

ATTACHMENT 14
COMPLIANCE REPORT

TABLE 14.1

BAFFINLAND IRON MINES CORPORATION
MARY RIVER PROJECT - PHASE 2 PROPOSAL

APPLICATION TO AMEND TYPE A WATER LICENCE 2AM-MRY1325
COMPLIANCE ASSESSMENT

Print Sep/28/18 14:27:40

Clause	Condition Details	Compliance Assessment July 3, 2018 ¹	Compliance Status Sept 17, 2018 ²
Part A: Scope, Definitions, and Enforcement			
1		N/A	
2		N/A	
3		N/A	
Part B: General Conditions			
1	This Amended Licence incorporates the entire scope of Type "B" Water Licences Nos. 8BCMRY1314 and 8BC-MRY1416, issued to the Mary River Project for construction and site preparation work; specific elements of the scope of Type "B" Licence No. 2BB-MRY1114 (currently replaced by Licence No 2BE-MRY1421), issued to the Project for the Exploration and Bulk Sample Programs; most of the scope of the Existing Type "A" Water Licence No. 2AM-MRY1325, and most of the scope of Amendment No.1 Application, which includes the Early Revenue Phase (ERP) activities and facilities. To the extent that any required reports, studies or plans having not yet been received and accepted or approved by the Board, the requirements associated with such documents are now brought forward under this Amended Licence.	N/A	
2	In the event of a conflict amongst the Type "B" Licences, the Existing Licence and the Amended Licence referred to in Part B, Item 1, the terms and conditions of the Amended Licence will prevail unless otherwise advised by the Board in writing.	N/A	
3	The amount of Water use fees shall be determined and payment of those fees shall be made in accordance with section 12 of the Regulations.	In compliance	
4	The Licensee shall file an Annual Report with the Board no later than the 31st of March in the year following the calendar year being reported. The Annual Report shall be developed in accordance with Schedule B.	In compliance	
5	The Licensee shall maintain a copy of this Licence at the sites of operation at all times, in English, Inuktitut, and French.	In compliance	
6	Any communication with respect to this Licence shall be made in writing to the attention of: Manager of Licensing Nunavut Water Board P. O. Box 119 Gjoa Haven, NU X0B 1J0 Telephone: (867) 360-6338 Fax: (867) 360-6369 Email: licensing@nwb-oen.ca	In compliance	
7	Any notice made to an Inspector shall be made in writing to the attention of: Water Resources Officer Nunavut District, Nunavut Region P.O. Box 100 Iqaluit, NU X0A 0H0 Telephone: (867) 975-4295 Fax: (867) 979-6445	In compliance	
8	The Licensee shall submit one (1) paper copy and one (1) electronic copy of all reports, studies, and plans to the Board or as otherwise requested by the Board in writing. Reports and/or studies submitted to the Board by the Licensee shall include an executive summary in English, Inuktitut, and French.	In compliance	
9	This Licence is assignable as provided in section 44 of the Act.	In compliance	
10	The Licensee shall notify the NWB of any major or significant changes in development plans, phase, or conditions associated with the Project, including commencement of the full Operations Phase and other phases associated with the Project, at least sixty (60) days prior to carrying such changes.	In compliance	
11	The Licensee shall post signs in the appropriate areas to inform the public of the location of infrastructure and/or facilities designed to contain, withhold, divert or retain Water and/or Waste. All signs must be in English, Inuktitut, and French.	Not compliant	In compliance
12	The Licensee shall, for all Plans submitted under this Licence, include a proposed timetable for implementation. Plans submitted for approval/acceptance, cannot be undertaken without subsequent written Board approval and/or direction. The Board may alter or modify a Plan if necessary to achieve the objectives of the Licence or other regulatory instruments. For plans submitted for Board approval, the Board will notify the Licensee in writing of the Board's approval, rejection, or alteration of the Plan. Plans or drawings submitted to the Board for review and/or comments do not necessarily require Board approval prior to implementation; however, the Board may request revisions to those Plans, as required.	In compliance	
13	In the event that a Plan submitted for approval is not approved by the Board, the Licensee shall provide a revised version of the Plan to the Board for review within thirty (30) days of notification by the Board or within the timeframe specified in the Board's notification.	In compliance	

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14	The Licensee shall, for all Plans submitted for approval under this Licence, implement the Plan as approved by the Board in writing. The Board has approved under this Licence or carried forward from the Existing Licence the following Plans for implementation under the relevant sections in the Amendment Licence:	In compliance	
a	<i>Emergency Response Plan</i> (BAF-PH1-840-P16-0002, Rev 0), March 3, 2015;	In compliance	
b	<i>Spill Contingency Plan</i> (BAF-PH1-840-P16-0036, Rev 1), March 16, 2015;	In compliance	
c	<i>Surface Water and Aquatic Ecosystems Management Plan</i> (BAF-PH1-830-P16-0026, Rev 3);	In compliance	
d	<i>Fresh Water Supply, Sewage and Wastewater Management Plan</i> (BAF-PH1-830-P16-0010, Rev 3), March 19, 2015;	In compliance	
e	<i>Waste Management Plan</i> (BAF-PH1-830-P16-0028, Rev 3), March 20, 2015;	In compliance	
f	<i>Life-of Mine Waste Rock Management Plan</i> (BAF-PH1-830-P16-0031, Rev 0), April 30, 2014;	In compliance	
g	Baffinland Iron Mines Corporation Mary River Project Attachment 5: <i>Environmental Monitoring Plan (EMP) Appendix 10D-12</i> , dated January 2012;	In compliance	
h	<i>Environmental Protection Plan</i> (BAF-PH1-830-P16-0008, Rev 0), July 15, 2014;	In compliance	
i	<i>Borrow Pit and Quarry Management Plan</i> (BAF-PH1-830-P16-0004, Rev 0), March 20, 2014;	In compliance	
j	Baffinland Iron Mines Corporation Mary River Project Operations and Management Plan Milne Inlet Quarry (Q1), dated January 12, 2012;	In compliance	
k	Baffinland Iron Mines Corporation Mary River Project Operations and Management Plan Mary River Mine Site Quarry (QMR2) dated January 12, 2012;	In compliance	
l	Baffinland Iron Mines Corporation Mary River Project Operations and Management Plan Steensby Inlet Quarry (QS2), dated January 12, 2012;	In compliance	
m	Baffinland Iron Mines Corporation Mary River Project Quarry Operations and Management Plan: Quarry Q7 + 500, dated January 11, 2012;	In compliance	
n	Baffinland Iron Mines Corporation Mary River Project Quarry Operations and Management Plan: Quarry Q133 +500, dated January 11, 2012;	In compliance	
o	Baffinland Iron Mines Corporation Mary River Project Quarry Operations and Management Plan: Quarry Q77 +200, dated February 2012;	In compliance	
p	Preliminary Mine Closure and Reclamation Plan Appendix 10G, dated February 2012;	In compliance	
q	<i>Hazardous Materials and Hazardous Waste Management Plan</i> (BAF-PH1-830-P16-0011, Rev 3), March 20, 2015	In compliance	
r	<i>Aquatic Effects Monitoring Program Framework</i> , dated February 2013.	In compliance	
s	<i>Phase 1 Waste Rock Management Plan</i> (BAF-PH1-830-P16-0029, Rev 0), April 30, 2014;	In compliance	
15	Every Plan to be carried out pursuant to the terms and conditions of this Licence shall become a part of this Licence, and any additional terms and condition imposed upon approval of a Plan by the Board shall become part of this Licence. All terms and conditions of the Licence should be contemplated in the development of a Plan where appropriate.	In compliance	
16	The Licence shall refer to the Schedules attached to this Licence for instructive details and interpretive guidance regarding requirements associated with specific terms and conditions included in the main body of the Licence. If the Board subsequently determines that an item included in a Schedule requires revision in order to better reflect the intent and objectives of the Licence, the Board may at its discretion and upon providing written notice to the Licensee and interested parties, revise the Schedule accordingly. Unless the Board directs otherwise, such revision may not necessarily be construed as an "amendment" to the Licence.	In compliance	
17	The Licensee shall review the Plans or Manuals referred to in this Licence as required by changes in operation and/or technology and modify the Plans or Manuals accordingly. Revisions to the Plans or Manuals are to be submitted in the form of Addenda to be included with the Annual Report required by Part B, Item 4, complete with a revisions list detailing where significant content changes are made.	In compliance	
18	The Licensee shall confirm that all document(s) or correspondence submitted by the Licensee to the Board is received and acknowledged by the Manager of Licensing.	In compliance	
19	The expiry or cancellation of this Licence does not relieve the Licensee from any obligation imposed by the Licence, or any other regulatory requirement.	N/A	

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Part C: Conditions Applying to Security			
1	Subject to the conditions set out in Part C, Items 2 and 3, the Licensee shall furnish and maintain security with the Minister in the form that is satisfactory to the Minister or that is in accordance with the applicable regulations, in the following amounts:	In compliance	
a	within thirty (30) days following notification by the Board, the Licensee shall post with the Minister and the Qikiqtani Inuit Association, additional financial security to that already posted under the Licence in the amount and form as determined by the Annual Security Review process referred to in Part C, Item 1(b), or Part C, Item 1(c), and/or based on the written notification from the Board and stipulations included the section pertaining to reclamation in the Board's Reasons for Decision for the Amended Licence:	In compliance	
b	for each subsequent year, the amount of financial security to be held under this Part shall be reviewed by the Board in accordance with the requirements of Schedule C and adjusted to reflect the results of the Annual Security Review conducted in accordance with Schedule C; and	In compliance	
c	the Board may waive the requirements to hold the Annual Security Review referred to in Part C, Item 1(b) provided that adequate rationale is given to stakeholders and interested parties in advance of doing so including the determination that the Project's scope proposed for a particular year may result in only negligible changes to the amount of financial security already posted and create no unsecured environmental risk or liabilities to the public and stakeholders.	N/A	
2	Where the Licensee files evidence, in writing with the Board and with notice to the Minister and the Qikiqtani Inuit Association that the Licensee has furnished and maintained security with the Qikiqtani Inuit Association in an amount that the Qikiqtani Inuit Association confirms is sufficient to secure the mine closure and reclamation costs (including cumulative and legacy liabilities) estimated for the upcoming year to be required for the portion of the Project located on Inuit-owned lands, the Board may reduce the amount of security required to be held under Part C, Item 1. The Board shall ensure that the reduced amount of security furnished under Part C, Item 1 is equal to the estimated anticipated mine closure and reclamation costs (including cumulative and legacy liabilities) for the portion of the Project located on Crown-owned lands for the upcoming year.	N/A	
3	In addition to the Annual Security Review set out in Schedule C, the Licensee may, at any time, submit to the Board for consideration and approval, a request to change the amount of security outlined in Part C, Item 1. The submission shall include supporting evidence to justify the request, and the Minister and the Qikiqtani Inuit Association will be consulted by the Board during the Board's consideration of this request.	N/A	
4	The security furnished and maintained with the Minister, under Part C, Item 1, shall be maintained until such time as it is fully or in part refunded by the Minister pursuant to section 76(5) of the Act. This clause shall survive the expiry of this Licence or renewals thereof and until full and final reclamation has been completed to the satisfaction of the Minister.	In compliance	
5	In the event that the amount of security required to be held under Part C, Item 1 is reduced on the basis of evidence that the Licensee has furnished and maintained security with the Qikiqtani Inuit Association as set out under Part C, Item 2, the Licensee is required to provide the Board and the Minister with sixty (60) days written notice prior to any material change affecting the security arrangements between the Licensee and the Qikiqtani Inuit Association, including, but not limited to the form of security, quantum of security or terms associated with holding, accessing or releasing the security.	N/A	
6	If the Board determines it to be necessary, or upon the request of the Licensee, the Minister or the Qikiqtani Inuit Association, the Board may issue further directions under this Part with respect to the amount of security to be furnished and maintained under the Licence.	N/A	
Part D: Conditions Applying to Construction and Operations			
1	All final design and construction drawings shall be stamped and signed by a Professional Engineer.	In compliance	
2	The Licensee shall submit to the Board for review and acceptance, at least sixty (60) days prior to construction or in a timeframe otherwise approved by the Board in writing, final design and for-construction drawings, stamped and signed by a Professional Engineer, for all infrastructure and/or facilities designed to contain, withhold, divert or retain Water and/or Waste, as authorized under the Licence.	In compliance	
3	Quarrying activities shall be conducted in accordance with all applicable legislation, guidelines and industry standards including the Northern Land Use Guidelines, Pits and Quarries (INAC, 2009).	In compliance	
4	The Licensee shall implement sediment and erosion control measures, as required, prior to and during all Phases of the Mary River Project to prevent and/or minimize sediment loading into Water.	In compliance	

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5	The Board has approved, with the issuance of the Amended Licence or the carried forward from the Existing Licence, the following Plans:	In compliance	
a	<i>Borrow Pit and Quarry Management Plan</i> (BAF-PH1-830-P16-0004, Rev 0), March 20, 2014;	In compliance	
b	<i>Baffinland Iron Mines Corporation Mary River Project Operations and Management Plan Milne Inlet Quarry (Q1)</i> , dated January 12, 2012;	In compliance	
c	<i>Baffinland Iron Mines Corporation Mary River Project Operations and Management Plan Mary River Mine Site Quarry (QMR2)</i> , dated January 12, 2012;	In compliance	
d	<i>Baffinland Iron Mines Corporation Mary River Project Operations and Management Plan Steensby Inlet Quarry (QS2)</i> , dated January 12, 2012;	In compliance	
e	<i>Baffinland Iron Mines Corporation Mary River Project Quarry Operations and Management Plan: Quarry Q7 + 500</i> , dated January 11, 2012;	In compliance	
f	<i>Baffinland Iron Mines Corporation Mary River Project Quarry Operations and Management Plan: Quarry Q133 +500</i> , dated January 11, 2012;	In compliance	
g	<i>Baffinland Iron Mines Corporation Mary River Project Quarry Operations and Management Plan: Quarry Q77 +200</i> , dated February 2012; and	In compliance	
h	<i>Phase 1 Waste Rock Management Plan</i> (BAF-PH1-830-P16-0029, Rev 0), April 30, 2014.	In compliance	
6	The Licensee shall submit to the Board for review, an addendum to the Plan referred to in Part D, Item 6a-5a for any quarry site selected for future development that the plan does not adequately address. If the content of the existing quarry plan referred to under Part D, Item 6a, 5a does not adequately address the proposed activities for the management requirements of the selected Quarry site, the Licensee shall submit to the Board for approval, a site-specific Quarry management plan.	In compliance	
7	The Licensee shall inspect daily, the areas of the Mary River Project site affected activities during the Construction, Operations and other phase of the project, including the Early Revenue Phase, for signs of erosion.	In compliance	
8	The Licensee shall implement preventive and mitigation measures to prevent any Wastes associated with the undertaking from entering any Water bodies.	In compliance	
9	The Licensee shall locate equipment storage areas on gravel, sand or other durable land, at a distance of at least thirty-one (31) metres above the ordinary High Water Mark of any Water body in order to minimize impacts on surface drainage and Water quality.	In compliance	
10	The Licensee shall minimize disturbance to terrain, permafrost and drainage during movement of contractors' equipment and personnel around the site, including the railway corridor, during all phases of the Project.	In compliance	
11	The Licensee shall not store material on the surface of frozen streams or lakes except what is required for immediate use.	In compliance	
12	The Licensee shall use fill material for construction from approved sources that have been demonstrated by appropriate geochemical analyses to not possess Acid-Generating and Metal Leaching properties.	Not compliant	In compliance
13	The Licensee shall maintain a minimum thirty-one (31) metre undisturbed buffer zone between the periphery of Quarry sites and the ordinary High Water Mark of any Water body unless otherwise approved by the Board in writing. The Licensee shall not excavate and/or remove material from any Quarry beyond a depth of one (1) meter above the ordinary High Water Mark or above the groundwater table, to prevent the potential contamination of groundwater unless otherwise approved by the Board in writing. The Licensee shall construct and operate the Mine Site and associated infrastructure and facilities in accordance with all applicable legislation and industry standards.	In compliance	
14	All surface runoff from Quarry activities associated with the Project, where flow may directly or indirectly enter a Water body, shall be sampled Weekly and not exceed the Effluent quality limits under Part D, Item 15.	In compliance	
15	All surface runoff during all phases of the Project, where flow may directly or indirectly enter a Water body, shall be sampled Weekly and not exceed the following Effluent quality limits:	In compliance	
16	The Licensee shall supervise and field check through an appropriately qualified Engineer, all construction of Engineered Structures in such a manner that the Project specification can be enforced, and where required, the quality control measures followed.	In compliance	
17	The Licensee shall submit a Construction Summary Report to the Board, within ninety (90) days following the completion of any structure designed to contain, withhold, divert or retain Waters or Wastes, as authorized by the Board. The construction summary report shall be prepared by an Engineer(s) in accordance with Schedule D, Item 1.	In compliance	
18	The Licensee shall conduct inspections of earthworks and geological and hydrological regimes of the Project Biannually during the summer or as otherwise approved by the Board in writing. The inspection shall be conducted by a Geotechnical Engineer and the inspection report shall be submitted to the Board within sixty (60) days of the inspection, including a cover letter from the Licensee outlining an implementation plan to respond to the Engineer's recommendations.	In compliance	

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19	The Licensee shall prevent any chemicals, fuel or Wastes associated with the undertaking from entering any Water body.	Not compliant	In compliance
20	The Licensee shall not erect camps or store material on the surface of frozen streams or lakes including the immediate banks except what is for immediate use. Camps shall be located such that impact on surface drainage is minimized.	Not compliant	In compliance
21	The Licensee shall undertake necessary corrective measures to mitigate impact on surface drainage resulting from the Licensee's activities.	In compliance	
22	For the purposes of culvert and bridge installations, the Licensee shall not encroach on the natural channel width by the placement of abutments, footings or armoring below the ordinary High Water Mark.	In compliance	
23	The Licensee shall construct and operate all infrastructure and Facilities authorized by the Board that are designed to contain, withhold, divert or retain Water and/or Waste, in accordance with all applicable legislation and industry standards.	Not compliant	In compliance
24	The Licensee shall construct and operate the Bulk Fuel Storage Facilities in accordance with all applicable legislation and industry standards, including:	Not compliant	In compliance
a	CCME <i>Environmental Code of Practice for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products</i> (2003); and		
b	National Fire Code of Canada (2010).		
25	The Licensee shall prevent the deposition of debris or sediment from entering into or onto any Water body, with respect to the construction of access roads, site laydown pads and areas or other earthworks. These materials shall be disposed of at a distance of at least thirty-one (31) metres from the ordinary High Water Mark in such a manner that they do not enter the Water.	In compliance	
Part E: Conditions Applying to Water Use and Management			
1	The Board has approved the Plan entitled Fresh Water Supply, Sewage and Wastewater Management Plan (BAF-PH1-830-P16-0010, Rev 3), March 19, 2015, submitted as additional information with the 2014 Annual Report.	In compliance	
2	The Board has approved the Plan entitled Surface Water and Aquatic Ecosystems Management Plan (BAF-PH1-830-P16-0026, Rev 3), submitted as additional information with the 2014 Annual Report.	In compliance	
3	The Licensee shall obtain all fresh Water for domestic camp use and industrial purposes, during the Construction Phase of the Project, in amounts and from the sources described in Table 2, or from sources otherwise approved by the Board in writing. In addition to the source-specific limits prescribed in Table 2, the Licensee is authorized to use up to one thousand eight hundred and eighty-eight (1,888) cubic metres of Water per day, to a maximum of six hundred and eighty-nine thousand (689,000) cubic metres of Water annually, during the Construction Phase of the Project.	In compliance	
4	Licensee shall provide notice to the Board, as required under Part B, Item 10, in advance of using fresh Water for domestic camp use and industrial purposes during the Operations Phase of the Project in amounts and from the sources described in Table 3, or from sources otherwise approved by the Board in writing. In addition to the source-specific limits prescribed in the Table 3, the Licensee is authorized to withdraw up to nine hundred and sixty-seven (967) cubic metres of water per day, to a maximum of three hundred and fifty-three thousand (353,000) cubic metres of Water annually, during the Operations Phase of the Project.	In compliance	
5	The Licensee may recycle water and use reclaimed water from the various Treatment Facilities, surface water management ponds and embankment dams and approved discharge locations under the licence if such waters meet appropriate discharge criteria for those facilities.	In compliance	
6	The Licensee shall equip all Water intake hoses with screens of an appropriate mesh size, consistent with the requirements of Fisheries and Ocean (DFO) Canada's <i>Freshwater Intake End-of-Pipe Fish Screen Guidelines</i> (1995), to prevent the entrainment of fish and control withdraw of Water at rates such that fish do not become impinged on the screen.	In compliance	
7	The Licensee shall document separately the use of Waters on, in or flowing through Inuit owned lands and Crown Lands as required under Part I, Item 7 in the Licence.	In compliance	
8	Streams or Water Bodies cannot be used as a Water source unless authorized and approved by the Board in writing.	In compliance	
9	The Licensee shall notify the Inspector and the Board at least ten (10) days in advance of using Water from any sources not identified in the Application or requiring approval as per Part E, Item 8.	In compliance	
10	The Licensee shall update or revise annually following the commencement of the Operations Phase and/or the Early Revenue Phase, the Project Block-flow Diagram Water Supply Balance information for the various Project sites provided with the Application, and submit the revisions, for review by the Board, with the Annual Report under Part B, Item 4.	In compliance	
11	The Licensee shall carry out weekly inspections of all structures designed to contain, withhold, divert or retain Waters or Wastes during periods of flow and maintain records of the inspections and findings, for review upon the request by the Board or an Inspector.	In compliance	

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12	The Licensee shall not remove any material from below the ordinary High Water Mark of any water body unless authorized.	In compliance	
13	The Licensee shall not cause erosion to the banks of any body of Water and shall provide necessary controls to prevent such erosion.	In compliance	
14	The Licensee shall, where the use of Water of a sufficient volume would likely result in the drawdown of the source Water body involved or dewatering of the specific Water body is anticipated, submit the following for the approval of the Board in writing:	In compliance	
a	the volume of Water required;	In compliance	
b	a hydrological overview of the Water body;	In compliance	
c	details of impact; and	In compliance	
d	Proposed mitigation measures.	In compliance	
15	The Licensee shall, for winter-lake and stream crossings, including ice bridges, construct entirely of water, ice or snow and minimize disturbance by locating ice bridges in an area that requires the minimum approach grading and the shortest crossing route. Stream crossings shall be removed or the ice notched prior to spring break-up.	In compliance	
16	The Licensee shall not utilize any equipment or vehicles in the course of this undertaking unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging. Overland travel of equipment or vehicles shall cease if rutting occurs.	In compliance	
17	The Licensee shall designate an area for the deposition of excavated and stockpiled materials that is at least thirty-one (31) metres above the ordinary High Water Mark of any water body.	In compliance	
18	The Licensee shall not cut any stream bank or remove any material from below the ordinary High Water Mark of any Water body.	In compliance	
19	The Licensee shall undertake appropriate corrective measures to mitigate impacts on surface drainage resulting from the Licensee's operations.	Not compliant	Partially compliant
20	The Licensee shall limit any in-stream activity, as much as possible, to low Water periods. In-stream activity is prohibited during fish migration.	In compliance	
21	The Licensee shall locate stream crossings to minimize approach grades. Approaches shall be stabilized during construction and upon completion of Project activities, to control runoff, erosion and subsequent siltation to any Water body.	In compliance	
22	The Licensee shall not permit machinery to travel up the stream bed and fording of any Water body is to be kept to a minimum and limited to one area. Equipment used should be well cleaned and free of oil and grease and maintained free of fluid leaks.	In compliance	
23	The Licensee shall provide to the Board for review, for-construction design drawings for stream culverts, bridges and any other structures, which may impact the quantity, quality and flow of water, at least thirty (30) days prior to construction.	In compliance	
24	The Licensee shall submit to the Board for review, at least thirty (30) days prior to implementation, copies of separate Blasting Management Plans developed for the mining operation, tunnelling of the railway and blasting near water bodies as committed to during the Public Hearing.	In compliance	
25	The Licensee is authorized to withdraw up to 1,500 m3 / day to a maximum of 547,500 m3 annually of Water specifically for use in dust suppression or control along the Tote Road during the Early Revenue Phase (ERP) of the Project. Water for dust suppression or control shall be obtained from the sources in accordance with thresholds established in Table 2-3.	In compliance	
26	The Licensee shall obtain authorization from the Board in writing prior to using Water authorized under Part E, Item 25, for purposes other than that authorized in Part E, Item 25.	In compliance	
Part F: Conditions Applying to Waste Disposal and Management			
1	The Board has approved, the Plan entitled Waste Management Plan (BAF-PH1-830-P16-0028, Rev 3), March 20, 2015, submitted as additional information with the 2014 Annual Report.	In compliance	
2	The Board has approved the Plans entitled Phase 1 Waste Rock Management Plan (BAFPH1-830-P16-0029, Rev 0), April 30, 2014, and Life-of Mine Waste Rock Management Plan (BAF-PH1-830-P16-0031, Rev 0), April 30, 2014, submitted as additional information with the 2014 Annual report.	In compliance	
3	Future updates to the Plans referenced in Part F, Item 2 should include or address changes pertaining to the following:	In compliance	
a	Updates to the on-going Waste Rock Characterization Program (including the further refinement of acid rock drainage and metal leaching aspects of the foot wall and hanging wall;	In compliance	
b	Any additional details on the segregation of potentially acid generating waste rock;	In compliance	
c	Update to the geochemical modeling;	In compliance	
d	Update on pit water quality predictions;	In compliance	
e	Results of ongoing humidity cell kinetic test-work;	In compliance	
f	The incorporation of on-site test pile program results with respect to ARD/ML and impacts to modeling results; and	In compliance	
g	Waste Rock Storage Facilities with consideration for climate change.	In compliance	
4	The Board has approved the Plan entitled Hazardous Materials and Hazardous Waste Management Plan (BAF-PH1-830-P16-0011, Rev 3), March 20, 2015, submitted as additional information with the 2014 Annual Report.	Not compliant	In compliance

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5	The Licensee shall locate areas designated for Waste disposal at a minimum distance of thirty-one (31) metres from the ordinary High Water Mark of any Water body such that the quality, quantity or flow of Water is not impaired, unless otherwise approved by the Board in writing.	In compliance	
6	The Licensee is authorized to dispose of all acceptable food waste, paper waste and untreated wood products in an Incinerator System;	In compliance	
7	The Licensee shall test the bottom ash generated by all Incinerator Systems, by using the acceptable test procedures for analyzing residuals, prior to being disposed of at any Landfill Facility. If the composition of the ash makes it unsuitable for disposal at the Landfill facilities, the Licensee shall direct the Waste to an appropriate facility for disposal. The records of analytical results and volumes of ash shall be maintained and provided to an Inspector or the Board upon request.	In compliance	
8	The Licensee shall not open burn plastics, wood treated with preservatives, electric wire, Styrofoam, asbestos or painted wood, to prevent the deposition of waste materials of incomplete combustion and/or leachate from contaminated ash residual, from impacting any surrounding Waters, unless otherwise approved by the Board in writing.	In compliance	
9	The Licensee shall treat oily water and wastewater generated by the Project at the Oily Water/Wastewater Treatment Facilities authorized under the scope of the Licence.	In compliance	
10	The Licensee shall submit to the Board and the Inspector, thirty (30) days prior to the removal and transfer of Waste, a declaration of authorization from any Hamlet community receiving Waste from the Project, which clearly states that authorization has been granted for the deposit of Waste by the Licensee at the Hamlet's appropriately licensed facilities.	In compliance	
11	The Licensee shall provide at least ten (10) days' notice to the Inspector prior to planned Discharges from any Waste Management Facility, Oily Water/Wastewater Treatment Facilities, Sewage Treatment Facilities, and any other relevant facilities associated with the Project. The notice shall include the estimated volume proposed for Discharge and the location and description of the receiving environment.	In compliance	
12	The Licensee shall, unless otherwise approved by the Board in writing, discharge Effluent at a distance of least thirty-one (31) metres above the Ordinary High Water Mark of any Water body, where direct flow into the Water body is not possible, such that surface erosion is minimized and no additional impacts are created.	In compliance	
13	The Licensee shall remove any Waste generated from temporary and permanent shelters along the Tote Road and along the railway corridor for treatment at appropriately licenced Waste Management Facilities.	In compliance	
14	The Licensee shall direct all Sewage generated from the relevant Project sites to the Sewage Treatment Facilities or as otherwise approved by the Board in writing.	In compliance	
15	The Licensee shall treat all Sewage waste generated at the Ravn River and Mid-Rail camps and Sewage generated at the Cockburn North and Cockburn South camps at either the Mine Site Sewage Treatment Facility or the Steensby Port Sewage Treatment Facility, unless otherwise approved by the Board in writing.	In compliance	
16	The Licensee shall provide to the Board for review, at least sixty (60) days prior to installation, detailed specifications and operational requirements for the Sewage storage tanks proposed for the Railway camps.	In compliance	
17	All discharge from the Sewage Treatment Facilities including the Polishing Waste Stabilization Ponds directly into fresh Water bodies at Monitoring Stations MP-01, MP-01a, MP-MRY-04, MP-MRY-04a, MS-01, MS-01a, MS-MRY-04, MS-MRY-04a, and/or from monitoring stations as otherwise approved by the Board in writing, must not exceed the following Effluent quality limits:	Not compliant	In compliance
18	All discharge from the Sewage Treatment Facilities including the Polishing Waste Stabilization Ponds at Monitoring Stations SP-01, SP-01a, and/or from monitoring stations as otherwise approved by the Board in writing, directly into the ocean or to ditches flowing into the ocean shall not exceed the following Effluent quality limits:	Not compliant	In compliance
19	Sludge generated from the Sewage Treatment Facilities or any other facilities shall be confirmed to be non-hazardous and the results provided to the Board for review prior to disposal at any Landfill Facility or as otherwise approved by the Board in writing.	In compliance	
20	All discharge from the Oily Water/Wastewater Treatment Facilities at Monitoring Stations MP-02, MS-02, SP-02, and/or from monitoring stations as otherwise approved by the Board in writing, must not exceed the following Effluent quality limits:	In compliance	
21	All discharge from the Landfill Facilities at Monitoring Stations MS-MRY-13a, MS-MRY-13b and SP-08, and/or from monitoring stations as otherwise approved by the Board in writing must not exceed the following Effluent quality limits:	In compliance	
22	All discharge from the Bulk Fuel Storage Facilities at Monitoring Stations MP-03, MPMRY-7, MS-03, MS-04, MS-MRY-6, SP-04 and SP-05 and/or from monitoring stations as otherwise approved by the Board in writing, must not exceed the following Effluent quality limits:	Not compliant	In compliance
23	All discharge from the Landfarm Facilities at Monitoring Stations MP-04, MS-05 and SP-06, and/or from monitoring stations as otherwise approved by the Board in writing, must not exceed the following Effluent quality limits:	In compliance	

TABLE 14.1

**BAFFINLAND IRON MINES CORPORATION
MARY RIVER PROJECT - PHASE 2 PROPOSAL**

**APPLICATION TO AMEND TYPE A WATER LICENCE 2AM-MRY1325
COMPLIANCE ASSESSMENT**

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Clause	Condition Details	Compliance Assessment July 3, 2018 ¹	Compliance Status Sept 17, 2018 ²
24	All Discharge from the Bulk Sample Open Pit, Bulk Sample Weathered Ore Stockpile, Bulk Sample Processing Stockpile Area and Bulk Sample Stockpile Area Seepage and runoff from the at Milne Inlet at Monitoring Stations MS-MRY-09, MS-MRY-10, MS-MRY-11, MP-MRY-12 and/or monitoring stations as otherwise approved by the Board shall not exceed the following Effluent quality limits:	In compliance	
25	All discharge from the Ponds associated with the Run of Mine Ore Stockpile, Ore Stockpile, West and East Sediment Ponds at Monitoring stations MS-06+, MS-07, MS-08, MS-09 and SP-07 and/or from monitoring stations as otherwise approved by the Board in writing shall not exceed the Effluent quality limits of Part F, Item 25 24.	Not compliant	In compliance
26	All Contact Water and surface runoff from the site Drainage and Surface Water Management Systems where flow may directly or indirectly enter a Water body, shall be sampled Weekly during the Operations Phase and/or Early Revenue Phase of the Project and must not exceed the following Effluent quality limits:	In compliance	
27	The Licensee shall incorporate best management practices including ditches, diversions, sumps and berms where necessary to minimize or prevent surface runoff from entering nearby Water bodies from Quarry and borrow pit sites.	In compliance	
28	The Licensee shall remove from the project site, all Hazardous Wastes generated through the course of the Construction, Operations, and Early Revenue Phases, for disposal at an approved Waste Disposal Facility.	In compliance	
29	The Licensee shall maintain records of all Waste backhauled from the Mary River Project and confirmation of proper disposal through the use of Waste manifest tracking systems and registration with the Government of Nunavut – Department of Environment. These records shall be made available upon request, to an Inspector or the Board.	In compliance	
Part G: Conditions Applying to Modifications			
1	The Licensee may, without written consent from the Board, carry out Modifications provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:	In compliance	
a	The Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;	In compliance	
b	Such Modifications do not place the Licensee in contravention of the Licence or the Act;	In compliance	
c	Such Modifications are consistent with the NIRB Project Certificate;	In compliance	
d	The Board has not, within sixty (60) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than sixty (60) days; and	In compliance	
e	The Board has not rejected the proposed Modifications.	In compliance	
2	Modifications for which any of the conditions referred to in Part G, Item 1 have not been met can be carried out only with written approval from the Board.	In compliance	
3	Applications for modifications shall contain:	In compliance	
a	A description of the facilities and/or works to be constructed;	In compliance	
b	The proposed location of the structure(s);	In compliance	
c	Identification of any potential impacts to the receiving environment;	In compliance	
d	A description of any monitoring required, including sampling locations, parameters measured and frequencies of sampling;	In compliance	
e	Schedule for construction;	In compliance	
f	Drawings of engineered structures stamped by a Professional Engineer; and	In compliance	
g	Proposed sediment and erosion control measures.	In compliance	
4	The Licensee shall provide as-built plans and drawings of the Modifications referred to in this Licence within ninety (90) days of completion of the Modification. These plans and drawings shall be stamped by an Engineer.	In compliance	
Part H: Conditions Applying to Emergency Response and Contingency Planning			
1	The Board has approved the Plans entitled <i>Spill Contingency Plan</i> (BAF-PH1-840-P16-0036, Rev 1), March 16, 2015, and <i>Emergency Response Plan</i> (BAF-PH1-840-P16-0002, Rev 0), March 3, 2015, submitted as additional information with the 2014 Annual Report.	In compliance	
2	The Licensee shall prevent any chemicals, petroleum products or wastes associated with the project from entering water. All sumps and fuel caches shall be located at a distance of at least thirty-one (31) metres from the ordinary High Water Mark of any adjacent water body and inspected on a regular basis.	In compliance	
3	The Licensee shall provide secondary containment for fuel and chemical storage as required by applicable standards and acceptable industry practice.	Not compliant	In compliance
4	The Licensee shall perform weekly inspections of fuel containment facilities for leaks and settlement and shall keep a written log of inspections to be made available to an Inspector upon request.	In compliance	
5	The Licensee shall maintain and service any equipment in designated areas and shall implement special procedures (such as the use of drip pans) to manage Waste and contain potential spills.	In compliance	
6	If the Licensee provides notification under Part J, Item 13, the Licensee shall submit to the Board, an Addendum to the Emergency Response Plan and the Spill Contingency Plan, detailing the changes in operations, personnel, responsibilities, availability of equipment and access to the site for assistance.	In compliance	

TABLE 14.1

BAFFINLAND IRON MINES CORPORATION
MARY RIVER PROJECT - PHASE 2 PROPOSAL

APPLICATION TO AMEND TYPE A WATER LICENCE 2AM-MRY1325
COMPLIANCE ASSESSMENT

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Clause	Condition Details	Compliance Assessment July 3, 2018 ¹	Compliance Status Sept 17, 2018 ²
7	The Licensee shall keep a copy of the Emergency Response Plan and the Spill Contingency Plan at each site of operations.	In compliance	
8	The Licensee shall conduct emergency maintenance and servicing on equipment, in designated areas, and shall implement measures to collect motor fluids and other Waste and prevent and contain spills.	In compliance	
9	If during the period of this Licence, an unauthorized Discharge of Waste and/or Effluent occurs, or if such a Discharge is foreseeable, the Licensee shall:	In compliance	
a	Employ as required, the Emergency Response Plan and the Spill Contingency Plan;	In compliance	
b	Report the incident immediately via the 24-Hour Spill Reporting Line (867) 920-8130 and to the Inspector at (867) 975-4295; and	In compliance	
c	For each spill occurrence, submit a detailed report to the Inspector, no later than thirty (30) days after initially reporting the event, which includes the amount and type of spilled product, the GPS location of the spill, and the measures taken to contain, clean up and restore the spill site.	In compliance	
10	The Licensee shall, in addition to Part H, Item 9, regardless of the quantity of release of a harmful substance, report to the NWT/NU Spill Line if the release is near or into a Water body.	In compliance	
11	The Licensee shall implement measures to prevent or minimize any chemicals, petroleum products or wastes associated with the project from entering Water. All sumps and fuel caches shall be located at a distance of at least thirty-one (31) meters from the ordinary High Water Mark of any adjacent Water body and inspected on a regular basis.	In compliance	
Part I: Conditions Applying to General and Aquatic Effects Monitoring			
1	The Board has approved with the issuance of the licence, for the Construction Phase of the Project, the plan entitled <i>Aquatic Effects Monitoring Program (AEMP) Framework</i> , dated February 2013, applicable during the Construction Phase of the Project.	In compliance	
2	The Licensee shall submit to the Board, for approval in writing, at least sixty (60) days following approval of this Amendment, a revised version of the Plan entitled <i>Aquatic Effects Management Plan</i> (BAF-PH1-830-P16-0039, Rev 0), June 27, 2014, that addresses the relevant comments received from intervening parties during the review period for the Plan. The Plan under this condition, once approved, will supersede the Plan referenced in Part I, Item 1.	In compliance	
3	The Board has approved, with the issuance of the licence, the Plan entitled Environmental Protection Plan Appendix BAF-PH1-830-P16-0008, Rev 0), July 15, 2014, submitted as additional information with the 2014 Annual Report.	In compliance	
4	The Board has approved with the issuance of the licence, the Plan entitled Baffinland Iron Mines Corporation Mary River Project Attachment: 5 Environmental Monitoring Plan Appendix 10D-12, dated January 2012. The Plan referred to in Part I, Item 2 will supersede the Plan under this condition, once approved.	In compliance	
5	The Licensee shall undertake the Monitoring Program as stipulated in Schedule I.	In compliance	
6	The Licensee shall confirm the locations and GPS coordinates for all Monitoring stations referred to in Schedule I, and any additional monitoring stations that may be required, with an Inspector.	In compliance	
7	The Licensee shall provide the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where sources of Water are utilized for all purposes. The Licensee shall report these coordinates to the Inspector prior to the use of Water.	In compliance	
8	The Licensee shall determine the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations of temporary and permanent storage and/or deposit of Wastes associated with the Mary River Project. The Licensee shall report these coordinates to the Inspector prior to depositing Waste.	In compliance	
9	The Licensee shall install and maintain flow meters or other such devices, or implement suitable methods required for the measuring of Water and Waste volumes, to be operated and maintained to the satisfaction of an Inspector.	In compliance	
10	The Licensee shall install and maintain signs that identify the Monitoring Stations, posted in English, Inuktitut, and French.	In compliance	
11	The Licensee shall measure and record the following in cubic metres or as otherwise stated:	In compliance	
a	The volume of fresh Water obtained from all Water sources associated with the Project. Water quantities from sources in, on or flowing through Crown Lands and those through Inuit-owned lands are to be provided separately;	In compliance	
b	The volume, source, and end use of reclaim or recycled water used for any purposes under this licence;	In compliance	
c	The volume of Sewage sludge removed from the Sewage Treatment Facilities;	In compliance	
d	Tonnes of mineralized and un-mineralized waste rock stored at the end of the calendar year being reported; and	In compliance	
e	Tonnes of ore stored at the Project sites at the end of the calendar year and the tonnes of ore shipped annually in relationship to the Project.	In compliance	

TABLE 14.1

BAFFINLAND IRON MINES CORPORATION
MARY RIVER PROJECT - PHASE 2 PROPOSAL

APPLICATION TO AMEND TYPE A WATER LICENCE 2AM-MRY1325
COMPLIANCE ASSESSMENT

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Clause	Condition Details	Compliance Assessment July 3, 2018 ¹	Compliance Status Sept 17, 2018 ²
12	The Licensee shall undertake a geotechnical inspection of all engineered facilities designed to contain Water or Waste, to be carried out bi-annually by a Geotechnical Engineer, between the months of July and September. The inspection shall be conducted in accordance with the Canadian Dam Safety Guidelines, where applicable and including the following:	In compliance	
a	Pit walls	In compliance	
b	Quarries	In compliance	
c	Landfills	In compliance	
d	Landfills	In compliance	
e	Bulk Fuel Storage Facilities	In compliance	
f	Sediment Ponds	In compliance	
g	Collection ponds	In compliance	
h	Polishing Waste Stabilization Ponds	In compliance	
13	The Licensee shall submit to the Board, within sixty (60) days of completion of the geotechnical inspection referred to in Part I, Item 12, a Geotechnical Engineer's Report that shall include a cover letter from the Licensee outlining an implementation plan to address the recommendations of the Geotechnical Engineer.	In compliance	
14	The Licensee shall monitor and report to an Inspector, Seepage from all facilities designed to contain, withhold, divert or retain Water or Wastes and submit the results and an interpretation of the Seepage monitoring carried out, in the Annual Report required under Part B, Item 4.	In compliance	
15	The Licensee shall obtain a digital photographic record of all the watercourse crossings before, during, and after the completion of construction as required under Schedule D, Item 1.	In compliance	
16	The Licensee shall submit to an Analyst for approval, within six (6) months of the Licence issuance, an updated Quality Assurance / Quality Control Plan that includes sampling and analysis requirements and addresses additional monitoring required under the ERP and/or changes to the Project. This Plan shall be developed in accordance with the 1996 <i>Quality Assurance (QA) and Quality Control (QC) Guidelines for Use by Class "A" Licensees in Meeting SNP Requirements and for Submission of a QA / QC Plan</i> (INAC).	In compliance	
17	If the Analyst does not approve the Plan referred to in Part I, Item 16, the Licensee shall revise the Plan and resubmit to the Analyst for approval.	In compliance	
18	The Licensee shall annually review the approved Quality Assurance/Quality Control plan and modify it as necessary. Proposed modifications shall be submitted to an Analyst for approval.	In compliance	
19	All sampling, sample preservation and analyses shall be conducted in accordance with methods prescribed in the most current edition of <i>Standard Methods for the Examination of Water and Wastewater</i> , or by other such methods approved by an Analyst.	In compliance	
20	All compliance analyses shall be performed in a Canadian Association for Environmental Analytical Laboratories (CAEAL) accredited laboratory according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing.	In compliance	
21	The Licensee shall submit to the Board, within thirty (30) days following the month being reported, a Monthly Monitoring Report. The Report shall include:	In compliance	
a	All data and information required by this Part and generated by the Monitoring Program in the tables of Schedule I;	In compliance	
b	An assessment of data to identify areas of non-compliance with regulated discharge parameters referred to in Part F;	In compliance	
22	The Licensee shall, with the assistance of an Inspector, establish additional Monitoring Stations, as may be required to effectively and adequately monitor surface runoff from the Mary River Project site(s) or discharge from Site Drainage and Surface Water Management System water associated with the Mary River Project. Within thirty (30) days of establishment of additional Monitoring Stations, the Licensee shall inform the Board and the Inspector.	In compliance	
23	The Licensee shall monitor runoff and/or discharge from borrow pits and rock Quarry sites, on a monthly basis, for the following parameters:	In compliance	
a	Total Suspended Solid (TSS)	Not compliant	In compliance
b	Oil and Grease	In compliance	
c	Ammonia (total NH3-N)	In compliance	
d	Nitrate (total NO3-N)	In compliance	
e	pH	In compliance	
f	Conductivity; and	In compliance	
g	Demonstrate to be non-acutely toxic.	In compliance	
24	The Licensee shall, in addition to Part I, Item 23, during periods of flow and following a major precipitation event, conduct opportunistic monitoring on a monthly basis on any observed flows related to Effluent quality limits under Part D, Item 15 and the monitoring requirements as established under Part I, Item 23, for any flows originating from borrow pits or rock quarries.	In compliance	

TABLE 14.1

**BAFFINLAND IRON MINES CORPORATION
MARY RIVER PROJECT - PHASE 2 PROPOSAL**

**APPLICATION TO AMEND TYPE A WATER LICENCE 2AM-MRY1325
COMPLIANCE ASSESSMENT**

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Clause	Condition Details	Compliance Assessment July 3, 2018 ¹	Compliance Status Sept 17, 2018 ²
25	The Licensee shall monitor surface runoff and/or discharge of the monitoring stations downstream of construction areas at Milne Port Site and the Mary River Mine Site as indicated in Tables 13 and 14 of Schedule I, to comply with Effluent quality limits under Part D, Item 15.	In compliance	
26	An Inspector may impose additional monitoring requirements.	In compliance	
27	The Licensee shall include in the Annual Report, required under Part B, Item 4, all monitoring results and information required by this Part.	In compliance	
28	The NWB can modify the Monitoring Program as set out in Schedule I without a public Hearing. Requests for changes to the Monitoring Program should be forwarded to the NWB in writing, and should include the justification for the change.	In compliance	
Part J: Conditions Applying to Abandonment, Reclamation and Closure			
1	The Board has approved, with the issuance of the Licence, the Plan entitled Baffinland Iron Mines Corporation Mary River Project Preliminary Mine Closure and Reclamation Plan Appendix 10G dated February 2012 as part of the Application.	In compliance	
2	The Licensee shall to submit to the Board for Approval in writing, within sixty (60) days following approval of this Amendment, a revised version of the Plan entitled Interim Closure and Reclamation Plan (BAF-PH1-830-P16-0012, Rev 3), March 19, 2015, that addresses the relevant comments and recommendations provided by intervening parties during the review period. The Plan under this section will supersede the Plan referred to in Part J, Item 1 once approved and must address all mine related components including the following:	In compliance	
a	Detailed description, including maps and other visual representations, of the preconstruction conditions for each site, accompanied by a detailed description of the proposed final landscape, with emphasis on the reclamation of surface drainage over the restored area;	In compliance	
b	A description of how progressive reclamation will be employed and monitored throughout the life of the mine, plus reclamation scheduling and coordination of activities with the overall sequence of the project; details of reclamation scheduling and procedures for coordinating reclamation activities within the overall mining sequence and materials balance;	In compliance	
c	Implications of any updated water balance and water quality model prediction results and any adaptive management measures that may be required;	In compliance	
d	An evaluation of closure and reclamation measures for each mine component, including the goals, objectives, closure criteria and the rationale for selection of the preferred measures;	In compliance	
e	A comprehensive assessment of materials suitability, including geochemical and physical characterization and a schedule of availability for reclamation needs. Particular attention shall be given to cover materials, including maps showing sources and stockpile locations of all reclamation construction materials;	In compliance	
f	An assessment and description of any required post-closure treatment for pit water that is not acceptable for discharge, taking into consideration further studies completed and updated modeling information;	In compliance	
g	Contingency measures for all reclamation components including action thresholds that are linked to the monitoring programs;	In compliance	
h	Monitoring programs to assess reclamation performance and environmental conditions including monitoring locations for surface water and Ground Water, parameters;	In compliance	
i	Monitoring schedules and overall timeframes;	In compliance	
j	QA/QC procedures for managing the demolition landfill and other waste disposal areas;	In compliance	
k	A list of non-salvageable materials and disposal locations;	In compliance	
l	Rock storage facility closure design plans and sections including the types of material placed and volumes;	In compliance	
m	Protocol for the disposal of any contaminated soil;	In compliance	
n	An assessment of the long-term physical stability of all remaining project components;	In compliance	
o	A revised closure and reclamation cost estimate; and	In compliance	
p	A detailed implementation schedule for completion of reclamation work	In compliance	
3	The Licensee shall, on an annual basis, provide an annual work plan and updated estimate of anticipated mine closure and reclamation costs for the upcoming year, shall in accordance with the requirements of Schedule J.	In compliance	
4	The Licensee shall submit to the Board, for approval in writing, at least twelve (12) months prior to the expected end of the mining life of the Project, a Final Closure and Reclamation Plan. The plan shall incorporate revisions, which reflect the pending closed status of the mine, and include:	N/A	
a	Soil Quality Remediation Objectives along with CCME Guidelines and the Government of Nunavut Environmental Guideline for Site Remediation;	N/A	
b	Environmental Site Assessment plans in accordance Canadian Standards Association (CSA) criteria; and	N/A	
c	An evaluation of the Human Health and Ecological Risk Assessment required for the associated closure options.	N/A	

TABLE 14.1

**BAFFINLAND IRON MINES CORPORATION
MARY RIVER PROJECT - PHASE 2 PROPOSAL**

**APPLICATION TO AMEND TYPE A WATER LICENCE 2AM-MRY1325
COMPLIANCE ASSESSMENT**

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Clause	Condition Details	Compliance Assessment July 3, 2018 ¹	Compliance Status Sept 17, 2018 ²
5	The Licensee shall remediate hydrocarbon contaminated soils associated with the Project's bladder tank farms and treat to meet the appropriate remedial objectives consistent with the use of the remediated soil as well as the requirements of the Government of Nunavut Guidelines, or as otherwise approved by the Board in writing.	N/A	
6	The Licensee shall provide to the Board, for approval in writing, at least sixty (60) days prior to commencing reclamation activities at any bulk (fuel bladder) storage facility impacted by hydrocarbon contamination, a remediation action plan that meets at minimum, the objectives as outlined in the Government of Nunavut's Environmental Guideline for Site Remediation, 2010. The use of reclaimed soils for the purpose of back fill or general site grading may be carried out only upon consultation and approval by the Government of Nunavut, Department of Environment and an Inspector.	N/A	
7	The Licensee shall backfill and restore, to the satisfaction of an Inspector, all sumps to the pre-existing natural contours of the land.	N/A	
8	The Licensee shall, unless otherwise identified within the approved Plan under Part J, Item 1, and/or Part J, Item 2 remove all Culverts and open the natural drainage channel. In carrying out this activity, measures shall be implemented to minimize erosion and sedimentation.	N/A	
9	The Licensee shall contour and stabilize all disturbed areas to a pre-disturbed state upon completion of work.	N/A	
10	In order to promote growth of vegetation and the needed microclimate for seed deposition, all disturbed surfaces shall be prepared by ripping, grading, or scarifying the surface to conform to the natural topography.	N/A	
11	The Licensee shall implement progressive reclamation including re-vegetation as soon as practically possible and shall update all Plans to reflect such measures.	N/A	
12	Areas that have been contaminated by hydrocarbons from normal fuel transfer procedures shall be reclaimed to meet objectives as outlined in the Government of Nunavut's Environmental Guideline for Site Remediation (2010). The use of reclaimed soils for the purpose of back fill or general site grading may be carried out only upon consultation and approval by the Government of Nunavut, Department of Environment and an Inspector.	N/A	
13	The Licensee shall notify the Board in writing, at least sixty (60) days prior to entering into a Care and Maintenance Phase.	N/A	
14	Within thirty (30) days of the Licensee providing the Board with notification of the Licensee's intention to enter into Care and Maintenance, the Licensee shall provide the Board with a Care and Maintenance Plan that details the Licensee's plans for maintaining compliance with the Terms and Conditions of the Licence.	N/A	
15	The Licensee shall remove from the site, all infrastructure and site materials, including but not limited to, all fuel caches, drums, barrels, buildings and contents, docks, water pumps and lines, material and equipment prior to the expiry of this Licence.	N/A	
16	The Licensee shall notify the Board in writing, at least sixty (60) days prior to any intent to achieve Recognized Closed Mine status.	N/A	

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NOTES:

1. BASED ON AN INTERNAL COMPLIANCE ASSESSMENT FROM SITE AND USING THE 2017 QIA/NWB ANNUAL REPORT FOR OPERATIONS AND A MAY 2018 INAC INSPECTION REPORT.

2. BASED ON THE STATUS OF ACTIONS TAKEN TO ADDRESS NON-COMPLIANCE, AS OF SEPTEMBER 17, 2018. SEE TABLE 14.2 FOR FURTHER DETAILS.

4	26SEP18	ISSUED WITH REPORT NB102-181/45-2	AMH	RAC
REV	DATE	DESCRIPTION	PREP'D	RW'D

TABLE 14.2

**BAFFINLAND IRON MINES CORPORATION
MARY RIVER PROJECT - PHASE 2 PROPOSAL**

**APPLICATION TO AMEND TYPE A WATER LICENCE 2AM-MRY1325
STATUS OF RESOLUTION OF NON-COMPLIANCE ITEMS**

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Clause	Condition Details	Description of Non-compliance	Status of Resolution (Sept 17, 2018)
Part B: General Conditions			
11	The Licensee shall post signs in the appropriate areas to inform the public of the location of infrastructure and/or facilities designed to contain, withhold, divert or retain Water and/or Waste. All signs must be in English, Inuktitut, and French.	Signs were not posted as required.	Baffinland is in the process of posting signs in appropriate locations across the Mary River Project site. Signage has been erected in locations such as the Mary River Non-Hazardous Waste Landfill and stormwater ponds at Mary River and Milne Port. As infrastructure is constructed and/or upgraded, Baffinland will ensure appropriate signage is posted.
Part D: Conditions Applying to Construction and Operations			
12	The Licensee shall use fill material for construction from approved sources that have been demonstrated by appropriate geochemical analyses to not possess Acid-Generating and Metal Leaching properties.	Largely compliant although the May 2018 inspection report noted that the helicopter pad was topped with ore. Baffinland will remove the ore topping.	Ore topping at the helicopter pad has been removed and replaced with aggregate material. It should be noted that the previously placed ore material was potentially acid-generating (PAG), however runoff downstream of the area showed no evidence of metal leaching.
15	All surface runoff during all phases of the Project, where flow may directly or indirectly enter a Water body, shall be sampled Weekly and not exceed the following Effluent quality limits:	Partially compliant, Baffinland experienced sedimentation events at Project sites during freshet. To address the sedimentation events and ongoing sedimentation concerns at the Project, Baffinland continued to implement corrective and mitigation measures, including initiatives outlined in the Sedimentation Mitigation Action Plan, Dust Mitigation Action Plan and Tote Road Earthworks Execution Plan. In each case appropriate control measures were implemented to restore TSS levels below applicable discharge criteria.	Baffinland continues to implement corrective and mitigative measures to address sedimentation events during freshet and other runoff events. Baffinland works to ensure that sedimentation events are minimized to the greatest extent possible, and implements appropriate control measures if these events do occur. In 2018 Baffinland experienced significantly fewer sedimentation events than in 2017, demonstrating the effectiveness of the implemented mitigative measures.
19	The Licensee shall prevent any chemicals, fuel or Wastes associated with the undertaking from entering any Water body.	Largely compliant although the May 2018 inspection report noted two containers with hazardous waste were left open and 4 drums of hazardous materials were left outside of hazardous waste berms at the Mine Site. North of the batch plant at Milne Port, contaminated soil was placed in drums however the drums were not sealed or in containment. Baffinland will ensure all employees are aware of secondary containment and storage requirements for all hazardous waste and materials at the Project.	Improperly stored hazardous waste and contaminated soil that was identified in the May 2018 inspection report has been moved to proper storage and labelled appropriately. Baffinland has made a concerted effort to improve hazardous waste management procedures in 2018, continually manifesting and properly storing waste in containers for backhaul as waste was produced. In addition, volumes of non-hazardous bulky waste were significantly reduced through strategic clean up and backhaul efforts (i.e. approximately 9000 used tires were removed from site).
20	The Licensee shall not erect camps or store material on the surface of frozen streams or lakes including the immediate banks except what is for immediate use. Camps shall be located such that impact on surface drainage is minimized.	Partially compliant, Baffinland received an INAC Inspector's Direction to stop work for a new accommodations camp pad that was in the process of being constructed during the time of inspection at Milne Port, in a location that impeded the flow of an ephemeral stream. Baffinland submitted Modification No. 3a to construct a surface water diversion ditch that would redirect surface water from the ephemeral stream around the pad. Following the receipt of approval, Baffinland completed construction of the surface water diversion ditch by late October 2017.	Baffinland acted immediately in response to the INAC Inspector's Direction, removing the contractor from site and stopping work. Upon evaluation and consultation with regulators, Baffinland constructed the surface water diversion ditch described in Modification No. 3a only when approval had been granted.
23	The Licensee shall construct and operate all infrastructure and Facilities authorized by the Board that are designed to contain, withhold, divert or retain Water and/or Waste, in accordance with all applicable legislation and industry standards.	Uncontrolled seepage was observed originating from the toe of the Waste Rock Facility (WRF) pond's berm during an onsite INAC and ECCC inspection in late August 2017. This had not been previously identified in routine internal inspections and annual third party geotechnical or regulator inspections. The seepage was reported by Baffinland to relevant regulators. In the May 2018 INAC inspection report, the inspector noted several concerns at the Crusher Facility and Waste Rock Facility regarding the condition of ditches designed to convey surface water to surface water management ponds. Baffinland is actively working to correct the concerns noted in the inspection report.	Remedial work has been completed on the ditches at the Crusher Facility to provide a uniform gradient and Baffinland continues to monitor all ditches to ensure they flow as intended. Baffinland is currently working at the WRF to ensure ditches are able to convey water effectively to the surface water management pond and continues to monitor that they flow as intended. The water treatment plant at the WRF went into operation in July 2018. The water treatment plant effectively treated water from the WRF in 2018, and the emergency ditch effectively contained minor seepage from the pond. Continued improvements to the WRF are planned including those detailed in Modification Request No. 8.

TABLE 14.2

**BAFFINLAND IRON MINES CORPORATION
MARY RIVER PROJECT - PHASE 2 PROPOSAL**

**APPLICATION TO AMEND TYPE A WATER LICENCE 2AM-MRY1325
STATUS OF RESOLUTION OF NON-COMPLIANCE ITEMS**

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Clause	Condition Details	Description of Non-compliance	Status of Resolution (Sept 17, 2018)
24	The Licensee shall construct and operate the Bulk Fuel Storage Facilities in accordance with all applicable legislation and industry standards, including:	Largely compliant, the May 2018 inspect report noted that the secondary fuel module near the Milne Port batch plant does not appear to be properly contained as the berms creating the containment area appear to have eroded away or the facility is full of sediment. Baffinland will ensure the fuel module is properly contained.	Remedial work to ensure the secondary fuel module near the Milne Port batch plant is properly contained has been performed.
a	CCME <i>Environmental Code of Practice for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products</i> (2003); and		
b	National Fire Code of Canada (2010).		
25	The Licensee shall prevent the deposition of debris or sediment from entering into or onto any Water body, with respect to the construction of access roads, site laydown pads and areas or other earthworks. These materials shall be disposed of at a distance of at least thirty-one (31) metres from the ordinary High Water Mark in such a manner that they do not enter the Water.	Partially compliant, Baffinland experienced sedimentation events at Project sites during freshet. To address the sedimentation events and ongoing sedimentation concerns at the Project, Baffinland continued to implement corrective and mitigation measures, including initiatives outlined in the Sedimentation Mitigation Action Plan, Dust Mitigation Action Plan and Tote Road Earthworks Execution Plan. In each case, appropriate control measures were implemented to restore TSS levels below applicable discharge criteria.	Baffinland continues to implement corrective and mitigative measures to address sedimentation events during freshet and other runoff events. Baffinland works to ensure that sedimentation events are minimized to the greatest extent possible, and implements appropriate control measures if these events do occur. In 2018 Baffinland experienced significantly fewer sedimentation events than in 2017 demonstrating the effectiveness of implemented mitigative measures.
Part E: Conditions Applying to Water Use and Management			
19	The Licensee shall undertake appropriate corrective measures to mitigate impacts on surface drainage resulting from the Licensee's operations.	Largely compliant, however in the May 2018 inspection report, the inspector noted several concerns at the Crusher Facility and Waste Rock Facility regarding the condition of ditches designed to convey surface water to surface water management ponds. Baffinland is actively working to correct the concerns noted in the inspection report.	Remedial work has been completed on the ditches at the Crusher Facility to provide a uniform gradient and Baffinland continues to monitor all ditches to ensure they flow as intended. Baffinland is currently working at the Waste Rock Facility to ensure ditches are able to convey water effectively to the surface water management pond and continues to monitor that they flow as intended.
25	The Licensee is authorized to withdraw up to 1,500 m ³ / day to a maximum of 547,500 m ³ annually of Water specifically for use in dust suppression or control along the Tote Road during the Early Revenue Phase (ERP) of the Project. Water for dust suppression or control shall be obtained from the sources in accordance with thresholds established in Table 2-3.	Partially compliant, during June, July and August several exceedances of daily withdrawal water limits occurred at 4 approved dust suppression water sources. Monthly withdrawal volumes were within the approved monthly withdrawal limits during summer months. Baffinland will continue to work on improving the enforcement of daily withdrawal limits at approved water sources along the Tote Road.	Baffinland has continued to work on improving enforcement of daily withdrawal limits at approved water sources along the Tote Road. Thus far in 2018 there have been fewer exceedances of daily withdrawal limits. It should be noted that Baffinland has never exceeded the monthly or annual withdrawal limits for any water source.
Part F: Conditions Applying to Waste Disposal and Management			
4	The Board has approved the Plan entitled Hazardous Materials and Hazardous Waste Management Plan (BAF-PH1-830-P16-0011, Rev 3), March 20, 2015, submitted as additional information with the 2014 Annual Report.	Non compliant; the May 2018 INAC inspection report noted hazardous materials (paint cans, oil filters and aerosol cans) at the landfill.	Hazardous materials in the landfill were removed and disposed of as per the Hazardous Materials and Hazardous Waste Management Plan. Baffinland implemented additional measures, including worker education, restricting landfill access to select departments to improve compliance, and installation of a new permanent litter fence to improve landfill function.
17	All discharge from the Sewage Treatment Facilities including the Polishing Waste Stabilization Ponds directly into fresh Water bodies at Monitoring Stations MP-01, MP-01a, MP-MRY-04, MP-MRY-04a, MS-01, MS-01a, MS-MRY-04, MS-MRY-04a, and/or from monitoring stations as otherwise approved by the Board in writing, must not exceed the following Effluent quality limits:	Partially compliant; treated sewage effluent exceeded the discharge limit for faecal coliforms once in February 2017 at MP-01. The exceedance was a result of effluent contamination due to operator error. The operator has since been retrained on the Project's procedures for transporting sewage and treated effluent.	Thus far in 2018 there has been one (1) exceedance of phosphorus and TSS of a sample for effluent discharge criteria for treated sewage effluent reported in January 2018. Subsequent samples that month reported concentrations meeting the applicable discharge criteria.
18	All discharge from the Sewage Treatment Facilities including the Polishing Waste Stabilization Ponds at Monitoring Stations SP-01, SP-01a, and/or from monitoring stations as otherwise approved by the Board in writing, directly into the ocean or to ditches flowing into the ocean shall not exceed the following Effluent quality limits:	Partially compliant; eight instances of untreated sewage spills were reported in 2017.	Baffinland continues to improve training and procedures regarding transfers of untreated sewage. Housing maintainers and operators perform daily inspections of sewage handling facilities and storage tanks. Baffinland continually performs overhauls and rebuilds on piping and storage tanks that pose potential risk to spills. For the 800-person camp at the Mine Site that is being constructed, sewage piping and facilities have been designed using lessons learned from previous issues to reduce the potential for spills.

TABLE 14.2

**BAFFINLAND IRON MINES CORPORATION
MARY RIVER PROJECT - PHASE 2 PROPOSAL**

**APPLICATION TO AMEND TYPE A WATER LICENCE 2AM-MRY1325
STATUS OF RESOLUTION OF NON-COMPLIANCE ITEMS**

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Clause	Condition Details	Description of Non-compliance	Status of Resolution (Sept 17, 2018)
22	All discharge from the Bulk Fuel Storage Facilities at Monitoring Stations MP-03, MPMRY-7, MS-03, MS-04, MS-MRY-6, SP-04 and SP-05 and/or from monitoring stations as otherwise approved by the Board in writing, must not exceed the following Effluent quality limits:	Three (3) exceedances of discharge limits occurred during discharges from Project containment areas in 2017 while using the Oily Water Treatment System. Treated effluent discharged from the Mine Site MS-HWB-7 (MS-MRY-6) on July 21, 2017 exceeded the total lead limit of 0.001 mg/L (effluent concentration of 0.0016 mg/L). On August 22, 2017, treated effluent discharged from the Milne Port Landfarm Facility (MP-04A) exceeded discharge limits for TSS and total lead of 15 mg/L and 0.001 mg/L (23 mg/L TSS and 0.0012 mg/L total lead). In both instances, discharge of effluent was stopped upon receiving the results, until samples of treated effluent from the OWTS could be demonstrated compliant with the discharge limits.	Baffinland continues to monitor discharge from Bulk Fuel Storage Facilities as required. As of July 2018 there have been no reported exceedances of applicable discharge criteria from Project contaminant areas while using the oil water treatment system. Baffinland purchased a new industry-standard oily water separator to replace older systems and to allow for more effective treatment of oily water on site.
25	All discharge from the Ponds associated with the Run of Mine Ore Stockpile, Ore Stockpile, West and East Sediment Ponds at Monitoring stations MS-06+, MS-07, MS-08, MS-09 and SP-07 and/or from monitoring stations as otherwise approved by the Board in writing shall not exceed the Effluent quality limits of Part F, Item 25 24.	Non compliant; in August 2017, runoff collected in the Waste Rock Facility Pond (WRF Pond) dropped below the discharge limits for pH. Uncontrolled seepage originating from the toe of the WRF Pond's berm was observed during an inspection by INAC and ECCC in late August 2017. The uncontrolled seepage had not been previously identified in routine internal inspections and annual third party geotechnical inspections. Non-compliant discharges (pH and TSS) occurred in August-September 2017 and were reported as NT-NU Spill Reports 17-289, 17-312, 17-328 and 17-361.	All discharges from the WRF have been in compliance with discharge limits since Baffinland commissioned a dedicated water treatment plant in July 2018. The emergency ditch is effectively capturing minor seepage from the pond. Continued improvements to the WRF are planned to address the seepage, including those detailed in Modification Request No. 8.
Part H: Conditions Applying to Emergency Response and Contingency Planning			
3	The Licensee shall provide secondary containment for fuel and chemical storage as required by applicable standards and acceptable industry practice.	Largely compliant, the May 2018 inspect report noted that the secondary fuel module near the Milne Port batch plant does not appear to be properly contained as the berms creating the containment area appear to have eroded away or the facility is full of sediment. Baffinland will ensure the fuel module is properly contained.	Remedial work to ensure the secondary fuel module near the Milne Port batch plant is properly contained have been performed.
Part I: Conditions Applying to General and Aquatic Effects Monitoring			
23	The Licensee shall monitor runoff and/or discharge from borrow pits and rock Quarry sites, on a monthly basis, for the following parameters:	Partially compliant, there were five (5) incidents in 2017 where water samples collected downstream of quarry locations exceeded the discharge limit for TSS.	Baffinland continues to implement corrective and mitigation measures to address sedimentation concerns, including silt fences, rip-rap, geotextile, silt curtains and check dams to address elevated TSS levels. Compliance is improving; as of July 2018 there have been three (3) incidents this year of water samples collected downstream of quarry locations exceeding applicable discharge criteria.
a	Total Suspend Solid (TSS)		

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4	26SEP18	ISSUED WITH REPORT NB102-181/45-2	AMH	RAC
REV	DATE	DESCRIPTION	PREP'D	RVW'D