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NUNAVUT WATER BOARD  
NUNAVUT IMALIRIYIN KATIMAYINGI  
OFFICE DES EAUX DU NUNAVUT

**File: 2AM-MRY1325 – Amendment No. 1 / G 1  
Modification No. 4**

September 20, 2017

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

Email: [wayne.mcphee@baffinland.com](mailto:wayne.mcphee@baffinland.com)

**RE: Type “A” Water Licence No. 2AM-MRY1325 – Amendment No. 1; Approval of  
Modification No. 4 Application from Baffinland Iron Mines Corporation for  
Proposed Upgrade to Accommodations Camp at Mary River Project’ Mine Site**

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Dear Mr. McPhee:

**Background**

The Nunavut Water Board (NWB or Board) received on July 26, 2017, from Baffinland Iron Mines Corporation (BIMC or Licensee), an application and supporting information (Application) to modify Type “A” Water Licence No. 2AM-MRY1325 – Amendment No. 1, to allow for the construction of a proposed new accommodations camp and associated water treatment systems at the Mine Site of the Mary River Project. The Application included the following documents

- Cover Letter, Regarding Modification Request – Mine Site Accommodations Camp Upgrade Water Licence No. 2AM-MRY1325 – Amend. No. 1;
- Attachment 1: Mine Site Block Plan Layout (H353004-00000-220-272-0005-0001, Rev. 1);
- Attachment 2: Mine Site – 800 Person Camp Pad Layout (H353004-10000-220-272-0001-0001, Rev. 1);
- Attachment 3: Mine Site – 800 Person Camp Pad Sections (H353004-10000-220-272-0002-0001, Rev. 1);
- Attachment 4: Mine Site - Water and Sewage Process Flow Diagram (H353004-10000-221-282-0001, Rev. 2);
- Attachment 5: Construction Methodology – Mine Site Accommodation Facility (H353004-10000-400-050-0001, Rev. 0);
- Attachment 6: Newterra Proposal 1704809R2 – Baffinland 800 Man WWTP (H353004-

P.O. Box 119, Gjoa Haven, NU X0B 1J0, Tel: (867) 360-6338, Fax: (867) 360-6369

40000-400-050-0003, Rev. 0); and

- Attachment 7: Mary River 800 Man WWTP – Process Guarantee.

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

[http://www.nwb-oen.ca/public/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY1325%20BIMC/3%20TECH/6%20MODIFICATIONS%20\(G\)/Modification%20No.%204%20Mine%20Site%20Camp%20Upgrade/](http://www.nwb-oen.ca/public/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY1325%20BIMC/3%20TECH/6%20MODIFICATIONS%20(G)/Modification%20No.%204%20Mine%20Site%20Camp%20Upgrade/)

Details included in the Application indicate that the proposed modification is for the construction of a new 800 – person, single room, hard-wall camp to replace an existing Weatherhaven, soft-wall camp and associated tents at the Mary River Project’s Mine Site, along with supporting water treatment systems with treatment rates consistent with that of thresholds allow under the Licence. The proposed new facilities (camp and water treatment systems), which will be located north of the existing Mine Site Complex and west of the Tote Road, within Mine Site Project Develop Area, are intended to improve accommodations at the Mine Site and thereby support adequate staff retention to achieve full the mining production rate (4.2 million tonnes of ore per annum) allowed under the Early Revenue Phase (ERP). The Licensee states that according to feedback received from former employees, poor accommodations have partly contributed to the high staff turnover rate experienced by the Project in 2016.

Current accommodations at the Mine Site include a 210 – person Mine Site Complex and a 120-person Weatherhaven camp and associated tents. Following construction of the proposed new 800 – person, hardwall camp and supporting water treatment systems, if approved, BIMC proposes to keep operating the 210 – person Mine Site Complex while it plans decommission and reclaim the existing 120 – person Weatherhaven camp and associated tents. BIMC mentions that its plan is to occupy only 600 of the 800 – room, hard-wall camp facility once commissioned.

During construction of the facility BIMC proposes to implement a combination of sediment and erosion control measures as outlined in its Environmental Protection Plan and Surface Water and Aquatic Ecosystems Management Plan to address erosion and sedimentation concerns. In addition, BIMC commits to performing relevant environmental monitoring and inspections to prevent or minimize potential impact on water quality downstream of the proposed facilities during construction activities. BIMC also offers to manage the increased quantities of wastewater and waste generated from operating the new camp and related facilities in accordance with the requirements included in the Licence for similar existing facilities.

#### Procedural History

BIMC submitted the above-mentioned Application for the NWB’s consideration on July 26, 2017. Following an internal preliminary review of the Application, the NWB distributed the document on July 28, 2017 for a three (3) week public review and comment period with the deadline for submission set for August 18, 2017. Prior to the deadline for comments, submissions<sup>1</sup> were received from Indigenous and Northern Affairs Canada (INAC) and the

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<sup>1</sup> Indigenous and Northern Affairs Canada (INAC), August 18, 2017 and the Qikiqtani Inuit Association (QIA), July 31, 2017.

Qikiqtani Inuit Association (QIA). INAC in its submission stated that it believes the proposed 800 – person camp facility is included in the Project’s description evaluated by the NWB and the NIRB. In addition, INAC mentioned that if the requested modification is accepted, additional infrastructure should be accounted for in the reclamation cost prior to on-site transportation of materials not accounted for in the 2016 version of the 2017 work Plan. INAC also mentioned that the NWB must set the amount of security to be held for reclamation of the Project and that INAC will require time to review and comment on the updated reclamation cost for the Project. The QIA in its submission stated that the proposed activities are related to the commercial lease or the water compensation agreement and are components of BIMC’s 2017 Work Plan Addendum and associated additional reclamation security. In addition, the QIA mentioned it notes that water quality monitoring and periodic environmental inspections will be conducted; however, those activities were not detailed in the Application. Further, the QIA said that it expects to receive completed, as-built plans and drawings, following completion of construction activities, in accordance with the relevant terms and conditions in the Licence.

#### Nunavut Impact Review Board’s (NIRB) Determination

Part G, Item 1 of the Licence states that the following requirements must be met in order for an application to be considered or carried out as a modification to the Licence:

- 1. The Licensee may, without written consent from the Board, carry out Modifications provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:*
  - a. The Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;*
  - b. Such Modifications do not place the Licensee in contravention of the Licence or the Act;*
  - c. Such Modifications are consistent with the NIRB Project Certificate;*
  - d. the Board has not, within sixty (60) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than sixty (60) days; and*
  - e. The Board has not rejected the proposed Modifications*

Consistent with Part G, Item 1(c) of the above-referenced Licence terms and conditions, BIMC requested the NIRB’s determination for the Application<sup>2</sup>. The NIRB in its September 13, 2017 correspondence accordingly responded that the proposed mine site accommodations upgrade appear to not be in conflict with the existing terms and conditions of the Project Certificate No. 005 or beyond the scope of the Project as assessed and approved by the NIRB. The NIRB in its determination reminded the Licensee of the needs to adhere to the relevant terms and conditions of the Project Certificate.

#### NWB’s Review and Decision

The NWB, having thoroughly reviewed the Licensee’s Application and considered the NIRB’s determination, interveners’ comments and recommendations, potential impact of the proposed activities on the freshwater environment, and the scope of the proposed activity relative to that of the Licence, determined that the new camp and associated facilities (new 800 – person camp and

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<sup>2</sup> Baffinland Iron Mines Corporation (BIMC) Application to the Nunavut Impact Review Board (NIRB), August 24, 2017.

water treatment facilities) proposed for the Mary River Mine Site are consistent with the scope of activities evaluated under the Licence issued to the Project. Therefore, by way of this correspondence and in accordance with **Motion No. 2017-10-03** and Part G, Item 1 of the Licence, the Board authorizes BIMC to undertake the activities proposed in the Licensee's July 26, 2017 Application to the NWB.

In granting the above-referenced authorization, the Board notes that INAC still has outstanding concerns regarding the reclamation security posted for the proposed activities, which may or may not have been addressed by the additional reclamation security<sup>3</sup> posted by BIMC and accepted by the QIA. The Board believes, however, that opportunities will be presented to comprehensively address INAC's concerns during the upcoming Annual Security Review (ASR) for the Project, expected to commence in late October / November 2017. In addition, the Board recognizes that the QIA's concerns regarding monitoring may have been addressed in BIMC's September 15, 2017 response to a preceding modification application. Further, the Board is cognizant of the varying implications that changes in execution of the Project, with commencement of the Early Revenue Phase(ERP), are likely to have on the scope of the Final Environmental Impact Statement (FEIS) / the Licence and the need for those changes to be possibly and comprehensively addressed in the future as they cannot be addressed holistically under this authorization.

In closing, the Board advises the Licensee, that in accordance with Part G, Item 2 of the Licence's terms and conditions, changes in excess of or inconsistent with the scope of the modification authorized above, may constitute a separate potential modification or amendment to the Licence, which may require respective determination(s) from the Nunavut Planning Commission (NPC) and/or the NIRB prior to receiving any consideration(s) and/or determination(s) from the NWB. In addition, in keeping with Part G, Item 4 of the Licence's terms and conditions, the submission of post – construction information, including as-built plans and drawings, remain applicable to this authorization. Further, the Licensee is required to include the new facilities under this authorization in the next updates to relevant management plans associated with the Licence.

Should you have any questions regarding the above, please contact the NWB Licensing Department by email to [licensing@nwb-oen.ca](mailto:licensing@nwb-oen.ca) or by phone at (867) 360-6338.

Sincerely,

Lootie Toomasie  
Nunavut Water Board, Chair

LT/sj/rd

Enclosure: NIRB's Determination  
Comments – INAC, and QIA  
Cc: Distribution List – Mary River

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<sup>3</sup> Joint Submission to the Nunavut Water Board from BIMC and the QIA, August 24, 2017.