

File: 2AM-MRY1325

October 2, 2018

Christopher Murray Environmental & Regulatory Compliance Manager Baffinland Iron Mines Corporation Suite 300 – 2275 Upper Middle Road East Oakville, Ontario, Canada L6H 0C3

Email: christopher.murray@baffinland.com

RE: Licence No. 2AM-MRY1325 Type "A"; Mary River Project, Baffinland Iron Mines

Corporation; 2017 Annual Report Review

Dear Mr. Murray:

The Nunavut Water Board (NWB) has completed a technical review of the 2017 Annual Report (the Report) for Type "A" Water Licence 2AM-MRY1325 (the Licence). The Report was received on March 31, 2018 from Baffinland Iron Mines Corporation (BIMC or the Licensee), submitted as a requirement under Part B of the Licence.

Copies of all documents received during Report review can be accessed through the NWB's Public Registry and FTP site using the following link:

ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY1325%20BIMC/3%20TECH/1%20GENERAL%20(B)/2%20ANNUAL%20RPT/

On April 19, 2018, the NWB distributed the Report for public review. Submissions were received from Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) and Environment and Climate Change Canada (ECCC) on September 14, 2018, and the Qikiqtani Inuit Association (QIA) on June 12, 2018. The table below provides a brief summary of issues that NWB and the intervenors found outstanding during the Report review period. The table provides deadlines for BIMC to respond to the respective recommendations and concerns. For the intervenors' discussion of these items, please refer to the comment submissions referenced above.

No.	Recommendation / Concern	Deadline to Respond by and		
		Notes		
Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)				
1	Report whether MS-MRY-9 and MS-MRY-10 will be	November 1, 2018		
	relocated or classified as permanently inactive. Justify in			
	the latter case.			
2	Reminder: implementation of the reclamation work plan is	March 31, 2018 (2018 annual		

	scheduled for 2018 and should be included in the 2018 annual report.	report)
3	Provide the results of BIMC's soil volume review.	March 31, 2018 (2018 annual
	Indicate the location of new contaminated snow storage	report)
	and proposed measures to treat or discard landfarm soil.	1 /
4	Provide an updated Surface Water and Aquatic	March 31, 2018 (2018 annual
	Ecosystems Management Plan that includes water	report)
	protection measures for chloride.	1 /
5a	Update the waste rock characterization programs and	March 31, 2018 (2018 annual
	waste rock management plan by including soluble iron	report)
	sulphate minerals in waste rock as a source of acid	
	drainage.	
5b	Undertake a comprehensive investigation of the acid-rock	March 31, 2018 (2018 annual
	drainage and metal leaching and update the waste rock	report)
	characterization programs and waste rock management	
	plan accordingly.	
6	Update the estimate of the tonnage of potentially acid	March 31, 2018 (2018 annual
	generating waste rock from Deposit 1 by considering	report) and subsequent annual
	soluble iron sulphate minerals in the PAG/non-PAG	reports
	classification.	
7a	Acknowledge the metal leaching issue associated with	March 31, 2018 (2018 annual
	ARD formation from the mine site waste rock facility in	report)
	an updated waste rock management plan; and	
7b	Design and implement appropriate mitigation measures.	March 31, 2018 (2018 annual
		report)
8	Clarify reasons and implications of omitting some	November 1, 2018.
	analytical data on water quality.	Subsequent annual reports This echoes ECCC's
		recommendation number 1a
9	Present tables and figures together with associated content.	Subsequent annual reports
10	Highlight non-compliance results in a manner that is easily	Subsequent annual reports
10	readable.	Subsequent annual reports
11	Add a row or a note at the bottom of the tables indicating	Subsequent annual reports
	total annual volumes in cubic metres.	
12	Replace Indigenous and Northern Affairs Canada (INAC)	Subsequent annual reports
	with Crown-Indigenous Relations and Northern Affairs	
	Canada (CIRNAC)	
13	Relocate the data required by Licence Schedule B, Item	Subsequent annual reports
	1b(xiii) from section f of the Concordance Table into	
	section b.	
14	Update CIRNAC contact information in the Emergency	March 31, 2018 (2018 annual
<u> </u>	Response Plan.	report)
15	Correct the use of Mine Rescue Team (MRT) with	March 31, 2018 (2018 annual
	Emergency Rescue Team (ERT) in the Emergency	report)
1 -	Response Plan.	N. 1 21 2212 (2212
16	Follow only approved methods for discharge.	March 31, 2018 (2018 annual
1.7	D 1 A P D 10 C1 M17 O7 W	report)
17	Reorganize Appendices F and G of the Mobile Oily Water	March 31, 2018 (2018 annual
10	Separator Manual.	report)
18	Incorporate the Snow Management Plan into the Surface	March 31, 2018 (2018 annual
	Water and Aquatic Ecosystems Management Plan.	report)

19	Update the document control section of the Snow Management Plan.	March 31, 2018 (2018 annual report)			
Envi	ronment and Climate Change Canada (ECCC)	F /			
1a	Ensure effluent is fully characterized.	Subsequent annual reports			
		(testing as per Licence			
		Schedule I, Table 12, Group 7).			
1b	Describe the proposed water treatment system, including	November 1, 2018			
	the parameters and its target effluent quality.	1, 2 010			
1c	Develop appropriate mitigation measures to prevent ARD	December 31, 2018 (as per the			
	based on the results from the investigation of the cause of	commitment in the Report)			
	the drop in pH.				
1d	Conduct inspections of any construction incorporating the	As per Licence Part D, Items			
10	waste rock to identify any detectable ARD onset.	12, 18, and 23; Part F, Item 3,			
	waste fock to identify any detectable fire onset.	Schedule B, Item g(xi); and			
		Schedule D.			
2a	The Sheardown Lake sedimentation monitoring study to	Subsequent annual reports			
	continue on an ongoing basis.				
2b	Management and mitigation of dust at the mine site and	Subsequent annual reports			
	Milne Inlet facility be an ongoing priority for Baffinland				
3	Use consistent units for nitrogen parameters	Subsequent annual reports			
4	Identify how quarry water that is unsuitable for discharge	November 1, 2018			
	will be managed. This should include potential storage				
	locations and treatment options.				
5	Identify sites, which will be monitored beyond the mine	March 31, 2018 (2018 annual			
	site landfill.	report)			
Qikio	qtani Inuit Association (QIA)				
1	Confirm Christopher Murray is the correct Baffinland	NWB considers this matter to			
	representative to discuss the Annual Report.	be between BIMC and QIA			
		only.			
2	Discuss why the mutually agreed upon Tables and	NWB considers this matter to			
	Requirements from the Lease Operations Guide were not	be between BIMC and QIA			
	used in completing the Annual Report submission.	only.			
3	Update the Waste Tipped Lease Operations Guide to	NWB considers this matter to			
	include survey methods.	be between BIMC and QIA			
	·	only.			
4	Provide the scope and, when available, the outcomes of	March 31, 2018 (2018 annual			
	the Geochemical Evaluation Program mentioned in the	report)			
	Interim Waste Rock Management Plan				
5	Provide the timelines for updating the Waste Rock	March 31, 2018 (2018 annual			
	Management Plan from interim status.	report)			
6	Provide when the Life of Mine Rock Management Plan	March 31, 2018 (2018 annual			
	will be updated to reflect the Interim Waste Rock	report)			
	Management Plan.				
7	Upload all updated management plans to IGLU.	NWB considers this matter to			
		be between BIMC and QIA			
		only.			
8	Baffinland's acknowledgement of receipt of this letter.	NWB considers this matter to			
	-	be between BIMC and QIA			
		only.			
Nuna	Nunavut Water Board (NWB)				
1a	Water use for dust suppression from the following water	November 1, 2018 – mitigation			

	sources was in exceedance: BG50, CV217, CV233, and	measures
	Camp Lake. Outline mitigation measures to ensure water	March 31, 2018 (2018 annual
	use is within allowable values and update relevant	report) – management plan(s)
-11	management plans.	updates
1b	Water source CV099 can be used only during low-flow	November 1, 2018
	years. Was 2017 a low-flow year? If so, please provide	
	data to support the claim.	N 1 1 2010
2	Report Section 5.2 states that 3 instances of "exceedances	November 1, 2018 – causes and
	of applicable water quality criteria occurred during	mitigation
	discharges from Project containment areas in 2017 while	March 31, 2018 (2018 annual
	using the OWTS". Outline the causes for the exceedances	report) - management plan(s)
	and mitigation measures. Update relevant management	updates
2	plans.	Navambar 1, 2019
3	A number of monitoring stations were named as inactive	November 1, 2018
	or decommissioned. Echoing CIRNAC No. 1, please justify the decisions to NWB. Please refrain from	
	designating any station inactive or decommissioned	
4	without NWB's approval. Add "Yes/No Visible Sheen" option to the measurement	Subsequent annual reports
4	of oil and grease in a sample, in line with the Licence	Subsequent annual reports
	requirements.	
5	Seepage from the waste rock facility was discovered only	March 31, 2018 (2018 annual
3	on August 23, 2017, by CIRNAC and ECCC during a site	report)
	inspection. There was a significant time lapse between the	Teport)
	measurement of a low-pH and determining that there was	
	seepage and only upon the intervention of government	
	agencies. Update the relevant management plans by	
	including a requirement for unplanned inspections by an	
	Engineer in case of encountering abnormal conditions.	
6	Close off several outstanding items listed for follow-up in	November 1, 2018
	the Geotechnical Inspection Reports.	
7	Provide searchable documents.	Subsequent annual reports
8	Appendix E5, section 4.4 designates the water treatment	March 31, 2018 (2018 annual
	system operator to follow the manual but lists the manual	report)
	as "under development". Develop the manual and update	
	relevant management plans.	
9	There were numerous TSS exceedance events throughout	November 1, 2018 – causes and
	the year. Outline the causes for the exceedances and	mitigation
	mitigation measures. Update relevant management plans.	March 31, 2018 (2018 annual
		report) - management plan(s)
		updates

If you have any questions, please contact the undersigned at assol.kubeisinova@nwb-oen.ca or (867) 360 6338.

Regards,

Assol Kubeisinova Nunavut Water Board, Technical Advisor

Copy: Distribution list - Mary River Attachments: CIRNAC, ECCC, QIA