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February 17, 2014

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トーΡ → △% Sanikiluaq 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,

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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It is QIA's interpretation that BIMC has not withdrawn these activities from being considered in the "renewal" of the Type B licence.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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- Geotechnical drilling to support future infrastructure development at the Steensby Port (Steensby Inlet) Site;
- On-going exploration and geotechnical drilling activities on BIMC mineral claims and development areas at the Steensby Port (Steensby Inlet) Site;
- Progressive reclamation programs;
- Activities in support of future engineering and scientific studies; and
- Potential bulk sampling program(s) at Deposit No. 1.

Thus, QIA notes that the existing licence scope of activities and undertakings does not include:

- Construction of winter roads, airstrips or ice strips; and,
- Use of sealift and laydown areas for supply to exploration satellite camps.

QIA confirmed with BIMC on February 14, 2014 that the Type B application no longer is not to include the construction of winter roads. Therefore, QIA recommends these items not be considered in the scope of the Type B renewal licence. Also of potential note, these activities are also not included in the scope of activities and undertakings associated with the Type A water licence (2AM-MRY1325).

- c. Specific to geotechnical drilling program described in Section 5.2, BIMC proposes geotechnical investigations along the proposed railway corridor, and potentially in the development of new infrastructure in other Project areas. QIA notes that the expiring Type B licence activities and undertakings do not include geotechnical drilling along the proposed railway corridor and restricts the drilling to the project areas of Milne Inlet, Mine, and Steensby. It appears BIMC is seeking approval to change the scope of geotechnical drilling. This change in scope should be further considered by the NWB.
- 4. BIMC has requested a 25 year licence term. Since the undertaking is utilizing infrastructure associated with water use and waste disposal that are licenced under the Type A water licence (2AM-MRY1325), QIA recommends that the licence term for the renewal licence should not exceed the Type A water licence.
- 5. BIMC included trenching as a method of surface exploration (source Section 5.1 Mineral Exploration Drilling). Details of trench size and waste (e.g., stockpiled materials, ponded water) associated with trenching have not been provided. Further, it is unknown if blasting is required for trenching. If blasting occurs, there are other waste and potential changes in water quality that could occur as a result of the activity. Without additional information, it is a challenge to specify licence conditions that will capture the associated waste disposal from this activity. QIA recommends obtaining additional information to allow for informed recommendations regarding licence conditions (specific to deposition of waste) to be developed for this activity.
- 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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sump locations for waste disposal are not defined. Further, locations of geotechnical drilling also do not have specific locations detailed at this time; rather broad strokes such as, 'should the need arise for the development of new infrastructure or water crossings, geotechnical investigations will be necessary in other Project areas" (source Section 5.2 Geotechnical Drilling Programs) are used which implies geotechnical drilling could occur anywhere. BIMC stated that information such as geotechnical drilling locations would be provided in the Annual Report to the NWB. It is QIA's opinion that this information should be known and approved by the NWB prior to the activity occurring, not after. The QIA recommends that the NWB require BIMC to submit locations, for NWB review and approval, of all water sources, waste disposal, and geotechnical drilling prior to commencement of the activity.

- 7. BIMC has proposed seven potential satellite camps to be associated with this undertaking. QIA notes that the expiring licence does not authorize camp activities (see Part E, Item 1). QIA recommends the NWB include, as applicable, additional licence terms and conditions associated with water use, deposit of waste, and fuel storage/handling from camps are required for the renewal licence.
- 8. The proposed undertaking has activities that may occur on Crown lands and Inuit Owned Lands. For example, seven satellite camps are proposed (see Section 5.8); however, the land ownership for each camp is not provided. Upon review of the BIMC's 2013 Abandonment and Reclamation Plan (January 2013 see Section 4.3 Camps and Related Facilities) for this undertaking, there is no reference to these satellite camps.

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.