstances. With Kathleen Wynne having taking over as Premier in January, these elections were her first chance to test her performance at the polls.

With two of the by-elections taking place in Toronto, where the Liberals are strong and Wynne is popular, and two more occurring in ridings that were held by high-profile members of the government-former Premier Dalton McGuinty and former Finance Minister Dwight Duncan- it was not unreasonable to assume that the Liberals could pull off a strong showing.

At the same time, the by-elections were considered a

crucial test for the Progressive Conservatives and the leadership of Tim Hudak. Many political pundits suggested the PCs could win more than their fair share of ridings as a result of a public backlash against the government.

What ended up happening, however, was not expected by many: the Liberals won two ridings, the NDP two and the Conservatives one- largely on the strength of the candidate's affiliation with Toronto Mayor Rob Ford who - despite his apparent shortcomings - remains popular in many areas of Toronto.

So what does this mean? Seat wise, despite losing three members, the Liberals are not any weaker when it comes to confidence motions, so from that perspective, the political landscape does not change.

That said, despite publicly downplaying their expectations, I believe it's fair to say the Liberals cannot be happy with the results, nor can PC leader Tim Hudak. In calling the by-elections during the summer and two of them on short notice, Premier Wynne made a political calculation

that she could win most of the ridings, something she failed to do. The loss of three seats could mean she becomes more open to opposition ideas, or, on the other hand, it could mean she decides to shut out the opposition altogether in hopes of positioning herself for a general election.

At the same time, with many caucus members already being unhappy with Mr. Hudak's performance as PC leader before these by-elections, it could mean a shift in direction for his party as well.

Rather than opposing every piece of legislation, disrupting debate, and refusing to be a contributor to the minority parliament, the PC leader could become conciliatory and try to work with other MPPs to make the minority legislature work. Considering the fact that the NDP has taken this approach and has now won half of the six by-elections to date, it might not be a bad idea for him to look at. I, for one, believe that when we all participate, share our ideas, and work together, positive changes happen and then we all become winners.

\$25M to improve our hydro

Hydro One is investing \$25 million to build the new Barwick Transformer Station (TS), in the Township of Chapple to improve the electricity supply and provide more capacity for communities between Rainy River and Fort Frances. The new station is expected to be in-service by August 2014.

Hydro One's Fort Frances TS is nearing end-of-life and a new station is required to serve customers west of Fort Frances. Investing in the local transmission system will strengthen reliability to both residential and commercial customers. Construction is expected to begin in early August.

"Hydro One is committed to

delivering reliable electricity to its customers and this investment to the transmission system allows us to do this," said Arnold Brakel, Project Manager, Hydro One. "By building a new station in the Township of Chapple, shorter spans of 44 kV power lines will connect customers to our system ultimately improving the reliability of their power supply."

An Environmental Study Report (ESR) was completed and the project has received all of the required approvals for construction to begin. The new transformer station will consist of two 115,000/44,000 volt transformers and will occupy a

150-metre by 150-metre site located north of Highway 11 and west of Westover Road, in the community of Barwick.

Hydro One delivers electricity safely, reliably and responsibly to homes and businesses across the province of Ontario and owns and operates Ontario's 29,000 km high-voltage transmission network that delivers electricity to large industrial customers and municipal utilities, and a 122,000 km low-voltage distribution system that serves about 1.3 million end-use customers and smaller municipal utilities in the province. Hydro One is wholly owned by the Province of Ontario.

tion College Rainy River District Campus on Thursday, August 8th from 6-8 pm. They could view the Draft Environmental Assessment report which was open for a 30 day public review. If they missed this open house they could still read it at libraries, some municipal offices and the office located in Emo. They will welcome any further comments.

Some of the questions people asked Kyle were:

"Is there an issue of using arsenic in the process?" Answer—they do not use arsenic. Is it a by-product of the process and there is a little or a lot depending where the mine is. There is a minimal amount that showed up in the samples to date.

"What does this mean in terms of employment. Are you bringing in people for these jobs?" Answer—We are very fortunate in that we have many district people recently laid off at the mill who have the skills


we are looking for and who want to stay in the area instead of leaving to find decent paying jobs. We have also spoken with quite a few people, who saw their children leave here for northern Alberta but would like to come back home if there was a job here. We also already have people from the area working at the different sites who have taken training in this area.

"What will you need in terms of housing. Will you be building homes?" Answer—we hadn't felt we need to build homes because there are many already available throughout the district from Rainy River to Fort Frances. We will probably be looking at availability in the Barwick and Emo area and there are already entrepreneurs out there that are looking at this as a great opportunity.

The bus then travelled to one of the sites where everyone got to don a vest and hardhat. They

were then asked to follow those who led the tour and not wander off. They were also given bottles of water and a much needed restroom break. The tour began at a huge building that housed hundreds of core samples. It was then explained how the samples were examined and how they were cut length wise to see the centre of the core. In checking out these cut cores, a small area of gold was found where gold dust had been exposed to enough moisture to congeal into a visible spot. Everyone gathered around to get a peak at this small bit of gold.

The mine is expected to become a working reality sometime in late summer of 2014 and preparations are being made to make that date a go. It is hoped by many that the mine can be the answer to some of the economic woes that have plagued the District over the past few years.



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System Impact Assessment Report

CONNECTION ASSESSMENT & APPROVAL PROCESS

Final Report

CAA ID: 2013-502
Project: Rainy River Gold Project
Applicant: Rainy River Resources Ltd.

Market Facilitation Department
Independent Electricity System Operator

Date: December 17, 2013

REPORT

Document Name	Rainy River Gold Project SIA Report
Issue	1
Reason for Issue	Final
Effective Date	December 17, 2013

System Impact Assessment Report

Acknowledgement

The IESO wishes to acknowledge the assistance of Hydro One in completing this assessment.

Disclaimers

IESO

This report has been prepared solely for the purpose of assessing whether the connection applicant's proposed connection with the IESO-controlled grid would have an adverse impact on the reliability of the integrated power system and whether the IESO should issue a notice of conditional approval or disapproval of the proposed connection under Chapter 4, section 6 of the Market Rules.

Conditional approval of the proposed connection is based on information provided to the IESO by the connection applicant at the time the assessment was carried out. The IESO assumes no responsibility for the accuracy or completeness of such information, including the results of studies carried out by Hydro One at the request of the IESO. Furthermore, the conditional approval is subject to further consideration due to changes to this information, or to additional information that may become available after the conditional approval has been granted.

If the connection applicant has engaged a consultant to perform connection assessment studies, the connection applicant acknowledges that the IESO will be relying on such studies in conducting its assessment and that the IESO assumes no responsibility for the accuracy or completeness of such studies including, without limitation, any changes to IESO Base case models made by the consultant. The IESO reserves the right to repeat any or all connection studies performed by the consultant if necessary to meet IESO requirements.

Conditional approval of the proposed connection means that there are no significant reliability issues or concerns that would prevent connection of the proposed facility to the IESO-controlled grid. However, the conditional approval does not ensure that a project will meet all connection requirements. In addition, further issues or concerns may be identified by the transmitter(s) during the detailed design phase that may require changes to equipment characteristics and/or configuration to ensure compliance with physical or equipment limitations, or with the Transmission System Code, before connection can be made.

This report has not been prepared for any other purpose and should not be used or relied upon by any person for another purpose. This report has been prepared solely for use by the connection applicant and the IESO in accordance with Chapter 4, section 6 of the Market Rules. The IESO assumes no responsibility to any third party for any use, which it makes of this report. Any liability which the IESO may have to the connection applicant in respect of this report is governed by Chapter 1, section 13 of the Market Rules. In the event that the IESO provides a draft of this report to the connection applicant, the connection applicant must be aware that the IESO may revise drafts of this report at any time in its sole discretion without notice to the connection applicant. Although the IESO will use its best efforts to advise you of any such changes, it is the responsibility of the connection applicant to ensure that the most recent version of this report is being used.

Hydro One

The results reported in this report are based on the information available to Hydro One, at the time of the study, suitable for a System Impact Assessment of this connection proposal.

The short circuit and thermal loading levels have been computed based on the information available at the time of the study. These levels may be higher or lower if the connection information changes as a result of, but not limited to, subsequent design modifications or when more accurate test measurement data is available.

This study does not assess the short circuit or thermal loading impact of the proposed facilities on load and generation customers.

In this report, short circuit adequacy is assessed only for Hydro One circuit breakers. The short circuit results are only for the purpose of assessing the capabilities of existing Hydro One circuit breakers and identifying upgrades required to incorporate the proposed facilities. These results should not be used in the design and engineering of any new or existing facilities. The necessary data will be provided by Hydro One and discussed with any connection applicant upon request.

The ampacity ratings of Hydro One facilities are established based on assumptions used in Hydro One for power system planning studies. The actual ampacity ratings during operations may be determined in real-time and are based on actual system conditions, including ambient temperature, wind speed and facility loading, and may be higher or lower than those stated in this study.

The additional facilities or upgrades which are required to incorporate the proposed facilities have been identified to the extent permitted by a System Impact Assessment under the current IESO Connection Assessment and Approval process. Additional facility studies may be necessary to confirm constructability and the time required for construction. Further studies at more advanced stages of the project development may identify additional facilities that need to be provided or that require upgrading.

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Executive Summary

Conditional Approval for Connection

The Rainy River Gold project (the “project”) is a new 57 MW load gold mine proposed by the Rainy River Resources Ltd. (the “connection applicant”) near Fort Frances, Ontario. The project is proposed to be connected to 230 kV circuit K24F, about 51 km from the Fort Frances transformer station. The scheduled project in-service date is February 2016.

This assessment concludes that the proposed connection of the project, operating up to 57 MW and subject to the requirements specified in this report, is expected to have no material adverse impact on the reliability of the integrated power system. Therefore, the IESO recommends that a *Notification of Conditional Approval for Connection* be issued for the Rainy River Gold project subject to the implementation of the requirements outlined in this report.

IESO Requirements for Connection

Transmitter Requirements

The following transmission system upgrades triggered or required to be advanced by the project need to be implemented by the transmitter prior to the connection of the project:

1. Hydro One Networks is required to review the relay settings for 230 kV circuit K24F, as per the solutions identified in the PIA.

Protection modifications that are different from those considered in this SIA must be submitted by the transmitter to the IESO at least six (6) months before any modifications are to be implemented. If those modifications result in adverse reliability impacts, mitigation solutions must be developed.
2. Hydro One Networks is required to address a network limitation in the West of Atikokan area, specifically the overload of 115kV circuit M2D when 230kV circuits F25A and D26A are on outage. One of the alternatives listed below would be satisfactory in resolving this issue:
 - a) Install a new Special Protection System (SPS) or expand the existing Northwest SPS to be able to detect the conditions outlined above, and subsequently reject the project load. This is required to improve the transfer capability in the area. Any new SPS must comply with the NPCC Reliability Reference Directory #7 for Type 1 SPS;
 - b) System reinforcements that would alleviate the thermal violation.
3. With 230 kV circuits F25A and K23D out of service, the connection of the proposed project will cause underlying 115 kV circuit K3D to be loaded slightly above its short term emergency (STE) rating. The level of risk associated with this violation is considered low with only Rainy River connecting, and no immediate action is required to correct it at this time. However, the IESO may require Hydro One to address this limitation if new loads connect in the Kenora area.

Applicant Requirements

The connection applicant shall satisfy all applicable requirements and standards specified in the Market Rules and the Transmission System Code.

Project Specific Requirements: The following *specific* requirements are applicable for the incorporation of the project. Specific requirements pertain to the level of reactive compensation needed, operation

restrictions, special protection system, upgrading of equipment and any project specific items not covered in the *general* requirements in Section 2 of this report.

1. The connection applicant must contact the transmitter to initiate the transmission upgrades that are required as a consequence of this project and that are documented in the Transmitter Requirements section of this report.
2. The connection applicant is required to have adequate provision in the design of protections and controls at the facility to allow for the installation of SPS equipment. Should a new SPS be installed or an existing SPS be expanded to improve the transfer capability into the area or to accommodate transmission reinforcement projects, the facility may be required to participate in the SPS system and to install the necessary protection and control facilities to affect the required actions. These SPS facilities must comply with the NPCC Reliability Reference Directory #7 for Type 1 SPS.
3. The connection applicant must be prepared to manually implement load curtailment when directed by the IESO. The load curtailment shall be implemented by the connection applicant within 5 minutes from the issuance of the IESO's directive. SIA analysis shows that the project has a low but increased likelihood of being interrupted to satisfy the IESO planning criteria, and may be the first or the only load directed to be curtailed by the IESO.

If the IESO decides at a later date that automatic load management is needed instead of manual curtailment, the connection applicant will be required to register and operate the project as a dispatchable load until the Northwest system reinforcement is completed. In this case, the registration as a dispatchable load, including the installation of the associated facilities, must be completed within 6 months after the issuance of the IESO's notification. The dispatchable facility must provide bids with a ceiling price established by the IESO and expected to be less than \$2,000 per MWh. As a dispatchable load, the project shall respond to dispatch instructions from the IESO, sent via a dispatch workstation.

General Requirements: The connection applicant shall satisfy the applicable requirements and standards specified in the Market Rules, Market Manuals and the Transmission System Code (TSC). The following requirements summarize some of the general requirements that are applicable to the proposed project, and are presented in detail in section 2 of this report.

1. The connection applicant shall ensure that the 230 kV equipment is capable of continuously operating between 220 kV and 260 kV, as specified in Appendix 4.1 of the Market Rules. Protective relaying must be set to ensure that transmission equipment remains in-service for voltages between 94% of the minimum continuous value and 105% of the maximum continuous value.
2. The connection applicant shall have the capability to maintain the power factor at the defined meter point of the proposed project within the range of 0.9 lagging and 0.9 leading.
3. The connection applicant shall ensure that the connection equipment is designed to be fully operational in all reasonably foreseeable ambient temperature conditions. The connection equipment must also be designed so that the adverse effects of its failure on the IESO-controlled grid are mitigated.
4. The connection applicant is required to ensure that the UFLS targets specified in Section 10.4.6 of Chapter 5 of the Market Rules and Section 4.5 of Market Manual 7.4 are met after the addition of the new facility. The connection applicant is required to submit during the IESO Facility Registration/Market Entry process a revised schedule of feeder selections and their related load amounts for each shedding stage that will satisfy the UFLS targets. If the connection applicant is part of the UFLS Program Implementation Plan, the applicant is required to take into account the new facility when implementing the plan.

5. The connection applicant shall ensure that the new equipment at the proposed project is designed to withstand the fault levels in the area. If any future system enhancement results in fault levels higher than the equipment's capability, the connection applicant is required to replace the equipment at its own expense with higher rated equipment capable of withstanding the increased fault level, up to maximum fault level specified in Appendix 2 of the Transmission System Code.

Fault interrupting devices must be able to interrupt fault currents at the maximum continuous voltage of 250 kV.

Appendix 2 of the TSC states that the maximum rated interrupting time for the 230 kV breakers must be ≤ 3 cycles. Thus, the connection applicant shall ensure that the installed breakers meet the required interrupting time specified in the Transmission System Code.

6. The connection applicant shall ensure that the telemetry requirements are satisfied as per the applicable Market Rules requirements. The determination of telemetry quantities and telemetry testing will be conducted during the IESO Facility Registration/Market Entry process.
7. If revenue metering equipment is being installed as part of this project, the connection applicant should be aware that revenue metering installations must comply with Chapter 6 of the IESO Market Rules. For more details the connection applicant is encouraged to seek advice from their Metering Service Provider (MSP) or from the IESO metering group
8. The connection applicant shall ensure that the new protection systems at the facility are designed to satisfy all the requirements of the Transmission System Code and any additional requirements identified by the transmitter.

As currently assessed by the IESO, the facility is not part of the BPS and, therefore it is not designated as essential to the power system. However, the transmitter may deem it as essential.

The protection systems within the generation facility must only trip the appropriate equipment required to isolate the fault.

The project shall have the capability to ride through routine switching events and design criteria contingencies in the grid that do not intentionally disconnect the project.

9. The proposed facility must be compliant with applicable reliability standards set by the North American Electric Reliability Corporation (NERC) that are in effect in Ontario as mapped in the following link: <http://www.ieso.ca/imoweb/ircp/orcp.asp>
10. The connection applicant will be required to be a restoration participant. Details regarding restoration participant requirements will be finalized at the Facility Registration/Market Entry Stage.
11. The connection applicant must complete the IESO Facility Registration/Market Entry process in a timely manner before IESO final approval for connection is granted.

Models and data, including any controls that would be operational, must be provided to the IESO at least seven months before energization to the IESO-controlled grid. This includes both PSS/E and DSA software compatible mathematical models representing the new equipment for further IESO, NPCC and NERC analytical studies.

The connection applicant must also provide evidence to the IESO confirming that the equipment installed meets the Market Rules requirements and matches or exceeds the performance predicted in this assessment. This evidence shall be either type tests done in a controlled environment or commissioning tests done on-site. The evidence must be supplied to the IESO within 30 days after completion of commissioning tests. If the submitted models and data differ materially from the ones used in this assessment, then further analysis of the proposed project will need to be done by the IESO.

SIA Study Results

The System Impact Assessment (SIA) study analyzed the project's impact on the IESO controlled grid under criteria stipulated by the Ontario Resource and Transmission Assessment Criteria (ORTAC).

The following conclusions were derived from the study results:

1. Transmission studies were conducted under 98% water availability with all transmission elements in service, and under 85% water availability with one transmission element out of service. Both pre-contingency and post-contingency steady state voltage stability criteria were met with the project in-service. Additionally, the project did not cause any transient instability or un-damped oscillations in the system.
2. There are limitations in supplying new load in the West of Atikokan area under planning criteria. With 230 kV circuits F25A and D26A out of service, underlying 115 kV circuit M2D can be loaded above its STE rating. The proposed project contributes to the overloading of M2D under those aforementioned conditions. Uprating circuit M2D or deploying load rejection are acceptable mitigation measures for this violation.
3. With 230 kV circuits F25A and K23D out of service, the connection of the proposed project will cause underlying 115 kV circuit K3D to be loaded slightly above its STE rating. The level of risk associated with this violation is low with only Rainy River connecting; therefore, no immediate action is required to correct it at this time.
4. With F25A on outage, the loss of D26A can result in unacceptable voltages at the stations connected to M2D; namely, Agimak DS, Mattabi CTS and Valora DS, as shown in Table B.2. The implementation of the mitigating measures used to address thermal violations on M2D will also alleviate this issue.
5. The interrupting capability of the project's 230 kV circuit breaker is adequate for the anticipated fault levels.

The following conclusions were reached in previous studies conducted by the IESO such as Osisko Hammond Reef Mine SIA ([CAA ID 2012-470](#)), and are applicable to the proposed project:

1. There are limitations to supply new load in excess of 175 MW in the West of Lakehead area under planning criteria. Pre-contingency voltage stability limitations were identified when one of the Mackenzie-to-Lakehead 230 kV (AxL) circuits is out of service. The proposed project contributes to the voltage instability phenomenon. However, with Atikokan returning to service in 2014, the voltage performance is expected to be acceptable.

Additional limitations were identified with new load in excess of 185 MW in the West of Lakehead area for contingencies involving AxL circuits, 230 kV circuit K23D and the Mackenzie L21L25 breaker failure when Atikokan is not in service. Because these post-contingency violations occur with a local generator on outage, load rejection for the aforementioned contingencies would be an acceptable way to mitigate the concerns.

2. A resource adequacy assessment for this area determined that additional resources would be needed in the Northwest to meet the Loss of Load Expectation (LOLE) criterion of 0.1 days per year under low water conditions, to supply this project and other loads willing to connect in the area. At this time, there are SIA applications for about 400 MW of new load connections. Consistent with the current resource adequacy assessment practice for system planning purposes only firm imports from neighbouring jurisdictions should be relied on. As such, the import capability from Manitoba and Minnesota was not taken into account in this assessment. In the analysis, the load in the Northwest was supplied internally, largely by hydroelectric generation and Atikokan on bio-mass, and transfers into the area via the East-West Tie.

Plans to strengthen the Northwest transmission system such as the East-West Tie reinforcement project between Wawa and Lakehead are currently under development. Interim measures to bridge the gap between Northwest reinforcement timelines and potentially earlier supply needs are being investigated by the agencies and include a new NW SPS, demand response programs, firm import purchases, and additional internal resources.

However, until the system reinforcements or additional resources are in place there may be an increased risk of load curtailment in the area, and the connection applicant's project will have a higher likelihood to be interrupted when load curtailment is needed to safeguard the security of the IESO-controlled grid in the Northwest zone.

– End of Section –

1. Project Description

The Rainy River Resources Ltd (“*the connection applicant*”) is proposing to develop Rainy River Gold Project (“*the project*”) near Fort Frances, Ontario. A 16.7 km, 230 kV transmission line from the mine will connect the project to the 230 kV Fort Frances-by-Kenora circuit K24F, approximately 51 km from Fort Frances.

The point of interconnection will include a single inline breaker on the customer line; to avoid tripping circuit K24F for faults within the customer’s network. The project’s substation will be equipped with two 230kV/27.6kV wye-grounded/delta connected power transformers, rated at 60/80/100 MVA ONAN/ONAF/ONAF. The 27.6 kV network will be operated normally open, with each transformer supplying half the load. In the event one of the transformers is out of service, the 27.6 kV bus tie breaker will be closed and the load will be supplied from a single transformer. The project will have two 12Mvar capacitors rated on a 27.6kV base, with one on each side of the 27.6 kV network.

The expected in service data of the project is February 2016 with an initial load of 10MW. Ultimately, the project is expected to have a peak load of 57 MW. The load profile for the project is forecasted to be flat, with full load mining operations 24 hours a day.

– End of Section –

2. General Requirements

The connection applicant shall satisfy all applicable requirements and standards specified in the Market Rules and the Transmission System Code. The following sections highlight some of the general requirements that are applicable to the proposed project.

2.1 Voltage Requirements

Appendix 4.1 of the Market Rules states that under normal operating conditions, the voltages on the 230 kV system in Northern Ontario are maintained within the range of 220 kV to 260 kV. Thus, the IESO requires that the 230 kV equipment have a maximum continuous voltage rating of at least 260 kV.

Protective relaying must be set to ensure that transmission equipment remains in-service for voltages between 94% of the minimum continuous value and 105% of the maximum continuous value specified in Appendix 4.1 of the Market Rules.

2.2 Power Factor

Appendix 4.3 of the Market Rules requires wholesale customers and distributors connected to the IESO-controlled grid to have the capability to maintain the power factor within the range of 0.9 lagging and 0.9 leading as measured at the defined meter point of the facility.

The connection applicant shall have the capability to maintain the power factor at the defined meter point of the proposed facility within the range of 0.9 lagging and 0.9 leading

2.3 Connection Equipment Design

The connection applicant shall ensure that the connection equipment is designed to be fully operational in all reasonably foreseeable ambient temperature conditions. The connection equipment must also be designed so that the adverse effects of its failure on the IESO-controlled grid are mitigated. This includes ensuring that all circuit breakers fail in the open position.

2.4 Under-frequency Load Shedding Facilities

The connection applicant has a peak load at all its stations that is greater than 25 MW. Thus, the connection applicant is required to participate in the under frequency load shedding (UFLS) according to Section 4.5 of the Market Manual Part 7.4.

In all automatic UFLS areas, there must be at least 30% of area load connected to under-frequency relays according to Section 10.4 of Chapter 5 of the Market Rules. In order to ensure at least 30% of area load shedding is achieved while taking into account UFLS relay and feeder outages as well as generation units that trip prematurely for low frequencies, 35% of the load of those distributors and connected wholesale customers with a peak load of 25 MW or greater must be connected to UFLS relays.

Each distributor or connected wholesale customer shall select load for UFLS based on their load distribution at a date and time specified by the IESO that approximates system peak.

For distributors and connected wholesale customers with a peak load of 50 MW or more and less than 100 MW, the UFLS relay connected loads shall be set to achieve the amount to be shed stated in the following table:

UFLS Stage	Frequency Threshold (Hz)	Total Nominal Operating Time (s)	Load Shed at stage as % of MP Load	Cumulative Load Shed at stage as % of MP Load
1	59.5	0.3	≥ 17	≥ 17
2	59.1	0.3	≥ 18	≥ 35

The requirements in the table above are currently under review. The IESO will notify the connection applicant of any impending changes to which the connection applicant will have to comply.

Distributors and connected wholesale customers, in conjunction with the relevant transmitter shall also shed those capacitor banks connected to the same station bus as the load to be shed by the UFLS facilities, at 59.5 Hz with a time delay of 3 seconds.

Inadvertent operation of a single under-frequency relay during the transient period following a system disturbance should not lead to further system instability. For this reason, the maximum amount of load that can be connected to any single under-frequency relay is 150 MW.

2.5 Fault Levels

The Transmission System Code requires the new equipment to be designed to sustain the fault levels in the area where the equipment is installed. Thus, the connection applicant shall ensure that the new equipment at the proposed project is designed to sustain the fault levels in the area. If any future system enhancements result in fault levels being higher than the equipment's capability, the connection applicant is required to replace the equipment at its own expense with higher rated equipment capable of sustaining the increased fault level, up to the maximum specified in Appendix 2 of the TSC. For the 230 kV system, the maximum 3 phase symmetrical fault level currently specified in Appendix 2 of the TSC is 63 kA and the maximum single line to ground symmetrical fault level is 80 kA (usually limited to 63 kA).

Fault interrupting devices must be able to interrupt fault currents at the maximum continuous voltage of 250 kV.

2.6 Breaker Interrupting Time

Appendix 2 of the Transmission System Code states that the maximum rated interrupting time for the 230 kV breakers must be ≤ 3 cycles. Thus, the connection applicant shall ensure that the installed breakers meet the required interrupting time specified in the Transmission System Code.

2.7 IESO Telemetry Data

In accordance with Section 7.5 of Chapter 4 of the Market Rules, the connection applicant shall provide to the IESO the applicable telemetry data listed in Appendix 4.17 of the Market Rules on a continual basis. The data shall be provided in accordance with the performance standards set forth in Appendix 4.22, subject to Section 7.6A of Chapter 4 of the Market Rules. The whole telemetry list will be finalized during the IESO Facility Registration/Market Entry process.

The connection applicant must install monitoring equipment that meets the requirements set forth in Appendix 2.2 of Chapter 2 of the Market rules. As part of the IESO Facility Registration/Market Entry process, the connection applicant must also complete end to end testing of all necessary telemetry points with the IESO to ensure that standards are met and that sign conventions are understood. All found anomalies must be corrected before IESO final approval to connect any phase of the proposed project is granted.

2.8 Revenue Metering

If revenue metering equipment is being installed as part of this project, the connection applicant should be aware that revenue metering installations must comply with Chapter 6 of the IESO Market Rules. For more details the connection applicant is encouraged to seek advice from their Metering Service Provider (MSP) or from the IESO metering group.

2.9 Protection Systems

The connection applicant shall ensure that the protection systems are designed to satisfy all the requirements of the Transmission System Code and any additional requirements identified by the transmitter. New protection systems must be coordinated with the existing protection systems.

Facilities that are essential to the power system must be protected by two redundant protection systems according to section 8.2.1a of the TSC. These redundant protection systems must satisfy all requirements of the TSC, and in particular, they must not use common components, common battery banks or common secondary CT or PT windings. As currently assessed by the IESO, this facility is not on the current Bulk Power System list, and therefore, is not considered essential to the power system. However, the transmitter may deem this facility as critical. In the future, as the electrical system evolves, this facility may be placed on the BPS list.

The connection applicant is required to have adequate provision in the design of protections and controls at the facility to allow for future installation of Special Protection Scheme (SPS) equipment. Should a future SPS be installed or an existing SPS be expanded to improve the transfer capability in the area or to accommodate transmission reinforcement projects, the facility may be required to participate in the SPS system and to install the necessary protection and control facilities to affect the required actions. These SPS facilities must comply with the NPCC Reliability Reference Directory #7 for Type 1 SPS. In particular, if the SPS is designed to have 'A' and 'B' protection at a single location for redundancy, they must be on different non-adjacent vertical mounting assemblies or enclosures. Two independent trip coils are required on the breakers selected for L/R.

The protection systems within the project must only trip the appropriate equipment required to isolate the fault. After the facility begins commercial operation, if an improper trip of the 230 kV circuit K24F occurs due to events within the facility, the facility may be required to be disconnected from the IESO-controlled grid until the problem is resolved.

The project shall have the capability to ride through routine switching events and design criteria contingencies in the grid that do not disconnect the project by configuration.

Protection modifications that are different from those considered in this SIA must be submitted by the transmitter to the IESO at least six (6) months before any modifications are to be implemented. If those modifications result in adverse reliability impacts, mitigation solutions must be developed.

2.10 Reliability Standards

Prior to connecting to the IESO controlled grid, the proposed facility must be compliant with the applicable reliability standards established by the North American Electric Reliability Corporation (NERC) and reliability criteria established by the Northeast Power Coordinating Council (NPCC) that are in effect in Ontario. A mapping of applicable standards, based on the proponent's/connection applicant's market role/OEB license can be found here: <http://www.ieso.ca/imoweb/ircp/orcp.asp>

This mapping is updated periodically after new or revised standards become effective in Ontario.

The current versions of these NERC standards and NPCC criteria can be found at the following websites:

<http://www.nerc.com/page.php?cid=2|20>

<http://www.npcc.org/documents/regStandards/Directories.aspx>

The IESO monitors and assesses market participant compliance with a selection of applicable reliability standards each year as part of the Ontario Reliability Compliance Program. To find out more about this program, write to orcp@ieso.ca or visit the following webpage: <http://www.ieso.ca/imoweb/ircp/orcp.asp>

Also, to obtain a better understanding of the applicable reliability compliance obligations and engage in the standards development process, we recommend that the proponent/ connection applicant join the IESO's Reliability Standards Standing Committee (RSSC) or at least subscribe to their mailing list by contacting rssc@ieso.ca. The RSSC webpage is located at: http://www.ieso.ca/imoweb/consult/consult_rssc.asp.

2.11 Restoration Participant Requirements

According to the Market Manual 7.8 which states restoration participant criteria and obligations, the connection applicant will be required to be a restoration participant. Details regarding restoration participant requirements will be finalized at the Facility Registration/Market Entry Stage.

2.12 Facility Registration/Market Entry

The connection applicant must complete the IESO Facility Registration/Market Entry process in a timely manner before IESO final approval for connection is granted.

Models and data, including any controls that would be operational, must be provided to the IESO. This includes both PSS/E and DSA software compatible mathematical models representing the new equipment for further IESO, NPCC and NERC analytical studies. The connection applicant may need to contact the software manufacturers directly, in order to have the models included in their packages. This information should be submitted at least seven months before energization to the IESO-controlled grid, to allow the IESO to incorporate the proposed project into IESO work systems and to perform any additional reliability studies.

As part of the IESO Facility Registration/Market Entry process, the connection applicant must provide evidence to the IESO confirming that the equipment installed meets the Market Rules requirements and matches or exceeds the performance predicted in this assessment. This evidence shall be either type tests done in a controlled environment or commissioning tests done on-site. In either case, the testing must be done not only in accordance with widely recognized standards, but also to the satisfaction of the IESO. Until this evidence is provided and found acceptable to the IESO, the Facility Registration/Market Entry process will not be considered complete and the connection applicant must accept any restrictions the IESO may impose upon this proposed project's participation in the IESO-administered markets or connection to the IESO-controlled grid. The evidence must be supplied to the IESO within 30 days after completion of commissioning tests. Failure to provide evidence may result in disconnection from the IESO-controlled grid.

If the submitted models and data differ materially from the ones used in this assessment, then further analysis of the proposed project will need to be done by the IESO.

– End of Section –

3. Data Verification

3.1 Connection Arrangement

A Single Line Diagram (SLD) of the facility is depicted in Figure 1 below:

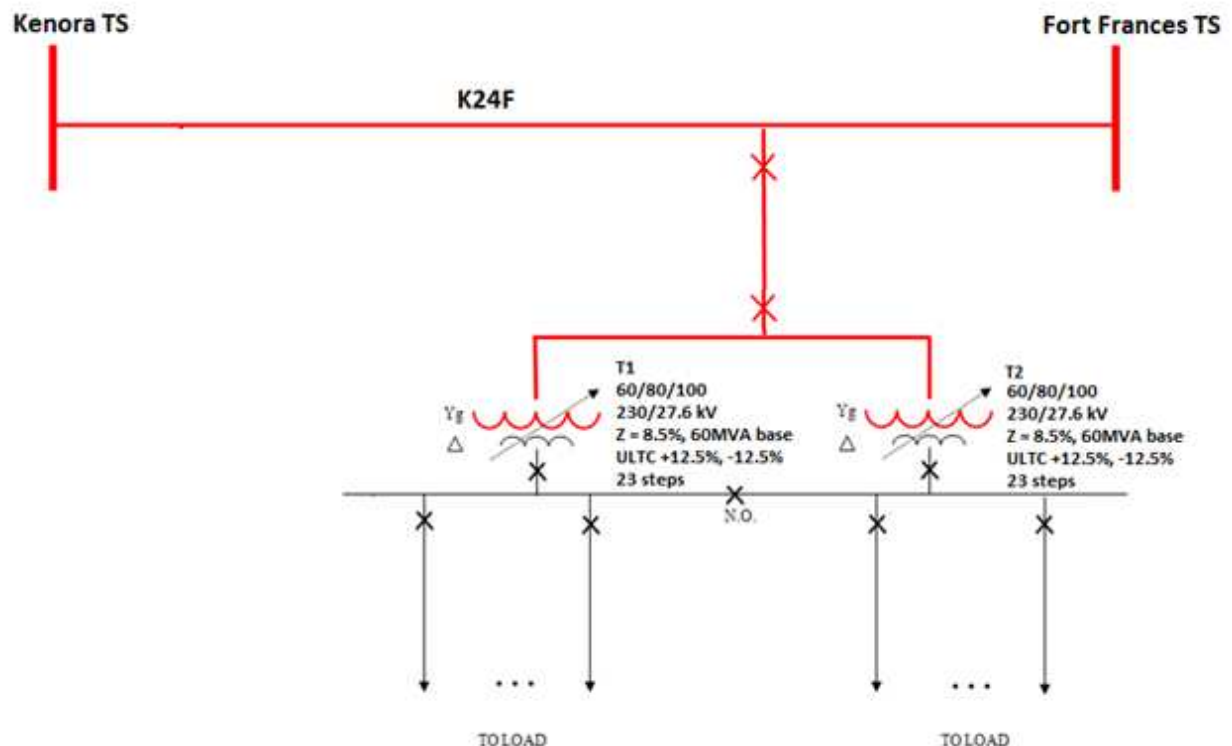


Figure 1: Single Line Diagram of the project

3.2 Equipment Information

3.2.1 Transformer Data

Table 1: Main step-up transformer data

Units	Transformation	Rating (MVA) (ONAN/ONAF/ONAF)	Pos. Sequence Impedance (pu) SB= 60 MVA	Configuration		Taps
				HV-Side	LV-Side	
T1/T2	230kV/27.6kV	60/80/100 MVA	0.005+j0.085	Yg	Δ	ULTC @ HV: ±12.5%, 23 steps

3.2.2 Tap Line

Table 2: Equivalent Impedance of Tap Line

Line	Length (km)	Thermal Rating (A)	Positive-Sequence Impedance (pu, $S_B=100\text{MVA}$, $V_B=220\text{ kV}$)		
			R	X	B
L1	16.7	750	0.00256	0.0156	0.029262

3.2.3 230 kV Circuit Breaker

Table 3: Specifications of the 230 kV circuit breakers

Identifier	Voltage Rating	Interrupting time	Continuous Current Rating	Short Circuit Symmetrical Rating
230-1	250 kV	50 ms	2000 A	40 kA
230-2	250 kV	50 ms	2000 A	40 kA

The circuit breaker meets the maximum continuous voltage rating requirement of 250 kV. The interrupting time meets the Transmission System Code (TSC) requirement. Short circuit rating of the circuit breaker is adequate to interrupt the present fault level in the area. However, if future upgrades to the transmission grid resulted in a higher fault levels, the proponent will be responsible of upgrading their equipment to withstand the new fault level up to the maximum fault level established in the transmission system code. For the 230 kV system, the maximum short circuit level is 63 kA.

– End of Section –

4. West of Mackenzie System Overview

The west of Mackenzie area is the part of Ontario's Northwest transmission system to which the project is proposing to connect. The area is demarcated by two Mackenzie-to-Lakehead 230 kV circuits, the 115 kV Birch-to-Moose Lake circuit and the tielines with Manitoba and Minnesota.

Transfers into the area are measured across the Transfer West of Mackenzie (TWM), Ontario Manitoba Transfer East (O-M-TR-E) and Minnesota Power Flow North (MPFN) interfaces. Transfers out of the area are measured across the Transfer East of Mackenzie (TEM), Ontario Manitoba Transfer West (O-M-TR-W) and Minnesota Power Flow South (MPFS) interfaces.

The generation facilities in the area are comprised of both hydroelectric and thermal stations:

Hydroelectric Stations

- Whitedog Falls GS: 69 MW station connected to Rabbit Lake via circuits K4W and K5W
- Caribou Falls GS: 90 MW station connected to Rabbit Lake via circuits K4W and K5W
- Norman CGS: 16.6 MW station connected to Rabbit Lake via circuit K2M
- Kenora CGS: 15 MW station connected to Rabbit Lake via circuit K2M
- Lac Seul/Ear Falls GS: 32.5 MW station directly connected to Ear Falls
- Manitou Falls GS: 67 MW station connected to Ear Falls via circuit M2E

Thermal Stations

- Atikokan GS: 200 MW (assumed future capacity) biomass station connected to Mackenzie via circuit N93A.
- West Coast CGS: 47 MW unit connected to Fort Frances via circuit F2B.

A high level single line diagram of the west of Mackenzie area is provided in Figure 2 below.

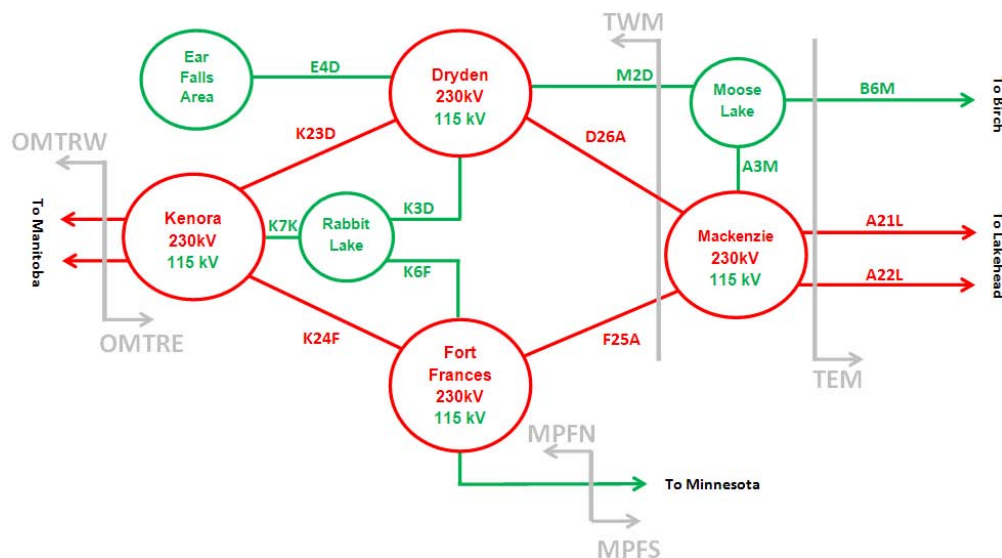


Figure 2: High Level West of Mackenzie Single Line Diagram

– End of Section –

5. Fault Level Assessment

The proposed project is not expected to significantly change the fault levels in the area because the synchronous motors at the Rainy River mine will always be connected to the grid through converters. Therefore, no fault level studies were carried out for this project. Table 1 below shows the current fault level at the project's connection point.

Table 4: Projected Fault Levels at the Project

Station	Fault Levels	
	3-Phase	L-G
<i>Symmetrical Fault (kA)</i>		
Rainy River connection point	4.426	4.582
<i>Asymmetrical Fault (kA)</i>		
Rainy River connection point	5.394	6.113

– End of Section –

6. Protection Impact Assessment

The Protection Impact Assessment (PIA) was completed by Hydro One to examine the impact of connecting Rainy River mine load on existing transmission system protections.

The PIA concluded that it is feasible for the connection applicant to connect the project at the proposed location subject to implementation of the proposed changes to the transmission configuration, protection hardware, protection settings and telecommunications, as stated in the PIA report (Appendix C).

Table 5 below summarizes the K24F line protection setting changes proposed to connected the project.

Table 5: Proposed changes to the K24F circuit protection

Station	Zone	Proposed new settings
Fort Francis TS	1	Set to 80% of line impedance between Fort Frances TS and tap connection point; it will not reach new tap line.
	2	Set to 125% of line impedance and reaches up to 86% of Rainy River transformers. A blocking signal is required from Rainy River mine facility to Fort Frances TS in case there is a fault in tapped line, HV and LV sides of the transformers load station.
Kenora TS	1	Set to 80% of line impedance between Kenora TS and tap connection point; it will not reach new tap line.
	2	Set to 125% of line impedance and reaches up to 50% of Rainy River transformers. A blocking signal is required from Rainy River mine facility to Kenora TS in case there is a fault in tapped line, HV and LV sides of the transformers load station.

As a result of the above protection changes, the part of circuit K24F in the vicinity of the connection point will only be covered by Zone 2. Therefore, fault clearing on that particular part of K24F will be delayed by 50ms, which is the intentional time delay during which Zone 2 waits for a blocking signal from the mine load.

Transient simulations were carried out to investigate the effect of the protection change on the transient stability of nearby generation stations. A three phase fault was applied at 80% of the line segment between Kenora TS and the Rainy River tap point. In a separate simulation, a three phase fault was applied at 80% of the line segment between Fort Francis TS and Rainy River tap point. Faults were assumed to be cleared by Zone 2 protections. It was assumed that the fault clearing time was 133ms, to account for the Zone 2 delay and other auxiliary relay timings. The rotor angles of nearby generation units were monitored and the results are presented in Appendix A.

Based on the simulation results, the proposed protection adjustments at Kenora TS and Fort Francis TS are not expected to have an adverse impact on the stability of the IESO Controlled-Grid, and are therefore deemed to be acceptable.

– End of Section –

7. Transmission System Impact Study

This section investigates the impact of connecting the Rainy River mine to the IESO-controlled grid. The impact of other newly proposed loads in the area were not included in this assessment. The global impact of the current Northwest load applications is discussed in Section 8 of this report.

7.1 Load Forecast and Hydroelectric Generation Assumptions

Hydroelectric generation plays an important role in supplying the area west of Mackenzie. Since water levels can be quite variable, hydroelectric generation assumptions are vital in determining what planning decisions are required to ensure long term area reliability.

Based on the Ontario Resource and Transmission Assessment Criteria (ORTAC) and past planning practice, the following philosophy was adopted for hydroelectric generation dispatch:

- 98% of the time dependable hydroelectric generation was assumed available with all transmission elements in service pre-contingency.
- 85% of the time dependable hydroelectric generation was assumed available with any one transmission element out of service pre-contingency.

Dependable hydroelectric generation values were obtained using 25 years of historical hydroelectric production data. In addition to the hydroelectric generation in the west of Mackenzie area, there is a dispatchable thermal generator connected at Fort Frances TS (West Coast G2), whose output was assumed to be 45 MW.

The load level assumed for the area west of Mackenzie was based on the forecasted extreme weather demand for year 2017 in addition to the ultimate project load of 57 MW. Individual non-industrial station loads were determined by scaling the sum of the Hydro One station load forecasts to the 2017 extreme weather forecast.

The difference between the forecast extreme weather demand and the area generation determines the amount of external support required to reliably supply the demand. The larger the difference, the more stressed the system becomes. Table 4 contains the monthly 2017 extreme weather load forecast, the 98% dependable hydroelectric generation and the external support required for the area west of Mackenzie. For that case, the amount of external support required to reliably supply the area west of Mackenzie's demand is expected to be the largest during the month of August. Therefore, the all-elements-in-service pre-contingency basecase was prepared with August load levels and generation forecast.

Table 7 contains the monthly 2017 extreme weather load forecast, the 85% dependable hydroelectric generation and the external support required for the area west of Mackenzie. For that case, the amount of external support required to reliably supply the area west of Mackenzie's demand is expected to be the largest during the month of October. Therefore, the single element out of service pre-contingency (known as n-1) basecases were prepared with October load levels and generation forecast.

Table 6: Extreme Weather Load Forecast and 98 % Dependable Hydroelectric Generation for the West of Mackenzie Area

Month	West of Mackenzie Extreme Weather demand Forecast (MW)	West of Mackenzie 98% Dependable Hydroelectric Generation (MW)	External Support Required* (MW)
January	448	201	247
February	431	176	255
March	404	145	259
April	380	126	253
May	357	116	241
June	333	82	251
July	329	84	245
August	359	98	261
September	361	109	252
October	416	163	253
November	402	148	253
December	425	191	234

*Not including transmission losses.

Table 7: Extreme Weather Load Forecast and 85 % Dependable Hydroelectric Generation for the West of Mackenzie Area

Month	West of Mackenzie Extreme Weather demand Forecast (MW)	West of Mackenzie 85% Dependable Hydroelectric Generation (MW)	External Support Required* (MW)
January	448	237	210
February	431	217	214
March	404	195	209
April	380	176	204
May	357	154	203
June	333	130	203
July	329	124	205
August	359	127	233
September	361	136	225
October	416	174	242
November	402	180	222
December	425	225	200

*Not including transmission losses.

The generation level during the 98% August and the 85% October for each generating station was allocated based on the past 25 years of hydroelectric production as shown in Table 8 below.

Note that, due to only having a limited historical production data set from the west of Mackenzie run of the river hydroelectric plants, they were assumed to be out of service.

Table 8: Station Based Generation Assumptions Corresponding to 98 % and 85% Dependable Hydroelectric Generation for the West of Mackenzie Area

Station Name	Generation levels for 98% December		Generation levels for 85% October	
	Total MW	# of Units in Service	Total MW	# of Units in Service
Caribou Falls	37	2	58	3
Lac Seul/Ear Falls	10	1/0	26	1/3
Manitou Falls	25	2	54	4
Whitedog Falls	27	2	35	2

7.2 Study Basecases

The following basecases were used in this study to represent different west of Mackenzie system configurations. In total, four cases were developed:

1. ***All Elements in service with 98% time dependable water conditions:*** This case was used to evaluate the capability of the west of Mackenzie system to reliably supply the area load after the incorporation of the project.
2. ***Circuit K23D out of service pre-contingency under 85% time dependable water conditions:*** This case stresses the west of Mackenzie system by increasing the impedance between Dryden and Kenora in addition to stressing the 115kV K3D circuit.
3. ***Circuit F25A out of service pre-contingency under 85% time dependable water conditions:*** This case stresses the west of Mackenzie system by having all transfers into the area flow across 230 kV circuit D26A and 115 kV circuit M2D.
4. ***Circuit A21L out of service pre-contingency under 85% time dependable water conditions:*** This case stresses the system by halving the main delivery path into the Mackenzie area, which is the Lakehead-to-Mackenzie 230 kV corridor.

7.3 Study Assumptions

The following assumptions were incorporated into all of the basecases:

- Project at its ultimate load of 57 MW.
- As Ontario does not currently have a firm import contract with Manitoba or Minnesota, no support from the ties was assumed. The west of Mackenzie area loads were therefore supplied by local resources and flows into the area through the TWM interface. Post-contingency flows through the interties were allowed up to their respective transfer limits, until the system was re-dispatched.
- Dispatchable generator West Coast G2 in service.
- Atikokan assumed out of service unless otherwise indicated.
- Domtar Dryden's load displacement generation in service.
- New Marathon reactors in service (CAA 2012-EX576).

- New Dryden reactors in service (CAA 2012-EX613).
- Incorporation of the protection changes required by the Protection Impact Assessment (see Appendix C).

7.4 Pre- and Post-Contingency Steady State Voltage Stability

Under all studied conditions voltages were stable; therefore, the steady state stability criteria were met.

The ORTAC requires that there must be sufficient margin from the voltage instability point, with loads modeled as constant MVA, such that the maximum pre-contingency transfer is the lesser of:

- a pre-contingency power transfer that is 10% lower than the voltage instability point of the pre-contingency P-V curve.
- a pre-contingency transfer that results in a post-contingency power flow that is 5% lower than the voltage instability point of the post-contingency curve.

Figure 3 below illustrates the aforementioned ORTAC requirements.

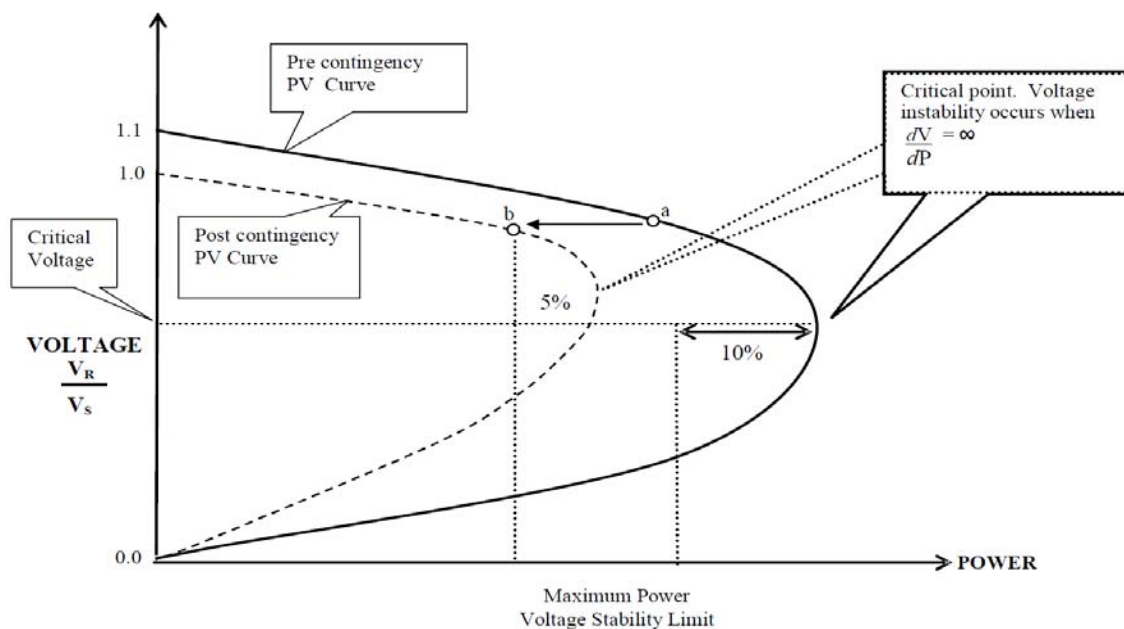


Figure 3: Illustration of the ORTAC's Steady State Voltage Stability Criteria

Pre-contingency steady state voltage stability margins, for the all in service and one element out of service basecases, were verified by scaling up the load in the west of Mackenzie area such that the TWM flow was increased by 10%.

Similarly, the post-contingency steady state voltage stability margins, for the all in service and one element out of service basecases, were verified by scaling up the load in the west of Mackenzie area such that the TWM flow was increased by 5%.

Under all studied basecases voltages were stable; therefore the steady state stability criteria were met.

7.5 Transient Stability Analysis

The transient stability study results, illustrated in Appendix A, show that the connection of the project will not result in any instability or un-damped oscillations.

Section 3.3.2 of the ORTAC requires a 10% stability margin on all transfer limits. In other words, the system shall remain stable with the most critical parameter increased by 10%. Consequently, load west of Mackenzie was scaled up such that the TWM flow was increased by 10%.

With the project's load connected, more west of Mackenzie generation and higher imports levels are needed to achieve a certain Transfer East of Mackenzie (TEM) flow. Therefore, a basecase with maximum TEM flow of 475 MW was created to investigate if the loss of the project or the loss of one of Manitoba interties would result in any transient stability issues.

Transient stability simulations were performed with all elements in service to determine if the power system remains transiently stable following recognized contingencies. In particular, rotor angles of generators at Caribou Falls, Whitedog Falls, Manitou Falls, Ear Falls/Lac Seul and West Coast were monitored. Transient stability analyses were performed for the contingencies shown in Table 7.

Table 9 List of Contingencies studied for Transient Stability

Contingency	Location	Fault Type	Fault Clearing Time (ms)		Reclosure Time (s)
			Local	Remote	
K24F	Kenora	3 Phase	83	108	10
K21W	Kenora	3 Phase	83	108	-

Appendix A contains transient stability study results. The results demonstrate that the generators remained synchronized to the power system and that oscillations were sufficiently damped following all simulated contingencies.

It can be concluded that the connection of the project will not result in any transient instability or un-damped oscillations issues.

7.6 Transmission Thermal Loading Assessment

Hydro One Networks is required to address a network limitation in the West of Atikokan area, specifically the overload of 115kV circuit M2D when 230kV circuits F25A and D26A are on outage. One of the alternatives listed below would be satisfactory in resolving this issue:

a) Install a new Special Protection System (SPS) or expand the existing Northwest SPS to be able to detect the conditions outlined above, and subsequently reject the project load. This is required to improve the transfer capability in the area. Any new SPS must comply with the NPCC Reliability Reference Directory #7 for Type 1 SPS;

b) System reinforcements that would alleviate the thermal violation.

With 230 kV circuits F25A and K23D out of service, the connection of the proposed project will cause underlying 115 kV circuit K3D to be loaded slightly above its STE rating. The level of risk associated with this violation is low with only Rainy River connecting; therefore, no immediate action is required to correct it. However, the IESO may require Hydro One to address this limitation if new loads connect in the Kenora area.

The ORTAC specifies the following load security criteria with respect to the thermal loading of transmission facilities:

- With all the transmission facilities in service, equipment loading must be within continuous ratings.
- With one element out of service, equipment loading must be within applicable long-term ratings and not more than 150 MW of load may be interrupted by configuration.
- With two elements out of service, equipment loading must be within applicable short-term emergency ratings. The equipment loading must be reduced to the applicable long-term emergency ratings in the time afforded by the short-time ratings. Planned load curtailment or load rejection exceeding 150 MW is permissible only to account for local generation outages. Not more than 600 MW of load may be interrupted by configuration and by planned load curtailment.

Transmission equipment thermal ratings were provided by Hydro One and were calculated for the summer weather conditions, namely 30°C ambient temperature and 4 km/h wind speed. The continuous ratings for the conductors were calculated at the lower of the sag temperature or 93°C operating temperature. The Long Term Emergency (LTE) ratings for the conductors were calculated at the lower of the sag temperature or 127°C operating temperature. The Short Term Emergency (STE) ratings were calculated at the sag temperature with 100% continuous pre-load. Similarly, winter ratings were calculated for the winter weather conditions, namely 10°C ambient temperature and 4 km/h wind speed.

Power flow studies were carried out to assess the impact of the project on the thermal loading of transmission circuits in the vicinity of the project. Studies were completed for the all elements in service case and for the one element out of service cases as described in section 7.2.

Two thermal violations, to which Rainy River project contributes, were observed :

1. On 115 kV Dryden-by-Rabbit Lake circuit K3D, for the F25A out of service case following the loss of K23D. Supporting study results are shown in Table 10.
2. On 115 kV Moose Lake-by-Dryden circuit M2D, for the F25A out of service case following the loss of D26A. Supporting study results are shown in Table 11.

The load increase west of Mackenzie caused by the incorporation of the project can result in slightly overloading circuit K3D. The level of risk associated with this violation is low with only Rainy River connecting; therefore, no immediate action is required to correct it. However, the IESO may require Hydro One to address this limitation if new load connects in the Kenora or Fort Frances areas.

The Osisko Hammond Reef Mine SIA ([CAA ID 2012-470](#)) finalized in December 2012 initially documented the West of Mackenzie load supply limitation due to the thermal rating of M2D, which Rainy River will contribute to.

Hydro One Networks is required to address the M2D thermal violation issue. One of the alternatives listed below would be satisfactory in resolving this issue:

- a) Install a new Special Protection System (SPS) or expand the existing Northwest SPS to be able to detect the conditions outlined above, and subsequently reject the project load. This is required to improve the transfer capability in the area. Any new SPS must comply with the NPCC Reliability Reference Directory #7 for Type 1 SPS;
- b) System reinforcements that would alleviate the thermal violation.

Table 10: Thermal Violations Following Loss of K23D with F25A Out of Service Pre-Contingency

Circuit	Summer Rating	Winter Rating	Pre contingency loading			Post contingency loading		
	A	A	A	% loading Summer	% loading Winter	A	% loading Summer	% loading Winter
K3D DRxET	470	610	63	13.4	10.3	495	105.3	81.1
K3D ETxVB	470	610	47	10.0	7.7	478	101.7	78.4
K3D VBxRL	470	610	35	7.4	5.7	457	97.2	74.9

Table 11: Thermal Violations Following Loss of D26A with F25A Out of Service Pre-Contingency

Circuit	Summer Rating	Winter Rating	Pre contingency loading			Post contingency loading		
	A	A	A	% loading Summer	% loading Winter	A	% loading Summer	% loading Winter
M2D MLxIG	550	670	272.5	49.5	40.7	887.1	161.3	132.4
M2D IGxDR	420	540	238	56.7	44.1	853.7	203.3	158.1

7.7 System Voltage Assessment

For the F25A out of service case, the loss of D26A can result in unacceptable voltages at the stations connected to M2D; namely, Agimak DS, Mattabi CTS and Valora DS, as shown in Table B.2. The implementation of the mitigating measures used to address thermal violations on M2D will also alleviate this issue.

The system voltage assessment results, listed in Appendix B, show that the connection of the project will not result in any voltage criteria violations on the IESO-Controlled Grid.

If Hydro One desires to maintain the post-contingency voltage at Fort Frances below 250 kV, it is recommended to change the switching set point of Fort Frances reactors to 250 kV instead of 260 kV.

The ORTAC requires that with all facilities in service or with one critical element out of service pre-contingency, the following criteria shall be satisfied:

- The pre-contingency voltage on 230 kV buses must not be less than 220 kV and voltages on 115kV buses must not be less than 113 kV;
- The post-contingency voltage on 230 kV buses must not be less than 207 kV and voltages on 115V buses must not be less than 108 kV; and
- The voltage change on transmission system buses following a contingency must not exceed 10% pre-ULTC and 10% post-ULTC.
- The voltage change on distribution system buses following a contingency must not exceed 10% pre-ULTC and 5% post-ULTC.
- The voltage on the 230 kV system must not exceed 250 kV and the voltage on the 115 kV system must not exceed 127 kV. Note that in Northern Ontario, certain 115 kV buses can be operated up to 132 kV. Also, according to Appendix 4.1 of the Market Rules, 230 kV buses in Northern Ontario may have voltages as high as 260 kV.

Power flow studies were carried out to assess the impact of the project on the voltage profile of the IESO-Controlled Grid. Studies were completed for the all elements in service case and for the one element out of service cases as described in section 7.2. Only peak load conditions were studied as the addition of the project's load will not exacerbate high voltage issues during light load conditions. Results of the voltage assessment study are summarized in Appendix B. Note that only impactful results are reported.

As can be seen from the results, the connection of the proposed project will not cause voltage violation for the all elements in service case.

For the K23D out of service case, the loss of the project will result in the voltages at Fort Frances, Dryden, Mackenzie and Lakehead buses to exceed 250 kV. Hydro One will be implementing a voltage based switch scheme as part of the proposed reactors at Dryden, (CAA ID 2012-EX613), which will solve the observed high voltages issue. In addition, if Hydro One wants to maintain the voltage at Fort Frances below 250 kV, it is recommended to change the set point of Fort Frances reactors to 250 kV instead of 260 kV.

For the F25A out of service case, the loss of D26A can result in unacceptable voltages for the stations connected on M2D; namely, Agimak DS, Mattabi CTS and Valora DS, as shown in Table B.2. The implementation of the mitigating measures introduced in section 7.6 to solve the thermal violation of M2D will also help alleviate this issue.

7.8 Mackenzie-by-Lakehead Storm Condition Analysis

The storm condition analysis results show that it is possible, under zero import and drought conditions, to serve the project's load during storms with Atikokan GS out of service.

Today, the Northern Ontario system is operated to be able to withstand single element contingencies, except when there is a higher risk of suffering multiple contingencies due to storms. Under storm conditions in the Northwest, the loss of two circuits having common towers becomes a respected contingency, and the system is operated accordingly.

With all elements in service pre-contingency and Atikokan GS out of service, the simultaneous loss of A21L and A22L resulted in acceptable post-contingency conditions, with approximately 130MW of support coming from Manitoba and Minnesota.

– End of Section –

8. Northwest Area System Impact Study

At this time, there are SIA applications for about 400 MW of new load connections in the Northwest zone. Previous IESO transmission analyses for the Northwest area have identified system limitations under planning criteria, limitations which will be exacerbated by the connection of this project.

8.1 Northwest Zone Resource Adequacy Assessment

A resource adequacy assessment for this area determined that additional resources would be needed in the Northwest to meet the Loss of Load Expectation (LOLE) criterion of 0.1 days per year under low water conditions, to supply this project and other loads willing to connect in the area. Consistent with the current resource adequacy assessment practice for system planning purposes only firm imports from neighbouring jurisdictions should be relied on. As such, the import capability from Manitoba and Minnesota was not taken into account in this assessment. In the analysis, the load in the Northwest was supplied internally, largely by hydroelectric generation and Atikokan on bio-mass, and transfers into the area via the East-West Tie.

Plans to strengthen the Northwest transmission system such as the East-West Tie reinforcement project between Wawa and Lakehead are currently under development. Interim measures to bridge the gap between Northwest reinforcement timelines and potentially earlier supply needs are being investigated by the agencies and include a new NW SPS, demand response programs, firm import purchases, and additional internal resources.

However, until the system reinforcements or additional resources are in place there may be an increased risk of load curtailment in the area, and the connection applicant's project will have a higher likelihood to be interrupted when load curtailment is needed to safeguard the security of the IESO-controlled grid in the Northwest zone.

8.2 Northwest Area Study Conclusions

The additions of the project will exacerbate load supply limitations in the Northwest area. Therefore, the following requirements are applicable.

The connection applicant is required to have adequate provision in the design of protections and controls at the facility to allow for the installation of SPS equipment. Should a new SPS be installed or the existing SPS be expanded to improve the transfer capability in the area or to accommodate transmission reinforcement projects, the facility will be required to participate in the SPS system and to install the necessary protection and control facilities to affect the required actions. The SPS facilities to be installed at the project must be able to accept a single pair (A & B) of load rejection (L/R) signals from the NW SPS, and disconnect the project from the system with no intentional time delay. These SPS facilities must also comply with the NPCC Reliability Reference Directory #7 for Type 1 SPS. In particular, if the SPS is designed to have 'A' and 'B' protection at a single location for redundancy, they must be on different non-adjacent vertical mounting assemblies or enclosures. Two independent trip coils are required on the breakers selected for L/R. The applicant must provide two dedicated communication channels, separated physically and geographically diverse, between the project and the NW SPS. After being tripped by the SPS, the closing of the breakers is not permitted until approval is obtained from the IESO.

The connection applicant must be prepared to manually implement load curtailment when directed by the IESO. The load curtailment shall be implemented by the connection applicant within 5 minutes from the issuance of the IESO's directive. This requirement complements demand control rules as specified in the IESO Market Rules Chapter 5 section 10, and is intended to make the connection applicant aware that its

project has a higher likelihood of being interrupted when load curtailment is needed to safeguard the security of the IESO-controlled grid in the Northwest zone, and the connection applicant may be the first and/or only load directed to be curtailed by the IESO.

If the IESO decides at a later date that automatic load management is needed instead of manual curtailment, the connection applicant will be required to register and operate the project as a dispatchable load until the Northwest system reinforcement is completed. In this case, the registration as a dispatchable load, including the availability of the associated facilities, must be completed within 6 months after the issuance of the IESO's notification. The dispatchable facility must provide bids with a ceiling price established by the IESO and expected to be less than \$2,000 per MWh. As a dispatchable load, the project shall respond to dispatch instructions from the IESO, sent via a dispatch workstation.

– End of Section –

Appendix A: Transient Stability Results

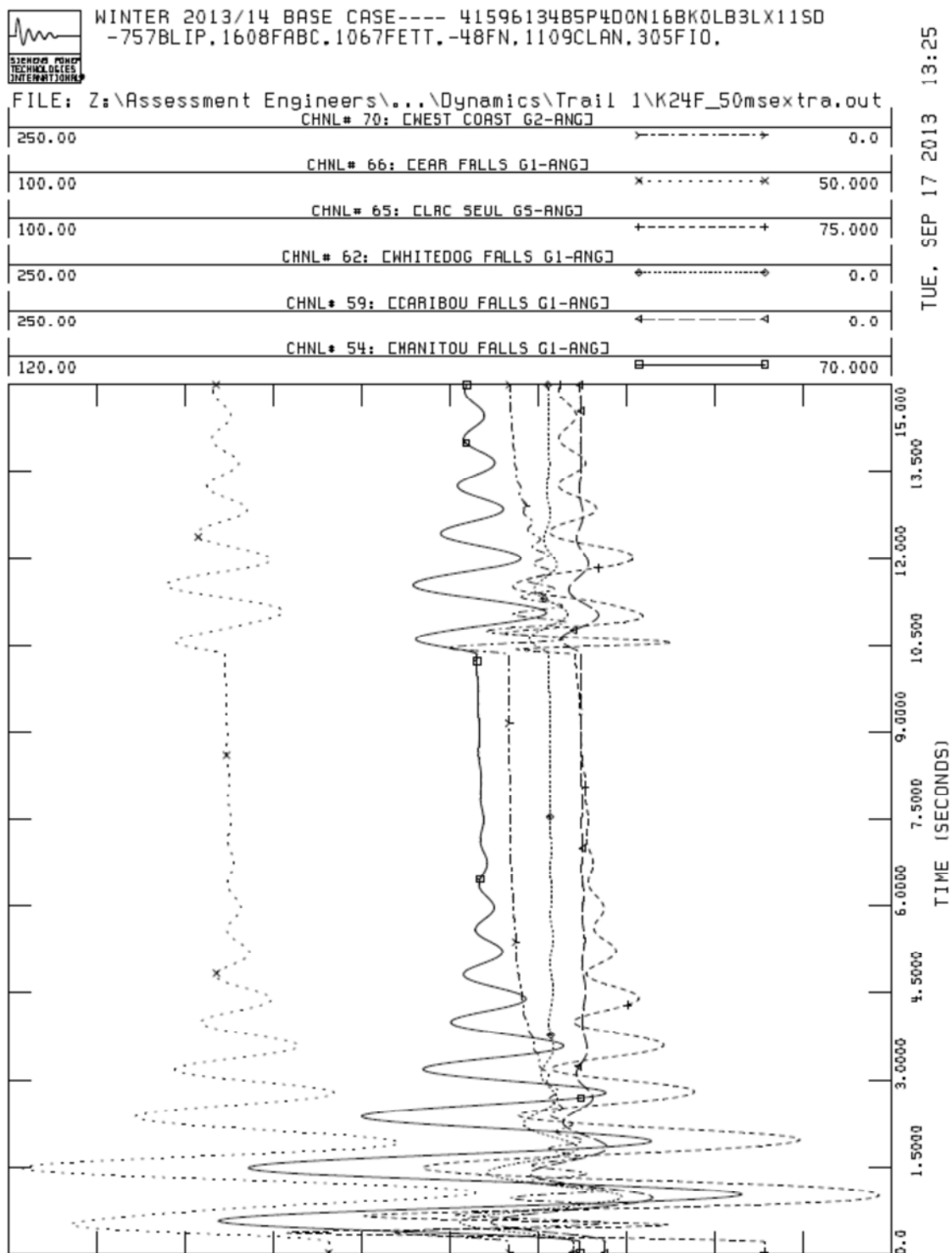
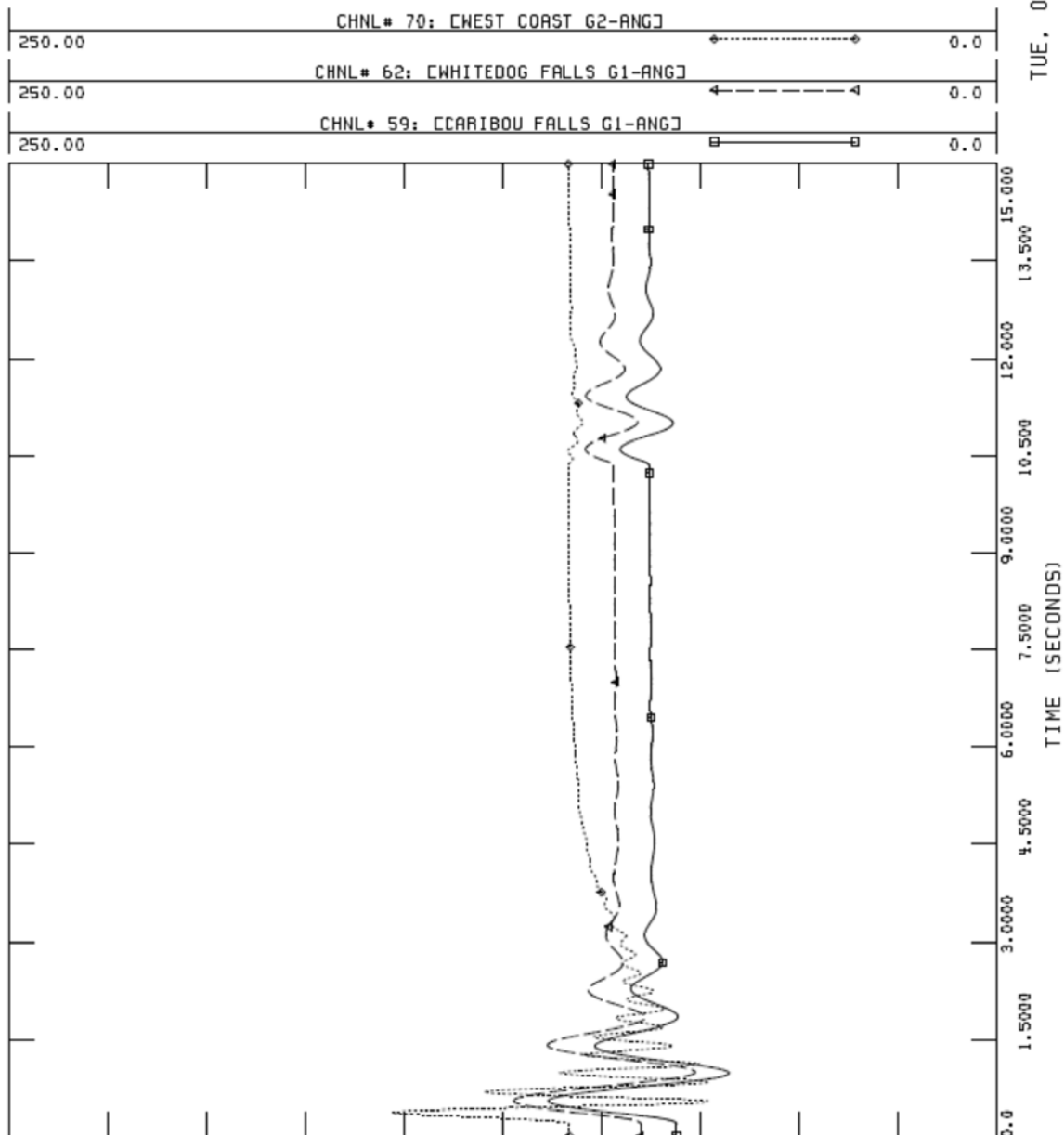


Figure A. 1: Generators rotor angle oscillations for a 3 phase fault on K24F @ 80% of the distance between Kenora TS and Rainy River connection point



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Figure A. 2 Generators rotor angle oscillations for a 3 phase fault on K24F @ 80% of the distance between Fort Francis TS and Rainy River connection point

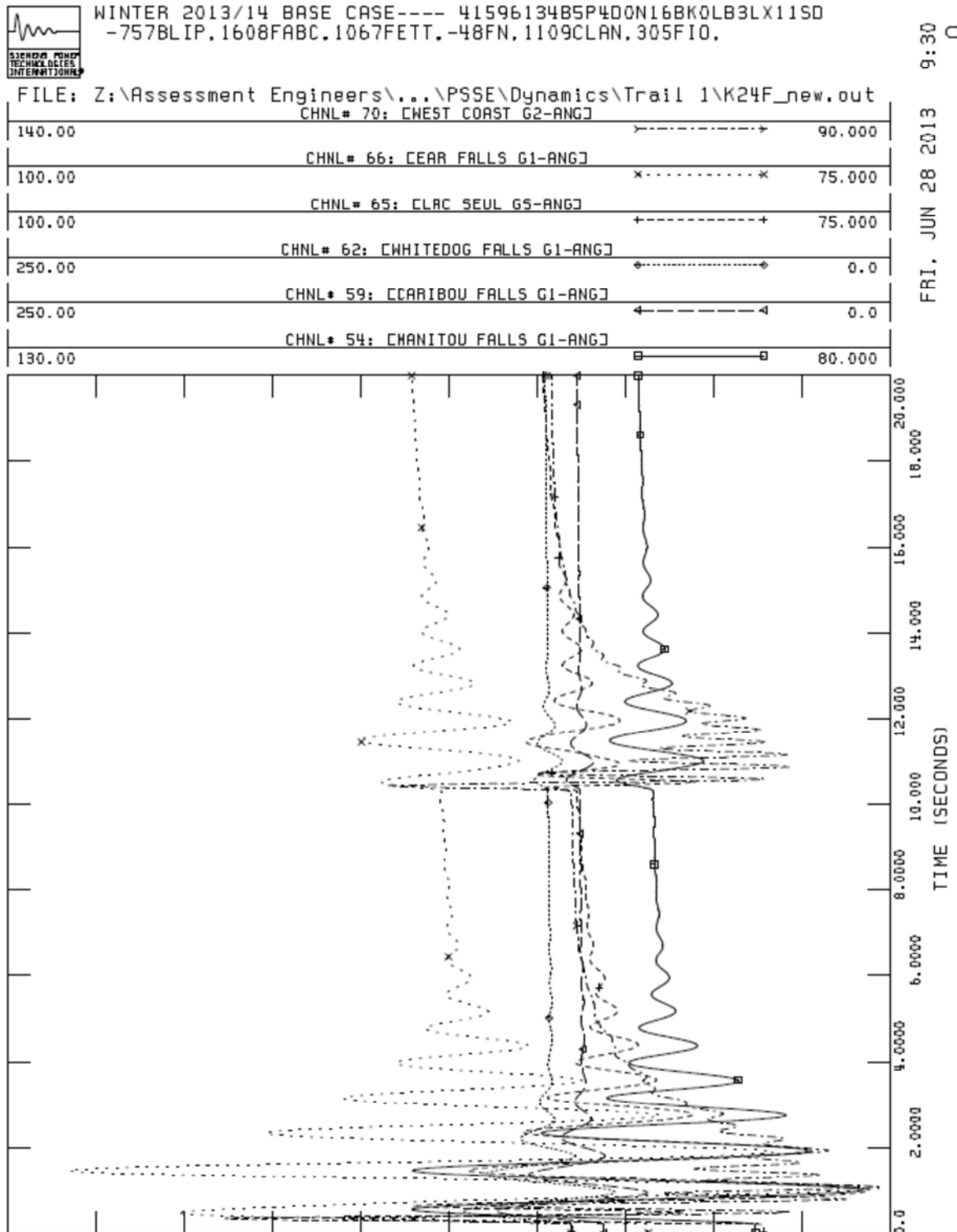
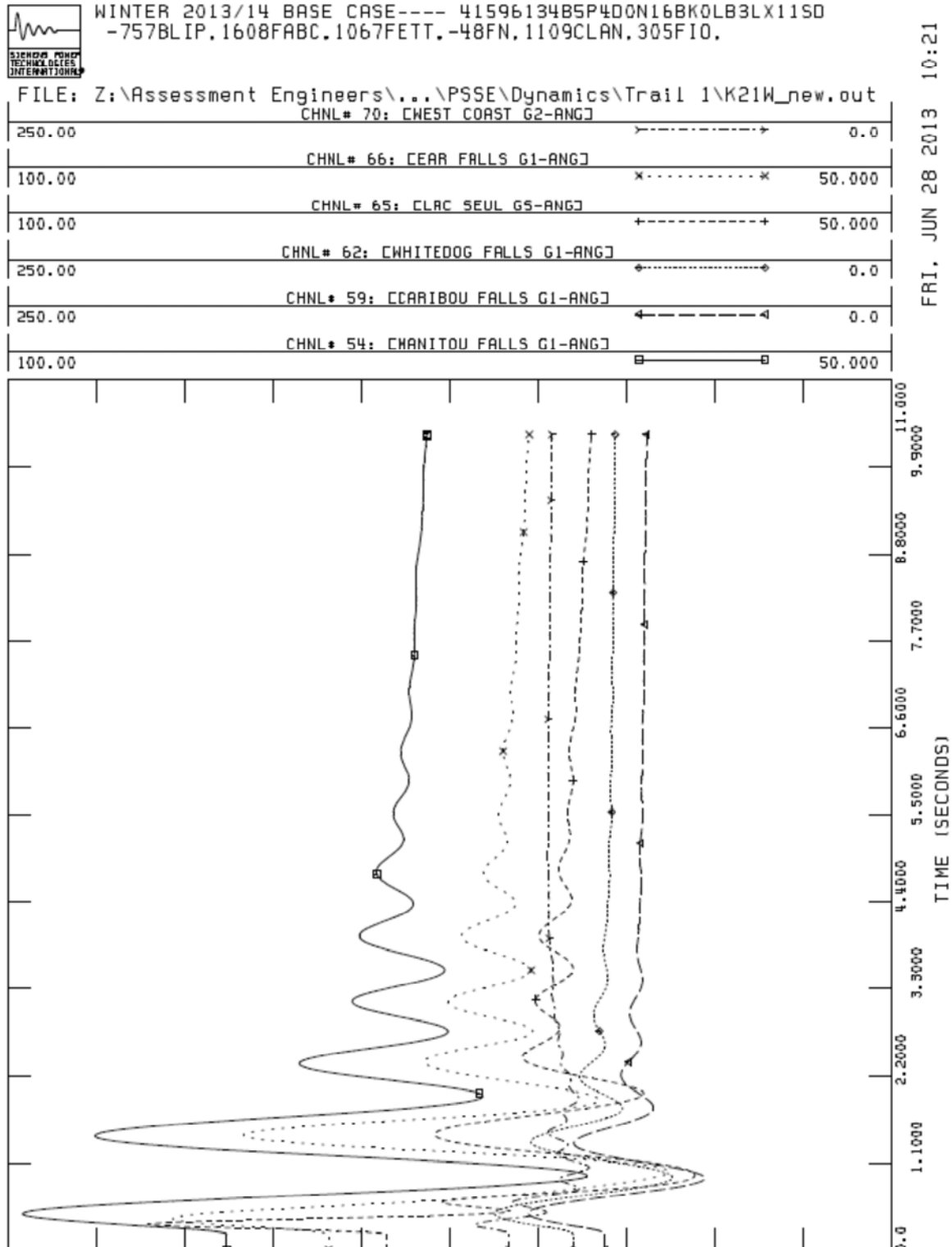


Figure A.3 Generators rotor angle oscillations for a 3 phase fault on K24F at Kenora TS



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Figure A.4 Generators rotor angle oscillations for a 3 phase fault on K21W at Kenora TS

– End of Section –

Appendix B: Voltage Assessment Results

Table B.1 Voltage Study Results for the All-in-service case

Bus	Pre Cont. (kV)	Loss of F25A				Loss of K23D				Loss of the project			
		Pre ULTC (kV)	Change %	Post ULTC (kV)	Change %	Pre ULTC (kV)	Change %	Post ULTC (kV)	Change %	Pre ULTC (kV)	Change %	Post ULTC (kV)	Change %
Kenora 230 kV	245	238.9	-2.5	238.9	-2.5	242.1	-1.2	242.8	-0.9	247.6	1.1	247.9	1.2
Dryden 230 kV	246.1	238.8	-3.0	238.1	-3.3	243.5	-1.1	244.4	-0.7	249.0	1.2	249.5	1.4
Fort Frances 230	244	234.2	-4.0	232.0	-4.9	241.9	-0.9	242.6	-0.6	248.4	1.8	248.9	2.0
Mackenzie 230 kV	247.9	244.8	-1.3	243.9	-1.6	246.5	-0.6	247.0	-0.4	250.9			1.5
Lakehead 230 kV	242.6	242.3	-0.1	242.0	-0.2	242.2	-0.2	242.4	-0.1	244.1	0.6	244.5	0.8
Dryden 115 kV	119.5	116.0	-2.9	118.7	-0.7	118.3	-1.0	118.8	-0.6	123.4	0.4	123.6	0.6
Fort Frances 115	119.5	114.8	-3.9	119.0	-0.4	118.6	-0.8	119.0	-0.4	120.8	1.1	121.1	1.3
Mackenzie 115 kV	119.2	117.9	-1.1	119.1	-0.1	118.6	-0.5	118.8	-0.3	121.5	1.7	121.7	1.8
Moose Lake 115	119.5	118.1	-1.2	119.2	-0.3	118.9	-0.5	119.2	-0.3	120.5	1.1	120.8	1.3
Kenora 115 kV	122.3	119.7	-2.1	122.5	0.2	121.1	-1.0	122.6	0.2	123.2	0.5	123.4	0.7
Weyerhauser Ken	122.3	119.6	-2.2	122.5	0.2	121.1	-1.0	122.6	0.2	123.4	0.9	123.6	1.1
Rabbit Lake kV	121.7	119.2	-2.1	121.7	0.0	120.7	-0.8	121.8	0.1	123.4	0.9	123.5	1.0
Whitedog SS	124.3	123.0	-1.0	124.3	0.0	123.8	-0.4	124.4	0.1	122.7	0.8	122.8	0.9
Esler 115 kV	121.6	121.1	-0.4	121.5	-0.1	121.4	-0.2	121.5	-0.1	124.8	0.4	124.9	0.5
Musslewhite 115	121.5	121.0	-0.4	121.4	-0.1	121.3	-0.2	121.4	-0.1	121.7	0.1	121.7	0.1
Ear Falls 115 kV	121.3	118.2	-2.6	121.0	-0.2	120.3	-0.8	120.8	-0.4	121.7	0.2	121.7	0.2
Domtar Dryden	119.4	115.9	-2.9	118.6	-0.7	118.3	-0.9	118.8	-0.5	122.5	1.0	122.7	1.2
Perrault Falls 115	120.4	117.1	-2.7	120.0	-0.3	119.4	-0.8	119.8	-0.5	120.8	1.2	121.0	1.3
Red Lake 115 kV	117.1	112.8	-3.7	117.0	-0.1	115.7	-1.2	116.3	-0.7	115.7	1.3	115.9	1.5
Eton DS 115 kV	119.7	116.2	-2.9	118.9	-0.7	118.5	-1.0	119.1	-0.5	118.6	1.3	118.9	1.5
Vermillion Bay DS	120.2	117.0	-2.7	119.7	-0.4	119.1	-0.9	119.9	-0.2	121.0	1.1	121.2	1.3
Agimak DS 115 kV	119.9	116.8	-2.6	118.7	-1.0	119.0	-0.8	119.4	-0.4	121.5	1.1	121.7	1.2
Mattabi CTS 115	120	117.0	-2.5	118.8	-1.0	119.2	-0.7	119.6	-0.3	121.2	1.1	121.5	1.3
Valora DS 115 kV	120	117.0	-2.5	118.9	-0.9	119.2	-0.7	119.6	-0.3	121.3	1.1	121.6	1.3
West Coast 115 kV	119.5	114.8	-3.9	118.9	-0.5	118.5	-0.8	118.9	-0.5	121.2	1.0	121.4	1.2
Fort Frances MS	119.5	114.8	-3.9	119.0	-0.4	118.6	-0.8	118.9	-0.5	121.4	1.6	121.6	1.8
Burleigh DS 115 kV	119.3	114.6	-3.9	118.8	-0.4	118.4	-0.8	118.8	-0.4	121.5	1.7	121.7	1.8
Ainsworth DS 115	118.3	113.9	-3.7	117.7	-0.5	117.3	-0.8	117.8	-0.4	121.3	1.7	121.5	1.8
Nestor Falls 115 kV	119.7	115.7	-3.3	119.2	-0.4	118.7	-0.8	119.4	-0.3	120.1	1.5	120.3	1.7
Sioux Narrows DS	120.3	116.9	-2.8	119.9	-0.3	119.3	-0.8	120.2	-0.1	121.4	1.4	121.5	1.5
Margach DS 115	121.3	118.6	-2.2	121.2	-0.1	120.3	-0.8	121.3	0.0	121.7	1.2	121.8	1.2
Minaki DS 115 kV	123.2	121.5	-1.4	123.2	0.0	122.5	-0.6	123.3	0.1	122.3	0.8	122.5	1.0

Table B.2 Voltage Study Results for the F25A out of service case

Bus	Pre Cont. (kV)	Loss of D26A				Loss of K23D				Loss of the Project			
		Pre ULTC (kV)	Change %	Post ULTC (kV)	Change %	Pre ULTC (kV)	Change %	Post ULTC (kV)	Change %	Pre ULTC (kV)	Change %	Post ULTC (kV)	Change %
Kenora 230 kV	241	236.5	-1.9	231.5	-3.9	237.2	-1.6	232.9	-3.4	245.0	1.7	247.4	2.7
Dryden 230 kV	242.5		-4.8		-9.5	245.7	1.3	238.4	-1.7	246.5	1.6	249.4	2.8
Fort Frances 230	237		-1.4		-3.5	233.5	-1.5	229.4	-3.2	243.4	2.7	246.2	3.9
Mackenzie 230 kV	246	243.6	-1.0	228.2	-7.2	251.3	2.2	246.7	0.3	248.9	1.2	252.5	2.6
Lakehead 230 kV	247.5	248.1	0.2	242.5	-2.0	250.5	1.2	248.4	0.4	248.9	0.6	250.3	1.1
Dryden 115 kV	117.7	109.7	-6.8	108.7	-7.6	119.0	1.1	114.8	-2.5	119.6	1.6	119.9	1.9
Fort Frances 115	118.7	116.9	-1.5	116.4	-1.9	116.7	-1.7	115.7	-2.5	121.6	2.4	120.4	1.4
Mackenzie 115 kV	125.5	122.0	-2.8	123.3	-1.8	128.1	2.1	124.1	-1.1	127.0	1.2	125.4	-0.1
Moose Lake 115	124.7	119.4	-4.3	119.3	-4.3	127.2	2.0	123.3	-1.1	126.1	1.1	124.9	0.2
Kenora 115 kV	126	123.7	-1.8	123.1	-2.3	122.5	-2.8	122.1	-3.1	127.8	1.4	126.0	0.0
Weyerhaeuser Ken	125.9	123.7	-1.7	123.0	-2.3	122.4	-2.8	122.0	-3.1	127.7	1.4	126.0	0.1
Rabbit Lake kV	124.6	122.4	-1.8	121.7	-2.3	121.3	-2.6	120.1	-3.6	126.2	1.3	124.9	0.2
Whitedog SS	129.1	128.0	-0.9	127.5	-1.2	127.2	-1.5	126.4	-2.1	129.9	0.6	129.3	0.2
Esler 115 kV	120.3	119.9	-0.3	119.9	-0.3	120.4	0.1	120.2	-0.1	120.4	0.1	120.4	0.1
Musslewhite 115	120.2	119.7	-0.4	119.8	-0.3	120.3	0.1	120.1	-0.1	120.3	0.1	120.4	0.2
Ear Falls 115 kV	122.7	119.9	-2.3	120.0	-2.2	123.2	0.4	121.8	-0.7	123.4	0.6	123.6	0.7
Domtar Dryden	117.7	109.7	-6.8	108.6	-7.7	119.0	1.1	114.7	-2.5	119.5	1.5	119.9	1.9
Perrault Falls 115	121.3	116.8	-3.7	116.5	-4.0	122.0	0.6	119.7	-1.3	122.3	0.8	122.5	1.0
Red Lake 115 kV	118.9	115.1	-3.2	116.3	-2.2	119.5	0.5	117.6	-1.1	119.8	0.8	120.1	1.0
Eton DS 115 kV	118.3	110.8	-6.3	109.8	-7.2	118.3	0.0	113.9	-3.7	120.1	1.5	120.3	1.7
Vermillion Bay DS	119.8	113.7	-5.1	112.8	-5.8	117.7	-1.8	113.2	-5.5	121.6	1.5	121.5	1.4
Agimac DS 115 kV	120.8	106.3	-12.0	101.2	-16.2	123.1	1.9	118.7	-1.7	122.7	1.6	122.3	1.2
Mattabi CTS 115	120.9	106.2	-12.2	101.0	-16.5	123.2	1.9	118.7	-1.8	122.7	1.5	122.4	1.2
Valora DS 115 kV	120.9	106.3	-12.1	101.1	-16.4	123.2	1.9	118.8	-1.7	122.8	1.6	122.4	1.2
West Coast 115 kV	118.6	116.9	-1.4	116.4	-1.9	116.7	-1.6	115.6	-2.5	121.6	2.5	120.3	1.4
Fort Frances MS	118.7	116.9	-1.5	116.4	-1.9	116.7	-1.7	115.7	-2.5	121.6	2.4	120.4	1.4
Burleigh DS 115 kV	118.4	116.7	-1.4	116.2	-1.9	116.5	-1.6	115.4	-2.5	121.4	2.5	120.1	1.4
Ainsworth DS 115	117.2	115.4	-1.5	114.8	-2.0	114.8	-2.0	113.6	-3.1	120.0	2.4	118.8	1.4
Nestor Falls 115 kV	119.5	117.7	-1.5	117.0	-2.1	116.8	-2.3	115.5	-3.3	122.1	2.2	120.9	1.2
Sioux Narrows DS	121.1	119.1	-1.7	118.4	-2.2	118.0	-2.6	116.7	-3.6	123.3	1.8	122.0	0.7
Margach DS 115	123.7	121.6	-1.7	120.9	-2.3	120.5	-2.6	119.2	-3.6	125.5	1.5	124.2	0.4
Minaki DS 115 kV	127.2	125.7	-1.2	125.1	-1.7	124.8	-1.9	123.8	-2.7	128.4	0.9	127.5	0.2

Table B.3 Voltage Study Results for the K23D out of service case

Bus	Pre Cont. (kV)	Loss of D26A				Loss of F25A				Loss of the Project			
		Pre ULTC (kV)	Change %	Post ULTC (kV)	Change %	Pre ULTC (kV)	Change %	Post ULTC (kV)	Change %	Pre ULTC (kV)	Change %	Post ULTC (kV)	Change %
Kenora 230 kV	241.7	238.0	-1.5	237.0	-1.9	235.2	-2.7	230.3	-4.7	244.4	1.1	244.9	1.3
Dryden 230 kV	246	246.0	0.0	246.0	0.0	242.3	-1.5	235.1	-4.4	249.3	1.3	250.5	1.8
Fort Frances 230	244.6	239.2	-2.2	238.9	-2.3	232.9	-4.8	226.3	-7.5	249.4	2.0	250.9	2.6
Mackenzie 230 kV	249.3	243.3	-2.4	243.3	-2.4	251.2	0.8	245.6	-1.5	252.9	1.4	254.3	2.0
Lakehead 230 kV	248.2	246.1	-0.8	246.1	-0.8	250.7	1.0	247.8	-0.2	250.1	0.8	251.0	1.1
Dryden 115 kV	120.1	107.9	-10	108.7	-9.5	127.5	0.9	126.2	-0.2	127.2	0.6	127.6	0.9
Fort Frances 115	118.9	116.5	-2.0	116.5	-2.0	118.3	-1.5	115.2	-4.1	121.7	1.3	122.2	1.7
Mackenzie 115 kV	125.6	121.9	-2.9	122.0	-2.9	113.0	-5.0	116.8	-1.8	121.0	1.8	120.1	1.0
Moose Lake 115	125.1	120.8	-3.4	120.9	-3.4	126.5	0.7	123.7	-1.5	127.4	1.4	128.0	1.9
Kenora 115 kV	123.5	121.3	-1.8	122.3	-1.0	127.4	1.0	125.9	-0.2	127.1	0.7	127.5	1.0
Weyerhauser Ken	123.4	121.3	-1.7	122.3	-0.9	119.3	-3.4	123.2	-0.2	124.7	1.0	124.9	1.1
Rabbit Lake kV	121.8	119.2	-2.1	120.0	-1.5	119.3	-3.3	123.2	-0.2	124.7	1.1	124.9	1.2
Whitedog SS	124.5	123.1	-1.1	123.5	-0.8	117.9	-3.2	120.2	-1.3	123.0	1.0	123.1	1.1
Esler 115 kV	116.3	115.7	-0.5	115.8	-0.4	122.4	-1.7	123.6	-0.7	125.1	0.5	125.1	0.5
Musslewhite 115	116.2	115.5	-0.6	115.7	-0.4	116.2	-0.1	116.1	-0.2	116.4	0.1	116.4	0.1
Ear Falls 115 kV	123.2	118.7	-3.7	119.6	-2.9	116.1	-0.1	116.0	-0.2	116.3	0.1	116.4	0.2
Domtar Dryden	120.1	108	-10	108.7	-9.5	122.5	-0.6	121.6	-1.3	123.8	0.5	124.1	0.7
Perrault Falls 115	122.3	115.4	-5.6	116.2	-5.0	118.3	-1.5	115.1	-4.2	121.6	1.2	122.1	1.7
Red Lake 115 kV	119.2	113.2	-5.0	115.3	-3.3	110.4	-1.8	106.8	-5.0	114.1	1.5	114.7	2.0
Eton DS 115 kV	120.2	108.8	-9.5	109.7	-8.7	118.3	-0.8	117.5	-1.4	120.0	0.7	120.4	1.0
Vermillion Bay DS	120.6	111.3	-7.7	112.1	-7.0	117.8	-2.0	114.6	-4.7	121.7	1.2	122.2	1.7
Agimak DS 115 kV	123	113.1	-8.0	113.6	-7.6	117.0	-3.0	114.4	-5.1	122.0	1.2	122.4	1.5
Mattabi CTS 115	123	113.1	-8.0	113.6	-7.6	122.1	-0.7	118.7	-3.5	124.7	1.4	125.3	1.9
Valora DS 115 kV	123.1	113.1	-8.1	113.6	-7.7	122.1	-0.7	118.7	-3.5	124.8	1.5	125.4	2.0
West Coast 115 kV	118.8	116.5	-1.9	116.4	-2.0	126.3	0.7	123.6	-1.4	127.1	1.4	127.8	1.9
Fort Frances MS	118.9	116.5	-2.0	116.5	-2.0	113.0	-4.9	116.7	-1.8	121.0	1.9	120.0	1.0
Burleigh DS 115 kV	118.6	116.3	-1.9	116.2	-2.0	113.0	-5.0	116.7	-1.9	121.0	1.8	120.1	1.0
Ainsworth DS 115	116.9	114.4	-2.1	114.5	-2.1	112.7	-5.0	116.5	-1.8	120.8	1.9	119.8	1.0
Nestor Falls 115 kV	118.8	116.2	-2.2	116.5	-1.9	111.1	-5.0	114.5	-2.1	119.0	1.8	118.2	1.1
Sioux Narrows DS	119.6	116.9	-2.3	117.4	-1.8	113.2	-4.7	116.2	-2.2	120.6	1.5	120.0	1.0
Margach DS 115	121.2	118.5	-2.2	119.3	-1.6	114.5	-4.3	117.1	-2.1	121.1	1.3	120.8	1.0
Minaki DS 115 kV	123.4	121.5	-1.5	122.0	-1.1	117.0	-3.5	119.4	-1.5	122.4	1.0	122.4	1.0

– End of Section –

Appendix C: Protection Impact Assessment

PIA - Rainy River Gold Mine 57MW Load Connection

Revision: R0



Hydro One Networks Inc.
483 Bay Street
Toronto, Ontario
M5G 2P5

PROTECTION IMPACT ASSESSMENT

RAINY RIVER GOLD PROJECT

57MW LOAD CONNECTION

PCT - 472

Executive Summary

Date: October 3, 2013

Prepared by:

P&C Planning Group

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Disclaimer

This Protection Impact Assessment has been prepared solely for the IESO for the purpose of assisting the IESO in preparing the System Impact Assessment for the proposed connection of the proposed generation facility to the IESO-controlled grid. This report has not been prepared for any other purpose and should not be used or relied upon by any person, including the connection applicant, for any other purpose.

This Protection Impact Assessment was prepared based on information provided to the IESO and Hydro One by the connection applicant in the application to request a connection assessment at the time the assessment was carried out. It is intended to highlight significant impacts, if any, to affected transmission protections early in the project development process. The results of this Protection Impact Assessment are also subject to change to accommodate the requirements of the IESO and other regulatory or legal requirements. In addition, further issues or concerns may be identified by Hydro One during the detailed design phase that may require changes to equipment characteristics and/or configuration to ensure compliance with the Transmission System Code legal requirements, and any applicable reliability standards, or to accommodate any changes to the IESO-controlled grid that may have occurred in the meantime.

Hydro One shall not be liable to any third party, including the connection applicant, which uses the results of the Protection Impact Assessment under any circumstances, whether any of the said liability, loss or damages arises in contract, tort or otherwise.

Revision History

Revision	Date	Change
R0	October 3, 2013	Released

Executive summary

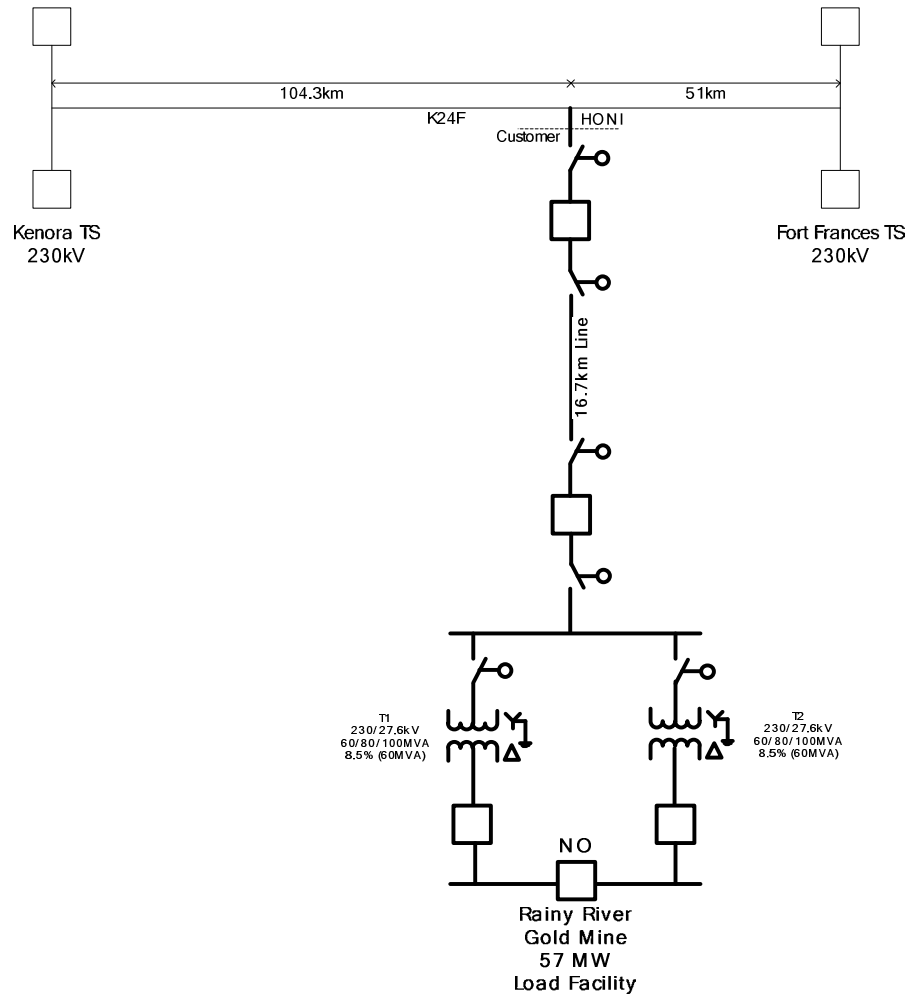


Figure #1 - Rainy River Gold Mine Load Connection to HONI Transmission System
(This figure is to be used for illustrative purpose only.)

The installation of the new 16.7km transmission line and 57MW load facility is feasible as long as the proposed changes/additions are made.

PROTECTION HARDWARE

Existing protection "A" DCB and "B" POTT schemes have to be modified to receive the blocking signal from customer site. Hardware addition may be required.

PROTECTION SETTING

At both terminal stations Kenora TS and Fort Frances TS, zone 1 setting needs to be reviewed and reduced to 80% of the K24F line section between each terminal station and tap connection point.

TELECOMMUNICATIONS

The customer is responsible to establish new teleprotection systems between tap connection point and both terminal stations and from transformer station to both terminal stations according to Transmission System Code requirements.

RAINY RIVER RESOURCES' RESPONSIBILITIES

The customer is required to provide protection systems for their HV equipment and tapped transmission line that are compliant with the requirements of Transmission System Code.

Blocking signals are required to be sent to both terminal stations separately in case there is a fault in tapped line, HV and LV sides of transformers load station.

Breaker Failure Transfer Trip signals are required to be sent to both terminal stations in case breaker failure happens in any of customer's HV breakers.

Customer must also ascertain that the failure of any other interrupting device is backed up locally at the customer site.

Rainy River shall put in place the protection and control scheme that will perform a fast disconnect of the motors from the system when the utility supply is lost or the utility fault detected. The prolonged connection of the motors for the aforementioned condition may expose the motors and the operating equipment to a major damage if re-energized by Hydro One's autoreclosing.

1 **CUSTOMER IMPACT ASSESSMENT**






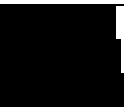


2 RRR has requested Hydro One to complete a CIA for the Rainy River Powerline Project which it
3 expects will be complete in February 2014. RRR will file a copy of the completed CIA as soon
4 as it becomes available and will abide by the requirements of the CIA.

LAND MATTERS

RRR will require temporary and permanent easements in respect of the Rainy River Powerline Project from the landowners included in Table B.6.4 – 1 on the next page. RRR has not received any comment indicating an opposition to the Rainy River Powerline Project or refusal from the landowners in Table B.6.4 -1 and hopes to conclude negotiations with each over next 6 to 9 months. RRR will update the Board regarding negotiations during the course of the proceeding.

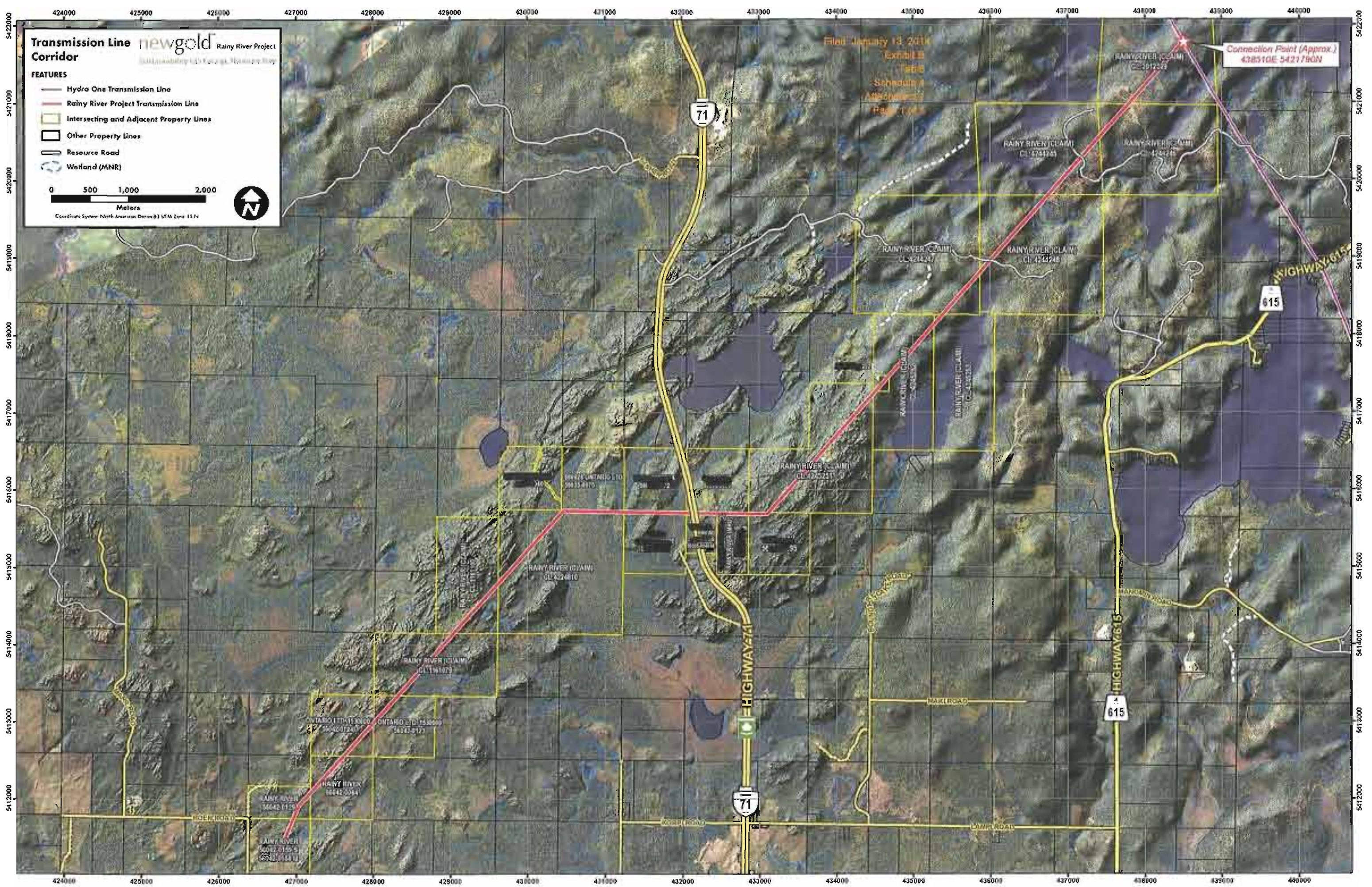
RRR confirms it has offered or will offer to each landowner the form of easement provided in Exhibit B, Tab 6, Schedule 5 in its negotiations with landowners where it requires easement rights to complete the Rainy River Powerline Project. RRR notes this proposed agreement is a starting point for negotiations with landowners.

1 **TABLE B.6.4-1 LANDOWNERS AND MINING CLAIMS AND RIGHTS HOLDERS**

INTERESTED PARTY	CONTACT INFORMATION
Rainy River Resources Ltd.	1 Richmond Street West Suite 701 Toronto, ON M5H 3W4
1530600 Ontario Ltd.	108 Grey Abbey Trail Toronto, ON M5H 3W4
	
Her Majesty the Queen in the Right of the Province of Ontario represented by the Minister of Transportation and Communication	c/o Ontario Ministry of Transportation Northwestern Region, Property Section 615 James Street South Thunder Bay, ON P7E 2V5
	
	
	

2

Witness: To Be determined



Transmission Line Corridor

newgold Rainy River Project
3434 Appleton Rd. Suite 201, Thunder Bay, ON P7B 1A1

FEATURES

- Hydro One Transmission Line
- Rainy River Project Transmission Line
- Intersecting and Adjacent Property Lines
- Other Property Lines
- Resource Road
- Wetland (MNR)

0 500 1,000 2,000
Meters

Coordinate System: North American Datum 83 UTM Zone 15 N



Filed January 13, 2014
Exhibit B
Schedule of Work
Rainy River

Connection Point (Approx.)
438510E 5421790N

HIGHWAY 615

HIGHWAY 71

HIGHWAY 615

WHITE OAK RD
9015-9110

RAINY RIVER (CLAIM)
CL 4224810

RAINY RIVER (CLAIM)
CL 42191029

ONTARIO TOWNSHIPS
ONTARIO LTD 14,80000
54203-5123

RAINY RIVER
6642-0094

RAINY RIVER
6642-0150-5
6642-0154-11

RAINY RIVER (CLAIM)
CL 4243247

RAINY RIVER (CLAIM)
CL 4243248

RAINY RIVER (CLAIM)
CL 4244244

RAINY RIVER (CLAIM)
CL 4244245

RAINY RIVER (CLAIM)
CL 4244246

RAINY RIVER (CLAIM)
CL 4244247

RAINY RIVER (CLAIM)
CL 4244248

RAINY RIVER (CLAIM)
CL 4244249

RAINY RIVER (CLAIM)
CL 4244250

RAINY RIVER (CLAIM)
CL 4244251

RAINY RIVER (CLAIM)
CL 4244252

RAINY RIVER (CLAIM)
CL 4244253

RAINY RIVER (CLAIM)
CL 4244254

RAINY RIVER (CLAIM)
CL 4244255

RAINY RIVER (CLAIM)
CL 4244256

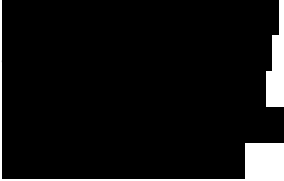
RAINY RIVER (CLAIM)
CL 4244257

RAINY RIVER (CLAIM)
CL 4244258

RAINY RIVER (CLAIM)
CL 4244259

RAINY RIVER (CLAIM)
CL 4244260

CORRIDOR LANDS LIST

LAND IDENTIFIER (PIN/ MINING CLAIM NUMBER)		FORMER PIN (if applicable)	REGISTERED OWNER / HOLDER	LAND TENURE	NOTES
1.	56042-0159 SRO	56042-0001	Rainy River Resources Ltd.	Patented Freehold – Surface Rights	
2.	56042-0158 MRO	56042-0001	Rainy River Resources Ltd.	Patented Freehold – Mining Rights	
3.	56042-0129	N/A	Rainy River Resources Ltd.	Patented Freehold	
4.	56042-0064	N/A	Rainy River Resources Ltd.	Patented Freehold	
5.	56042-0124	N/A	1530600 Ontario Ltd.	Patented Freehold	Property under Purchase Option Agreement with Rainy River Resources.
6.	56042-0123	N/A	1530600 Ontario Ltd.	Patented Freehold	Property under Purchase Option Agreement with Rainy River Resources.
7.	K1161079	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	
8.	K1161100	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	
9.	K4224810	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	
10.	56035-0015	N/A	Rainy River Resources Ltd. (re Servient Lands) 	Easement registered over Patented Freehold Patented Freehold	
11.	56035-0140	N/A	Her Majesty the Queen in the Right of the Province of Ontario represented by the Minister of	Patented Freehold	

LAND IDENTIFIER (PIN/ MINING CLAIM NUMBER)		FORMER PIN (if applicable)	REGISTERED OWNER / HOLDER	LAND TENURE	NOTES
			Transportation and Communication		
12.	56035-0247 SRO	56035-0168	[REDACTED]	Patented Freehold – Surface Rights	Acquisition of property's surface rights pending [REDACTED] pursuant to exercise of Purchase Option Agreement between [REDACTED] & Rainy River Resources Ltd.
13.	56035-0246 MRO	56035-0168	Rainy River Resources Ltd.	Patented Freehold – Mining Rights	
14.	56035-0249 SRO	56035-0036	[REDACTED]	Patented Freehold – Surface Rights	Acquisition of property's surface rights pending [REDACTED] pursuant to exercise of Purchase Option Agreement between [REDACTED] & Rainy River Resources Ltd.
15.	56035-0248 MRO	56035-0036	Rainy River Resources Ltd.	Patented Freehold – Mining Rights	
16.	56035-0195	N/A	[REDACTED]	Patented Freehold	Acquisition of property pending. Signed Agreement of Purchase and Sale between Rainy River Resources Ltd. and [REDACTED] in place, but acquisition has not


LAND IDENTIFIER (PIN/ MINING CLAIM NUMBER)		FORMER PIN (if applicable)	REGISTERED OWNER / HOLDER	LAND TENURE	NOTES
					yet closed.
17.	K4245251	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	
18.	K4245252	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	
19.	K4245253	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	
20.	K4244247	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	
21.	K4244248	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	
22.	K4244245	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	
23.	K4244246	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	
24.	K3012529	N/A	Rainy River Resources Ltd.	Unpatented Mining Claim	

16204169.1

**AGREEMENT TO GRANT AN EASEMENT TO
RAINY RIVER RESOURCES LTD.**

I/We, [Insert Transferor's Name(s)] (the "**Transferor(s)**"), being the owner/owners of [Insert Complete Legal Description] (herein called the "**Lands**") in consideration of payment of the sum of FIVE DOLLARS (\$5.00) (the "**Offer Consideration**"), and other good and valuable consideration (the sufficiency of which consideration is hereby acknowledged), hereby covenants and agrees as follows:

1. (a) The Transferor hereby grants to Rainy River Resources Ltd. its successors and assigns (the "**Transferee**") the exclusive right, irrevocable during the periods of time below specified in paragraph 2 (the "**Offer**"), to purchase free from all encumbrances upon the terms and conditions hereinafter set out the perpetual rights, easements and privileges set out in the Transfer and Grant of Easement document (the "**Transfer of Easement**") annexed hereto as Schedule "A" (the "**Rights**") in, through, under, over, across, along and upon that portion of the above Lands as shown highlighted in red on Schedule "B" hereto annexed (the "**Easement Lands**").

(b) The purchase price for the Rights shall be the sum of [Insert amount] (\$) Dollars (the "**Purchase Price**") of lawful money of Canada to be paid by cash or uncertified cheque to the Transferor on Closing.
2. This Offer may be accepted by Transferee any time within 60 days from the date of this Agreement by a letter delivered or facsimile transmission or mailed postage prepaid and registered, to the Transferor at the address set out in paragraph 12. If this Offer is not accepted within this time frame, this Agreement and everything herein contained shall be null, void and of no further force and effect. If this offer is accepted by the Transferee in the manner aforesaid, this Agreement and the letter accepting such Offer shall then become a binding contract between the parties, and the same shall be completed upon the terms herein provided for.
3. The Transfer of Easement arising from the acceptance of this Offer shall be executed and delivered to the Transferee on or before the One Hundred. and Twentieth (120th) day after the date of Transferee's acceptance of this Offer (the "**Closing**") subject to the availability of a satisfactory survey and all applicable municipal approvals, if required, and time shall in all respects be of the essence hereof. If no satisfactory survey is then available or if all applicable municipal approvals have not then been obtained in final, binding and non-appealable form, the date for Closing shall be extended in Transferee's sole discretion to a date not exceeding sixty (60) days from the said One Hundred and Twentieth (120th) day and this purchase transaction shall then be completed on such extended date for Closing.

4. If the Transferee accepts the Offer herein: (a) the Transferee shall not grant or transfer an easement or permission, or create any encumbrance over or in respect of the Easement Lands prior to registration of the Transfer of Easement, and (b) the Transferee has permission to approach prior encumbrancers to obtain all necessary consents, postponements or subordinations (in registerable form) from all current and future prior encumbrancers, consenting to this Transfer of Easement, and/or postponing their respective rights, title and interest so as to place such Rights and Transfer of Easement in first priority on title to the Easement Lands.
5. Title to the Easement Lands shall at Closing be good and free from all registered restrictions, charges, liens, easements and encumbrances of any kind whatsoever except for those title matters disclosed in Schedule "C".
6. The Transfer of Easement and all ancillary documents necessary to register same on title shall be prepared by and at the expense of the Transferee and shall be substantially in the form as the annexed Schedule "A". The Transferor hereby covenants and agrees that the Transferee may, at its option, register this Agreement or Notice thereof, and the Transfer of Easement on title to the Lands, and the Transferor hereby covenants and agrees to execute, at no further cost or condition to the Transferee, such other instruments, plans and documents as may reasonably be required by the Transferee to effect registration of this Agreement or Notice thereof prior to Closing and the Transfer of Easement at any time thereafter.
7. The Transferor covenants and agrees with Transferee that it has the right to convey the Rights without restriction and that Transferee will quietly possess and enjoy the Rights and that Transferor will execute upon request such further assurances of the Rights as may be requisite to give effect to the provisions of this Agreement.
8. As of the date of the Transferee's acceptance of the Offer, the Transferor grants to the Transferee for a period not to exceed twenty-one years (less one day), in consideration of the Offer Consideration, free from all encumbrances and restrictions the following temporary rights, easements, rights of way, covenants, agreements and privileges in, through, under, over, across, along and upon the Easement Lands:
 - (a) to erect, maintain, operate, repair, replace, relocate, upgrade, reconstruct, and remove at any time and from time to time, an electrical transmission line or lines and communication line or lines consisting of all necessary pole structures and steel towers, poles and anchors with all guys, braces, wires, cables and associated material and equipment (all or any of which works are herein called "**the line**");
 - (b) to erect, maintain and use such gates in all fences which are now or may hereafter be on the Easement Lands as the Transferee may from time to time consider necessary;

- (c) to mark the location of the line under the Easement Lands by suitable markers, but said markers when set in the ground shall be placed in fences or other locations which will not interfere with any reasonable use the Transferor shall make of the Easement Lands;
- (d)
 - (i) to cut selectively trees and shrubs on the Easement Lands and to keep it clear of all trees, shrubs and brush which may interfere with the safe operation and maintenance of the line;
 - (ii) to cut prune, and remove if necessary trees located outside the Easement Lands whose condition renders them liable to interfere with the safe operation and maintenance of the line;
- (e) To conduct engineering and legal surveys in, on and over the Easement Lands;
- (f) To clear the Easement Lands and keep it clear of all buildings, structures and other obstructions of any nature whatever including removal of any materials which in the opinion of the Transferee are hazardous to the line. Notwithstanding the foregoing, in all cases where in the sole discretion of the Transferee the safe operation and maintenance of the line is not endangered or interfered with, the Transferor from time to time, or the person or persons entitled thereto may with prior written approval of Transferee, at his or her own expense construct and maintain roads, lanes, walks, drains, sewers, water pipes, oil and gas pipelines, and fences on or under the Easement Lands or any portion thereof, provided that prior to commencing any such installation, the Transferor shall give the Transferee 30 days notice in writing so as to enable the Transferee to have a representative inspect the site and be present during the performance of the work and that the Transferor complies with any instructions which may be given by such representative in order that such work may be carried out in such a manner as not to endanger, damage or interfere with the line.
- (g) To enter on, and exit from, and to pass and repass at any and all times in, over, along, upon, across, through and under the Easement Lands and so much of the Lands as may be reasonably necessary, at all reasonable times, for the Transferee and its respective officers, employees, workers, permittees, servants, agents, contractors and subcontractors, with or without vehicles, supplies, machinery, plant, material and equipment for all purposes necessary or convenient to the exercise and enjoyment of the said rights and easement; and
- (h) To remove, relocate and reconstruct the line on or under the Easement Lands, subject to payment by the Transferee of additional compensation for any damage caused thereby.

9. The Transferor consents to the Transferee, its respective officers, employees, agents, contractors, sub-contractors, workers and permittees or any of them entering on, exiting and passing and repassing in, on, over, along, upon, across, through and under the Easement Lands and so much of the Lands as may be reasonably necessary, at all reasonable times after the date of this Agreement until such time as this Offer is accepted and the purchase is completed with or without all plant, machinery, material, supplies, vehicles, and equipment, for all purposes necessary or convenient to the exercise and enjoyment of the Rights.
10. This Agreement and Transfer and Grant of Easement Rights shall both be subject to the condition that the provisions of *The Planning Act*, R.S.O. 1990, c. P. 18, as amended, have, in the opinion of Transferee, been satisfactorily complied with. The Transferor agrees to execute such consents and authorizations as may be necessary for the Transferee to obtain any necessary consents from the local land division committee, if required, and agrees to co-operate with any such applications for consent.
11. Any documents or money payable hereunder may be tendered upon the parties hereto or their respective solicitors and money may be tendered by negotiable uncertified cheque or cash.
12. Any acceptance of this Offer, demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, by registered mail postage prepaid, or by facsimile transmission, addressed to the recipient as follows:

To Transferee:

Rainy River Resources Ltd.

<*>

Facsimile No: 416-~~<*>~~

Phone: 416-~~<*>~~

Attention: ~~<*>~~

To Transferor:

<*>

<*>

<*>

Facsimile No: ~~<*>~~

Phone: ~~<*>~~

Attention: ~~<*>~~

or to such other address, facsimile number or individual as may be designated by notice given by either party to the other. Any acceptance of this offer, demand, notice or other communication shall be conclusively deemed to have been given when actually received by the addressee or upon the second day after the day of mailing.

13. The Transferor represents that he is not now and at the time of Closing shall not be a spouse within the meaning of the *Family Law Act*, R.S.O 1990, c. F. 3, as amended, failing which, the Transferor shall cause this Agreement and all related documents to be accepted and consented to in writing by the spouse of the Transferor to the satisfaction of the Transferee and at no further cost or condition.
14. In the event of and upon acceptance of this Offer by the Transferee in manner aforesaid this Agreement and the letter accepting such Offer shall then become a binding contract of sale and purchase between the parties, and the same shall be completed upon the terms herein provided for.
15. The Transferee will covenant and agree with the Transferor to indemnify and save harmless the Transferor, his tenants, or other lawful occupiers of the Easement Lands for any loss, damage and injury caused by the acceptance of the Offer and the granting and transfer of Rights or anything done pursuant thereto or arising from any accident that would not have happened but for the presence of the line on the Easement Lands, provided, however, that the Transferee shall not be liable to the extent to which such loss, damage, or injury is caused or contributed to by the neglect or default of the Transferor, his tenants guests, invitees or other lawful occupiers of the Easement Lands or their servants, agents, or workmen.
16. The Transferor covenants and agrees that if and before the Transferor sells, transfers, assigns, disposes (or otherwise parts with possession) of all or part of the Lands to a third party (the **“Third Party”**) the Transferor shall ensure that the Third Party assumes the burden and benefit of this Agreement, and agrees to be bound by it. Accordingly the Transferor covenants and agrees to obtain from the Third Party a written acknowledgement and agreement that the Third Party is aware of this Agreement and will continue to be bound by the terms, conditions and stipulations of this Agreement.
17. All covenants herein contained shall be construed to be several as well as joint, and wherever the singular and the masculine are used in this Agreement, the same shall be construed as meaning the plural or the feminine or neuter, where the context or the identity of the Transferor/Transferee so requires.
18. The burden and benefit of this Agreement shall run with the Easement Lands and the works and undertaking of the Transferee and shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Transferor has hereunto set their hands and seals to this Agreement, this <*> day of <*>, 2011.

SIGNED, SEALED AND DELIVERED)
in the presence of:)

Witness)

Witness)

SIGNED, SEALED AND DELIVERED)
in the presence of:)

Witness)

Transferor's Name

Transferor's Name

**Consent Signature & Release of
Transferor's Spouse, if non-owner**

EASEMENT AGREEMENT

Schedule "A"

The Transferor is the owner in fee simple and in possession of <*>

(the "**Lands**")

Rainy River Resources Ltd. (the "**Transferee**") has erected, or is about to erect, certain Works [as more particularly described in paragraph 1(a)] in, through, under, over, across, along and upon the Lands.

1. The Transferor hereby grants and conveys to the Transferee, its successors and assigns the rights and easement, free from all encumbrances and restrictions, the following unobstructed and exclusive rights, easements, rights-of-way, covenants, agreements and privileges in perpetuity (the "**Rights**") in, through, under, over across, along and upon that portion of the Lands of the Transferor described herein as <*> described as Part <*> of Reference Plan <*> hereto annexed (the "**Easement Lands**") for the following purposes:
 - (a) To enter and lay down, install, construct, erect, maintain, open, inspect, add to, enlarge, alter, repair and keep in good condition, move, remove, replace, reinstall, reconstruct, relocate, supplement and operate and maintain at all times in, through, under, over, across, along and upon the Easement Lands and electrical transmission system and telecommunications system consisting in both instances of pole structures, steel towers, anchors, guys and braces and all such aboveground or underground lines, wires, cables, telecommunications cables, grounding electrodes, conductors, apparatus, works, accessories, associated material and equipment, and appurtenances pertaining to or required by either such system (all or any of which are herein individually or collectively called the ("**Works**") as in the opinion of the Transferee are necessary or convenient thereto for use as required by Transferee in its undertaking from time to time, or a related business venture.
 - (b) To enter on and selectively cut or prune, and to clear and keep clear, and remove all trees, branches, bush and shrubs and. other obstructions and materials, over or upon the Easement Lands, and without limitation, to cut and remove all leaning or decayed trees located on the Lands whose proximity to the Works renders them liable to fall and come in contact with the Works or which may in any way interfere with the safe, efficient or serviceable construction or operation of the Works or this easement by the Transferee.

- (c) To conduct all engineering, legal surveys, and make soil tests, soil compaction and environmental studies and audits in, under, on and over the Easement Lands as the Transferee in its discretion considers requisite.
- (d) To erect, install, construct, maintain, repair and keep in good condition, move, remove, replace and use bridges and such gates in all fences which are now or may hereafter be on the Easement Lands as the Transferee may from time to time consider necessary.
- (e) Except for fences and permitted paragraph 2(a) installations, to clear the Easement Lands and keep it clear of all buildings, structures, erections, installations, or other obstructions of any nature (hereinafter collectively called the **“obstruction”**) whether above or below ground, including removal of any materials and equipment or plants and natural growth, which in the opinion of the Transferee, endanger the Works or any person or property or which may be likely to become a hazard to any Works of the Transferee or to any person or property or which do or may in any way interfere with the safe, efficient or serviceable construction or operation of the Works or this easement by the Transferee.
- (f) To enter on and exit by the Transferor’s access routes and to pass and repass at all times in, over, along, upon and across the Easement Lands and so much of the Lands as is reasonably required, for Transferee, its respective officers, employees, agents, servants, contractors, subcontractors, workmen and permittees with or without all plant machinery, material, supplies, vehicles and equipment for all purposes necessary or convenient to the exercise and enjoyment of this easement subject to compensation afterwards for any crop or other physical damage only to the Lands or installations permitted under paragraph 2(a) sustained by the Transferor caused by the exercise of this right of entry and passageway.

2. The Transferor agrees that:

- (a) It will not interfere with any Works established on or in the Easement Lands and shall not, without the Transferee’s consent in writing, erect or cause to be erected or permit in, under or upon the Easement Lands any obstruction or plant or permit any trees, bush, shrubs, plants or natural growth which does or may interfere with the Rights granted herein. The Transferor agrees it shall not, without the Transferee’s consent in writing, change or permit the existing configuration, grade or elevation of the Easement Lands to be changed, and the Transferor further agrees that no excavation or opening or work which may disturb or interfere with the existing surface of the Easement Lands shall be done or made unless consent therefore in writing has been obtained from Transferee, provided however, that the Transferor shall not be required to obtain such permission in case of emergency. Notwithstanding the foregoing, in cases where in the reasonable discretion of the Transferee, there is no danger or likelihood of danger to the

Works of the Transferee or to any persons or property and the safe, efficient or serviceable construction or operation of the works or this easement by the Transferee is not interfered with, the Transferor may at its expense and with the prior written approval of the Transferee, construct and maintain roads, lanes walks, drains, sewers water pipes, oil and gas pipelines, fences (not to exceed 2 metres in height) and service cables on or under the Easement Lands (the **“Installation”**) or any portion thereof; provided that prior to commencing such Installation, the Transferor shall give to the Transferee thirty (30) days’ notice in writing thereof to enable the Transferee to have a representative present to inspect the proposed Installation during the performance of such work, and provided further that Transferor comply with all instructions given by such representative and that all such work shall be done to the reasonable satisfaction of such representative. In the event of any unauthorized interference aforesaid or contravention of this paragraph, or if any authorized interference, obstruction or Installation is not maintained in accordance with the Transferee’s instructions or in the Transferee’s reasonable opinion, may subsequently interfere with the Rights granted herein, the Transferee may at the Transferor’s expense, forthwith remove, relocate, clear or correct the offending interference, obstruction, Installation or contravention complained of from the Easement Lands, without being liable for any damages cause thereby.

- (b) Notwithstanding any rule of law or equity, the Works installed by the Transferee shall at all times remain the property of the Transferee, notwithstanding that such Works are or may become annexed or affixed to the Easement Lands, and shall at anytime and from time to time be removable in whole or in part by Transferee.
 - (c) No other easement or permission will be transferred or granted and no encumbrances will be created over or in respect to the Easement Lands, prior to the registration of a Transfer of this grant of Rights.
 - (d) The Transferor will execute such further assurances of the Rights in respect of this grant of easement as may be requisite.
 - (e) The Rights hereby granted:
 - (i) shall be of the same force and effect to all intents and purposes as a covenant running with the Easement Lands; and
 - (ii) are declared hereby to be appurtenant to and for the benefit of the Works and undertaking of the Transferee described in paragraph l(a).
3. The Transferee covenants and agrees to obtain at its sole cost and expense all necessary postponements and subordinations (in registerable form) from all current and future prior encumbrancers, postponing their respective rights, title and interest to the transfer of

easement herein so as to place such Rights and easement in first priority on title to the Lands.

4. The Transferor represents and warrants that the Easement Lands have not been used for the storage of and do not contain any toxic, hazardous, dangerous, noxious or waste substances or contaminants (collectively the "Hazardous Substances"). If the Transferee encounters any Hazardous Substances in undertaking any work on the Easement Lands, it shall give notice to the Transferor. The Transferee (or, at the Transferee's option, the Transferor) shall, at the expense of the Transferor, effect the removal of such Hazardous Substances in accordance with the laws, rules and regulations of all applicable public authorities. Except in accordance with applicable laws, the Transferee shall not bring any Hazardous Substances on the Easement Lands. In acquiring its interests in the Easement Lands pursuant to this Easement, the Transferee shall be deemed not to acquire the care or control of the Easement Lands or any component thereof.
5. There are no representations, covenants agreements, warranties and conditions in any way relating to the subject matter of this grant of Rights whether expressed or implied, collateral or otherwise except those set forth herein.
6. No waiver of a breach or any of the covenants of this grant of Rights shall be construed to be a waiver of any succeeding breach of the same or any other covenant.
7. The burden and benefit of this transfer of Rights shall run with the Easement Lands; and the Works and undertaking of the Transferee and shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

Filed: January 13, 2014

Exhibit B

Tab 6

Schedule 5

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SCHEDULE "B"

EASEMENT LANDS

SCHEDULE "C"
PERMITTED ENCUMBRANCES

12859362.1

AFFIDAVIT OF TITLE SEARCH

[To be inserted]