

File No.: Licence 2AM-MRY1325/ Amendment No. 1 Application

February 25, 2015

To: Mary River Distribution List

Via Email

Re: Commitment No. 2 – List of Commitments Generated during the Technical Meeting and Pre-Hearing Conference for the Mary River Project Amendment No. 1 Application to Licence 2AM-MRY1325

During the Technical Meeting (TM) and Pre-Hearing Conference (PHC) held for the Mary River Project on January 28 – 29, 2015, the Nunavut Water Board (the NWB or Board) committed to providing a response to commitment No. 2 of the list of commitments generated during the meetings. Commitment No. 2 calls for the NWB to provide clarification to the Qikiqtani Inuit Association (the QIA) with respect to whether or not the upgrades to the Milne Tote Road (Tote Road) as proposed in Baffinland Iron Mines Corporation's (BIMC or Applicant) Amendment No. 1 Application to Licence No. 2AM-MRY1325 (the Type "A" Licence) is consistent with the scope of upgrades intended under the Type "A Licence issued to the project.

In particular, the QIA requested that clarifications be provided for the terms "Current Form", "Routine Maintenance", and "Minor Upgrades" as they apply to the Tote Road, based on the water licence application. In addition, the QIA requested clarification on whether alignment of the road, expansion of the road (widening or thickness of the road), and the construction of culvert and bridge are within the scope of activities allowed for the Milne Tote Road and the extent to which these activities may be permitted.

To provide some context in response to the QIA's clarification request, the NWB took into consideration relevant information provided in Applicant's Final Environmental Impact Statement (FEIS) and Amendment No.1 Application in addition to language contained in the Type "A" Licence issued to the project.

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Section 2.2 of the English Executive summary for the Type "A" water licence application contained in Volume 3 of the Final Environmental Impact Statement (FEIS) states that sections of the Tote Road will be upgraded to reduce risk and hazards and that some of the upgrades will included the following activities:

- Improvement to the road base
- Realignment of the road where necessary to facilitate passage of large loads and fuel tanker trucks
- Improvement to the grade in certain areas
- On-going efforts to reduce risk at stream crossings through the implementation of the freshet management plan

The Applicant indicated that, apart from the activities mentioned above, no other work except routine maintenance and some improvements to stream crossings will be carried out.

According to information provided in Amendment No.1 Application documents, the Applicant stated that approvals received under Project Certificate No. 005 and DFO Authorization No. NU-06-0084 allow for work involving culverts and bridges for water crossings to be undertaken. In addition, the proponent indicated that upgrades, realignment, and road grade changes were reviewed under Project certificate No. 005.

With regards to the licence, the Language contained on Page 3, which draws on information provided in the Applicant's Final Environmental Impact Statement, states the following:

Tote Road (approximately 100 km all-weather road), which extend from the Mine Site to Milne Port Site in its current form except for routine maintenance and minor upgrades for the transportation of equipment during the Construction Phase of the project

The NWB has thoroughly reviewed the relevant information contained in the FEIS and the Amendment No 1 Application, while giving due consideration to the scope of the Type "A" Licence relative to the Tote Road, and is of the view that the activities as proposed for the Tote Road under the Amendment Application are consistent with the scope defined in the original licence scope.

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Specifically, the Term "Current Form" as used in the licence refers to the state that the road was in at the time the FEIS was submitted and just before the Type "A" licence was issued, which is not a departure from what is now being proposed by the Applicant and taking into consideration relevant details provided in the FEIS. The term "Routine Maintenance" as implied by the licence is considered to encompass actions that the Applicant may take to ensure that the Tote Road is in an acceptable condition (from a safety and operational perspective) to facilitate its intended use. The term, "Minor Upgrade" as implied by the Type A" License means upgrades that do not significantly alter the structure or makeup of the road (so, for example, adding a shoulder to a section of the road, or modifying the radius/turns of sections of the road for safety purposes or purposes approved under Licence 2AM-MRY1325 "would be" considered as a "Minor Upgrade"; however, adding another lane to the road "would not" be considered a "Minor Upgrade").

Consequently, with regards to the construction of water crossings and bridges as currently proposed, changes to the grade of the road, alignment of the road, widening specific areas of the road for safety purposes, as mentioned by the Applicant during the Public Hearing and in submissions, the NWB does not view these changes as being outside of the scope of what was considered by the Board when the Type "A" licence was issued in 2013.

The NWB hopes that this information provides the Qikiqtani Inuit Association with the guidance required. However, if you have any further questions, please contact the undersigned at your earliest convenience.

Regards,

David Hohnstein

Director of Technical Services/Acting Executive Director

Nunavut Water Board

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DH/sj/pb