ᕿᑭᖅᑕᓂ ᐃᓄᐃᑦ ᑲᑐᔾᔨᖃᑎᒌᖕᒋᑦ
Qikiqtani Inuit Association

ᐱᔨᑦᑎᕐᖑᑦ
ᓄᓇᓕᖕᓂᑦ ᐅᑯᓂᖓ
Serving the communities of

ᐃᑲᐱᐊᑦᓴᑦ
Arctic Bay

ᑭᖕᒐᐃᑦ
Cape Dorset

ᑲᖏᖅᑐᒐᐱᑦ
Clyde River

ᐊᐅᓱᐃᑦᑐᖅ
Grise Fiord

ᓴᓂᕐᔭᑦ
Hall Beach

ᐃᑦᓗᓕᑦ
Igloolik

ᐃᖃᓗᐃᑦ
Iqaluit

ᑭᑦᒥᔪᑦ
Kimmirut

ᐸᖕᓂᖅᑐᖅ
Pangnirtung

ᒥᑦᑎᒪᑕᓕᑦ
Pond Inlet

ᕿᑭᖅᑕᑦᔪᐊᖅ
Qikiqtarjuaq

ᖃᐅᓱᐃᑦᑐᖅ
Resolute Bay

ᓴᓂᑭᓗᐊᖅ
Sanikiluaq

November 5th, 2017

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 2018 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, 2017.

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 6th, 2017. 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 and $12,796,271 held as cash in a segregated account. Attachment 1.

   These amounts held are consistent with the requirements of Article 9 of Commercial Lease No.: Q13C301.

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 ASR process. QIA must first review the 2018 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 2017 field season and will also rely upon this work to review security for the 2018 ASR. QIA intends to supply the NWB with a complete presentation of its security assessment on the date prescribed by NWB for the 2018 ASR. Further, Baffinland has requested modifications and has amended the 2017 Work Plan for work throughout 2017. These works are subject to security change held by QIA which will be reconciled in the 2018 ASR process.

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 2018 Work Plan.

With respect to the proposed process for the 2018 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 2018 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. Due to scheduled hearings related to the Mary River Project, led by the Nunavut Planning Commission, which are scheduled to take place during the first week of December, QIA is requesting that some dates are adjusted in the proposed 2018 ASR, see Attachment 2 (red text added for emphasis).

2. QIA requests that NWB allow QIA and Baffinland until January 12th to file updated information related to the amount of security to be posted with QIA in relation to the 2018 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 process step undertaken in previous ASR processes, 2 (red text added for emphasis).

ᕿᑭᖅᑕᓂ ᐃᓄᐃᑦ ᑲᑐᔾᔨᖃᑎᒌᖕᒋᑦ
Qikiqtani Inuit Association

ᐱᔨᑦᑎᕐᖑᑦ
ᓄᓇᓕᖕᓂᑦ ᐅᑯᓂᖓ
Serving the communities of

ᐃᒡᐱᐊᑦᔪᒃ
Arctic Bay

ᑭᖕᒐᐃᑦ
Cape Dorset

ᑲᖏᖅᑐᒐᐱᒃ
Clyde River

ᐊᐅᓱᐃᑦᑐᖅ
Grise Fiord

ᓴᓂᕐᔭᒃ
Hall Beach

ᐃᒡᓗᓕᒃ
Igloolik

ᐃᖃᓗᐃᑦ
Iqaluit

ᑭᒻᒥᖕᑦ
Kimmirut

ᐸᖕᓂᖅᑐᖅ
Pangnirtung

ᒥᑦᑎᒪᑕᓕᒃ
Pond Inlet

ᕿᑭᖅᑕᑦᔪᐊᖅ
Qikiqtarjuaq

ᖃᐅᓱᐃᑦᑐᖅ
Resolute Bay

ᓴᓂᑭᓗᐊᖅ
Sanikiluaq

Sincerely,

SWB

Stephen Williamson Bathory
Director, Department of Major Projects

Attachment 1: Irrevocable Standby Letter of Credit (No.1-7), and, Certified Cheque No. 1 and 2.
Attachment 2: QIA Proposed 2018 ASR Process

CC- Mr. Todd Burlingame, Baffinland Iron Mines Corporation