



Water Resources Division  
Nunavut Regional Office  
Indian and Northern Affairs Canada  
Iqaluit, NU X0A 0H0

Our File: 9545-3-2MRYG / CIDMS: 200380

Reference: 2BB-MRY

March 12, 2008

Richard Dwyer  
Licence Administrator  
Nunavut Water Board  
Gjoa Haven, NU X0B 1J0

**Re: 2BB-MRY / Baffinland Iron Mines Corporation / Mary River Project /  
Qikiqtani Region / Licence Amendment Application**

Indian and Northern Affairs Canada (INAC) has reviewed the licence amendment application submitted by Baffinland Iron Mines Corporation for its Mary River Project's 2BB-MRY0710 licence. The following advice has been provided pursuant to INAC's mandated responsibilities for the enforcement of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*.

Baffinland Iron Mines Corporation has requested a second amendment to the 2BB-MRY0710 licence, which authorizes the use of freshwater and management of wastes associated with the Mary River Project. These amendments include water for:

- the construction of a forty (40) person temporary camp along the planned railway alignment, referred to as the Rail Camp;
- expanding the Steensby Inlet camp to accommodate forty (40) people;
- using Steensby Inlet as a barge landing area;
- extending the present licence term to December 31, 2010; and
- amending certain terms and conditions from the licence (i.e., Part F Conditions Applying to Drilling Operations, Item 5 and Part H, Conditions Applying to Abandonment Items 8, 10, 12, and 14).

This licence amendment application review is being provided after the Nunavut Water Board's (NWB) issued the February 29, 2008 amendment to the 2BB-MRY0710 licence. However, please consider the following comments when assessing the Proponent's management of freshwater and management of wastes associated with the Mary River Project. Indian and Northern Affairs Canada recognizes the value of the Nunavut's water licensing process and will strive to be punctual when providing review letters for upcoming water licence files.

1. INAC is supportive of the Proponent's desire to extend its licence term to December 21, 2010. Having the licence expire toward the completion of the calendar year is a reasonable request.
2. The project's Spill Contingency Plan should be revised to include the following details:
  - a. Descriptions of the Steensby Inlet, Rail Camp, and Deposit 4 Camp fuel storage areas (i.e., types of fuel, quantity of fuel, spill response equipment, schematic diagrams, including containment structures, and locations);
  - b. The names and contact numbers for personnel responsible for the management of all fuel cache areas; and,
  - c. Spill prevention measures for the refueling of project equipment, including aircraft.
3. Water quality protection initiatives should be implemented at the Steensby Inlet barge landing area (e.g., minimize the landing area's footprint, have spill response equipment on-site when unloading barges, construct suitable rock-drains and/or culverts at all stream crossings, etc.).
4. INAC is supportive of amending Part F: Conditions Applying to Drilling Operations, of the amended 2BB-MRY0710 licence to require adherence to the Canadian Council of Ministers for the Environment Guidelines for the Protection of Freshwater Aquatic Life for on-ice drilling operations.
5. Upon completion of land-based drilling activities, drill holes should be sealed and capped to prevent the infiltration of precipitation runoff and the development of sinkholes. All drill holes should be sealed at their respective permafrost (both upper and bottom if necessary) and surface levels.
6. The casings of all land based drill holes should be removed upon completion of drilling activities. At a minimum, casings should be cut at or below ground level.
7. The amended licence has removed reference to the grading of all roads and airstrips to match natural contour and reduce erosion. INAC believes that the original licence term was reasonable, although land-owners should decide whether roads or airstrips will be reclaimed upon the completion of project activities. INAC suggests that all obstacles to natural drainage patterns (culverts, bridges) should be removed when reclaiming roads and airstrips.
8. Although the February 29 amendment removes the original terms and conditions specified in Items 8, 10, 12, and 14 of Part H: Conditions Applying to Abandonment, these measures or others that have the same effect should be incorporated in the project's Abandonment and Reclamation Plan. These licence terms and conditions address the reclamation of transportation corridors, disturbed land surfaces, and drill holes.

9. Part F: Conditions Applying to Drilling Operations, of the February 29, 2008 licence amendment, requires the Proponent to request the NWB's approval to conduct drilling activities within thirty (30) metres of the high water mark of any water body. Furthermore, the Proponent is required to identify the approximate global positioning system coordinates of planned drilling locations, associated water bodies, locations of waste deposition, and describe mitigation measures that will be carried-out for the protection of freshwater quality. Such information requests are relevant to land administration. INAC believes that the Proponent's drilling activities should be acceptable as long as drilling wastes are deposited in sumps at least thirty (30) metres away from adjacent water bodies and drill hole locations are properly reclaimed.

Indian and Northern Affairs Canada requests notification of any changes in the proposed project, as further review may be necessary. Please contact me should you have any questions or comments with regards to the foregoing. I can be reached by telephone at (867) 975-4555 or by email at [AbernethyD@inac-ainc.gc.ca](mailto:AbernethyD@inac-ainc.gc.ca).

Regards,

***Original signed by***

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