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February 17, 2014

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David Hohnstein
Director Technical Services
Manager of Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, Nunavut X0B 1J0

RE: 2BB-MRY1114 – MARY RIVER EXPLORATION PROJECT, TYPE B WATER LICENCE APPLICATION

The Qikiqtani Inuit Association (QIA) submits this review of the above referenced water licence application to the Nunavut Water Board for their consideration in approving and licencing the proposed undertaking.

Should you have any questions or require any further information, please contact the undersigned.

Regards,

Stephen Williamson Bathory
Director, Department of Major Projects
Qikiqtani Inuit Association



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1. As per Section 39(1) of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, the NWB may not issue, amend or renew a water licence until the Nunavut Impact Review Board (NIRB) has completed a screening or issuance of a project certificate. The QIA acknowledges the NIRB's participation in this process as further described in their February 7, 2014 letter to Baffinland Iron Mines Corporation (BIMC) titled "Application Pending NPC Conformity Determination and Request Confirmation from Authorization Agencies for Baffinland Iron Mines Corp's 'Bulk Sample and Ongoing Exploration at Mary River Deposit No. 1' Project Proposal". NIRB's assessment of the proposed project and their screening determination is a critical element to BIMC's renewal and amendment scope that should be considered by the NWB.
2. The QIA acknowledges BIMC's approach to use Department of Fisheries and Oceans' (DFO) operational protocols to complete select works about watercourses. The QIA would be supportive of the NWB include water licence conditions to reflect the use of these protocols.
3. Further to BIMC's February 11, 2014 letter to NIRB titled "Application for Renewal and Amendment of Type B Water Licence 2BB-MRY 1114", an "amendment" to the existing Type B licence for the following activities are no longer being sought:
 - Bulk sampling activities;
 - Construction of winter roads, winter stream / river crossings, airstrips, or ice strips; and,
 - Use of sealift and laydown areas for supply to exploration satellite camps.

It is QIA's interpretation that BIMC has not withdrawn these activities from being considered in the "renewal" of the Type B licence.

- a. Specific to bulk sampling activities, the existing Type B licence permits bulk sampling on Deposit No. 1 in 2014. Thus, the scope of bulk sampling is limited in location (Deposit No. 1) and when it can occur (2014 only). No amendment is being sought by BIMC; thus, this scope should remain unchanged.
- b. QIA notes that Part A, Item 1 of the existing Type B licence states the scope of the undertaking to include, "land-based and on-ice geotechnical and exploration drilling programs, progressive reclamation programs, activities in support of scientific and engineering studies and a potential bulk sampling Program". Further, in the Reasons for Decision, the scope of activities and undertakings are as follows:
 - Geotechnical drilling in support of future infrastructure development at Milne Inlet (Milne Port) site;
 - On-going exploration and geotechnical drilling activities under BIMC's mineral claims and development at the Mine (Mary River) Site;
 - Water use to support on-going exploration and geotechnical drilling at the Mine (Mary River) Site;



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6. Select activities for BIMC are not yet advanced in planning to the stage where all required information is available at this time. For example, water source lakes and



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The location of the activity associated with this licence is a key factor in the assessment of the financial security for the undertaking. QIA recommends that the scope of the activities associated with this undertaking are broken down by land title to facilitate the financial security assessment. QIA recommends that the Abandonment and Reclamation Plan be updated, as required, to capture changes in project liabilities over time, in addition to, the approved scope of the renewal Type B licence. QIA recommends that the financial security be updated in concert with changes in liability over time.