



10 January 2018

Ms. Stephanie Autut
Executive Director
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Re: Responses to Information Formation Requests, 2018/19 Annual Security Review

Baffinland Iron Mines Corporation (Baffinland) provides the following letter to the Nunavut Water Board (NWB) in response to the information requests received from Indigenous and Northern Affairs Canada (INAC)¹ and the Qikiqtani Inuit Association (QIA)², in regards to the 2018 Annual Security Review (ASR) for the Mary River Project (the Project) Type A Water Licence No. 2AM-MRY1325 (as amended). The attached Table 1 appended to this letter provides a summary of comments received and the response provided by Baffinland.

Please let us know if any further information requests are received or if there is any clarification needed on the responses Baffinland has provided. Baffinland would be happy to have a follow-up discussion with the relevant parties if that discussion would be helpful for completion of the ASR.

Regards,

A handwritten signature in black ink, appearing to read "Chris Murray", with a stylized flourish at the end.

Christopher Murray
Environmental & Regulatory Compliance Manager

cc. Todd Burlingame, Megan Lord-Hoyle (Baffinland)
David Hohnstein, Karén Kharatyan (NWB)
Stephen Williamson Bathory (QIA)
Sarah Forté (INAC)
Jamie Van Gulck, Jason Ash (ARKTIS)

Attachments:

Attachment 1: Table 1 - Baffinland Responses to Annual Securities Review Information Requests
Attachment 2: INAC Information Request
Attachment 3: QIA Information Request

¹ INAC (2017). Re: Information Requests for 2018 Annual Security Review of Baffinland Iron Mine Corporation's 2AM-MRY1325 Type A Water Licence. 13 December 2017

² QIA (2017) Re: Type "A" Water Licence 2AM-MRY1325-Ammendment No. 1 Mary River Project: 2018 Annual Security Review Process – Information Requests. 14 December 2017

Attachment 1

Table 1 - Baffinland Responses to Annual Securities Review Information Requests

Table 1
Baffinland Responses to Annual Securities Review Information Requests
10 January 2018

No.	Information Request	Baffinland Response
INAC Information Requests - 13 December 2017		
1	INAC would appreciate if the NWB could please advise: 1) If our interpretation of "signing of an activity" is correct. 2) If they consider that the proposed building of laydown areas over waterbodies and streams as detailed in item #3 is permitted by water licence 2AM-MRY1325 amendment #1? 3) If they consider the expansion of the ore stockpile laydown area at Milne Port as detailed in item #5, and the likely necessary sedimentation pond adjustments, can proceed without a modification request?	None - IR Directed to NWB
2	INAC is seeking clarification on if the reclamation estimate for the 2018 ASR should include reclamation (demobilization) costs for equipment brought to site for an activity which has yet to be approved by the Nunavut Planning Commission, the Nunavut Impact Review Board and the NWB.	None - IR Directed to NWB
3	INAC would like Baffinland to identify which line items of the 2018 EBS they still believe should be included 2018 ASR. We would also appreciate if they could clarify how 2017 line items were changes and how the 2017 addendum cost estimates were integrated.	<p>A revised version (Rev. 1) of the 2018 Work Plan and Marginal Securities Estimate will be submitted to provide clarity on the work items currently being considered under the direction provided by NWB following input from INAC, QIA and Baffinland.</p> <p>Regarding the column labelled "Associated Workplan", the following labels have been applied: '2017' - Activities/items from the 2017 Work Plan '2017-A' - Activities/items from the 2017 Work Plan Addendum '2018-R' - Activities/items reconciled from 2017 and included in the 2018 estimate '2018' - Activities/items included in the 2018 estimate</p> <p>The revised version of the EBS further clarifies the 2018 activities/items as follows: '2018-C1' - Activities/items classified as Category 1 and included in the 2018 estimate</p>
4	INAC seeks to understand: 1) What version of the updated ICRP the Work Plan is referring to. The latest version we have seen is revision 4 dated March 31, 2016. If Baffinland is not referring to revision 4 of the ICRP, when will the updated ICRP be shared? 2) When the information for the provision of additional securities for the updated ICRP will be provided. This information is critical for the Annual Security Review since the reclamation cost estimate is based on reclaiming the project as described in the ICRP.	<p>1) The current version of the ICRP is Revision 4, dated 31 March 2016, which can be found on the Baffinland Document Portal at: http://www.baffinland.com/downloadocs/interim-closure-and-reclamation-plan_2017-14-21-07.pdf.</p> <p>2) A draft version of Revision 5 is in progress and is targeted to finalization for 31 March 2018, pending approval by the QIA. As per Commercial Lease, QIA approval is required prior to release of ICRP revisions to other parties. Once the ICRP Revision 5 has been finalized, any required adjustments to the Securities Estimate will be reconciled in the subsequent 2018/19 ASR process.</p>
5	INAC is requesting information on: 1) Which specific line entries in the ASR estimated breakdown structure are for the waste rock sedimentation pond improvements. 2) What strategy will be used for addressing the waste rock sedimentation pond leakage and acid rock drainage. Any information available will help reduce the uncertainty in our cost estimate.	<p>Work conducted to date (batch treatment, ditch construction) to address immediate waste rock sedimentation issues was evaluated by Baffinland and determined to not require an increase to security above the current allocation. Batch treatment equipment was demobilized upon frozen conditions in Fall 2017 and the additional ground disturbance from ditching is not expected to materially affect disturbed land cost allocations that were based on footprints expected at Year 5 of Operation (so were already conservative for 2017).</p> <p>Additional physical improvements to the waste rock sedimentation pond to address the issue long term is expected to be conducted in Winter 2018 but proposed design changes are still in development and have not been finalized. Based on the physical improvements proposed in the final design, Baffinland will adjust security at the next opportunity in consultation with parties and will describe any proposed security adjustments in the modification request sent the NWB prior to construction.</p>

Table 1
Baffinland Responses to Annual Securities Review Information Requests
10 January 2018

No.	Information Request	Baffinland Response
6	INAC requests more information on: 1) The total estimated duration of reclamation activities, and whether the work is planned only over summer seasons or year-round. 2) If the cost for accommodation includes the mobilization and de-mobilization of a camp for workers, what size camp is budgeted for and how many workers are budgeted for.	Reclamation activities are expected to take three (3) years with work focussed on the summer season. Baffinland currently estimates that approx. 192,000 person-hours or 19,200 person-days (10 hrs/day) are required to completed global, direct reclamation activities. 19,200 person-days equates roughly to a crew of 75 persons (on site), for 85 days a year, for 3 years. Support personnel (housekeeping, maintenance staff, catering etc.) would be additional but costs are captured under the accommodation cost per person-day allocation. Based on current planning, an existing camp at each location will be decommissioned in modular fashion to support reclamation activities and ensure required upcoming best space is left available. The amount allocated for worker accommodation and worker mobilization and de-mobilization is itemized annually.
7	INAC would appreciate sufficient information for us to understand how this proposed road re-alignment could be used.	The haul road re-alignment is not within the scope of this securities assessment as it was not deemed a Category 1 activity.
8	In the event it is confirmed that the construction of a new mine truck shop will start in year 2018, we would request Baffinland to provide us with any relevant feasibility, predesign report and construction drawings.	When available, relevant construction drawings will be provided for review. Currently, the relevant construction supplier and contractor has not been retained, and therefore drawings are not available at this time.
QIA Information Requests - 14 December 2017		
1	QIA requests that the Report be resubmitted to reflect the direction provided by the NWB. Specifically, a new report should only provide a security estimate for items that are within the current 2018 ASR scope.	Agreed. A Rev. 1 version of the 2018 Work Plan and associated Securities Estimate will be submitted on January 10th.
2	QIA requests Baffinland provide the list of activities they consider to be within "Reconciliation of 2017 Activities" as stated ¹ in the NWB letter.	Reconciliation of 2017 Activities includes the sum total of all items listed in 'Section 2 - 2017/18 ASR Reconciliation' of the 2018 <i>Marginal Closure and Reclamation Financial Security Estimate</i> (Baffinland, 16 November 2017).
3	QIA requests that all proposed 2018 items are included on a map, including areas disturbed, with sufficient detail to see surrounding infrastructure.	Figures are provided in Appendix B of the 2018 Marginal Closure and Reclamation Financial Security Estimate, and Appendix A of the 2018 Work Plan. The updated Work Plan and securities estimate documents will provide revised figures depicting the updated scope of work as per direction provided by NWB following input from INAC, QIA and Baffinland.
4	QIA requests that all proposed construction or infrastructure items include a conceptual or for-construction design.	As committed to in Commercial Lease Section 6.4 (b) and (c), Baffinland will provide a description of construction and infrastructure changes, additions or removals located within the boundaries of all Land Use Area, and all "As Built" reports available, signed and stamped by an Engineer in the Annual Report. If there are proposed construction or infrastructure items described in the 2018 Work Plan that QIA requires details beyond what is required in the Commercial Lease, Baffinland requests QIA provide a specific itemized list noting the proposed construction or infrastructure item in question, what additional detail is needed, and a rationale for the request. Baffinland will endeavour to provide QIA any additional material requested if available and deemed a reasonable request.
5	QIA requests that Baffinland provide the current security held for all items with security changes to determine relative changes. This should be incorporated into all tables currently in the Report aside from Table 3-7, 4-1, and 4-2.	Baffinland welcome the opportunity to discuss report format with the QIA to make it more effective for all users. Baffinland requests any changes to format of Baffinland reports to be collected and shared with Baffinland for an in-person discussion on feasibility. Any mutually agreeable changes can be incorporated into revisions of the Lease Ops Guide and finalized prior to the 2019 ASR.
6	QIA requests evidence that materials for the Cross Conveyor detailed in Section 2.1 of the Report has not made it to site. If it had made it to site, please provide evidence that it had been shipped off site. Manifests indicating materials for the Cross Conveyor being shipped off site is sufficient.	Baffinland has never pursued the cross conveyor past conceptual stage and therefore no design has been developed, materials or services procured or materials mobilized to site. QIA is provided all shipping manifests (to and from site) as evidence and is invited to confirm during the next on-site inspection or audit.

Table 1
Baffinland Responses to Annual Securities Review Information Requests
10 January 2018

No.	Information Request	Baffinland Response
7	QIA requests that all laydowns constructed in 2017 have as-constructed surveys provided to ensure the appropriate area is used.	Baffinland is committed to ensuring disturbed areas are appropriate and accurately captured in security estimates. Baffinland feels as-constructed surveys is not the most efficient way to pursue this objective however and wishes to discuss with the QIA the annual application of a remote sensing technology (e.g. orthoimagery) as a surrogate for as-constructed surveys of disturbed land for the purpose of security estimation.
8	Part D, Item 2 of the Type A Water Licence ⁵ requires signed and stamped construction designs and drawings. QIA requests that all such structures to be constructed in 2018, particularly in relation to laydowns, be provided. QIA requests as-builts for all water diversion structures built in 2017.	All items in the 2018 Work Plan that contain, divert or retain water will have construction designs provided upon submission of the water licence modification under Part G, Item 3. As built for all structures requiring a modification under the water licence will be provided within 90 days of construction completion, as per Part G, Item 4.
9	If now available, QIA recommends Baffinland provides its plans for the 2018 exploration program during the ASR process. Any exploration planned on Inuit Owned Land is subject to a security evaluation.	Plans are still in development. Material changes to previous years activities will be discussed with the QIA once finalized.
10	QIA requests Baffinland's definition of 'typical fleet' as used in Table 3-2 of the Report.	The Typical Fleet was the result of a joint recommendation from Hatch and ARKTIS put forward in September 2016, and as detailed in the Mary River Financial Security Estimate - Preliminary Path Forward on Items with High Uncertainty (Baffinland, 27 October 2016). As the 2018 Work Plan indicated a work greater than 'typical' operations, the fleet size was re-evaluated and updated based on the equipment lists provided by 3rd party contractors.
11	QIA requests Baffinland further differentiate between 3 rd Party heavy, medium, and light mobile equipment in Table 3-2 of the Report.	The distinction between heavy, medium and light mobile equipment was adopted from Section 6 and 7 of the Mary River Financial Security Estimate - Preliminary Path Forward on Items with High Uncertainty (Baffinland, 27 October 2016), and using examples as set out in Table 7-1 of that document. Consistent with the previous approach, the Typical Fleet has been updated to reflect the quantity of 3rd Party equipment proposed for 2018.
12	QIA requests Baffinland provide maps with the areas listed in Table 3-3 identified. These areas can then be compared to as-constructed documentation to reconcile quantities.	All areas listed on Table 3-3 are depicted on the Figures provided in Appendix B of the 2018 Marginal Closure and Reclamation Financial Security Estimate, and Appendix A of the 2018 Work Plan. The updated Work Plan and securities estimate documents will provide revised figures depicting the updated scope of work as per direction provided by NWB following input from INAC, QIA and Baffinland.
13	QIA requests the dimensions of each culvert to be constructed in 2018, and not one standard size.	Culvert dimensions are not available at this time, but will follow the Hatch (2013) Civil Design Criteria for the project, from which the typical for culverts were derived. It is noted security allocations for culverts is independent of culvert size as the level of effort for culvert reclamation is deemed to be generally consistent.
14	QIA requests Baffinland's evidence from which they used to determine 10% of capital costs as a reasonable reclamation cost for demobilization costs, as per Section 3.3.1.7 of the Report. Can Baffinland also include the current applicable freight shipping costs for the same items?	10% of capital costs allocation for de-mobilization was based on Baffinland and Hatch's conservative assumption that mobilization and demobilization cost are estimated as 10% of total direct costs, no additional evidence is available but this is consistent with previously accepted approaches and is deemed appropriate as modules will be stored and the port and major disassembly would not be required. Itemized shipping only costs are not currently available.
15	QIA requests Baffinland further detail why a fill application is needed in reference to Section 3.3.1.9 of the Report. In addition, QIA requests a map with the area to be filled.	Fill application is needed to account for the cost of developing and applying fill as capping material to the marginal increase of demolition materials (equipment buildings, piping, etc.) that would have to be disposed of on-site due to proposed 2018 Work Plan activities in the event of an unplanned closure scenario. Final disposal location for these materials in an unplanned closure scenario is yet to be determined.

Table 1
Baffinland Responses to Annual Securities Review Information Requests
10 January 2018

No.	Information Request	Baffinland Response
16	QIA requests Baffinland provide reasoning for each exclusion listed in Section 3.3.3 of the Report.	<p>Off-site disposal of hazardous and non-hazardous waste (including Ammonium Nitrate and explosives) was excluded in 2018 estimate as it was determined Baffinland would not have on-site at anytime in 2018 hazardous and non-hazardous waste (including Ammonium Nitrate and explosives) in quantities in excess of amount previous cost allocations are based on. Therefore, previous allocations are still representative.</p> <p>Additional allocation for short-term care and maintenance, closure and post closure monitoring and reporting was not included as it was deemed 2018 proposed activities would not materially change requirements for these activities from previous estimates.</p> <p>Additional allocation for contaminated soil treatment was not included in 2018 as no known additional contaminated soil was generated in 2017 that requires future treatment. The current security estimate already includes an allocation for unknown contaminated soil and it was deemed 2018 proposed activities would not materially change requirements for these activities from previous estimates.</p>
17	How does Baffinland plan to incorporate the Mary River Financial Security Estimate – Preliminary Path Forward on Items with High Uncertainty ⁶ in the 2018 ASR process? Additionally, how does Baffinland prioritize each item?	Baffinland has incorporated any updated information available pertaining to 'Items with High Uncertainty' in the 2018 ASR Process (e.g. disturbed areas, 3rd Party Equipment, typical fleet) and is open to discussing with QIA the priorities in addressing uncertain items for future years.
18	QIA requests any additional information Baffinland may wish to provide to enhance QIA's Security Report.	Noted.
19	QIA requests Baffinland provide any additional information that QIA should consider.	Noted.

Attachment 2

INAC Information Request



Water Resources Division
Nunavut Regional Office
Iqaluit, NU X0A 0H0

Your file - Votre référence
2AM-MRY1325

December 13, 2017

Our file - Notre référence
CIDM#1189813

Stephanie Autut
Executive Director
Nunavut Water Board
Gjoa Haven, NU X0B 1J0

sent via email: stephanie.autut@nwb-oen.ca, licensing@nwb-oen.ca

Re: Information Requests for 2018 Annual Security Review of Baffinland Iron Mines Corporation's 2AM-MRY1325 Type A Water Licence

Dear Ms. Autut,

Thank you for the correspondence on December 5, 2017 providing the schedule and scope of activities to be considered for Baffinland Iron Mines Corporation's 2018 Annual Security Review for their Type A Water Licence 2AM-MRY1325 amendment #1.

Indigenous and Northern Affairs Canada's appreciates the opportunity to formulate information requests, as presented in the enclosed memorandum for the Board's consideration. Comments have been provided pursuant to the Department's mandated responsibilities under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*.

Please do not hesitate to contact me at 867-975-3876 or sarah.forte@aadnc-gc.ca for any additional information.

Regards,

Sarah Forté
Water Management Specialist

c.c.: Christopher Murray, Environmental & Regulatory Compliance Manager,
Baffinland
Stephen Williamson Bathory, Director of Department of Major Projects, QIA

Technical Review Memorandum

To: Stephanie Autut, Executive Director, Nunavut Water Board

CC: Christopher Murray, Environmental & Regulatory Compliance Manager,
Baffinland Iron Mines Corporation
Stephen Williamson Bathory, Director of Department of Major Projects, Qikiqtani
Inuit Association

From: Sarah Forté, Water Management Specialist, Indigenous and Northern Affairs
Canada
Wajid Daouda, Senior Engineer, Indigenous and Northern Affairs Canada

Date: December 13, 2017

Re: Information Requests for 2018 Annual Security Review of Baffinland Iron Mines
Corporation's 2AM-MRY1325 Type A Water Licence

Licensee: Baffinland Iron Mines Corporation
Project: Mary River Project
Region: Qikiqtani

A. BACKGROUND

Baffinland Iron Mines Corporation's (Baffinland) Type A water licence 2M-MRY1325 amendment #1 covers mining activities associated with the Mary River iron mine, which has two principal sites, the Mine Site, approximately 100 km inland, and the Milne Port, at the southern tip of Milne Inlet. The licence includes provisions for an annual security review (ASR) to determine security to be posted by Baffinland each year in order to cover the reclamation costs of the project and workplan for the following year.

On November 6, 2017 Baffinland provided their 2018 Work Plan, accompanied by a reclamation cost estimate submitted on November 22, 2017. Discussions and correspondence between the Nunavut Water Board (NWB), the Qikiqtani Inuit Association (QIA), Baffinland, and Indigenous and Northern Affairs Canada (INAC) occurred to ensure the ASR process was amenable to all parties. The process was clarified in correspondence issued by the NWB on December 5, 2017 specifying the schedule for the 2018 ASR as well as the scope of activities to be considered.

This memo is INAC's contribution for the next step in the ASR process, information requests due on December 15, 2017. The first two requests are directed to the NWB and subsequent ones are directed towards Baffinland.

B. RESULTS OF REVIEW

On behalf of the Water Resources Division of INAC, the following information requests are provided for the Board's consideration:

1. Clarification of activities permitted under the present licence – *directed to the NWB*

References:

- RE: Type "A" Water Licence 2AM-MRY1325 – Amendment No.1, Mary River Project; 2018 Annual Security Review Process – General Correspondence Follow-up, Nunavut Water Board, December 5, 2017
- RE: Scope of Activities to Consider for 2018 Annual Security Review of Baffinland Iron Mines Corporation's 2AM-MRY1325 Type A Water Licence, Indigenous and Northern Affairs Canada, December 1, 2017
- 2018 Work Plan, Baffinland Iron Mines Corporation, November 1, 2017
- Nunavut Water Board Licence No. 2AM-MRY1325 – Amendment No. 1, Nunavut Water Board, July 21, 2015

Comment:

INAC is seeking clarification on the inclusion of certain items as Category 1 Items for the 2018 Work Plan in Appendix B. These are items to be considered for the current security review. The fourth paragraph on page 2 of the NWB's correspondence defines *"the scope of the 2017-2018 ASR will be limited to those works/activities in the 2018 Work Plan that have already been approved under Water Licence No. 2AM-MRY1325 (including as amended under Amendment No. 1)"*. Further details are given: *"assessing the reclamation security for works/activities that are yet to be approved and/or those considered to be "out-of-scope" of the current Water Licence ... will remain to be addressed"*. These statements match our understanding of the conclusion of a teleconference held on November 29, 2017 between the Qikiqtani Inuit Association (QIA), the NWB, Baffinland and ourselves.

As presented in our December 1, 2017 letter, INAC is of the opinion that one item included in the category 1 list is not permitted by the licence (#3) and another will require a modification request (#5). The items are included with the qualifier *"NWB and the NIRB will need to sign off this activity"*. We are unsure of the meaning of this qualifier. We are making the assumption that the qualifier is indicating "sign-off / or approval of".

Information request:

INAC would appreciate if the NWB could please advise:

- 1) If our interpretation of "signing of an activity" is correct.

- 2) If they consider that the proposed building of laydown areas over waterbodies and streams as detailed in item #3 is permitted by water licence 2AM-MRY1325 amendment #1?
- 3) If they consider the expansion of the ore stockpile laydown area at Milne Port as detailed in item #5, and the likely necessary sedimentation pond adjustments, can proceed without a modification request?

2. Mobilization of equipment for activities excluded from the 2018 ASR – directed to the NWB

References:

- RE: Type “A” Water Licence 2AM-MRY1325 – Amendment No.1, Mary River Project; 2018 Annual Security Review Process – General Correspondence Follow-up, Nunavut Water Board, December 5, 2017
- 2018 Work Plan, Baffinland Iron Mines Corporation, November 1, 2017
- 2018 Marginal Closure and Reclamation Financial Security Estimate, Baffinland Iron Mines Corporation, November 16, 2017, Section 3.3.1.7

Comment:

Certain activities of the Workplan have been set aside for the 2018 review because they require licence amendments. The cost estimate includes mobilization of equipment necessary for such activities in Section 3.3.1.7, which specifies “*Bulk material handling modules will not be installed until appropriate approvals are in place*”. The equipment listed includes some parts and machinery needed for work associated with railway construction for Phase 2 of the project.

Information request:

INAC is seeking clarification on if the reclamation estimate for the 2018 ASR should include reclamation (demobilization) costs for equipment brought to site for an activity which has yet to be approved by the Nunavut Planning Commission, the Nunavut Impact Review Board and the NWB.

3. Estimate Breakdown Structure line entries to consider for 2018 ASR – directed to Baffinland

References:

- 2018 Marginal Closure and Reclamation Financial Security Estimate, Baffinland Iron Mines Corporation, November 16, 2017, Appendix A
- 2017 Work Plan – Estimate Breakdown Structure (EBS) – as submitted Nov 24, Baffinland Iron Mines Corporation, November 24, 2016

Comment:

The details of the reclamation estimate are presented in Appendix A using a spreadsheet called Estimate Breakdown Structure (EBS) that includes a column labelled “*Associated Workplan*” specifying the Workplan year for each line item.

In the EBS estimate submitted during the 2017 ASR, entries for the 2017 Workplan were identified as “2017”. In the new 2018 EBS, the identification for these items has changed as there are no longer lines with this label. The two types of entries for 2017 are a few “2017-“ and mostly “2017-A”. The 2018 entries are identified as “2018-R”.

Presumably, since the 2018 EBS was submitted before the NWB defined the scope of this 2018 ASR, it includes items that Baffinland initially presumed would be part of the ASR discussion.

Information request:

INAC would like Baffinland to identify which line items of the 2018 EBS they still believe should be included 2018 ASR. We would also appreciate if they could clarify how 2017 line items were changes and how the 2017 addendum cost estimates were integrated.

4. Updated Interim Closure and Reclamation Plan – *directed to Baffinland*

References:

- 2018 Work Plan, Baffinland Iron Mines Corporation, November 1, 2017, Section 9.3

Comment:

Section 9.3 of the 2018 Work Plan states: “*The updated Interim Closure and Reclamation Plan (ICRP) for the project has been provided as an appendix to this Work Plan. The provision of additional securities for the 2018 Work Plan has not been completed at the time this document was prepared, and will be provided under separate cover.*” Appendix C is labelled as the Interim Closure and Reclamation Plan (BAF-PH1-830-P16-0012), but it was not included in the document circulated by Baffinland and the NWB.

Information request:

INAC seeks to understand:

- 1) What version of the updated ICRP the Work Plan is referring to. The latest version we have seen is revision 4 dated March 31, 2016. If Baffinland is not referring to revision 4 of the ICRP, when will the updated ICRP be shared?
- 2) When the information for the provision of additional securities for the updated ICRP will be provided. This information is critical for the Annual Security Review

since the reclamation cost estimate is based on reclaiming the project as described in the ICRP.

5. Activities planned for addressing acid rock drainage problems at waste rock dump – *directed to Baffinland*

References:

- 2018 Work Plan, Baffinland Iron Mines Corporation, November 1, 2017, Figure A.1
- Phase 1 Waste Rock Management Plan BAF-PH1-830-P16-0029 Rev 1, Baffinland Iron Mines Corporation, November 15, 2017

Comment:

The Work Plan includes an item for waste rock sedimentation pond improvements, which is necessary since Baffinland needs to work actively to address issues with the pond as well as acid rock drainage problems. The revised Waste Rock Management Plan outlines several possibilities for treating runoff from the waste rock including pH adjustments in a pond and high density sludge process inline treatment. We realize that when Baffinland submitted their Workplan, a strategy for dealing with the waste rock sedimentation pond and acid drainage were likely still under development. Since the date for replying to information requests is two months later than when the Plan was submitted, some decisions may have been taken as to which equipment or infrastructure will be used.

Information request:

INAC is requesting information on:

- 1) Which specific line entries in the ASR estimated breakdown structure are for the waste rock sedimentation pond improvements.
- 2) What strategy will be used for addressing the waste rock sedimentation pond leakage and acid rock drainage. Any information available will help reduce the uncertainty in our cost estimate.

6. Accommodations for workers and duration of reclamation – *directed to Baffinland*

References:

- 2018 Marginal Closure and Reclamation Financial Security Estimate, Baffinland Iron Mines Corporation, November 16, 2017, Section 3.3.2

Comment:

The cost estimate states that a marginal increase of 4 979 person-days will be required to complete the additional reclamation activities associated with the 2018 Workplan. Section 3.3.2.2 covers the cost of mobilizing the workers and 3.3.2.3 covers the camp

costs. Specifically: “cost for accommodation and camp operation is assumed to be \$225.50/person-day and includes camp maintenance, catering, housekeeping, and fuel costs.”

Information request:

INAC requests more information on:

- 1) The total estimated duration of reclamation activities, and whether the work is planned only over summer seasons or year-round.
- 2) If the cost for accommodation includes the mobilization and de-mobilization of a camp for workers, what size camp is budgeted for and how many workers are budgeted for.

7. Proposed haul road re-alignment at Milne Port – *directed to Baffinland*

References:

- 2018 Work Plan, Baffinland Iron Mines Corporation, November 1, 2017, Figure A.1

Comment:

Figure A.1 of the 2018 Work Plan includes a proposed haul road re-alignment to the west of proposed laydown area which does not link up with the present haul road.

Information request:

INAC would appreciate sufficient information for us to understand how this proposed road re-alignment could be used.

8. Mine truck shop – *directed to Baffinland*

Information request:

In the event it is confirmed that the construction of a new mine truck shop will start in year 2018, we would request Baffinland to provide us with any relevant feasibility, pre-design report and construction drawings.

Attachment 3

QIA Information Request



December 14, 2017

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Serving the
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Clyde River

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Qikiqtarjuaq


Resolute Bay

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Sanikiluaq

Stephanie Autut
Executive Director
Nunavut Water Board
P.O. Box 119 Gjoa Haven, NU
X0B 1J0

RE: Type "A" Water Licence 2AM-MRY1325 -Amendment No.1 Mary River project: 2018 Annual Security Review Process – Information Requests

Dear Stephanie Autut,

The Qikiqtani Inuit Association (QIA) is writing this letter to you in response to the Nunavut Water Board's letter dated December 5, 2017¹ on the 2018 Annual Security Review (ASR). Specifically, this letter aims to be the formal submission by QIA for filing Information Requests (IR) for the Mary River Project.

The QIA has reviewed Baffinland Iron Mines Corporation's 2018 Marginal Closure Cost Report² (Report) and the 2018 Work Plan³, of which a review letter has been submitted⁴ to Baffinland. The review considered the direction¹ given by NWB in their ASR Letter¹. Generally, QIA has found that the information provided lacks sufficient detail and includes many items that will no longer be considered within scope. Therefore, QIA is requesting that Baffinland resubmit its Report. This new version of the Report should only provide information on the items within scope and take in consideration IR presented in Table 1. The more certainty and definition in the answers will be reflected in a better security estimate from QIA, with less reliance on contingencies. Answers are expected by January 10, 2018 as prescribed in the ASR Process¹.

Sincerely,

SWB

Stephen Williamson Bathory
Director, Department of Major Projects

¹ NWB (2017). Type “A” Water licence 2AM-MRY1325 – Amendment No.1, Mary River Project; 2018 Annual Security Review process – General Correspondence Follow-up. December 5, 2017.

² Baffinland (2017). 2018 Marginal Closure Cost Report. November 16, 2017.

³ Baffinland (2017). 2018 Work Plan. November 6, 2017.

⁴ QIA (2017). 2018 Work Plan Review. December 15, 2017.



No.	Category	Information Request
1	General	QIA requests that the Report be resubmitted to reflect the direction provided by the NWB. Specifically, a new report should only provide a security estimate for items that are within the current 2018 ASR scope.
2	General	QIA requests Baffinland provide the list of activities they consider to be within "Reconciliation of 2017 Activities" as stated ¹ in the NWB letter.
3	General	QIA requests that all proposed 2018 items are included on a map, including areas disturbed, with sufficient detail to see surrounding infrastructure.
4	General	QIA requests that all proposed construction or infrastructure items include a conceptual or for-construction design.
5	General	QIA requests that Baffinland provide the current security held for all items with security changes to determine relative changes. This should be incorporated into all tables currently in the Report aside from Table 3-7, 4-1, and 4-2.
6	Cross Conveyor	QIA requests evidence that materials for the Cross Conveyor detailed in Section 2.1 of the Report has not made it to site. If it had made it to site, please provide evidence that it had been shipped off site. Manifests indicating materials for the Cross Conveyor being shipped off site is sufficient.
7	Laydowns	QIA requests that all laydowns constructed in 2017 have as-constructed surveys provided to ensure the appropriate area is used.
8	Water Diversion Structures	Part D, Item 2 of the Type A Water Licence ⁵ requires signed and stamped construction designs and drawings. QIA requests that all such structures to be constructed in 2018, particularly in relation to laydowns, be provided. QIA requests as-builts for all water diversion structures built in 2017.
9	Exploration	If now available, QIA recommends Baffinland provides its plans for the 2018 exploration program during the ASR process. Any exploration planned on Inuit Owned Land is subject to a security evaluation.
10	Mobile Equipment	QIA requests Baffinland's definition of 'typical fleet' as used in Table 3-2 of the Report.
11	Mobile Equipment	QIA requests Baffinland further differentiate between 3 rd Party heavy, medium, and light mobile equipment in Table 3-2 of the Report.

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No.	Category	Information Request
12	Site Works	QIA requests Baffinland provide maps with the areas listed in Table 3-3 identified. These areas can then be compared to as-constructed documentation to reconcile quantities.
13	Culverts	QIA requests the dimensions of each culvert to be constructed in 2018, and not one standard size.
14	Demobilization	QIA requests Baffinland's evidence from which they used to determine 10% of capital costs as a reasonable reclamation cost for demobilization costs, as per Section 3.3.1.7 of the Report. Can Baffinland also include the current applicable freight shipping costs for the same items?
15	Fill Application	QIA requests Baffinland further detail why a fill application is needed in reference to Section 3.3.1.9 of the Report. In addition, QIA requests a map with the area to be filled.
16	Exclusions	QIA requests Baffinland provide reasoning for each exclusion listed in Section 3.3.3 of the Report.
17	High Uncertainty	How does Baffinland plan to incorporate the Mary River Financial Security Estimate – Preliminary Path Forward on Items with High Uncertainty ⁶ in the 2018 ASR process? Additionally, how does Baffinland prioritize each item?
18	Additional Information	QIA requests any additional information Baffinland may wish to provide to enhance QIA's Security Report.
19	Additional Information	QIA requests Baffinland provide any additional information that QIA should consider.

⁶ HATCH (2016). Mary River Financial Security Estimate – Preliminary Path Forward on Items with High Uncertainty. October 27, 2016.