



July 18, 2013

Mr. Brian Aglukark
Nunavut Planning Commission
P.O. Box 2101
Cambridge Bay, NU, X0B 0C0

Re: Mary River Project – Early Revenue Phase

Dear Mr. Aglukark:

We would like to take this opportunity to summarize our request for a conformity determination, as reflected in the letters and materials provided to you on June 12, 2013 and July 9, 2013 in connection with the Early Revenue Phase (ERP) of the Mary River Project. As indicated in our letter of June 12, 2013, and with reference to your letter of April 13, 2013, we believe that the ERP is in conformity with the North Baffin Regional Land Use Plan (NBRLUP) and that the work and activities proposed under the ERP should be given a positive conformity determination which would be consistent (in reference to paragraph 2 of your April 13, 2013 letter) with the positive conformity determination issued for the Mary River Project Proposal on April 30, 2008. We would like, in particular, to re-confirm our understanding of the transportation corridors which are part of both the approved Mary River Project and the ERP. These include the existing terrestrial corridor along the Tote Road from the Mary River Project to Milne Port, and the marine corridor or shipping route for shipping traffic to and from Milne Port.

Both the Tote Road as a terrestrial corridor, and the shipping route as a marine corridor, received positive conformity determination from the NPC as part of the Mary River Project on April 30, 2008. As well, both of these corridors are approved for the Mary River Project under the Project Certificate approved by the Minister on December 28, 2012.

The ERP will use these existing corridors. The ERP does not propose to develop any new transportation corridors. There will be increased trucking traffic along the Tote Road, and increased shipping traffic along the shipping route. However, these are existing transportation corridors which have been in use for many years, and in particular the shipping route has been utilized for several purposes including fuel and re-supply to Pond Inlet, military, government and tourism. Environmental, social and economic effects as they relate to the frequency and duration of traffic on these existing and approved corridors will be reviewed and assessed by the Nunavut Impact Review Board (NIRB) and all interested parties during the review process of the Addendum to the Final Environmental Impact Statement (FEIS). The ERP does not propose to develop any new transportation corridors.

Terrestrial Transportation

We provided the following summary of the terrestrial transportation in the Application to Determine Conformity Questionnaire which you provided to us on July 5, 2013:

Terrestrial Transportation will take place along the existing Tote Road between the Mary River Mine Site and Milne Inlet. The Tote Road has been in existence as a transportation corridor for many years (back to the 1960s) and is recognised as a public

access easement under Article 21, Part 4 (Section 21.4.1) of the Nunavut Land Claim Agreement. Accordingly, the Early Revenue Phase (ERP) does not include the development of a new transportation corridor. The Tote Road has previously been included as part of the bulk sampling program which received a positive conformity determination from the NPC on January 22, 2007, and continues to form part of the Mary River Project, which received a positive conformity determination from the NPC, on April 30, 2008.

As indicated in the Project Proposal for Early Revenue Phase, which is Attachment 1 to our letter of June 12, 2013, the ERP will result in increases in the volume of traffic along the Tote Road. Under the Mary River Project, the Tote Road traffic included vehicles for equipment and supplies between Milne Inlet and the Mary River mine site. Under the ERP, additional traffic will include ore trucks transporting ore from the mine site to Milne Inlet. The addendum to the FEIS for the ERP includes an assessment of the potential effects of the increase in traffic along the existing Tote Road transportation corridor, for review by the Nunavut Impact Review Board.

As indicated above, the Tote Road is a transportation corridor that has been in existence since the 1960s and is designated as a public access easement under Article 21, Part 4 (Section 21.4.1) of the Nunavut Land Claim Agreement. Use of this Tote Road would not constitute development of a new transportation corridor under the NBRLUP and should not require an application for amendment to the NBRLUP as a new transportation corridor under Article 3.5.11 of the NBRLUP.

Marine Transportation

We provided the following summary of the Marine Transportation Corridor in the Application to Determine Conformity Questionnaire which you provided to us on July 5, 2013:

The Marine Transportation Corridor to Milne Port has been used since the establishment of the port at Milne Inlet and the Tote Road. The Marine Transportation Corridor is shown on Figure 1-1.1 in both the FEIS and the Addendum to the FEIS for the ERP (Attachment 2 to this correspondence). This Marine Transportation Corridor has been established for many years and will not be changed under the ERP. As indicated in the Project Proposal for the Early Revenue Phase which is Attachment 1 to our letter of June 12, 2013, the number of ship transits to and from Milne Port will increase. The Mary River Project included transits to and from Milne Port for ships bringing supplies and equipment. Under the ERP, shipping will also include ore carriers. This shipping will take place during the open water season, which Baffinland understands is in conformity with the North Baffin Regional Land Use Plan.

The shipping route into Milne Port was a component of the bulk sampling program which received a positive conformity determination from the NPC on January 22, 2007, and was also included as part of the Mary River Project, which received a positive conformity determination from the NPC on April 30, 2008.

The Addendum to the FEIS for the ERP includes an assessment of the potential effects of the shipping to Milne Port for review by the Nunavut Impact Review Board.

The Tote Road, the port at Milne Inlet, and the Marine Transportation Corridor are integrally connected and have been used and operated together, as a terrestrial corridor and a shipping corridor since the 1960s.

The existence of the Tote Road, Milne Port, and the shipping corridor have been recognized as existing corridors and in conformity with the NBRLUP, in both the positive conformity determination issued on January 22, 2007 by the NPC in connection with the bulk sampling program which involved hauling ore by truck to Milne Inlet, stockpiling the ore at Milne Inlet, ship loading facilities at Milne Inlet and ocean shipment of ore along the shipping route, and in the positive conformity determination issued by the NPC on April 30, 2008 for the Mary River Project which involves extensive use of the Tote Road, Milne Inlet Port, and the shipping corridor, both during construction of the Mary River Project, and during continuing operations, as a supply route.

We wish to emphasize that shipping from Milne Inlet under the ERP will only be done during the open water season, and we note that shipping during the open water season is specifically supported by the NBRLUP in Section 3.5. As noted above, the Mary River Project Certificate approves use of these corridors under the Project Certificate.

We would be very pleased if the NPC would give consideration to these factors in issuing its conformity determination with respect to the ERP.

As noted above, a positive conformity determination on the ERP would be consistent with the previous positive conformity decisions on the bulk sampling program and on the Mary River Project.

With respect to the increased volumes of traffic on the Tote Road and along the shipping corridor, we emphasize that the potential environmental, social and economic impacts of these activities have been carefully considered in the Addendum to the FEIS which we provided to the NIRB and to the NPC on June 20, 2013. We recognize that the potential impacts of the increased traffic volumes along the existing terrestrial and marine transportation corridors will be carefully reviewed and considered by the Nunavut Impact Review Board and all interested parties in determining whether the Project Certificate should be amended, and, if so, in determining the terms and conditions under which these activities can proceed while mitigating any potential environmental or socio-economic impacts.

Issuance of your conformity determination will enable the Nunavut Impact Review Board to proceed with this review. We must emphasize that the review process for the ERP must proceed within timelines necessary for us to be in a position to move forward.

Once again, we thank you for your timely consideration of our request for a conformity determination in connection with the ERP of the Mary River Project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Erik Madsen', with a stylized, cursive script.

Erik Madsen, Vice President
Sustainable Development, Health, Safety & Environment

Cc: Ms. Sharon Ehaloak (NPC)
Mr. Ryan Barry (NIRB)
Mr. Damian Cote (NWB)
Ms. Navarana Beveridge (QIA)
Mr. Alain Grenier (AANDC)
Ms. Karen Costello (AANDC)
Mr. Dale Nicholson (DFO)