



PRODIGY
GOLD INCORPORATED

Magino Gold Project

MAGINO GOLD PROJECT

Finan Township, Algoma District, Ontario

ENVIRONMENTAL IMPACT STATEMENT CHAPTER 1: INTRODUCTION, PURPOSE AND NEED

Submitted to:

Ontario Ministry of Natural Resources
Wawa - District Office
48 Mission Rd Hwy 101
PO Box 1160
Wawa ON P0S 1K0
Tel: 705-856-2396

Canadian Environmental Assessment Agency
Ontario Region
55 St. Clair Avenue East, Room 907
Toronto, Ontario M4T 1M2
Telephone: 416-952-1576

CEAA Reference Number: 80044

June, 2017



TABLE OF CONTENTS

1.0	INTRODUCTION, PURPOSE AND NEED	1.1
1.1	The Project Proponent and Contact Information	1.1
1.2	Development, Operation, and Management of the Project	1.3
1.3	Project Purpose, Need, and Justification	1.6
1.3.1	The Mining Industry in Canada and Ontario	1.6
1.3.2	Purpose of the Project	1.7
1.4	Project Location	1.7
1.4.1	Legal Description of Land Holdings	1.7
1.5	Project Phases and Schedule	1.9
1.6	Applicable Environmental Assessment Legislation	1.11
1.6.1	Canada	1.11
1.6.1.1	Canadian Environmental Assessment Act (CEAA) 2012	1.12
1.6.2	Ontario	1.12
1.6.2.1	Ministry of Natural Resources and Forestry MNR Class EA for Resource Stewardship and Facility Development Projects	1.13
1.7	Other Permits, Approvals, and Authorizations	1.14
1.8	Aboriginal and Treaty Rights	1.20
1.9	Report Organization	1.21
1.9.1	Technical Support Documents	1.23
1.10	References	1.25

TABLES

Table 1-1: Magino Project Dispositions	1.9
Table 1-2: Listing of Required Federal Approvals and Permits	1.15
Table 1-3: Listing of Required Provincial Approvals and Permits	1.17
Table 1-4: EIS Organization	1.21
Table 1-5: Technical Support Documents (TSDs)	1.24

FIGURES

Figure 1-1: Project Location	1.5
Figure 1-2: Magino Claims Map	1.8
Figure 1-3: Project Phases and Schedule	1.10

1.0 INTRODUCTION, PURPOSE AND NEED

Prodigy Gold Incorporated (Prodigy) proposes to develop the Magino Gold Project (the Project), which is situated at a past-producing mine site. The Project is located in Northern Ontario, approximately 40 kilometres (km) northeast of Wawa (Figure 1-1). The Project involves the mining of up to approximately 150 million tonnes (Mt) of ore and approximately 430 Mt of mine rock from an open pit in the same location as the past-producing underground mine.

1.1 The Project Proponent and Contact Information

Prodigy is a wholly owned subsidiary of Argonaut Gold Incorporated (Argonaut) and holds 100 percent (%) of the land tenure that comprises the Magino property. Both Argonaut and Prodigy are committed to operating in a safe, environmentally responsible, cost efficient manner, while honouring commitments to the communities where they operate. This commitment is grounded in their corporate culture and is operationalized through their corporate governance activities, community contributions, and their environment, health, and safety practices.

Incorporated in December 2009, Argonaut is a successful Canadian gold mining company with two operating mines and three advanced development projects. The two operating mines include the El Castillo gold mine in Durango, Mexico and the La Colorada gold-silver mine in Sonora, Mexico. Their advanced gold exploration projects include the San Antonio Gold Project in Baja California Sur, Mexico, the San Agustin Project in Durango, Mexico and the Magino Project in Ontario, Canada. Argonaut also has a portfolio of exploration properties located in Canada and the States of Sonora and Durango in Mexico. Some highlights from the operating history of these two operating mines are:

- Argonaut earned the “Socially Responsible Business Award” from the Mexican Center for Philanthropy for five consecutive years for La Colorada and four consecutive years for El Castillo, and the “Social Responsibility in Education” award from the State of Sonora’s Secretary of Education and Culture;
- La Colorada mine recognized as best small mine in Mexico 2015;
- The El Castillo mine was awarded as the best employer in Durango and recognized as a leading employer in Durango for women (2013);
- Both the El Castillo and La Colorada mines have been operating with a high level of environmental and safety compliance since operations began;
- Argonaut provides scholarships to low income families for all levels of schooling (i.e., primary, secondary, and university) with over 300 students having participated in the scholarship program;
- The company offers a training program for local residents in conjunction with a State sponsored trade/tech institute in the local rural communities of San Juan de Los Planes y San Antonio, located near the San Antonio Project; and
- El Castillo received the clean industry award certificate from 2011 to 2015 from PROFEPA (Federal Environmental Protection Agency).

Argonaut’s and Prodigy’s corporate commitment to environmental and social responsibility has been applied in the primary communities associated with the Magino Gold Project. Prodigy continues to make positive contributions to the Aboriginal and local communities through its support of local events, organizations, fundraisers and health and educational initiatives over the past 4 years. Some highlights are:

- Sponsorships of events organized by Aboriginal groups (e.g., Michipicoten First Nation Annual Gathering, Missanabie Cree First Nation Annual Gathering, Batchewana Pow-Wow, and the Métis Nation of Ontario General Assembly);
- Sponsorships of local school events and educational initiatives (e.g., Dubreuilville elementary class trip, graduation awards in local secondary school, school Christmas dinner, adult education computer training, etc.);
- Sponsorships of local cultural activities (e.g., Inaugural 2014 Wawa Music Festival);
- Sponsorship of “Mining Matters”, a charitable organization dedicated to bringing knowledge and awareness about Canada’s geology and mineral resources to students, educators and the general public; and
- Sponsorship of the Wawa “Mine your Own Business” youth entrepreneurship project - an award winning initiative.

Argonaut has an experienced management team with a successful background in managing mining companies and operations. The management team has been involved in all phases of mining including exploration, development, construction, operations, and closure in various countries including Chile, Peru, Argentina, Mexico, and the U.S.A. They have also been directly involved with mine water management programs including water evaporation and treatment, overall site-wide water management, and ground and surface water pollution control systems under stringent regulatory requirements.

The Board of Directors includes, amongst others, the former CFO of Meridian Gold, the former head of Mergers and Acquisitions for UBS Securities Canada Inc., a mining engineer with nearly 50 years of experience in the mineral industry, the past President and CEO of Centerra Gold Inc. with more than 40 years of experience in the mining industry, the past president of Minnova Inc., the successor company to Falconbridge Copper, and team members who have worked internationally with Noranda, Newmont, Barrick, Hecla and other large mining companies.

Argonaut’s Board maintains open and direct communications with management on all the major strategic, investment, operating, and management decisions. The Board has free access to all levels of management and to all of its operations. This enables it to bring sound business judgment to all of its decision making processes. The Board has established and follows a corporate governance program which is reviewed annually. Additional information on the corporate governance is available on Argonaut’s website at: <http://www.argonautgold.com/corporate/governance>.

To meet its environmental, health and safety obligations, the Board of Directors has established the “Safety, Health, Environment, Sustainability and Technical Committee Charter” which requires that every facility comply with all worker safety, public health and environmental laws pertaining to its operations. Everyone at the company is expected to participate and to ensure all legal requirements and corporate commitments are met. This includes maintaining an open dialogue with local communities on the nature and hazards of the materials that it produces or handles. Prodigy’s policy is to engage openly and transparently with government authorities, Aboriginal groups, industry stakeholders, and the public. Prodigy management and all of its employees assist in these efforts. Some corporate contacts are listed below.

Contact for the Environmental Assessment:

Amiel Blajchman
Manager of Sustainability, Prodigy

Prodigy Gold Incorporated
Box 209, 3 Dree Road
Dubreuilville, Ontario P0S 1B0
Amiel.Blaichman@argonautgold.com

Corporate Contacts:

Peter C. Dougherty
President and Chief Executive Officer

Argonaut Gold Incorporated
9600 Prototype Court
Reno, NV 89521
Peter.Dougherty@argonautgold.com

1.2 Development, Operation, and Management of the Project

The discovery of iron ore deposits around the turn of the 20th century in the Michipicoten area southwest of Wawa led to prospecting for other minerals. Gold was discovered in 1918 near Goudreau, and prospecting and mining have continued since then, being particularly active from the mid-1920s to the beginning of World War II. Gold production from the area has been sporadic. Various companies owned, operated, and explored the area surrounding the Magino property from 1917 to today. Exploration drilling programs on the mine property have been ongoing since 2000.

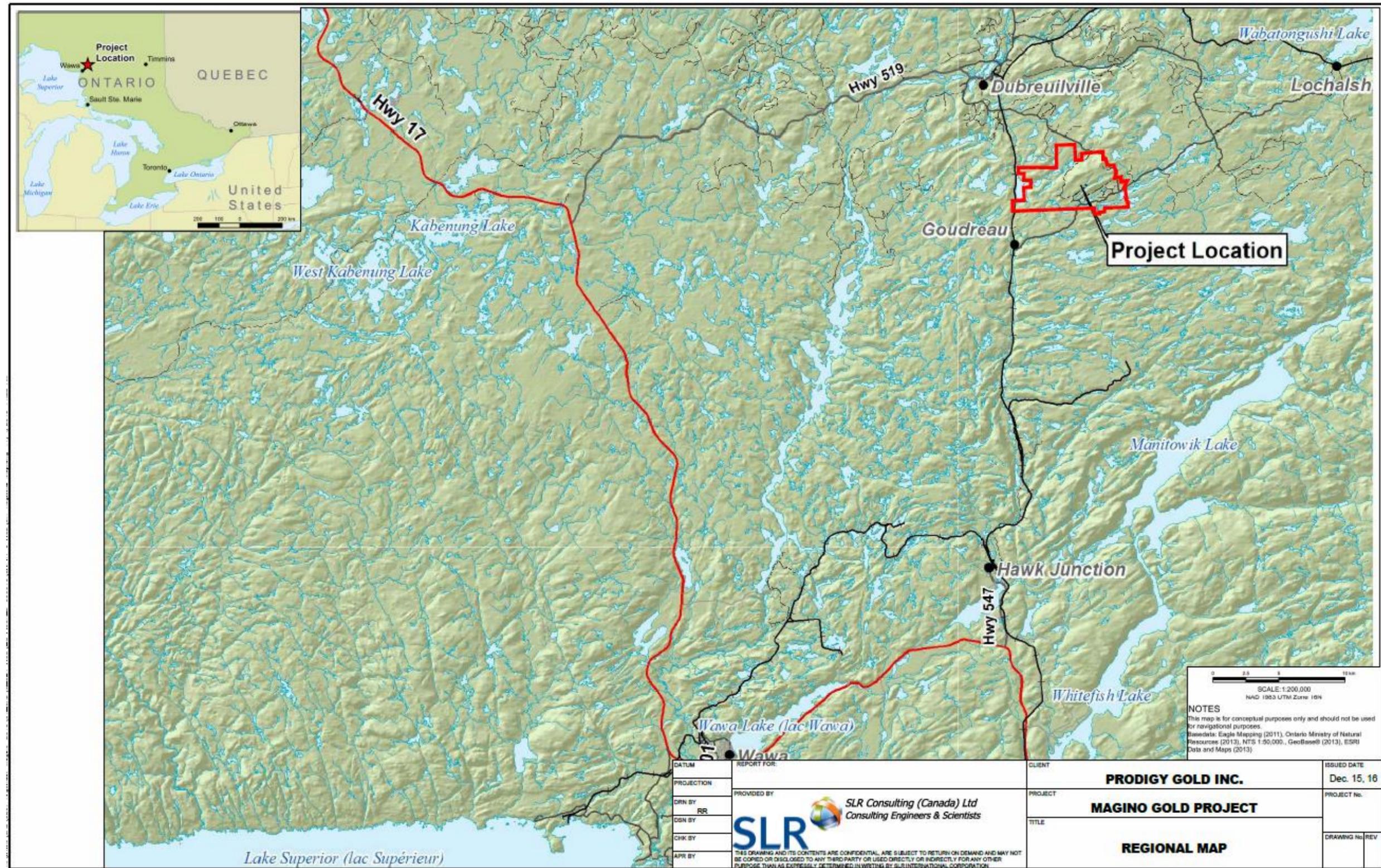
Prodigy initiated project planning activities in 2011. The following presents a brief chronology of the key milestones in the Project's development to date:

- In September 2011, Prodigy retained EBA Consulting to commence environmental baseline studies at the Magino property and vicinity;
- In January 2013, Argonaut commissioned SLR Consulting (Canada) Limited (SLR) to complete environmental baseline studies and advance the Project into the federal and provincial environmental assessment (EA) processes. At that time Argonaut also designated other contractors (SLR, Golder Associates, and DPRA) to further efforts regarding mining engineering and facility design, atmospheric and socio-economic effects assessment, and human health risk assessment;
- In January 2013, Prodigy submitted its notification of intent to the Ministry of Northern Development and Mines (MNDM) to enter a stage of redevelopment for the Magino property. At that time, Prodigy was informed that the Magino property was still in a stage of mine production and development, and notification was not required;
- In January 2014, a preliminary feasibility study (PFS) was prepared by JDS Energy & Mining Inc., Vancouver Canada (JDS) according to the guidelines of the Canadian Securities Administrator's National Instrument 43-101 (NI-43-101) and Form 43-101F1. The study was based on a December 2013 mineral reserve estimate. The Project is aimed at mining the identified gold reserves, which amounted to approximately 60 million tonnes (Mt) of ore containing 1.75 million ounces of gold. It does not include any potential expansion from the land or mineral rights acquisition pending from neighbouring landowner Richmond Mines Inc. JDS was assisted by several Argonaut-designated subcontractors regarding geology and mineral resources, environmental and permitting, mine closure, waste and water management, mine geotechnical assessment and mineral processing and metallurgical testing;

- In November 2014, Prodigy prepared a draft Environmental Impact Statement. This document was submitted to certain government agencies and Aboriginal communities for a preliminary review;
- In January 12, 2015 Prodigy announced it was undertaking a revised PFS, the Project was put on hold except for continued Aboriginal community consultation;
- In February 2016, a revised preliminary feasibility study (PFS) was prepared by JDS Energy & Mining Inc., Vancouver Canada (JDS) according to the guidelines of the Canadian Securities Administrator's National Instrument 43-101 (NI-43-101) and Form 43-101F1;
- In May 3, 2016, Prodigy announced it was proceeding with the environmental assessment review and would undertake a Feasibility Study; and
- In November 2016, an updated Project Description was submitted to the Ministry of Natural Resources and Forestry to inform the screening decision of the Class EA for Resource Stewardship and Facility Development Projects.

Prodigy is committed to developing and operating the Project safely with the goal of zero harm to personnel or public health. The company will minimize environmental effects of the Project and ensure that socio-economic benefits to the local area are realized. In addition, Prodigy is designing the mine for closure, which means the plans and designs will incorporate features that endeavour to ensure closure is effective and durable. Aboriginal engagement and public and stakeholder consultation activities conducted to date have informed overall project development and closure plans. Some of the key issues raised during this consultation process are identified in Chapters 9 and 10 of this EIS.

Figure 1-1: Project Location



1.3 Project Purpose, Need, and Justification

1.3.1 The Mining Industry in Canada and Ontario

The mining industry plays an important part in the everyday life of Canadians. Mined materials are required to build our homes, our community's infrastructure, and numerous consumer products that contribute to our quality of life in Canada. It is an important pillar of Canada's economy. Mining is linked to many industries and sectors, including transportation, construction, manufacturing, environmental management, geological services, education, and research.

The Mining Association of Canada (MAC, 2015) estimated that in 2014, the industry employed 375,000 workers across Canada. More than 30,000 of these people were employed in the gold production industry (Ontario Mining Association, 2013). Mining contributed over \$57 Billion to Canada's gross domestic product (GDP) (MAC, 2015). In Ontario, it is estimated that the \$1 Billion of Ontario's mining production added \$858 Million to Ontario GDP and 4,418 direct jobs to Ontario's economy (Dungan and Murphy, 2012).

The industry accounted for over 18.2% of the value of Canadian exports in 2014 (MAC, 2015). Canada's vast resource potential has made Canada one of the world's top destinations for exploration spending, including domestic and foreign investment. With high commodity prices, especially gold, a substantial amount of recent investment has gone into the refurbishment, or reopening, of older mines. The industry also makes important contributions to government coffers through taxes and royalties, and directly supports its workers through competitive wages (Marshall, 2013).

In its 2011 Growth Plan for Northern Ontario (Ministry of Municipal Affairs and Housing, 2011), the Province of Ontario outlined its plans to grow and diversify the minerals and mining supply and services sectors. Key initiatives are aimed at enabling new mining opportunities; facilitating partnerships among communities and industry to optimize community employment and benefits; and facilitating the entry of new participants and entrepreneurs, including Aboriginal businesses, co-operatives, and commercial developers.

Momentum is also being gained through the work of many private and public sector organizations. For example:

- Laurentian University's Goodman School of Mines was established to enhance the skills of future professionals in the mineral exploration and mining industry and create alliances with other post-secondary institutions, including an International Network of Schools of Mines with Laurentian serving as a major hub (Laurentian University, 2014);
- Lakehead University has established the Centre of Excellence for Sustainable Mining and Exploration and is working to link Lakehead University researchers with partners from First Nations, Métis, government, and industry; and
- Promoting and expanding the mining and minerals industry is becoming integral to the economic development plans of northern Ontario communities.

The mining industry is playing an increasingly important part in the continued growth and development of Ontario and Canada.

1.3.2 Purpose of the Project

Considered to be a precious metal, gold has long been valuable and highly sought after for coinage, jewelry, and other arts since before the beginning of recorded history. Gold standards have sometimes been monetary policies, but were widely supplanted by fiat currency starting in the 1930s.

Besides its widespread monetary and symbolic functions, gold has many practical uses such as in dentistry, electronics and other fields. Its high malleability, ductility, and resistance to corrosion and most other chemical reactions, as well as its conductivity of electricity has led to many uses, including electric wiring, colored-glass production, and gold leafing.

The purpose of the Project is to mine gold-bearing ore of sufficient tonnage, grade, and throughput to provide a competitive return on investment to shareholders through the sale of the gold to commercial markets. The Project will be developed in an environmentally sustainable and socially responsible manner. The development of the Project on an existing mine site allows Prodigy to minimize the disruption to undisturbed lands and provides the opportunity to use existing infrastructure and bring the existing site up to current environmental standards.

The Project will contribute to the growth of the Canadian mining industry and provide local economic benefits for Ontarians and local community residents. Initial public outreach activities have shown that the local and regional communities anticipate positive economic benefits from this Project.

1.4 Project Location

As shown in Figure 1-1, the Project is located in Finan Township, Algoma District. It can be accessed via Dubreuilville on a 14.5 km, all-weather gravel road (Goudreau Road). Dubreuilville is located on Highway 519, approximately 30 km east of the junction of the Trans-Canada Highway and Highway 519.

1.4.1 Legal Description of Land Holdings

The Magino Property is centered at Universal Transverse Mercator 689049E 5351422N (North American Datum [NAD] 83 Zone 16U). The Magino Property is on land owned by the provincial Crown, which includes sub-surface rights.

The current dispositions for the Project are shown on Figure 1-2 and described in Table 1-1.

Figure 1-2: Magino Claims Map

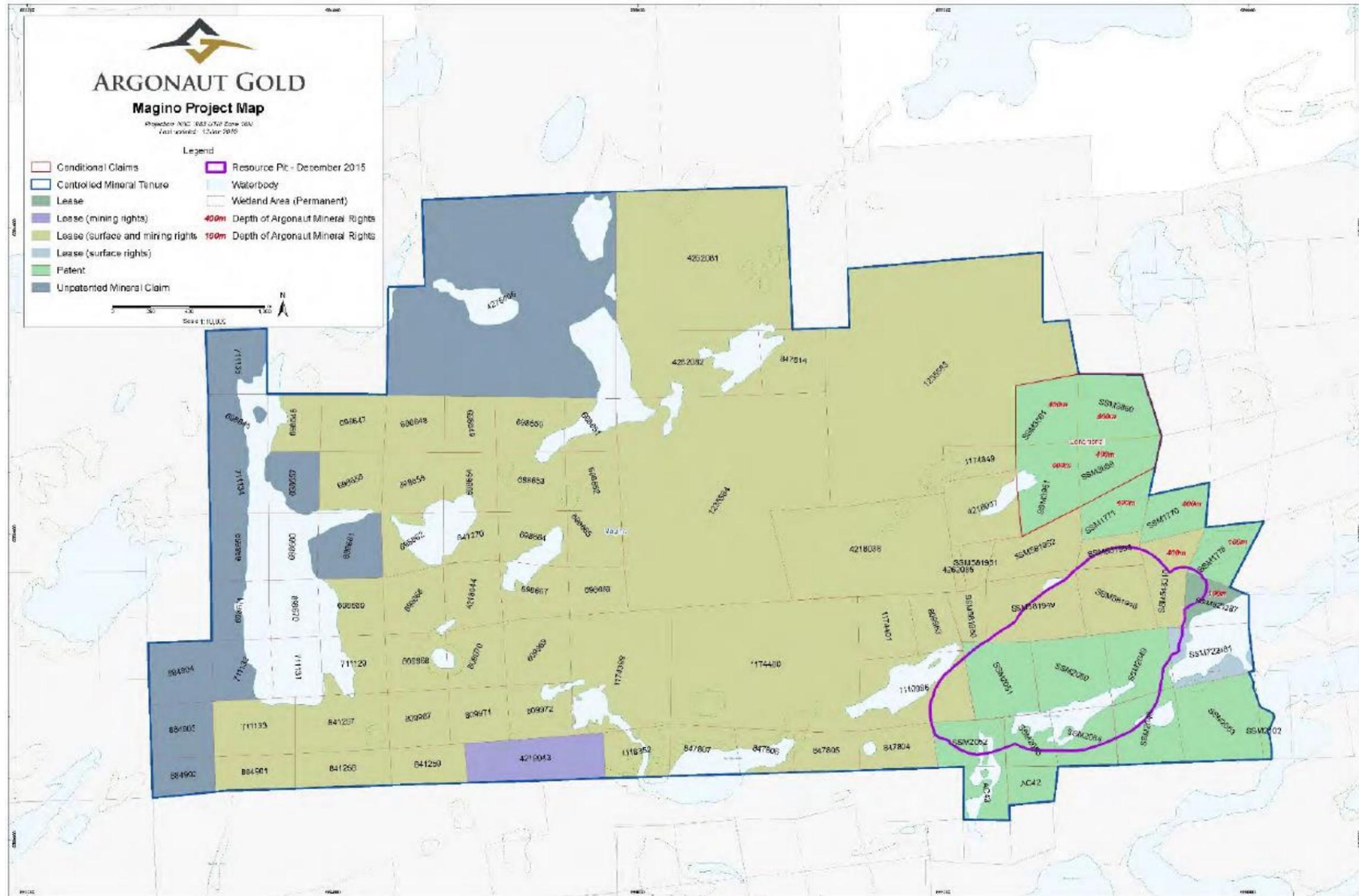


Table 1-1: Magino Project Dispositions

DISPOSITION TYPE	NUMBER	CLAIM NUMBERS
Leases – Mining Rights Only	1	722481 ¹
Leases – Surface Rights Only	1	722481 ²
Leases – Mining and Surface Rights	8	581951, 581948 ³ , 581949 ³ , 581950 ³ , 581952 ³ , 581953 ³ , 543310 ⁶ , 825287 ⁷
Patents – Mining and Surface Rights	18	2048 ¹ , 2049, 2050, 2051, 2052, 2053 ¹ , 2102 ¹ , 2054 ⁶ , 2055 ⁶ , AC42 ⁶ , AC43 ⁶ , 1770 ⁶ , 1771 ⁶ , 1778 ⁷ , 3859 ⁶ , 3860 ⁶ , 3861 ⁶ , 3951 ⁶
Lease CL520 – Surface and Mining Rights	52	4218037, 4218038, 1110086, 1118352, 1174399, 1174400, 1174401, 1174849, 1235583, 1235584, 4218043 ⁴ , 4218044, 698646 to 698656, 698662, 698664 to 698669, 711129, 711133, 809963, 809967 to 809972, 841257 to 841259, 841270, 847804 to 847807, 847814, 884901, 4262081, 4262082, 4262085
Unpatented Mining Claims	17	698645, 698657, 698659 to 698661, 698670, 698671, 711131, 711132, 711134, 711135, 884902 to 884904, 4276606, 1234858 ⁵ , 827520 ⁵

(1) Transfer of Mining Rights below - 400 m to Richmond Mines (pending)

(2) Surface Rights Lease (pending)

(3) Surface and Mining Rights Lease renewal (pending)

(4) Mining Rights Only

(5) Transfer of Unpatented Mining Claim to Richmond Mines (pending)

(6) Transfer of Surface and Mining Rights to -400 m to Argonaut Gold (pending)

(7) Transfer of Surface and Mining Rights to -100 m to Argonaut Gold (pending)

Source: Argonaut Gold, 2016.

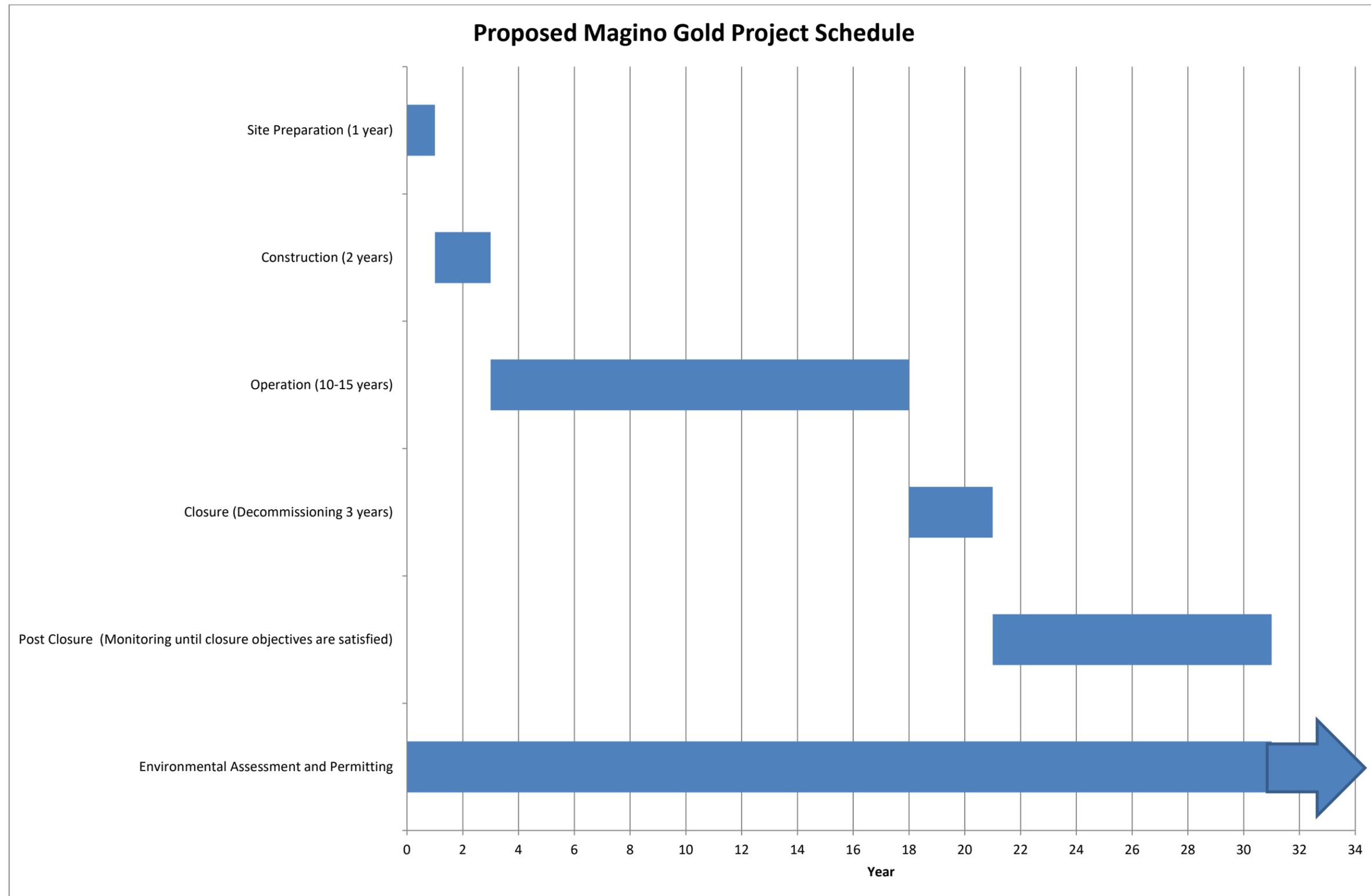
1.5 Project Phases and Schedule

The Project development schedule has been classified into five distinct phases:

- Phase 1: Environmental Assessment and Permitting (Current Phase);
- Phase 2: Site Preparation;
- Phase 3: Construction;
- Phase 4: Operations - Mining and Processing; and
- Phase 5: Closure and Rehabilitation.

Figure 1-3 illustrates the overall schedule for the Project. It is noteworthy that permitting and compliance activities will continue throughout the life of the Project in response to changing Project needs, design and operational issues as well as changing regulatory requirements.

Figure 1-3: Project Phases and Schedule



Following the completion of Phase 1 (i.e., the completion of EA processes and other construction, operational and closure authorizations and permits), the Project is expected to extend over a period of approximately 18 to 21 years.

Together, the Site Preparation (Phase 2) and Construction Phase (Phase 3) are expected to take approximately 3 years. Site preparation will involve site clearing, grubbing and pre-stripping. During the site preparation phase, a number of items with potentially lengthy lead times will be procured, detailed engineering plans will be finalized, and sourcing of personnel will begin. Construction activities will involve the following work and activities:

- Rehabilitation of existing mine facilities;
- Topsoil and overburden stripping and stockpiling;
- Stream diversions of on-site waterbodies;
- Construction of:
 - Enabling infrastructure (i.e., staff accommodations, public bypass road, mine haul roads and service roads, electrical transmission lines and substation, potable and process water infrastructure, sewage treatment system and non-mining waste management facilities);
 - Plant area components;
 - Chemical, fuel and hazardous materials management facilities;
 - Mining Material Management Components (i.e., Mine Rock Management Facility, Tailings Management Facility); and
 - Environmental Management Infrastructure.

Operations will commence immediately following the construction phase. Activities will include active mining from the open pit, ore stockpiling, processing of the ore, removal and placement of overburden and mine rock, equipment and facilities maintenance, various administrative activities, and environmental monitoring. Mining is expected to be completed during the first ten years of the operational phase. During this period, approximately 120 to 150 Mt of ore and 400 to 430 Mt of mine rock will be mined.

Progressive rehabilitation will be undertaken throughout the life of the mine and will start as soon as feasible, which is assumed to be during the final year of construction. Rehabilitation will continue through to the end of the operations phase. The Closure and Rehabilitation Phase (Phase 5) is expected to be approximately 3 years in duration. Closeout rehabilitation is scheduled for two years, followed by a post-closure monitoring period. Upon cessation of mining, which will occur after approximately ten years of operations, the pit will be allowed to fill naturally as a lake. Its filling will be augmented by the mine's make-up water supply from Goudreau Lake, resulting in a filling time of approximately 50 years after cessation of mining.

1.6 Applicable Environmental Assessment Legislation

1.6.1 Canada

The legislative basis for undertaking a Federal EA in most regions of Canada and within the Province of Ontario is the *Canadian Environmental Assessment Act (CEAA) 2012* and its regulations.

1.6.1.1 Canadian Environmental Assessment Act (CEAA) 2012

Under CEAA 2012, only projects identified in the Regulations Designating Physical Activities (Regulations), SOR/2012-147 require a Federal EA. Pursuant to Section 16(b) of the Regulations, the Project is considered a “Designated Project” as it will involve the construction, operation, decommissioning and abandonment of a new “*metal mill with an ore input capacity of 4,000 t/d or more*”. Additionally, pursuant to Section 16(c) of the Regulations, the Project is considered a “Designated Project” as it will involve the construction, operation, decommissioning and abandonment of a new “*...gold mine, other than a placer mine, with an ore production capacity of 600 t/d or more*”.

The Federal EA process was initiated by Prodigy through the submission of a Project Description to the Canadian Environmental Assessment Agency (the Agency) on July 8, 2013. The Agency is responsible for the overall administration of the federal EA process and conducts EAs for gold mining projects such as the Project.

This Project Description provided Federal agencies with sufficient information to confirm that an EA under CEAA 2012 was required, and allowed the Agency to prepare draft Guidelines that would direct the completion of an Environmental Impact Statement (EIS) document. In September, 2013, the Agency issued draft Guidelines for consultation.

Following receipt of comments on the draft Guidelines, the Agency issued its final “Guidelines for the Preparation of an Environmental Impact Statement” dated November 2013. These final Guidelines defined the scope of the project, the factors to be considered in the EA including the factors listed in subsection 19(1) of CEAA 2012, and the scope of those factors. This EIS has been prepared in accordance with the final EIS Guidelines.

1.6.2 Ontario

In Ontario, the *Environmental Assessment Act* (EAA) sets out a planning and decision-making process so that potential environmental effects are considered before a project begins. The Act applies to provincial government bodies (ministries, municipalities and other public bodies). There are two types of EA processes:

- Individual EAs; and
- Streamlined EAs.

Individual EAs are typically carried out for large and/or complex projects that have the potential for significant environmental effects and major public interest. An Individual EA is initiated with the preparation of a Terms of Reference (ToR) which must be approved by the Minister of the Environment and Climate Change (the Ontario Minister) before the EA can be started. The ToR serves as a work plan for the EA. Once the EA has been completed, consistent with the ToR, project approval from the Ontario Minister and Cabinet is required before the project can be constructed.

Streamlined EAs apply to specified classes of projects that have predictable and manageable environmental effects. Streamlined EAs allow for a level of assessment that can vary with the nature of the project and the potential for environmental effects.

Ontario’s Streamlined EA processes are divided into:

- Class Environmental Assessments (Class EAs);
- Electricity Projects Regulation;
- Waste Management Projects Regulation; and
- Transit Project Regulation.

Class EAs are planned and developed in accordance with a pre-approved Class EA process, which includes public, government agency, Aboriginal and community consultation; potential environmental effects assessment; assessment of alternatives and other required documents that are specific to each process

In general, Ontario's EAA does not apply to an entire mine project because the EAA does not apply to private companies such as Prodigy, unless designated by regulation or the company volunteers to be subject to the requirements for an Individual EA under the EAA. In this case, the Project has not been designated by the Ontario Minister by regulation. In addition, Prodigy has not volunteered to have the Project subject to an Individual EA. This is because the project is at an existing mine site, with existing access roads and power supply that require only limited upgrading. Those parts of the project that are subject to the requirements of the EAA will be assessed through the applicable Class EA(s) and EAA regulation processes.

In this context, the Provincial EAs that are required for the Project are described below.

1.6.2.1 Ministry of Natural Resources and Forestry MNRF Class EA for Resource Stewardship and Facility Development Projects

The MNRF Class EA for Resource Stewardship and Facility Development Projects (RSFD) applies to components of this Project because it requires the application to Ministry of Natural Resources and Forestry (MNRF) for the disposition of Crown resources.

The RSFD Class EA can be carried out at various levels of assessment, depending on the expected environmental effects and the level of public or government agency interest or concern. Criteria for distinguishing the different Class EA levels are as follows:

- Category A: Potential for low net negative environmental effects and/or concerns;
- Category B: Potential for moderate net negative environmental effects and/or concerns; and
- Category C: Potential for high net negative environmental effects and/or concerns.

In addition, there is a category of projects that are beyond the scope of the RSFD Class EA; those which have the potential for very high net negative environmental effects and/or concerns.

In April 2014, Prodigy submitted a project description to allow the Ministry to undertake a screening of the proposed Project to identify in which category the project should be placed. In November 2016, Prodigy submitted a revised project description based on the project as proposed as part of the Pre-Feasibility Study document.

MNRF has advised Prodigy that only certain project components will be subject to the Class EA process. Since the MNRM has issued Prodigy mining leases, the public (Crown) lands are treated as private lands and therefore the MNRF will only apply to project components where there are Crown reservations. This includes project components such as:

- Water intake line and control structure where MNRF has requested and applied surface right reservation;
- Upgrading the bypass road;
- Decommissioning of certain segments of the existing main road;
- New waste disposal site;
- Development of shoreline where there are reserved surface rights; and
- Use of sand and gravel where there are reservations.

The temporary use of diesel generators during construction is identified in the *Electricity Sector Regulation* as Category B projects (specifically the use of “oil” and production of between 1 and 5 MW of power).

1.7 Other Permits, Approvals, and Authorizations

Prodigy is committed to seeking approval and maintaining compliance with all relevant permits, approvals, and authorizations that will allow the Project to be constructed, operated, decommissioned, and closed in a safe and environmentally responsible manner.

Table 1-2 and Table 1-3 summarize the key Federal and Provincial environmental permits, approvals, and authorizations required to allow for the development and eventual closure of the Project. Certifications of compliance under various laws and regulations will also be sought.

The Project is located outside of the local municipalities of Dubreuilville and Wawa, in an unorganized township, and is therefore not subject to Municipal by-laws. However, there may be specific infrastructure components that fall under municipal jurisdiction. Prodigy is working with the municipalities to identify these specific components and to put collaborative plans in place.

Prodigy will continue consultation with the regulatory agencies and communities of interest throughout the EA and permitting processes.

Table 1-2: Listing of Required Federal Approvals and Permits

FEDERAL		
REGULATORY AGENCY	ACT AND/OR REGULATION	PERMIT, AUTHORISATION OR APPROVAL
Canadian Environmental Assessment Agency (The Agency)	<i>Canadian Environmental Assessment Act (CEAA)</i>	Environmental Assessment Approval
Department of Fisheries and Oceans Canada (DFO)	<i>Fisheries Act</i>	Fish Habitat Authorization
	<i>Fisheries Act</i> , Metal Mining Effluent Regulations (MMER)	Authorization to deposit deleterious substance in waters frequented by fish if MMER Sec. 5 applies, or a specific site is added to Schedule 2
	MMER; Environmental Effects Monitoring	Compliance requirement
	<i>Fisheries Act</i> (Sec. 35 [1]) governs alteration of, or harm to, fish-bearing waters	When Harmful Alteration or Disruption or Destruction (HADD) is contemplated, DFO must issue an Authorization in advance—usually including a Habitat Compensation Agreement or equivalent action (Sec.35(2)(b))
Environment and Climate Change Canada	<i>Canadian Environmental Protection Act</i>	Compliance requirement
	Canadian Council of Ministers of the Environment (CCME) Code of Practice for storage tanks	Compliance requirement
	<i>Fisheries Act</i> , Regulations for wastewater effluent monitoring and reporting	Compliance requirement
	National Pollutant Release Inventory (NPRI)	Requirement to comply with annually-updated Substances List

FEDERAL		
REGULATORY AGENCY	ACT AND/OR REGULATION	PERMIT, AUTHORISATION OR APPROVAL
	<i>Canadian Environmental Protection Act, Regulations (Environmental Emergencies)</i>	Requirement for certification of compliance or, if substance and volume warrant, submit report to Environment Canada confirming preparation of an Environmental Emergency Plan
	<i>Species at Risk Act (SARA) (Sec. 73, Sec. 79)</i>	A Permit or Agreement may be required if a SARA-registered species, its residences, or critical habitat, may be affected
	<i>Migratory Birds Convention Act (Sec. 5.0, 5.1 [1]-[2]) Migratory Birds Regulations ([Sec. 4 [1], [11]).</i>	Compliance requirement. Scientific Permit to be acquired for study purposes
	<i>Canadian Environmental Assessment Act 2012 (Environmental Affects Section, 5. [1] [c] [iv])</i>	Archaeological assessment to ensure protection of a "site or thing that is of historical, archaeological, paleontological or architectural significance"
Transport Canada	<i>Transportation of Dangerous Goods Act, Regulations (Part 7 -Emergency Response Assistant Plan)</i>	Compliance requirement (SOR/2008-34)
	<i>Transportation of Dangerous Goods Act (Part 8 - Accidental Release)</i>	Compliance requirement (SOR/2011-239)
	<i>Transportation of Dangerous Goods Act, Regulations (Part 9 - Road)</i>	Compliance requirement (SOR/2008-34)
	<i>Transportation of Dangerous Goods Act (Sec. 31); Regulations (Part 14 - Permit for Equivalent Level of Safety)</i>	Permit requirement (SOR/2011-239)
Natural Resources Canada	<i>Explosives Act, (Sections 7-9); Explosives Regulations c.599 Part III</i>	Licenses for magazines, permits for vehicles for transportation, permits for importation, permits for purchase and possession, and certificates for storage

Table 1-3: Listing of Required Provincial Approvals and Permits

PROVINCE OF ONTARIO		
REGULATORY AGENCY	ACT AND/OR REGULATION	PERMIT, AUTHORISATION OR APPROVAL
Ministry of Natural Resources and Forestry (MNRF)	<i>Public Lands Act</i>	Upgrading and/or development of bypass, main and access roads
	<i>Lakes and Rivers Improvement Act</i>	Approval required for stream channel straightening, widening or deepening Water crossings construction and installation within the limits of private land Retaining dams; tailings dams
	<i>Fish and Wildlife Conservation Act</i> , O. Reg. 664/98 (Fish Licensing), Part IV	License required to collect fish for scientific purposes and to transport fish for such purposes
	<i>Fish and Wildlife Conservation Act</i> (Sections 8.3 and 5)	Authorization to remove beaver dam
	<i>Public Lands Act</i>	Work permits for water crossings
	<i>Crown Forest Sustainability Act</i>	Release of Reservation is required for Crown timber on private or patented land whereas a Forestry Resource Licence is needed to harvest Crown timber on Crown land
	<i>Forest Fires Prevention Act</i> (FFPA), O.Reg 207/96	All operations will be in accordance with the FFPA Burning of wood debris
	<i>Public Lands Act</i>	Water crossing construction and installations on Crown Lands will require work permit authorization under the <i>Public Lands Act</i> .
	<i>Endangered Species Act</i> (Sec. 17(2)(c))	Overall Benefits Approval

PROVINCE OF ONTARIO		
REGULATORY AGENCY	ACT AND/OR REGULATION	PERMIT, AUTHORISATION OR APPROVAL
Electrical Safety Authority	Ontario Electrical Safety Code	Approval
Independent Electricity System Operator	Electricity Act; Ontario Electrical Distribution Safety 22/04, (Sections 4 and 6-8)	Connection assessment and approval
Ministry of Environment and Climate Change (MOECC)	<i>Environmental Assessment Act</i> , R.S.O. 1990, Chapter E.18	Environmental Assessment preparation
	<i>Environmental Protection Act</i> (Sec. 14[1]); O. Reg. 419/05 (Air Quality); noise is controlled via the Act itself and via Noise Pollution Control (NPC) guides, e.g., NPC-232. Federal rather than Ontario jurisdiction is contemplated for control of rail noise and vibration	Environmental Compliance Approval (ECA) for operations-related air and noise emissions up to certain thresholds; Notification of Exceedances; Abatement Plans; Audits
	<i>Environmental Protection Act</i> (Sec.19)]; O. Reg. 255/11	ECA for operations-related discharge of any contaminant into any part of the environment except water
	<i>Environmental Protection Act</i> ; O. Reg. 347/90 (Waste Management - General). For oil-water separators, reference is: Registration Guidance Manual for Generators of Liquid Industrial and Hazardous Waste (Dec. 2009)	ECA for a broad range of site-related waste management activities. Registration of a Waste Generation Facility
	<i>Water Resources Act</i> , O. Reg. 129/04 (Licensing Sewage-Works Operators)	Licence required for operators of sewage works (operations which collect and treat sewage waste)
	<i>Water Resources Act</i> (Sec. 53) (Industrial Sewage Works)	ECA required for operation of a sewage works or tailings management facility
	<i>Water Resources Act</i> (Sec. 34); O. Reg. 387/04 (Taking Water)	Permit required to take water for domestic and industrial use

PROVINCE OF ONTARIO		
REGULATORY AGENCY	ACT AND/OR REGULATION	PERMIT, AUTHORISATION OR APPROVAL
	<i>Environmental Protection Act</i> , O. Reg. 560/94 (Metal Mining Effluent Monitoring [MMER] and Limits)	Compliance requirement when >50m ³ /per day of process or overflow effluent or cooling water is to be discharged from a "plant" (workings, facility, disposal site or mill)
	<i>Environmental Protection Act</i> , O. Reg. 224/07 (Spill Plans); O. Reg. 222/07 (Environmental Penalties)	Spill Prevention and Contingency Plan is to be prepared prior to approval of a mine plant. Penalty is assessed by a designated Director if undertaking presents as lacking environmental due diligence
	<i>Environmental Protection Act</i> , O. Reg. 232/98 (Landfilling Sites); R.S.O 1990, c.E. 19, s.46; Ontario <i>Environmental Protection Act</i>	Although O. Reg. 268/98 as amended (268-11) applies only to large municipal-waste-only landfill sites (Part II), the Act allows for a discretionary requirement for financial assurance for a landfill's contingency plans (Part IV) and closure/post-closure care
	<i>Environmental Protection Act</i> , O. Reg. 903 (Wells) amended as O Reg. 372/07	Obtain Well Technician Licence, keep Log and Field Notes, complete a Well Report and affix a Well Tag (if well is cased)
	Registration Guidance Manual for Generators of Liquid Industrial and Hazardous Waste (Dec. 2009)	Obtain Well Technician Licence, keep Log and Field Notes, complete a Well Report and affix a Well Tag (if well is cased)

PROVINCE OF ONTARIO		
REGULATORY AGENCY	ACT AND/OR REGULATION	PERMIT, AUTHORISATION OR APPROVAL
Ministry of Health and Long-Term Care	<i>Safe Drinking Water Act</i> , O. Reg. 248/03 (Lab Licensing); O. Reg. 170/03 (System Operator/Owner to use Licenced Lab)	Approval for operation of a non-municipal, non-residential water system; water-works permit for the system itself; operator/owner to use licenced testing lab; certificate for System Operator
Ministry of Northern Development and Mines	Parts 5 and 6, Schedule 1 of Ontario Regulation 240/00, as amended by O. Reg. 304/07 Mine Development and Closure, under Part VII of the Act	Certified Closure Plan and financial assurances
	<i>Mining Act</i>	License of Occupation
Ministry of Labour	<i>Occupational Health and Safety Act</i> , (Sec. 29 [2] and [3]) and Mines and Mining Plants Regulation 854, (Sec.22)	Pre-development Review Process
Ministry of Community Safety and Correctional Services	<i>Fire Protection and Prevention Act</i> , O. Reg. 388/97 (updated as 213/07) (Fire Code)	Requirement to ensure safety of all equipment, systems, processes, structures and fuels on a work site

1.8 Aboriginal and Treaty Rights

Aboriginal groups, including First Nations and Métis in Canada, have Constitutionally-protected Aboriginal and treaty rights. The Agency and provincial government have identified seven Aboriginal groups with potential rights and/or interests in the Project, to be included from a consultation and assessment perspective. These are as follows:

- Michipicoten First Nation (MFN);
- Missanabie Cree First Nation (MCFN);
- Métis Nation of Ontario (MNO);
- Red Sky Métis Independent Nation (RSMIN);
- Pic Moberg First Nation (PMFN);
- Batchewana First Nation (BFN); and
- Garden River First Nation (GRFN).

The Project occurs entirely within the Robinson-Superior Treaty area. The MFN and PMFN are the two Aboriginal groups with Treaty rights. The MFN reserve is located approximately 50 km south of the project; and the PMFN reserve is situated approximately 100 km northwest.

The Project footprint and/or surrounding area may be subject to land claims by Aboriginal groups; however, consultation with Aboriginal groups to date has not revealed any specific land claim actions related to the project footprint/surrounding area.

This EIS provides Prodigy's assessment of the project's implications on Aboriginal and Treaty rights of these groups, based on the results of effects assessments related to the current use of lands and resources for traditional purposes, health and socio-economic issues, physical and cultural heritage, and all Valued Components (VC) considered in this assessment.

1.9 Report Organization

The EIS was structured based on the requirements of the EIS Guidelines and reviewed by the Agency. The EIS Report is available in electronic or hardcopy. The content of the EIS Report is described in Table 1-4.

Table 1-4: EIS Organization

EIS Summary		<ul style="list-style-type: none"> Provides a stand-alone document that summarizes the results of the EIS in plain language.
Chapter 1 (this Chapter)	Introduction, Purpose and Need	<ul style="list-style-type: none"> Introduces the Project, the Proponent and provides contact information. Summarizes the development history of the Project. Discusses the Project purpose, need and justification, and presents a project schedule. Describes the property holdings. Describes the applicable Federal and Provincial EA legislation. Identifies other approvals, permits and authorizations. Discusses the project in the context of known Aboriginal and Treaty Rights.
Chapter 2	Approach to Preparation of the EIS	<ul style="list-style-type: none"> Discusses the role of EIS as a planning and design tool and introduces the concept of "mitigation by design". Summarizes the approach taken to public consultation, Aboriginal engagement and government agency consultation activities. Provides an overview of the EA methodology and overall assessment framework and how various types of information have been used.
Chapter 3	Project Setting and Context	<ul style="list-style-type: none"> Provides a historical overview and presents the current status of the Magino Property. Describes the nature of the mineral deposit. Describes the Project's environmental and socio-economic setting, including an overview of Aboriginal Interests.
Chapter 4	Existing Conditions	<ul style="list-style-type: none"> Describes the existing conditions applicable to various environmental components, including the study areas and methods used to establish baseline conditions for the following environmental components: <ul style="list-style-type: none"> Atmospheric Environment.

		<ul style="list-style-type: none"> ○ Physical Environment. ○ Biological Environment. ○ Social Environment. ○ Economic Environment. ○ Aboriginal Interests.
Chapter 5	Evaluation of Alternatives	<ul style="list-style-type: none"> ● Considers both “Alternatives To” the Project and “Alternative Methods” of carrying out the Project. ● Identifies and describes key alternative methods of carrying out the Project. ● Provides an initial screening of Alternative Methods based on their technical and economic feasibility. ● Provides a detailed evaluation of technically and economically feasible alternative methods in order to select the preferred methods for Project development. Consideration is given to: <ul style="list-style-type: none"> ○ Technical performance of opportunities; ○ Financial costs and risks; ○ Effects on the natural environment and risks to human health; and ○ Effect on the socio-economic environment and Aboriginal Interests.
Chapter 6	Description of the Proposed Undertaking	<ul style="list-style-type: none"> ● Identifies and describes the key components of the Project (i.e., what comprises the Project). ● Identifies and describes the Project Works and Activities (i.e., how the project will be developed). ● Summarizes the mitigation measures that have been built into the design of the Project.
Chapter 7	Effects Assessment	<ul style="list-style-type: none"> ● Describes the scope of the assessment and the overall EA methodology, including the identification of VC that are the focus of the assessment. ● Presents the approach and method used in the assessment of environmental effects for each VC. ● Presents the effects analysis for each VC. ● Identifies relevant effects mitigation or enhancement measures. ● Identifies and assesses the significance of residual effects. ● Presents a preliminary follow-up and monitoring program. ● Discusses the influence of Community and Traditional. Knowledge on the assessment. ● Identifies and assesses effects of accidents and malfunctions. ● Identifies and assess effects of the environment on the Project.
Chapter 8	Accidents, Malfunctions and Worker Safety	<ul style="list-style-type: none"> ● Identifies possible accidents and malfunctions associates with the Project activities. ● Outlines mitigation and prevention measures for these accidents and malfunctions. ● Provides an assessment of residual effects of such accidents and malfunctions.
Chapter 9	Effects of the Environment on the Project	<ul style="list-style-type: none"> ● Identifies potential effects of the environment on the Project component. ● Identifies prevention and mitigation measures incorporated in the Project to cope with extreme events related to the environment.
Chapter 10	Human Health	<ul style="list-style-type: none"> ● Provides an assessment of the Project’s residual effects on human

		health at identified receptors outside the boundaries of the Project.
Chapter 11	Cumulative Effects	<ul style="list-style-type: none"> • Describes the scope and the overall methodology used to assess cumulative effects. • Identifies and screens other projects and activities that might contribute to cumulative environmental effects. • Presents the cumulative effects analysis for each relevant VC and assesses the significance of cumulative effects.
Chapter 12	Aboriginal Engagement	<ul style="list-style-type: none"> • Describes the engagement activities undertaken as part of the EA process. • Summarizes the results of the engagement activities undertaken to date.
Chapter 13	Public Consultation	<ul style="list-style-type: none"> • Describes the consultation activities undertaken as part of the EA process. • Summarizes the results of the consultation activities undertaken to date.
Chapter 14	Benefits to Ontario and Canada	<ul style="list-style-type: none"> • Discusses the benefits of the Project to Ontario and Canada.
Chapter 15	Additional Environmental Approvals	<ul style="list-style-type: none"> • Identifies the requirements for additional approvals, permits and authorizations and their relationship to the EA process.
Chapter 16	Summary and Conclusions	<ul style="list-style-type: none"> • Provides a summary of the environmental effects of the Project and its implications for Aboriginal and Treaty Rights. • Provides a preliminary follow-up and monitoring program. • Provides a list of commitments derived through the EA process that are identified in the EIS.
Appendices		<ul style="list-style-type: none"> • Provide key background information to support the EIS documentation, including: <ul style="list-style-type: none"> ○ Tables of Concordance with the Federal EIS Guidelines; ○ Records of Communications (i.e., Public, Aboriginal, Government); ○ Detailed Evaluation of Alternative Methods; ○ Global Glossary; and ○ Acronyms.

1.9.1 Technical Support Documents

The EIS is supported by a set of Technical Support Documents (TSD) that provides additional information and/or analysis used in the preparation of this document. Table 1-5 identifies the TSDs that will accompany the EIS.

Table 1-5: Technical Support Documents (TSDs)

TSD NUMBER	TECHNICAL SUPPORT DOCUMENT TITLE	AUTHOR	PUBLICATION DATE
1	Geotechnical and Geohydrologic Investigation	SLR Consulting	November, 2016
2	Geochemical Assessment	SLR Consulting	November, 2016
3	Surface Water Hydrology	SLR Consulting	November, 2016
4	Hydrogeological Study and Groundwater Modelling	SLR Consulting	January, 2017
5	Schedule 2 Assessment of Alternatives for Mine Waste Management	SLR Consulting	November, 2016
6	Tailings and Mine Rock Management Facility and Overburden Stockpiles - Conceptual Design Report	SLR Consulting	December, 2016
7	Site Water Balance and Quality	SLR Consulting	December, 2016
8	Visual Analysis	SLR Consulting	December, 2016
9	Meteorology and Air Quality	Golder Associates	January, 2017
10	Climate Change	Golder Associates	November, 2016
11	Noise	Golder Associates	January, 2017
12	Vibration	Golder Associates	December, 2016
13	Light	Golder Associates	January, 2017
14	Human Health Risk	Golder Associates	January, 2017
15	Fish and Fish Habitat Baseline	SLR Consulting	December, 2016
16	Surface Water and Sediment Quality	SLR Consulting and Minnow	November, 2016
17	Terrestrial Ecology	SLR Consulting	November, 2016
18	Archaeology Reports	Woodland Heritage	December, 2016
19	Preliminary Closure Plan	SLR Consulting and Prodigy Gold	December, 2016
20	Environmental Management Systems	Prodigy Gold	January, 2017

1.10 References

- Argonaut Gold. (2016). Pre – Feasibility Study Technical Report on the Magino Project, Wawa, Ontario, Canada.
- Canadian Environmental Assessment Act, 2012 (S.C. 2012, c. 19, s. 52) (2014). Retrieved from the Justice Department of Canada website: <http://laws-lois.justice.gc.ca/eng/acts/C-15.21/index.html>
- Dungan and Murphy. (2012). Mining: Dynamic and Dependable for Ontario's Future.
- JDS Energy and Mining Inc. (2013). Preliminary Feasibility Study Technical Report for the Magino Project, Wawa, Ontario, Canada. Argonaut Gold Inc. NV.
- Laurentian University. (2014). Laurentian Goodman School of Mines homepage. Retrieved from the Laurentian University website: <http://laurentian.ca/goodman-school-of-mines>.
- Marshall. (2013). Facts and Figures of the Canadian Mining Industry 2014.
- Métis Nation of Ontario. (2014). MNO Interim Registry Policy Package. Retrieved from the Métis Nation of Ontario website: <http://www.metisnation.org/registry/>.
- Mining Association of Canada. (2015). Facts and Figures of the Canadian Mining Industry F&F 2015.
- Ministry of Municipal Affairs and Housing. (2011). Growth Plan for Northern Ontario, 2011. ISBN 978-1-4435-4804-5, Queen's Printer for Ontario, 2011.
- Ontario Mining Association. (2013). Study puts shine on gold mining's positive economic impact. Retrieved from the Ontario Mining Association website: <http://www.oma.on.ca/en/News/index.aspx?newsId=464181f3-c096-4276-9a7f-470b0f53da03>
- Red Sky Métis Independent Nation. (2013). Retrieved from the Red Sky Métis Independent Nation website:<http://rsmin.ca>.
- Richmont Mines Incorporated. (2012). Operations – Island Gold. Retrieved from the Richmont Mines website: http://www.richmont-mines.com/op_operations_islandgold.
- Tetra Tech Wardrop. (2012). Magino Property Preliminary Economic Assessment and Technical Report. Prodigy Gold Inc., ON. Retrieved from the Argonaut website: http://www.argonautgold.com/_resources/projects/Prodigy-Tetra-Tech-Report-February-2012.pdf.