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Nunavunmi Parnaiyiit
Nunavut Planning Commission
Commission d'Aménagement du Nunavut

January 27, 2015

Erik Madsen, Vice President
Sustainable Development, Health, Safety & Environment
2275, Middle Rd. East, Suite 300
Oakville, ON., Canada
L6H 0C3

BY Email: erik.madsen@baffinland.com

Dear Mr. Madsen,

**RE: Baffinland Iron Mines Corporation's Mary River Project Phase 2 Development
Application – Nunavut Impact Review Board Certificate # 005**

Thank you for your letter dated January 26, 2014 regarding concerns with how the Nunavut Planning Commission (NPC) is processing the Baffinland Iron Mines Corporation (BIMC) Phase 2 proposal. In this letter you suggest that the NPC is not processing the Phase 2 proposal in a manner that is transparent and expeditious which may jeopardize the development of the Mary River Project. I write to assure you the NPC is proceeding in as transparent and expeditious a manner as possible.

The NPC was in receipt of a project summary description and a request for a conformity determination for the phase 2 development proposal on October 26, 2014, and the presentation of the proposed activities given in person by yourself and Mr. Oliver Curran to the NPC and the Nunavut Impact Review Board (NIRB) staff on November 5, 2014. Your application had not proceeded through the normal channels at that point and was therefore incomplete insofar as our ability to commence our review.

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The NPC formally responded to the BIMC and to the regulatory bodies associated with the Mary River Project on November 20, 2014 describing how the NPC generally process land use applications and the associated project proposal for review with an approved land use plan. This is a process well known to BIMC since this is the NPC's third conformity review of BIMC's mine approval process and was previously summarized in a letter to you from Mr. Brian Aglukark dated April 13, 2013 (attached). Below is a series of events that the NPC initiated following the November 20, 2014 letter to the BIMC from NPC.

- 1) On December 19, 2014, NPC confirmed with the Department of Fisheries and Oceans Canada (DFO) that once the DFO receives a completed information package from the BIMC related to the Phase 2 Proposal that the DFO will then be in a position to send the usual notification on the DFO application to the NPC and that information can inform the NPC conformity review process.
- 2) On December 19, 2014, NPC confirmed with the Nunavut Water Board (NWB) that once the NWB receives a completed information package from the BIMC related to the Phase 2 Proposal that the NWB will then be in a position to send the usual notification on the DFO application to the NPC and that information can inform the NPC conformity review process.

I want to stress that, as related to you in our December 19, 2014 letter, neither the DFO nor the NWB were in a position to provide the NPC with any information related to the Phase 2 Proposal on December 19, 2014. The NPC received the request for a conformity review from the DFO to review on January 12, 2015, and a request for a conformity review from the NWB on January 15, 2015. Further to the issues of timing, Mr. Oliver Curran and Mr. Brian Aglukark had a telephone conversation where Mr. Aglukark confirmed with Mr. Curran that the NPC would initiate its review either by no later than Wednesday January 28, 2014.

With your reference to NPC's inactivity on this file for 89 days, as explained above, this does not accurately reflect the true history of this file. To be clear, the NPC, in following its normal process in reviewing project proposals for conformity review, had not been in receipt of all of the required information to formally initiate a review of the Phase 2 Proposal until January 15, 2015. Furthermore, the NPC staff confirmed with your staff member Mr. Curran that the NPC was not in a position to start the review until at least January 28, 2015. This would be 13 days following the NPC's receipt of your completed "core" application for a project proposal provided by the NWB and DFO. With respect to your suggestion that regulatory delays are jeopardizing the development of the Mary River Project, as noted above BIMC has applied for conformity determinations on three occasions with respect to the Mary River Project. Consequently, you are aware of the standard procedures that the NPC follows when performing conformity determinations, and the anticipated timelines of those determinations once the NPC has a complete project proposal.

As you also know, the staged approach taken for the Mary River Project requires the NPC to make a conformity determination for each incremental change to the overall project. While the NPC aims to process all project proposals quickly and accurately, in light of its existing workload and scarcity of human and financial resources it cannot guarantee any specific time lines for completing conformity determinations.

Your letter states that it is your view that the Mary River Project Phase 2 Development conforms with the NBRLUP (North Baffin Regional Land Use Plan). As you know, that is the question the NPC must decide. I am informed the NPC is now in a position to initiate its review to make its own determination.

I would like to thank you for recognizing that fact the NPC is currently under financial constraints that are imposed by the external funding source, the federal government. You may not be aware that the NPC currently operates with more than 55 (fifty-five) percent of its staff positions vacant, as we do not have adequate funds to fill them. This is a situation that no agency wants to see itself in, however I assure you, and the regulatory bodies in Nunavut, that our staff continue to work diligently to ensure that all project proposals including the Phase 2 Proposal are reviewed for conformity in a timely manner.

Sincerely,



Mr. Hunter Tootoo,
Chairperson,
Nunavut Planning Commission

cc:

The Honourable Peter Taptuna, Government of Nunavut
The Honourable Johnny Mike, Government of Nunavut
The Honourable Bernard Valcourt, Government of Canada
Ms. Cathy Towtongie,
NTI Mr. Pauloosie Akeeagok,
QIA Mr. Stephen Williamson-Bathory, QIA
Mr. Ryan Barry, NIRB
Ms. Georgina Williston, DFO
Ms. Phyllis Beaulieu, NWB
Mr. Stephen Traynor, AANDC Ms.
Tracey McCaie, AANDC
Ms. Sharon Ehloak, NPC

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