



November 3rd, 2016

David Hohnstein
Director, Technical Services
Nunavut Water Board (NWB)
P. O. Box 119
Gjoa Haven, NU X0B 1J0
Telephone: (867) 360-6338
Fax: (867) 360-6369
Email: David.Hohnstein@nwb-oen.ca

RE: Notice to the Parties NWB Request for Comment on the Timing and Process for the Annual Security Review for 2017 under Part C and Schedule C of Type “A” Water Licence 2AM-MRY1325 Mary River Project

Mr. Hohnstein,

The Qikiqtani Inuit Association (QIA) is writing this letter to you in response to the NWB's letter of November 1st, 2016.

In the NWB's letter it has been requested that QIA provide information to support the Annual Security Review (ASR) for 2017 in relation to 2AM-MRY1325.

The NWB has requested that QIA supply information with respect to Schedule C by November 3rd, 2016. QIA responses to Schedule C Item 2, sub items c-e are provided as follows:

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

QIA can confirm it is currently in possession of a letter of credit for a total amount of \$48,845,500. A copy of this letter of credit is attached. This is the same letter of credit received by QIA following the 2016 ASR process.

This amount is held consistent with the requirements of Article 9 of Commercial Lease No.: Q13C301. There have been no changes to the amount of security held by QIA since the 2016 ASR process.



ᑭᑭᑭᑭᑭᑭ ᐃᑭᐃᑦ ᑲᑭᑭᑭᑭᑭᑭᑭᑭᑭ **Qikiqtani Inuit Association**

ᐱᑭᑭᑭᑭᑭᑭ
ᑭᑭᑭᑭᑭᑭ ᐃᑭᑭᑭᑭ
Serving the
communities of

ᐃᑭᑭᑭᑭᑭᑭ
Arctic Bay

ᑭᑭᑭᑭᑭᑭ
Cape Dorset

ᑲᑭᑭᑭᑭᑭᑭ
Clyde River

ᑭᑭᑭᑭᑭᑭᑭ
Grise Fiord

ᑭᑭᑭᑭᑭᑭ
Hall Beach

ᐃᑭᑭᑭᑭᑭᑭ
Igloolik

ᐃᑭᑭᑭᑭᑭᑭ
Iqaluit

ᑭᑭᑭᑭᑭᑭ
Kimmirut

ᑭᑭᑭᑭᑭᑭᑭ
Pangnirtung

ᑭᑭᑭᑭᑭᑭᑭ
Pond Inlet

ᑭᑭᑭᑭᑭᑭᑭᑭ
Qikiqtarjuaq

ᑭᑭᑭᑭᑭᑭᑭᑭ
Resolute Bay

ᑭᑭᑭᑭᑭᑭᑭᑭ
Sanikiluaq

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

QIA will be able to provide such information in the context of filing its comments under the 2017 ASR process. QIA must first review the 2017 Work Plan submission from the proponent to determine if changes to security are required and if so the basis of such changes. Additionally, QIA conducted an Environmental Audit during the 2016 field season and will also rely upon this work to review security for the 2017 ASR. QIA intends to supply the NWB with a complete filing on or before December 2nd, 2016.

- 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.*

QIA does not anticipate filing any other information prior to conducting its review of the 2017 Work Plan.

With respect to the proposed process for the 2017 ASR, consistent with past ASR processes QIA's primary intention is to fulfill the requirements of Q13C301 which stipulates the following:

1. Proponent's submission of a Work Plan, on/before November 1st (see Q13C301, 9.2 (b))
2. QIA filing of a security review with the proponent, on/before December 31st (see Q13C301, 9.2 (c))
3. Proponent's posting of security adjustments with QIA, on/before January 31st (see Q13C301, 9.2 (d))

QIA's internal review and decision making processes related to the 2016 Work Plan are scheduled to coincide with the NWB process to the greatest degree possible. There are however several points QIA would like to raise with respect to the proposed 2017 ASR process.

1. Depending upon party comments filed before the NWB on either December 6th or due to discussions on December 9th, QIA may request the ability to submit additional information to NWB. QIA's intention with such a submission would be to further narrow or focus the matters before the NWB. Any such submission would be made as an extension to QIA's anticipated December 2nd, 2016 submission. At present QIA believes such a submission could be made by December 16th, 2016, consistent with the process proposed by the NWB.



Sanikiluaq

2. QIA requests that NWB allow QIA and Baffinland until January 6th to file updated information related to the amount of security to be posted with QIA in relation to the 2016 Work Plan. The additional time is requested to facilitate agreement between the parties consistent with the provisions of Q13C301, thereby allowing NWB to take its own decisions with accurate/up-to-date information. This has been a step undertaken in previous ASR processes.

Sincerely,

SWB

Stephen Williamson Bathory
Director, Department of Major Projects

Attachment: Irrevocable Standby Letter of Credit (Amendment No.7). June 17, 2016.