



NWB Tools

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## RE: Baffinland Iron Mines Corporation - Supplementary Information

1 message

**Jim Millard** <jim.millard@baffinland.com>

Sun, Dec 13, 2015 at 6:39 PM

To: Stephen Bathory &lt;SWBathory@qia.ca&gt;

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Hello Stephen.

We are providing some updated information regarding pre-packaged explosives and ammonium nitrate (AN) storage/inventory at the Mary River Project Site. The information, below, were validated late yesterday, and hence we are providing it to you today. For their information, we have also copied AANDC and NWB on this correspondence prior to discussions later this week.

We have reviewed the financial security allocation for pre-packaged explosives and AN on-site. The expected peak inventory for the Project is actually the inventory that is on-site currently as of end of December 2015. The current inventory of AN is good for >19 months based on projected mining rates. There is currently an adequate quantity of AN onsite for the purpose of explosives emulsion manufacture until sealift 2017. On this basis, there are no plans to ship additional AN to site in 2016 and, therefore, the current inventory is reflective of 'worst case' scenario from a security perspective. The current inventory of pre-packaged explosives and AN on-site, including the 640T of AN sent in 2015 sealifts, is as follows:

| <i>Current Inventory</i>      |         |
|-------------------------------|---------|
| Product Type                  | kg      |
| Sum of Boosters 450 gram      | 13,963  |
| Sum of Blastex 65x400 (12/cs) | 19,271  |
| Sum of Blastex 75x400 (8/cs)  | 13,818  |
| Sum of Blastgel 76mm x 4kg    | 59,440  |
| Sum of Blastgel 83mmx4.5kg    | 322,790 |
|                               |         |

|                                     |                |
|-------------------------------------|----------------|
| <b>Sum of Blastgel 75mmx4.5kg</b>   | 64,643         |
| <b>Sum of Blastgel 83mmx5.9kg</b>   | 401            |
| <b>Sum of Blastgel 125mmx11.3kg</b> | 126,560        |
| <b>Sum of Blastgel 138mmx13.5kg</b> | 95,634         |
| <b>Total</b>                        | <b>716,519</b> |

|                                   |                  |
|-----------------------------------|------------------|
| <b>Current Inventory</b>          |                  |
| <b>Ammonium Nitrate Inventory</b> | <b>1,874,000</b> |

Based on these findings, Baffinland proposes to adjust the previous security allocation of \$1,429,000 for AN and pre-packaged explosives reclamation to: \$2,537,000. This represents a \$1,108,000 increase and is based on the following:

| Item                          | Quantity               | Unit Rate            | Total (\$)       |
|-------------------------------|------------------------|----------------------|------------------|
| Pre-packaged Explosives       | 716,519 kg             | \$2.37/kg            | 1,698,150        |
| Ammonium Nitrate <sup>1</sup> | 2,342.5 m <sup>3</sup> | \$358/m <sup>3</sup> | 838,615          |
| <b>TOTAL<sup>2</sup></b>      |                        |                      | <b>2,537,000</b> |

<sup>1</sup> Assume Bulk Density of 800 kg/m<sup>3</sup>

<sup>2</sup> Rounded to nearest '000

It is noted for pre-packaged explosives, the explosives reclamation unit rate as established by 2014 Complete Project Financial Security Assessment (H349000-1000-07-126-0018, Rev.1) was applied for the respective inventory quoted above. For AN, the hazardous materials reclamation unit rate as established by 2014 Complete Project Financial Security Assessment was applied to the respective inventory quoted above. The application of the hazardous materials reclamation unit rate was selected based on AN being classified under UN1942 and Class 5.1 (Oxidizer). Not as an explosive. Please see attached Dyno Nobel Technical Sheet for AN prill for supporting information.

Kind regards,



**Jim Millard | Environmental Manager**

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**Dyno Nobel - Ammonium\_Nitrate\_Industrial Tech Sheet.pdf**

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