



Water Resources Division
Resource Management Directorate
Nunavut Regional Office
P.O. Box 100
Iqaluit, NU, X0A 0H0

Your file - Votre référence
2AM-MRY1325
Our file - Notre référence
CIDM#1235248

December 3, 2018

Richard Dwyer
Manager of Licencing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0B 1J0
E-mail: licensing@nwb-oen.ca

Re: Crown-Indigenous Relations and Northern Affairs Canada's Reclamation Cost Estimate for the 2019 Annual Security Review for Baffinland Iron Mines Corporation's Mary River Project, Water Licence 2AM-MRY1325 Amendment No. 1

Dear Mr. Dwyer,

Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) examined the submissions regarding Baffinland Iron Mines Corporation's (BIMC's) 2019 Work Plan and updates to the reclamation security estimates for the Mary River Project, pursuant to CIRNAC's responsibilities under Part C and Schedule C of the Water Licence 2AM-MRY1325 – Amendment No. 1.

CIRNAC has revised its reclamation cost estimate for the Mary River Project using the RECLAIM model produced last year and submitted to the Nunavut Water Board (NWB) on February 12, 2018. It is provided as a separate document in Annex A of this submission.

2019 Work Plan items currently approved under the Type A water licence

The 2019 Work Plan includes some items that require modifications under the licence and though their cost is included in our reclamation estimate, BIMC must present requests to modify the water licence, and get approval, before they begin to carry out the work.

Security reclamation estimate for 2019

Documents and files provided by BIMC considered in this review include:

- 2019 Work Plan, dated November 1, 2018
- 2019 Marginal Closure and Reclamation Financial Security Estimate, dated November 1, 2018
- Interim Closure and Reclamation Plan Revision 5, dated October 30, 2018



- Updated Spill Contingency Plan and Emergency Response Plan, both dated September 25, 2018
- Options Exercise Notice for the 2018 (Tote Road OEN)

CIRNAC's reclamation cost estimate is \$114,373,608 for the project. This review considers the 'global' security which includes the financial liabilities for both land and fresh water for undertakings and related activities covered under the existing water licence 2AM-MRY1325. The splitting of this cost based on land ownership and land-water reclamation activities is detailed in Table 1.

Table 1: Splitting of total reclamation cost estimate by CIRNAC

Total Cost	Crown land Liability	Inuit-owned land Liability	Water Liability	Land Liability
\$114,373,608	\$1,323,449	\$113,3050,160	\$11,638,419	\$102,735,189
Percentage	1.2%	98.8%	10.2%	89.8%

Recommendations

Based on the material provided by BIMC, the work of our consultant, and from our own analysis, CIRNAC is of the opinion that a security of \$114,373,608 would ensure that the project is secured for the peak-projected reclamation costs for 2019.

Presently CIRNAC holds \$1,298,555 in financial security for reclamation purposes. CIRNAC recommends that an additional \$24,897 be added to the amount already held by the Minister for a total of \$1,323,449.

CIRNAC also recommends that BIMC not engage in any work that is secured under the 2019 Work Plan, which may require a modification to the licence without obtaining appropriate approvals first.

If there are any questions or concerns, please contact me at (867) 975-4282 or bridget.campbell@canada.ca.

Sincerely,

Bridget Campbell,
Water Resource Coordinator



Crown-Indigenous Relations
and Northern Affairs Canada

Relations Couronne-Autochtones
et Affaires du Nord Canada

CC:

Christopher Murray, Environmental & Regulatory Compliance Manager, Baffinland Iron
Mines Corporation

Stephen Bathory, Director Major Projects, Qikiqtani Inuit Association

Annex A

2019 reclamation cost estimate for the Mary River Project
Water licence 2AM-MRY1325 - Amendment #1
prepared by SNC-Lavalin Inc.