

Gail Amyot
Vice-President, Environment, Health and Safety
Canadian Royalties Inc.
800 René-Lévesque Blvd. West, Suite 410
Montreal, Quebec
H3B 1X9

TRANSLATION

Dear Ms. Amyot:

This is to advise you of my decision to authorize, pursuant to paragraph 23.4.23, the port infrastructure construction and sediment management project in Deception Bay, Nunavik. My decision is subject to the conditions set out in the appendix attached.

I have noted your efforts to maximize the local benefits of your project. Without making it a condition of my decision, I encourage you to propose working conditions suited to regional needs and realities and to support programs aimed at improving integration and retention of Inuit employees. These measures would support your efforts to improve the social licence of your project.

Please note that this decision does not exempt you from the requirement to obtain and comply with the conditions of any authorization required under any act or regulation applicable to your project.

Yours sincerely,

Original signed by

Yves Leboeuf
Acting Federal Administrator
*James Bay and Northern Quebec
Convention*

Att.

c.c.: Clément D'Astous, Provincial Administrator
Maggie Emudluk, Chairperson, Kativik Regional Government
Gordon Walsh, Fisheries and Oceans Canada
Louise Alarie, Transport Canada

Appendix

CONDITIONS OF AUTHORIZATION OF THE PORT INFRASTRUCTURE CONSTRUCTION AND SEDIMENT MANAGEMENT PROJECT IN DECEPTION BAY, NUNAVIK

CONDITION 1

Subject to the other conditions contained herein and in my letter to the proponent of July 12th, 2013, the proponent shall ensure that the implementation of its project is consistent with the commitments it made and the conditions and measures provided for in the following documents:

GENIVAR 2012. *Environmental and Social Impact Assessment of the Deception Bay Wharf and Sediment Management*. (Volumes 1, 2 and 3). Reports by GENIVAR to Canadian Royalties Inc., November 2012.

GENIVAR, 2011. *Construction of Port Infrastructure for the Nunavik Nickel Project, Deception Bay / Environmental Impact Assessment*. Report from GENIVAR to Canadian Royalties Inc., 158 pp. + appendices. November 2011.

CANADIAN ROYALTIES INC., 2013a. *Additional Information*. 15 pp. + appendices. Letter from Canadian Royalties Inc. to COFEX-N, June 11, 2013.

CANADIAN ROYALTIES INC., 2013b. *Additional Information*. 12 pp. + appendices. Letter from Canadian Royalties Inc. to COFEX-N, May 15, 2013.

CANADIAN ROYALTIES INC., 2012. *Addenda 1. Parc à sédiments*. Letter from Canadian Royalties Inc. to KECQ and COFEX-N, 12 pp., March 9, 2012.

In the event of any conflict between the provisions set out in these documents, the provisions of the most recent document shall prevail.

CONDITION 2

To reduce the potential impact of increased winter shipping, the proponent shall rigorously implement the following measures:

1. prohibit shipping between March 15 and June 15;
2. observe the restrictions applicable to winter shipping, specifically a maximum of two vessels between December 15 and March 15 and a maximum speed of 7 knots;
3. synchronize ship movements and the navigation route for the vessels of Glencore Xstrata and Canadian Royalties Inc.; and
4. in an emergency situation, communicate with the villages of Salluit and Kangiqsujuaq before lifting the restriction on shipping between March 15 and June 15 and obtain formal written authorization from the authorities of the two communities.

CONDITION 3

The proponent shall review the winter shipping strategy annually to determine whether it is the best strategy for reducing the impacts on Inuit use of the bay. The review must take into account the marine activities of Glencore Xstrata and must be done in collaboration with the Inuit communities of Salluit and Kangiqsujuaq, KRG and Makivik Corporation.

CONDITION 4

The proponent shall establish an environmental monitoring and follow-up committee to oversee the application of the mitigation measures and environmental monitoring and follow-up programs during the construction and operation phases. The committee must comprise representatives of the proponent, Kativik Regional Government, Makivik Corporation, the northern villages of Salluit and Kangiqsujuaq, and the interested regulatory authorities (NMRIRB, KEQC, COFEX-N, DFO, MDDEFP, TC).

CONDITION 5

For ballast water discharge from its ships, the proponent shall:

1. comply at all times with the *Ballast Water Control and Management Regulations*;
2. comply, as required, with the specific directives of Transport Canada and Fisheries and Oceans Canada concerning the region of Deception Bay; and
3. monitor ballast water through the collection and analysis of water samples from ships on their arrival at the wharf. The results of the analyses must be sent to the follow-up committee and to the appropriate authorities.

CONDITION 6

During the construction and operation phases, the proponent shall provide for the necessary resources to apply the mitigation measures set out in its *Environmental and Social Impact Assessment* (Chapter 8 and Appendix 21, November 2012) and in the additional documents transmitted to the regulatory authorities since December 2012 or in response to consultations.

CONDITION 7

The environmental monitoring and follow-up program provided for by the proponent in its *Environmental and Social Impact Assessment* (Chapter 9, Appendices 23 and 24, November 2012) must be updated to include the commitments made since November 2012. The proponent shall provide for the necessary resources to implement this program. A complete program must be submitted to the regulatory authorities and follow-up committee prior to its commencement.

CONDITION 8

Once completed, all environmental monitoring and follow-up reports produced must be transmitted to the regional, provincial and federal authorities. During the construction phase, the environmental monitoring report must be forwarded to the regulatory authorities at least twice a month. During the operation phase, the environmental follow-up report must be submitted at least once a year.

CONDITION 9

The proponent shall provide for a compensation program for fish habitat losses caused by the work to be carried out in Deception Bay. The program (habitat enhancements in Deception Bay) must be approved by Fisheries and Oceans Canada prior to commencement of work.

CONDITION 10

During the entire construction and operation phases, the proponent shall implement an effective communications program with authorities and residents of the northern villages of Salluit and Kangiqsujaq. The proponent shall maintain harmonious relations between the users of Deception Bay and Canadian Royalties Inc. personnel and shall ensure that traditional access by the Inuit to the bay is not restricted.

CONDITION 11

Under previous agreements, the proponent had to guarantee public access to its wharf. As a result of the design selected, such access will likely be impossible and the adjacent villages will be unable to use the wharf or to transport goods to and from it. If a need is expressed by the villages affected, the proponent shall compensate for this situation.

CONDITION 12

The proponent shall inform the Federal Administrator and COFEX-N of any updates to the project schedule.

CONDITION 13

The proponent shall initiate early discussions with affected parties on the fate of the port facilities after the end of the operation phase. It shall ensure proper restoration of the sites or their transfer to local or regional authorities.

CONDITION 14

In addition to the mitigation, monitoring and follow-up measures set out in the proponent's impact assessment and supplementary documents, the following additional measures must be implemented:

1. If the barges used during construction come from marine waters, the proponent shall ensure that their hulls are cleaned before moving them into Deception Bay.
2. During the dredging period, the proponent shall keep the sediments at the land-based disposal site wet at all times to prevent any risk of chrysotile asbestos becoming airborne.

3. Immediately on completion of the dredging operations, the proponent shall cover the land-based sediment disposal site to prevent the dispersion of airborne particulates containing chrysotile asbestos.
4. During the construction and operation phases, roads must be kept wet to reduce dust. In addition, monitoring of dust and particulate levels on the plants and fruits harvested and at locations where fish are dried must be carried out, and the data must be transmitted to local and regional authorities.
5. Where possible, the work must be performed outside the migratory bird migration and breeding season.
6. The proponent shall systematically provide the two Inuit communities advance notice of the passage of ships to enable them to plan their movements in the area.
7. Canadian Royalties Inc. shall identify concrete measures to meet the needs of the Inuit regarding access to Deception Bay and use of the infrastructure and services. Follow-up of this situation must be carried out and presented to the follow-up committee identified in recommendation 3.
8. Canadian Royalties Inc. shall verify with the follow-up committee mentioned in recommendation 3 the need for and approach to determining whether wildlife behaviours (migration patterns, seal whelping period, etc.) adjust to climate change in order to modify the shipping restriction dates as a function of the optimal periods for the species and use of the area.