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By Richard Dwyer at 5:17 pm, Mar 31, 2011

September 26, 2008

Fax 403 451 0513 email david.mccann@baffinland.com

Dave McCann Assistant Operations Manager Baffinland Iron Mines Corporation 120 Adelaide Street West - Suite 1016 Toronto ON M5H 1T1

Dear Mr. McCann:

Further to the **Mine Health and Safety Act section 26** attached is my September 26, 2008 Mary River project inspection report.

## As per MHSA sections

- 28. please post a copy of this inspection report in a conspicuous location, and
- 29. advise the chief inspector within 30 days of the remedial measures taken and the remedial measures still to be taken in respect of the inspection report.

Sincerely

Workers' Safety and Compensation Commission of the NWT and NU

Mine Safety

Martin van Rooy

Engineer/Mine Inspector

cc OHSC c/o brian.larson@baffinland.com and perry.mulley@baffinland.com

#### REPORT OF AN INSPECTOR OF MINES

### Issued pursuant to Section 26(2) of the Mine Health and Safety Act

Mine:

Mary River project

Location:

Mary River camp

Operator: Baffinland Iron Mines Corp.

Lat. 71-19'N Long. 79-24'W

Manager: Dave McCann

Inspection Date:

September 22/23, 2008

Address:

Baffinland Iron Mines Corp – 120 Adelaide Street West - Suite 1016

Toronto ON M5H 1T1

On September 22 and 23, 2008 a general safety inspection was conducted at Mary River of the mine haul road and bulk sample pit, the explosive magazines storage area and at Milne Inlet Nuna's maintenance shop and the barge loading facility were checked.

During the inspection of Mary River and Milne Inlet, I was accompanied by Jeff Bush and Perry Mulley

Mining of the bulk ore sample and its crushing are completed. The last of this bulk ore sample is being hauled to Milne Inlet for loading onto the loadout stockpile for shipping. McCaw's drilling equipment has been removed from the pit and is stored near the crusher area. The test pit wall appeared reasonable and the safety berms on the bench are in place. Culverts were being installed under sections of the haul road.

All the diamond drilling at Mary River and Steensby were shut down for the winter season.

At Milne Inlet 2 ships were in the harbour and one was being loaded with ore. There was no work in progress at Steensby Inlet and therefore it was not inspected.

The annual non-destructive testing required of the cranes and mobile equipment was checked and it was noted this work was conducted during July.

The shut down salt mix plant was checked and it was noted that the step from the natural terrain to the steps was a hazard due to the uneven rocky ground and the slippery access surface.

Please ensure before the salt plant is returned to service the highly travelled access steps and landing is made safe.

MHSR sect 1.90. Where workers are required to work, operate, maintain of service equipment, a safe means of access shall be provided as required by section 1.89.

Date of Report 2008 09 26

Inspector



#### REPORT OF AN INSPECTOR OF MINES

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Observed an equipment operator smoking in the cab of his truck and I advised him that this was against the law and in future he may be issued with a \$500 fine for smoking inside an enclosed work space and the company could also be issued with a \$5000 fine for his smoking.

2 Please ensure no person smokes within an enclosed worksite or within 3 meter of an entrance or exit or air intake to an enclosed worksite.

**Environmental Tobacco Smoke Worksite Regulations sect 2**. Except as otherwise provided by these regulations, an employee employed at an enclosed worksite shall not smoke (a) in the enclosed worksite; or

(b) outside the enclosed worksite within a three metre radius of any entrance to or exit from the enclosed worksite.

Three equipment operators were checked to ensure they had performed their pre-operation inspection before using their equipment and all had or were completing their pre-operating inspection report. However there was one operator that had to be reminded to use the trucks wheel chocks when parked and another to place the wheel chocks against the tires of the wheel not about 12 inches in front and behind the wheel.

3 Please ensure each equipment operator is instructed in the use and placement of the wheel chocks.

MHSR sect 10.29.(1) All rubber tired mobile equipment having a gross weight exceeding 7,000 kg and any other piece of equipment specified by the chief inspector, shall have a minimum of two wheel chocks that shall be used when the operator leaves the equipment in a stationary position.

Date of Report 2008 09 26

Inspector