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Licence, this general timing and steps in the process were modified in this year's process (referred to as the 2017-2018 ASR Process) to reflect the needs of the participants, BIMC, the Qikiqtani Inuit Association (the QIA) and Indigenous and Northern Affairs Canada (INAC) as set out in correspondence issued by the NWB on November 22, 2017 and December 5, 2017. Regrettably, since the teleconference hosted by the NWB for the 2017-2018 ASR process on February 15, 2018, due to difficulties convening the decision-making panel for the file, the issuance of this correspondence has been delayed from the original date of March 9, 2018 to March 21, 2018. As such, the thirty (30) day time period requested by the Licensee, to post any adjusted security, is also deferred to on or before April 21, 2018. However, it should be noted that the Board has not recommended an increase to the amount of security required to be posted under the Water Licence, and so it is expected that BIMC will simply continue the existing security arrangements applicable to the security under the Water Licence.

As detailed in the text that follows, the NWB has concluded that the amount of security required to be posted under the Water Licence should remain the same, based on the information provided during the 2017-2018 ASR Process and consideration of both an updated estimate of the highest reclamation liability for land and water in the upcoming year (the global security amount), and updated submissions regarding the reductions from the global security amount to reflect the reclamation security that BIMC has provided to the QIA under the reclamation requirements associated with the Commercial Lease between BIMC and the QIA (BIMC-QIA Commercial Lease). This information and the parties' comment submissions provided during the course of the 2017-2018 ASR Process have been considered by the Board in order to fix the total security amount that must be held under the Water Licence for the upcoming year.

As indicated in the NWB's guidance letter issued to the parties on December 5, 2017 with respect to the modified 2017-2018 ASR Process, the NWB is issuing this correspondence to fix the security amount that must be posted under the Water Licence with the expectation that BIMC will post the security required to be posted under the Water Licence, as based on the 2018 Workplan, within 30 days of the issuance of this guidance letter (on or before the revised date of April 21, 2018)

The 2017-2018 ASR Process commenced with the NWB circulating the 2018 Work Plan prepared by BIMC on November 6, 2017. **Appendix A** provides a summary of the key documentation provided pursuant to the 2017-2018 ASR Process and the key activities undertaken by the Board and the parties to complete the 2017-2018 ASR Process.

The Board has placed all non-confidential information associated with the 2017-2018 ASR Process on its public registry. For further details, consult the NWB's FTP site under 2AM-MRY1325/TECH/2 SECURITY (C) at the following link:

[ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-LUP1520%20LMI/3%20TECH/2%20SECURITY%20\(C\)/](ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-LUP1520%20LMI/3%20TECH/2%20SECURITY%20(C)/)

The NWB's Jurisdiction to Fix Security under the Water Licence

The Board's jurisdiction to require a licensee to furnish security is set out under s. 76 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, S.C. 2002, c. 10 as follows:

76. (1) The Board may require an applicant, a licensee or a prospective assignee to furnish and maintain security with the Minister in the form, of the nature, subject to such terms and conditions and in an amount prescribed by, or determined in accordance with, the regulations or that is satisfactory to the Minister.

In addition, the *Nunavut Waters Regulations*, SOR/2013-69 (the *Regulations*) further specify the limits on the Board's jurisdiction and state the following:

10. (1) For the purposes of subsection 76(1) of the Act, the Board may fix the amount of security required to be furnished by an applicant for a licence, a licensee or a prospective assignee in an amount not exceeding the aggregate of

- (a) the costs of the abandonment of the undertaking;*
- (b) the costs of the restoration of the site of the undertaking;*
- (c) the costs of any ongoing measures that may remain to be taken after the abandonment of the undertaking; and*
- (d) the compensation that a person, including the designated Inuit organization, who is adversely affected by the use of waters or deposit of waste may be entitled to under section 13 of the Act.*

With respect to this Water Licence particularly, the Board notes that almost all of the Mary River Project is located on Inuit Owned Lands (IOL). As a result, the Board must take into account that the QIA holds a significant portion of the global security amount required to reclaim the undertaking under the QIA's Commercial Lease to ensure that reclamation and full restoration of the undertaking on IOL takes place. This circumstance has meant that the NWB, in fixing the amount of reclamation security required under the Water Licence, has allocated only a small proportion of the global security amount for reclamation of the undertaking to the security required to be posted under the Water Licence. Last year, in the 2016-2017 ASR Process, the Board required **\$1,298,555** or approximately 2% of the global security amount of **\$62,940,326** to be posted under the Water Licence.²

As expressed in prior ASR decisions by the Board, failing to reduce the reclamation security under the Water Licence to reflect that a significant portion of the global security amount for reclamation of the undertaking is secured under the BIMC-QIA Commercial Lease would result in the NWB fixing an amount of security in excess of what is permissible under s. 10(1) of the *Regulations* because it would far exceed the costs set out in s. 10(1). Reflecting these concerns of over-bonding,

² BIMC and QIA, in their joint submission on August 24, 2017, informed NWB of increasing the security posted under the Commercial Lease from \$52,682,555 to \$61,641,771 in accordance with BIMC's 2017 Work Plan Addendum.

and as set out in the Board's previous decisions the NWB developed an approach to allow the Board to factor security held under land-based instruments into the Board's fixing of security under water licences:

*... the Board's focus in assessing security is that the Applicant must have posted sufficient security, through all means, when taken together, to ensure that the overall reclamation of the site (land and water) has been adequately addressed. Consequently, the Board's starting point to assess security remains considering the security requirements holistically and then deducting from the aggregate land and water reclamation totals any security held under other instruments, with the remainder being secured under the water licence.*³

In fixing the security under the Water Licence as set out in Part C and Schedule C, the Board has therefore taken into account the reclamation security held by the QIA over time. The ASR process established under the Licence also takes into account that the total costs of security required to ensure reclamation of the undertaking may vary greatly over the life cycle of the Mary River Project. The ASR process was also designed to provide a mechanism for conducting periodic review of the security fixed under the Water Licence to reflect the objective, as stated in the *Mine Site Reclamation Policy for Nunavut, 2002* that:

*The total financial security for final reclamation required at any time during the life of the mine should be equal to the total outstanding reclamation liability for land and water combined (calculated at the beginning of the work year, to be sufficient to cover the highest liability over that time period)*⁴

The Annual Security Review (ASR) Process

To date, the NWB has conducted security reviews under the Water Licence annually commencing in 2013. Although the timing and detailed process steps have varied slightly to reflect circumstances, essentially the Annual Security Reviews (ASR) under the Water Licence commence with BIMC providing a new Work Plan in the Fall for the upcoming period of March to March, coupled with an updated reclamation estimate that reflects any changes to the global financial security amount required to reclaim the undertaking if all on-going and new activities as identified in the new Work Plan were to proceed.

The NWB then receives comments on both the Work Plan and the updated reclamation estimate from the two land owners, Indigenous and Northern Affairs (INAC) in respect of security held for Crown Lands and in respect of the Water Licence and the Qikiqtani Inuit Association (QIA) in respect of the reclamation security held by the QIA under the BIMC-QIA Commercial Lease. When all submissions have been received, the NWB hosts an ASR meeting (by teleconference) with the parties to present their submissions to the Board and discuss any outstanding technical or

³ Nunavut Water Board, Reasons for Decision for 2AM-JER1119, December 21, 2012 at p. 47.

⁴ *Mine Site Reclamation Policy for Nunavut, 2002*, Minister of Indian Affairs and Northern Development, (Ottawa: Minister of Public Works and Government Services Canada, 2002) available on-line: http://www.aadnc-aandc.gc.ca/DAM/DAM-INTER-HQ/STAGING/texte-text/recpolnuna_1100100036043_eng.pdf.

process issues. Following the ASR teleconference, parties are permitted to file additional follow up submissions. When all submissions have been received, the security issue is remitted to the 3-Member Panel duly appointed by the Board to make decisions in respect of the Water Licence. Following Panel deliberations, the Board issues direction under Part C and Schedule C of the Licence, determining the global financial security amount for the reclamation of the undertaking and specifying the amount of security that must be held under the Water Licence.

As established under the Water Licence, Part C, Items 1(a) and (b), changes to the amount of security that are the outcome of the ASR Process conducted under the Water Licence are not handled as amendments to the Water Licence, and any adjustment to the security required to be posted under the Water Licence is dealt with as an administrative change to the Water Licence that does not require approval of the Minister of Indigenous and Northern Affairs Canada.

Summary of Submissions Received During the 2017-2018 ASR Process Relating to the Global Financial Security Amount and Financial Security Held under Licence 2AM-MRY1325

LICENSEE (BIMC)

2018 Work Plan

The 2018 Work Plan, as required under the provisions of Licence No. 2AM-MRY1325 (the Water Licence), was originally filed with the NWB on November 6, 2017. However, this version of the 2018 Work Plan was incomplete, and the 2018 Marginal Closure and Reclamation Financial Security Estimate (Security Estimate) component of the 2018 Work Plan was later filed on November 22, 2017.

Following the filing of the 2018 Work Plan and updated Security Estimate, the NWB and parties requested additional information. In response, BIMC filed a response to the submitted Information Requests (IRs) on January 10, 2018 and submitted Revision 1 of the 2018 Work Plan (the *revised* 2018 Work Plan) and revised 2018 Marginal Closure Cost Estimate on January 16, 2018.

As required under the Water Licence (Part J, Schedule J), the original and *revised* 2018 Work Plan included the following components:

- Details regarding mining and associated activities that occurred or had been proposed but were not undertaken over the previous year as well as information on similar and/or additional activities proposed for the upcoming year;
- An assessment of the previous and upcoming year's activities, identifying any changes in environmental liabilities or risk associated with the Project that would affect the amount of reclamation security required for the Project, and that would allow a third-party contractor to perform reclamation under a worst-case scenario, and identifying any associated changes to the amount of reclamation security held under all instruments that should be filed; and
- An examination of any material changes that the proposed works would have on other

Project variables such as management plans, existing infrastructure, progressive reclamation and more.

Details contained in BIMC's 2018 Work Plan indicated that ongoing development of the mine will continue over the 2018–2019 period. Similar to the previous years' work plans, the 2018 Work Plan includes details regarding new and ongoing works and activities, as well as works and activities that were proposed under the 2017 Work Plan but that were not carried out as planned, will not be carried out in the future, or were deferred in 2017 and will be carried over into the 2018 Work Plan.

The following summarizes the main activities, works, or undertakings expected to be carried out under the *revised* 2018 Work Plan:

- The development and operation of the mine, ore crushing and land transportation, stockpiling and marine shipment of ore;
- The continued development and construction of infrastructure required at Milne Port and the Mary River Mine Site (Mine Site) and along the Tote Road for the Mary River Project;
- Continued operation of Mine Site and Milne Port Camps to support ongoing operations and construction activities which will include the use of water and deposition of waste as authorized under existing permits;
- On-going operation of already permitted quarry and borrow sources and the proposed addition of one (1) new quarry (Q5) identified for development in 2018;
- At Milne Port, vessels carrying fuel, equipment and supplies for use at the Mine Site and Milne Port will arrive during open water (approximately between mid-July and mid-October 2018). Material, fuel and supplies required for operational and construction activities will be transported to the Mine Site year-round via the Tote Road;
- Ongoing environmental effects studies and baseline data collection will continue to support the construction and operation of the Project as well as for future engineering requirements;
- Continued environmental monitoring in accordance with the approved Project Certificate, licences, authorizations, management plans and environmental effects monitoring plans;
- On-going exploration activities including drilling, mapping, prospecting, sampling, and geophysics, however planning of the details of the summer drilling and/or trenching program is not yet finalized at the times the 2018 Work Plan was submitted;
- Tote Road improvements to address freshet runoff issues and poor road conditions during the spring and summer periods;
- Continued construction of additional fuel storage at the port site;
- Continued construction of the 800-person hardwall camp at the Mine site to address retention issues and safety concerns with continued long-term use of the tent camp at the Mine;
- Site grading and laydown construction for supplies and equipment to support future construction activities and remove ponding and permafrost degradation issues around current infrastructure;
- Installation of a floating freight dock to improve efficiencies on offloading of sealift as well as to provide an opportunity for shore-based connection for fuel ships to potentially avoid future use of a floating hose for fuel receipt; and

- Erection of additional maintenance facilities to safely service equipment.

Based on the scope of work proposed in the *revised* 2018 Work Plan and considering works and activities not undertaken under the 2017 Work Plan, and works and activities carried over from 2017 to the *revised* 2018 Work Plan, BIMC proposed that the overall reclamation security for the Project be increased substantially from the **\$52,682,555** fixed by the Board in 2017 to **\$76,866,000** under the *revised* 2018 Work Plan. BIMC proposed that the amount of security to be held under the Water Licence should be reduced by **\$105,000** to **\$1,194,000**.

BIMC indicated that the following main factors provided the rationale for the increase to the global financial security amount required to reclaim the undertaking:

- Adjustments to, additions, or removal of, direct cost items to account for changes in Project planning and execution (e.g. removed activity of the cross conveyor (reclaim conveyor);
- Additional grading and re-contouring of disturbed areas related to quarry expansion and laydown pad development that occurred on site;
- Project-related components or activities that have occurred in 2017 that have not been captured in previous estimates include mobile equipment mobilization and earthworks at laydowns and quarries;
- Refinements of the direct cost assumptions related to building and foundation (e.g. additional IT Tower upgrades and support infrastructure such as communication sheds, offices, washcars, and change rooms), an increase in mechanical and mobile equipment, cabling, consumables, and site works costs;
- New activities planned for the 2018 period such as a new quarry (Q5), expansions to quarry Q1, Tote Road improvements, installation of a floating freight dock, and the erection of additional maintenance facilities; and
- Updates to the indirect cost assumptions pertaining to on-site fuel demobilization and reclamation-fuel mobilization, mobilization of reclamation workers, workers' accommodation and camp operation, contaminated soil, mobilization and demobilization of equipment and material, supervision, projects management and contract administration, engineering fees, and contingency.

QIA MAJOR SUBMISSIONS

QIA's 2018 Comprehensive Security Estimate

On February 2, 2018 the QIA submitted a cover letter and accompanying 2018 Mary River Reclamation Security Report (the 2018 Security Estimate) for the Project conducted by ARKTIS Solutions Inc. Based on the QIA's detailed review, and as outlined in the QIA's submission, the QIA determined that the global security amount that should be held under the BIMC-QIA Commercial Lease for the upcoming 2018-2019 period should be **\$91,050,000** (i.e. rounded from \$91,049,000).

The QIA explained that the updated amount represented an increase of \$29.40 million from the

2017 security estimate and included the application of inflation. Inflation was applied due to BIMC's failure to meet Condition 3 of QIA's December 21, 2016 letter titled "Financial Security Assessment, Application of Inflation, and Joint Submission to the NWB."

The 2018 Security Estimate was based on the QIA's *Landlord's Abandonment and Reclamation Policy* for use with reclamation activities on Inuit Owned lands (IOL) and is an extension of previous project specific QIA security assessments. This estimate is also based on findings obtained from the QIA's June, August, and September 2017 Environmental Inspections.

The QIA has anticipated that a further update/adjustment to the financial security estimate may be required if BIMC should provide additional information.

A comparison of the QIA and BIMC estimates suggests that some of the main factors contributing to the differences in the estimates were as follows:

- Higher values generally, as determined by the QIA, with direct costs for:
 - buildings and foundations security (e.g. whether the office/washcars/changerooms require a contaminated reclamation);
 - consumable costs;
- Marginal direct cost changes for mechanical and mobile equipment owned by BIMC, storage tanks, site works (i.e. general grading and re-contouring), and fill application – all due to differing unit cost – and for activities conducted, mechanical and mobile equipment, and buildings and foundation not previously allocated security;
- Higher indirect costs for:
 - contaminated soil treatment;
 - mobilization and demobilization of third-party equipment;
 - worker mobilization and accommodation;
 - fuel usage (i.e. for reclamation which must be mobilized to site);
 - demobilization allocation for expansion project equipment and materials; and
- The inclusion of adjustments to costs to reflect an annual inflation rate of approximately 4%.

QIA emphasized their point of view in the February 15, 2018 submission of the 2017-2018 ASR Teleconference speaking notes.

BIMC – QIA JOINT SUBMISSION

On February 23, 2018, BIMC provided a joint submission developed by the QIA and BIMC in support of the 2017-2018 ASR Process for the Mary River Project. The joint submission was the result of discussions that occurred between BIMC and the QIA following the ASR Teleconference held on February 15, 2018.

The joint submission indicated that an agreement had been reached between BIMC and the QIA, in respect of the security to be posted under the BIMC-QIA Commercial Lease, but did not address

adjustments to the security amount to be held under the Water Licence. Further to the agreement set out in the joint submission, BIMC would post a marginal increase of **\$22,067,500** in security with the QIA related to BIMC's *revised* 2018 Work Plan. This agreement would result in the QIA holding total security in the amount of **\$83,709,271**, under the provisions of the BIMC-QIA Commercial Lease.

INAC'S MAJOR SUBMISSIONS

INAC February 12, 2018 Submission

On February 12, 2018 INAC submitted a cover letter and accompanying Reclaim Estimate for 2018 Annual Security Review Mary River Mine (the 2018 Reclaim Estimate) for the Project (conducted by Arcadis Canada Inc., and endorsed by INAC).

INAC indicated that they had considered several documents, including BIMC's original and *revised* 2018 Work Plan and associated documents to update INAC's global financial security amount for the Project for the 2018 period. INAC estimated the security for reclamation on Crown Lands would be increased by **\$16,680** from \$1,298,555 to **\$1,315,159** and for Inuit-owned Lands it would be **\$73,720,514**, for the total global security amount being **\$75,035,673**.

A complicating factor in how INAC calculated their proposed security estimate for the year ahead was that INAC identified that certain items in the *revised* 2018 Work Plan included in the *Appendix B: Category 1 Items from the 2018 Work Plan* (from the NWB's December 5, 2017 letter) are not presently authorized under the Water Licence. INAC stated that their previous information requests seeking clarification with this concern (as expressed in their December 14, 2017 letter to the NWB) had not been responded to (as of the date of their February 12 submission).

INAC flagged that their biggest concern in this regard was in respect of BIMC's "Work Item #3" (development of 7 laydown areas at Milne Port), and although the cost associated with these activities was included in INAC's 2018 Reclamation Estimate, INAC emphasized in their submission that BIMC must amend the Water Licence before they begin "Work Item #3".

The differences between INAC's global financial security estimate and BIMC's global financial security estimate were largely attributed to: a bonding/insurance factor of 2% included in INAC's estimate, and direct, as well as indirect cost assignment in the methods used to calculate the reclamation security. INAC used the most recent RECLAIM 7.0 model while BIMC used a method by Hatch Engineering called Estimate Breakdown Structure (EBS).

Additionally, unlike the QIA, INAC did not include an inflation factor in their global security estimate (currently based on the 2014 evaluation of security). INAC's report indicated that, in contrast to the QIA's submission, no factor for inflation was included because they had determined that the costs for equipment, labour and materials have not materially changed since 2014.

INAC Final Submission

Following the ASR Teleconference held on February 15, 2018, INAC submitted final

recommendations regarding the 2017-2018 ASR Process on February 23, 2018, including a slightly updated reclamation cost estimate. In response to a question from BIMC regarding how INAC estimated increases to liability on Crown Land arising from the placement of twelve communication towers, INAC indicated that this figure was based on a general allocation of 7% of these costs being added to Crown land liability based on the assumption that 7% of the Tote Road is located on Crown land. INAC used this estimation method because INAC could not confirm whether the communication towers were located on Crown or IOL. INAC's approach resulted in a direct cost increase of **\$6,530** in terms of liability on Crown land, with an indirect cost increase as well, totalling a marginal increase to Crown Land liability of **\$16,680** which INAC requested be added to the amount of existing security under the Water Licence.

However, during the February 15, 2017-2018 ASR Teleconference, BIMC confirmed that all communication towers were located on IOL and requested that INAC revisit this aspect of their reclamation cost estimate. In INAC's February 23, 2018 submission, INAC indicated that, having confirmed that the towers would all be located on IOL, INAC has revised the estimate to remove these reclamation costs from the increase to Crown land liability, as these reclamation costs would remain with the QIA under the BIMC-QIA Commercial Lease.

At the ASR Teleconference, recognizing that the timelines for the 2017-2018 ASR process had to be modified to extend the process by about four (4) weeks, the NWB asked INAC to also comment regarding the enforcement implications that will arise because BIMC will not be aware of, and able to post any increased security required under the Water Licence, on or before March 1, 2018. In INAC's submission, INAC acknowledged that BIMC would not be authorized to proceed with any of the planned activities that could increase the total financial security amount required to be held under the Water Licence until the full amount of security is posted under the Water Licence (including any increase resulting from the 2017-2018 ASR Process). Moreover, INAC stated that if BIMC were to undertake the activities, without posted security, they would be in non-compliance with the Water Licence and subject to enforcement action.

INAC concluded that the peak-projected reclamation cost estimate for 2018 would remain unchanged following the ASR process at **\$75,035,673**. INAC recommended that the Board set a global security amount of at least this amount, and supported BIMC's proposal of a **\$24,184,445** increase over last year's global security amount.

Furthermore, INAC stated that the Minister presently holds **\$1,298,555** in financial security for reclamation purposes under the Water Licence. In INAC's previous written submission, based on their own estimated increase in Crown Land liability, INAC recommended increasing the amount held by the Minister by **\$16,680**. However, following the 2018 ASR Teleconference, INAC confirmed that the additional security for reclamation of communication towers was not required, and therefore the amount held by the Minister under the Water Licence should remain unchanged at **\$1,298,555**.

SUMMARY OF RECLAMATION ESTIMATES PROVIDED BY ALL PARTIES

Table 1 that follows summarizes the proposed reclamation estimates provided by the various

parties initially and finally during the 2017-2018 ASR Process, for the 2018-2019 period, as detailed in the previous sections of this letter.

Table 1: Security Proposed in Various Parties Submissions for the 2018 <i>revised</i> Work Plan			
Party -Submission	Water Licence (\$)	BIMC-QIA Commercial Lease (\$)	Total (\$)
QIA - Initial	N/A	91,049,000	91,049,000
BIMC - Initial	1,194,000	57,649,000	58,843,000*
BIMC - Revised	1,194,000	75,673,000	76,867,000*
INAC - Initial	1,315,159	73,720,514	75,035,673
INAC's - Final	1,298,555	73,737,118	75,035,673
BIMC-QIA(Jointly)	N/A	83,709,271	N/A

*based on rounding to nearest thousand

The Updated Global Security Amount for the Upcoming 2018-2019 Period

The Board recognizes that although there may continue to be some differences of opinion with respect to assumptions underlying the development of the global security amount for reclamation of the undertaking. Issues such as the addition of a rider for inflation, the use of unit prices based on models versus actual contract prices, etc. However, after reviewing all submissions received, the *revised* 2018 Work Plan and the estimates as proposed and revised as part of the 2017-2018 ASR Process, the Board is confident that the global security amount should be increased significantly to **\$85,007,826**.

The total global security amount of \$85,007,826 reflects security in the amount of **\$83,709,271** being held by the QIA under the BIMC-QIA Commercial Lease (as proposed jointly by BIMC and the QIA in the February 23, 2018 submission), with **no increase** to the security held under the Water Licence as there was no increase in the liability associated with the Project components on Crown land. Although BIMC has proposed a reduction in the security to be held under the Water Licence by approximately \$105,000, the Board recognizes the submissions of INAC, that although the liability that should be secured under the Water Licence has not increased, the liability has also not decreased. In the Board's view, maintaining the existing security under the Water Licence continues to be appropriate. Having considered all the submissions of the parties throughout the 2017-2018 ASR Process, the Board has concluded that the increase to a global security amount of **\$85,007,826** is equal to the highest reclamation liability for land and water combined for the

undertaking during the upcoming period of March 2018 to March 2019. This increase will be sufficient to cover all previous activities and activities proposed for under the *revised* 2018 Work Plan.

The Amount of Security Required by the NWB to be posted under Licence #2AM-MRY1325 for the 2018-2019 Period

As outlined in the preceding section, the Board has determined that BIMC must maintain **\$1,298,555** in reclamation security to be held by the Minister under Part C, Item 1 of the Water Licence. It is the Board's view that this amount is required to reflect Project liability on Crown Lands. As outlined in the Water Licence, this security must be held in the form required under the *Nunavut Waters Regulations* and as acceptable to the Minister of Crown-Indigenous Relations and Northern Affairs.

Summary of Total Financial Security Posted Pursuant to Part C and Schedule C of Licence No. 2AM-MRY1325 for 2013 -2019

The following graphs and figure show the total financial security posted for the Project during the years 2013-2018 and includes the amount directed by the Board to be filed by BIMC for the upcoming 2018-2019 period.

Table 2: Financial Security Posted for the Mary River Project Annually, April 2013-March 2019

Year	2013	Q1 2014 to Q1 2015	Q1 2015 to Q1 2016	Q1 2016 to Q1 2017	Q1 2017 to Q1 2018	Q1 2018 to Q1 2019
	(With Licence Issuance)	(Based on 1 st ASR, 2014 ASR)	(Based on 2 nd ASR, 2015 ASR)	(Based on 3 rd ASR, 2016 ASR)	(Based on 4 th ASR, 2017 ASR)	Based on 5 th ASR, 2018 ASR
Total (\$)	36 Million	39.959 Million	47.6835 Million	50.0555 Million	52.6826 Million	BIMC-QIA joint estimate: \$83,709,271 INAC estimate: \$75,035,673 Final as directed by NWB: \$85,007,826

Figure 1: Graph Showing Reclamation Security Posted Annually for the Mary River Project, 2013 – 2018

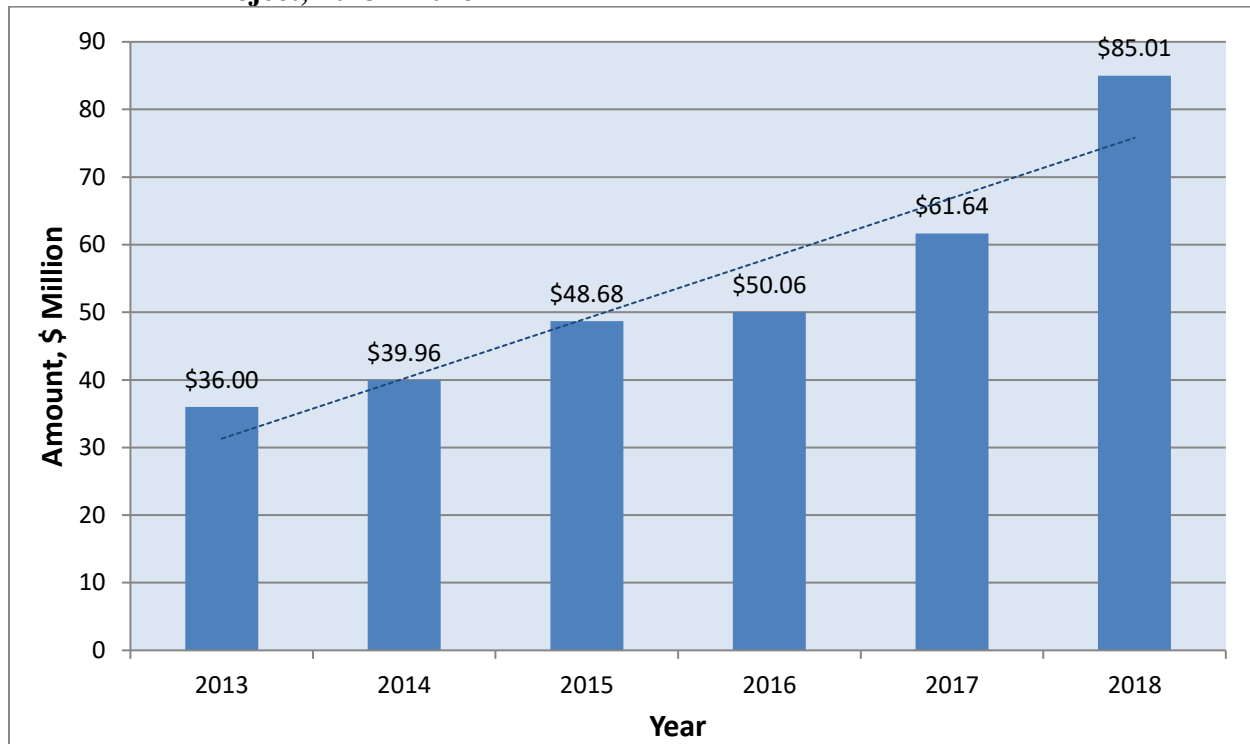


Table 3: Summary of Security Amounts Posted Under the Commercial Lease and Water Licence for the Period 2013-2018

	2013	2014	2015	2016	2017	2018
Inuit Owned Land and/or Water	\$26,200,000	\$39,793,000	\$47,517,500	\$48,845,500	\$51,384,000 \$64,642,000*	\$83,709,271
Crown Land and/or Water	\$9,800,000	\$166,000	\$166,000	\$1,210,000	\$1,298,555	\$1,298,555
Total	\$36,000,000	\$39,959,000	\$47,683,500	\$50,055,500	\$52,682,555 \$65,940,500*	\$85,007,826

*This additional security was posted to reflect a mid-year Addendum to the 2017 Workplan that affected the security requirements under the BIMC-QIA Commercial Lease but not under the Water Licence.

Closure of the 2017- 2018 ASR Process

This concludes the Board's ASR determination with respect to the global security amount and the updated security required to be held under Part C, Item 1 and Schedule C of Licence No. 2AM-MRY1325 for the upcoming 2018-2019 season, as specified under the Licence, Schedule C, Item 4.

During the 2017-2018 ASR Process, the Licensee agreed to furnish any additional financial security as set out in this determination on or before April 9, 2018, however, due to limitations on the Board's ability to convene the decision-making Panel for this file, the Board's issuance of this correspondence was delayed from the original date of March 9, 2018 to March 21, 2018. Consequently, the Board has extended the requirement to post adjusted security under the Water Licence until April 21, 2018. The Board expects that confirmation that the additional security has been filed with the QIA will be provided to the Board when that process is completed. All parties are advised that, as identified by INAC in their February 23, 2018 submission, if confirmation of security continuing in force under the Water Licence is not received by April 21, 2018, the Board may take further steps and issue further written direction under the ASR Process to ensure that adequate security is in place prior to the commencement of work under the *revised* 2018 Work Plan.

If you have any questions or require further direction with respect to this matter, please contact the Board's Executive Director, Stephanie Autut at: (867) 360-6338, ext: 22 or via e-mail at stephanie.autut@nwb-oen.ca or Director of Technical Services, David Hohnstein at his direct line: (780) 443-4406 or via e-mail at david.hohnstein@nwb-oen.ca.

Regards,

Lootie Toomasie
Chairperson
Nunavut Water Board

cc. Public Registry
Stephen Williamson Bathory (QIA)
Sarah Forté (INAC)

APPENDIX A
List of Key Documentation and Activities in Support of the 2017-2018 ASR

Date	Activity
November 6, 2017	NWB received and distributed BIMC's 2018 Work Plan as required under Part J, Item 3 of the Licence
November 22, 2017	NWB received and distributed additional documentation required of BIMC to complete the 2018 Work Plan (Marginal Closure and Reclamation Financial Security Estimate and Estimate Breakdown Structure)
November 22, 2017	NWB issued correspondence related to updated guidance and the revised schedule for the 2017–2018 Annual Security Review Process
December 5, 2017	NWB issued correspondence to commence the Public Review and Comment period for the 2017-2018 ASR Process
December 13 and 14, 2017	INAC and QIA filed Information Requests (IRs) with BIMC and the NWB
January 10, 2018	NWB received and distributed BIMC's response to IRs
January 16, 2018	NWB received and distributed BIMC's 2018 <i>Revised</i> Work Plan
February 2, 2018	NWB received and distributed QIA's submission pertaining to QIA's review of the reclamation security proposed under the 2017-2018 ASR Process
February 9, 2018	NWB received BIMC's response to QIA's submission
	NWB issues correspondence, including the Draft Agenda for the February 15, 2017-2018 ASR Teleconference
February 12, 2018	NWB received and distributed INAC's submission pertaining to INAC's review of the reclamation security proposed under the 2017-2018 ASR Process
February 14, 2018	NWB received BIMC's response to INAC's submission
	NWB distributed the finalized Agenda and details regarding confirmed participants, BIMC, QIA, and INAC, for the ASR Teleconference
February 15, 2018	NWB receives and distributes BIMC's presentation for the ASR Teleconference
	ASR Teleconference hosted by the NWB with participation
	NWB receives QIA speaking notes for the ASR Teleconference
February 23, 2018	BIMC and QIA file a join submission to reflect agreement reached by the parties following the ASR Teleconference on February 15, and updating the global security estimate
	INAC filed additional information clarifying the basis for their reclamation cost estimate in respect of the cellular towers and revising their estimate of security to be held under the Water Licence
March 21, 2018	The NWB issues this correspondence to advise BIMC and interested parties of the total reclamation security require to be posted under Part

Date	Activity
	C and Schedule C of the Water Licence to reflect the activities proposed under the 2018 <i>revised</i> Work Plan
April 21, 2018	BIMC to file the reclamation security required to be posted under the Type “A” Water Licence as determined by the NWB under the 2017-2018 ASR process and set out in the NWB’s March 2018 correspondence