#### **ANNEX C: QIA Final Submission to NWB**

QIA Letter to Minister of Aboriginal Affairs and Northern Development, Financial Security



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40P2450 Sanikiluag The Honourable Bernard Valcourt Minister of Aboriginal Affairs and Northern Development

I am writing you today to follow up on the issue of "double bonding" of financial security for mining proponents which has been brought up by various parties at different times.

Specifically, as you are aware QIA is in the process of developing a land lease with Baffinland Iron Mines Corporation (BIMC) for the commercial production of the Mary River Project on Inuit Owned Land (IOL). Article 17 of the Nunavut Land Claim Agreement states the primary purpose of IOL "shall be to provide Inuit with rights in land that promote economic self-sufficiency of Inuit." A key aspect in the responsible management of IOL will be to guarantee that activities conducted on IOL are reclaimed satisfactorily without the creation of a financial burden to its membership. As such, QIA has developed the Abandonment and Reclamation Policy for Inuit Owned Lands (the Policy) to guide project proponents in this endeavor.

For the Mary River Project, this will be ensured through the requirements of financial security as a term of the land lease. Financial security will also be required for the Mary River Project by the Nunavut Water Board (NWB) as per the Nunavut Waters and Nunavut Surface Rights Tribunal Act. QIA is interested in developing a process that allows both NWB and QIA to hold security and so both parties are satisfied that the environmental liability can be adequately managed, should the need arise, while also removing any unnecessary financial burden on the company.

QIA would like to propose the following solution to "double bonding":

- 1. BIMC will adhere to the QIA Policy and provide a closure and reclamation plan to QIA, adhering to the Policy.
- 2. Once BIMC submits an acceptable closure and reclamation plan, QIA will evaluate and work with BIMC to set and administer a closure and reclamation security amount with QIA for IOL. In all likelihood, this will occur after the NWB water licence proceedings.
- 3. NWB may require BIMC furnish financial security for both land and water as they did in April 2011 for BIMC's Type B Type B Water Licence, No. 2BB-MRY1114. These amounts will be made outside of QIA's process.
- 4. The NWB financial security amount is to be held by the Minister, in a form acceptable to the Minister as set out in Section 76(1) of the Nunavut Waters and Nunavut Surface Rights Tribunal Act.
- 5. QIA proposes that the land related portion of the NWB financial security, determined by the NWB outside of the QIA process, be considered a "place holder".

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ちのPユdや Sanikiluaq 6. Further to Section 76(1) of the Nunavut Waters and Nunavut Surface Rights Tribunal Act QIA recommends the use of promissory note for the land related portion of the NWB financial security. It is noted that the Ministry has done this previously for North American Tungsten Corporation LTD's (NATCL) Cantung Mine as outlined in Article 2 of the Reclamation Security Agreement, between NATCL and Her Majesty the Queen in Right of Canada<sup>1</sup>.

QIA is not concerned with the water related portion of the NWB financial security or its form.

 QIA also recommends that the water licence include a condition that removes the land related portion of the NWB financial security estimate once it is provided by BIMC to QIA under the Commercial Production Lease. QIA will provide the required supporting evidence.

The Commercial Production Lease financial security amount will be determined by the QIA process and may differ from the amount that is determined through the NWB process.

QIA would like to invite Aboriginal Affairs and Northern Development Canada to further discuss the content of this letter; QIA has copied BIMC on this letter to demonstrate our continued commitment on a respectful and open relationship.

Sincerely,

DPC-20 PSAA30

J. Okalik Eegeesiak President

CC – The Honourable Leona Aglukkaq, Minister of Health, Minister of the Canadian Northern Economic Development Agency and Minister for the Arctic Council CC- Tom Paddon, President, Baffinland Iron Mines Corporation

Attachments: Abandonment and Reclamation Policy for Inuit Owned Lands. Qikiqtani Inuit Association.

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<sup>&</sup>lt;sup>1</sup>Reclamation Security Agreement, Between North American Tungsten Corporation LTD and Her Majesty the Queen in Right of Canada