PROJECT FOR AN INTERMODAL LOGISTICS CENTRE IN CHIBOUGAMAU (CLIC)

Response to the letter dated March 29, 2017 from Ms. Mireille Paul, MDDELCC
Ref.: 3214-28-004

QC-1: The developer will present a situation statement to the Eeyou Istchee James Bay Regional Government (EIJBRG) regarding the regional transportation plan or similar strategy, namely by locating the various poles identified that could serve as trans-shipping hub. In addition, he will indicate how his project fits in such a plan or strategy.

R: Actually, there are currently no regional transportation plan or similar strategy in the Nord-du-Québec region. A reflection has however been initiated at the Eeyou Istchee James Bay Regional Government (EIJBRG) but it could take several months or even years before a transportation vision and plan are established at the regional level.

It must be noted that the CLIC will meet all the elements included in the preliminary reflection document titled "Regional cargo transportation and distribution strategy – Eeyou Istchee James Bay".

For the City and the region, the transshipment hub is a pivotal project in any regional transportation strategy, especially since:

- It will contribute to the reduction of the transportation costs and greenhouse gas emissions in the region, namely by increasing the rail transportation and reducing the air and road transportation;
- It will offer a new infrastructure that will serve a major economic project (Nemaska Lithium mine) and offer a rail connection directly to the entire eastern part of the large Nord-du-Québec;
- It will support the development of the logistic sector in Chibougamau and the region, which could have a positive impact on job creation, local purchasing, the economic profitability of major projects, the cargo transportation consolidation, the securing of transportation, etc.;

The appendix includes a summary of the implementation of the transshipment hub at the regional level.

QC-2: In the section regarding the main impacts anticipated, the developer indicates that the site will be selected in compliance with the applicable standards. This indicates that the site chosen is not definite. Is this the case?

R: It is indeed a bad formulation. He should have written that the site was selected as you can see in the document attached to our application for an exemption's certificate to the environmental impact assessment process, along with the various maps and plan illustrating the projected location.

QC-3: The developer will indicate if the exploration of one or more borrow pits will be required for the completion of the project.

R: A borrow pit will be necessary to withdraw the necessary materials to prepare the land of the trans-shipping hub and access road. Since there are active borrow pits that are already authorised by the MDDELCC in the region, only the active and authorised sites will be used.

The active borrow pits authorised by the MDDELCC in the immediate area are as follows:

- Gravel pit in the area of the landfill of the City of Chibougamau, 14 km from the trans shipping hub;
- Gravel pit on the road to Chantiers Chibougamau, 11 km from the trans shipping hub;
- Gravel pit located at Km 216 of Route 167, 14 km from the trans shipping hub;
- Pit operated by the company JVC, 8 km from the trans-shipping hub.

QC-4: The developer will present a map indicating:

- **The access road to the site with the length and width of the right-of-way;**

R: The plan view of the path of the access road and the location of the railway are available on the attached plan. The right-of-way of the access road from Route 167 will be at least 25 metres wide and approximately 250 metres in length.

Another access for larger, non-standard, vehicles will be developed to the West of the site in order to link the trans-shipping hub with the existing forest roads. The forest roads leading to the site will all be category 1 roads meeting the development standards of these types of roads.

- **The railway to be built with its length;**

R: The plan attached shows the path of the existing and proposed railway. In terms of length, it will be necessary to develop about 2250 metres of railway. This includes 600 metres of bypass for the CN operations, 770 metres of access lanes to the site and 880 metres of track where the ore trans shipping operations will take place.

- **The buildings;**

R: The plan attached shows the planned building development that will be part of the project.

- **Watercourses and wetlands with their distance from the various facilities**

R: As illustrated on the attached project location map, the projected infrastructures will touch a wetland mapped by FaunENord in the area of the trans-shipping hub project. This situation is present because the existing CN railway is already on wetlands. Therefore, any connection to this railway must also be located on wetlands. To this

effect, receiving a certificate of authorisation (CA) under Section 22 of the Environmental Quality Act is planned.

However, it is important to note that this wetland is in fact a spruce-moss and ericacea stand, which is not currently considered as a wetland based on the criteria of 30cm of organic matter on the ground that is used internally at the MDDELCC to classify wetlands.[1]

The difference between a wetland and a forest stand is not as much the thickness of the peat moss but rather the ecological role that it plays at the local and watershed levels. Similarly, the ecological value of a wetland, concept that is the foundation at the MDDELCC of the impact assessment of a project in such an environment, is proportionally related to the characteristics that make this environment a wetland (hydrology, biogeochemistry, etc.), to its integrity (presence of anthropic and other disturbances, proximity of disturbed sites, etc.) and to its local / regional representativeness.

In this case, we consider that, while the proposed project encroaches on a site that the MDDELCC considers as a wetland, the potential impact of the project on the local and regional diversity remains weak and even insignificant, since, on the one part, this type of environment has very little ecological value, since it resembles more a forest stand than a wetland and, on the other part, it is very present and even abundant, both locally and regionally. In addition, this area is already disturbed by the presence of a railway and surrounded by anthropized areas (Route 167, landfill and scrap yard, etc.) Consequently, we consider that the process to obtain a CA under Section 22 of the Environmental Quality Act will allow for an adequate management of the potential impact of the proposed project on this site.

QC-5: The developer will indicate how the materials will be stored at the trans-shipping hub and in what form. In addition, he will also indicate the methods used to load the rail cars.

R: The proposed warehouse will be of the «megadome» type, with asphalt on the ground, and projected for the regular operations.

Please find below a photo of a similarly styled warehouse.

[1] The difference between the various vegetation communities making up a wetland, as defined in a document from 2006 and a spruce-moss and ericacea stand is subject to interpretation. At the foundation of the government document titled “Identification and definition of aquatic, wet and riparian ecosystems”, to be considered as a peat bog, in addition to the criteria of 30 cm thickness, it must meet a series of other conditions, which the current site does not meet (water table, differentiation between the catotelme and acrotelme, etc.). Consequently, in this response, the doubts regarding the characterisation of the site as a wetland are not only legitimate but most probably relevant and correct, since the site does not meet the criteria that are generally recognised in the scientific literature on this topic.

The contents of the truck that will arrive from the mine will be transferred directly in empty rail cars for shipment to the South with the use of a power shovel.

The content of some trucks will be put in the warehouse to create a reserve sheltered from the weather conditions and, when necessary, this reserve can be loaded in empty rail cars with a loader.

QC-6: The developer will specify if the maintenance and cleaning of rail cars will be done on site.

R: There will be no rail car cleaning or maintenance done on site, except in cases of immediate need, such as in cases where a partial correction or the repair of a slit are necessary before loading. In other words, this will not be a rail car maintenance hub.

QC-7: The developer will detail the means at its disposal to contain and clean any spill. In addition, he will specify all safety equipment required on site.

R: The site will be subject to the health, safety and environmental policy of the operator. An emergency measures plan will be implemented to meet the various situations.

In cases where a spill could occur, the material would be recovered and places in a rail car.

If a portion is non-compliant to be shipped to the client's plant, this portion will either be returned to the mine or deposited in a recognised site according to the regulations in effect.

QC-8: Since a forest road already crosses the site, are appropriate signage or an amendment of the road considered to reduce the risks of accidents?

R: The future road that will reach the site from the North and that will allow truck from the Wabouchi Mine to reach the trans-shipping hub will use this forest road (see the last two plans attached). Accesses to the sites will obviously be implemented and developed to make the access to the site safe.

It is obvious that the site will be connected and developed in a safe manner with the rest of the area and its road and rail accesses. Signage that meets the safety standards will also be installed near the entrances to the site.

QC-9: The developer will specify if he must reach an agreement with owner of the existing rail line.

R: The projected bypass is located within the right-of-way of the CN main line. An official agreement ("siding agreement") covering the bypass and the rail linkage services will be reached at the appropriate time with the CN.

However, it is important to note that the chosen operator of the trans-shipping site, Groupe Somavrac, has already initiated discussions with the CN to confirm that the proposed confirmation was amended jointly with the CN, which is the equivalent to obtaining a preliminary agreement from the CN to the project.

APPENDICES

APPENDIX 1: Supplement of information in response to question 1

Chibougamau is located at the East entry point of the Nord-du-Québec region, and position ideally to hose a trans-shipping wharf. Indeed, the City is located at the intersection of Route 113, Route 167, the North Road and the Monts Otish Road. The forest roads that cover thousands of kilometres act as an actual web connecting the City to a vast territory with an abundance of forest and mine resources. In addition, it is the arrival point that is the furthest north for railway in the region. Finally, it is located next to the Chibougamau-Chapais airport, a regional airport that is about to benefit from major investments.

In addition to the opportunities related to the Plan Nord, the location of the City is its biggest opportunity and a major argument for the implementation of a trans-shipping wharf in Chibougamau.

INFRASTRUCTURES AND GEOSTRATEGIC LOCATION

The geographical location is as important as the infrastructures that serve and connect the region with the resources. Chibougamau has these two essential elements for the development of a strong local and regional economy in addition to benefiting from a competitive and productive advantage compared to the Côte-Nord region, which is the main competitor region for the development of mining resources.

The Institut de la statistique du Québec (ISQ, November 2015) states that the Nord-du-Québec region is in an advantageous position compared to the Côte-Nord regarding the costs of developing the mining deposits. It adds that “when comparing these two areas that are far from services, we notice that the costs are 31.3% higher in the Côte-Nord region compared to those in the Nord-du-Québec region” (p. 8). The quantity and quality of the transportation infrastructures can definitely explain this large cost difference.

The economic infrastructures, such as roads, railways, ports and airports, along with the intermodal connection points are essential for the existence and sustainability of the economic and industrial activities and they are very important assets to ensure the competitiveness of the communities. As mentioned by the large rating agency Standard & Poors, “the physical infrastructures (including the public and transportation infrastructures) are the foundations for economic development”. The more a community has or neighbours such infrastructures, the larger the competitive advantage over the other communities to attract businesses on its territory. The more infrastructure a region has, the more chances the development of economic projects will be successful.

Road infrastructures

Chibougamau is the main town at the intersection of the provincial road (167) leading to Mistissini and intersecting with the North Road. In addition, the recent opening of the Monts Otish Road leading to the Renard mining project by Stornoway makes Chibougamau a place to go through for all circulation to these destinations. The potential for the extension of the Monts Otish Road to connect with the Transtaiga, leading to unmatched world-wide mining exploration and development possibilities, especially through an access to the Labrador opening, which is a tremendous opportunity for the

municipality. Chibougamau could then benefit from a major influx of traffic and consolidate its position as the entryway and service crossroads for the Nord-du-Québec region.

The following map illustrates the crossroads situation that Chibougamau occupies for regional roads.

Figure: Central positioning map of Chibougamau, road illustration

Source: City of Chibougamau

Rail infrastructures

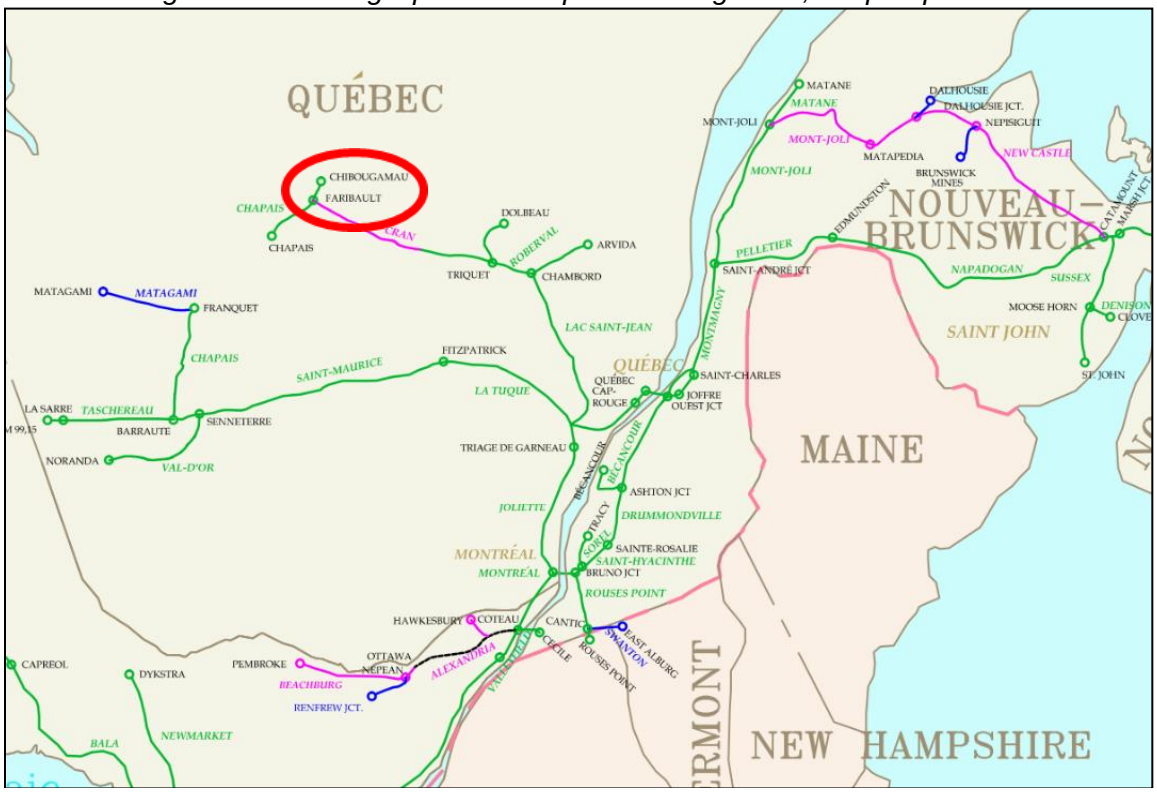
Road and rail transportation play a particularly important role in a regional economy that is based on the development of natural resources. The rail transportation is often the most economical and most effective means to reach the maritime port infrastructures.

Currently, the Canadian National Railway follows Route 167 up to Chibougamau and connects the City with a large rail network following the Saguenay-Lac-Saint-Jean region until it reaches the St. Lawrence River. The availability of this structure is strategic for Chibougamau and Chapais, for their local businesses and for the future businesses who may decide to establish themselves in the region.

The map below illustrates the rail connectivity to Chibougamau, the point that is furthest north in the CN system in Quebec. The railway allows the transportation of up to 268,000

pounds of material on rail cars of 44 feet or more. As a comparison, the railway going to Matagami, another Jamesian town located at the West entry point to the region, is limited, not only to a lower latitude but also to a lower rail car load (263,000 pounds, rail cars of 43 feet or more). It is also important to note that the City of Chibougamau, as opposed to other towns in the region, has as fast and direct link to the St. Lawrence River, through the Saguenay region. This is a major asset for the establishment of an intermodal hub in Chibougamau.

Figure: Geostrategic position map of Chibougamau, rail perspective



Source: Canadian National (CN)

This highly strategic geographical positioning of the City of Chibougamau is such that the City has been trying to optimise this competitive advantage over the last few years. It is certain that this key infrastructure could contribute to reinforce the positioning, attractiveness and competitiveness of the municipality.

Airport infrastructures

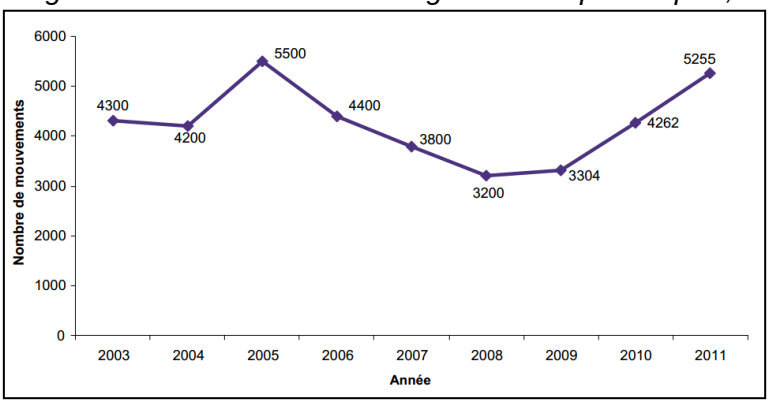
The presence of a major regional airport, located at 22 kms from the City is another favourable factor for the economy of the City of Chibougamau. It is an essential infrastructure for the economic development of the region and the municipality.

A RCGT study, completed in 2012, shows that due to the increase of mining activity in the region, “the air traffic at the Chibougamau-Chapais airport has increased by more than

64% in the last three years (59% just in 2010 and 2011 only) as illustrated by the following graph." (p. 57)

This same study shows that the airport is a major asset for mining companies. As proof, Goldcorp, the mining company developing the Éléonor Mine uses the Chibougamau-Chapais airport as the link for its employees of the Éléonore project. Over 150 employees use this airport each year. In addition, the Chibougamau airport is a Free on Board (FOB) site, which means that the merchandise transiting through the airport destine to the Éléonore Mine do not incur transportation charges for the senders. Therefore, all delivery costs are the responsibility of the Goldcorp mining company. This agreement signed with Goldcorp is of primordial importance for the Chibougamau businesses since it allows them to benefit from business opportunities with the mining company at a lower cost. The presence of a FOB site in Chibougamau has had some economic fallouts on local businesses. This example shows how the economic division of the City, Développement Chibougamau, is proactive. It shows the relevance and impact of the committees maximising the local economic fallouts. This model will more than likely be repeated with other mining projects that could set up in the region. Who knows, maybe a similar model could occur with the CLIC.

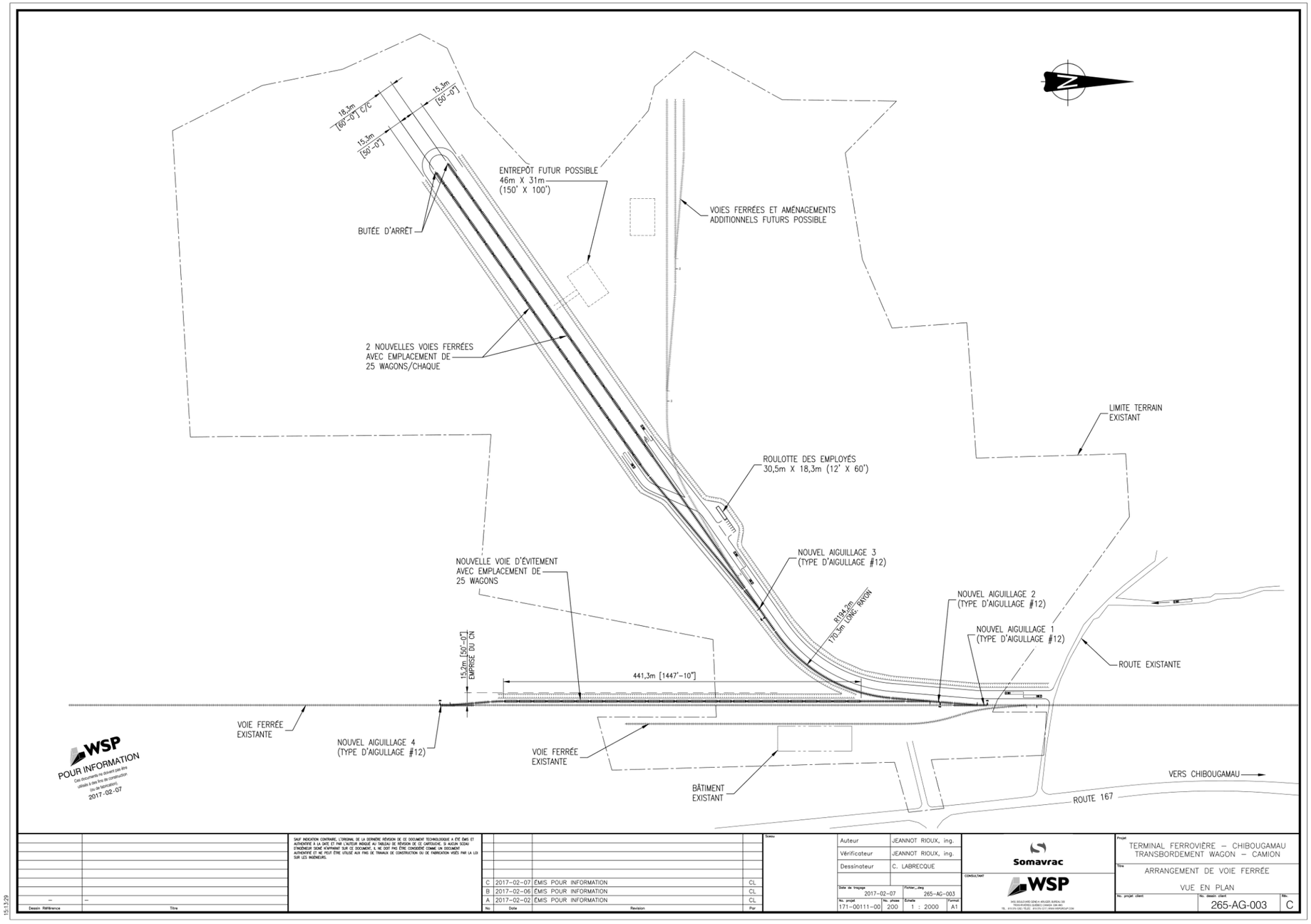
Figure: Changes in air traffic at the Chibougamau-Chapais airport, 2003-2011



Source: Raymond Chabot Grant Thornton (RCGT)

The linkage between the road, rail and air transport infrastructures allows the development of synergies between the economic stakeholders. On this issue, Chibougamau is unequalled in the Nord-du-Québec region. The implementation of an intermodal logistics centre at the "East gate" of the region would only increase the synergy development potential ant the economic opportunities while serving a wide range of mining companies and other businesses who need connections with the southern part of Quebec and the St. Lawrence River.

APPENDIX 2: Implementation plan of the CLIC and its buildings



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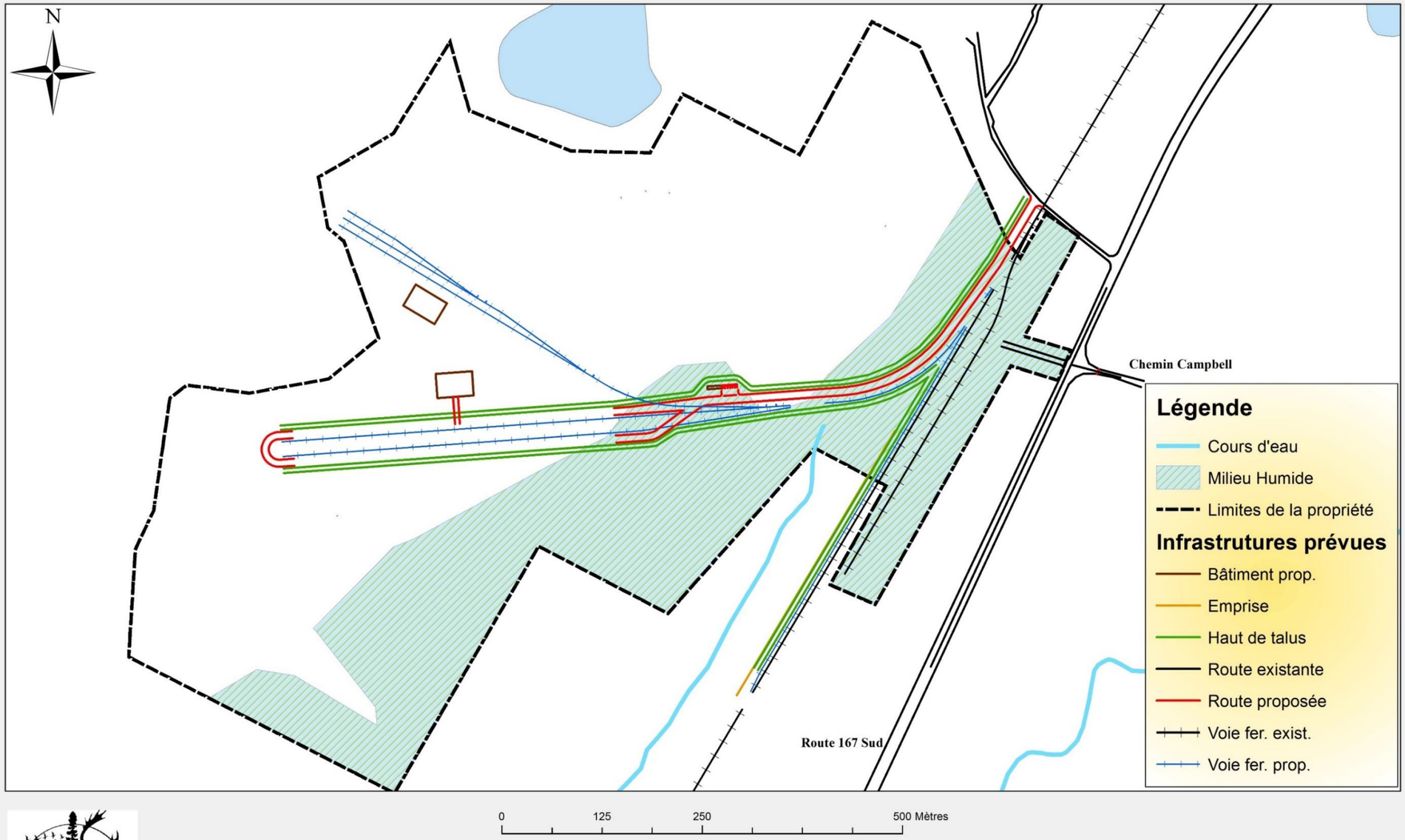
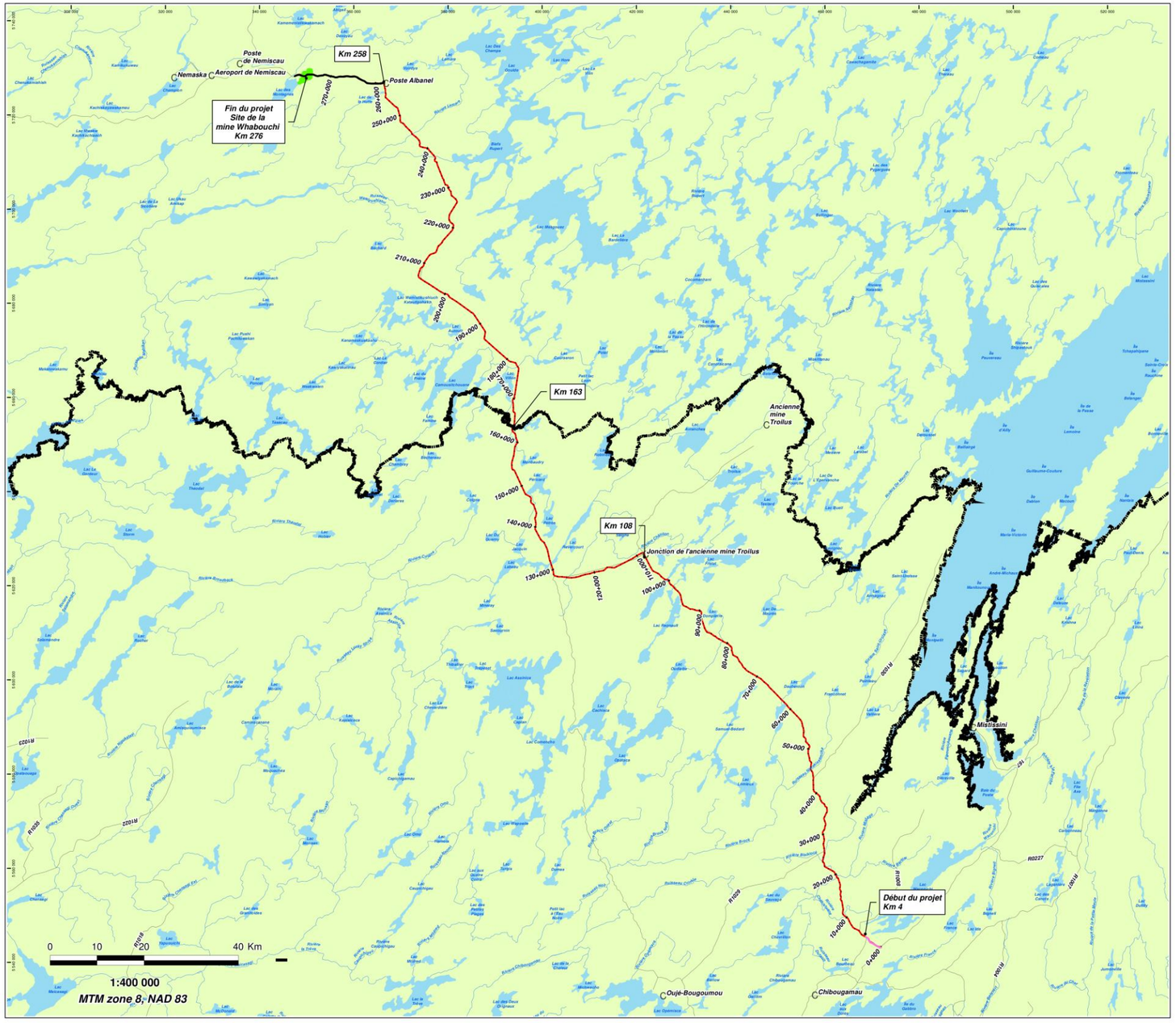
APPENDIX 3: Encroachment of wetlands on the proposed lot



FaunENord 31-03-2017

Infrastructures de la station de transbordement en fonction du milieu humide et des cours d'eau

APPENDIX 4: Potential path of the access road to the site using existing forest roads (1/3)



NEMASKA LITHIUM

Éléments du projet

- Limite Nordique (km 163 de la Route du Nord)
- Route du Nord (Responsabilté d'Hydro-Québec - km 258 à 276)
- Route du Nord (Responsabilté du MTMDET - km 4 à 258)
- Hydro linéaire
- Réseau routier
- Site de la mine Whabouchi (Km 276)
- Hydro surfacique

Projet de mine de spodumène Whabouchi

Route du Nord
Étude de réfection et d'entretien

GROUPE - CONSEIL FORCHEMEX

SEPTEMBRE, 2016
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Base carto.: BNDT, Gouvernement du Canada, 2013

Carte 1

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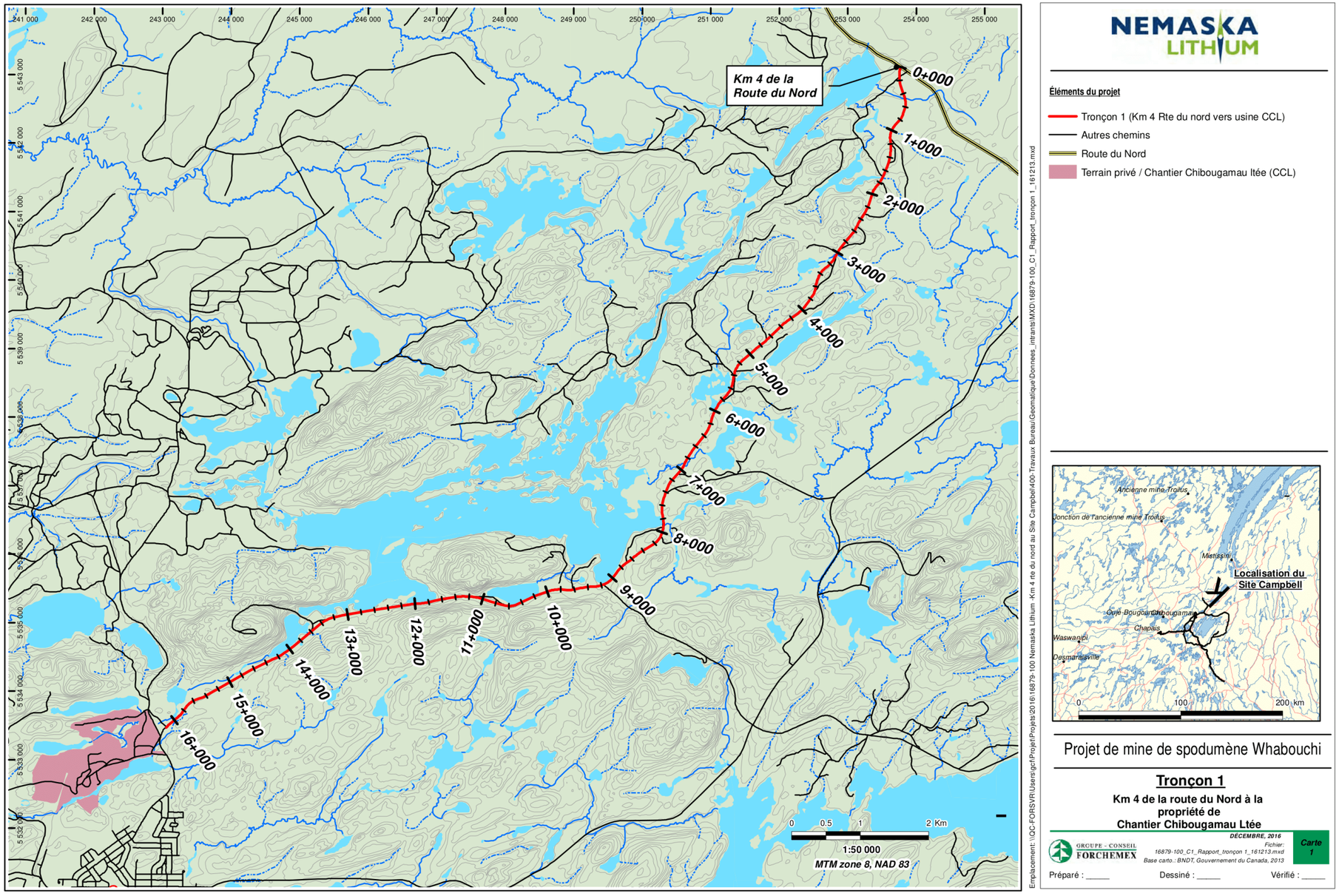
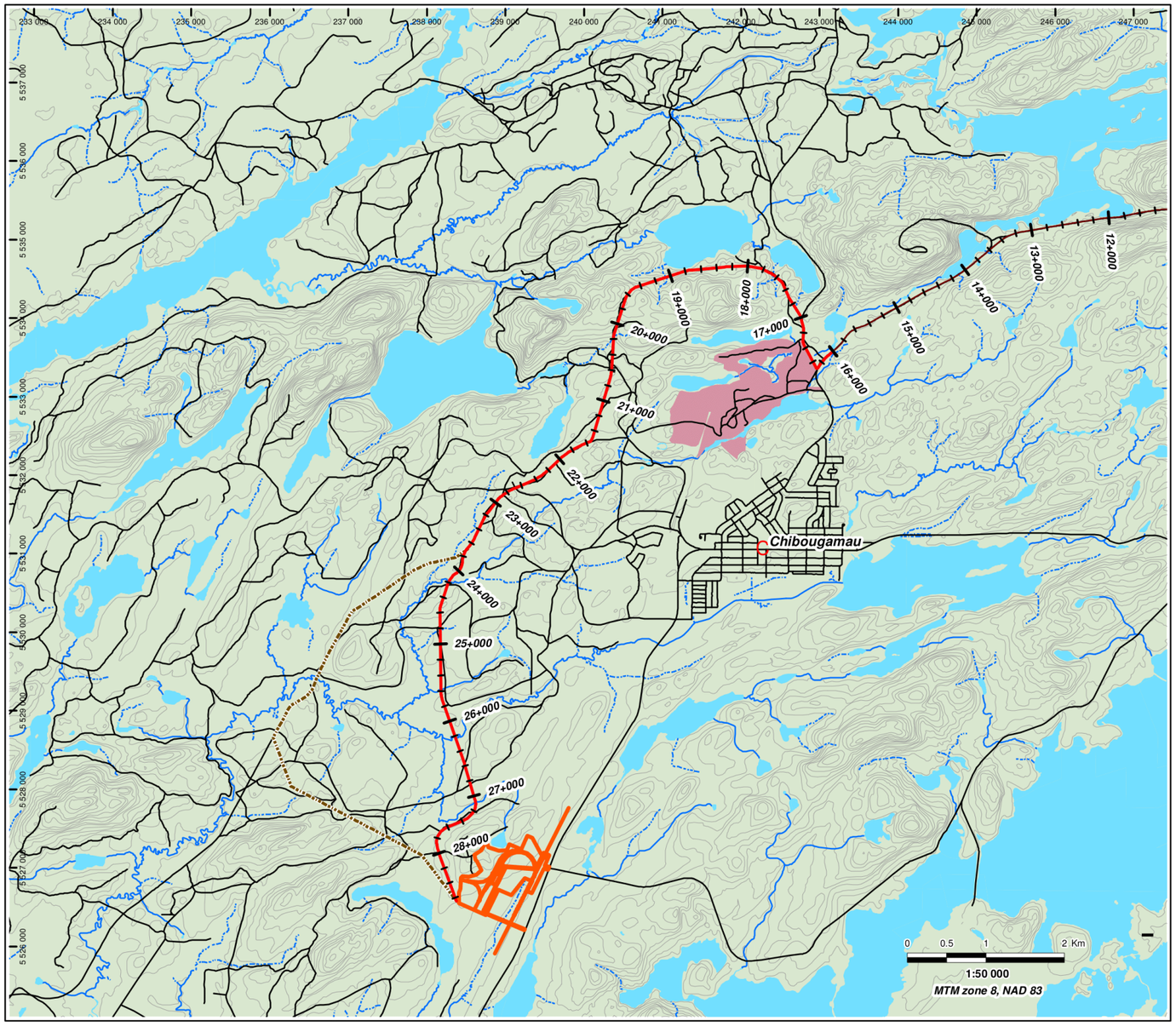
APPENDIX 4: Potential path of the access road to the site using existing forest roads (2/3)



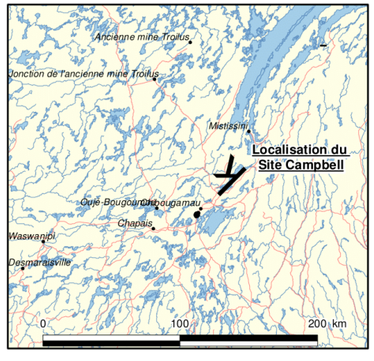
APPENDIX 4: Potential path of the access road to the site using existing forest roads (3/3)



NEMASKA LITHIUM

Éléments du projet

- Tronçon 2 (Usine CCL vers le site Campbell)
- Option du tronçon 2
- Site Campbell projeté
- Tronçon 1 (Km 4 Rte du nord vers usine CCL)
- Autres chemins
- Terrain privé / Chantier Chibougamau ltée (CCL)



Projet de mine de spodumène Whabouchi

Tronçon 2

De la propriété de Chantier Chibougamau Ltée jusqu'au site Campbell

GROUPE - CONSEIL FORCHEMEX

JANVIER, 2017

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Base carto.: BNDT, Gouvernement du Canada, 2013, Ville de Chibougamau

Carte 1

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