



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

June 14, 2019

Re: Crown-Indigenous Relations and Northern Affairs Canada Review of Baffinland Iron Mines Corporation Modification Request No. 12 for Milne Port Ore Stockpile No.1 and Water Management Expansion for the Mary River Project, Water Licence No. 2AM-MRY1325 – Amendment No. 1.

Dear Ms. Kubeisinova,

Baffinland Iron Mines Corporation (Baffinland) appreciates the opportunity to review the recommendation provided by Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) in relation to Modification Request No. 12 (Modification No. 12) and provide a response. For ease of reference, CIRNAC's recommendation is as follows:

CIRNAC recommends that Baffinland provide more information to demonstrate the need for the requested expansion of the ore stockpile and associated water management structures in advance of the Phase 2 amendment. Until such time, CIRNAC recommends that the NWB evaluate the infrastructure proposed in Modification No. 12 as part of the Phase 2 amendment application process.

Baffinland agrees that additional rationale is required pertaining to the need for the requested expansion of Stockpile No. 1. and the separation between Modification No. 12 and the Phase 2 Amendment Application. Similarly, the need for an expeditious review to prevent unnecessary impacts to Baffinland's 2019 shipping targets should have been clearly expressed. For the consideration of CIRNAC and the Nunavut Water Board (NWB) the following responses are provided.

Need for Stockpile No. 1 Expansion

The request to expand Ore Stockpile No. 1 is to ensure Baffinland has the ability in 2019 to (i) create multiple customer-owned piles, and (ii) provide for sufficient separation between the piles to ensure no co-mingling of different buyer's products. It is important to note that the ore stockpiled at Milne Port is already sold to the respective purchaser and is no longer the legal property of Baffinland, and by contract must be stockpiled in a secure, segregated and demarcated stockpile. Baffinland must also maintain proper and accurate records of the dates, quantities and other relevant information relating to products sold. The additional stockpile capacity is required to give the company the flexibility it needs to store the currently approved volume of product to be shipped to market and meet its contractual obligations as summarized.

Relationship to Phase 2 Amendment Application

While CIRNAC is correct that the proposed expansion of Stockpile No. 1 is reflected in Figure 1.3 from the Phase 2 Amendment Application, it is purposely represented as infrastructure not being sought for approval as part of that review process. Modification No. 12 is strictly meant to maintain ongoing operations at productions levels approved under Type A Water License 2AM-MRY1325 and Project Certificate 005, as amended. The alignment of the stockpiles proposed under Modification No. 12 and the Phase 2 Amendment Application is only a reflection of the need to avoid interactions between the two, should the latter be approved. To be clear, Modification No. 12 is not a pre-construction activity for Phase 2.

Need for Expeditious Review

Modification No. 12 is meant to address spatial constraints in the current area of Stockpile No. 1 that will seriously impede Baffinland's ability to meet its ore shipment target in 2019 should an expansion not be possible. Baffinland respectfully requests that any further comments solicited by the NWB on Modification No. 12 be required for submission within (1) week from the date of correspondence. Following that, Baffinland will work as expeditiously as possible to satisfactorily respond to any comments received. Baffinland would also propose if there are further concerns regarding Modification No. 12 that these may be resolved through a teleconference with the relevant intervenors.

Baffinland appreciates the review and recommendation provided by CIRNAC and believes the provided responses are sufficient to continue the NWB's evaluation of the proposed infrastructure separate from the Phase 2 Amendment Application Process, and in a reasonably expeditious manner.

If there are any remaining questions or need for clarification associated with this subject please contact the undersigned at (647) 278-3317 or lou.kamermans@baffinland.com.

Sincerely,



Lou Kamermans
Director, Sustainable Development

CC Karen Kharatyan (Nunavut Water Board)
Spencer Dewar, Godwin Okonkwo, Bridget Campbell (Crown-Indigenous Relations and Northern Affairs Canada)
Jared Ottenhof, Chris Spencer (Qikiqtani Inuit Association)
Grant Goddard, Megan Lord-Hoyle, Christopher Murray (Baffinland Iron Mines Corporation)