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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

**File: 2AM-MRY1325
Modification No. 12**

July 22, 2019

Lou Kamermans
Director, Sustainable Development
Baffinland Iron Mines Corporation
Suite 300 – 2275 Upper Middle Road East
Oakville, Ontario, Canada L6H 0C3

Email: lou.kamermans@baffinland.com

RE: Licence No. 2AM-MRY1325 Type “A”; Mary River Project, Baffinland Iron Mines Corporation; Modification No. 12 - Milne Port Ore Stockpile #1 and Water Management Expansion

Dear Mr. Kamermans:

On May 3, 2019, the Nunavut Water Board (NWB or the Board) received a request by Baffinland Iron Mines Corporation (BIMC or the Licensee) for Modification No. 12 (the Request) to the amended Licence No. 2AM-MRY1325 (the Licence) issued to BIMC for the Mary River Project (the Project).

Copies of all documents received in support of the Request can be accessed through the NWB’s Public Registry and FTP site using the following link:

[ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY1325%20BIMC/3%20TECH/6%20MODIFICATIONS%20\(G\)/Modification%20No.%2012%20Milne%20Port%20Ore%20Stockpile%20No.1%20&%20Water%20Mgmt%20Expansion/](ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY1325%20BIMC/3%20TECH/6%20MODIFICATIONS%20(G)/Modification%20No.%2012%20Milne%20Port%20Ore%20Stockpile%20No.1%20&%20Water%20Mgmt%20Expansion/)

In the Request, the Licensee outlined that the ore stockpile expansion was necessary in order to “optimize stockpiling and ship loading operations”. The scope of work includes:

- Construction of a drainage ditch within the Stockpile No. 1 footprint to convey water to Settling Pond No. 1;
- Construction of a new Settling Pond (No. 3), completed in two stages to match the two-stage development of the Stockpile expansion; and
- Grading and leveling to expand the Stockpile No. 1 footprint, in two stages.

Stream M5-1, which is connected with fish-bearing Phillips Creek, and pond ML-1 are within the area of projected expansion. In addition, Pond ML-2 is situated just outside the expansion area. BIMC’s intent is to divert M5-1 around the east side of the expanded stockpile and back into the same stream. The Licensee provided the results of a field survey stating that “there was

no fish use of ponds ML-1 or ML-2, and that at peak flows the depths in stream M5-1 are very shallow and likely never sufficient to support use by anadromous juvenile fish”¹.

The Request was distributed for review by intervenors on May 6, 2019. The following parties responded to NWB’s call for comments: Crown-Indigenous Relations and Northern Affairs (CIRNA, previously known as CIRNAC) and Environment and Climate Change Canada (ECCC). It should be noted that several rounds of information exchange and a teleconference were conducted during the review of the Request.

On June 3, 2019, ECCC stated that it had no comments on the Request.

CIRNA provided several submissions² on the Request expressing its concern that “the ore stockpile expansion, proposed in Modification Request No. 12, is being sought pre-emptively to approval of the Phase 2 expansion”. The agency also expressed its concern that the Licensee “did not provide any explanation or rationale for the realignment of the stockpile matching the Phase 2 proposed rail infrastructure configuration” and “did not provide an explanation for how the increased volumes of ore will be handled pending a production increase as part of Phase 2”.

NWB’s Review and Decision

The NWB reviewed the Licensee’s request in the context of interveners’ comments and recommendations, potential impact of the proposed activities on the freshwater environment, and consistency of the proposed activity in relation to the scope of the Licence.

The Board notes that in its response to comments of June 14, 2019 the Licensee states that “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”, and would like to remind the BIMC that site's ore management as per Licence requirements is fully with the responsibility of Licensee regardless of its business practices.

The Board regrets to inform BIMC that it determined that the proposed upgrades are inconsistent with the scope of activities considered under the Licence issued to the Project. The Board believes that the Licensee did not provide sufficient evidence that the reconfiguration and enlarging the area of the stockpile are not sought solely with the intent to prepare for potential Phase 2 Expansion. The Board notes that proposed modification of Stockpile No. 1 is part of the “Phase 2 Development” Project Proposal that is currently assessed by the Nunavut Impact Review Board (as shown in Figure 1 excerpted from TSD 02: Project Description Mary River Project Phase 2 Proposal). Therefore, the NWB advises the Licensee that an approval of the Request as submitted will be withheld at this time.

Should you have any questions regarding the above, please contact the undersigned by email to assol.kubeisinova@nwb-oen.ca or by phone at (867) 360-6338 ext. 31.

¹ Lou Kamermans (BIMC) to Assol Kubeisinova (NWB), RE: Response to Teleconference Comments Mary River Project - Modification Request No. 12 Type ‘A’ Water Licence - 2AM-MRY1325 - Amend. No. 1, dated July 11, 2019.

² CIRNA submissions dated June 6, 2019, June 21, 2019, July 2, 2019, and July 17, 2019.

Sincerely,

Assol Kubeisinova
Nunavut Water Board
Technical Advisor

Enclosure: Comments – CIRNA, ECCC
Cc: Distribution List – Mary River

Figure 1. Milne Port - Phase 2 Proposal Layout

