

## Richard Dwyer

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**From:** David Hohnstein [dts@nunavutwaterboard.org]  
**Sent:** Saturday, April 02, 2011 9:39 PM  
**To:** Richard Dwyer  
**Subject:** FW: Summary Page for Application

Good day Richard,

In reviewing the application information with Dionne, she had indicated that the email below from Greg Missal should be included with the information on file with the application as it relates to a summary of the project/requests and the security that is held by the QIA.

Regards,

Dave

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**From:** Greg Missal [mailto:greg.missal@baffinland.com]  
**Sent:** Monday, March 28, 2011 2:49 PM  
**To:** dts@nunavutwaterboard.org  
**Cc:** Jim.Millard@Baffinland.com; 'Dionne Filiatrault'  
**Subject:** Summary Page for Application

Dave,

After speaking with you last week I thought it may be helpful to provide you some of the key points regarding the water license renewal, which may assist in summarizing the intent of the application to the Board.

As you are aware, the license allows for the use of water and the deposition of wastes required in support of activities at the Mary River project site associated with exploration and geotechnical drilling, and the execution of a bulk sample program. Water Licence 2BB-MRY0710 expired on December 31, 2010 and allowed for a maximum use of 515 m<sup>3</sup>/day of water, of which 455 m<sup>3</sup>/day was allocated for drilling purposes, and 60 m<sup>3</sup>/day for camp use.

The bulk sample program was completed in the latter half of 2008. Since that time, the primary activities undertaken at Mary River have been, and continue to be, exploration and geotechnical drilling programs, progressive reclamation programs, support of scientific and engineering studies related to the advancement of the EIS, and ongoing regulatory compliance and monitoring. To support these activities, ongoing site maintenance and minor upgrades of site infrastructure have and will continue to be required as allowed within the regulatory framework of the existing project permits.

Baffinland is requesting a renewal of the existing licence without further amendments at this time, to allow for continued exploration, engineering, and scientific studies, as well as to allow for ongoing maintenance and minor upgrades as required of the existing project infrastructure. A five-year renewal is requested. This licence period will generously span the period (including potential delays) between January 1, 2011, and the issuance of a new interim type 'B' water licence which we anticipate will follow after EIS release and the award of a project certificate (based on the NIRB and NWB Detailed Coordinated Process Framework, September 2009).

Specifically, the planned activities for the Mary River Project envisioned for operating period of the water license renewal period are the same as for the existing project and include the following:

- Continued mineral exploration on Mining Leases 2483, 2484, 2485 (Deposits Nos. 1, 2, 3, and 4), as well as contiguous mineral claims surrounding these leases (Deposit No. 5 and vicinity, as well as other mineral prospects).

- Geotechnical investigations along the proposed Rail Line, Milne Tote Road, and the proposed port-related facilities at Milne Inlet and Steensby Inlet.
- Other scientific and engineering studies related to support of the detailed engineering and future environmental management of the EIS project.
- Ongoing implementation of reclamation measures at the project site as described in our Abandonment and Reclamation Plan, updated annually since 2008 and most recently in March 2010.
- Ongoing maintenance and minor upgrades of existing site infrastructure to enhance health and safety of workers and to improve environmental management as required.
- Execution of annual sealifts at Milne Inlet and possibly Steensby Inlet that will remove equipment, supplies from the site that are no longer necessary (as part of site reclamation), as well as mobilizing to site equipment and supplies that are to be stored on site for future use after EIS release and the receipt of a project certificate.
- Continued operation of the Mary River Camp, Milne Inlet Camp, Mid-Rail Camp, and Steensby Inlet Camp to support the above activities.

The current allowable daily water volume is 515 m<sup>3</sup>/day, of which 60 m<sup>3</sup>/day are permitted for camp use and the remaining 455 m<sup>3</sup> are for the purposes of drilling operations. Baffinland's preference would be to keep current water use limits as provided in the existing licence. However, if the NWB wishes to decrease the daily water limit for the renewed licence, Baffinland would not object. We suggest that the current 60 m<sup>3</sup>/day limit for camp use remain unchanged, but the daily drill water limit be reduced to 325 m<sup>3</sup>/day, for a combined camp and drill use daily total of 385 m<sup>3</sup>/day.

With regard to financial security assessment, up-to-date Abandonment and Reclamation Plans, complete with financial security assessments, have been submitted annually to the NWB and QIA since 2008. The most recent plan was submitted to the NWB in March 2010. An updated financial security assessment was concluded this month and saw the security held by the QIA increase to approximately \$26,000,000. Baffinland has also provided consideration for additional water related security related to this application. The reclaim model has been used to determine that approximately \$750,000.00 is estimated for water related security, which should be added to the terms of the renewed license.

Requests to the NPC and NIRB were submitted seeking confirmation that there would not be requirements for a land use plan conformity review and a screening determination. Replies and confirmations from these parties have been received.

Please do not hesitate to contact the undersigned at 416 814 3164 should you require additional information or clarification regarding our renewal application.

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