



Fisheries and Oceans
Canada

Pêches et Océans
Canada

5204-50th Avenue
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November 4, 2014

Your file *Votre référence*

Our file *Notre référence*
NU-07-0050/14-HCAA-00525

Damien Cote
Executive Director
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Dear Mr.Cote:

**Subject: Annual Security Review for 2015-2016 under Part C and Schedule C of
Type A Water Licence 2AM-MRY 1325 Mary River Project**

This correspondence is in response to the letter received from Baffinland Iron Mines dated October 10, 2014, regarding the Annual Security Review for the Mary River Project Type A Water Licence 2AM-MRY 1325.

Fisheries and Oceans Canada (DFO) would like to provide additional information regarding the reference to the securities which Baffinland Iron Mines has provided as part of the *Fisheries Act* Authorization issued for the construction of the Ore Dock at Milne Inlet. DFO currently does not hold any securities for works occurring in the freshwater environment.

DFO uses a letter of credit to provide a financial assurance mechanism in the event that an offsetting plan is not completed. This allows DFO to access funds to ensure the implementation of the offsetting plan, including the monitoring program, which have not been implemented by the applicant in the timeframe provided for in their *Fisheries Act* authorization. In the case of the Mary River Project, the offsetting plan consisted of the placement of coarse rock substrate around the perimeter of the ore dock and moorings at Milne Inlet.

DFO currently holds two letters of credit from Baffinland. The first is for the placement of the coarse rock material. This letter of credit will be returned to Baffinland once the offsetting plan has been implemented to the satisfaction of DFO. The second letter of credit is for the 5 year monitoring program associated with the offsetting plan. This letter of credit will be held for a minimum of 5 years, pending the outcome of the monitoring program.

If you have any questions, please contact Georgina Williston at our Yellowknife office at 867-669-4927 or by email at Georgina.Williston@dfo-mpo.gc.ca m

Yours sincerely,



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