



Suite 605 –1166 Alberni Street
Vancouver, BC, V6E 3Z3
P: (604) 685-6375 F: (604) 909-1163
Email: info@canadacarbon.com
Web: www.canadacarbon.com

December 11th, 2016

Grenville-sur-la-Rouge Municipality
88, Érables Street,
Grenville-sur-la-Rouge (QC), J0V 1B0

Attn: Mr. John Saywell, Mayor of Grenville-sur-la-Rouge, Mr. Jean-François Bertrand, General Director and Mr. Dominic Beaulieu, Director of Urbanism

Re: Canada Carbon – Road Impact and Repair Plan

Canada Carbon Inc (“CCB”) wishes to make clear to the Municipality of Grenville-Sur-La-Rouge (“GSLR”) that it plans to be a good corporate citizen. The Company is aware that the main impact of our Project on the local population is the heavy truck transport in and out of the Miller Property. The Company is prepared to enter into a cost sharing partnership with GSLR, Uniroc Quarry, MRC, MERN and MTQ whereby the Company would pay its proportional share of costs required to repair and maintain Scotch Road so that it is secure for heavy trucking and the citizens.

Based on the Company’s preliminary economic analysis, we currently estimate the following trucking volumes leaving the Miller Property once we are in full production:

- One 30-ton truck per week;
- Ten 40-ton trucks per pay carrying marble blocks (total 3,600 trucks per year)
- Fifty 40-ton trucks per day carrying aggregate. The majority of aggregate is from marble extraction.

Canada Carbon intends to open the marble quarry first and to develop the graphite mine one year later. We believe that the impact on the roads predominantly relates to marble extraction. The actual number of trucks that will enter and leave the Miller Property is highly dependent on the sale of marble blocks. The extraction of marble blocks generates waste known as aggregate. Canada Carbon will generate revenue by selling marble blocks. If the sale of marble blocks does not materialize, then extraction of marble will decrease, aggregate won’t be generated, and the corresponding trucking volumes will decrease.

We understand that repairs are required to widen the road and modify the curvature of certain segments of Scotch Road to ensure security and road stability. Until Canada Carbon completes its proportional payment for those modifications, we propose to use smaller trucks (30 tons trucks) to transport material from the Miller Property.

Since the Company’s impact on Scotch Road is correlated to the actual sales of marble, the Company is proposing a payment plan whereby Canada Carbon would fund its proportionate share of the road repair over the timeframe it takes for the first 10,800 truckloads of marble. The 10,800 truckloads represents the volume of trucks needed for three years of full production of marble blocks. For example, if in the first year only 2,000 truckloads of marble leave the Miller Property, then 18.5% (2,000/10,800) of the road repair costs would be paid in year one.

It is anticipated that Canada Carbon's proportion of the total road repair costs would not exceed \$1.2 million. Should the detailed repair estimate be greater than \$1.2 million, detailed discussions would need to be held before the Company would be prepared to commit to any greater amount.

CANADA CARBON INC.



"R. Bruce Duncan"
CEO and Director

P: (604) 685-6375

F: (604) 909-1163