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August 6, 2019

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**RE: BAFFINLAND IRON MINES CORPORATION'S MARY RIVER PROJECT, 2018
ANNUAL REPORT FOR OPERATIONS- QIKIQTANI INUIT ASSOCIATION
REVIEW**

The Qikiqtani Inuit Association (QIA) submits this letter to Baffinland Iron Mines Corporation (Baffinland) and the Nunavut Water Board (NWB) under Section 6.4 of the Commercial Production Lease No. Q13C301 (the Lease)¹ and Water Licence 2AM-MRY1325.² The QIA acknowledges receipt of the 2018 Annual Report³ (the Report). QIA recognizes the effort required to complete the submission. Particularly, QIA notes the effort required to update the reporting format to meet the mutually agreed upon layout in the Lease Operations Guide.

QIA carried out a review of the Report and has provided a list of reasonable requests in the attached **Table 1**. As per Section 5.2. a) viii of the Lease to be responded to by September 30, 2019. If Baffinland does not agree or cannot confirm the timeline requested, please respond with why the timeline cannot be met and what Baffinland would consider an acceptable adjusted timeline.

During its review, QIA noted that contrary to the Lease Operations Guide and Section 6.4 c) of the Lease, As-Built and Construction Summary Reports for some

¹ QIA and Baffinland (2013). Commercial Lease No.: Q13C301. September 6, 2013.

² Nunavut Water Board (2015). Water Licence No: 2AM-MRY1325 Amendment No. 1. July 31, 2015.

³ Baffinland (2019). 2017 Qikiqtani Inuit Association (QIA) and Nunavut Water Board (NWB) Annual Report for Operations. March 31, 2019.



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Chris Spencer
Regulatory Manager



ID	Page No.	Section	Concern	Request to Baffinland
1.	29-32	Project Activities, Modifications and Infrastructure Changes	Baffinland has not included the As-built documentation and Construction Summary Reports for the following completed structures: <ol style="list-style-type: none"> 1. Laydown LP7, R1 and R2; 2. Laydown adjacent to Sailiivik Camp; 3. Laydown for the Mine Site Truck Maintenance Shop; 4. 15ML and 3ML diesel fuel tanks; 5. Mine site crusher facility pond expansion; 6. Contractor offices and workshops near Sailiivik Camp; 7. IT Infrastructure; 8. Concrete Batch Plant. 	Baffinland provide all outstanding As-builts and Construction Summary Reports listed.
2.	29	Project Activities, Modifications and Infrastructure Changes	Baffinland states that "Items outlined the 2018 Work Plan (Rev. 1) and 2018 Work Plan Addendum that are not included in Table 2.0 were either deferred or cancelled and were not initiated in 2018." The Operations Guide requires a report of activities conducted relative to what was described in the Annual Work Plan submission for the previous Year. This includes projects which were not initiated.	Going forward, Baffinland include work plan items and modification requests which were not completed in Table 2.0.
3.	30	Project Activities, Modifications and Infrastructure Changes	2018 Work Plan (Rev. 1) Items 20 and 23 state that sections of the historical tote road will be reclaimed. Baffinland reports only one section (KM 57) of the tote road was reclaimed in 2018. The Operations Guide requires a description of construction and infrastructure changes, <u>which includes any removals located within the boundaries of all Land Use Areas</u> , including all As-built reports available, signed and stamped by an Engineer, for all works completed. (CPL Section 6.4. Annual Reporting Requirements - b).	Baffinland provide supporting documentation to substantiate the reclamation of KM 57. What are Baffinland's plans for reclamation of the historical tote road for 2019? Specifically, how many kilometers of the tote road will be reclaimed?
4.	36	Project Activities, Modifications and	Modification request No. 7 includes upgrades to the Waste Rock Facility Waste Treatment Plant. Baffinland states it will be continuing installations under Modification No. 7 into 2019 and will be providing	Baffinland provide the As-built for the Waste Rock Facility Waste Treatment Plant.



ID	Page No.	Section	Concern	Request to Baffinland
		Infrastructure Changes	<p>associated Construction Summary Reports once all items have been completed.</p> <p>Given the WRF Waste Treatment Plant is the main item in this modification request and has been operational for a year, it would be reasonable to request the As-built for this facility be submitted.</p>	
5.	36	Project Activities, Modifications and Infrastructure Changes	Per Modification Request No. 9, Baffinland completed the Milne Port Ore Stockpile expansion, which included expansion of Pond No. 1. The As-built was submitted on April 1, 2019. QIA does not believe this submission meets the requirements described in the Lease Operations Guide.	Baffinland provide a revised As-built as per the requirements of the Lease Operations Guide.
6.	48	Reported Incidents	<p>Baffinland reported a total of 36 spills occurring in 2018. Of these, nearly half were treated and untreated sewage spills. Table 6.1 shows that 10 of the 16 reported sewage spills were attributed to the Mine Site Complex (MSC) Lift Stations; this represents over 25% of the total spills in 2018. However, Baffinland does not provide possible explanation for this particular trend.</p>	<p>Baffinland please provide insight on the high occurrence of sewage spills at MSC.</p> <p>Additionally, list any steps currently being taken to reduce the risk/occurrence of spills of treated and untreated sewage from the MSC Lift Stations.</p>
7.	52	Monitoring	<p>On September 4, 2018, effluent from the Oily water treatment system (OWTS) which was treating water from MS-HWB-7, was shown to have a lead concentration exceeding discharge criteria.</p> <p>Baffinland may not have reported the quantity of water discharged in Table 6.1 as required by the Water Licence.</p>	Can Baffinland confirm the volume of water exceeding Water Licence criteria which was discharged into the receiving environment?
8.	79-80	Inbound and Outbound Shipments to and from the Project	<p>Table 2.2 and 2.3 in the Appendix include summaries of items being shipped to and from the Project.</p> <p>In the "Equipment/material items" column of these tables, Baffinland has grouped a broad variety of items under the designation of "Equipment and other materials". Moreover, it has not specified ownership of these, stating "Baffinland and third party" in the "Owner" column.</p>	Baffinland provide a revised listing separating out "Equipment", "Mobile Equipment", "Other Materials". Moreover, Baffinland specify whether these items are owned by Baffinland or third-party companies.