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November 27, 2017

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۲۰۹۵ کد Sanikiluag Mr. Sean Joseph Senior Technical Advisor Nunavut Water Board P.O. Box 119 Gjoa Haven, Nunavut X0B 1J0

#### **RE: 2018 ANNUAL SECURITY REVIEW**

Mr. Joseph,

On November 6, 2017, Baffinland Iron Mines Corporation (Baffinland) delivered to the Qikiqtani Inuit Association (QIA) the Mary River Mine 2018 Work Plan<sup>1</sup> without the required security estimate update. On November 22, 2017, Baffinland submitted the 2018 Marginal Cost Report<sup>2</sup> to the Nunavut Water Board (NWB). The tardiness of both documents, and the need for multiple approvals<sup>3</sup> for much of the work described in the 2018 Work Plan has created an unprecedented level of uncertainty regarding the activities Baffinland will complete in 2018.

QIA submitted a letter<sup>4</sup> to Baffinland on November 9, 2017, which stated QIA will not proceed with assessing and determining security until the listed 2018 activities have been approved as being under the scope of the Project Certificate No 5 (Amended); Type A Water Licence 2AM-MRY1325 Amendment 1; and/or, Type B Water Licence 8BC-MRY1314. Further, QIA remains concerned with the approach to permitting taken by Baffinland, notably the near constant revisions of plans when they are before regulatory agencies<sup>5</sup>. Additionally, QIA notes the November 14, 2017<sup>6</sup> Nunavut Impact Review Board (NIRB) letter to Baffinland which raised the need for additional information to support NIRB's assessment of scope related to the 2018 Work Plan. Given this, QIA is seeking direction from the NWB regarding the 2018 Annual Security Review (ASR).

Specifically, QIA is seeking feedback upon the following points:

- 1. Will the NWB clarify the scope of the 2018 ASR for the Mary River Mine, which is to begin on November 28, 2017?
- 2. Is the NWB expecting Parties to assess security for proposed activities that have yet to be deemed as being within the scope of current approvals?
- 3. How will NWB propose to address the security assessment and posting for work plan activities that are deemed "out of scope"?

<sup>&</sup>lt;sup>1</sup> Baffinland (2017). 2018 Work Plan. November 6, 2017.

<sup>&</sup>lt;sup>2</sup> Baffinland (2017). 2018 Marginal Closure Cost Report. November 22, 2017.

<sup>&</sup>lt;sup>3</sup> Baffinland (2017) Mary River Project – Tote Road Upgrades, Milne Port Increased Fuel Storage, and Milne Port Accommodations Camp (Modification Request) Water Licence 2AM-MRY1325 – Amend. No. 1. November 6, 2017.

<sup>&</sup>lt;sup>4</sup> QIA (2017). 171109-QIA-CPL-NonComplianceLetter-ENG-FINAL-signed. November 9, 2017.

<sup>&</sup>lt;sup>5</sup> QIA (2017). 171117-QIA-REG-QIASubmissionsToNPC-ENG-FINAL.pdf. November 17, 2017.

<sup>&</sup>lt;sup>6</sup> NIRB (2017). Mary River Project – Tote Road, Camp, and Fuel Upgrade Request for Project Certificate No. 005 Review. November 14, 2017.



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4. How will NWB propose to address future changes to the scope of the 2018 Work Plan that Baffinland may make?

QIA is committed to participating in the NWB's Annual Security Review, however in addition to seeking a response to the questions posed above, QIA is concerned that the timelines proposed by the NWB do not provide enough time for review parties to effectively respond to the 2018 Work Plan as submitted by Baffinland. Therefore, QIA is suggesting revisions to the NWB's proposed schedule<sup>7</sup>. **Table 1** provides QIA's preferred schedule relative to what has been suggested by NWB.

The additional time has been requested for the following reasons:

- For the past 4 years, it has taken QIA on average 30 business days to complete the security report.
- QIA's offices are closed from December 16, 2017 to January 2, 2018.
- After conducting its preliminary review, QIA believes at least one round of information requests will be required with Baffinland.
- QIA does not believe interveners timeframes should be expedited due to Baffinland's late submission, or lack of clarity regarding what is considered "within scope".
- Traditionally, QIA and Baffinland meet throughout the year in relation to security assessments and work planning prior to document submission. Such meetings did not take place in 2017.

QIA has always prioritized aligning the review of security, as required by Commercial Lease No. Q13C3018, with the ASR process. The dates proposed by QIA in **Table 1** maintain such alignment and are supported by Baffinland (email attached). If the NWB elects to forgo QIA's suggested timeline, QIA will nonetheless endeavour to meet NWB's timelines, however QIA cannot guarantee that reduced timelines will result in the same level of evidence the NWB has previously received from QIA in past ASRs.

Should you have any questions or concerns, feel free to contact the undersigned at your earliest convenience.

Sincerely,

Stephen Williamson Bathory

Director, Major Projects

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<sup>&</sup>lt;sup>7</sup> Nunavut Water Board (2017) 171122 Licence No. 2AM-MRY1325 - Amendment No. 1 - Proposed Revised Schedule for 2017 - 2018 ASR Process-OSJE. November 22, 2017.

<sup>&</sup>lt;sup>8</sup> QIA and Baffinland (2013). Commercial Lease No.: Q13C301. September 6, 2013.



# **Qikiqtani Inuit Association**

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Table 1 QIA Proposed Annual Security Review Schedule			
NWB Date	QIA Date	Activity	
November 22, 2017	November 22, 2017	Licensee filed outstanding information	
		required to commence the 2017 – 2018 ASR.	
November 22 – 27, 2017	November 22 – 27, 2017	Stakeholders and interested parties to provide	
		feedback on the proposed, revised schedule	
		for the 2017 – 2018 ASR Process.	
November 28, 2017	November 28, 2017	Public review period commences for the 2017 – 2018 ASR Process.	
NA	December 10, 2017	Parties file Information Request with Licensee	
NA	January 5 2018	Licensee responds to Information Requests	
January 6, 2018	January 25, 2018	Interested parties to file with the NWB written submissions for the 2018 Work Plan in accordance with the relevant section(s) of Part C and Schedule C of Licence No. 2AM-MRY1325 – Amendment No.1.	
		Licensee to file with the NWB its response(s) to	
January 12, 2018	January 31, 2018	interveners' submissions provided for the 2018	
		Work Plan	
January 17, 2018	February 7, 2018	NWB to hold an ASR teleconference for	
		interested parties and stakeholders to discuss	
		and potentially address the issues identified	
		during their reviews of the 2018 Work Plan.	
January 23, 2018	February 13, 2018	Parties to file, if required, revisions and/or addenda to their original written submissions based upon relevant commitments made during the ASR teleconference and/or in accordance with relevant section(s) of Schedule C and Part C of Licence No. 2AM-MRY1325 – Amendment No.1.	
February 2, 2018	February 23, 2018	NWB to advise the Licensee and interested	
		parties of the total reclamation security required	
		for the 2018 Work Plan under Part C and	
		Schedule C of Licence No. 2AM-MRY1325 – Amendment No.1.	
March 2, 2018	March 23, 2018	Licensee to file the reclamation security required	
		for the 2018 Work Plan as determined by the	
		ASR process and set by the NWB for Licence No.	
		2AM-MRY1325 – Amendment No.1.	

#### Jason Ash

From: Christopher Murray <christopher.murray@baffinland.com>

**Sent:** November 27, 2017 10:35 AM

**To:** Stephen Williamson Bathory; Todd Burlingame

Cc: Levi Barnabas; Jason Ash
Subject: RE: 2018 Work Plan

Hello Stephen,

Baffinland has no objection to the timeline proposed by QIA for the 2018 Annual Security Review, as provided in your letter dated 24 November 2017.

Thank you,



#### Christopher Murray | Environmental & Regulatory Compliance Manager

2275 Upper Middle Road East, Suite 300, Oakville, ON, Canada, L6H 0C3

T: +1 416 364 8820 x5072 C: +1 647 472 9842 www.baffinland.com

From: Stephen Williamson Bathory [mailto:SWBathory@QIA.ca]

Sent: November 24, 2017 1:18 PM

To: Todd Burlingame <Todd.Burlingame@baffinland.com>; Christopher Murray <christopher.murray@baffinland.com>

Cc: Levi Barnabas < lev\_ib@hotmail.com>

Subject: 2018 Work Plan

Hello Todd,

Please see attached a letter from QIA with respect to the 2018 Work Plan.

QIA is able to hold a call with you at 11am on Tuesday November 28th.

Call-in number: 1-866-969-8429, PIN: 2610314.

Thanks, Stephen.

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