



SOCIO-ECONOMIC IMPACT STATEMENT

BLOOM LAKE RAILWAY PROJECT

Economic Benefits:

Construction

- Estimated \$120 million construction budget to be spent in 12 months whereby Newfoundland and Labrador firms will be given first preference providing bids are competitive and competent capabilities (see attached Benefits Policy). Contracts have already been awarded to Newfoundland and Labrador firms for: air travel (for the whole Bloom Lake project), geo-technical survey, and camp installation and operation. It is anticipated that 50-60% of the value of construction phase contracts will accrue to Newfoundland and Labrador (significant portion of the capital costs are related to rail track materials not available in Newfoundland and Labrador).
- Preliminary estimates are an average of 160 jobs with 300 jobs at peak construction. As per Consolidated Thompson's Benefits Policy (see attached), priority will be given to Newfoundlanders and Labradorians. It is anticipated that 80-90% of construction phase direct employment will accrue to Newfoundland and Labrador, much of it in Labrador.
- A modern, new state-of-the-art accommodations facility to house 200 persons is being established in Labrador City to house out-of-town workers and thereby taking the pressure off current shortages in the local labour market and housing.
- As a result of the Bloom Lake Rail Project, Consolidated Thompson is participating in financing the upgrade of the QNS&L line to the Arnaud Junction.
- Consolidated Thompson is facilitating the use of its multi-user port facilities at Point Noire. These facilities will be capable of handling cape size vessels; the economies of scale of which will allow multiple end users (ie. Wabush Mines and new developers such as Labrador Iron Mines Limited) substantially lower their freight costs in accessing overseas markets.
- There is a local procurement policy for construction materials and supplies (see attached Benefits Policy).
- There will be significant economic expenditures on accommodation, travel and living expenses in the Labrador West region (Towns of Wabush and Labrador City).

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Operations

- Bloom Lake Railway will be incorporated in Newfoundland and Labrador as a separate entity to own and operate the rail line. Consolidated Thompson will be the majority shareholder.
- The head office for the Bloom Lake Railway Company will be in Wabush.
- Bloom Lake Railway will be hiring 16 full time personnel in Wabush to operate the rail line.
- A training program will be initiated with the local college and/or a private institution to train personnel from Newfoundland and Labrador and ensure a pool of qualified workers in the Labrador West region (Towns of Wabush and Labrador City). Should personnel be required from outside the Province, when ready, persons that will be trained and qualified from Newfoundland and Labrador will move into those positions to ensure that in due course, the objective of **100% of the workforce coming from Newfoundland and Labrador** will be met.
- There is a local procurement policy for supplies for rail operations (see attached Benefits Policy).
- There will be continued economic expenditures on accommodation, travel and subsistence in the Labrador West region (Towns of Wabush and Labrador City).

Government Administration

- In recognition of the fact that it is the first provincially regulated railway in Newfoundland and Labrador in over 20 years, Bloom Lake Railway will pay the costs of a Government of Newfoundland and Labrador regulatory regime for railway operations.

Social Benefits

Safety, Transportation & Timely Access to Health Facilities

- Consolidated Thompson will construct an overpass at the Route 500 crossing between Wabush and Labrador City.

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Electrical Power

- Consolidated Thompson is providing the funding to construct a power line to provide power to cabin owners along the Walsh River that are directly affected by the rail operation.

Recreation

- Consolidated Thompson is providing an annual sponsorship to the Tamarack Golf Course, which will contribute towards operations and infrastructure improvements to the course.
- Consolidated Thompson is providing an annual sponsorship to the Junior Golf Program.
- Consolidated Thompson will extend the bridge at Iron Stone River to accommodate snowmobile and cross-country ski access. Consolidated Thompson is also providing an annual sponsorship to the White Wolf Snowmobile Club, which will be used to ensure safe snowmobile crossings and towards overall operations.
- Consolidated Thompson will shut down rail operations to ensure maximum safety during the annual Loppett event. Consolidated Thompson is also providing an annual sponsorship towards the Loppett event.

Indirect Benefits

Airport Feasibility

- The additional flights and passenger usage due to the Bloom Lake project is contributing, and will increasingly contribute, to the feasibility of the Wabush Airport facility and operations.

Mining Industry

- New port infrastructure and significant upgrades to existing rail infrastructure will enhance the viability of existing mining operators and new mine developments in Labrador.
- New mining developments, the expansion of existing mining operations, and major new construction projects such as the proposed new hospital in Labrador City are all potential beneficiaries of the pool of labour created for and through the construction of the Bloom Lake Railway.

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- New mining developments, the expansion of existing mining operations, and major new construction projects such as the proposed new hospital in Labrador City, can all avail of the new accommodations facility that is being built in Labrador City to support the Bloom Lake Railway construction phase.
- Bloom Lake Railway will accommodate all potential carrier requirements of future developments at commercially reasonable rates (see attached Common Carrier Equivalent Policy).
- The Bloom Lake Mine in Quebec and the Bloom Lake Railway in Labrador will have minimal negative impact on the construction and operations of current and potential mining projects in Labrador.

Indirect Employment

- Spin-off jobs will be created in local accommodations, restaurant, car rental and other businesses that will support the Bloom Lake project. It is estimated that the indirect employment from the construction phase will range from 48 to 96 person-years.
- There will be opportunities for new supply and service business openings, and the expansion or sustaining of existing businesses, as a result of the Bloom Lake project in combination with other new and expanded mining operations in the region.

Induced Employment

- Induced employment impacts will result as those working directly and indirectly on the project spend their incomes in the economy. It is estimated that these will total 112 to 128 person-years of employment.

Innu Benefits

Agreement

- Through a recent agreement with the Innu Nation, Consolidated Thompson will ensure the Innu Nation is a beneficiary of the Bloom Lake Railway during the operations phase and that Innu companies and employees have full and fair opportunity to participate in the construction and operations of the Bloom Lake Railway.