

July 17, 2017

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GMOB Comments: (draft) Report on Long Term Funding Options (May 2017)

The Giant Mine Oversight Board thanks the Project Team for the draft *Report on Long Term Funding Options (May 2017)* addressing Measure 6 of the Environmental Agreement.

Understanding that the Giant Mine site is a perpetual federal liability and that national governance, priorities, and policy are subject to structural and political change, Measure 6 is intended to ensure a stable financial platform for the ongoing maintenance of the Project and its contingencies. This is especially important given community concerns and the need for assurance regarding long term health and safety in the context of, among other things, changing political priorities.

GMOB directors and staff have reviewed the draft Report and have also seen Bill Slater's related memorandum of July 10, 2017 to the Working Group. In our opinion, and consistent with Mr. Slater's observations, there is insufficient rationale in the draft Report to rule out any option involving third party management and fiscal instruments for the post-remediation phase of the project. This includes the trust fund option.

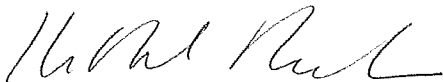
GMOB is of the view that creative, secure, and proven funding options for the long-term care, maintenance, and monitoring of the site into the indefinite future are available and that the Project Team should approach the analysis of these options with an open mind. The current draft Report does not achieve this objective, nor does it meet the intent of Measure 6. At the same time, it is also incumbent on the Project Team to ensure that funding flows unencumbered for the remediation phase.

In the course of the Project Team's continued investigation of potential funding mechanisms, it should actively seek input from all affected stakeholders given the context for Measure 6, as noted above. It would also be beneficial to discuss the options evaluation criteria with the Working Group. This should be done in conjunction with an inclusive background study of cases where alternative mechanisms have been established for analogous situations. The analysis of funding options should also anticipate the eventuality that the GMOB research program will find a permanent solution for the arsenic trioxide stored underground.

From the discussion at the July 13 Working Group meeting, we understand that the Project Team will be considering all the comments received and developing a path forward. We encourage the Project Team to propose a timeline for continued research and engagement on the long-term funding options and to share this with the parties in next few months.

Finally, in an effort to assist the Project Team in meeting the intent of Measure 6. GMOB has engaged a consultant to review in detail, issues and options for long term funding regarding contaminated sites, including the draft Report and related previous studies. GMOB will share the final report with the Project Team and the Parties by the end of August.

Sincerely

A handwritten signature in black ink, appearing to read "Kathleen Racher". The signature is fluid and cursive, written in a professional style.

Dr. Kathleen Racher
Chair, Giant Mine Oversight Board

Cc: Parties to the Environmental Agreement
Slater Environmental