

September 10, 2019

File No: 2AM-MRY1325

By Email

Christopher Murray Environmental & Regulatory Compliance Manager Baffinland Iron Mines Corporation Suite 300 – 2275 Upper Middle Road East Oakville, Ontario, Canada L6H 0C3

Email: christopher.murray@baffinland.com

Re: Type "A" Water Licence No. 2AM-MRY1325, Mary River Project - Nunavut Water Board Response to March 31, 2019 Request for Modification of Monitoring

Program by Baffinland Iron Mines Corporation

Dear Mr. Murray:

This letter is a response to the correspondence (Request) provided by Baffinland Iron Mines Corporation (Baffinland or Licensee) to the Nunavut Water Board (NWB or Board) on March 31, 2019 proposing that the Board modify the identifications of Monitoring Stations in Table 13 Monitoring Program: Milne Port Site and Table 14 Monitoring Program: Mary River Mine Site within the Schedule I. Conditions Applying to General and Aquatics Effects Monitoring of Water Licence 2AM-MRY1325 Amendment No. 1 (Licence).

The Licensee stated:

... the SNP¹ currently includes monitoring stations for areas and infrastructure originally established for the Exploration Phase of the Project, including the Bulk Sample Program in 2008. Decommissioning of Exploration Phase infrastructure along with continued development and repurposing of the 2008 Bulk Sample Program areas have resulted in several of these monitoring stations becoming inactive during Early Revenue Phase (ERP) operations.

To optimize the SNP and reconcile the SNP monitoring stations with the current Project infrastructure and areas, Baffinland proposes discontinuing SNP monitoring stations MP-MRY-4, MP-MRY-4A, MP-MRY-7, MP-MRY-12, MS-MRY-11 at Milne Port and the Mine Site, and relocating SNP monitoring stations MS-MRY-9 and MS-MRY-10 at the Mine Site.

The NWB information relevant to the proposed modifications is available from the Board's ftp site using the following link:

¹ Surveillance Network Program

ftp://ftp.nwb-oen.ca/registry/2 MINING MILLING/2A/2AM - Mining/2AM-MRY1325 BIMC/3 TECH/1 GENERAL (B)/2 ANNUAL RPT/2018/

The Request was part of the 2018 Annual Report document package. On April 2, 2019, the Request was distributed for public review along with the 2018 Annual Report documents. While comments on the 2018 Annual Report were received from Crown-Indigenous Relations and Northern Affairs (CIRNA), Fisheries and Oceans Canada (DFO), and the Qikiqtani Inuit Association (QIA) on August 6, 2019, the parties did not provide feedback on the Request.

The Board notes that Baffinland requested that the location of Monitoring Station MS-MRY-09 ("Bulk Sample Open Pit – Surface Water Drainage") be changed, as "(c)ontinued active mining within the Deposit No. 1 pit area has resulted in the lack of flows at MS-MRY-09". However, the Board was in receipt of the July 24, 2019 correspondence² from the Licensee indicating that a transfer of in-pit water to the Waste Rock Storage Facility occurred in July 2019. It is the Board's understanding, therefore, that water flow can potentially take place at MS-MRY-9. The Board emphasizes that the discharge of Effluent from Monitoring Station MS-MRY-9 is regulated by Part F, Item 24 of the Licence.

It should be noted that the Board sets out in Part B, Item 16 of the Licence the following: If the Board subsequently determines that an item included in a Schedule requires revision in order to better reflect the intent and objectives of the Licence, the Board may at its discretion and upon providing written notice to the Licensee and interested parties, revise the Schedule accordingly. Unless the Board directs otherwise, such revision may not necessarily be construed as an "amendment" to the Licence.

The Board's opinion is that proposed modification generally meets the requirements of Part G of the Licence, including a sixty (60) days' advance notice for the modification. On the basis of the Board's review, the Board accepts that the changes as proposed in Baffinland's March 31, 2019 letter, constitute modifications that are consistent with the existing terms and conditions of the Licence and has approved the Modification through Board Motion No. 2019-A1-006, as required by Part G, Item 2 of Licence.

The Board requires that all relevant management plans be updated to reflect the updated nomenclature for the Monitoring Stations. All updated documents shall be included within the 2019 Annual Report. The Licensee is reminded to adhere to Licence conditions set out in Part I, Items 6, 8, and 10.

The Board informs the Licensee that if flow is observed at the original location of Monitoring Station MS-MRY-09, the Licensee shall not discharge this Effluent but handle this Effluent as per the Surface Water and Aquatic Ecosystem Management Plan dated March 31, 2019.

The NWB would also like to highlight that any Licence terms and conditions referring to the Monitoring Stations' should be read with taking into account the enclosed modified Tables 13 and 14.

² William Bowden (Baffinland) to Jonathan Mesher (CIRNA), Re: CIRNAC July 19th 2019 Enquiry, dated July 24, 2019.

If you have any questions, please contact the undersigned at assol.kubeisinova@nwb-oen.ca or (867) 360 6338 (ext. 31).

Best regards,

Assol Kubeisinova, Nunavut Water Board Technical Advisor

AK/rqd

Enclosure: Updated Schedule I, Tables 13 and 14

Cc: Distribution List – Mary River

Schedule I Conditions Applying to General and Aquatics Effects Monitoring

Modified Table 13: Monitoring Program - Milne Port Site

Station	Description	Project Phases	Monitoring Parameters	Frequency
MP-MRY-2	Freshwater Intake at Phillips Creek (Summer)	Construction Operations Closure	Group 1	Record Daily Report Monthly
MP-MRY-3	Freshwater Intake from Km 32 Lake (Winter)	Construction Operations Closure	Group 1	Record Daily Report Monthly
MP-01	Milne Port Sewage Treatment Facilities (discharge into ditch prior to ocean)	Construction	Groups 1, 2	Monthly
		Operations	Group 3	Annually
MP-01a	Milne Port Polishing Waste Stabilization Pond (PWSP)	Construction Operations	Groups 1, 2	Once prior to discharge and Monthly
			Group 3	Annually
MP-02	Milne Port Maintenance Shop Oily water/WWTF	Construction Operations	Groups 1 and 4	Monthly
MP-03	Milne Port Bulk Fuel Storage Facility Stormwater	Construction Operations	Groups 1 and 4 5	Daily Flow Monthly
MP-04	Milne Port Landfarm Facility Stormwater	Construction Operations Closure	Group 1 Group 5 Plus TSS	Daily Flow Monthly
MP-C-A	- Surface discharge downstream of construction area at Milne Port		Groups 1 and 8	During periods
MP-C-B MP-C-C				of
MP-C-D				flow and following significant precipitation
MP-C-E		Construction		
MP-C-F				
MP-C-G				events, on a
MP-C-H				monthly basis
	Milne Port Ore Stockpile Sedimentation Pond (East)	Construction Operation	Groups 1 and 7	Monthly during summer

		ERP Closure Operation	Group 3	Annually
MP-06 (New)	Milne Port Ore Stockpile Settling Pond (West)	Construction ERP Operations	Groups 1 and 7	Monthly during summer
		Closure	Group 3	Annually
MS-C-G (New)	Surface discharge downstream of construction area at Milne Site	Construction	Group 1 and 8	During period of flow and following precipitation events on a monthly basis
MS-C-H (New)				

Modified Table 14: Monitoring Program - Mary River Mine Site

Station	Description	Phases	Monitoring Parameters	Frequency
MS-MRY-1	Freshwater Intake from Camp Lake	Construction Operations Closure	Group 1	Record Daily
MS-01	Mine Site Sewage Treatment Facilities	Construction Operations	Groups 1 and 2	Monthly
			Group 3	Annually
MS-01a	Mine Site Polishing/Waste Stabilization Pond (PWSP)	Construction Operations	Groups 1 and 2	Once prior to discharge and Monthly
			Group 3	Annually
MS-02	Mine Site Maintenance Shop Oily Water WWTF	Construction Operations	Groups 1 and 4	Monthly
MS-MRY-04	Exploration Camp Sewage Treatment Facility	Construction Operations Closure	Groups 1 and 2	Monthly
			Group 3	Annually
MS-MRY-04a	Exploration Camp Polishing Waste Stabilization Ponds (PWSP)	Construction Operations	Groups 1 and 2	Once prior to discharge and monthly hereafter
			Group 3	Annually

MS-03	Mine Site Bulk Fuel Storage Facility Stormwater	Construction Operations	Groups 1 and 5	Daily Flow Monthly
MS-04	Mine Site Fuel Unloading Station Stormwater	Construction Operations	Groups 1 and 5	Daily Flow Monthly
MS-05	Mine Site Landfarm Facility	Construction Operations	Groups 1 and 5 Plus TSS	Daily Flow Monthly
MS-MRY-6	Exploration Camp Bulk Fuel Storage Facility (Bladder Farm) Stormwater	Construction Operations	Groups 1 and 5	Daily Flow Monthly
MS-06+	Ore Stockpile Pond Stormwater	Operations Closure	Groups 1 and 7	Monthly during summer
		Closule	Group 3	Annually
MS-07	Run of Mine Ore Stockpile Pond Stormwater	Operations Closure	Groups 1 and 7	Monthly during summer
			Group 3	Annually
MS-08	Waste Rock Stockpile West Pond	Operations Closure	Groups 1 and 7	Monthly during summer
			Group 3	Annually
MS-09	Waste Rock Stockpile East Pond	Operations Closure	Groups 1 and 7	Monthly during summer
			Group 3	Annually
MS-MRY-09	Deposit No. 1 surface water drainage (including the Bulk Sample Open Pit)	Construction Operations	Groups 1 and 7	Monthly (during summer)
			Group 3	Annually
MS-MRY-13a & MS-MRY-13b	Non-Hazardous Waste Landfill – Downstream surface water drainage	Construction Operations Closure	Groups 1 and 6	Daily Monthly
MS-C-A				During periods
MS-C-B	Surface discharge	Camada	C	of flow and following
MS-C-C MS-C-D	downstream	Construction	Groups 1 and 8	significant precipitation events, on a
MS-C-E				monthly basis

MS-C-F				
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