

***ATTRIBUTION OF PERMANENT STATUS
AS BIODIVERSITY RESERVES TO EIGHT TERRITORIES
IN THE NORTH SHORE ADMINISTRATIVE REGION***

BRIEF

Presented To:

Bureau d'audiences publiques sur l'environnement

By:

New Millennium Iron Corp.
2325, rue Centre, Local 105
Montréal (Québec)
H3K 1J6
Telephone: (514) 448-9595
Telecopier: (514) 448-2963
E-mail: pfw@wilkinson.ca

Tata Steel Minerals Canada Ltd.
1000, rue Sherbrooke ouest, Suite 1120
Montréal, Québec
H3A 3G4
Telephone: (514) 764-6700
Telecopier: (514) 764-6725

January, 2012

TABLE OF CONTENTS

1.0	Introduction	1
2.0	Our Interest	1
3.0	Our Position	3
4.0	Our Request	5

1.0 INTRODUCTION

On November 7, 2011, the Minister of Sustainable Development, Environment and Parks, M. Pierre Arcand, mandated the Bureau d'audiences publiques sur l'environnement ("BAPE") to consult the public on the proposal to grant permanent status as biodiversity reserves to eight territories in the North Shore Administrative Region.

2.0 OUR INTEREST

New Millennium Iron Corp. ("NML") was created in 2003 in order to develop certain iron ore deposits in the Schefferville area of Québec and Labrador.

Between 2007 and 2010, NML conducted a feasibility study, including a major environmental component, of its Direct-Shipping Ore Project ("DSOP"). The environmental authorizations for the Labrador components of the DSOP were issued in 2011, and construction of the first of those components began in August, 2011, with the first production of ore scheduled for late 2012. The environmental assessment of the first Québec component of the DSOP pursuant to the *Environment Quality Act* is at an advanced stage, and production there is scheduled for 2013.

Tata Steel Minerals Canada Ltd. ("TSMC") is the legal entity created in 2010 to build, operate and own the DSOP. TSMC is owned 80% by Tata Steel Global Minerals Holdings Pte Limited ("Tata Steel") and 20% by NML. Tata Steel also owns roughly 27% of NML.

The DSOP represents a capital investment of over \$300 million. It will operate for 12 years with current reserves, creating roughly 240 full-time equivalent ("FTE") jobs per year and generating an additional \$150 million per year in contracting opportunities for goods and services.

NML and Tata Steel are also carrying out a feasibility study ("FS") of the first phase of the Taconite Project ("TP1") (Figure 1), the goal of which is to produce annually ~ 22 million tonnes of iron ore concentrate or pellets.

The TP1 involves the development of either or both of the LabMag and KeMag deposits.

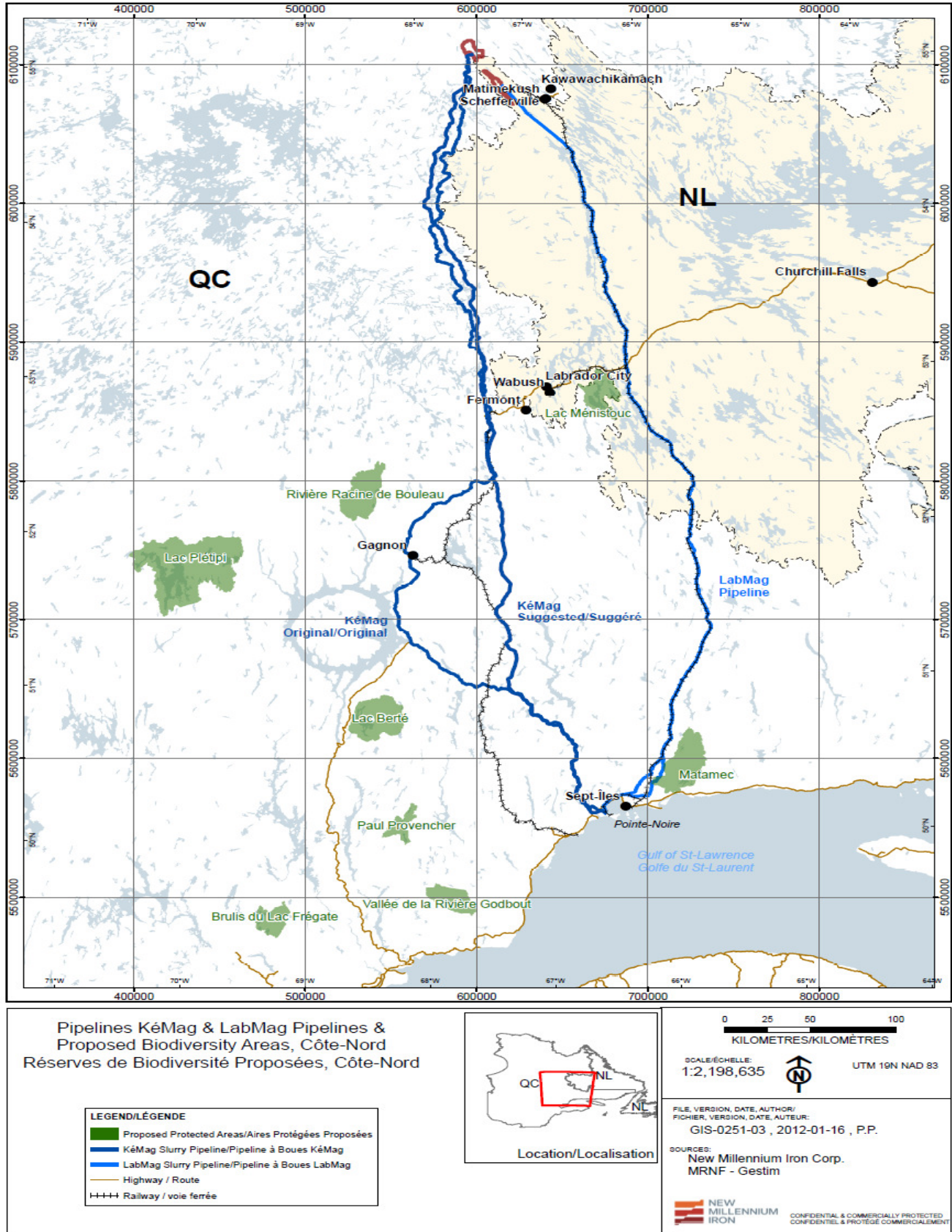
The KéMag Project would be located entirely in Québec. It would require roughly 300 MW of electricity at the mine/concentrator site and a dock capable of accepting 350,000-tonne dwt vessels at the Port of Sept-Îles. It would also depend on the rail link between Sept-Îles and Schefferville and on the airport and other infrastructure at Schefferville to supply it with fuel and goods.

The LabMag Project would be located partly in Labrador and partly in Québec. With the exception of the power supply, it would depend on the same infrastructure in Québec as the KéMag Project.

If both the LabMag and the KeMag deposits are mined, all of the concentrate will be transported via the LabMag pipeline.

The capital cost of the TP1 will be in the range of \$3.7 B - \$4.8 B, depending on which infrastructure is built.

Figure 1: KéMag & LabMag Pipelines & Proposed Biodiversity Areas, Côte-Nord



The TP1 would generate roughly 1,500 FTE jobs at the operations phase and would generate some \$500 million per year in contracting opportunities for the supply of goods and services. The life span of the TP1 might exceed a century.

The economic viability of the TP1 depends on transporting the iron ore concentrate produced at the mine site by buried pipeline in the form of a slurry to Sept-Îles, from where it would be shipped as concentrate or as pellets to clients (see Figure 1). Transporting the concentrate by train would be much more expensive, and there is in any case some doubt that the existing rail lines would have the capacity to transport over 20 million of tonnes of concentrate annually when the TP1 becomes operational, in late 2016.

The TP1 would be rendered impossible by any event that makes it impossible to build and operate a pipeline between either of the mine sites and Sept-Îles.

The *Loi sur la conservation du patrimoine naturel* does not refer specifically to pipelines when describing the activities that are forbidden in proposed or permanent biodiversity reserves. We believe, however, that there is a high likelihood that building and operating pipelines would normally be prohibited.

In the light of the foregoing, the interest of NML/TSMC in the recommendation of the BAPE and the ensuing decision of the Government of Quebec (“GoQ”) in the matter of the eight territories under review is self-evident and considerable.

3.0 OUR POSITION

In general, NML/TSMC support conservation-oriented initiatives:

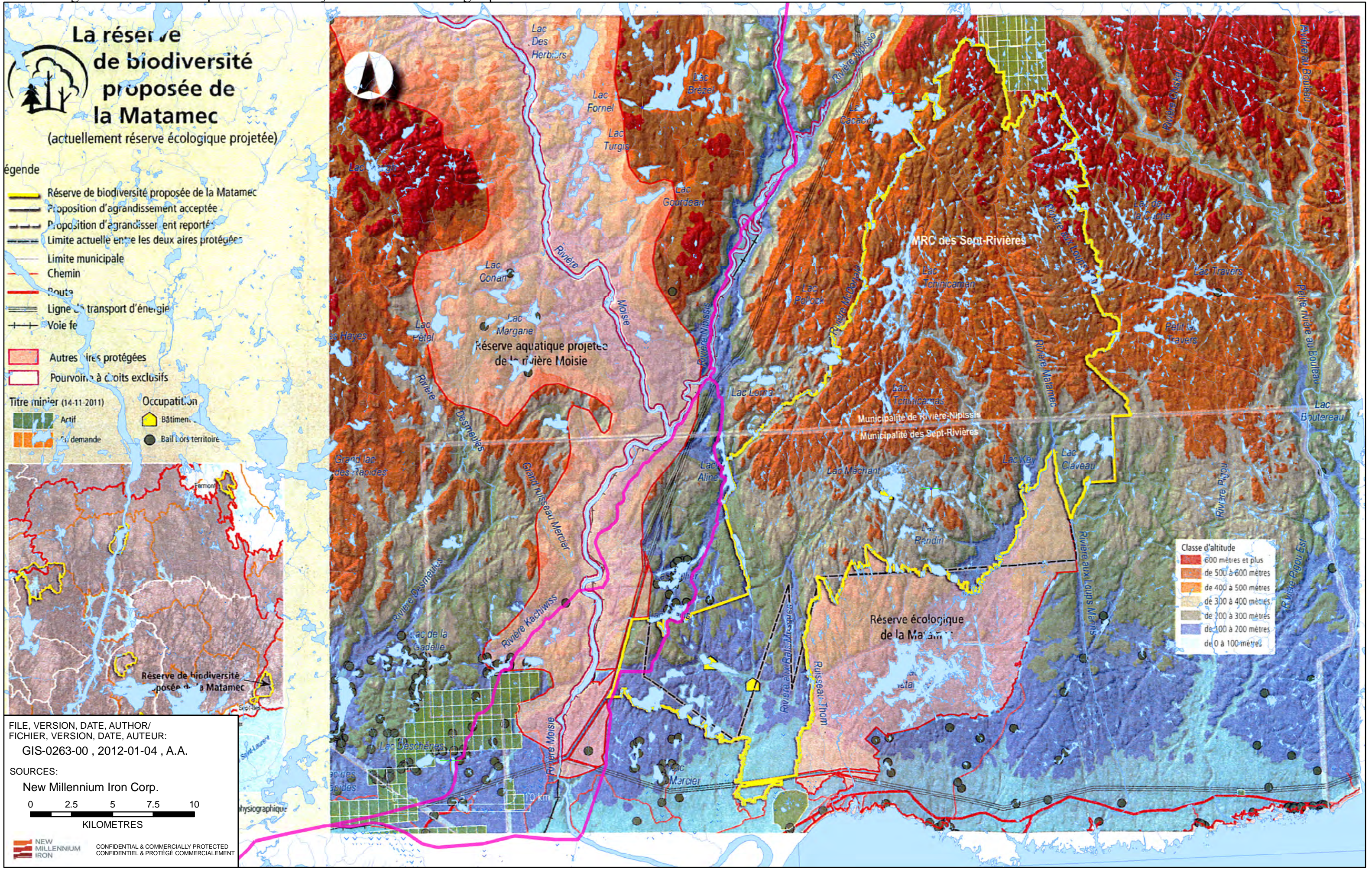
- LabMag GP Inc., the majority owner of which is NML, appeared before the BAPE in Sept-Îles in June, 2005, to support the creation of the Biodiversity Reserves of lacs Pasteur, Gensart and Bright Sand and the Moisie River Aquatic Reserve;
- in October, 2011, NML/TSMC tabled a brief endorsing the principle of protecting against industrial development 50% of the Plan Nord Territory through a combination of protected areas, conservation zones and other forms of zoning.

NML/TSMC’s support for protecting 50% of the PNT was tempered by its concern that all final decisions concerning areas to be protected be taken by the Cabinet of the GoQ. That recommendation derived from NML/TSMC’s concern that local or even regional groups might not appreciate the implications of a decision to protect a given area on linear infrastructure such as a pipeline that originated in another area.

Figure 1 shows that none of the proposed Biodiversity Reserves is close to the provisional routing of the KeMag pipeline.

Figures 1 and 2 shows that the combination of the Moisie River Aquatic Reserve and the proposed Matamec Biodiversity Reserve block the access of the LabMag pipeline to the Sept-Îles area.

Figure 2: Matamec Proposed Biodiversity Reserve and LabMag Pipeline



The case of the Matamec Biodiversity Reserve is an unusual one.

The limits of the Matamec Ecological Reserve are being changed in order to simplify the management and to remove an impediment to the access of the Innu of Uashat mak Mani-Utenam to certain sites where they practise traditional activities.

Thus a part of the existing Matamec Ecological Reserve would become a part of the Matamec Biodiversity Reserve.

The area covered by the Matamec Biodiversity Reserve is said not to be exceptional.

The value of the connectivity between the Matamec Biodiversity Reserve and the Moisie River Aquatic Reserve is diluted by the fact that a three-line electricity transmission line runs along it.

4.0 OUR REQUEST

NML/TSMC support the creation of the biodiversity reserves other than the Matamec Biodiversity Reserve.

In the case of the Matamec Biodiversity Reserve, NML/TSMC support its creation provided that it does not constitute an obstacle to the LabMag pipeline.

That objective might be achieved in one of several ways:

- by modifying a part of its western boundary.

The western boundary of the proposed biodiversity reserve is contiguous with the eastern boundary of the Moisie River Aquatic Reserve over a distance of approximately 5 km, although they are physically separated by the 200 m width of the transmission lines right of way. They are contiguous in order to provide a modest level of connectivity for animal species. If the proposed pipeline could be parallel to that right of way, it would increase its width by only 100 m approximately. Since the pipeline would be buried, it would not diminish the planned degree of connectivity;

- by providing explicitly that the construction and maintenance of the pipeline (and, perhaps, of other infrastructure that would have important positive environmental impacts) would be permitted;
- by any other method recommended by the BAPE and acceptable to the Government of Québec.