



May 29, 2014

Mr. Ron Hallman
Federal Administrator
James Bay and Northern Quebec Agreement
160 Elgin St, 22nd Floor
Ottawa, ON
K1A 0H3

Dear Mr. Hallman:

Subject: Changes to the Deception Bay Wharf project by Canadian Royalties Inc.

In July 2013, the Federal Administrator authorized Canadian Royalties Inc. (CRI) to proceed with the Deception Bay Wharf and Sediment Management project. The project site is in Nunavik. Since receiving the authorization, the proponent has not undertaken the construction of the wharf as described in its impact study. It has, however, made major changes to the design and plans to begin construction in summer 2014. The purpose of this letter is to inform you of the new design and provide some recommendations for amendments to the conditions included in the 2013 authorization.

The new wharf design put forth by CRI involves installing a floating barge moored perpendicular to the shoreline with the bow located near the upper limits of the water line. The barge is held in place by eight anchor piles (four on each side of the barge) and is also secured by moorings affixed on shore. The barge rises and falls with the tide by sliding up and down the piles. Experts brought in by CRI have attested to the stability of the structure and the wharf's ability to perform properly under Arctic conditions (wind and ice).

The site of the new wharf is the same as that described in the project authorized in 2013, ie, site Q1. Transshipment of ore from the concentrate storage facility to the ore carrier will be accomplished using a conveyor belt, as was planned in 2013, with a slightly different path to the barge. The estimated serviceable life of the floating dock is about ten years.

With respect to the environmental impact, the floating wharf design presents a number of improvements over the 2013 design. No dredging, transportation or storage of marine sediment is required, which decreases the potential impact on water quality. The total footprint on the seabed is limited to the area occupied by the eight pilings, ie, 9.34 m², which eliminates most of the fish habitat loss associated with the previous design. Impact installation of pilings will not be required, as they will be put in place using gravity; this will reduce the noise and potential impact on marine mammals. Lastly, the floating wharf, unlike the 2013 design, will allow small craft to dock; this was a request



made by the local Inuit communities.

With regard to environmental monitoring during construction, CRI will monitor operations at the work site (spill control, residue storage, dust control, etc) and oversee marine mammal protection and monitoring (work will begin after July 15; visual surveillance will be done during construction). With respect to environmental monitoring during operation, the proponent has also committed to monitoring water quality and tracking the restoration of fish habitats in the area affected by the July 2011 landslide.

CRI's timetable for the work calls for the delivery of the barge and driving of anchor pilings in July 2014, after which the permanent installation of the barge and loading equipment will be completed. CRI estimates the wharf will be ready to send out its first load of bulk concentrate by mid-August 2014, which eliminates the need for a temporary wharf, as had been planned in 2013.

Given the context and the considerations set out above, we maintain our recommendation of June 27, 2013 to the effect that: “ . . . *if the proponent applies the mitigation measures it proposes and the additional measures recommended by FRP-North in this report, the project is not likely to cause significant adverse environmental and social effects.*” Consequently, in the opinion of FRP-North, the July 12, 2013, authorization issued to the proponent by the Federal Administrator continues to apply.

However, because a number of activities, such as marine sediment dredging, will no longer be required with the new design, we have identified a number of changes that could be made to the Conditions of Approval Appendix.

Should you feel they are warranted, here are the changes we suggest:

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| CONDITION 1: | No reference document:
WSP. 2014. Request for amendment of the certificate of authorization – Deception Bay port infrastructure, Nunavik Nickel project. Report by WSP for Canadian Royalties Inc. 27 pages and appendices. |
| CONDITION 2: | No change |
| CONDITION 3: | No change |
| CONDITION 4: | In the second sentence, add a representative of the Nunavik-Nickel Committee as a possible committee member. |
| CONDITION 5: | No change |



- CONDITION 6: To be added to the end of the following sentence:
Although the proponent plans to install pilings by gravity, should an unexpected issue arise that makes driving necessary, the proponent must comply with the previously imposed restrictions and mitigation measures for the protection of marine mammals.
- CONDITION 7: No change
- CONDITION 8: No change
- CONDITION 9: Eliminate this condition. It no longer applies, as DFO will no longer be requesting a compensation program.
- CONDITION 10: No change
- CONDITION 11: Because the new design will allow small craft to dock, this condition could be modified to read as follows:
“In accordance with previous agreements, the proponent shall ensure public access to its wharf. Safe public access must therefore be provided for the inhabitants of neighbouring villages, both for persons and goods. If such access is not available, the proponent shall compensate for the situation at the request of the villages in question.”
- CONDITION 12: No change
- CONDITION 13: No change
- CONDITION 14: This condition should be amended as follows:
1. No change
 2. Eliminate this paragraph; it no longer applies, as there will be no dredging.
 3. Eliminate this paragraph; it no longer applies, as there will be no dredging.
 4. No change
 5. No change
 6. No change
 7. No change
 8. No change

In addition, under condition 8 of the authorization, the environmental monitoring and follow-up reports must be sent to the federal authorities. Upon receipt of the reports, FRP-North will verify compliance with the proponent's mitigation measures and the



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Federal Administrator's conditions of authorization. Should a problem arise, FRP-North will forward its recommendations to you without delay.

Lastly, for reference purposes, I am enclosing a copy of the July 2013 letter of authorization from the Federal Administrator, along with a sketch of the new design for the floating wharf. Please feel free to contact me should you require any additional information.

Yours truly,

Claude Langlois
President, FRP-North

Encl: July 12, 2013, letter of authorization
 Sketch of the new floating wharf design

cc: FRP-North members and executive secretary