



Water Resources Division
Nunavut Regional Office
Iqaluit, NU X0A 0H0

Your file - Votre référence
2AM-MRY1325

November 3, 2016

Our file - Notre référence
CIDM#1112004

Stephanie Autut
Executive Director
Nunavut Water Board
Gjoa Haven, NU X0B 1J0

Re: Information Indigenous and Northern Affairs Canada intends to rely on for the Annual Security Review of Baffinland Iron Mines Corporation 2AM-MRY1325 Type A Water Licence

Dear Ms. Autut,

Thank-you for the Annual Security Review (ASR) Process revised schedule received on November 1, 2016 for Baffinland Iron Mines Corporation's (Baffinland) Type A Water Licence 2AM-MRY1325 amendment #1.

Schedule C item 2 of the Licence lists information to be provided that the parties intend to rely on during the ASR. These are:

a. an updated Preliminary, Interim or Final Mine Closure and Reclamation Plan;

To be provided by proponent.

b. the total financial security amount calculated for the highest level of reclamation liability for land and water combined for the upcoming year as calculated in accordance with Item 6 of this Schedule;

As the workplan for the upcoming year is not yet public, Indigenous and Northern Affairs Canada (INAC) cannot at present provide the calculated highest level of reclamation security for the upcoming year. We intend to provide the calculation on December 2, 2016, as outlined in the revised ASR schedule.

c. the total of any equivalent financial security being held by the Minister and/or the Qikiqtani Inuit Association outside the Licence;

INAC holds no equivalent financial security outside the Licence. Under the Water Licence, as specified in the February 5, 2016 ASR decision, INAC holds 1,210,000\$.

d. information that supports the increase, maintenance or reduction of the total financial security under the Licence; and

This item is also dependant on the workplan which is not yet public, and INAC will share information once we have had a chance to evaluate the workplan.

e. any other information necessary to support the request of the parties for the Board to issue further directions under Part C with respect to the amount of security to be furnished and maintained under the Licence.

The Department is submitting the Annual Geotechnical Site Inspection Report completed by its contractor, SNC-Lavalin, with this letter. This report was produced following a visit that was also used to review infrastructure and general conditions on site to inform the upcoming cost reclamation update.

INAC looks forward to participating in this year's annual security review and trusts the open exchange of information that occurred in previous years will continue so that the process can occur in an efficient manner. Please do not hesitate to contact me at 867-975-3876 or Sarah.Forte@aandc-aadnc.gc.ca for any additional information.

Regards,

Sarah Forté
Water Management Coordinator