

PROJECT AGREEMENT FOR THE MATOUSH URANIUM EXPLORATION RAMP ACCESS IN QUEBEC

PREAMBLE

WHEREAS the government of Canada is committed to improving the effectiveness of federal environmental assessment (EA) and regulatory review processes for major resource projects to enable a more effective assessment and mitigation of potential environmental effects, while protecting the health and safety of Canadians and promoting innovation and competitiveness within the Canadian resource industry sectors;

AND WHEREAS the government of Canada is committed to undertaking a process of early, effective and meaningful consultation with Aboriginal groups, including Treaty First Nations, Non-Treaty First Nations, Métis and Inuit people, concerning contemplated federal Crown (Crown) conduct with respect to, among other things, major resource projects that may adversely affect established or potential Aboriginal and treaty rights under Section 35 of the *Constitution Act, 1982*;

AND WHEREAS the government of Canada has created the Major Projects Management Office (MPMO) for the purpose of overseeing and tracking the federal review, which includes the EA, regulatory reviews and Aboriginal consultation activities for major resource projects;

AND WHEREAS Strateco Resources (the proponent) has submitted a Project Description in support of its proposal to undertake the construction of a uranium exploration access ramp 260 km northeast of Chibougamau, in the territory covered by the James Bay and Northern Quebec Agreement (JBNQA), in the province of Quebec;

AND WHEREAS the Canadian Nuclear Safety Commission (CNSC) has commenced a comprehensive study pursuant to the *Canadian Environmental Assessment Act (CEAA)*;

AND WHEREAS the CNSC has regulatory and statutory responsibilities in relation to the proposed project;

AND WHEREAS nothing in this Project Agreement (the Agreement) fetters the powers, statutory authorities and functions of federal departments and agencies and their respective Ministers;

AND WHEREAS the EA of the proposed project and the drafting of the comprehensive study report were delegated to the Environmental and Social Impact Review Panel South (COFEX-Sud);

AND WHEREAS the CNSC retains the authority to take a course of action decision pursuant to subsection 37(1) of the CEAA;

AND WHEREAS this project agreement supersedes the agreement previously signed in the fall of 2009;

NOW THEREFORE the signatories (the Parties) to this Agreement commit to work together to facilitate an effective, accountable, transparent, timely and foreseeable federal review in relation to the proposed project and to contribute to fulfilling the Crown's duty to consult with Aboriginal groups

1.0 PURPOSE

The purpose of this Agreement is to provide an effective tool for the Parties to enable the desired efficient federal review process. It also articulates the roles and responsibilities of each department and timeline based targets for the delivery of process milestones. For further clarity, the Agreement shall be read together with the Annexes, which form part of this Agreement.

2.0 PROJECT DESCRIPTION

The proposed project consists of building an underground exploration ramp in order to open up a uranium mine located 260 km north of Chibougamau, in Quebec (the Project). It includes the following components and activities, which are associated with the building, operation, maintenance, decommissioning and reclamation of these components:

- A ramp 2,405 m in length, and with a maximum depth of 300 m; and
- Temporary facilities to support the underground exploration work.

3.0 ROLES AND RESPONSIBILITIES

The following federal departments and agencies have identified an interest in the Project, and will participate in the federal review as follows:

- The CNSC has regulatory and statutory responsibilities under the *Nuclear Safety and Control Act* (NSCA), and, pursuant to the CEAA, is a responsible authority (RA);
- The CEA Agency has administrative and consulting responsibilities pursuant to the CEAA, in support of the EA. The CEA Agency will act as a Federal Environmental Assessment Coordinator (FEAC), a role delegated by the CNSC, through an agreement. The CEA Agency will also act as the Crown Consultation Coordinator (CCC);
- Environment Canada (EC), Fisheries and Oceans Canada (DFO), Natural Resources Canada (NRCan) and Health Canada (HC) are federal authorities (FA) pursuant to the CEAA and have specialist or expert information and knowledge with respect to the Project (expert FAs) and, upon request, shall make available that information or knowledge to the CEA Agency and/or the CNSC;
- Indian and Northern Affairs Canada (INAC) has advisory responsibilities to support the Government of Canada's Aboriginal consultation activities, in relation to the Project;

- The MPMO has administrative and advisory responsibilities under the *Cabinet Directive on Improving the Performance of the Regulatory System for Major Resource Projects* and the associated Memorandum of Understanding (MU). The MPMO will provide oversight and advice throughout the entire federal review in relation to the Project to ensure adherence to the service standards and roles and responsibilities of all Parties.

For further information regarding the roles and responsibilities of the Parties, please see Annexes IV and V.

4.0 FEDERAL REVIEW PROCESS

In March 2009, the federal EA process under the CEAA was substituted by the federal environmental and social impact review process under chapter 22 of the JBNQA. Further to the decision rendered in the Vanadium case in May 2010, the Supreme Court of Canada adjudicated that federal EAs in the territory of the JBNQA must be subject to the EA processes set out in the CEAA.

The CNSC then began a comprehensive study process and delegated the Project review and the production of a comprehensive study report to COFEX-Sud, in collaboration with the CNSC and the federal departments concerned.

Annex I shows a Gantt chart of the federal review process. Annex II shows the key milestones and service standards for the EA, as well as Aboriginal consultation. Annex II is based on the detailed EA and Aboriginal consultation work plans developed for the federal review. Annex III shows the milestones and service standards for the regulatory review.

Throughout the EA process, the RA will confirm any regulatory decisions required within the scope of the Project and considered triggers under the CEAA. If a department or agency determines that it is no longer required to make a regulatory decision, it will end its participation in the EA as an RA.

5.0 ABORIGINAL CONSULTATION

The Parties are committed to a “Whole of Government” approach to Aboriginal consultation in the context of major resource projects to ensure that Aboriginal groups are sufficiently consulted, and where appropriate accommodated, when the Government of Canada contemplates actions that may adversely affect established or potential Aboriginal and treaty rights.

To the extent possible, and under the coordination of the CEA Agency during the EA phase, the parties will work together with COFEX-Sud toward a coordinated approach for Aboriginal consultation that is integrated with the EA phase of the federal review. Following the EA phase, the responsibility for Aboriginal consultation will be transferred from the CEA Agency to the RA for the regulatory phase. Throughout the process, the Crown will take into account the consultation efforts of the Province and the Proponent, to the extent possible, to meet its duty to consult.

The JBNQA is a modern treaty signed before the *Constitution Act 1982*. It states mechanisms of consultation for decisions regarding developmental projects with Aboriginal communities in the Territory. By sitting on the committees created by Chapter 22 of the JBQNA, the Cree actively participate in the analysis of projects and have “an important voice” in the process. In addition, the JBQNA states that, where necessary, consultations with Cree communities must take place to ensure their enhanced participation and to protect their rights and privileges established by the JBNQA.

In view of the recent decision by the Supreme Court of Canada in *Attorney General of Quebec v. Grand Chief Dr. Ted Moses et al.* which affirmed that the *CEAA* applies to the James Bay territory, negotiations are underway between the CEA Agency and the Cree to determine what the best approaches to ensure adequate Cree participation in the process. The Parties commit to apply the terms and conditions settled with the Cree.

According to the terms of the delegation by the CNSC to the COFEX-Sud, Aboriginal consultations will be conducted by this committee in collaboration with the CEA Agency, the RA and the expert FAs. To the extent possible, the parties will work together to maintain a common approach to Aboriginal consultation.

The CEA Agency, when acting as a CCC, will assess the need for additional Aboriginal consultation. The parties and COFEX-Sud will work together, to the extent possible, to achieve a common and complementary approach during Aboriginal consultation.

Once the negotiations with the Cree are completed, the roles and responsibilities related to Cree consultation will be described in an addendum to this Agreement.

6.0 TIMELINES

Timelines identified in the Project Agreement represent the time expected to be taken by federal departments and agencies in carrying out their respective tasks for the federal review. The timelines do not account for time taken by participants who are not signatories to this Agreement, such as the Proponent, the province, etc. The target timelines for the federal review are detailed in the Gantt chart in Annex I, and are as follows:

- a) Completion of the EA — 17 months after posting of the Notice of Commencement on the Canadian Environmental Assessment Registry Internet Site (CEARIS) to the posting of EA course of action decisions. Note that this time does not include the time required to achieve upcoming milestones, for which the COFEX-Sud is responsible, since the service standards for those milestones must be determined by the COFEX-Sud;
- b) Regulatory decisions under the *Nuclear Safety and Control Act* - 1 week from the EA course of action decisions posted on the CEARIS. Note that a Licence to Operate necessitates a subsequent EA and that the CNSC timeline for this project ends with a Decision on the application for a Licence to Prepare Site and Construct.

The following are examples of situations where the MPMO may pause the timelines of the federal review:

- a) the federal review is delayed at the request of the Proponent and/or another jurisdiction;
- b) the Minister of the Environment, the CEA Agency, the COFEX-Sud or the RA have indicated that the Proponent is required to provide additional information necessary for the completion of the federal review or that the information provided is insufficient;
- c) the federal review cannot continue as a result of circumstances related to Aboriginal consultation; or
- d) litigation or other court action prevents the completion or continuation of the federal review.

7.0 MITIGATION MEASURES AND FOLLOW-UP PROGRAM

The RA has responsibilities under the CEAA to ensure the implementation of mitigation measures and the design and implementation of a follow-up program. The RA will work in collaboration with the expert FAs, the Proponent and the province, to satisfy those responsibilities. Expert FAs will provide the necessary assistance to the RA in ensuring the implementation of a mitigation measure or aspect of the follow-up program on which the expert FA and the RA have agreed.

8.0 ADMINISTRATION

Tracking Progress

The milestones, timelines and service standards set out in this Agreement, subject to any amendments, will provide the basis against which the MPMO will monitor the progress of the federal review and report on this progress in the MPMO Tracker.

Issues Resolution

The Parties will use their best efforts to resolve any differences of opinion in the interpretation or application of this Agreement in an effective and timely manner.

Issues relating to the federal review for the Project will be resolved through direct discussions and collaboration between the involved Parties, supported by the MPMO.

Should issues remain outstanding, they will be referred to the appropriate senior level committee established through the MPMO initiative.

Post-Project Evaluation

The Parties will participate in an evaluation of the federal review in relation to the Project within 90 days of the completion of the regulatory review. The level of effort and format of the evaluation will be appropriate to the scale of the issues encountered.

Amendments

The CEA Agency or, during the regulatory phase, the RA, may recommend to the MPMO whether a change to the federal review or to the Project warrants an amendment to this Agreement. Where there is agreement that an amendment is warranted, and where such amendment is considered significant, the MPMO will provide the proposed amendment to the signatories for consideration.

9.0 SIGNATORIES

The Parties hereto have signed the Project Agreement, in counterpart, on the dates indicated below.

Serge P. Dupont
Deputy Minister
Natural Resources Canada

October 20, 2010
Date

Elaine Feldman
President
Canadian Environmental Assessment Agency

October 20, 2010
Date

Michael Binder
President
Canadian Nuclear Safety Commission

October 22, 2010
Date

Claire Dansereau
Deputy Minister
Fisheries and Oceans Canada

October 22, 2010
Date

Paul Boothe
Deputy Minister
Environment Canada

October 27, 2010
Date

Michael Wernick
Deputy Minister
Indian and Northern Affairs Canada

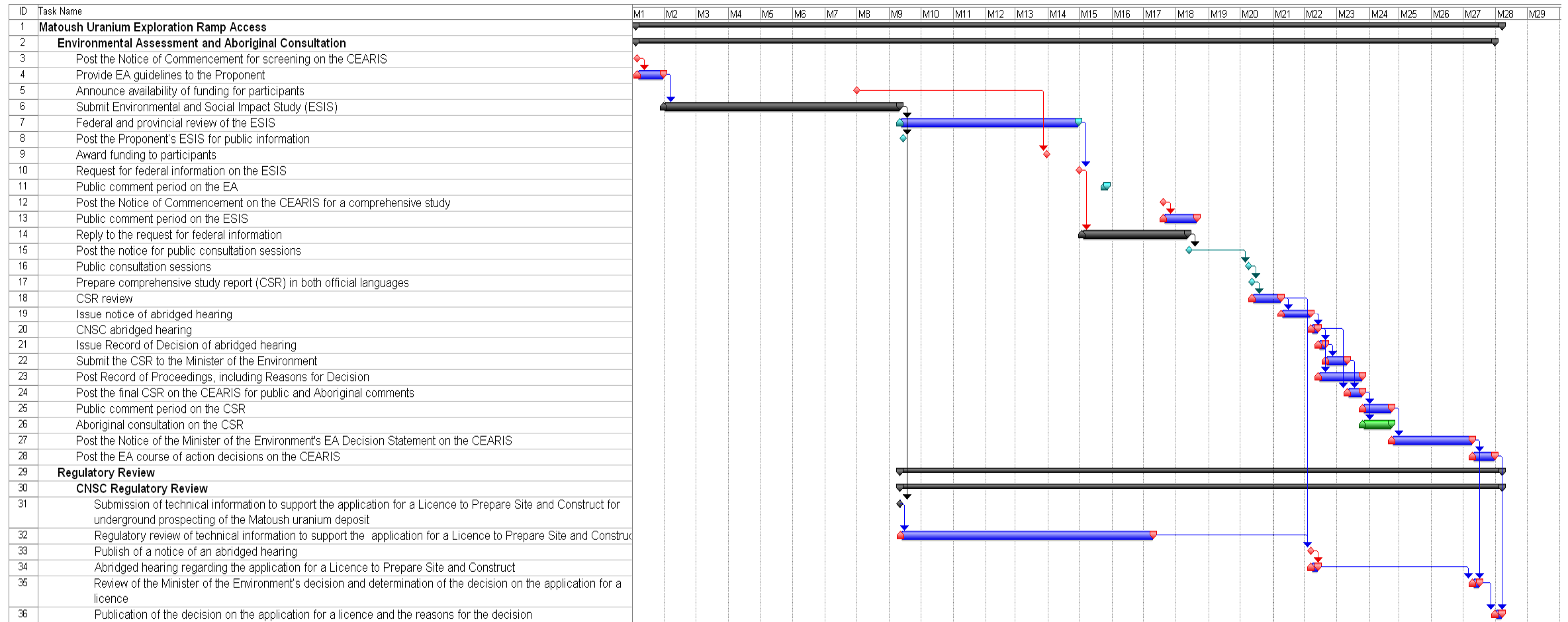
October 20, 2010
Date

Annexes

- Annex I Gantt Chart: Target Timelines for the Federal Review of the Project
- Annex II Key Milestones and Service Standards for the Environmental Assessment and Aboriginal Consultation
- Annex III Canadian Nuclear Safety Commission: Roles, Responsibilities, Key Milestones and Service Standards
- Annex IV Other Departments and Agencies: Roles and Responsibilities

Annex I

Gantt Chart: Target Timelines for the Federal Review of the Project^{1,2}



¹ Follow-up of the project timelines set out in the project agreement and that correspond to the time frame required by the federal departments and agencies to complete their respective tasks for the federal review, will be done based on the Gantt chart. The timelines do not account for time taken by participants who are not signatories to this Agreement, such as the Proponent, provinces, Aboriginal groups, the public or other stakeholders.

² Note that this timeframe does not include the time required to achieve upcoming milestones, for which the COFEX-Sud is responsible, since the service standards for those milestones must be determined by the COFEX-Sud.

Annex II

Key Milestones and Service Standards for the Environmental Assessment and Aboriginal Consultation

	Milestone	Lead*	Support as needed	Service Standard/ Completion date
1	Post the Notice of Commencement for screening on the CEARIS	CNSC	CEA Agency	March 5, 2009
2	Provide EA guidelines to the Proponent	CEA Agency	CNSC	March 31, 2009
3	Announce availability of funding for participants	CEA Agency		September 30, 2009
4	Submit Environmental and Social Impact Study (ESIS)	Proponent		November 10, 2009
5	Federal and provincial review of the ESIS	CNSC, CEA Agency, COFEX-Sud and COMEX	Expert FAs	November 11, 2009, to April 29, 2010
6	Post the Proponent's ESIS for public information	COFEX-Sud		November 13, 2009
7	Award funding to participants	CEA Agency		March 30, 2010
8	Request for federal information on the ESIS	COFEX-Sud	CNSC and expert FA	April 29, 2010
9	Public comment period on the EA	COFEX-Sud and COMEX	CNSC and expert FAs	May 25 and 26, 2010
10	Post the Notice of Commencement on the CEARIS for a comprehensive study	CNSC	CEA Agency	July 19, 2010
11	Public comment period on the ESIS	CEA Agency and CNSC		July 19, 2010, to August 19, 2010
12	Reply to the request for federal information	Proponent		August 11, 2010
13	Post the notice for public consultation sessions	COFEX-Sud and COMEX	CEA Agency and CNSC	To be determined by COFEX-Sud

	Milestone	Lead*	Support as needed	Service Standard/ Completion date
14	Public consultation sessions	COFEX-Sud and COMEX	CNSC	To be determined by COFEX-Sud and COMEX
15	Prepare comprehensive study report (CSR) in both official languages	COFEX-Sud	CNSC and expert FAs	To be determined by COFEX-Sud
16	CSR review	CNSC		Within 4 weeks from the preparation of the CSR
17	Issue notice of abridged hearing	CNSC		Within 4 weeks from the review of the CSR
18	CNSC abridged hearing	CNSC		1 week after the notice of the abridged hearing
19	Issue Record of Decision of abridged hearing	CNSC		1 week after the CNSC abridged hearing
20	Submit the CSR to the Minister of the Environment	CNSC		Within 3 weeks from the publication of the Record of Decision
21	Post Record of Proceedings, including Reasons for Decision	CNSC		Within 6 weeks from the the CNSC abridged hearing on the EA
22	Post the final CSR on the CEARIS for public and Aboriginal comments	CEA Agency		Within 2 weeks from the submission of the CSR to the Minister of the Environment
23	Public comment period on the CSR	CEA Agency	RA	4 weeks from posting of the CSR
24	Aboriginal consultation on the CSR	CEA Agency	RA, expert FAs	4 weeks from posting of the CSR
25	Post the Notice of the Minister of the Environment's EA Decision Statement on the CEARIS	CEA Agency		Within 11 weeks from the close of the CSR comment period
26	Post the EA course of action decisions on the CEARIS	RA	CEA Agency	Within 3 weeks from the Minister of the Environment's EA Decision

*** In response to the decision by the Supreme Court of Canada in *Attorney General of Quebec v. Grand Chief Dr. Ted Moses et al.*, negotiations between the CEA Agency and the Cree are underway in order to determine the best approaches to ensure adequate Cree participation in the process. Communication with the Cree and their participation at different stages in the EA process will be established based on what is agreed to during the negotiations.**

Annex III

Canadian Nuclear Safety Commission: Roles, Responsibilities, Key Milestones and Service Standards

EA

- Participate in meetings with expert FAs, COFEX-Sud and provincial authorities, where appropriate;
- Develop the EA work plan together with the CEA Agency;
- Review, comment on and approve the Aboriginal consultation work plan;
- Review, comment on and approve appropriate federal EA documents (e.g., ESIS guidelines, the ESIS and the final comprehensive study report);
- Provide expert advice regarding its mandate, regulatory responsibilities and areas of interest, as required;
- Consult with affected or potentially affected Aboriginal groups, as described in Annex II;
- Take EA course of action decision following the Minister of the Environment's statement on his decision regarding the EA;
- Work with expert FAs, the Proponent and the province to ensure implementation of mitigation measures and the design and implementation of a follow-up program and, where appropriate, accommodation of adverse impacts on potential or established *Constitution Act* s. 35 rights, as required.

Regulatory Review

- Prepare regulatory work plan;
- Participate in meetings with other federal/provincial authorities as appropriate;
- Participate in public comment periods, public notice and possible public consultations, as appropriate;
- Provide expert advice with respect to its mandate, regulatory responsibilities and areas of interest, where appropriate;
- If appropriate, take regulatory decision following the EA course of action decision;
- Undertake any required activities related to its mandate, regulatory responsibilities and areas of interest, including consulting with affected/potentially affected Aboriginal groups as appropriate, to support regulatory decisions; and,
- Conduct site visits to support regulatory decisions, as required.

Note: The following milestones represent the key activities associated with the regulatory process for the Project and are not intended to reflect the entire work plan schedule associated with this Project. Furthermore, these milestones may need to be adjusted as additional information is made available.

STAGES	ACTIVITIES/DESCRIPTION	LEAD	SERVICE STANDARD
Submission of technical information to support the application for a Licence to Prepare Site and Construct for underground prospecting of the Matoush uranium deposit	Submit the technical information to support the application for a Licence to Prepare Site and Construct for underground prospecting of the Matoush uranium deposit.	Proponent	November 10, 2009
Regulatory review of technical information to support the application for a Licence to Prepare Site and Construct for underground prospecting of the Matoush uranium deposit	The intent of the technical review is to determine whether the applicant is qualified to carry out the requested activities and whether the applicant will, in carrying out those activities, make adequate provision for the protection of the health and safety of persons and the environment, and maintenance of national security and measures required to implement international obligations to which Canada has agreed.	CNSC and expert FA	To be completed within 8 months of receipt of technical information to support application for the license
Publish of a notice of an abridged hearing	The Commission will conduct a hearing on the application for a licence, in accordance with the NSCA and its Rules of Procedure when the hearing process has been announced by publication of a notice of an abridged hearing.	CNSC	4 weeks from the CSR review
Abridged hearing regarding the application for a Licence to Prepare Site and	The CNSC will hold an abridged hearing on the application for a licence, in accordance with the NSCA and the Administrative Regulation.	CNSC	1 week from the notice of the abridged hearing

STAGES	ACTIVITIES/DESCRIPTION	LEAD	SERVICE STANDARD
Construct			
Review of the Minister of the Environment's decision and determination of the decision on the application for a licence			1 week from the time the Minister of the Environment's final EA Decision statement is released
Publication of the decision on the application for a licence and the reasons for the decision	The CNSC publishes the reasons for its decision.	CNSC	1 week from the decision regarding the application for a licence

Annex IV

Other Department and Agencies: Roles and Responsibilities

PARTY	ROLES/RESPONSIBILITIES
CEA Agency	<ul style="list-style-type: none"> • Act as FEAC and CCC under the agreement with the CNSC; • Review and comment on the EA work plan; • Develop the Aboriginal consultation work plan together with the CNSC; • Provide advice in regard to the CEAA; • Coordinate federal input and Crown Consultation activities for the EA in relation to the Project; • Coordinate intergovernmental cooperation, including consultations with Aboriginal communities; and, • Make participant funding available and maintain funding program under the CEAA.
EC, DFO, NRCan, HC	<p>At the request of the RA, the COFEX-Sud or the CEA Agency, expert FAs will perform and fulfill the following roles and responsibilities:</p> <ul style="list-style-type: none"> • Review and comment on the EA work plan and Aboriginal consultation work plan; • Participate in federal project review committee meetings for provision of relevant expertise; • Review and comment on EA documents as appropriate; • Provide support regarding the development and implementation of the follow-up program or mitigation measures arising from recommendations made by the expert FA and agreed upon with the RA and the CEA Agency; • Participate in meetings of other federal/provincial authorities as appropriate; • Support Aboriginal consultation activities as appropriate; • Provide advice in respect of their respective mandates and areas of expertise when requested by the RA, the COFEX-Sud or the CEA Agency. Advice will be provided within timelines requested by the RA; and, • Review and comment on the ESIS, and comments received on it.
INAC	<ul style="list-style-type: none"> • Provide advice on Aboriginal consultation.
MPMO	<ul style="list-style-type: none"> • Coordinate the development and approval of the Project agreement; • Monitor and report on the progress of the Project through the federal review; • Take proactive steps in to identify opportunities to streamline the federal review to meet government timelines and identify bottlenecks that could cause delays; and, • Incorporate information received from the CEA Agency, expert FA(s), the RA and the Proponent on the EA and regulatory milestones into the

PARTY	ROLES/RESPONSIBILITIES
	MPMO Tracker.