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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No: 2AM-MRY1325 – Amendment No. 1

October 23, 2015

To: Mary River Distribution List

Subject: Type “A” Water Licence 2AM-MRY1325, Mary River Project; 2015-2016 Annual Security Review Process and Guidance for Timing with respect to Part C and Schedule C

Dear Parties:

As you are probably aware, the 2015-2016 Annual Security Review (ASR) Process required under the amended Type “A” Water Licence No. 2AM-MRY1325 (Licence or Amended Licence) issued to Baffinland Iron Mines Corporation (BIMC or Licensee) for the Mary River Project (Project) is quickly approaching. The review process will address the required security amount for the forthcoming 2016 work plan. Consequently, the Nunavut Water Board (NWB or Board) takes this opportunity to provide some process and timing related information to all relevant stakeholders and interested persons in advance of the process.

Consistent with the last two ASR Processes, this year’s ASR Process will be conducted in accordance with Part C and Schedule C of the Amended Licence. To assist the Board, stakeholders, and interested persons in achieving the desired objective and outcomes set out in the Amended Licence, the Board has included in **Table 1**, attached to this correspondence, an outline of the projected events and timelines for this year’s ASR Process, which may be slightly adjusted as needed to reflect the circumstances of this year’s security review.

With respect to the way in which this year’s ASR Process will be conducted, a two-step approach will be followed as was done for the ASR Processes for the preceding two years. The first step requires parties to provide feedback on the following question:

Is the existing total security amount as set by the Board in accordance with the 2015 Work Plan adequate to reflect the updated scope of activities and undertakings that may be proposed by BIMC in its forthcoming 2016 Work Plan, expected to be filed with the Board by November 5, 2015?

P.O. Box 119, Gjoa Haven, NU X0B 1J0, Tel: (867) 360-6338, Fax: (867) 360-6369

In addressing the above question, it is anticipated that the parties will provide the Board with sufficient information regarding their key assumptions and inputs including any models used to generate and review the reclamation estimates. The Board requests that where parties differ in their estimates on the amount of financial security necessary to ensure appropriate closure, reclamation, restoration, and post-closure measures for the undertaking, that the parties provide clear direction and basis for the specific points of divergence.

As for the second step of the ASR Process, the Board requires confirmation from the Designated Inuit Organization and relevant Federal Agencies regarding the amount of reclamation security provided by the Licensee for land and/or water under the Amended Licence or any water licence subsumed by and/or related to the Amended Licence and whether updates to these amounts are being contemplated or required by the parties. Such information should be filed with the Board on or before December 4, 2015 so that the Board can consider all submissions in its determination of the total security amount to be held under the Amended Licence for the 2016 - 2017 period.

In the interim, and prior to commencement of this year's ASR Process, interested persons should direct any questions and comments pertaining to the above to Sean Joseph, Senior Technical Advisor, at Sean.Joseph@nwb-oen.ca or David Hohnstein, Director of Technical Services, at David.Hohnstein@nwb-oen.ca.

Sincerely,

Stephanie Autut
Executive Director

**NUNAVUT WATER
BOARD**

cc: NWB Public Registry

Attachment: Table 1

Table 1: Licence No. 2AM-MRY13250 Projected Events and Timelines for the 2015-2016 ASR Process

| Date | Event |
|-------------------|--|
| November 5, 2015 | Licensee, the Minister, and QIA to file information with the NWB in accordance with relevant section(s) of Schedule C, Item 2 in Amended Licence No. 2AM-MRY1325 |
| December 4, 2015 | Interested parties to file written submission with the NWB in accordance with relevant section(s) of Schedule C, Item 2 in Amended Licence No. 2AM-MRY1325 |
| December 4, 2015 | Licensee to file any updated information pertaining to additional security amounts post with Inuit and/or federal authorities that have issued authorizations to the project including the QIA and AANDC |
| December 11, 2015 | Licensee to file response to interveners' submission |
| December 18, 2015 | NWB to hold the ASR Meeting by Teleconference |
| January, 29, 2016 | NWB to advise the Licensee and interested parties of the total financial security required for 2016 Work Plan under Part C, Item 1 of the Licence). |
| February 26, 2016 | Licensee to file the total financial security amount for 2016 Work Plan (within thirty (30) days). |