



10 December 2018

Assol Kubeisinova
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

**Re: Responses to Intervener Submissions, 2019 Work Plan Annual Security Review
Mary River Project, Type A Water Licence No. 2AM-MRY1325**

Baffinland Iron Mines Corporation (Baffinland) provides the following letter to the Nunavut Water Board (NWB) in response to the intervener submissions received from Crown Indigenous Relations and Northern Affairs Canada (CIRNAC)¹ and the Qikiqtani Inuit Association (QIA)², in regards to the 2019 Annual Security Review (ASR) for the Mary River Project (the Project) Type "A" Water Licence No. 2AM-MRY1325 (as amended). Where applicable, Baffinland has provided responses to intervener questions to clarify or revise the position presented by Baffinland in the 2019 Marginal Closure and Reclamation Financial Security Estimate³ (2019 Security Estimate). Additionally, where possible Baffinland has attempted to clarify discrepancies between the estimates prepared by interveners and the 2019 Security Estimate.

Crown Indigenous Relations and Northern Affairs Canada Estimate

The submission provided by CIRNAC did not include any specific questions or requests for clarification from Baffinland, therefore no direct responses have been provided herein. Baffinland has reviewed the reclamation cost estimate prepared by SNC-Lavalin Inc. (SNC) on behalf of CIRNAC, and provides the following comments and clarifications regarding the discrepancy in the cost estimate and the recommendations of SNC;

- The total (global) cost estimate as presented by SNC is \$114,373,609. This value does not take into consideration the \$11,739,500 reduction in the marginal cost closure estimate in May 2018 as jointly agreed⁴ to by QIA and Baffinland to account for the reduction in sealift materials for 2018. Additionally, the estimate does not consider the 2018 Marginal Closure and Reclamation Financial Security Estimate Addendum⁵, and the subsequent QIA and Baffinland jointly agreed⁶ to marginal increase of \$1,860,000.
- The marginal costs estimate as presented by SNC did not utilize the updated Unit Rates as presented by Baffinland, citing insufficient documentation. Additional documentation, in the form of contractor agreements, are provided in Attachment 1. It should be noted that these rates are

¹ CIRNAC (2018). Re: Crown-Indigenous Relations and Northern Affairs Canada's Reclamation Cost Estimate for the 2019 Annual Security Review for Baffinland Iron Mines Corporation's Mary River Project, Water Licence 2AM-MRY1325 Amendment No. 1. 3 December 2018

² QIA (2018) Re: Licence No. 2AM-MRY1325 Type "A"; Mary River Project, Baffinland Iron Mines Corporation, Annual Security Review Associated with 2019 Work Plan. 3 December 2018

³ Baffinland (2018a) 2019 Marginal Closure and Reclamation Financial Security Estimate. 1 November 2018

⁴ QIA & Baffinland (2018a) Joint Submission to the Nunavut Water Board. 22 May 2018

⁵ Baffinland (2018b) 2018 Marginal Closure and Reclamation Financial Security Estimate Addendum. 28 June 2018

⁶ QIA & Baffinland (2018b) Joint Submission to the Nunavut Water Board. 20 July 2018

not the Owners cost as described by SNC, and are representative of a 3rd Party Contractor to complete work at the Mary River Project. Where possible, rates for northern contractors were provided as it is assumed contractors registered in Nunavut would be preferentially selected by QIA in the event of unplanned closure. It should be noted that the unit rates in the 2014 Complete Project Financial Security Assessment⁷ (2014 Estimate) and adopted by CIRNAC in their use of the RECLAIM model were based on contractor labour and equipment rates from 2014. All other assumptions have stayed the same as presented in the 2014 Estimate, and rates were blended for consistency with the previous approach. Given that the methodology for unit rate derivation has not changed from that presented in 2014, Baffinland requests CIRNAC consider the use of the updated unit rates, as they provide more certainty by utilizing actual cost data rather than theoretical or adjusted values, or historical unit rates that are demonstrated to no longer be representative.

- Baffinland does not agree that the level of engineering completed for Phase 2 should have a bearing on the application of 3.9% indirect cost for engineering, as this marginal estimate does not consider any Phase 2 infrastructure.
- Costs for the Water Treatment Plant at the Waste Rock Facility, including operation of the Water Treatment Plant in a closure scenario were included in the 2018 Marginal Closure and Reclamation Financial Security Estimate Addendum to address the management of ARD/ML in waste rock runoff. Currently, Baffinland is undertaking geochemical and thermal characterization and modelling programs at the Waste Rock Facility to validate the closure strategy of encapsulating waste rock in permafrost. Baffinland proposes any revisions to the Interim Closure and Reclamation Plan and the associated reclamation security estimate be completed once the results of this assessment are available in 2019.
- Errors and omissions identified by SNC include;
 - Section 3.3.1.3 describes the expansion of the landfill facility at the Mine Site. This is an error, and should read “Development of a landfarm facility at the Mine Site, with an approximate lined footprint of 9,000 m²”. The items as described in the estimate and Table 3-3 accurately reflect this.
 - In Table 3-3, the “Crusher Pad Expansion 2019” at the Mine Site has incorrectly applied the ‘Grade and Re-contour With Liner’ unit rate. The correct unit rate should be ‘Grade and Re-Contour’.
 - Some items in the EBS were incorrectly attributed to the Type “B” Water Licence under the ‘Licence’ column. This was the result of a transcription error. All activities outlined in the estimate and added to the EBS in 2019 are under the Type “A” Water Licence 2AM-MRY1325.
 - The total for fill application provided in Table 3-6 is incorrect and the result of a transcription error, and should be 2,664 m² as input in the EBS.
- Baffinland does not agree with the findings of SNC that the contingency for the estimate should be increased based on the items outlined in Section 3.6 of their report. For clarity, Baffinland has used 12.5% contingency since the development of the EBS and the 2014 Complete Project Financial Security completed by Hatch. However, this contingency is applied to both the Direct

⁷ Hatch (2014) Baffinland Iron Mines Corporation – Mary River Project, 2014 Complete Project Financial Security Assessment. H349000-1000-07-126-0018, Rev.0. 10 October 2014

Cost total, as well as the sum of Contaminated Soil Treatment, Mobilization and Demobilization of Workers and Equipment and Materials, Worker Accommodation and Camp Operation, and Closure and Post Closure Monitoring. Baffinland does not believe the uncertainty with respect to closure activities has increased as a result of activities proposed in the 2019 Work Plan. Furthermore, updates to the Interim Closure and Reclamation Plan as well as current studies to assess the geochemical and thermal condition of the Waste Rock Facility seek to reduce the overall uncertainty at the project. With respect to specific concerns noted in Section 3.6 of the SNC report;

- Baffinland does not believe there is a need for inclusion of costs associated with the open pit, as mining commenced on a hill crest outcrop and will progress until year 10 to 12 of operation at full production volume before an open pit is formed. Mine pit water quality remains a long term uncertainty, but will be addressed through Reclamation Research as outlined in the Interim Closure and Reclamation Plan (Revision 5)⁸.
- Baffinland is currently completing an update to the Waste Rock Management Plan that will incorporate the findings of a geochemical assessment, thermal monitoring and modelling, and water quality modelling implemented in 2018 and continuing through 2019. Results of these studies will inform both the current and long term management strategy for the Waste Rock Facility and will reduce the overall uncertainty. Based on the findings of these assessments and the updates to the Waste Rock Management Plan, reclamation security may need to be adjusted in 2019.
- Closure and reclamation unit rates as developed by Hatch (2014) already incorporate the decontamination of buildings where hazardous materials are utilized (i.e. maintenance shops), and a separate unit rate for contaminated buildings was developed and implemented.
- Treatment of contaminated soils is included as an indirect cost, and includes lined structures where contamination may exist as a result of loss of liner integrity. Baffinland is committed to improving our hazardous waste management practices, and have included in the 2019 Work Plan the installation of new Hazardous Waste Berms at the Mine Site and Milne Port in an effort to consolidate and update containment areas and decommission select existing berms.
- The cost to operate the Waste Rock Facility Water Treatment Plant was included in the 2018 Addendum and therefore no additional security allocation is considered necessary by Baffinland at this time.
- The total value for Interim Care and Maintenance and Post Closure Monitoring has been updated in the 2019 Security Estimate to reflect the update to the Interim Closure and Reclamation Plan (Revision 5) and on-going discussions with the QIA. Baffinland does not believe further updates to the estimate for Interim Care and Maintenance and Post Closure Monitoring are required at this time.

⁸ Baffinland (2018c) Interim Closure and Reclamation Plan, Revision 5. BAF-PH1-830-P16-0012. 30 October 2018

Qikiqtani Inuit Association Estimate

The submission from the QIA contained requests for additional information or clarification based on the estimate prepared by Arktis Solutions⁹ (Arktis). Baffinland has provided a response to the items listed in Table 1 and Table 2 of the QIA letter, and are provided as Attachment 2.

With respect to QIA's inquiry Number 6, Baffinland provided QIA with preliminary inventories of fixed, mobile and 3rd Party equipment during the 2018 Audit. These inventories are still identified as preliminary, as they cannot be directly validated at this time. Though discussions with QIA on the High Uncertainty Items and the 2018 Audit process, Baffinland is committed to updating and maintaining a registry of equipment at Site and will seek to refine the data provided through the available SAP system.

QIA identified discrepancies between the volume of equipment in the preliminary inventories, and the volume of material in the QIA estimate. In reviewing the same items in the EBS model, Baffinland identified further discrepancies between both the QIA estimate and the preliminary inventories. For discussion purposes, Tables 3-7 through 3-9 from the Arktis report have been updated with the total volume of equipment contained in the EBS for each classification.

Arktis Table 3-7 Light Equipment Inventory

Type	2018 Audit IR	EBS	QIA	QIA Differential	BIM Differential
Baffinland Fixed Mechanical Equipment	0	191	149	149	191
Baffinland Mobile Mechanical Equipment	843	255	262	-581	-588
3 rd Party Mechanical Equipment	229	85	81	-148	-144

Arktis Table 3-8 Medium Equipment Inventory

Type	2018 Audit IR	EBS	QIA	Differential	BIM Diff
Baffinland Fixed Mechanical Equipment	19	182	142	123	163
Baffinland Mobile Mechanical Equipment	318	208	294	-24	-110
3 rd Party Mechanical Equipment	167	215	137	-30	48

Arktis Table 3-9 Heavy Equipment Inventory

Type	2018 Audit IR	EBS	QIA	Differential	BIM Diff
Baffinland Fixed Mechanical Equipment	43	52	19	-24	9
Baffinland Mobile Mechanical Equipment	244	265	235	-9	21
3 rd Party Mechanical Equipment	96	104	138	42	8

Based on the above table, the total number of equipment contained in the QIA estimate suggest that the QIA reclamation security estimate is under estimated with respect to the preliminary inventory of equipment, while the Baffinland EBS reclamation security estimate is over estimating the reclamation costs with respect to the preliminary inventory of equipment. Further discussion with QIA is required to determine an appropriate path forward to reconcile these discrepancies. Baffinland's commitment to validate the preliminary estimates and maintain an accurate registry of equipment at the Site.

⁹ Arktis (2018) 2019 Mary River Reclamation Security Report – Draft. 30 November 2018

Please advise if any further information requests are received or if there is any clarification needed on the responses Baffinland has provided herein. Baffinland looks forward to the ASR teleconference on December 13th and welcomes any further questions on the above topics and the remainder of the 2019 Security Estimate.

Regards,

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

Christopher Murray
Environmental & Regulatory Compliance Manager

cc. Grant Goddard, Megan Lord-Hoyle (Baffinland)
Richard Dwyer, Karén Kharatyan, Stephanie Autut (NWB)
Fai Ndofo, Sean Joseph (QIA)
Wajid Daouda, Bridget Campbell, Ian Parsons (CIRNAC)

Attachments:

Attachment 1: Unit Rate Documentation

Attachment 2: Baffinland Responses to QIA

Attachment 1

Unit Rate Documentation

Appendix 2

Payment Terms

In consideration of the performance of the contract, the Company agrees to pay the Contractor as compensation for Contractor's services.

WHEREAS:

i) This document is written to be a Master Service Agreement defining the Service Rates. Each unit rate shall include any and all Contractor costs, including but not limited to: overhead, profit, management, supervision, subcontractor, facilities, equipment, tools, materials, supplies, and consumables, required to complete that specific portion of the services in accordance with Appendix 1: Scope of Services. The rates shall also include all the costs incurred for medical requirements, criminal check and all other pre-requisites identified within Appendix 1 – Scope of Services. The following rate table shall be utilized to calculate the amounts due to the Contractor.

Note: The Contractor to provide monthly tracking of worked performed on Inuit Hours to the Company until services for \$40,000 CAD is completed for said Hours. Upon completion of services for \$40,000 CAD, an additional reduction of \$7/hr shall be applicable for the worked performed on Inuit Hours.

Rate Table:

S No.	Description	Work Hour Rate (per Hour)	Over Time Rate (per Hour)	Stand-By Rate (per Hour)
1	Operator – Ore Haul Trucks (B-Train)	\$61.52	\$69.98	\$52.35
2	Operator – CAT 992/988 Loaders, CAT 777/740 Trucks, Dozer, Grader, Excavator	\$67.26	\$77.43	\$57.93
3	Operator – Skid Steer	\$64.17	\$73.42	\$54.93
4	Operator – Multi Operator (Excavator, Loader, Skid Steers, Dozer, Grader)	\$69.47	\$80.30	\$60.08
5	Operator – CAT Drills	\$69.47	\$80.30	\$60.08
6	Crane Operator – 50 ton to 200 ton	\$78.29	\$91.76	\$68.66
7	Crane Operator – 200 ton and above	\$80.06	\$94.06	\$70.37
8	Crusher Operator	\$69.47	\$80.30	\$60.08
9	Technician / Mechanic – HD/HT/Truck & Coach/Automotive/Crusher/Drills/Heavy Equipment	\$81.83	\$96.35	\$72.09
10	Millwrights	\$81.83	\$96.35	\$72.09
11	Welders	\$76.53	\$89.47	\$66.94
12	Electricians	\$81.83	\$96.35	\$72.09
13	Skilled Labour	\$60.64	\$68.83	\$51.49
14	Grease Bay Attendants	\$60.64	\$68.83	\$51.49
15	Housing Maintainer	\$65.93	\$75.71	\$56.64
16	Wash Bay Attendants	\$60.64	\$68.84	\$51.49
17	Warehouse	\$64.17	\$73.42	\$54.93
18	Warehouse SAP	\$73.00	\$84.88	\$63.51
19	Janitor	\$57.10	\$64.25	\$48.06
20	Carpenter	\$71.23	\$82.59	\$61.79
21	Trainer	\$81.87	\$96.82	\$72.09
22	Safety Personnel	\$73.09	\$85.82	\$63.51

Appendix 2

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Rate Table:

S No.	Description	Work Hour Rate (per Hour)	Over Time Rate (per Hour)	Stand-By Rate (per Hour)
1	Technician / Mechanic – HD/HT/Truck & Coach/Automotive/Crusher/Drills/Heavy Equipment	81.00	94.00	63.00
2	Millwrights	81.00	94.00	63.00
3	Welders	81.00	94.00	63.00
4	Electricians	81.00	94.00	63.00

ii) The aforementioned rates are based on 12 hours work day, 168 hours per rotation basis (approximately) and are all inclusive of statutory holidays, travel costs, travel time etc. up to Mirabel Airport (pick up location). The Company will not pay any invoice with claim of over 168 hours for one rotation unless the Contractor submits valid timesheets for the hours worked.

iii) Specific request for supply of services under this agreement shall be communicated to the Contractor via Purchase Orders duly issued by the Company which will be defining the services and budgetary estimated amount. The terms and conditions of this Agreement shall apply to all the Purchase Orders issued during the duration of the Agreement.

iv) Payment terms are net 30 days, unless otherwise agreed to in written in specific instances.

v) In case of delay or stand by due to any Force Majeure circumstances including but not limited to inclement weather, technical faults etc., following protocols will be followed:

a. From Mirabel to Site:

- i. Up to 4 hours from the time of flight: NO delay hours shall be paid.
- ii. If the delay is from 4 hours to 1 day: The Company shall pay for the hours spent at airport for a maximum of 8 hours at the Stand-By Rate. The work hours shall be calculated starting from the time of reporting to work.
- iii. If the delay is over 1 day: The Company shall pay for 8 hours per day at the Stand-By Rate. The work hours shall be calculated starting from the time of reporting work.
- iv. The employee should immediately report to the concerned Site Supervisor for work upon landing.

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Rate Table:

S No.	Description	Work Hour Rate (per Hour)	Over Time Rate (per Hour)	Stand-By Rate (per Hour)
1	Operator – Ore Haul Trucks (B-Train)	59.00	77.00	29.50
2	Operator – CAT 992/988 Loaders, CAT 777/740 Trucks, Dozer, Grader, Excavator	59.00	77.00	29.50
3	Operator – Skid Steer	59.00	77.00	29.50
4	Operator – Multi Operator (Excavator, Loader, Skid Steers, Dozer, Grader)	59.00	77.00	29.50
5	Operator – CAT Drills	64.00	82.00	32.00
6	Crane Operator – 50 ton to 200 ton	59.00	77.00	29.50
7	Crane Operator – 200 ton and above	64.00	82.00	32.00
8	Crusher Operator	59.00	77.00	29.50
9	Technician / Mechanic – HD/HT/Truck & Coach/Automotive/Crusher/Drills/Heavy Equipment	68.50	88.00	34.25
10	Millwrights	68.50	88.00	34.25
11	Welders	68.50	88.00	34.25
12	Electricians	68.50	88.00	34.25
13	Skilled Labour	55.00	73.00	27.50
14	Grease Bay Attendants	55.00	73.00	27.50
15	Housing Maintainer	55.00	73.00	27.50
16	Wash Bay Attendants	55.00	73.00	27.50
17	Warehouse Technicians	61.00	79.00	30.50
18	Planners	86.00	108.00	43.00

ii) The aforementioned rates are based on 12 hours work day, 168 hours per rotation basis (approximately) and are all inclusive of statutory holidays, travel costs, travel time etc. up to Mirabel Airport (pick up location). The Company will not pay any invoice with claim of over 168 hours for one rotation unless the Contractor submits valid timesheets for the hours worked.

iii) Specific request for supply of services under this agreement shall be communicated to the Contractor via Purchase Orders duly issued by the Company which will be defining the services and budgetary estimated amount. The terms and conditions of this Agreement shall apply to all the Purchase Orders issued during the duration of the Agreement.

iv) Payment terms are net 30 days, unless otherwise agreed to in written in specific instances.



Baffinland 2016-2017- Craft Hourly Rates

Role Description	Hourly Charge Out Rate (Work Hours)	Hourly Charge Out Rate (Travel Hours)
Excavator Operator	\$ 67.00	\$ 58.90
Crane / Boom Operator (200 ton Crane & >)	\$ 99.89	\$ 85.38
Crane / Boom Operator (> 50 ton Crane)	\$ 92.10	\$ 78.72
Crane / Boom Operator	\$ 83.25	\$ 71.15
Loader Operator (988 or >)	\$ 69.50	\$ 62.30
Loader Operator (< 988)	\$ 66.20	\$ 58.90
Dozer Operator	\$ 66.20	\$ 58.90
Grader Operator	\$ 66.20	\$ 58.90
Finish Operator - Dozer	\$ 67.70	\$ 59.58
Finish Operator - Excavator	\$ 67.70	\$ 59.58
Operator (Multi-Purpose)	\$ 70.00	\$ 60.69
Truck Driver (Haul Truck)	\$ 58.00	\$ 52.35
Truck Driver (Other)	\$ 60.50	\$ 54.06
Plant Operator (Crusher)	\$ 76.50	\$ 65.84
Crusher Labourer	\$ 58.00	\$ 51.80
Skilled Labour (Bobcat, Packer)	\$ 58.00	\$ 51.80
Mechanic Journeyman (Contract)	\$ 110.00	\$ 110.00
Mechanic Journeyman	\$ 93.00	\$ 80.00
Crusher Mechanic Uncertified	\$ 79.14	\$ 67.64
Welder Journeyman	\$ 86.00	\$ 74.34
Serviceman - Fuel and Lube	\$ 69.51	\$ 61.12
Serviceman - Tireman	\$ 69.51	\$ 61.12

Attachment B2 - Equipment Rates												
Site Location	Equipment Type	Quantity	Manufacturer	Model	Hours	Minimum Billable Months (ea)	Operating Rate (\$/hr)	Revised Rate (\$/month)	Maximum Allowed Hours per unit before Overhour Rate Applied	Over Hours (Hourly Rate)	Total	Equipment Rate if Suspension of Work Issued
Mine Site	Loader 988	(1)	Caterpillar	988	4410	(8)	\$ 250.00	(8)	(9)	(10)	(11)	\$ 187.50
Mine Site	Maintenance Shop (Mine Site)					26		\$ 2,400.00	n/a			\$ 2,400.00
Port Site	Maintenance Shop (Port Site)					26		\$ 1,400.00	n/a			\$ 1,400.00
Mine/Port	Carpenter shop/Water Truck Garage					26		\$ 4,500.00	n/a			\$ 4,500.00
Mine/Port	Washer					26		\$ 2,500.00	n/a			\$ 2,500.00
Mine/Port	930 Loader		Caterpillar	930		26		\$ 13,700.00	6500	\$ 68.50		\$ 11,645.00
Mine/Port	Crew Bus		Freightliner			26		\$ 8,400.00	n/a			\$ 7,140.00
Mine/Port	Crewcab		Ford F350			26		\$ 4,000.00	n/a			\$ 3,400.00
Mine/Port	F550 Flat Deck		Ford F550			26		\$ 5,000.00	n/a			\$ 4,250.00
Port Site	Fuel/Lube Truck		Kenworth	C500		3		\$ 19,000.00	750	\$ 95.00		\$ 16,150.00
Mine Site	Grocery Truck					26		\$ 8,100.00	n/a			\$ 6,885.00
Mine/Port	Effluent Haul Truck					19.5		\$ 11,600.00	4875	\$ 58.00		\$ 8,860.00
Mine/Port	Raw Water Truck					19.5		\$ 16,600.00	4875	\$ 83.00		\$ 14,110.00
Mine/Port	Sterling RO/RO					26		\$ 15,000.00	6500	\$ 75.00		\$ 12,750.00
Mine/Port	Mechanic Truck		Ford F550			26		\$ 9,500.00	n/a			\$ 8,075.00
Mine/Port	Tracked Skid Steer					26		\$ 5,900.00	6500	\$ 29.50		\$ 5,015.00
Mine/Port	Frost Fighter		Frost Fighter			26		\$ 332.00	n/a			\$ 282.20
Mine/Port	Light Tower		Ingersoll Rand			26		\$ 1,759.00	n/a			\$ 1,495.15
Mine/Port	Excavator		Caterpillar	345			\$ 195.00					
Mine/Port	Excavator		John Deere	850			\$ 260.00					
Mine/Port	Nuna 60T Crane		Grove 60T RT Crane				\$ 247.43					
Mine/Port	GNSS GPS RTK - Base and Rover						\$357.50 / Day					

Terms:

1. Rates valid through to December 31, 2018.
2. Over hours will be billed when maximum allowed hours per machine have been exceeded as identified in the equipment rate table.
3. Monthly charged equipment billable when mobilized and received at [REDACTED].
4. Equipment rates are exclusive of maintenance labour.
5. For equipment rented from third parties, standby to be as per service provider quotation.
6. Minimum billable months only applicable while Contractor's equipment is on site. Minimum billable months not applicable if equipment is demobilized.

Mr. Sandeep Kumar
Procurement Department
Baffinland Iron Ore Mines
2275 Upper Middle Road East
Suite 300
Oakville, Ontario
L6H 0C3

Re: Rental of Equipment

As a follow up to the various conference calls this [REDACTED] [REDACTED]

Equipment Rates Grid

Monthly Hours	Annual 10	988H	120T float	Bus 40	345D/349E
Spot	n-a	\$ 175	\$ 165	\$ 55	\$ 140
100	1000	\$ 165	\$ 155	\$ 45	\$ 125
200	2000	\$ 155	\$ 145	\$ 40	\$ 115
300	3000	\$ 140	\$ 135	\$ 35	\$ 105
400	4000	\$ 130	\$ 130	\$ 30	\$ 100

F350 Mechanics truck

Monthly	Annual	988H
Hours	10	
Spot	n-a	\$ 72.50
150	1500	\$ 67.50

- Baffinland [REDACTED] will share the logistics costs based on the following formula
 - Initial shipment to the port of Valley field is assumed by [REDACTED]
 - Each party will assume their portion of usage vs. total usage and logistics cost will be charged accordingly
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

Appendix 5

Equipment Rental

Supervisor-----72.00 per hour—OT after 84 hrs per week at 88.5 per hour

Drivers-----57.50—OT after 84 hrs per week at 74.00 per hr

Tractors—10000.00 per month

FD trailers – -3500.00 per month

Pickup -----3500.00 per month

4 month minimum on all equipment with BIM supplying maintenance and service. Day rate can apply if BIM has a need to go over 4 months. All equipment has job site and damage insurance on it as well as 2 mil liability(will provide certificates before sea lift)

Will be supplying a complete mechanical and pictures for all equipment

Buyouts after 3 years

2012 Western Star-----64000.00

2012 Western Star-----64000.00

2007 Western Star -----54000.00

6- 2007 Manic trailers 51000.00

2016 F350 Ford PU --- 44000.00

- 1) Number of Equipment (██████ to confirm)
 - a. 3 Nos. of Tractors (pls provide specs make/model/etc.)
 - b. 6 Nos. of Trailers (pls provide specs make/model/etc.)
 - c. 1 Pick Up (pls provide specs make/model/etc.)
- 2) Insurance
 - a. Please refer to Clause 7 "Insurance" – Section 2 "General Terms & Conditions" for more details.
- 3) The Contractor must:
 - a. Supply the equipment that is in good working conditions and suited for the Arctic conditions.
 - b. Provide new tires suitable for rough terrain in case of additional requirements.
 - c. Ensure that all trucks must be equipped with rigging gear.
 - d. Ensure that all trailers must have the proper tire down areas for securing loads.
- 4) Maintenance of Equipment:
 - a. The Contractor shall be responsible for the labour cost and the Company shall be responsible for the parts required for repairs generally referred to as preventive maintenance and ongoing operation maintenance (lubricants, coolants, hydraulic fluids, fuel, welding requirements, minor running repairs such as filters, universal joints, light replacements, brake pads, tires, exhaust, wipers etc.).

Attachment 2

Baffinland Responses to QIA

**Table 1 - Baffinland Response to QIA Information Requests
2019 Security Estimate**

No.	Item	Baffinland Response
1	Present the Indirect Costs for items to be reconciled as described in Section 3.0 of the attached report.	Direct costs for all items presented in Section 2 (2018 Reconciliation) in the Baffinland Marginal Closure and Reclamation Financial Security Estimate are summed with the total direct costs from Section 3 (2019 Work Plan). The total direct costs are then used to calculate the indirect costs, and therefore are not presented separately.
2	Confirm if the Concrete Batch Plant should be listed as Fold-Away Building Teardown – Contaminated. If yes, please provide the corresponding area of the Concrete Batch Plant. If Baffinland disagrees, evidence is required to illustrate that the Concrete Batch Plant is not Fold-Away Building Teardown – Contaminated.	The concrete batch plant equipment was added to the estimate as heavy equipment. The structure that houses the Concrete Batch Plant will be added to the estimate under Buildings and Foundations as a Fold Away Building (Contaminated) with a footprint of 780 m2. Baffinland regrets the omission.
3	Confirm the classification of the Western Star Unit is a Heavy Mobile Equipment. If Baffinland disagrees, evidence is required to illustrate how the Western Star Unit is classified.	The Western Star unit (clarified with BIM logistics to be a tandem tractor model 4900SA) should be classified as Heavy Mobile Equipment. On further review, it was determined that items with reference to 'Scott Woods' should be classified as 3rd Party Equipment. Therefore these individual items have been removed from the itemized list and included in the estimate of 3rd Party Equipment.
4	Confirm the Deloupe float trailer and Kenworth Unit were included in previous reclamation security estimates prior to removing from reclamation security.	Baffinland could not identify a specific line item in the EBS for these items. On further review, it was determined that items with reference to 'Scott Woods' should be classified as 3rd Party Equipment. Therefore these individual items have been removed from the itemized list and included in the estimate of 3rd Party Equipment.
5	Confirm that totals match those shown in Table 3-5 of the attached report, and are incorporated in Baffinland's reclamation security estimate. If there is an omission or items misreported, please identify what needs to be removed.	The total values provided in Table 2-2 of Baffinland's estimate is incorrect as stated. The total number of pieces should be 71, with a combined total value of approximately \$535,000. Baffinland regrets the error but notes that the individual items included in the EBS are accurate and therefore has no effect on the overall estimate as presented in Table 4-1.
6	Validate and confirm inventory data provided to reconcile the reclamation security as noted in Section 3.4 of the attached report.	See discussion in cover letter.
7	Confirms E-house requires a contaminated reclamation. If Baffinland disagrees, evidence is required to illustrate E-houses do not require a contaminated designation.	E-houses do not require contaminated reclamation. E-houses contain switchgear, transformers, and other electronics to support power distribution. However there are no oil-containing transformers, nor are there any hazardous substances or sources of contamination present.
8	Confirm that the unit cost for the Fuel/Lube Truck should be Heavy Mobile Equipment. If Baffinland disagrees, please provide validation as to why the Fuel/Lube Truck requires a smaller unit rate.	Fuel/Lube truck is classified as Medium Mobile Equipment. A Fuel/Lube truck is explicitly stated as an example of Medium Mobile Equipment in the High Uncertainty Items memo.
9	Confirm and update the Direct Cost associated with the 3 rd Party Medium Mobile Equipment for the presented costs does compute correctly.	The difference in calculated values is due to rounding of numbers in the EBS model. For clarity, Baffinland will use unit rates to the \$0.01 in future reclamation security estimates.

**Table 1 - Baffinland Response to QIA Information Requests
2019 Security Estimate**

No.	Item	Baffinland Response
10	Confirm and verify that 2,850 m ² of grade and recontour work is sufficient to cover the extents of the Milne Port Camp Pad Natural Stream Diversion.	The allocation of 45,000 m ² for the Milne Port 380 person Camp Pad ('Camp Pad development (Milne Port)' in the EBS) in the 2017 Addendum is sufficiently conservative to include the Natural Stream Diversion disturbed area for the purposes of the estimate. Minor variations in grade and recontour areas will be reconciled in future years using satellite imagery.
11	Confirm the unit rate for the Crusher Pad Expansion is Grade and Re-Contour, not Grade and Re-Contour with Liner.	<p>The Crusher Pad Expansion is 'Grade and Re-contour', there is an error in Table 3-3 stating it is 'with liner'. However, it is noted that the correct unit rate has been applied.</p> <p>In response to ARKTIS recommendation on page 15 of their report regarding the crusher maintenance shop laydown area expansion; the entirety of the area between crushing, the MSC, the Tote Road and the mobile maintenance shops was allocated as disturbed area (grade and re-contour) in the 2018 Addendum for the construction of the Mine Site Truck Shop. Therefore no additional grade and recontour allocation is required. Disturbed areas will be reconciled in future ASR estimates using satellite imagery.</p>
13	Confirm and update the Direct Cost associated with "Contaminated Snow dump/oily water containment – new 2019", for the presented costs does compute correctly. This may be a result of rounding.	The direct cost is accurate as stated in Table 3-3. The unit rates utilized in the EBS contain more significant digits than presented in the table, resulting in minor variations for total cost calculations throughout this and other tables.
14	Provide verification for the length of the piping for the Mine Site Raw Water Intake.	The EBS entry for the Mine Site Raw Water Intake piping uses a length of 8,518 m (2014 Work Plan).
15	Confirm and update the Direct Cost associated with Fill Application for 2018 Estimate Addendum for the presented cost does not compute correctly.	The difference in calculated values is due to rounding of numbers in the EBS model. The fill application unit rate is presented as \$38.8/m ² , however this is rounded up from the calculated value of \$38.83/m ² , which is maintained in the EBS. For clarity, Baffinland will state \$38.83/m ² in future reclamation security estimates. Additionally, as outlined in the response to CIRNAC's submission, the total fill required is 2,664 m ² as outlined in the EBS.
16	Detail why contaminated soil remediation is not included in their 2019 submissions.	Additional allocation for contaminated soil treatment was not included in 2019 as no known additional contaminated soil was generated in 2018 that requires future treatment. The current security estimate already includes an allocation for unknown contaminated soil and it was deemed 2019 proposed activities would not materially change requirements for this activities from previous estimates.
17	Clarify if 614,000 L or 616,192 L of fuel is used to calculate the reclamation security.	The difference in calculated values is due to rounding of numbers in the EBS model. The camp fuel consumption is assumed to be 116 L/day, and was based on the average monthly consumption and camp size in 2014. However this is rounded up from the calculated value of 115.5, which is maintained in the EBS. For clarity, Baffinland will state 115.5 L/day future reclamation security estimates.

**Table 1 - Baffinland Response to QIA Information Requests
2019 Security Estimate**

No.	Item	Baffinland Response
18	Justify the increase of hazardous waste materials associated with the Water Treatment Plant at the Waste Rock Facility.	Initial quantities of chemicals and reagents for the Water Treatment Plant at the Waste Rock Facility were estimated based on the volume of water anticipated to be treated in a given season. Due to the volume of water treated in the summer of 2018, additional chemicals and reagents were required to be mobilized once the materials were almost exhausted. It is assumed the same quantity of materials will be required for 2019. While these materials will be exhausted through the use of the Water Treatment Plant, additional quantities were added to the estimate to represent the highest potential liability in a given operating year.

**Table 2 - Baffinland Response to QIA Information Requests
2019 Work Plan**

No.	Page	Reference	Item	Response
1	-	General	Provide a general timeline on the submission of the updated Roads Management Plan and the corresponding TRAN's described in the 2019 Work Plan.	The Roads Management Plan was submitted to QIA on 28 September 2018. QIA provided comments following discussion on 2 November 2018. Baffinland will provide a response to comments before 31 December 2018. The TRAN required for road works described in the Work Plan will be submitted in early 2019, pending completion of engineering design drawings.
2	4	Introduction	Confirm that the 2019 Work Plan Addendum will only be submitted following the successful receipt of the amended Project Certificate and amended Type 'A' Water Licence.	The 2019 Work Plan Addendum will be submitted in advance of the receipt of the amended Project Certificate and amended Type A Water Licence. There are items proposed for 2019 that lacked sufficient detail to be included in the 2019 Work Plan that are unrelated to Phase 2. Additionally, submitting and reviewing security in advance of the issuance of the amended permits will allow for securities to be in place once Phase 2 is approved and construction of critical infrastructure to proceed.
3	8	Table 3-1: Scope of Work for 2019. #1.	Provide the Quarry Management Plans for the proposed quarries 60 days prior to quarry operation. The Quarry Management Plans are subject to QIA review and approval.	Confirmed, Quarry Management Plans will be submitted 60 days in advance for QIA review and approval.
4	26	Table 8-2: Mobile and Mechanical Equipment to be received during 2019	Detail what work item in Table 3-1 that the Besix Vanpile JV contract, listed in Table 8-2, is for.	The contractor equipment will be utilized for piling and construction activities. The barge offload dock (item 2018-2) upgrade currently under review by DFO will involve the installation of sheet piles. Equipment will additionally be used for construction activities associated with Phase 2 infrastructure following approval.
5	27	Table 8-2: Mobile and Mechanical Equipment to be received during 2019	Detail the components listed in 20 ft and 40 ft Container. For example, "40' x CONTAINER – material for offices, site small facility tools" provides sufficient detail, however, "40' Container" does not.	Where possible, details regarding the contents of seacans and containers are provided in the description for added clarity. For containers with no additional description provided, the contents are too varied to summarize but generally contain replacement parts, tools, supplies and other miscellaneous consumables.
6	28	Table 8-2: Mobile and Mechanical Equipment to be received during 2019	Explain why there are rail components listed in Table 8-2, such as but not limited to, "Rail Operations Concrete", "Rail car mover" and "Diesel Rail Heater Drapeau 2". If these components are not for use until Phase 2 approval, why are they not in a module instead of being unpacked on Site.	<p>The modules (crushing, screening, car dumping, shiploading) are pre-fabricated components shipped as single or multiple large components, and will be constructed in full following regulatory approval of Phase 2. At that time, the security estimate will be revised to consider the disassembly and disposal of these structures. The current estimate allows for the demobilization of these materials prior to the approval of Phase 2 and subsequent construction.</p> <p>Items such as a rail car mover or heater are individual pieces of mobile equipment, and the corresponding security estimate is not contingent on approval of Phase 2, they will simply be put into use. As 3rd Party Equipment, they will be demobilized from Site on closure, regardless of Phase 2 approval status.</p>

**Table 2 - Baffinland Response to QIA Information Requests
2019 Work Plan**

No.	Page	Reference	Item	Response
7	31	Table 8-2: Mobile and Mechanical Equipment to be received during 2019	Confirm why Calcium Chloride is listed as owned by a contractor. If the Calcium Chloride being brought up is for dust suppression, does that mean Baffinland doesn't own it?	The calcium chloride mobilized by the contractor is owned by the contractor for use at the site.
8	43	Milne Port Site Plan – Figure 1 - (2019-7) STACKER /RECLAIMER STORAGE STRUCTURE	Provide reasoning for the location of the Stackers/Declaimer Storage Structure, given that it is not in the vicinity of the Stockpile Facility.	The stacker/reclaimer is intended for use following approval of Phase 2, and not for the existing stockpile facility. Laydown LP3 has adequate storage space for this equipment prior to Phase 2 construction.