



NIRB File No.: 08MN053

NWB File No.: 2AM-MRY1325 - Amendment No. 1/G1

September 7, 2017

Todd Burlingame
VP, Sustainable Development
Baffinland Iron Mines Corporation
2275 Upper Middle Road East, Suite 300
Oakville, ON L6H 0C3

Sent via email: todd.burlingame@baffinland.com

**Re: Milne Inlet Fuel Storage Facility Capacity Increase (Revised Modification Request)
Water Licence No. 2AM-MRY1325 – Amendment No. 1**

Dear Todd Burlingame:

On August 23, 2017, the Nunavut Impact Review Board (NIRB or Board) received the enclosed revised modification request for the “Milne Inlet Fuel Storage Facility Capacity Increase” project proposal from Baffinland Iron Mines Corporation (Baffinland or the Proponent). The modified project proposal included justification and details to increase the capacity of the Milne Inlet Fuel Storage Facility associated with the Mary River Project and included a request from Baffinland for the NIRB to complete a review of the revised modification request to determine if the modification required an amendment to the Mary River Project Certificate (No. 005). Baffinland also included its application to the Nunavut Water Board to modify the existing Type “A” Water Licence (2AM-MRY1325) for the Mary River Project to undertake this project proposal. All materials related to this revised modification request can be obtained from the NIRB’s online public registry at www.nirb.ca by using any of the following search criteria:

- Project Name: Mary River Project
- NIRB File No.: 08MN053
- Application No.: 123910

BACKGROUND OF ORIGINAL MODIFICATION REQUEST

As you are aware, the NIRB received the original modification request for the “Milne Inlet Fuel Storage Facility Capacity Increase” project proposal from Baffinland on August 11, 2017, which proposed 18.7 million litres (ML) capacity increase to the Fuel Storage Facility at Milne Port, as well as an extra 20 percent (%) as an operational contingency factor to account for variation in estimated fuel consumption and/or delays in fuel delivery, including a fill factor of 88%. In its

request to the NIRB, Baffinland indicated that the proposed increase was to ensure that sufficient fuel was available to achieve full production of 4.2 million tonnes per annum (Mtpa), and execute operational improvement plans for the upcoming year from September 2017 until July 2018. Further, Baffinland outlined its understanding that the proposed Fuel Storage Facility increase would occur within the Project's Development Area and was consistent with approved activities outlined in the current NIRB Project Certificate (No.005) issued for the Mary River Project. The NIRB determined that the project proposal as submitted did not contain sufficient information to allow the Board fully understand the scope of the proposed activities, therefore on August 21, 2017 the NIRB requested that Baffinland provide additional information by August 31, 2017. On August 23, 2017 the Board received correspondence from Baffinland notifying the NIRB of the withdrawal of the original Request for Modification, the submission of a revised Request for Modification to the NWB for consideration, and response to the NIRB's information requests based on the revised scope of modifications.

SCOPE OF CURRENT APPLICATION –REVISED MODIFICATION REQUEST

In Baffinland's project proposal of August 23, 2017, it proposed the addition of a 3 ML and a 0.75 ML tank to the Fuel Storage Facility at Milne Port, within the existing secondary containment structures associated with the facility. Baffinland also indicated that installation of these two (2) additional tanks would reduce the risk of fuel shortages and required for the increased ore haulage associated with the 4.2 Mtpa operation approved for 2018. Baffinland also indicated that the proposed fuel capacity increase (addition of 3.75 ML) would not change the Fuel Storage Facility's Level 1 classification, and its existing spill response supplies and procedures in the Oil Pollution Emergency Plan would remain adequate to meet the requirements of Section 2 of the Oil Handling Facilities Standards. Baffinland further indicated the following additional project components or revised activities in its project proposal:

- Construction and placement of two (2) tanks (TK-010, TK-011) within the existing containment of the Fuel Storage Facility;
- Installation of three (3) new piping sub-systems within the existing containment of the Fuel Storage Facility, in order to tie in the 2 new tanks into the existing piping system and ultimately into the existing facility's fuel distribution module(s);
- Completion of the diesel piping system between the Fuel Storage Facility and the Milne Port diesel generators;
- Replacement of existing perimeter fence near the access ramp in order to allow mobile equipment to access the Fuel Storage Facility during construction activities, and with plans to re-install the original perimeter fencing after completion of activities;
- Undertake ground excavation to support additional underground electrical installations;
- Construction of a temporary access ramp to enable entry of light equipment (tracked Skid Steer and crane); and
- Recovery of all materials previously placed in the existing Fuel Storage Facility for hydrocarbon contamination assessment.

NIRB ASSESSMENT AND DECISION

The NIRB is of the view that the proposed revised modifications to the Milne Inlet Fuel Storage Facility under the Type "A" Water Licence for the Mary River Project as described in the

materials provided to the NIRB do not appear to be in conflict with the existing terms and conditions of the amended Project Certificate No. 005 as issued by the NIRB, nor do they appear to be beyond the scope of the project as assessed and approved by the NIRB. The NIRB will be further considering the additional camp upgrades submitted recently by Baffinland in additional applications, and provide further direction soon.

Should you have any questions or require clarification related to the NIRB's monitoring program for the Mary River Project, please contact Solomon Amuno, Technical Advisor II and Monitoring Officer, at (867) 983-4603 or samuno@nirb.ca.

Sincerely,



Tara Arko
Director, Technical Services
Nunavut Impact Review Board

cc: Wayne McPhee, Baffinland Iron Mine Corporation
Adam Grzegorzczuk, Baffinland Iron Mine Corporation
David Hohnstein, Nunavut Water Board
Sean Joseph, Nunavut Water Board
Karén Kharatyan, Nunavut Water Board
Mary River Distribution List

Enclosures (1): Milne Inlet Fuel Storage Facility – Revised Request for Project Certificate Review (*August 23, 2017*)