

September 2nd, 2014

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Re: Type 'B' Water Licence 8BC-MRY1416 Part J item 1 and 2

Dear Phyllis,

Baffinland Iron Mines Corporation (Baffinland) would like to update the Nunavut Water Board (NWB) with respect to the current extent of site activities and associated monitoring under Type 'B' Water Licence 8BC-MRY1416 (the Type B Licence). In addition, Baffinland is requesting that the Board grant an extension until March 31, 2015, to the submission of the Monitoring Plan required under Part J, Items 1 and 2 of the Type 'B' Licence, which states that a Monitoring Plan is to be submitted to the NWB by October 6th 2014 as follows:

PART J

- 1. The Licensee shall submit to the Board for approval in writing, within sixty (60) days of Licence issuance, a Monitoring Plan for the construction and/or operation of the facilities and/or undertakings associated with the Mary River Site Preparation Project and the requirements of the amended/renewed Licence.*
- 2. The Licensee shall, at a minimum, maintain Monitoring Stations within the above Plan, at the following locations: the Milne Port ore dock, ore stockpile areas, ship-loading facilities, sedimentation ponds, and ore reclaiming and conveying facilities, proposed Polishing Waste Stabilization Pond (PWSP No. 2), and Matrix Camp expansion.*

The construction activities completed to date under the Type B Licence include partial construction of the Milne Port ore dock, ore stockpile areas, ship loading facilities, ore stockpile sedimentation ponds, and Matrix Camp expansion. None of these facilities are yet fully constructed or operational. It should be noted that the existing active monitoring stations established under the Type 'A' Water Licence 2AM-MRY1325 (the Type A Licence) and the March 2014 Surface Water and Aquatic Ecosystems Management Plan (SWAEMP) have been adequate to monitor the construction runoff to downstream water bodies potentially affected from construction activities authorized under the Type B Licence. These water quality monitoring activities were conducted throughout the 2014 open water season and have been reported under the Type A Water Licence Monthly Reports submitted to the NWB. It should be noted that site surface water conditions are now frozen and there is no further construction runoff anticipated until the 2015 freshet (late May).

We propose that by the end of March 2015, the current SWAEMP (dated March 2014) under the Type A Water Licence and required under Part B, Item 5 of the Type B Water Licence, be updated to include any additional surface water effluent quality monitoring stations for both the

construction and operational phases for new facilities as required under the Type B Water Licence. It would be appropriate in both timing and convenience to include the required Monitoring Plan requested under Part J of the Type B Water Licence included in that document. An extension would allow for more time for construction activities to be completed and any additional monitoring stations to be established. The extension would also allow new established monitoring locations to be reviewed in the field by the AANDC Inspector for his further input and direction prior to the final submission of the Monitoring Plan.

In regards to the proposed Polishing Waste Stabilization Pond (PWSP No.2), there are currently no plans to construct this facility due to the excellent performance to date of the new Milne Port sewage treatment plant operating under the Type A Water Licence. In the unlikely event that the new PWSP no. 2 is constructed it will be monitored based on the same frequency and analytical schedule as the existing PWSP No. 1 (MP-1a) as outlined in the current Type 'A' Water Licence 2AM-MRY1325.

In conclusion, Baffinland notes that monitoring stations and activities for infrastructure approved under the ERP will be captured in the updated Surface Water and Aquatic Ecosystem Management Plan to be submitted in March 2015 with the Annual Report as per Part B, Item 5 of the Type 'B' Water Licence 8BC-MRY1416 and as required under the existing Type A Water Licence.

Please do not hesitate to contact me if there are any problems or concerns.

Respectfully,



Oliver Curran

CC
Erik Madsen (BIM)
Jim Millard (BIM)
Robert Savard (AANDC)
Erik Allain (AANDC)
Murray Ball (AANDC)
Jean Allen (AANDC)
David Hohnstein (NWB)
Sean Joseph (NWB)
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