



Water Resources
Nunavut Regional Office
P.O. Box 100
Iqaluit, NU, X0A 0H0

October 17, 2014

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

Your file - Votre référence
2AM-MRY1325
Our file - Notre référence
CIDM# 863689

Re: Annual Security Review for Type A Water Licence 2AM-MRY1325

Dear Ms. Beaulieu:

The Nunavut Water Board (the Board or NWB) invited parties to provide comments regarding the timing and process for the exchange of documents and conduct of the 2015-2016 Annual Security Review (ASR) for Baffinland Iron Mines Corporation (Baffinland) Type A water licence 2AM-MRY1325.

In accordance with Schedule C, Item 2, Aboriginal Affairs and Northern Development Canada (AANDC) plans to submit information required under Item 2(c) by November 6, 2014. However, AANDC cannot recommend an increase, maintenance, or reduction of the total financial security under the licence (as required under Schedule C, Item 2(d)) without first reviewing the work plan of proposed activities for 2015-2016. It is the Licensee's responsibility to provide a reclamation estimate based on an updated work plan. AANDC can provide information required under Schedule C, Items 2(d) and (e) only following a thorough review of Baffinland's ASR submission and associated Work Plan.

AANDC provides the following recommendation regarding the timing and process by proposing the following schedule for the 2015-2016 ASR for the Board's consideration:

- | | |
|-------------------|---|
| November 7, 2014 | The Licensee, AANDC, and QIA file information to the NWB required in Schedule C, Items 2(a) and (b). |
| December 5, 2014 | Interested parties file information (within 28 days) to the NWB required in Schedule C, Items 2(c), (d), and (e) in the form of a written submission. |
| December 12, 2014 | The Licensee provides a response (within 7 days) to written submissions (if required). |
| December 19, 2014 | The NWB holds the ASR Meeting |



- January 28, 2015 The NWB advises the Licensee and interested parties of the total financial security required under Part C, Item 1 of the licence (within 40 days).
- February 27, 2015 The Licensee files the total financial security amount for the upcoming year (within 30 days).

The schedule above is similar to last year's ASR process and allows parties ample time to review the cost estimate and receive additional information from Baffinland prior to the ASR meeting, thus allowing a more efficient process. However, please note that the proposed schedule allows Baffinland 30 days to file the total financial security amount by March 1, 2015, but only allows 40 days (instead of 45 days) for the NWB to set the total financial security amount. Should this be an issue, AANDC recommends that the initial ASR submission be moved up to November 1, 2014. In this case, the ASR meeting could be held on December 15, 2014 to allow sufficient time to set and file the total financial security amount before March 1, 2015 as required under Schedule C, Item 5.

AANDC recommends that the NWB modify the process and timing from that set out in Schedule C of the licence, and adopt a schedule such as the one proposed here and similar to the process established last year, to allow parties to participate more effectively and efficiently in the ASR.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4738 or by e-mail at jean.allen@aandc-aadnc.gc.ca.

Sincerely,

Jean Allen
Water Management Specialist

cc. Murray Ball, Manager, Water Resources, AANDC
 Andrea Morgan, Senior Engineer, Resource Management, AANDC
 Karen Costello, Director, Resource Management, AANDC