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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No: 2AM-MRY1325/Part C & Schedule C

November 6, 2014

To: Mary River Project Distribution List

Subject: 2AM-MRY1325, Type “A” - Guidance for the Annual Security Review Process under Part C and Schedule C of the Licence for the Mary River Project

Dear Parties:

In response to submissions¹ received from interested parties on the Annual Security Review (ASR) Process for the Mary River Project, please find in the following text, guidance and the timeline for the 2015 ASR Process. The ASR Process will be conducted in accordance with Part C and Schedule C of Type “A” Water Licence 2AM-MRY1325 (the Licence), issued to Baffinland Iron Mines Corporation for the Mary River Project (the Project), for the use of waters and the deposit of waste in support of a Mining undertaking².

Consistent with last year’s review process, the Board will take into consideration relevant submissions received from interested parties, in advanced of the review process, in its decision to modify if required, respective administrative steps and timelines required for the ASR process so as to achieve the outcome set out in Schedule C and Part C of the Licence. Interested parties should note that Table 1 below includes the timelines and events scheduled for the 2015 ASR process, which reflects relevant adjustments to administrative aspects of the process’ requirements.

Table 1: Timeline of Events for ASR Process

Date	Event
November 6, 2014	Licensee files information with the NWB in accordance with relevant section(s) of Schedule C, Item 2 in the Licence
December 5, 2014	Interested parties file written submission with the NWB in accordance with relevant section(s) of Schedule C, Item 2 in the Licence
December 5, 2014	Licensee files any updated information regarding additional security amounts posted with the Qikiqtani Inuit Association and/or Federal authorities that have issued authorizations to the project (AANDC, DFO, etc.)
December 12, 2014	Licensee provides a response to written submissions (if the Licensee

¹Aboriginal Affairs and Northern Development Canada (AANDC), October 17, 2014 and November 6, 2014; Baffinland Iron Mines Corporation (BIMC), October 10, 2014; Department of Fisheries and Ocean (DFO) Canada, November 4, 2014; and the Qikiqtani Inuit Association (QIA) October 17, 2014.

²Mining undertaking as defined under Schedule 1 of the Nunavut Waters Regulation (SOR/DORs/2013-29).

	considers additional submissions necessary).
December 18, 2014	NWB holds the ASR Meeting by Teleconference
January 28, 2015	NWB advises the Licensee and interested parties of the total financial security required for 2015 under Part C, Item 1 of the Licence).
February 27, 2015	Licensee files the total financial security amount for 2015 (within thirty (30) days).

As done during the previous ASR, this ASR process will be undertaken using a two-stage approach. For the initial stage, the Board requests that parties address the following question:

Is the existing global security amount as set by the Board during the 2014 ASR Process adequate to reflect the updated scope of activities and undertakings proposed to be undertaken by BIMC in the 2015 Work Plan?

In addressing this question, the Board anticipates that the parties will provide the Board with sufficient information regarding their key assumptions, inputs and variables in the models used to generate and review the reclamation estimates. The Board specifically requests, to the extent that the parties differ in their views on the amount of financial security necessary to ensure appropriate closure of the undertaking, restoration of the site(s) and implementation of any required ongoing measures after closure of the undertaking, that the parties provide clear direction regarding the specific points of divergence, as well as explaining the basis for the difference.

With respect to the second stage of the ASR process, the Board confirms that it has received evidence from the Qikiqtani Inuit Association (QIA) regarding the amount of reclamation security provided by the Licensee under the QIA land lease(s). If the QIA wishes to update this amount, the relevant information should be filed with the Board on or before December 5, 2014. The Board will consider this amount in its determination of the global security to be held under the Licence.

In addition to confirmation from the QIA, the Board has been in receipt of Aboriginal Affairs and Northern Development Canada's (AANDC) November 6, 2014 correspondence, which outlines the current financial security held by AANDC for the Project and indicates AANDC's intention to provide information on the ASR in the context of the review process for the 2015 Work Plan.

The Board also notes a request from the Licensee, that in assessing the global security amount to be held under the Licence, consideration be given to separate security filed with Department of Fisheries and Oceans (DFO) Canada. The Board notes that on November 4, DFO provided the Board with general information regarding the security held by DFO in relation to DFO's offsetting, which has been posted on the public registry. However, in that correspondence DFO indicated that it does "not hold any securities for works occurring in the freshwater environment".

Consequently, in order to consider the security held by DFO in association with the ASR process, the Board requires the Licensee to file specific information regarding the amount of the security held by DFO, the specific activities in respect of which the DFO security is held, the extent to which the security held by DFO overlaps with reclamation activities included under the Licence and the rationale for the Board to consider the DFO security when considering the global security amount required to reclaim the activities and undertakings authorized under the Licence. To give the Board and the parties an opportunity to consider this additional information, the Licensee must file with the Board the additional information in respect of the DFO security on or before December 5, 2014. At this time, the Board does not anticipate requiring DFO to attend the ASR teleconference or make further written submissions as the onus is on the Licensee to provide the Board with this information.

At this stage, the Board wishes to thank all parties for their submissions and contribution to this ongoing process. If you have any questions or comments regarding this matter, please contact Sean Joseph, Technical Advisor at Sean.Joseph@nwb-oen.ca or the undersigned at David.Hohnstein@nwb-oen.ca or by phone at (780) 443-4406.

Sincerely,

Original Signed By;

David Hohnstein
Director of Technical Services
Nunavut Water Board

Cc: NWB Public Registry