

Readiness Decision Report

New Polaris Gold Mine

September 26, 2024

Pursuant to Sections 16 and 18 of the Environmental Assessment Act, S.B.C. 2018, c.51



EAO

Environmental
Assessment Office

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ACRONYMS AND ABBREVIATIONS

the Act	the <i>Environmental Assessment Act</i> (2018)
B.C.	British Columbia
CEAO	Chief Executive Assessment Officer
CSF	Combined Storage Facility
DPD	Detailed Project Description
EA	Environmental Assessment
EAO	Environmental Assessment Office
IPD	Initial Project Description
km	kilometres
New Polaris Gold Mine	New Polaris
Takú IPCA	T'akú Tlatsini Indigenous Protected and Conserved Area
tpd	tonnes per day
TRT	Taku River Tlingit citizens
TRTFN	Taku River Tlingit First Nation
TRTFN TWG	Taku River Tlingit First Nation Technical Working Group
the Minister	the Minister of Environment and Climate Change Strategy
U.S.	United States

INTRODUCTION

This Readiness Decision Report has been prepared by the Environmental Assessment Office (EAO) for the New Polaris Gold Mine (New Polaris) proposed by Canagold Resources Ltd (Canagold). This reflects the requirements set out under Sections 16 and 18 of the *Environmental Assessment Act* (2018) (the Act). Under Section 16 of the Act, the Chief Executive Assessment Officer (CEAO) determines one of three options: whether a project should proceed to an environmental assessment (EA) that evaluates the effects of the project; be referred to the Minister of Environment and Climate Change Strategy (the Minister) with a recommendation that the project be exempted from the requirement to obtain an EA certificate or; if the project may not proceed as proposed. This is referred to as the Readiness Decision.

The objectives of the Readiness Decision phase are to:

- Ensure that the proponent engaged with participating Indigenous nations, agencies, local governments, and the public, and provided them enough opportunities to give feedback on the project's design, location and alternative approaches to development;
- Ensure that all participants in the EA process will have enough information to determine what needs to be assessed in the EA and how it should proceed;
- Clearly identify the key project issues that will need to be resolved during the EA;
- Decide, based on the information provided by the proponent, whether the project should move forward to the EA stage; and
- Seek consensus with Taku River Tlingit First Nation (TRTFN) on the recommendation for the Readiness Decision.

The Readiness Decision phase began when Canagold submitted the Detailed Project Description (DPD) to the EAO. During this phase, the EAO reviewed the DPD collaboratively with participating Indigenous nations (in this case, TRTFN) and technical advisors to determine whether the DPD considers the feedback provided through early engagement and has enough information to identify interactions of the proposed project with the biophysical and human environments, socio-economic values, and Indigenous interests. Before making a recommendation regarding the Readiness Decision, the EAO sought consensus with TRTFN on whether the project to proceed to an EA.

The Readiness Decision does not yet involve an evaluation of the potential effects of the project on environmental, economic, social, cultural and health considerations or on a First Nation or its rights. This evaluation of potential effects and proposed mitigations would occur during the review of the Application at a later stage of the EA.

For more information and guidance on the Readiness Decision phase, please see the EAO's guidance materials available at: [2018 Act Guidance Documents](#).

Project Overview

Canagold is proposing to develop New Polaris, a new underground gold mine located in northwestern British Columbia (B.C.), 100 kilometres (km) south of Atlin, B.C., and 60 kms northeast of Juneau, Alaska, on the west bank of the Tulsequah River. New Polaris is proposed on a former mine and town site known as the Polaris Taku mine and would produce an estimated 3.7 million tonnes of ore over a 10-year operating mine life. New Polaris is located within the territory of the Taku River Tlingit (TRT), who are the sole participating Indigenous nation for this assessment.

The New Polaris Gold Mine constitutes a reviewable project pursuant to Part 3 of the Reviewable Projects Regulation (B.C. Reg. 607/19) of the Act, as a new project with a production capacity greater than or equal to 75,000 tonnes per year of mineral ore. For further details on the New Polaris Gold Mine, please see the [Initial Project Description](#), [Engagement Plan](#), [Detailed Project Description](#) and other documents on the [EAO's Project Information Centre \(EPIC\) website](#).



Figure 1. Proposed New Polaris site and Whitewater Creek



Figure 2. Aerial view of structures at the proposed site by Whitewater Creek and the temporary air strip (left)

New Polaris does not require a review under the *Impact Assessment Act* of Canada as it would have a daily production capacity of 1,000 tonnes per day (tpd), which falls below the 5,000 tpd limit outlined in the federal Physical Activities Regulation.

The proposed New Polaris site backs onto the eastern flank of the Boundary Ranges, the largest and most northern subrange of the Coast Mountain Range, which spans the entire coast of B.C. from Vancouver to southwest Yukon. The region around New Polaris is characterized by rugged mountain ranges, rich and varied habitat, swift-flowing, variable waterways, and a complex legacy of historic mining activities, all of which present unique challenges for the development of New Polaris. The site faces onto a large and ecologically diverse floodplain and wetland that accommodates the capacity of the Tulsequah River as it swells and recedes with seasonal changes. The landscape forms a rich and interconnected ecosystem that supports wildlife such as black bear, deer, beaver, muskrat, moose and waterfowl, in addition to species of conservation concern such as grizzly bear, mountain goat and migratory birds like trumpeter swans.



Figure 3. A black bear spotted on the road to Atlin

The area has been and continues to be used by the TRT for cultural activities, and the Taku River is home to productive salmon fisheries, which are critically important to TRT community members. The New Polaris site is located within a management and protection area proposed by the TRTFN in 2023, known as the T'akú Tlatsini Indigenous Protected and Conserved Area (Takú IPCA). The Taku River / T'akú Téix' Conservancy also lies immediately south of the airstrip, which is part of the project site, and encompasses the British Columbia portion of the Taku River mainstem to the Alaska border. Both the Takú IPCA and Taku River / T'akú Téix' Conservancy aim to protect critical watersheds and ecosystems while allowing for economic diversification by establishing protected areas in tandem with areas where responsible development can occur.

Due to the steep, mountainous terrain and remote location, options for transporting people, equipment, supplies and waste to and from the site are limited. However, despite the logistical challenges of operating in the area, mining is well-established. Two sizable mines operated in the Tulsequah River valley during the mid-20th century: the Polaris-Taku Mine between 1937-1951, and the nearby Tulsequah Chief Mine from 1951-1957. Both of these mines left evidence of their operations at the proposed

New Polaris site, where Canagold has begun cleaning up old buildings, equipment, and other infrastructure from the historic Polaris-Taku Mine. Additionally, the ore from both Polaris-Taku and Tulsequah Chief was processed at the Polaris-Taku site and tailings from both deposits were disposed of near the proposed New Polaris site, where these tailings deposits now have implications for the development of the proposed Project. Canagold intends to conduct studies on the historic tailings and their effects and has committed to resolving the issue based on the best approach recommended by those studies.

Meanwhile, Tulsequah Chief Mine continues to discharge acid mine drainage into the Tulsequah River, despite the mine's closure over 60 years ago. While the Province of B.C., Teck Resources Ltd., TRTFN and other groups are working together on a plan to remediate the mine, the legacy of Tulsequah Chief is a considerable concern for many in the region and is a factor for TRTFN, nearby communities, Alaska Tribes, and Alaskan and B.C. government agencies when considering the relative risks and benefits associated with additional mining developments in the area.

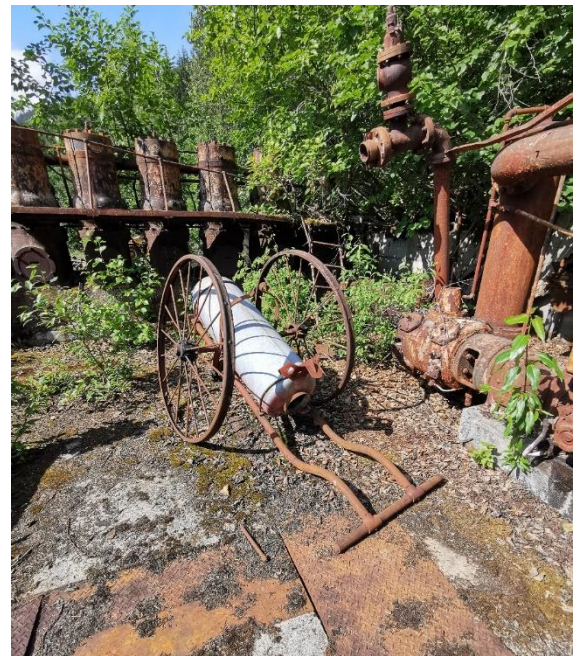


Figure 4: Historic equipment at the proposed project site



Figure 5: Historic tailings near the proposed project site

One of the major challenges the proposed New Polaris project faces is how to freight processed concentrate, supplies, equipment, fuel and waste to and from the site through unpredictable and variable weather, fluctuating river courses, steep mountains, and thousands of hectares of protected habitat. Initially, Canagold proposed transporting the majority of its freight by barging up the Taku River from Juneau, Alaska, through United States (U.S.) waters and the Taku River / T'akú Téix' Conservancy. However, due to feedback received from multiple parties on the Initial Project Description (IPD) during Early Engagement, Canagold modified the project design to propose shipping the majority of its supplies, fuel and waste by air. These changes are described in the DPD.

This new approach would require the construction of an airstrip; however, suitable locations to build an airstrip are limited near the site. The proposed location for the air strip, and some of the only flat terrain that exists near the New Polaris site, is in Flannigan Slough, a productive wetland that supports a number of species, including moose. The location may be vulnerable to seasonal flooding.

With this change to the project design, barging trips would be reduced and used as a supplement to air cargo. While this has been identified by Canagold as the most feasible option for shipping large equipment that cannot be transported by air, the Tulsequah and Taku Rivers are known

to be swift and shallow and riddled with sandbars and snags that frequently shift in response to seasonal changes and water levels, making them challenging to navigate. These rivers also support highly productive salmon habitat that is of significant value to TRTFN. Barging operations on the Tulsequah and Taku Rivers in the past have had mixed success, and the risks of barging in such an ecologically valuable river is a consideration for TRTFN leadership and community members and the public.

In addition to potential environmental effects from New Polaris, there are potential socio-economic effects to be considered. The small, unincorporated community of Atlin is the closest British Columbian community to the project. Canagold anticipates hiring as much of its workforce from the community as possible and plans to offer training programs to local residents to enable them to access the plant, surface and underground operating positions.

The community of Atlin was founded by settlers to support a nearby gold rush at the end of the 19th century. The community has been linked to mining throughout its history, however the current public attitude in Atlin towards New Polaris is divided. While some welcome the potential population growth and economic opportunity the

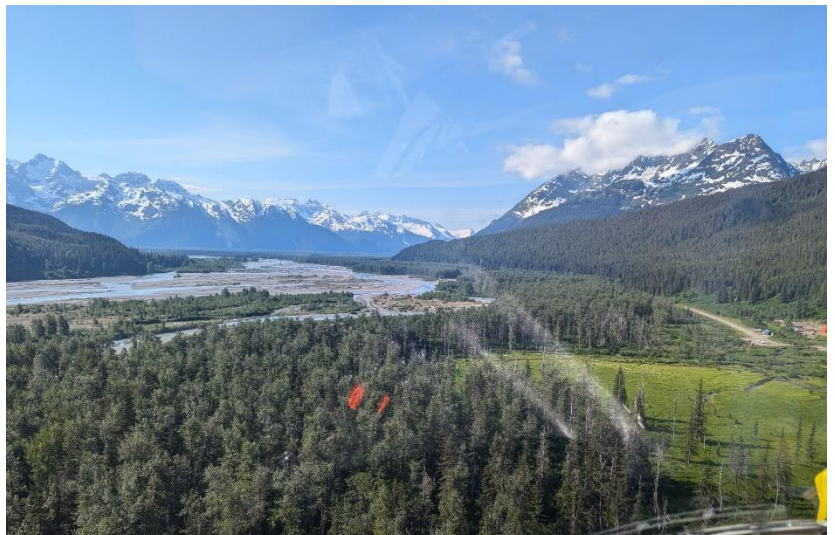


Figure 6: Aerial view of the Tulsequah River Valley, looking towards Flannigan's Slough, with New Polaris infrastructure visible on the right

mine could bring to the community, some community members and technical advisors have concerns about the limitations of Atlin's infrastructure and the impact of mobile workers in the community.

This overview provides context for New Polaris and is an introduction to some of the themes that will continue to shape engagement, project design and the EA process, should the project move forward.

Early Engagement

The Proponents' [Initial Project Description](#) and [Engagement Plan](#) for New Polaris Gold Mine were approved by the EAO on March 27, 2023. A 30-day public comment and engagement period was then held from May 9, 2023, to June 8, 2023, on the Initial Project Description. The EAO sought feedback from the public during two public sessions, which included one in-person open house in Atlin, B.C. on May 25, 2023, and one virtual information session on June 1, 2023.

During this engagement period, technical advisors (including representatives from TRTFN), local governments, health authorities, provincial and federal government agencies, and U.S. federal and Alaska state agencies were invited to provide written comment.

The EAO's [Summary of Engagement](#) was provided to Canagold on June 26, 2023. The Summary of Engagement included:

- Preliminary interests provided by TRTFN as the only participating Indigenous nation for this EA;
- A summary of comments received during the 30-day public comment and engagement period;
- Comments received from technical advisors (including TRTFN, provincial, federal, Alaska and U.S. government agencies, and local governments) on the Initial Project Description; and,
- Information and engagement requirements for the Detailed Project Description.

Based on the EAO's [Early Engagement Policy](#), Canagold provided a draft of the DPD to the Taku River Tlingit First Nation Technical Working Group (TRTFN TWG) and the EAO for review. While Canagold was developing the draft DPD, it and the EAO met with TRTFN TWG on a regular basis to discuss the DPD and other project updates. Comments on the draft were provided to Canagold to inform the development of a final version of the DPD.

READINESS ASSESSMENT

On July 19, 2024, Canagold filed the DPD for New Polaris, which formally began the Readiness Decision phase. The EAO reviewed the DPD in collaboration with TRTFN and technical advisors to determine whether the document considered the feedback that had been provided through engagement and whether it informs the scope of information and studies necessary to undertake an EA.

INPUT RECEIVED FROM TECHNICAL ADVISORS

Technical advisors play a vital role in advising the EAO and TRTFN on technical matters related to the EA. The EAO considers many factors when preparing the recommendation for a Readiness Decision, and the guidance of technical advisors is key to understanding what the key issues are with a project, if the proponent is giving these issues adequate consideration, and if the gaps that exist at this early stage of a project can be addressed in the EA, or if more information is needed to determine the next steps.

The EAO received responses from the following technical advisors during Early Engagement and the Readiness Decision phases: The Ministry of Energy, Mines and Low Carbon Innovation; Ministry of Environment and Climate Change Strategy; Ministry of Forests; Ministry of Land, Water and Resource Stewardship; Ministry of Municipal Affairs; Ministry of Tourism, Arts, Culture and Sport; Northern Health Authority; Atlin Community Improvement District; United States Environmental Protection Agency; United States Fish and Wildlife Service; United States National Marine Fisheries Service; Alaska State Department of Environmental Conservation; and the Alaska State Department of Natural Resources.

Technical advisors' comments included a focus on:

- Community engagement, local job creation and impacts to the Atlin economy and health and social services infrastructure;
- Storage of tailings in the Combined Storage Facility (CSF) and the efficacy of the proposed CSF cover long-term;
- Location of the CSF and the assessment and mitigation of flood risks at the site;
- Fugitive dust and assessment of the CSF as a source;
- Effects on water quality and quantity and the effectiveness of both short-term and long-term water treatment strategies and mitigation measures;
- Greenhouse gas emissions and the net-zero standard;
- Assessment of heritage and fossil resources;
- Transboundary effects related to the Taku and Tulsequah Rivers and downstream effects of changes to surface and groundwater quality and quantity;
- Cumulative effects with historic and current projects; and
- Reclamation and post-closure planning.

The majority of technical advisors agreed that the project is ready to move forward to an EA and have provided their views on the key issues that Canagold will have to address during the assessment. Some agencies provided advice to Canagold regarding information that will be sought during future EA stages.

- The Ministry of Environment and Climate Change Strategy requested additional information regarding the weather stations in Atlin and at the Golden Bear Mine, including a rationale for why these weather stations are representative of the weather and climate at the site given that they are in different airsheds. They also requested additional parameters for analyzing baseline water quality and recommended the use of continuous hydrometric monitoring during the open water season.
- The Climate Action Secretariat requested additional information about greenhouse gas emissions from the project, including measures for mitigating emissions and an assessment of the potential effects of New Polaris on the Province being able to meet its targets under the *Climate Change Accountability Act*.
- The Ministry of Municipal Affairs requested additional information on mitigation measures to reduce pressure on healthcare services in Atlin and to address increased air traffic from increased flights between Whitehorse and Atlin. The Ministry of Municipal Affairs also requested details regarding post-closure plans for New Polaris, particularly regarding New Polaris's contributions to Atlin's long-term economic development.
- The Ministry of Tourism, Arts and Culture noted that the DPD contained a section on heritage resources, however the analysis solely addressed archaeological resources and did not contain information on heritage or fossil resources in the region and any potential impacts the project may have on those resources. They noted that Canagold will be required to assess archaeological and fossil resources in the Application in accordance with the *Heritage Conservation Act* and the Fossil Management Framework.
- U.S. federal agencies noted some key areas of focus for the project would be related to transboundary effects on the Taku and Tulsequah Rivers, risks of potential barging accidents, fugitive dust management, and cumulative effects of New Polaris with historic and current projects.

The Climate Action Secretariat and the U.S National Marine Fisheries Service both indicated that they would need more information in order to understand if the project was ready to proceed, regarding whether this project could meet the net zero standard and if barging was feasible in the region. The EAO provided the feedback from both of these advisors to Canagold. The EAO believes that subsequent phases of the EA are the appropriate time to resolve these information gaps,

should the project proceed.

CONSENSUS-SEEKING WITH THE TAKU RIVER TLINGIT FIRST NATION

Participating Indigenous nations have specific procedural rights within the Act, including access to capacity funding, consensus-seeking processes, a procedure to communicate consent or lack of consent at specific decision points, and access to facilitated dispute resolution. For general information on participating Indigenous nations please see the [EAO's guidance materials](#). The TRTFN is the sole First Nation in B.C. whose territory overlaps with New Polaris and the only one to self-identify as a participating Indigenous nation for New Polaris.

The [EAO's Summary of Engagement](#) describes the issues raised by the TRTFN TWG during their review of the Initial Project Description. TRTFN also provided comments on drafts of the DPD. Issues noted by TRTFN during the review of the DPD included:

- Location and options for tailings storage;
- Protection for wildlife during all mine phases for future generations;
- Potential impacts from construction and operation of the airstrip on wildlife in Flannigan's Slough and the surrounding area;
- Canagold's plan for the remediation of historic tailings, mine buildings, and waste at the mine site;
- Economic benefit to TRTFN from New Polaris;
- Environmental and safety concerns related to barging;
- Effects on water quality and fisheries in Whitewater Creek and the Tulsequah and Taku Rivers; and
- Reclamation and post-closure land use.

During the review of the DPD and throughout the Readiness Decision phase, the EAO met with TRTFN on a biweekly basis to discuss the DPD and the Readiness Decision.

The EAO sought consensus with TRTFN before the Readiness Decision was made. TRTFN was asked to provide their views on the EAO's preliminary recommendation for the Readiness Decision and whether the Detailed Project Description contained sufficient information to inform the scoping process, identify project interactions with TRTFN's interests, and whether the issues raised by TRT had been addressed appropriately.

On August 29, 2024, the TRTFN TWG submitted feedback to the EAO expressing their view that New Polaris should proceed to an EA and providing a list of issues that TRTFN would like to discuss further with Canagold and the EAO during the course of the EA. These issues will be carried forward for additional discussion should New Polaris proceed to process planning.

This Readiness Decision Report was also provided to TRTFN TWG in draft form for their review and comment.

INPUT FROM ALASKAN TRIBES

It is the EAO's practice to notify Alaska Tribes who are nearby to projects undergoing a B.C. EA in the transboundary region. Throughout early engagement and the Readiness Decision phase the EAO provided information to five U.S. Tribes: Angoon Community Association, Central Council of Tlingit and Haida Indian Tribes of Alaska, Douglas Indian Association (including the Southeast Alaska Indigenous Transboundary Commission), Hoonah Indian Association, and the Organized Village of Kake (together, the Alaska Tribes).

During the public comment period for Early Engagement, the Alaska Tribes raised concerns related to the project's rationale and viability, regulatory engagement, requirements and oversight, barging, cumulative effects between Tulsequah Chief and New Polaris, and the potential impacts of New Polaris on culturally significant resources such as salmon and wild medicines. Canagold responded to these comments and provided additional information in the DPD in

response to this feedback. These concerns will also be discussed further during review of the Application, if the project proceeds.

On July 24, 2024, the EAO sent a notification to each of the listed Tribes regarding the submission of the DPD, as this is a key milestone for notification as set out in the EAO's initial letters to Alaska Tribes.

The EAO will notify the Alaska Tribes of the outcome of the Readiness Decision and will continue to inform them of key milestones and public comment periods if New Polaris proceeds into the process planning phase.

RECOMMENDATION AND NEXT STEPS

The EAO recommends that New Polaris proceed to an EA. This is based on the EAO's current understanding of New Polaris, including information presented in Canagold's DPD and their responses to matters identified in the Summary of Engagement, the EAO's concordance review of the DPD with the EAO's guidelines, input from technical advisors and TRTFN. In providing this recommendation, the EAO is of the view that:

- The DPD contains sufficient information to inform the subsequent phases of the EA process;
- Canagold has shown appropriate responsiveness to EA participants and the public during Early Engagement, including providing adequate opportunities to comment on project design, siting, and alternative approaches to developing the project; and
- Key project issues have been identified for resolution during the EA.

TRTFN provided its view that the project is ready to proceed to an EA. The EAO is aware that, at this stage, there are outstanding concerns from TRTFN and technical advisors. The EAO is of the view that these issues can best be addressed in subsequent phases of the EA and will carry these issues forward into process planning.

If the CEO determines that New Polaris can proceed to the Process Planning phase, the following documents would be drafted by the EAO and provided for review by the public, First Nations and technical advisors: the Process Order, an Assessment Plan, the Application Information Requirements, and a Regulatory Coordination Plan. The EAO will continue to seek consensus with TRTFN before finalizing the Process Planning documents.

For more information on the Process Planning phase, please see the [EAO's guidance materials](#).