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Kugluktuk

Karen Kharatyan  
A/Manager of Licencing  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU X0E 1J0

Bathurst Inlet  
Kingsok

September 23<sup>rd</sup>, 2016

Bay Chimo  
Umingmaktok

**Re: Doris North Type A Water Licence Amendment Reclamation Security**

Dear Karen Kharatyan, concerning the reclamation security for the Doris North Type A water licence amendment, the KIA supports the quantum of \$30,725,640 arrived at by TMAC Resources Inc. ("TMAC") and Indigenous and Northern Affairs Canada ("INAC").

Cambridge Bay  
Ikaluktutiak

In our engineering consultant's review of the reclamation cost models submitted by TMAC and INAC, they recommended a split of land and water security of 84% and 16% respectively. This evidence is on file. This would entail KIA having \$25,809,545 in reclamation security and the Minister of INAC \$4,915,944. KIA notes that TMAC has supported this split of security and set out their analysis in their final submission to the Board. KIA agrees with this TMAC position.

Gjoa Haven  
Okhoktok

Taloyoak

This amount of reclamation security and the split of land and water liability between KIA and the Minister proposed to the Board would both protect Inuit Owned Land and the water resources over which KIA has Article 20 rights thus satisfying the Nunavut Land Claims Agreement (NLCA) as well as the Nunavut Waters Act and Regulations under which the Nunavut Water Board operates.

Kugaaruk

The KIA has provided INAC's legal counsel relevant provisions from Section 12 on Security from our confidential Framework Agreement with TMAC. Specifically, Section 12.1 was provided to INAC in confidence to provide assurance that under our binding agreement with TMAC, reclamation security held by KIA can only be used for reclamation work in the event of failure by TMAC to undertake such work. None of the security posted by TMAC with KIA can be used for any other purpose. If the Board wishes to see these excerpts from the Framework Agreement KIA is willing to file them on the understanding that they could be held confidential and not posted to the record in this proceeding.

KIA notes for the Board's attention that the Discussion Paper attached to the final INAC submission is new information. KIA has never had any discussion about these criteria with INAC. It is not appropriate for such a framework to be filed at this time in the proceeding and KIA objects to the Board accepting or considering it. Any such consideration would be unfair.



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The KIA will continue discussions with INAC on the appropriate split of land and water reclamation security based on sound engineering principles. Both parties are currently open to resolving this issue and discussing the possibility a Security Management Agreement (SMA) for jointly managing reclamation work for the Doris North mine site. Should such an agreement be reached, either or both parties will be back in touch with the Board.

Finally, it is not clear to KIA why INAC suggests that TMAC should overbond and then have to apply for a refund (discount) of Crown security. Such a process treats the private landowner with prejudice, will result in wasted Board time and penalizes TMAC while government and Inuit sort out security matters.

KIA is willing to file notification with the Board of any security funds received from TMAC in any form deemed appropriate by the Board, including a sworn statement. We point out that KIA as the private landowner bears most of the risk if security arrangements are not adequate. In KIA's view, TMAC should be allowed to file security with KIA in the amount specified by the Board without the need for the Crown to hold double security in the interim. We urge the Board to approach this matter practically and in a way that provides no disincentive to TMAC's development which is supported by KIA and Kitikmeot Inuit.

We trust that our submissions will be of assistance to the Board.

Yours Truly

John Roesch, P.Eng.  
Senior Hope Bay Project Officer  
Department of Lands and Environment  
Kitikmeot Inuit Association

Cc Geoff Clark, Director of Lands and Environment  
Kitikmeot Inuit Association.