



Indian and Northern
Affairs Canada

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et du Nord Canada

Nunavut Regional Office
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Your File: 08MN053

June 4, 2008

Our File: IQA-N 5510-5-4 UNC

Leslie Payette
Manager, Environmental Administration
Nunavut Impact Review Board
P.O. Box 1360
Cambridge Bay, NU, X0B 0C0

Via electronic mail to: lpayette@nirb.ca

Dear Ms. Payette,

**Re: Part 4 Screening and Comment Request for Baffinland Iron Mines Corporation's
Mary River Development Proposal (NIRB: 08MN053).**

Indian and Northern Affairs Canada would like to thank the Nunavut Impact Review Board for their letter of May 2, 2008 regarding the screening of the Mary River Development Proposal under Article 12, Part 4, of the Nunavut Land Claims Agreement.

The NIRB letter observes that an amendment to the North Baffin Regional Land Use Plan (NBRLUP) would be required to accommodate the transportation corridor proposed for the project. Under the NBRLUP, a public process for the review of such an amendment would involve both the NIRB and the Nunavut Planning Commission. Our department has addressed comments to both the NIRB and the NPC on that process in a separate letter of June 4, 2008.

The department has reviewed the Baffinland Mary River Development Proposal. In this respect, INAC has determined that it has jurisdictional responsibility in relation to the proposed project, particularly: Ministerial responsibilities for approval of the water license, and administration of crown lands.

Accordingly, INAC has made a preliminary assessment of the proposal and supporting applications to determine whether the proposed project is likely to cause significant adverse eco-

systemic and socioeconomic effects on Northerners, and/or arouse significant public concern. INAC's examination of the project proposal has found that the following areas merit further and more detailed assessment:

- the potential impacts from the railway/transportation and camp activities to the surface water quality and quantity of adjacent rivers, lakes, and streams, including the Mary River, Ravn River, Cockburn River and other receiving environments;
- the potential for impacts from the railway components (eg. chemicals in the railway ties) and railway construction on water quality and vegetation;
- effects of permafrost thawing due to climate change on:
 - railways, bridges, and other infrastructures, and
 - groundwater flows;
- the potential for ecological as well as socio-economic impacts from year-round shipping through Foxe Basin and Hudson Strait;
- the potential for impacts on water quality from the use of explosives;
- the potential for acid rock drainage (ARD) and metal leaching (ML), including the potential for ARD and ML to occur on the exposed open pits surfaces, ore stockpiles, and transportation corridor construction materials;
- the potential impacts on surface water quality from contact water runoff from landfill sites;
- the effect of construction, operation, closure and post-closure activities relating to site runoff and road crossings on surface water quality;
- the anticipated impacts of construction, operation, and closure activities on specific vegetation associations and geomorphological structures (e.g., esker complex); and
- the potential for ongoing and incremental land use activities associated with the metal mining and transportation, in combination with all other activities in the Mary River project area, to result in cumulative impacts, particularly the cumulative effects on wildlife and other important eco-systemic components in and adjacent the mining sites and along all transportation facilities (including the airstrip and all roads) and port facilities.

INAC had the opportunity to attend the Baffinland community consultations as an observer in March 2008. The communities of Hall Beach, Iglulik, Arctic Bay, Pond Inlet and Clyde River were consulted on the project. It is INAC's observation that the project proposal may raise public concern, especially with regard to shipping and railway transportation and their potential impacts on wildlife.

In addition to the above areas of concern, INAC believes that detailed assessments of the impact of the proposed project on the following eco-systemic components are also important:

- eskers and other unique or fragile landscapes;
- marine and terrestrial species and their habitats; and
- traditional land use.

Recent INAC inspections at the Mary River site could be cause for concern. For example, the proponent has not yet met sewage treatment discharge criteria. The sewage lagoons currently on site are at full capacity and the treatment system may be insufficient to meet the present needs of the camp. Also, the proposed polishing ponds appear inadequate to meet the future needs of the camp which could have detrimental impacts to Sheardown Lake should raw sewage be released.

Given the nature of the proposed Mary River Project, a base metal mining project with an estimated production capacity of 18 million tonne-per-annum (Mt/a) for 21 years (or longer), along with related construction, operation, closure, and reclamation activities for mining and transportation of the ore (particularly the proposed railway transportation corridor, all-season deep-water port and ship loading facility at Steensby Inlet, and year-round shipping activities), the department observes that the proposed project has the potential to cause adverse eco-systemic and socioeconomic effects on Northerners and thus may arouse public concern. Accordingly, INAC believes that the proposed project warrants a Part 5 or Part 6 review under NLCA, Section 12.4.4 (b).

Once the Minister makes a determination on the course of the environmental assessment process, INAC may offer specialized expertise throughout the process on:

- geotechnical and permafrost engineering;
- acid rock drainage and mitigation;
- geochemistry;
- surface and ground water quality and quantity;
- hydrogeology;
- hazardous materials handling and storage;
- wastewater treatment;
- cumulative impacts assessment;
- mine/quarry design and construction;
- closure and reclamation planning and estimates for security; and
- socio-economic impact and benefits analysis.

With regard to a possible joint NIRB and Nunavut Water Board initiative, INAC appreciated the presentation made by the NWB and NIRB at the Nunavut Mining Symposium in April 2008,

outlining the coordinated effort and requesting feedback from the public, industry and the government. As Baffinland's Mary River project is being considered to be the first to undergo a joint process, and as yet a model for such a process has not been fully developed, it is difficult for INAC to specify concerns regarding the suitability of a joint NIRB and NWB review. INAC would appreciate NIRB and the NWB providing further details on the options for processes that would be followed in a joint review and the level of detail required to meet the information requirements of both the NIRB environmental assessment and NWB water licence application process. INAC is supportive of finding efficiencies in the environmental assessment and regulatory processes, however, at this time we don't have adequate detail to provide further comment on this subject.

Should this project move towards a review, Baffinland states in their development proposal that they will be applying to NIRB for an exception for their pre-construction staging under Section 12.10.2(b) of the NLCA. The development proposal outlines the pre-construction staging as the sealift delivery and mobilization of construction materials and equipment as well as fuel storage at both Milne Inlet and Steensby Inlet. In our opinion these are significant components of the development proposal. INAC is of the opinion that every component of the project description should be subject to impact assessment. If the NIRB is considering an exception to some components of the project description, we would encourage the Board to seek the views of all parties on this issue

INAC looks forward to working with NIRB and the proponent throughout the environmental assessment of this project. Should you have any questions, please do not hesitate to contact Ataur Rahman at (867) 975-4554 or at rahmana@inac-ainc.gc.ca.

Sincerely,



Robyn Abernethy-Gillis
Manager of the Environment Division