



September 7, 2010

Ms. S. Autut  
Executive Director  
Nunavut Impact Review Board  
P. O Box 1360  
Cambridge Bay, Nunavut  
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Via email: [sautut@nirb.ca](mailto:sautut@nirb.ca)

Dear Ms Autut

**Re: Consideration of a preferred alternative as part of the Draft Environmental Impact Assessment**

The purpose of this letter is to provide the Nunavut Impact Review Board (NIRB) with a description of a current study which may be incorporated into the Mary River Draft Environmental Impact Statement (DEIS). Please find enclosed the web link for two recent press releases dated June 10, 2010<sup>1</sup> and July 12, 2010<sup>2</sup> outlining the Company's intention to undertake a study to evaluate the economic feasibility of trucking iron ore from the Mary River Deposit # No.1 to Milne Inlet, and then ship the ore to markets during the open water season. The road haulage construction and operation will occur in parallel with the construction and operation of the Port Steensby rail line corridor. The attached document provides a synopsis of this "road haulage alternative".

The *Guidelines for the Preparation of an Environmental Impact Statement for Baffinland Iron Mines Corporation's Mary River Project*, dated November 16, 2009 (Final Guidelines) requests the Proponent to undertake a review of alternatives within the Project (section 6.1). In the Guidelines there are several alternatives within the Project that the Company is suggested to consider and stipulates that other alternatives should be evaluated. Previously, the trucking of ore was uneconomic; that is, the cost per tonne of hauling ore by truck per kilometer is more than an order of magnitude higher than by rail. Iron ore prices are now at levels that make this option reasonable to consider. Within the context of these two factors, BIM is considering incorporating road haulage into the DEIS.

The scoping list provided in the Final Guidelines (see section 3.2) and more specifically, the project components listed in section 3.2.1, includes the main elements required for the analysis of the road haulage option. The analysis within the DEIS will be done to "a level of detail which is sufficient to allow NIRB and the public to assess all possible components of the Project in terms of the economic costs and the environmental, social and economic impacts and benefits" (see section 6.1).

During the summer of 2008, Baffinland undertook a bulk sample program where approximately 113,000 tonnes of iron ore was shipped to blast furnaces in Europe. During the bulk sample period, Baffinland learned many valuable socio and operational lessons (use of elders at the site, ore loading periods etc.). The road haulage option provides an expansion and extension of the bulk sample phase activity and we can benefit from what we learned through this phase.

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<sup>1</sup> <http://www.baffinland.com/News/NewsDetails/2010/Baffinland-Reviews-Early-Stage-Production-via-Road-Haulage-and-Accelerates-Completion-of-Draft-Environmental-Impact-Statement/default.aspx>

<sup>2</sup> <http://www.baffinland.com/News/NewsDetails/2010/Baffinland-Initiates-Early-Stage-Production-Feasibility-Study-for-Road-Haulage1122331/default.aspx>

Table 1 provides a comparison of the Project Description modifications when the road haulage option is introduced as part of the Project.

Table 1 – Elements of the Trucking Option

<u>Project Component</u>	<u>Current Project Description</u>	<u>Proposed Preferred Alternative – Road Haulage</u>
1. Shipping along the Baffin Island north coast to Milne Inlet	Open water shipping is proposed during the construction phase and also when large equipment is needed for the Mary River Project.	Open water shipping will occur both during construction and operations. The increased frequency, longer duration and greater magnitude of these activities need to be evaluated in the DEIS.
2. Use of the Milne Inlet laydown area	Temporary lay down areas are proposed during construction.	Temporary lay down areas are still needed for construction. As well, ore stock piles, ore loading and conveyance systems, and port facilities will need to be constructed and operated during the life of the project.
3. Milne Tote Road	Upgraded for the construction season.	Upgraded for continuous operations. All weather water crossings and realignment of certain sections of the road will be constructed with quarry material. Most of this work will be needed even if the haulage alternative was not considered.
4. Milne accommodation complex	Small contingent during construction.	Milne Inlet accommodation complex will be used during operations.
5. Mary River ore loading and handling	Crushing, screening and handling for rail transport to Steensby Port.	Additional crushing, screening and ore handling for truck transport to Milne Inlet.
6. Maintenance services	Mine, rails and road corridors.	Maintenance services need to be expanded to accommodate ore haulage trucks and road support crews at the Mary River camp.
7. Mary River accommodations and administrative support	Current organization structure to manage proposed operations.	Increased numbers of operators and support staff will be required to manage the trucking activity.

A key aspect of the road haulage operation is the need for annual open water shipping from Milne Inlet and trucking along the Milne Tote Road throughout the life of the Project, rather than just during the construction season and periodically during operations when the transport of large equipment is required. Therefore, for the purpose of determining the effects assessment, we will assume road haulage will continue for the life of mining operation (i.e. 21 years). This conservative assumption will lead to an assessment of the scenario where the potential project interactions have the longest duration, frequency and intensity.

The environmental assessment is part of the project planning process that allows for the integration of environmental (including socio economic) considerations and engineering details into the project design and development. The road haulage option is an example of using the environmental assessment as an opportunity to make changes to a Project taking various factors into account.



We have reviewed the Final Guidelines and believe the provisions outlined therein provide sufficient guidance for us to pursue the socio economic and environmental effects analysis. However, we request NIRB review the above noted letter and reference material and provide any guidance you may have as we continue to prepare the Mary River DEIS.

I look forward to your response. Should you wish to discuss this matter further, please do not hesitate to contact Mr. M. Pickard, ([matthew.pickard@baffinland.com](mailto:matthew.pickard@baffinland.com)) Manager Sustainable Development or the undersigned.

Sincerely

A handwritten signature in black ink that reads 'W. A. Napier'.

W.A. Napier

Vice - President Sustainability

Email: ([bill.napier@baffinland.com](mailto:bill.napier@baffinland.com))

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