



Québec, June 27, 2013

Yves Leboeuf
Federal Administrator
James Bay and Northern Quebec Agreement
160 Elgin Street, 22nd Floor
Ottawa, Ontario K1A 0H3

**Subject: Canadian Royalties Inc.'s Port Infrastructure Project at
Deception Bay**

Dear Sir:

I am pleased to provide you with the recommendations report drafted by the Environmental and Social Impact Review Panel – North (COFEX-North), for the port infrastructure project proposed by Canadian Royalties Inc. (CRI) at Deception Bay. This report summarizes the context of the project, the COFEX-North review process since it received its mandate in April 2012, the findings emerging from the analysis of documents submitted by the proponent and the concerns raised during the consultations in May 2013 in the villages of Kangiqsujuaq and Salluit. It also describes the assessment of the project's impacts on the biophysical and human environments, as well as COFEX-North's final recommendations regarding the approval of the project and related conditions.

After a careful consideration of all information collected and documents filed by CRI on the project, COFEX-North is of the opinion that if the proponent applies the mitigation measures it proposes and the additional measures recommended by COFEX-North in this report, the project is not likely to cause significant adverse environmental and social effects. Accordingly, COFEX-North recommends that the federal administrator authorize the project, insofar as the conditions specified in Section 8.0 (Conclusion and Recommendations) are met by the proponent.

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In its timelines forwarded in June 2013, the project proponent, Canadian Royalties Inc., plans to start construction of the port infrastructure on July 1, 2013. The project execution is however subject to the issuance of permits or authorizations from Transport Canada and Fisheries and Oceans Canada, the latter having to enter into an agreement beforehand with the proponent regarding compensation for destruction and loss of fish habitat.

If you have any questions concerning the report, please contact the undersigned.

Claude Langlois
Chair
COFEX-North
Tel.: 450-655-7356

Attachment: COFEX-North Recommendations Report, June 2013

c.c.: COFEX-North members and executive secretary