PROPOSED MOISIE RIVER AQUATIC RESERVE AND LACS PASTEUR, GENSART AND BRIGHT SAND BIODIVERSITY RESERVES

BRIEF

Presented To

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TABLE OF CONTENTS

1.0 LABMAG IRON ORE PROJECT

1.1 The Proponent

The Proponent of the LabMag Iron Ore Project (the "LIOP") is LabMag Limited Partnership.

The special partners of LabMag Limited Partnership are New Millennium Capital Corp., which owns 80%, and the Naskapi Nation of Kawawachikamach (the "NNK"), which owns 20%.

The NNK also benefits from an employment preference, a 30-year training budget, a contracting preference and a gross overriding royalty.

The NNK is in discussions with the Nation Innu Matimekush-Lac John about sharing its ownership interest and its benefits.

The Proponent and the general partner are also contractually committed to the highest possible standard of environmental protection during construction and operation.

The general partner of the LabMag Limited Partnership is LabMag GP Inc. LabMag GP Inc. is managed by LabMag Services Inc.

1.2 The Project

The purpose of the LIOP is to produce at least 10 million tonnes per year of iron ore pellets for use in North America, Europe and Asia.

The main facilities and their tentative locations are as follows :

- mine site and camp - located in Howells River Basin, Labrador, approximately 30 km north-west of Schefferville, Québec. The coordinates of the mining camp are 67°13' W and 54°54' N. The coordinates of Schefferville are 66°49' W and 54°48' N;

- crusher and concentrator - located near mining camp, in Labrador. The coordinates of the concentrator are 67°13' W and 54°54' N;

- tailings disposal - located near mine site, in Labrador. The coordinates of the centre point are 67°12' W and 54°55' N. Under reserve of the applicable legislation, the tailings will be returned to the pit once space is available, but those previously stored in the tailings disposal area will not be removed;

- access road from Schefferville to the mine site, partly in Labrador and partly in Québec. The coordinates are 67°08' W and 54°51' N at 6.5 km south-east of the concentrator, and 67°05' W and 54°52' N, 4 km further in the direction of Schefferville;

- water intake: Howells River Basin, subject to sufficient flows and ecological acceptability of water removal, and groundwater, both sources being in Labrador;

- slurry pipeline from the mine to Sept-Îles, partly in Labrador and partly in Québec. The pipeline will cross an estimated 200 water bodies of various kinds, possibly including the Moisie River, which contains an important population of Atlantic salmon (*Salmo salar*);

- four or five pumping stations along the slurry pipeline, some in Labrador and some in Québec;

- upgraded/new access roads to the slurry pipeline, some in Labrador and some in Québec;

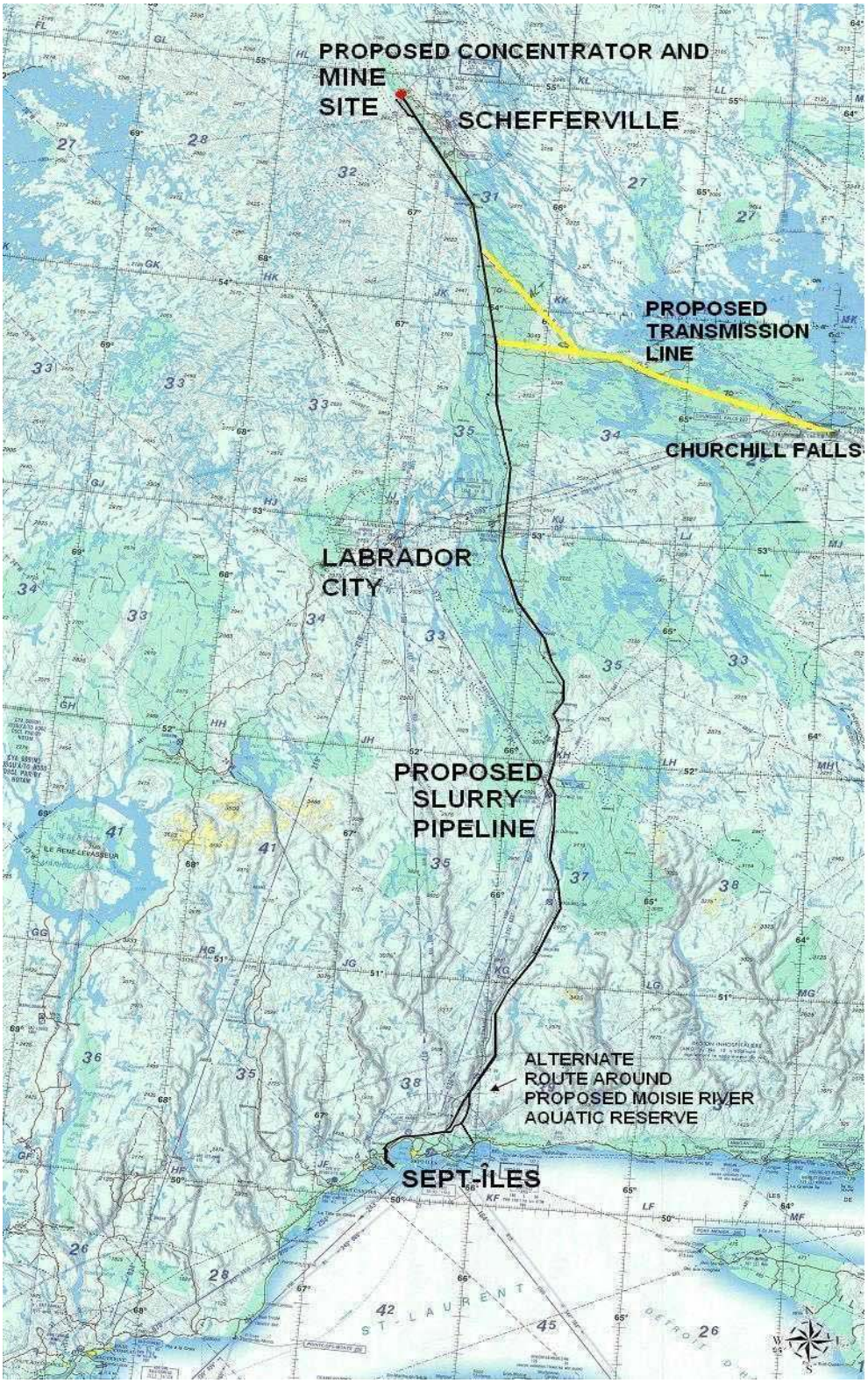
- transmission line from Churchill Falls to the mine site, located entirely in Labrador;

- pelletizing plant and associated water treatment facilities at Sept-Îles, Québec. The coordinates are 66°31' W and 50°9' N and 66°34' W and 50°15' N;

- stockyard, dock and year-round ship-loading at Sept-Îles, Québec. The coordinates are 66°31' W and 50°10' N. The dock will be in navigable waters.

Figure 1 shows the provisional location of the major infrastructure.

Figure 1: Provisional Location of Major Infrastructure



1.3 Environmental Impact Assessment

Table 1 shows that each component of the LIOP, except the portion of the access road to the mine site that is located in Québec, will be subject to environmental impact assessment.

Table 1: Environmental Impact Assessment and Related Regimes applicable to Project Components

Project Component	*Environment Quality Act*[1]	*Canadian Environmental Assessment Act*[2]	*Environmental Protection Act*[3]	*National Energy Board Act*[4]
Access road in Québec	Probably *Règlement sur les normes d'intervention dans les Forêts du domaine de l'État*	No	No	No
Access road in Labrador	No	No	Yes	No
Mine-concentrator complex	No	Comp. Study/Panel Review	Yes	No
Transmission line	No	Probably not	Yes	No
Pipeline in Québec	Section 22 authorization	Comp. Study/Panel Review	No	Yes
Pipeline in Labrador	No	Comp. Study/Panel Review	Yes	Yes
Pelletizing plant and related infrastructure	Assessment/review under Division IV.I. *Règlement sur les attestations d'assainissement en milieu industriel* also applies	No	No	No
Ship-loading infrastructure	Assessment/review under Division IV.I.	Comp. Study/Panel Review	No	No

[1] Based on letter of 25/04/05 from Robert Joly, Ministère du Développement durable, de l'Environnement et des Parcs, to Paul Wilkinson.

[2] Consultant's understanding based on two meetings with Canadian Environmental Assessment Agency (24/03/05 and 29/03/05).

[3] Consultant's understanding based on meeting with concerned departments of Government of Newfoundland and Labrador on 19/04/05.

[4] Memorandum of 06/05/05 from Davis & Company to LabMag GP Inc. Requirement is for certificate of public convenience and necessity under Section 52.

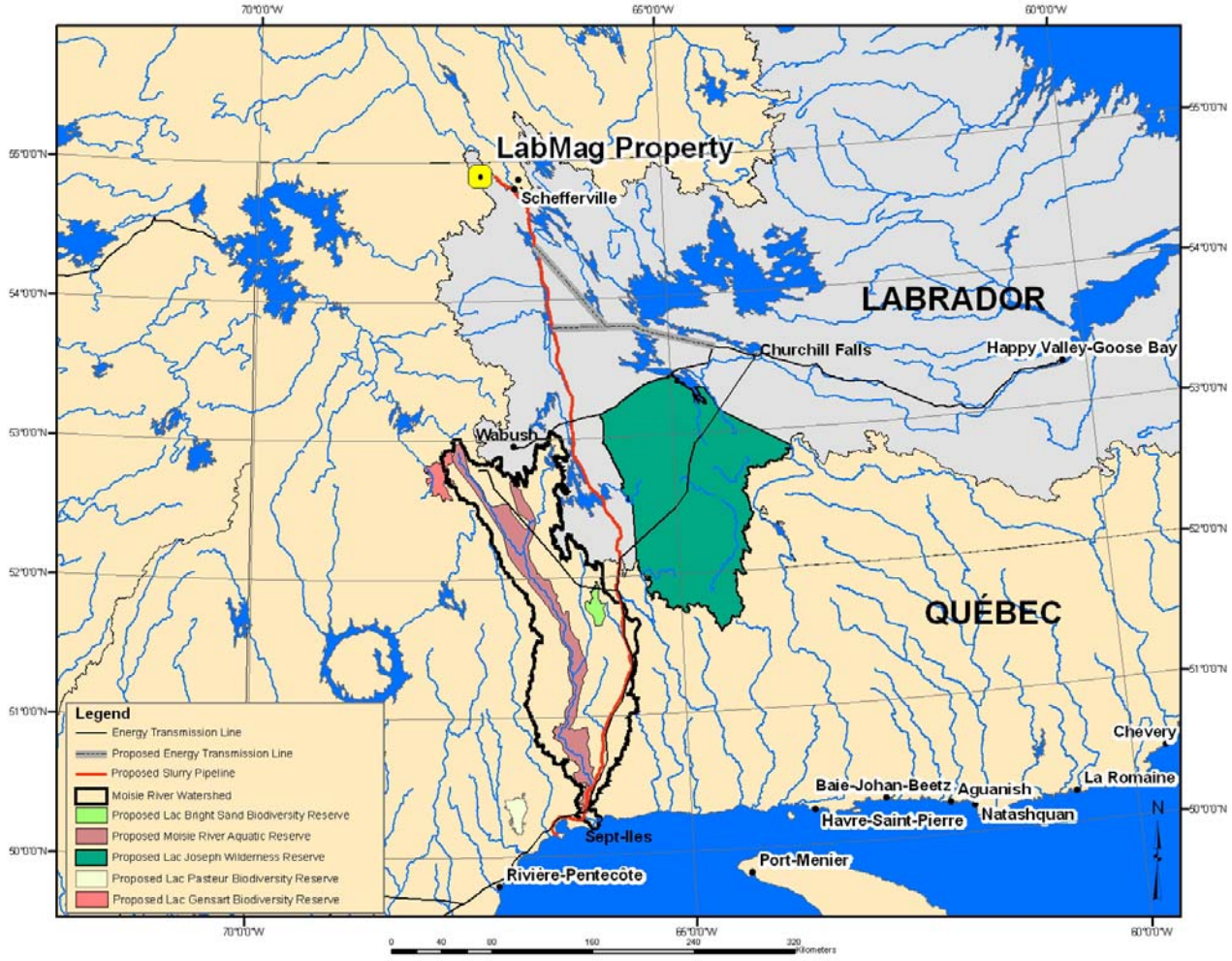
Note: The application of the *Canadian Environmental Protection Act* has not been considered.

2.0 LABMAG IRON ORE PROJECT AND THE PROPOSED MOISIE RIVER AQUATIC RESERVE AND LACS PASTEUR, GENSART AND BRIGHT SAND BIODIVERSITY RESERVES

2.1 Biodiversity Reserves

Figure 2 shows that the infrastructure of the LIOP does not pass through or near the Biodiversity Reserves of lacs Pasteur, Gensart and Bright Sand.

Figure 2: Provisional Corridor of the Pipeline and Proposed lacs Pasteur, Gensart and Bright Sand Biodiversity Reserves

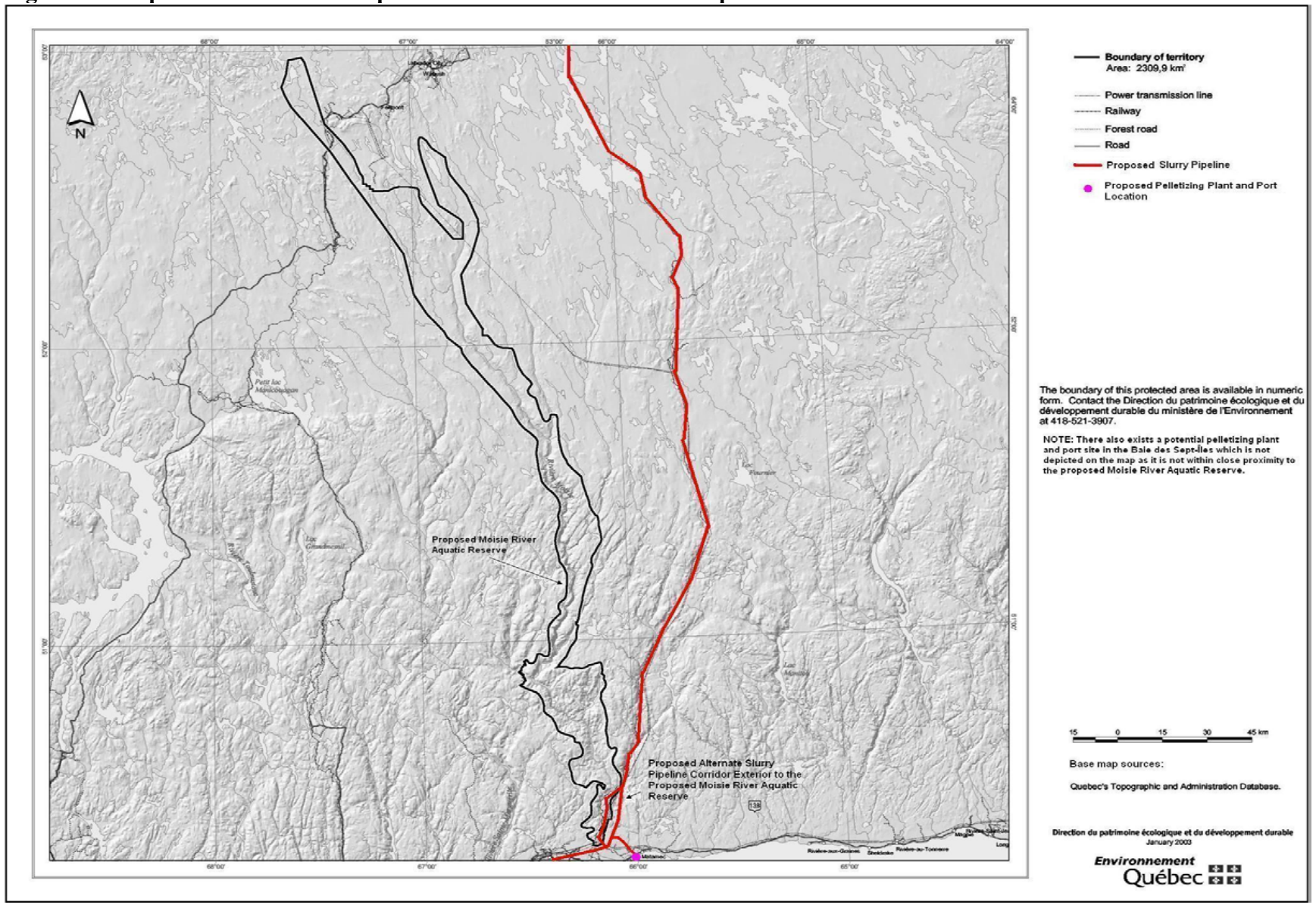


2.2 Moisie River Aquatic Reserve

Figure 3 shows that the preferred route for the pipeline does, however, pass through the southernmost portion of the Moisie River Aquatic Reserve for a distance of approximately 30 kilometres.

Figure 3 also shows an alternative route for that portion of the pipeline. That route would not be much longer, but the construction cost would probably be higher, because the pipeline would no longer be following the right-of-way of the Quebec North Shore & Labrador Railway. The environmental impacts would probably be greater, because the pipeline would no longer be built in disturbed habitats.

Figure 3: Proposed Moisie River Aquatic Reserve and Provisional Pipeline Corridor



The pipeline would be buried. Constructing it would involve primarily trenching. Depending on the substrate, dynamiting might be necessary. After construction, little maintenance is anticipated, except at the pumping stations. The anticipated life of the mine may exceed 50 years. Upon closure and decommissioning of the mine, any part of the pipeline in the Moisie River Aquatic Reserve could either be removed or left in place, as decided by the appropriate regulatory authorities.

2.3 The Position of LabMag GP Inc. and the Naskapi Nation of Kawawachikamach

LabMag GP Inc. and the Naskapi Nation of Kawawachikamach support the creation of the Biodiversity Reserves of lacs Pasteur, Gensart and Bright Sand and of the Moisie River Aquatic Reserve.

Our preference would be to be allowed to build a small portion of the pipeline in the Moisie River Aquatic Reserve or to have the limits of the Reserve adjusted slightly so as to exclude the relevant portion of the pipeline corridor. If that is not possible, however, we shall willingly build it outside the Reserve.

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