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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

April 24, 2013

NWB File No: 8BC-MRY----

Erik Madsen

Vice-President Sustainable Development, Health, Safety & Environment

Baffinland Iron Mines Corporation

Suite 1016 120 Adelaide Street West

Toronto, ON M5H 1T1

Email: erik.madsen@baffinland.com

Email: jim.millard@baffinland.com

Subject: Type “B” Licence Water Licence Application for the Mary River Site Preparation Project

Dear Mr. Madsen,

On March 11, 2013 the Nunavut Water Board (NWB or Board) received an application for a new Type “B” Water Licence from Baffinland Iron Mines Corporation (BIMC) regarding the Mary River Site Preparation Project, which included the following documents:

- Appendix 1: General Water Licence Application including:
 - Appendix 1A – Figure 3-1.2 Location of Project Activities;
 - Appendix 1B – Figure 2-1.1 Communities in the vicinity of the Mary River Project.
- Appendix 2: Executive Summary in English and Inuktitut;
- Appendix 3: Project Description;
- Appendix 4: List of the officers of the company and evidence of registration of the company name;
- Appendix 5: Supplemental Information Guidelines Checklist (that wasn’t actually included with the application package);
- Appendix 6: NPC Confirmation;
- Appendix 7: NIRB Project Certificate;
- Appendix 8: Plans and drawings relating to this application specifically:
 - 8.a - Milne Port Type B License Drainage Plan Dwg No. H349000-2100-10-015-0001;
 - 8.b - Milne Port Type B License Preliminary Earthwork Quantities;
 - 8.c - Milne Port Off-Spec Effluent Pond Plan and Details Dwg No. H349000-2735-10-035-0001;

- 8.d - Milne Port Type B License Camp Infrastructure Drainage Plan Dwg. No. H349000-4134-10-015-0001;
- 8.e - Updated Borrow Pit and Quarry Management Plan;
- 8.f - Q1 Quarry Management Plan;
- 8.g – Milne Port Site Preparation Site Layout Drainage Plan Dwg No. H349000-2100-10-015-0001;
- 8.h – Milne Port Site Preparation Bulk Fuel Storage Overall Plan Dwg No. H349000-2613-10-014-0001;
- 8.i – Milne Port – Site Preparation Bulk Fuel Storage Site Grading Plan Dwg. No. H349000-2613-10-014-0002;
- 8.j – Milne Port Site Preparation Bulk Fuel Storage Dyke Sections Dwg. No. H349000-2613-10-035-000;
- 8.k - Milne Port Site Preparation Bulk Fuel Storage Sections through Truck Loading Area Dwg. No. H349000-2613-10-035-0002;
- 8.l – Milne Port Site Preparation Bulk Fuel Storage Tank Pad Details Dwg. No. H349000-2613-10-035-0003; and
- 8.m – Milne Port Site Preparation Bulk Fuel Storage Dyke Sections and Details Dwg. No. H349000-2613-10-035-0004.

As a follow-up to the March 11, 2013 application BIMC provided on April 3, 2014 the following updated environmental management plans:

- Emergency Response and Spill Contingency Plan (ERSCP) including:
 - Appendix A: Concordance Table;
 - Appendix B: 2013 Work Plan & Site Layout Drawings;
 - Appendix C: Spill Response Supplies;
 - Appendix D: Standard Forms for Emergency Response;
 - Appendix E: Hazardous Materials List;
 - Appendix F: Material Safety Data Sheets;
 - Appendix G: Relevant Spill Contingency and Reporting Regulations, and
 - Appendix H: Spill Response Element Site Maps;
- Surface Water and Aquatic Ecosystems Management Plan (SWAEMP) including:
 - Appendix A: Table of Concordance;
 - Appendix B: 2013 Work Plan and Site Layouts; and
 - Appendix C: Figures.

On March 15, 2013, pursuant to Section 55(1) of the Nunavut Waters and Nunavut Surface Rights Tribunal Act (“Act”), the NWB gave notice of BIMC’s application for a new water licence and invited parties to review and make representations on or before April 15, 2013, extended to April 19, 2013. On April 19, 2013, comments were received from Aboriginal Affairs and Northern Development Canada (AANDC), Environment Canada (EC) and Qikiqtani Inuit Association (QIA). The NWB notes that many issues were raised by interveners that need further clarifications from BIMC. Copies of those comments are attached to this letter.

The NWB Technical Department identified some items that need to be clarified by BIMC in addition to the intervener’s comments:

- Section 6.1.3 of SWAEMP states the installation of drainage structures as mitigation measures at Milne Port during 2013. From NWB's understanding this wasn't included in the scope of the proposed new Type "B" Licence. Clarification is needed whether or not these structures are to be included with the scope of proposed activities.
- Tables 6.1 and 6.2 of SWAEMP list all existing and proposed facilities at Milne Port and Mine Site, respectively. Some of those facilities at Mine Site such as concrete batching plants, contaminated snow holding pond and others are planned in 2013 as reported. It is understood that installation of some of those facilities will be included within the potential Type "A" licence. However, regrouping these facilities according to the existing 2BB-MRY1114, and proposed Type "B" or potential Type "A" licenses would have been appropriate and helpful for reviewers.
- Sections 9 and 10 of the SWAEMP refer to the Comprehensive Environmental Monitoring Program and attached QA/QC Plan. These documents are not included with the application.
- The 2013 Work Plan included with ERSCP and SWAEMP describes activities that will occur in 2013 such as:
 - Section 2.0 states that *a request for a modification to this licence (2BB-MRY1114) will be submitted shortly, for the construction of an additional 5ML fuel tank construction within the existing secondary containment as well as for the construction of a second PWSP pond at Milne Port.*
From the NWB understanding these activities are included in the scope of proposed new Type "B" licence?
 - Section 3.1.2 states, among others, an upgrade (extend) of the airstrip runway at Milne Port;
 - Section 3.3 describes construction activities planned in 2013 such as: installation of emergency response building, construction and commission of two (or four as stated twice?) 10 ML diesel fuel tanks, construction of landfarm, and installation of diverse buildings at Milne Port; upgrade of Tote Road and possible establishment of a temporary 49 person camp; upgrade of the Mary River airstrip, construction of diverse buildings and installation of 4 x 0,5 ML double wall diesel and 1 x 0,05 ML double wall jet A fuel tanks;
 - Section 8.0 states a potential addendum to this 2013 Work Plan will be submitted in April 2013 highlighting additional activities to be undertaken in 2013 in order to execute the 2014 bulk sampling campaign.

The NWB believes that some activities and facilities described in the SWAEMP and attached 2013 Work Plan will be included with the potential Type "A" licence. However, a clear delineation between the scope of activities proposed under existing 2BB-MRY1114, proposed new Type "B" and potential Type A" licenses would have been beneficial for more efficient review of the environmental management plans. The NWB would encourage the BMIC to delineate the proposed activities in the management plans according to the existing Type "B" and proposed Type "B" and "A" licenses.

The NWB notes, and as also stated by AANDC, that several sections in the SWAEMP are not related to the scope of the proposed new Type “B” licence and should have not been included with the application.

Given the extents of the proposed activities, interveners and NWB internal review and comments, the NWB believes that clarifications on issues raised are needed prior to issuing a new Type “B” water licence. The NWB looks forward to BIMC’s response and clarification of the above issues to continue processing the application.

Should you have any questions or require any clarification with respect to the above, please feel free to contact the undersigned via email at k.kharatyan@nunavutwaterboard.org or phone (867) 360-6338 or David Hohnstein, Director Technical Services at dts@nunavutwaterboard.org or (780) 443-4406.

Sincerely,

Original Signed By

Karen Kharatyan
Technical Advisor

Attachment: Comments - AANDC, QIA

Cc: Murray Ball, AANDC, Manager Water Resources
Stephen Williamson Bathory, QIA, Director Major Projects
NPC
NIRB