



July 16, 2014

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**Re: Application for amendment to the Type 'A' Water Licence 2AM-MRY1325**

Dear Phyllis,

Project Certificate No.005, as amended by the Nunavut Impact Review Board (NIRB) on May 28, 2014, authorizes Baffinland Iron Mines Corporation (Baffinland) to proceed with the 'Early Revenue Phase' (ERP) of the Mary River Project. The development of the Mary River Project, with associated Early Revenue Phase activities, consists of:

- Development of the Mine Site to achieve mining and production of 21.5 Mtpa of iron ore;
- Improvements to the Tote Road, truck haulage of 3.5 Mtpa on the Tote Road, stockpiling of ore at Milne Port, and, construction of an ore dock and ore loading facilities at Milne Port;
- Construction and operation of a railway to transport 18 Mtpa of iron ore to Steensby Port; and,
- Construction and development of the Steensby Port infrastructure that will enable the Company to crush, stockpile and ship 18 Mtpa of iron ore year round.

The current Type 'A' Water Licence 2AM-MRY1325 authorizes Baffinland to proceed with the development of the majority of Milne Port infrastructure, and all of the anticipated infrastructure required for the full development of the Mine Site, the Tote Road, the Railway and Steensby Port. To account for the additional marginal infrastructure at Milne Port required for the ERP, but not currently authorized under the Type 'A' Water Licence 2AM-MRY1325, Baffinland has submitted an application for an amendment to its Type 'B' Licence 8BC-MRY1314. The application for an amendment to the Type 'B' Water Licence 8BC-MRY1314 was made in order to enable Baffinland to proceed with the construction of the additional facilities required at Milne Port for the shipment of 3.5 Mtpa of ore. In addition during the NIRB review process of the application for an amendment to the Project Certificate No. 005, Baffinland committed to undertake best efforts to minimize dust generation from the road haulage and shipping operation of ore via Milne Port. This commitment necessitates an authorization from the Nunavut Water Board for additional withdrawal of water at several locations along the Tote Road for effective dust suppression associated with road haulage of ore from various sources along Tote Road.

Baffinland is submitting this application for an amendment to its Type 'A' Water Licence 2AM-MRY1325 in order to consolidate under one licence all requirements for the construction and

operation of the Mary River Project. The scope of this amendment comprises facilities and activities associated with the following infrastructure:

1) At Milne Port:

- a. Increase water demand (proposed under amendment to Type B Licence 8BE-MRY1314) during construction and operation;
- b. Increased size of the sewage treatment plant (proposed under amendment to Type B Licence 8BE-MRY1314);
- c. Construction and operation of additional off-spec capacity in the form of a Polishing Waste Stabilization Pond (PWSP), similar in design to the existing PWSP constructed in 2013;
- d. Relocation of the treated sewage effluent discharge location (NEW);
- e. Increased fuel storage to include marine diesel (NEW - addition of two 100,000 L tanks as authorized by the amended Project Certificate No 005);
- f. Construction of the ore stockpile pad and associated drainage ponds (NEW - authorized by the amended Project Certificate No 005); and,
- g. Construction and operation of an ore dock and ore loading system, additional ancillary buildings and maintenance facilities required for the shipment of ore which will result in changes in drainage patterns on the Milne Port site. Revisions to site drainage have been reflected in the approved Surface water and Aquatic Ecosystems Management Plan submitted to the NWB on March 31, 2014.

2) Tote Road

- a. The current Type 'A' Water Licence already authorizes Baffinland to proceed with the full development of the Tote Road. However, during the NIRB review process of Baffinland's application for an amendment to the Project Certificate No. 005, the Company committed to undertake best efforts to minimize dust generation from the road haulage and shipping operation of ore via Milne Port. This commitment necessitates an authorization from the Nunavut Water Board for additional withdrawal of water at several locations along the Tote Road for effective dust suppression associated with road haulage of ore from various sources along Tote Road (NEW).

3) Mine Site

- a. The current Type 'A' Water Licence already provides the authorization necessary for Baffinland to proceed with the full development of the Mine Site. However, by proceeding with a phased development approach for the Mary River Project, the life span of some of the temporary facilities (transitional construction camp, buildings, and fuel storage) will be longer than originally intended. Baffinland wishes to recognize the longer use of these facilities in the amended Type A Water Licence.
- b. Land discharge of treated sewage effluent as was submitted to the NWB in the March 31, 2014, version of the approved "Fresh Water Supply, Sewage and Wastewater Management Plan".

- 4) To ensure that future closure cost estimates for the project are considered under the scope of this licence, including considerations with other Type B Licences the proponent has been issued.

In addition to this cover letter, Baffinland's application for an amendment to Type A Licence 2AM-MRY1325 contains the following documents:

- **Application Form** with associated processing fee of \$30.00;
- **Attachment 1:** Supplementary Technical Information for Milne Port facilities subject to this amendment;
- **Attachment 2:** Supplementary Technical Information for additional water withdrawal locations and water quantities along the Tote Road subject to this amendment;
- **Attachment 3:** Supplementary Technical Information for changes introduced at the Mine Site subject to this amendment;
- **Attachment 4:** Interim Closure and Reclamation Plan for the Mary River Project and associated estimated security deposit;
- **Attachment 5:** Company Financial Information and List of Directors;
- **Attachment 6:** Compliance Assessment and Status Report in Response to Inspector's Report.

We trust that this application package contains all the information required for the Nunavut Water Board to proceed with Baffinland's request for an amendment to the Type 'A' Licence 2AM-MRY1325.

Respectfully,



Erik Madsen

CC  
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