



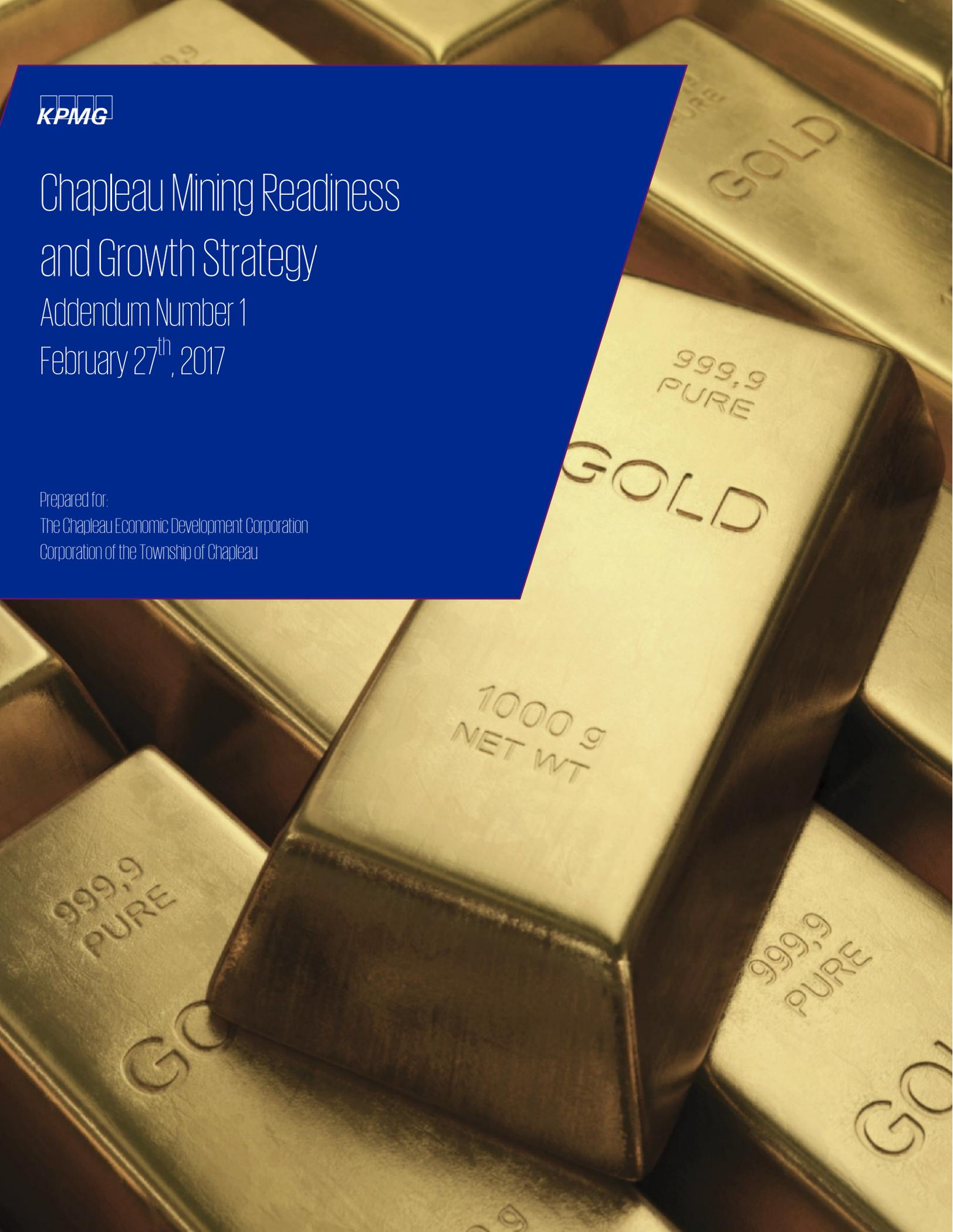
Chapleau Mining Readiness and Growth Strategy

Addendum Number 1

February 27th, 2017

Prepared for:

The Chapleau Economic Development Corporation
Corporation of the Township of Chapleau



Chapleau Mining Readiness and Growth Strategy Update

1. Introduction

At the request of the Chapleau Economic Development Corporation (the 'CEDC') and the Township of Chapleau (the 'Township'), KPMG has prepared an update to the final Mining Readiness and Growth Strategy (the 'Strategy') dated July 20, 2016. The purpose of this document is to provide a summary of information which became available subsequent to the release of the original mining strategy, with particular focus on:

- The current status of the Borden Gold Project and changes, if any, to its development timelines; and
- Economic and employment opportunities for local businesses and residents, respectively.

2. Sources of Information

The update to the Strategy reflects publicly available information concerning the Borden Gold Project, including but not limited to:

- Information provided by Goldcorp during public information sessions held subsequent to the release of the Strategy;
- Project update materials provided by Goldcorp to the CEDC and Township;
- Project Description for Mine Development submitted by Goldcorp to the Canadian Environmental Assessment Agency in connection with environmental approvals for the Borden Gold Project;
- Information provided by the Wabun Tribal Council and Three Nations Drilling concerning First Nation involvement in the Borden Gold Project;
- Information made available by Goldcorp and Three Nations through their participation in the Mining Readiness Business Workshops hosted by the CEDC in September, October and November 2016;
- Information available through Goldcorp's website and other public sources; and
- Discussions with and information provided by representatives of the CEDC and Township.

3. Project Status

The Borden Gold Project continues to proceed towards the advanced exploration stage, which involves surface development, facilities construction and underground development. Goldcorp is also continuing with above-ground exploration that is intended to identify additional deposits.

Regulatory approvals

Goldcorp has indicated that it has completed a number of baseline studies that are required for the final project approval and has also obtained some (but not all) of the regulatory permits and approvals associated with the Borden Gold Project.

On December 9, 2016, the Canadian Environmental Assessment Agency ('CEAA') issued its environmental assessment determination that confirmed that an environmental assessment would not be required in connection with the Borden Gold Project. In its determination, the CEAA indicated that it was satisfied that:

- The environmental effects of the Project are well understood and adequately characterized in the Project Description
- There is limited potential for adverse environmental effects on matters within federal jurisdiction (such as Indigenous Peoples, migratory birds, fish and fish habitat, federal lands and effects outside Canada) due to the small area of surface disturbance of the Project, the mitigation measures proposed by the proponent in its Project Description, and the requirements of the federal and provincial regulatory framework.

Construction activities

Goldcorp has commenced construction activities on the Borden Gold Project, with initial site preparation underway. Dumas Mining has been selected by Goldcorp as the lead mining contractor for the Borden Gold Project and will be responsible for the construction of the underground ramp. In addition to the current construction activities, Goldcorp is also issuing procurement documents relating to other construction activities.

Procurement documents relating to the portal development was released in January 2017, with excavation expected to commence in April 2017. This is considered to be the commencement of the advanced exploration stage for the Borden Gold Project.

Exploration activities

In addition to work relating to site preparation and advanced exploration, Goldcorp has also announced its planned exploration program for 2017, which will involve properties located adjacent to the Borden deposit as well as the Borden West property.

Areas of Exploration – Completed in 2016 and Planned in 2017



Project timeframes and mineral resources

As at June 30, 2016, Goldcorp reported total gold reserves (probable) of 950,000 ounces, which is an increase from the earlier estimate (December 31, 2015) of 860,000 that was considered in the Strategy. Mineral resources (which have a lower level of probability for development) were reported to be 970,000 ounces at June 30, 2016, compared to 860,000 ounces reported at December 31, 2015.

Notwithstanding the increase in the amount of reserves and resources, Goldcorp's estimate of the Borden Gold Project continues to be in the range of seven to ten years.

From a project timeframe perspective, the Borden Gold Project continues to progress at a schedule that is consistent with that outlined in the Strategy, with major construction activities commencing in early 2017 (see chart on next page).

	Original Strategy	Updated Information
Mine life	7 years ¹	7 to 15 years ²
Reserves	860,000 ounces ³	950,000 ounces ⁴
Resources	860,000 ounces ³	970,000 ounces ⁴
Daily production (tonnes of ore per day)	4,000 ¹	4,000 ²
Site preparation and surface construction	Q1 2017 ¹	April 2017 ⁵
Portal construction	Q1 2017 ¹	March 2017 ⁵
Ramp construction	Q1 2017 ¹	April 2017 ⁵
Bulk sample removal	Q2 2018 ¹	October 2018 ⁵
Commercial production	Q1 2019 ¹	Q3 2018 ²

4. Economic Opportunities

Goldcorp continues to emphasize its commitment to support local stakeholders, including local businesses and First Nations, in their efforts to obtain economic and employment benefits from the Borden Gold Project. As part of the development process, Goldcorp has indicated that it is willing to consider local involvement in the provision of equipment, gear and supplies and support services such as custodial and catering services. This commitment was communicated during a Procurement Workshop hosted by the CEDC in September 2016, during which Goldcorp enumerated the following elements of its procurement strategy:

- Developing and maintaining local hiring and procurement guidance is a requirement for Goldcorp's procurement function;
- A key aspect of Goldcorp's supply chain strategy is to procure goods and services locally, wherever practicable; and
- Where local suppliers need to improve their practices, Goldcorp will work with them to support growth, build capacity and meeting their requirements.

¹ Based on discussions with Goldcorp.

² Borden Gold Project – Project Description for Mine Development, October 2016.
<http://www.ceaa.gc.ca/050/documents/p80134/115960E.pdf>

³ Based on Goldcorp's reserve and resources report as at December 31, 2015.
http://s1.q4cdn.com/038672619/files/doc_downloads/2016/Golcorp_2015_ReservesResources.pdf

⁴ Based on Goldcorp's reserve and resources report as at June 30, 2016. As at the date of this report, this represents the most recent information concerning the Borden Gold Project.
http://s1.q4cdn.com/038672619/files/doc_downloads/2016/oct/Reserves-and-Resources-Table-Website_FINAL.pdf

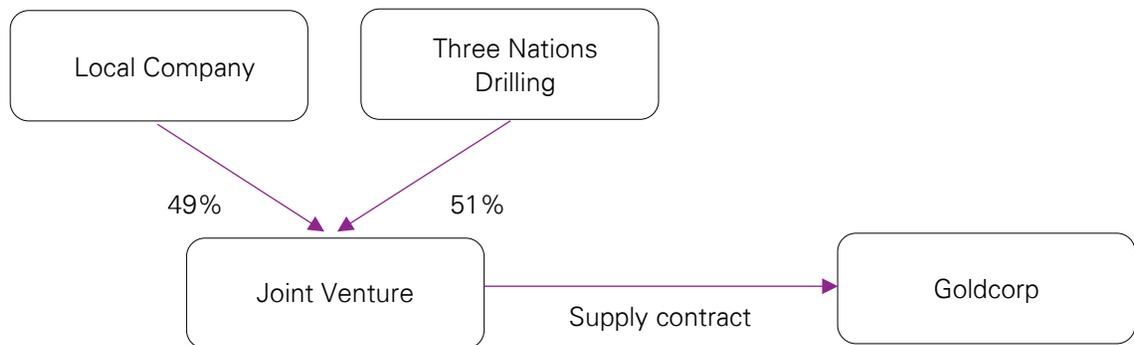
⁵ Goldcorp Project Update, January 2017.

In addition to identifying potential opportunities for local involvement, Goldcorp has also provided an indication as to its requirements for local businesses that wish to pursue these opportunities. Local suppliers will be required to fulfill Goldcorp's standard process for vendor acceptance, which includes a prescribed due diligence screening. Local suppliers will also be required to have some form of First Nation involvement as a result of Goldcorp's agreement with local First Nations. Information provided by the Wabun Tribal Council and Three Nations Drilling⁶ during a working session held in October 2016 outlines different potential structures for First Nation involvement, including the following:

Joint Venture

Under this arrangement, local companies will form joint ventures with Three Nations Drilling, with Three Nations Drilling holding 51% of the joint venture ownership. The local company will act as the operating partner and will be paid for direct operating costs incurred in connection with the joint venture along with an annual management fee. Any profits from the joint venture would be allocated to the local company and Three Nations Drilling based on the ownership percentage (51%-49%).

A graphical depiction of the joint venture arrangement is provided below.



Under the joint venture arrangement, local companies will be required to pay for their proportionate share of Three Nations Drilling's legal and financial due diligence costs, as well as business development costs incurred to secure the supply contract. At the same time, local companies will be required to share financial information as part of the due diligence process.

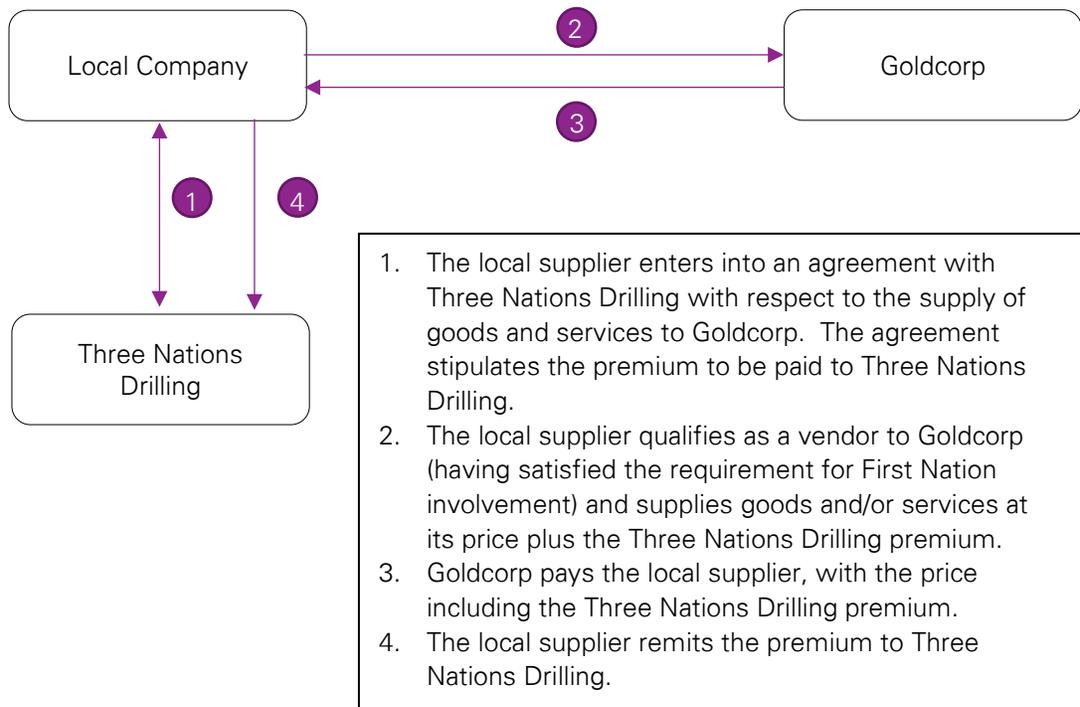
As part of the supply of services, the terms of the joint venture agreement will require the joint venture to procure goods and services (e.g. equipment rentals) from local First Nation companies, if available.

⁶ Three Nations Drilling has been designated as the sole First Nation entity involved in supply opportunities for the Borden Gold Project.

Commission Venture

Under a commission venture arrangement, local companies will enter into a commission arrangement whereby Three Nations Drilling is paid a percentage of the total value of goods sold by the local company to Goldcorp (which we understand can range from 1% to 3%). This type of arrangement is expected to be the easiest to facilitate.

A graphical depiction of a commission venture arrangement is provided below.



In support of local businesses that wish to provide services in connection with the Borden Gold Project, Goldcorp has indicated that representatives of its procurement function will meet with local suppliers to further discuss the requirements associated with vendor approval and will provide additional support to assist in the vendor approval process.

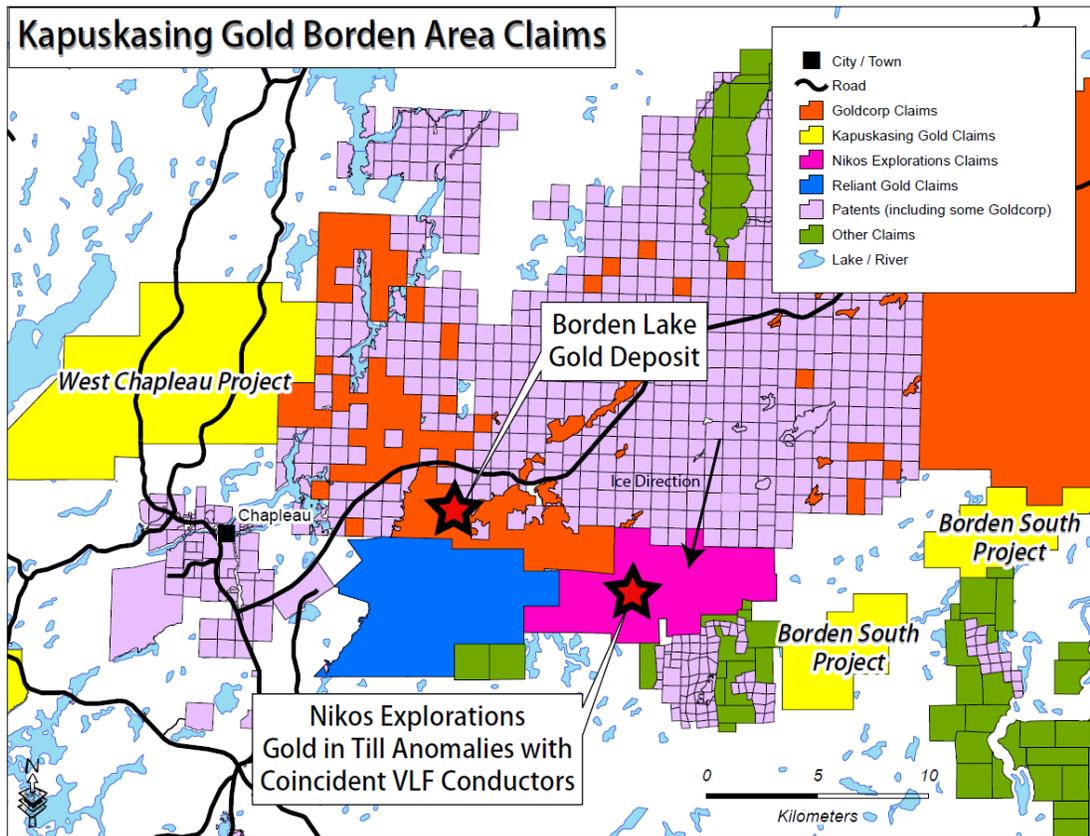
Connections between Goldcorp and local businesses have already begun to be developed through a so-called Speed Networking event hosted by the CEDC in November 2016. During the event, local businesses were provided with eight minutes to present their business profiles to Goldcorp representatives, including the Borden Gold Project Manager, Procurement Manager, Corporate Social Responsibility Manager and Director, Corporate Social Responsibility and Security. Following their presentation, each participant met individually with staff from Goldcorp's procurement department, who assisted with the completion of application forms to register the participants as vendors. Overall, a total of 19 local companies participated in the November Speed Networking event.

5. Employment Opportunities

Subsequent to the release of the original Mining Readiness and Growth Strategy, Goldcorp selected its prime contractor for ramp construction phase of the project (Dumas Mining), with job openings being advertised in connection with the Borden Gold Project beginning in January 2017 (site clerk, jumbo operators, maclean operators, surface loader operators, underground development supervisors). Dumas Mining has indicated that 25 positions are expected to be generated by the ramp construction, of which seven to eight are expected to be filled by First Nation members. Dumas Mining expects that the remaining positions will be staffed by experienced tradespeople already working for the company. Given the highly technical nature of the work and the relatively short duration of the ramp development (18 months), Dumas Mining and Goldcorp will not be providing local training programs in connection with the advanced exploration stage.

6. Other Impacts

In addition to the activity associated with the Borden Gold Project, other mining companies, most notably Kapuskasing Gold, Nikos Exploration and Reliant Gold are also undertaking exploration activities in the vicinity of Chapleau. While these projects are at different stages, Nikos Exploration has announced the finding of gold in till anomalies in its Borden Lake Extension Property.



Item No.	Priority	Timeframe
1	The CEDC should organize a readiness workshop for local businesses that will provide them with information concerning potential opportunities arising from the Borden Gold Project and the key success factors that need to be met in order to secure contracts.	<ul style="list-style-type: none"> The CEDC hosted an information session for local businesses and community residents in September 2016 concerning the Strategy as well as potential opportunities from both an employment and supply perspective.
2	The CEDC should coordinate a networking session between local businesses, Goldcorp and the major mining contractor (when selected) to facilitate connections with the local business community.	<ul style="list-style-type: none"> The CEDC hosted a presentation by Goldcorp's procurement department in September 2016 to provide local businesses with information concerning procurement opportunities and requirements. The CEDC hosted an information session by the Wabun Tribal Council and Three Nations Drilling in October 2016 concerning First Nation collaboration on supply contracts with Goldcorp. The CEDC hosted a Speed Networking event in November 2016 to connect local businesses with Goldcorp on an individual basis. The CEDC has been in discussions with Dumas Mining concerning potential opportunities.
3	The CEDC should consider the development of a housing inventory and registry that will facilitate the rental of vacant housing units for workers' accommodations.	<ul style="list-style-type: none"> Dumas has indicated that local First Nations will be acquiring facilities within the Township for temporary housing accommodations. As such, a housing registry is not required at this time. The Township maintains an online housing directory that lists properties for sale and rent, classified by residential, commercial and industrial properties.
4	The CEDC should work with Goldcorp on the delivery of training programs to local residents to facilitate employment in the mining sector.	<ul style="list-style-type: none"> The CEDC has discussed training opportunities with Goldcorp and Dumas Mining. Given the nature of the labour force requirements associated with the advanced exploration stage, no training opportunities will be provided to local residents. However, Goldcorp has indicated a willingness to provide training for employment positions that will arise upon the start of commercial production.
5	The CEDC may wish to consider undertaking strategies aimed at attracting inbound investment.	<ul style="list-style-type: none"> To be completed

Item No.	Priority	Timeframe
6	The CEDC should consider the preparation of a funding application to Industry Canada-FedNor and the NOHFC intended to support capacity building within the community, specifically as it relates to helping local businesses prepare to pursue contracts with Goldcorp.	<ul style="list-style-type: none"> • To be completed
7	The CEDC should continue with the execution of its communications strategy concerning the Borden Gold Project.	<ul style="list-style-type: none"> • The CEDC and Township continue to host information sessions featuring Goldcorp with respect to the Borden Gold Project. In addition, the CEDC has provided online information with respect to the Strategy and potential opportunities.
8	The Township should ensure its user fee schedule, with particular focus on tipping fees, building permit fees and recreational charges, to ensure that an appropriate level of cost recovery.	<ul style="list-style-type: none"> • To be completed
9	The Township should enter into contractual negotiations with Goldcorp with respect to the use of the municipal landfill as well as fire protection services to be provided by the Township.	<ul style="list-style-type: none"> • The Township has providing information to Goldcorp relating to municipal services and is prepared to play a role should the need arise.
10	The Township should continue to work with Goldcorp on issues relating to the project, including Goldcorp's potential acquisition of property in the community and the availability of residential housing stock.	<ul style="list-style-type: none"> • The Township and CEDC continue to have regular communications with Goldcorp concerning the Borden Gold Project. In addition, the CEDC maintains communication with and fields requests for information from mining exploration and supply companies.