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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No: 2AM-MRY2540

Date: June 18, 2025

Honourable Rebecca Chartrand
Minister of Northern and Arctic Affairs
House of Commons
Ottawa, Ontario K1A 0A6
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Re: Licence No: 2AM-MRY2540 Type A; Mary River Project, Baffinland Iron Mines Corporation, Annual Security Review Associated with 2025 Work Plan – Nunavut Water Board

As set out in the Nunavut Water Board (NWB or Board) Decision¹ recommending the issuance of original type A Water Licence No: 2AM-MRY1325 (original Water Licence) in 2013, and as required under Part C and Schedule C of the original Water Licence, the amount of financial security the Board requires Baffinland Iron Mines Corporation (Baffinland or the Licensee) to post under the Water Licence is subject to periodic review, and adjustment to reflect the scale and scope of proposed activities in the year ahead (as described in a work plan filed with the Board in the fall of the preceding year).

On April 28, 2025, the Board renewed the Water Licence No: 2AM-MRY1325 as Water Licence No: 2AM-MRY2540 (renewed Water Licence or Licence) that was subsequently approved by Minister of Northern and Arctic Affairs known previously as Minister of Northern Affairs (Minister) on June 9, 2025. It should be noted that the security provisions under the renewed Water Licence remained unchanged reflected fully within Part C and Schedule C of the Licence.

¹ Nunavut Water Board, Reasons for Decision for 2AM-MRY1325, June 12, 2013 at pp. 54-63.

The ASR process formally commenced with the 2025 Work Plan submission. On January 17, 2025, the NWB received from Baffinland the submission of the 2025 Work Plan required to commence the Annual Security Review (ASR) Process. It should be noted that the 2025 Work Plan submission deadline was extended as per the request from the Licensee and the agreement by the landowners, the Qikiqtani Inuit Association (QIA) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) (together known as Parties), and in accordance with Schedule C of the Licence. The NWB distributed the 2025 Work Plan for Parties' review on January 20, 2025. **Appendix A** provides a summary of the key documentation and correspondence along with the timeline, and the key activities undertaken by the Board and the Parties pursuant to the 2025 ASR Process. The NWB has placed all non-confidential information associated with the ASR Process on its public registry under the following link:

[https://public.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY2540%20BIMC/3%20TECH/2%20SECURITY%20\(C\)/2025/](https://public.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY2540%20BIMC/3%20TECH/2%20SECURITY%20(C)/2025/)

Background of the Annual Security Review (ASR) Process

To date, the NWB has conducted security reviews under the original Water Licence typically on an annual basis, commencing in 2013. Although the timing and detailed process steps have varied slightly to reflect circumstances, essentially the ASR Process under the Water Licence commences with Baffinland 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 landowners, CIRNAC in respect of security held for Crown Lands under the Water Licence, and the QIA in respect of the reclamation security held by the QIA under the Commercial Lease. Once all submissions are received, the NWB typically hosts an ASR meeting (by teleconference) with the Parties to present their submissions to the Board and discuss any outstanding technical or process issues. Following the ASR teleconference, Parties are permitted to file additional follow-up submissions. When all submissions have been received, the file is remitted to the three-member Panel appointed by the Board to make decisions in respect of the Water Licence to fix the amount of security that must be posted under the Water Licence. Following Panel deliberation, the Board issues the Board's determination 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, Item 1(a) and (b), changes to the amount of security that is 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 Northern Affairs known now as Minister of Northern and Arctic Affairs (Minister).

It is important to note that for the 2025 ASR process, the need for NWB to host an ASR meeting (teleconference) for security determination was deemed not necessary for the fact that CIRNAC advised security maintained by the Minister under the Water Licence may remain unchanged as per the 2025 Work Plan, and QIA and Baffinland reached an agreement on the updated security to be held by QIA associated with Inuit Owned Land (IOL). A summary of the submissions from Parties is included below. **Appendix B** provides a summary of total financial security posted pursuant to Part C and Schedule C of the original and renewed Water Licences for 2013-2025.

Summary of the Submissions

Baffinland submitted the Interim Closure and Reclamation Plan (ICRP), Revision 6, and the Waste Rock Facility (WRF) Thermal Model on November 1, 2024 as part of the ASR Process. The 2025 Work Plan was submitted on January 17, 2025, and Baffinland indicated that no new activities are proposed that would require security update and requested a waiver of the 2025 ASR Process. While CIRNAC stated they had no objections to the deferral of the ASR for the 2025 Work Plan, QIA noted they do not support the request to waive the ASR process and intends to follow the terms of the QIA-Baffinland Commercial Lease. Meanwhile, the NWB received a number of submissions from Parties including comments and recommendations from CIRNAC, ECCC, and QIA on the ICRP, Revision 6 and WRF Thermal Model. With the issuance of the renewed Water Licence, the Board did not approve the ICRP, Revision 6, highlighting that it was still under review as part of the ASR Process and that Baffinland committed to update the ICRP by November 2026, addressing concerns raised during the Water Licence renewal process. While the Board finds the ICRP, Revision 6 generally acceptable, the Board notes that there are some questions or comments by Parties to be addressed by the Applicant, and acknowledges Baffinland's commitment to update the ICRP by November 2026.

Through a joint submission, QIA and Baffinland advised the NWB that Baffinland will submit a Marginal Security Estimate for liabilities associated with IOL for QIA's review by February 28, 2025, and that the parties will inform the NWB if a reconciliation of Security is required under the Commercial Lease. Following the review, QIA advised the NWB that they have determined the appropriate security for Inuit Owned Land to be \$133,302,831 for 2025. On March 18, 2025, Baffinland advised the NWB that they have not agreed to the estimate provided by QIA and that Baffinland will continue working with QIA under the commercial lease and we will inform you once an agreement is made.

In the subsequent joint submission, on May 6, 2025, Baffinland and QIA noted that they have engaged in extensive discussions regarding the 2025 ASR and made an agreement that Baffinland would post an additional \$2,969,355 to QIA, resulting in QIA holding total security of \$133,302,831 for IOL. The joint submission also noted that the additional security was issued on April 15, 2025, in a manner consistent with the requirements of the Commercial Lease and relevant legislation.

The Parties stated:

QIA issued its determination of reclamation security for Inuit Owned Land (IOL) on March 14, 2025. Discussions between Baffinland and QIA culminated in agreement

that Baffinland would post an additional \$2,969,355 to QIA, resulting in QIA holding total security of \$133,302,831 for IOL. The additional security was issued on April 15, 2025, in a manner consistent with the requirements of the Commercial Lease and relevant legislation.

NWB's Conclusion

The Board acknowledges the joint submission made by QIA and Baffinland, dated May 6, 2025, and agrees with their position of reaching an agreement requiring Baffinland to post an additional **\$2,969,355** to QIA, resulting in QIA holding total security of **\$133,302,831** for IOL under the Commercial Lease. The Board also acknowledges CIRNAC's position of not requiring a revision to the security for Crown Land under the Water Licence posted by Baffinland based on the 2025 Work Plan.

The Board's duly appointed decision-making Panel for the file (Mary River Panel or Panel P4) concluded, by way of Panel Motion No: 2025-A1-005 on June 18, 2025, that the global financial security amount should be increased from \$133,784,485 as determined in the 2024 ASR Process to **\$136,753,840**. The Board is confident that this increased amount is equal to the highest reclamation liability for land and water associated with the undertaking governed by the Water Licence until March 2026, and will be sufficient to cover previous activities and activities proposed within the 2025 Work Plan.

In addition, the Board requires the Licensee to address the comments and concerns submitted by Parties as part of the 2025 ASR Process as well as those raised during the Water Licence renewal process, within the next revision of the ICRP to be submitted by November 2026.

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, Karén Kharatyan at (867) 360-6338, Ext: 35 or via e-mail at karen.kharatyan@nwb-oen.ca.

Regards,

Lootie Toomasie
Chairperson
Nunavut Water Board

cc. Public Registry
Chris Spencer, Conor Goddard (QIA); Lauren Perrin, Andrew Keim (CIRNAC)

APPENDIX A
List of Key Documentation and Activities in Support of the 2025 ASR Process

Date	Procedural Milestone
October 29, 2024	Requests for extension for the submission of the 2025 Work Plan from November 1, 2024 until January 15, 2025.
November 1, 2024	Baffinland submitted an updated Interim Closure and Reclamation Plan (ICRP) and the Waste Rock Facility thermal model.
January 17, 2025	The Licensee filed a copy of its 2025 Work Plan as required under Schedule J of the Licence, and requested to waive the 2025 ASR process as per Part C Item 1(c) of Licence.
January 20, 2025	The NWB distributed Baffinland's 2025 Work Plan and requested QIA and CIRNAC to confirm by January 28, 2025, whether or not they support Baffinland request to waive the 2025 ASR process.
January 28, 2025	CIRNAC noted they have no objections on the deferral of the ASR for the 2025 Work Plan.
January 28, 2025	QIA noted they are not able to support Baffinland's request to waive the ASR process and that they intend to follow the terms of the QIA-Baffinland Commercial Lease.
January 28, 2025	NWB invited Parties to review the ICRP Ver 6 and WRF Thermal Model submitted as per previous requirement of ASR process, by February 28, 2025.
January 29, 2025	NWB requested QIA and Baffinland to indicate by February 5, 2025, their timeline under the QIA - Baffinland Commercial Lease process.
February 5, 2025	Joint submission QIA and Baffinland – Baffinland will submit a Marginal Security Estimate for liabilities associated with Inuit Owned Lands (IOL) to QIA by February 28, 2025. Following the QIA review, NWB will be informed if a reconciliation of Security is required under the Commercial Lease.
February 27, 2025	ECCC reviewed the ICRP Version 6 and WRF Thermal Model, and provided their comments and recommendations.
February 28, 2025	QIA informed the NWB that they do not support the approval of ICRP Version 6 and the WRF Thermal Model.
February 28, 2025	CIRNAC requested an extension to provide comments to the NWB on ICRP Ver 6 and WRF Thermal Model till March 7, 2025.
March 7, 2025	CIRNAC reviewed the ICRP Version 6 and WRF Thermal Model, and provided their comments and recommendations.

Date	Procedural Milestone
March 14, 2025	QIA advised the NWB of their determined appropriate security for 2025 for IOL. QIA also appended the Mary River Project 2025 Security Estimate by M.A. O’Kane Consultants Inc.
Mar 18, 2025	Baffinland advised NWB that they have not agreed to the estimate provided by QIA, and that they will inform once a security amount has been agreed by both parties.
March 25, 2025	QIA provided their updated response following the review of ICRP Ver 6 and WRF Thermal Model, and recommended that the NWB approve Version 6 of the ICRP.
May 6, 2025	Joint submission QIA and Baffinland – Baffinland and QIA reached an agreement on the 2025 ASR and that Baffinland would post an additional amount to QIA regarding reclamation security for IOL as advised by QIA on March 14, 2025.

APPENDIX B
Summary of Total Reclamation Security for Licence No: 2AM-MRY1325 for 2013-2025

Table 1 Global Security Amount Posted for the Mary River Project Annually, April 2013-June 2025

Year		Total (\$)
2013	With Licence Issuance	\$36,000,000.00
Q1 2014 to Q1 2015	Based on the 1 st ASR, 2014 ASR	\$39,959,000.00
Q1 2015 to Q1 2016	Based on the 2 nd ASR, 2015 ASR	\$47,683,500.00
Q1 2016 to Q1 2017	Based on the 3 rd ASR, 2016 ASR	\$50,055,500.00
Q1 2017 to Q1 2018	Based on the 4 th ASR, 2017 ASR	\$52,682,600.00
Q1 2018 to Q1 2019	Based on the 5 th ASR, 2018 ASR	As directed by the NWB: \$85,007,826 As agreed by Baffinland and the QIA: \$75,128,326
Q1 2019 to Q1 2020	Based on the 6 th ASR, 2019 ASR	As directed by the NWB: \$88,136,459 As agreed by Baffinland and the QIA: \$106,136,459
Q1 2020 to Q1 2021	Based on the 7 th ASR, 2020 ASR	As directed by the NWB: \$106,278,658 As agreed by Baffinland and the QIA: \$114,962,000
Q1 2021 to Q1 2022	Based on the 8 th ASR, 2021 ASR	\$123,787,500.00
Q1 2022 to Q1 2023	Based on the 9 th ASR, 2022 ASR	\$123,783,718.00
Q1 2023 to Q1 2024	Based on the 9 th ASR, 2022 ASR	\$123,783,718.00
Q1 2024 to Q1 2025	Based on the 10 th ASR, 2024 ASR	\$133,784,485.00
Q1 2025 to Q1 2026	Based on the 11 th ASR, 2025 ASR	\$136,753,840.00

Table 2 Summary of Reclamation Security Amounts Posted Under the Commercial Lease and the Water Licence for 2013-2025

Year	Inuit-Owned Land and/or Water	Crown Land and/or Water	Total
2013	\$26,200,000	\$9,800,000	\$36,000,000
2014	\$39,793,000	\$166,000	\$39,959,000
2015	\$47,517,500	\$166,000	\$47,683,500
2016	\$48,845,500	\$1,210,000	\$50,055,500
2017	\$51,384,000	\$1,298,555	\$52,682,555
	\$64,642,000*		\$65,940,500*
2018	\$73,829,771	\$1,298,555	\$75,128,326
2019	\$104,687,658	\$1,448,801	\$106,136,459
2020	\$104,687,658	\$1,591,000	\$106,278,658
	\$113,371,000**		\$114,962,000**
2021	\$120,999,500	\$2,788,000	\$123,787,500
2022	\$120,999,500	\$2,788,000	\$123,787,500
2023	\$120,999,500	\$2,788,000	\$123,787,500
2024	\$130,333,476	\$3,451,009	\$133,784,485
2025	\$133,302,831	\$3,451,009	\$136,753,840

*including additional security posted on August 7, 2017, as per the 2017 Work Plan Addendum.

**including additional security posted in December 2020 per the arbitration outcomes for reconciliation for 2019.

Figure 1: Graph Showing Reclamation Security Posted Annually for the Mary River Project, 2013-2025

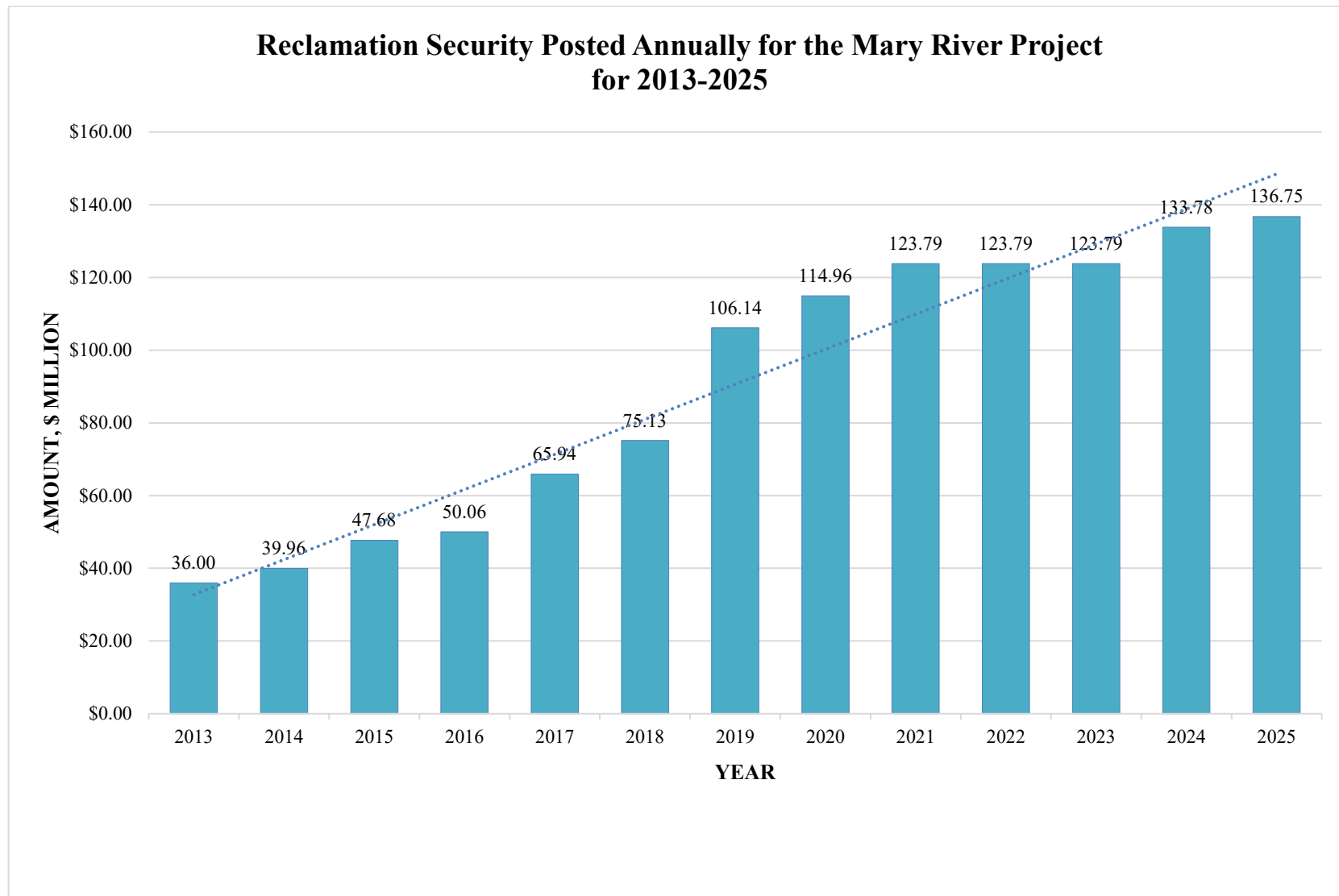


Figure 2: Graph Showing the Relative Proportion of Security Posted Under the Commercial Lease (QIA) and the Water Licence (CIRNAC) for the Period 2013-2025

