



October 3, 2014

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Re: Baffinland Responses to Agency Comments on the Amendment to the Type 'A' Water Licence 2AM-MRY1325

Dear Phyllis,

Baffinland was provided comments submitted to the Nunavut Water Board (NWB) on the Amendment to the Type 'A' Water Licence 2AM-MRY1325 from the following groups:

- 1) Qikiqtani Inuit Association (September 16, 2014)
- 2) Environment Canada (September 19, 2014); and
- 3) Aboriginal Affairs and Northern Development Canada (September 19, 2014).

Baffinland would like to provide to the NWB the following responses found in Attachment A to all agency comments.

Please do not hesitate to contact me if there are any problems or concerns.

Respectfully,

A handwritten signature in black ink, appearing to read "O. Curran".

Oliver Curran

C.C:
Stephen Bathory (QIA)
Mark Dahl (EC)
Jean Allen (AANDC)
David Hohnstein (NWB)
Sean Joseph (NWB)

Enclosure: Attachment A- Baffinland Responses to Agency Comments on Type 'A' Water Licence 2AM-MRY1325 Amendment Application

**Attachment A – Baffinland Responses to agency comments on the Type ‘A’ Water
Licence 2AM-MRY1325 Amendment Application**

2AM-MRY1325 Amendment Application AANDC Comments		
Rationale	Recommendation	Baffinland Response
3.1 Accelerated Pit Filling Scenarios		
Procedural approach to introducing the accelerated pit filling concept to the licence review process needs to be determined to ensure this aspect of mine development is adequately evaluated from an environmental impact perspective in advance of mine closure.	AANDC seeks clarification from the NWB on how the accelerated pit filling concept can be assessed within the current or future licence review process.	This comment is not directed at Baffinland.
3.2 Milne Port Ore Stockpile Runoff Ponds		
Information (confirmation) on the normal operating strategy of the ponds, and whether monitoring is proposed to ensure compliance with MMER will help determine whether environmental discharges will pose a threat to the environment.	AANDC requests Baffinland to clarify the normal operating strategy for the Milne Port ore stockpile runoff ponds and whether there is any commitment to monitor these ponds to determine whether MMER criteria are met.	<p>Baffinland refers AANDC to the Aquatic Effects Monitoring Program which was submitted to the NWB on June 27th 2014 and can be found at [address below]. ftp://ftp.nwb-oen.ca/1%20PRUC%20PUBLIC%20REGISTRY/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY1325%20BIMC/3%20TECH/9%20MONITORING%20%28I%29/AEMP/</p> <p>The AEMP states that that Runoff from the stockpile area at Milne Port will be collected in a pond that will discharge to the marine waters of Milne Inlet. Environment Canada has advised Baffinland that the mine effluent discharge to Milne Inlet will not be subject to the MMER, though the <i>Fisheries Act</i> still apply, including Section 36(3) regarding the prohibition of discharges of a deleterious substance in waters frequented by fish. Effluent discharge quality limits for ore stockpiles and pits will be in compliance with the Freshwater Supply, Sewage and Wastewater Management Plan (BAF-PH1-830-P16-0010) Table 5.7.</p>
3.3 Treated Effluent Pond		
Clarification of whether the Treated Effluent Pond (at Mine site) will possibly	AANDC requests Baffinland to clarify whether the Treated Effluent Pond will be possibly eliminated or	This request does not appear to be in the scope of what is being applied for in the Type ‘A’ Water Licence

be eliminated or moved will have potential ramifications on the impact of treated effluent discharge.	possibly moved to an alternate location.	amendment application. The pond identified as “possible treated effluent pond” on Drawing H349000-4100-10-015-0001 has not been built yet, but was proposed as a contingency. Under Baffinland’s existing Type A Water Licence 2AM-MRY1325, treated effluent is discharged into Mary River by either the summer discharge or two winter discharge locations. If the treated effluent is off spec, then it would be diverted to the existing Polishing Waste Stabilization Pond’s (PWSP) at the Mary River Mine Site.
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3.4 Desalination Plant

There is insufficient information provided on the proposed desalination plant to assess its potential impact on the environment.	AANDC requests Baffinland to provide additional information on the proposed desalination plant sufficient to assess its potential impact on the environment.	This should be removed from the Type ‘A’ Water Licence amendment application. The desalinisation plant is not part of Type ‘A’ Water Licence amendment at this time but may be considered in future applications on the project.
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3.5 Hydrological Monitoring

There is insufficient information provided on the hydrometric network to assess its value in supporting long-term regional monitoring or in addressing potential project-specific impacts to fresh water quality, quantity, or flow.	AANDC requests Baffinland to a) provide additional information on the hydrometric network located within the Mary River Project area; b) expand the current hydrometric network to include Milne Port; c) commit that hydrometric data will meet national standards; and d) commit that hydrometric data will be shared with AANDC Water Resources and Water Survey Canada for inclusion in the national WSC database, the NWB, and the Qikiqtani Inuit Association.	This request is outside of the scope of the Type ‘A’ Water Licence amendment application. However for information purposes, in 2013 Baffinland operated 6 of its long-term seasonal hydrometric stations in the vicinity of the mine site. These stations are identified in Section 3 of Baffinland’s Aquatic Effects Monitoring Plan. In 2014, 9 additional seasonal hydrometric stations were installed at the mine site and at Milne Port to measure discharge from project areas in accordance with Part I of the Type A Water Licence. Reporting on the results of the 2014 monitoring including (where available) updated rating curves.
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2AM-MRY1325 Amendment Application QIA Comments

Comment	Baffinland Response
<p>1. Block 10 of the Water Licence application proposes the operation of a desalination plant with discharge outfall to the ocean. QIA requests BIMC to provide:</p> <p>a. The location(s) within the Final Environmental Impact Statement where this activity assessed the potential impacts on the receiving environment.</p> <p>b. Specifics on the estimated volumes of water discharged to ocean and the quality of the discharge waste.</p> <p>c. Additional details regarding the proposed monitoring of this activity.</p>	<p>This should be removed from the Type ‘A’ Water Licence amendment application. The desalinisation plant is not part of Type ‘A’ Water Licence amendment at this time but may be considered in future applications on the project.</p>

<p>2. Select Early Revenue Phase (ERP) activities will require water/waste containment, waste discharge and water withdrawal. Examples include, but are not limited to: construction of sewage outfall to Milne, water withdrawal along the Tote Road, and run-off waters collected in sumps from the Milne ore stockpile. QIA requests BIMC provide a proposed Surveillance Network Program (location of sampling, frequency of sampling, and parameters to analyze) for review and further comment.</p>	<p>Baffinland refers the QIA to the AEMP which was submitted to the NWB on June 27th 2014 and can be found at [address below]. As well, the document was submitted to QIA on the same day and is currently on their ftp site.</p> <p>ftp://ftp.nwb-oen.ca/1%20PRUC%20PUBLIC%20REGISTRY/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY1325%20BIMC/3%20TECH/9%20MONITORING%20%28I%29/AEMP/</p>
<p>3. The locations and quantities of water withdrawal locations along the Tote Road were presented in Attachment 2 of the Water Licence application. The QIA requests the location(s) within the Final Environmental Impact Statement where this activity assessed the potential impacts on the receiving environment.</p>	<p>Baffinland would like to refer the QIA to the letter issued by NIRB to BIM on September 11, 2014 Re: <i>Application Exempt from the Requirement for Screening pursuant to Section 12.4.3 of the NLCA: Baffinland Iron Mine Corporation's Application to Amend its Type A Water Licence for the Mary River Project, Qikiqtani Region.</i></p> <p>NIRB is of the understanding that Baffinland's amendment application with the NWB does not change the general scope of the original Mary River Project or its Early Revenue Phase as previously reviewed by the NIRB. Therefore, this application is exempt from the requirements for screening pursuant to Section 12.4.3 of the NLCA and the amendment activities proposed therein remain subject to the terms and conditions of the NIRB Project Certificate [005] Amendment 01 as issued on May 28, 2014.</p>
<p>4. Block 19 of the Water Licence application notes that the proposed amendment will not substantially affect the quality, quantity or flow of waters flowing through IOL. QIA will provide an update to the NWB on this subject at a later date and after an assessment of the forthcoming information associated with Water Licence amendment.</p>	<p>This comment is not directed at Baffinland.</p>
<p>5. Block 21 of the Water Licence application notes that the proposed activities will result in a change to the financial security for the project. As discussed between NWB, QIA and BIMC as part of the Annual Security Review for the Type A Water Licence 2AMMRY1325, there is disagreement between the QIA and BIMC in the unit costs for reclamation and indirect costs associated with estimating financial security. QIA has also informed the NWB that they disagree with BIMC's security amount for the Type B Water Licence 8BC-MRY13143, which is proposed to be incorporated into 2AMMRY1325. QIA and BIMC have been engaged throughout 2014 to revise the financial security estimate for activities on IOLs with the goal to have a global security estimate for activities presently scoped</p>	<p>Baffinland agrees.</p>

within 2AM-MRY1325, 8BC-MRY1314, as well as, the Early Revenue Phase activities. QIA recommends that the amount of financial security for the proposed activities within the amended Water Licence application be subject to adjustment based on the results of the Annual Security Review.	
6. QIA recommends that any financial security posted for amended Water Licence consider land ownership where the liability occurs. For liabilities that occur on IOLs, QIA requires security to be posted in accordance with the Commercial Production Lease.	Baffinland agrees that land ownership and financial security will be considered.
7. Block 25 of the Water Licence application has requested a 25 year licence term. It is QIA recommendation that the expiry of 2AM-MRY1325 shall not change and therefore remain at June 10, 2025. The NWB's reasons for decision ⁴ speak to the rationale for a 12 year term being issued with the original Water Licence application (licence issuance June 10, 2013). It is QIA opinion that the factors outlined by the NWB that rendered a 12 year licence remain valid.	This comment is not directed at Baffinland
8. Block 26 of the Water Licence application notes there will be no change to the content of the annual reports or the annual report template. The QIA does not agree with this position. The proposed activities will result in, but not be limited to, additional SNP, water withdrawal, and waste disposal, and ore shipping information from Milne that is recommended to be captured in the annual reporting. Additionally, it is recommended that the various management and monitoring plans for the project be updated, where applicable, to account for the proposed activities.	The Annual Report will be updated to reflect all conditions of the Type 'A' Water Licence amendment. Management and monitoring plans will be updated as required and submitted with Annual Reports in March 2015.
9. Attachment 4 of the Water Licence application referenced the Interim Closure and Reclamation Plan for the Mary River Project. QIA has previously informed BIMC and the NWB of Section 12.1 of the Commercial Production Lease that requires QIA approval of the Closure and Reclamation Plan prior to submission to the NWB. QIA is aware that the NWB has sought review comments from Interested Parties on BIMC's updated Interim Closure and Reclamation Plan. QIA's comments on the topic of closure and reclamation will be captured under correspondence specific to this topic and not addressed herein.	Baffinland has addressed comments on the Interim Closure and Reclamation plan separately.