

Annexe XXX

Stratégie d'approvisionnement local (Hatch, 2019)

**Guo AO Lithium
Moblan Lithium Project
Local Procurement Strategy**

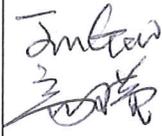
2019-03-14	0	Use	Hills, Bretton B. Hills Sene, Moussa M. Sène	Digitally signed by Hills, Bretton Date: 2019.03.15 12:34:54 -07'00' Signature numérique de Patoine, Marie-Christine Date: 2019.03.15 17:44:05 -04'00'	Patoine, Marie-Christine M.-C. Patoine	Patoine, Marie-Christine M.-C. Patoine	 J. Gao President Guo AO Lithium
Date	Rev.	Status	Prepared By	Checked By	Approved By	Approved By	Client
HATCH							



Table of Contents

1. Introduction	1
2. Purpose and Approach	2
3. Project Needs	2
4. Local Capacity	3
5. Procurement and Contracting Guidelines	4
6. Roles and Responsibilities	5
7. Milestones	6

1. Introduction

Lithium Guo AO (the "Proponent") is planning the construction of infrastructure to mine and treat an orebody near Lake Moblan (Québec) in a project titled the *Lac Moblan Lithium Project* (the "Project"). The project site is located approximately 75 km northwest of the municipality of Mistissini and 100 km north-northwest of Chibougamau.

The Proponent has retained Hatch to undertake the *Environmental and Social Impact Assessment* 3214-14-062 (ESIA) of the project. As part of the EISA, various impact mitigation and benefit enhancement measures have been identified, in relation to the potentially affected communities, namely Mistissini, Ouje-Bougoumou, Waswanipi, Nemaska, Chibougamau and Chapais. The first four communities are Cree communities whereas the last two are non-indigenous communities.



Figure 1-1 : Communities in the Project's vicinity

One of the main impact mitigation and benefit enhancement measures that have been identified is the implementation of a Local Procurement and Contracting Strategy. The current document presents this proposed strategy. First of all, it indicates the purpose and approach of the strategy, then it presents an overview of the project's needs in relation to local capacity, and finally, it outlines the procurement and contracting guidelines to be implemented.

This strategy has been developed based on Hatch's experience with similar projects and in accordance with best management practices and frameworks established by institutions such as the International Finance Corporation (IFC) and the Centre for Social Responsibility in Mining (CSRMin).

The proposed strategy will be a living document, intended to be developed into a detailed plan through collaboration with local stakeholders. Also, it will be updated following the signature of *Impact and Benefit Agreements* (IBA) between the relevant stakeholders and the Promoter.

2. Purpose and Approach

Lithium Guo AO is committed to supporting local communities in its operations, through the involvement within the project's supply chain, when appropriate, of local companies, businesses, and enterprises. The proponent believes that locally procuring goods and services provides significant positive externalities to a project's social environment, such as:

- Building sound relationships with local communities with a view to increasing social licence ;
- Developing cost-effective, efficient, local and responsive supply chains;
- Contributing to the development of stable and prosperous host societies that are better places to do business.

Thus, the purpose of the current document is to outline the principles facilitating inclusion of local content in the project.

The proposed approach is focused on the inclusion, development and support of local communities and it is based on the following strategic objectives:

- Promote the development of local expertise and capacity in mining and related fields;
- Assist and encourage the creation, development and diversification of local businesses and opportunities for local communities to participate in business opportunities and investment created by the Project;
- Provide a framework for the tendering and awarding of Contracts that facilitates the participation of local communities in priority, and that encourages the retention of economic benefits of the Project in the region;
- Support education and training programs aimed at achieving local workforce/business development

3. Project Needs

The Project will be developed and operated in three stages:

- The construction phase, including the preparation of the site and the construction of infrastructure, scheduled for the end of 2019/beginning of 2020;
- The mining and concentrating phase, including the pre-production stages of the mine, the start of the plant production and the production of spodumene concentrate throughout a 12-year plan;

- The closure phase, including the cessation of operations, the dismantling of equipment and buildings, the cleaning of the site and its restoration, scheduled to last 2-3 years.

The procurement and contracting needs will be mainly to provide the project with goods, equipment and services supporting the construction and operation of the following infrastructure:

- An open pit mine.
- A 2600 t/d concentrator plant.
- A waste rock and *Tailings Disposition Site* (TMS).
- One ore storage pile.
- One overburden pile.
- A 25 kV electrical power distribution line connected to the local Hydro-Quebec power network.
- Water collection basins for water management.
- Administration, maintenance, garage and laboratory buildings.
- Materials and additives storage building.
- Explosives storage building.
- Mining workers camp.
- On site circulation road.
- Medical, first aid and emergency services.

A full list of Project procurement and contracting needs will be developed by the Promoter and communicated to stakeholders.

4. Local Capacity

For the purposes of this Plan, a local community is defined as a community which is adjacent to, or impacted by, the Promoter's operations. This corresponds to the six communities previously identified. As for what constitutes a local business, the frame of reference used in this strategy is the one from the best practice recommended:

the main consideration is whether a business contributes to building local economic capacity. The appropriateness of the local agreement will depend on the context, the nature of the business opportunities generated, the local capacity and the aspirations of host communities and governments (CSRM, 2014).

Thus, the Promoter's Supply Chain Manager, will be responsible for establishing criteria to pre-qualify businesses as local, regional, provincial or others. To do so, in collaboration with local business associations and authorities, a comprehensive mapping of local businesses will be completed to identify their capabilities and determine which businesses could benefit most from the opportunity to participate in local supply chains.

5. Procurement and Contracting Guidelines

General guidelines commonly used to the awarding of contracts (cost competitiveness, timely performance, relevant experience, health, safety and environment performance, etc.) will apply to the project, and the tendering process shall be applied in a manner not to unduly delay the Project. Additionally, only businesses pre-qualified on a discipline basis or by category of services or goods for contracts, may be eligible to participate in the tendering process. Nevertheless, in order to support local businesses, four measures will be implemented as part of the contracting processes:

1. The Promoter will maintain a presence in one of the local communities to facilitate all procurement and contracting matters. This person will reach out to all identified businesses and community economic development officers, etc., with specific procurement/contracting opportunity information on a regular basis. This responsibility could for instance be assumed by a community liaison officer.
2. Workshops and some assistance will be provided to local businesses for the pre-qualification process: annually, for the purposes of promoting and facilitating the access of local firms to business opportunities related to the Project, the Promoter shall provide workshops for the local communities and assistance, as needed, in areas such as:
 - ◆ General assistance in completing the pre-qualification application process.
 - ◆ General information regarding the Tendering Process.
 - ◆ Introduction to the content of general standard terms and conditions.
 - ◆ Information on the creation of joint ventures.
3. Where qualifications are equal, and if there is no additional material financial burden to the Proponent or delay on any milestone date of the delivery schedule, preference shall be given to local businesses.
4. In collaboration with local authorities, a community advisory committee will be proposed by the Promoter. The committee will act as a forum for collaborative, open exchange and coordination between the stakeholders involved in the project. This platform could for instance provide advice to the Promoter on mechanisms which may be used to further promote the objectives of the strategy.

6. Roles and Responsibilities

Based on the proposed strategy, a detailed procurement and contracting plan will be developed by procurement and design leads and Lithium Guo AO Ltd, in collaboration with local stakeholders namely:

- *Mistissini Council*
- *Développement Chibougamau*
- *Cree Nation Department of Commerce and Industry*
- *Corporation de développement économique de la Ville de Chapais*
- *Ouje-Bougoumou Council*
- And Others

The detailed plan could eventually cover the following aspects:

- Roles and Responsibilities
- Key Performance Indicators
- Projects needs
- Capability Assessment for Local Contractors
- Communication and Market Engagement
- Pre-Qualification Process
- Tendering Process
- Preferred Contracts
- Management Rights
- Capacity Building
- Business Opportunities Committee
- Monitoring and Reporting
- Management Review

7. Milestones

The following key tasks are recommended to implement the Strategy for the construction phase of the project. A year prior to the exploitation phase, the strategy would be updated accordingly.

Table 1-1 : Milestones

Item	Tasks	Timeframe
1	Design of the local procurement strategy	Approximately 12 months prior to construction mobilization.
2	Complete a mapping of potential local service providers	Approximately 12 to 8 months before construction mobilization.
3	Develop a detailed procurement plan	Approximately 8 to 6 months before construction mobilization.
4	Establish a community advisory committee	Approximately 8 to 6 months before construction mobilization.
5	Have a local representative for the promotor	Approximately 6 months before construction mobilization.
6	Initiate communication of the procurement plan to local communities	Approximately 6 months before construction mobilization.
7	Deliver workshops and assistance to local businesses for pre-qualification process	Before construction mobilization (6 to 3 months prior) and progressively decreasing during the construction phase.

END OF SECTION