



April 23, 2018

Application for Project Modification to include production increase, Milne Port fuel storage and accommodations camp

Introduction

Baffinland Iron Mines Corporation (Baffinland) is a Canadian mining company operating the Mary River Mine Project (the Project). The Project is an open pit iron ore mine located in the Qikiqtani Region of Nunavut on northern Baffin Island, approximately 160 km south-southwest of the nearest community of Pond Inlet (Mittimatalik) and 1,000 km north-northwest of the territorial capital of Iqaluit.

Baffinland received regulatory approval for the Project in 2012. The Approved Project authorizes Baffinland to mine up to 18 Million tonnes per year (Mtpa) from Deposit No. 1. In 2014, Baffinland received approval for an amendment to the Project, called the Early Revenue Phase (ERP), which allows for the additional extraction, transport and shipment of 4.2 Mtpa along a tote road to Milne Port where the iron ore is then shipped to international markets.

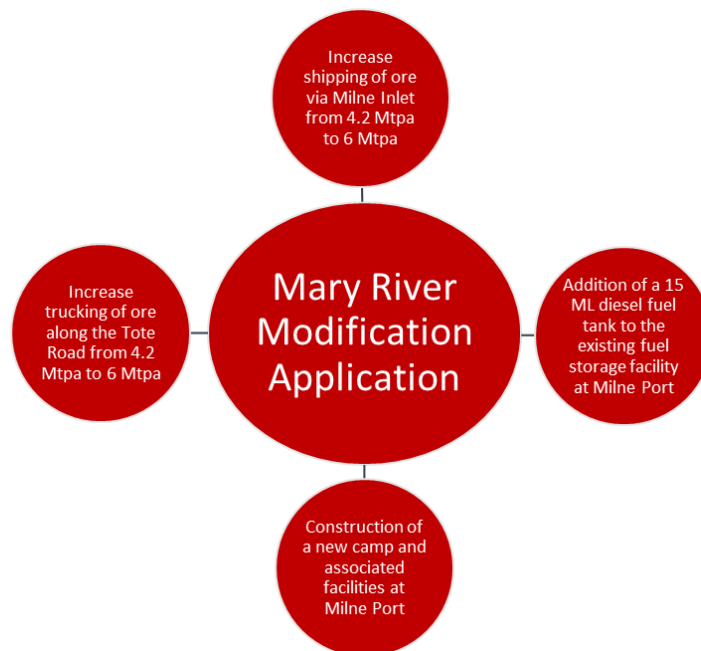


Figure 1: Components Proposed Modifications

This application is requesting approval to increase the amount of iron ore that is trucked from the mine to Milne Port for shipment to market, to increase fuel storage at Milne Port to support current operational requirements and proposed operational increases, and for the construction of a new camp facility that will improve employee and contractor accommodations and allow for growth in the Project workforce as required (Figure 1 and Table 1). Pending regulatory approval, Baffinland anticipates that the 6 Mtpa Modification will be in operation by October 2018.

Table 1: Summary of Proposed Modifications

Activity	Approved Project	Proposed Modification 2018	Proposed Modification 2019 +
Production (Mtpa)	Ore :4.2	Ore: 5.5	Ore: 6
No. of ships	58 (4.2 MT)	70 (for 5 MT in 2018)	83 (for 6 MT)
Projected Diesel Fuel requirements (ML)	63	77	86
Diesel Fuel Storage (ML)	51	66	86
Accommodations (Milne Port and Mine Site)	1515	1514	1514
Trips (one-way, average)	Ore transit: 179 Other: 30	Ore transit: 238 Other: 39	Ore Transit: 280 Other: 42

Purpose and Need

Baffinland has demonstrated operational improvements and efficiencies over the first three years of production. This proposal will benefit our employees, the Company, contractors and other interested Parties as increased production minimizes the risk of having to cease road haulage early in the year.

To maintain current operations and ready for proposed future phases of the Project, Baffinland also needs to increase fuel storage at Milne Port, and improve the conditions and size of accommodations at the Port. BIM is experiencing high turnover rates within the Milne Port workforce. Several returning contractors will not send their employees to site because of the current condition of accommodations. Approximately 50% of the personnel who resigned in 2016 cited poor accommodations as the main reason for leaving. Upgraded camp facilities will improve the condition of accommodations at Milne Port. Improving accommodations at the site will improve the working conditions at the site.

Effects of the Proposed Activities on the Environment

All activities and components associated with the 6 Mtpa Modification and the development of the camp facility will be located entirely within the Project Development Area for the Approved Project. The activities associated with this application will not result in any change to the footprint of direct physical disturbance, nor the determinations of significance for any aspects of the physical or social environment that were previously assessed in the Final Environmental Impact Statement (FEIS) and ERP Addendum FEIS for the Approved Project.

Baffinland currently operates the Project in accordance with previously obtained regulatory approvals and conditions for mitigating and monitoring effects of the Approved Project on the environment. Should any unanticipated effects on the environment occur as a result of the activities proposed in the scope of this application occur, Baffinland will implement adaptive mitigation measures as required.

Consultation Opportunities

Information related to this application will be shared with Project stakeholders through a number of different engagement activities during 2018, including the Project Annual Review Forum with the QIA, community open houses, Working Group meetings and other consultation opportunities. Local Baffinland Community Liaison Officers will also share information with the North Baffin HTOs and Hamlets about this application and Baffinland will consider feedback from stakeholders during construction and implementation of proposed activities, where practicable.