

**NIRB File No.: 07EN012**

NWB File No.: 2BB-MRY1114

AAND File No.: N2007F004

QIA No.: LUA-2007-001

July 25, 2011

Thomas Kabloona, Chairperson
Nunavut Water Board
c/o Phyllis Beaulieu, Manager of Licensing
Nunavut Water Board
Gjoa Haven, NU, X0B 1J0

Sent Via E-mail: licensing@nunavutwaterboard.org

Re: Application exempt from Screening pursuant to Section 12.4.3 of the NLCA: Baffinland Iron Mines Corp.'s Notification to NWB for replacing its existing Fuel Storage Facility in Milne Inlet for the "Mary River Bulk Sampling" Project

Dear Phyllis Beaulieu:

On July 22, 2011 the Nunavut Impact Review Board (NIRB or Board) received correspondence from the Nunavut Water Board (NWB) regarding Baffinland Iron Mines Corporation's (Baffinland) notification to the NWB of its intent to replace an existing fuel-bladder bulk fuel storage facility with a steel tank bulk fuel storage facility at Milne Inlet, Baffin Region. The installation of the fuel-bladder bulk fuel storage facility was approved by NWB in its Type B Water Licence (NWB File No.: 2BB-MRY1114) associated with Baffinland's "Mary River Bulk Sampling" project.

Please be advised that the original project proposal (NIRB File No.: 07EN012) was received by the NIRB from Indian and Northern Affairs Canada (INAC) and the Qikiqtani Inuit Association (QIA) on January 25, 2007 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On May 4, 2007 the NIRB issued the enclosed NLCA 12.4.4(a) screening decision to the Minister of INAC, indicating the proposed project could proceed subject to NIRB's recommended project-specific terms and conditions.

The current application from the NWB, the original NIRB Screening Decision Report (07EN012), as well as related file information is available from the NIRB's ftp site at the following link:

<http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2007/07EN012-Baffinland%20-%20Bulk%20Sampling%20Program/>

PREVIOUSLY-SCREENED PROJECT PROPOSAL

As previously screened by the NIRB (File No. 07EN012), the “Mary River Bulk Sampling” project was located within the Qikiqtani region, approximately 160 kilometres (km) from the Hamlet of Pond Inlet. The Proponent indicated that it intended to conduct a “Bulk Sampling Program” during 2008 using the Milne Inlet Tote Road which connects Mary River and Milne Inlet.

The activities/components associated with this proposal included:

- Delivery of contractor mining and crushing equipment, camp materials and fuel in 2 ship voyages to Milne Inlet
- Upgrade of existing Milne Inlet tote road for all-weather use including:
 - Quarrying and placement of fill on road bed
 - Replacement and installation of culverts at watercourses
- Construction of 100-person all-weather tent camp at Mary River, adjacent to existing seasonal exploration camp
- Establishment of a temporary 30-person trailer camp at Milne Inlet
- Establishment of a temporary 12-person trailer camp part-way along the Milne Inlet tote road (Midway camp)
- Establishment of temporary fuel storage facilities at Mary River consisting of one 1.4ML diesel fuel tank farm, one 550,000L Jet-A tank farm, and one 1.25ML diesel tank farm
- Establishment of temporary fuel storage facilities at Milne Inlet for 8ML of diesel fuel and 90,000L of Jet-A fuel
- Establishment of temporary fuel storage facilities Midway Camp for 20-30 200L drums of diesel fuel
- Construction of a test rail embankment
- Drilling, blasting and storing of 169,300 dry tonnes (t) of weathered surface rock on top of Deposit No. 1 over one or two months
- Abandonment of a 169,300 t weathered iron ore stockpile
- Drilling, blasting and storing 250,000 t of iron ore bulk sample from Deposit No. 1 over three-to five months
- Hauling of the 250,000 t iron ore bulk sample from Mary River to Milne Inlet
- Temporary stockpiling of the 250,000 t iron ore bulk sample at Milne Inlet
- Loading of the 250,000 t iron ore bulk sample on 3 ships for a total of five voyages

CURRENT APPLICATION:

Baffinland is currently proposing to construct a steel tank fuel farm to replace its existing fuel-bladder bulk fuel storage facility, in an effort to reduce the risk of a potential fuel spill. Once the new facility is complete, Baffinland would decommission the existing fuel-bladders and replace it with new steel tanks with the same total capacity. The Board further notes that replacing the existing fuel-bladder bulk fuel storage facility would also satisfy the requirements of this Type B Water Licence (2BB-MRY1114). This fuel storage facility would continue to support ongoing operation of the Milne Inlet Tote Road for Baffinland’s continued advanced exploration and geotechnical programs in the project area.

Please note that Section 12.4.3 of the NLCA states that:

“Any application for a component or activity of a project proposal that has been permitted to proceed in accordance with these provisions shall be exempt from the requirement for screening by NIRB unless:

(a) such component or activity was not part of the original project proposal; or

(b) its inclusion would significantly modify the project.”

After completing a review of the information pertaining to the notification, the NIRB is of the understanding that the proposed activity does not change the general scope of the original project components, and the exceptions noted in NLCA 12.4.3(a) and (b) do not apply in this case. Therefore, this application is exempt from screening as per Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the original May 4, 2007 Screening Decision Report (enclosed).

Recognizing that Baffinland’s Mary River Project proposal is currently under review by the NIRB (NIRB File No. 08MN053), the NIRB also confirms that this proposed activity can proceed pursuant to NLCA Section 12.10.2(a):

“Notwithstanding Section 12.10.1, where a project proposal has been referred for review pursuant to Part 5 or 6, approvals or licences for exploration or development activities related to that project may be issued if:

(a) the activity falls within Schedule 12-1;

If you have any questions or concerns, please contact Li Wan, Technical Advisor, at (867) 983-4606 or liwan@nirb.ca.

Sincerely,



Ryan Barry
Executive Director

cc: James Millard, Baffinland Iron Mines Corp. (Jim.Millard@Baffinland.com)
Sean Joseph, Nunavut Water Board (sjoseph@nunavutwaterboard.org)
Jeff Mercer, Aboriginal Affairs and Northern Development Canada (Jeff.Mercer@aandc.gc.ca;
landsmining@aandc.gc.ca)
Tracey McCaie (Tracey.McCaie@aandc.gc.ca)
Robert St. Elroi, Qikiqtani Inuit Association (dirlands@qia.ca)

Enclosed: NIRB Screening Decision Report, File No.: 07EN012 (May 4, 2007)