

May 29, 2017

Ms. Marie-Renée Roy
Deputy Minister and Administrator of Chapter 22 of the James Bay and Northern Quebec Agreement
Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques
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Project	Whabouchi Spodumene Mine Project
Ref. CA	3214-14-052
Object	Modification to conditions #12, 14, 17 and 18 of the Certificate of Authorization (CA) and to the location of the final effluent

Ms. Roy,

This letter aims at requesting modifications to the aforementioned conditions and to the location of the location of the final effluent discharge point.

Condition 12:

One year after the project's authorization, the proponent must submit a wetland loss compensation plan to the Administrator for approval.

Several information has up to this day been provided to refine the extent of the proposed research programs in line with Nemaska Lithium's wetland compensation plan, including its in-kind and cash contributions, the objectives of these projects and their respective duration, among others.

Previous communications on this topic referred to a committee which was implemented by Roche Ltd, Consulting Group, and Stornoway Diamonds in October 2014 along with various regional stakeholders. That committee concluded that the best approach towards wetland compensation in the Eeyou Istchee James Bay region was the acquisition of data on boreal wetlands considering the quasi-total absence of such information and the consequent impossibility to adequately establish their ecological value in compliance with the applicable legal framework. After two years of discussion with several researchers, research programs were submitted to the NSERC, or about to be; these programs were described in a letter sent to the COMEX on April 15, 2016, by Stornoway Diamonds and Nemaska Lithium. It should also be noted that the MDDELCC is a partner of these projects, as well as the MFFP.

We acknowledge that the COMEX is expecting from Nemaska Lithium that it submits a compliant wetland compensation plan, as we committed to do in the aforementioned letter dated April 15, 2016. However, considering the schedule included in Condition #12 and the inherent delays associated with the production of such plan, we request that the schedule included in that condition be modified to refer to "six (6) months prior to the beginning of mining operations".



Condition 14:

Six months after the project's authorization, the proponent must submit an updated fish habitat compensation plan to the Administrator for approval. The plan must take into account all fish habitat losses and be developed in consultation with experts at the Ministère des Forêts, de la Faune et des Parcs. The compensation plan must also take into account the needs and concerns of Cree land users.

With regards to Condition #14, discussions recently took place between Nemaska Lithium, its consultants and the Department of Fisheries and Oceans Canada (DFO; Direction régionale de la gestion des écosystèmes, Ms. Marion Vaché and Mr. Jacques Trottier) so that the DFO has been able to comment on the most recent version of the proposed fish habitat compensation plan. In the light of these recent discussions, additional information still need to be gathered by Nemaska Lithium, among others from the Cree Nation Government (CNG) on the use made of some regional lakes as well as from other Cree entities with regards to other potential compensation alternatives in the Eeyou Istchee region. It is however not yet possible to statute on when the compensation plan will have been approved and it is only when the aforementioned additional information will have been provided to the DFO that will know more about the applicable timeline.

Moreover, as mentioned in our letter dated November 7, 2016, even though we have tried to establish direct connections between DFO's and MFFP's analysts in order to ensure adequate coordination between both, this has up to this day not led to any reel concertation or collaboration. The DFO has informed us that "once it will have received the revised version of the compensation plan integrating the components discussed on April 27, 2016, and previously, it will informally consult the Province et statute on the plan's admissibility". Consequently, it appears that it is difficult for Nemaska Lithium to predict when this compensation plan will be provided to the MFFP for "informal consultation".

Consequently, and considering that that the effects on fish habitat associated to the Whabouchi Mine Project are associated only with the operation phase (groundwater level drawdown caused by pit dewatering and reduction of some watersheds area following the implementation of the water management plan), we request that the schedule included in Condition #14 be modified to refer to "six (6) months prior to the beginning of mining operations".

Condition 17:

Three months before construction begins, the proponent must submit to the Administrator, for information purposes, a document stating the amount of each type of residual material that will be generated on site during each phase of the project. The document must confirm the final disposal site selected, its capacity to receive residual materials generated by the Whabouchi project, and the needs of the community of Nemaska.

With regards to Condition #17, all solid wastes to be generated at the Whabouchi site as part of the construction phases are being transported to sites authorized by the MDDELCC and located in the Chibougamau and Lac-St-Jean area. Information on solid waste management in the construction phase were provided in response to Condition #2 of the modified CA dated July 27, 2016 (sent concomitantly with the present letter).

As part of the operation phase, the same approach is considered, but in light of recent discussions with the Cree Nation of Nemaska, it seems some synergies could be implemented between the Whabouchi Mine Site



and the community in order to potentially adopt co-management of solid wastes (non-hazardous), thus enabling a more efficient and responsible management in the community (ex. recycling).

Considering that information has already been provided for the construction phase, we request that the schedule included in Condition #17 be modified to refer independently to the construction and operation phases and that the information required for the operation phase be required "three (3) months prior to the beginning of mining operations". This would enable Nemaska Lithium and the Cree Nation of Nemaska to maximize potential synergies in solid waste management, especially with regards to recycling, something which is now not being done in Nemaska.

Condition 18:

Six months before mine operation begins, the proponent must submit the final emergency measures plan to the Administrator for information purposes. The plan must cover all possible situations involving spills, fires, explosions and the release of toxic substances, as well as clearly and fully define all response measures in case of an accident, particularly in terms of communication with the government authorities concerned (Urgence-Environnement, Ministère de la Sécurité publique, Ministère des Transports du Québec, SOPFEU, etc.), potential closure of the Route du Nord and forest fires.

With regards to the emergency measures plan (conditions #18 and 19), Nemaska Lithium initiated discussions with multiple stakeholders (MTQ, Hydro-Québec, Nemaska Public Safety Department, Nemaska Ambulance Services, Nemaska Fire Department, Nemaska Clinic, etc.) in order to enable the implementation of regional emergency measures plan. Those led to the issuance of a preliminary version which was provided on March 20, 2017. However, it has up to this day been difficult to gather all stakeholders around the same table and thus we are now considering a new approach to gather the comments and information from each one of them separately, even though this may not be optimal.

Consequently, considering the inherent delays associated with the aforementioned approach, we request that the schedule included in Condition #18 be modified to refer to "six (6) months prior to the beginning of mining operations".

Modification to the General CA to account for the revised location of the final effluent discharge point and associated mine water management plan

In collaboration with the MDDELCC regional directorate and as part of the environmental authorization process applicable to these activities as per the *Environment Quality Act* (EQA), some minor modifications were integrated in the design of the Whabouchi Project since the beginning of the site preparation works.

However, a modification was considered to be significant enough that we have decided to submit a request for a modification of the General CA. It pertains to the change in the location of the final effluent discharge point from Mountain Lake to the Nemiscau River, upstream of Route du Nord and the nearby Cree camps, and which followed multiple consultation activities which took place since spring 2015 with the R19 and R20 tallymen and their family, the Band Council of the Cree Nation of Nemaska and with the Environment Committee (including representatives of the Cree Nation Government).

As you know, since the COMEX public hearings for the Whabouchi Mine Project which took place in March-April 2015, some concerns were expressed by the R20 tallyman and his family in line with the location of the



final effluent discharge point in Mountain Lake, at the mouth of the Nemiscau River, mainly because that area is highly valued/used by land users. Indeed, in their opinion, that location was problematic because:

- The subaquatic pipeline, about 3.5-km long, would have been visible at the bottom of the lake in the Bible Camp area where water depth is low and where local land users and Cree fishermen are very active;
- Water discharge in that area was concerning for the tallyman since he considers it could have had impact on winter ice cover and consequently on its future capacity to cross the lake in that area by snowmobile;
- Works in lake habitats to install the pipeline were considered risky by land users considering the local lake conditions (high waves, strong current, etc.).

Therefore, in spring 2015, Nemaska Lithium initiated a study for another site located in the Eastern portion of Mountain Lake, at the mouth of Creek D, which drains Spodumene Lake and the adjacent peatland. The modelling of the dispersion of the effluent from that other site, completed in October 2015, concluded that the proposed site was not optimal and that it was not offering the same advantages as the initial site (i.e. the one located at the mouth of Nemiscau River). However, compared to the first site, that second site was still the favorite of Cree land users since it was avoiding the area where they are most active, i.e. the mouth of the Nemiscau River in Mountain Lake. Discussions already taking place between Nemaska Lithium and the R20 family were then brought to another level, with the implication of the Cree Nation Government and of MDDELCC's experts to make sure their respective technical opinion, all favourable to the first site, were well understood by the R20 family members. It is also at that stage that the R19 tallyman was brought into the discussion. But, even since those discussions were constructive, they did not lead to any final decision being made by the Crees on that location of the final effluent discharge point at any of the proposed sites.

Finally, in the winter of 2017-2017, prior to an Environment Committee meeting, the R20 tallyman suggested that Nemaska Lithium should consider discharging the final effluent in the Nemiscau River, upstream of where Cree camps are located along the Route du Nord. A modelling of the dispersion of the effluent from that new (third) site was then completed, as well as geotechnical investigations to validate that the terrestrial portion where the pipeline would be located was suitable for an underground and gravity construction. These studies are attached to the present letter, along with a map locating the Whabouchi Mine Site as projected in the operation phase, and provide with a lot of information on the proposed site.

On May 17, 2017, the Environment Committee organized a meeting with the R20 and R19 families along with representatives of the Cree Nation of Nemaska (Chief and two councillors) and of the Cree Nation Government in order to decide which of the options should Nemaska Lithium move forward with. As part of that meeting, it was decided by those who were present that the final discharge site should be the one located in the Nemiscau River, upstream of Route du Nord, and that it was better than the one located in Mountain Lake at the mouth of Nemiscau River. This decision was made, among other reasons, in the light of the positive results outlined in the modelling study completed for that site and because it avoids the highly-valued area of Mountain Lake.

Consequently, the mine water management plan (contact water with the mine site; pit dewatering water; process water from sporadic drainages) was modified so that all waters will now ultimately be ending in Basin D (see attached map) and not in the mine water basin, the latter now being only a pit dewatering basin. From Basin D, an underground and gravity pipeline will transport water to the final effluent discharge point in Nemiscau River. It should be noted that the length of the terrestrial portion of the pipeline is similar now compared to what it was before (1.6 km vs 1.1 km); however, the aquatic portion is significantly reduced, from 3.5 km to less than 100 m, a clear advantage of the option selected by the Crees and Nemaska Lithium.

Therefore, we request that the CA #3214-14-052 be modified to authorize the discharge of the final effluent in the Nemiscau River, upstream of Route du Nord, at a site located at (UTM zone 18 Nord): X: 439 160 m;



Y: 5 727 263 m. We acknowledge that an application for a certificate of authorization under Section 22 of the EQA will be required before we proceed with the works and that this application will enable Nemaska Lithium to provide the MDDELCC regional directorate with the required drawings and other detailed technical information.

For any question or comment in line with this letter, please contact the undersigned at simon.thibault@nemaskalithium.com or by phone at 418-809-9696.

Best regards,

A handwritten signature in black ink, appearing to read "Simon Thibault", with a long horizontal line extending to the right.

Simon Thibault, M.Sc., bio.
Director Environmental and Social Responsibility

p.j.

cc. Alexandra Roio, MDDELCC
Mélanie Chabot, MDDELCC