



June 30, 2023

Mark Ings
A/Executive Director
Nunavut Impact Review Board
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Dear Mark Ings:

Thank you for the Nunavut Impact Review Board's (the Board) correspondence of May 17, 2023 regarding the Request for Clarification on Parties' Expectations in Respect of the Audit Workshop as Directed by the responsible Ministers in May 2020 for Baffinland's Mary River Project (as amended) Project Certificate No. 005.

Please find below a joint response to the questions included in the Board's correspondence, on behalf of the Government of Canada, the Qikiqtani Inuit Association and Baffinland Iron Mines Corporation (Baffinland).

With the addition of Term and Condition 189 and the establishment of the Project Monitor referenced therein, is the Audit Workshop as required by the Responsible Ministers in May 2020 still required to define the scope of the bi-annual audits?

The responsible Ministers' recommendation for an Audit Workshop in May 2020 predates Term and Condition 189 (which was brought into Project Certificate No. 005 as part of Amendment No. 4 in November 2022). As such, the need for an Audit Workshop is now considered less urgent and given the capacity concerns expressed by many parties, other matters should be prioritized at this time.

The third party audits (per Term and Condition 179(c)) are conceptually linked with the Interim Project Monitor that will be established per Term and Condition 189. Both initiatives were developed with the intention of providing an evaluation of Project Certificate compliance status in addition to the usual monitoring activities of the Board)

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and ongoing enforcement obligations of Crown-Indigenous Relations and Northern Affairs Canada. As you are aware, the Government of Canada, the Qikiqtani Inuit Association and Baffinland are also discussing an initiative to establish a permanent independent Project Monitor as directed by the October 4, 2022 responsible Ministers' correspondence accepting the Board's recommendation to approve the 2022 Production Increase Proposal Renewal. The Government of Canada, the Qikiqtani Inuit Association and Baffinland have been discussing "the relevant role, scope and mandate" for a Project Monitor, "with the goal of installing an independent third party monitor for the Mary River Project as soon as reasonably practicable." Part of those discussions is the intersection between the audit role envisioned by Term and Condition 179(c) and the role of the Project Monitor.

Depending on the outcomes of the initiatives described in the paragraph above, the Audit Workshop may ultimately not be necessary. However, should workshops be held on the Project Monitor initiative at a later date, the Government of Canada, the Qikiqtani Inuit Association and Baffinland may suggest that the Board hold a session on the third party audits as part of those meetings (with reasonable notice to the Board).

Is the further advancement of the Project Monitor as envisioned in Term and Condition 189 required before parties can fully participate in an effective Audit Workshop?

Yes. The Government of Canada, the Qikiqtani Inuit Association and Baffinland are of the view that further advancement of the role of the Project Monitor (both interim and permanent) is needed to better understand the rationale for an effective Audit Workshop.

What steps need to be completed to constitute sufficient progress under Term and Condition 189 for the Audit Workshop to proceed?

Further discussions between officials from the Government of Canada, the Qikiqtani Inuit Association and Baffinland are required to address potential redundancy between audit requirements under Term and Condition 179(c) and the role of the Project Monitor (both interim and permanent). We expect that this clarity will be achieved once the Terms of Reference for the Project Monitor are established.

When, in general terms, do the parties anticipate these steps will be completed and parties will be prepared to participate fully in the Audit Workshop?

The Government of Canada, the Qikiqtani Inuit Association and Baffinland continue to work diligently to advance development of the Project Monitor, and appreciated the opportunity to hear the views of community members during the engagement workshop

held on February 28 and March 1, 2023 in Iqaluit. Preliminary Terms of Reference for the Project Monitor are currently being revised to reflect community representatives' input from the workshop, with further community input expected following further advancement of the discussions and revisions of the Terms of Reference. At that time, the parties would be in a position to advise whether the Audit Workshop is still recommended.

In closing, the Government of Canada, the Qikiqtani Inuit Association and Baffinland wish to reiterate our appreciation for the efforts of the Board and its staff to-date, in regards to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joanna Ankersmit', written in a cursive style.

Joanna Ankersmit
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