



February 3, 2015

Mr. Brian Aglukark
Nunavut Planning Commission
P.O. Box 2101
Cambridge Bay, NU X0B 0C0

Dear Mr. Aglukark:

Re: Mary River Project Phase 2 Development and Application to Determine Conformity with the North Baffin Regional Land Use Plan

Baffinland is providing the enclosed materials in response to the Nunavut Planning Commission (NPC)'s letter of January 30, 2015.

Baffinland is somewhat confused by the NPC's additional requirement to complete the form entitled, "List of Relevant Conformity Requirements" forwarded with its January 30, 2015 letter. There is no notification on NPC's public website that the NPC's forms have changed. As part of Baffinland's request for an NPC conformity determination on Phase 2 (filed October 29, 2014), Baffinland already filed the required NPC forms (see Phase 2 Project Description, Appendix 1 - Application to Determine Conformity). This is the form that Baffinland also completed in relation to the ERP conformity determination. The form entitled, "List of Relevant Conformity Requirements" forwarded on January 30, 2015 is substantially the same form included as Appendix 1 of the Phase 2 Project Description submitted on October 29th, 2014.

Nonetheless, Baffinland has enclosed a completed "List of Relevant Conformity Requirements" form which reconfirms Baffinland's undertaking of October 29, 2014 that it will comply with the North Baffin Regional Land Use Plan with respect to Phase 2. For ease of reference Baffinland has included copies of all documents referred to in the form.

We trust that NPC has all information necessary to make its Phase 2 conformity determination. If NPC has any questions regarding the information in this submission, please contact Oliver Curran or myself at your earliest convenience.

Yours truly,

A handwritten signature in black ink, appearing to read "Erik Madsen". The signature is fluid and cursive, with the first name "Erik" written in a stylized, looped manner and the last name "Madsen" in a more standard cursive script.

Erik Madsen, Vice President
Sustainable Development, Health, Safety & Environment

Cc: Georgina Williston (DFO)
Stephen Williamson Bathory (QIA)
Tracey McCaie (AANDC)
Ryan Barry (NIRB)
David Hohnstein (NWB)

**NUNAVUT PLANNING COMMISSION
APPLICATION TO DETERMINE CONFORMITY
WITH THE NORTH BAFFIN REGIONAL LAND USE PLAN**

NUNAVUT PLANNING COMMISSION
BOX 419, Arviat, Nunavut
X0C-0E0

*All applicants for a project proposal shall comply with the requirements listed below.
The relevant sections of the plan are noted in each requirement.*

GENERAL

2. **Environmental Protection: s3.13.8:** The applicant undertakes to prevent any new occurrences of pollution, garbage and contamination at the site of the development.

Yes

No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014.

3. **Removal of Fuel Drums: s3.13.8:** The applicant undertakes to remove all drums safely from the site and dispose of the drums in a safe manner.

Yes

No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014.

4. **New Site Restoration and Clean Up: s3.13.1 and Appendix H, s1:** The applicant undertakes to clean up the site and restore the site to its natural condition to the greatest extent possible.

Yes

No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014.

5. **Old Site Restoration and Clean Up: s3.13.2: The applicant undertakes to clean up the site and restore the site to its original condition to the greatest extent possible, including any work required due to the applicant's action prior to this application.**

Yes

No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014.

6. **Low-Level Air Flights: Appendix H, s3: Will the applicant avoid all low-level flights?**

Yes

No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014.

- i. **If not, explain why such flights are or may be absolutely necessary.**

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014 , low level flights will be avoided to the extent possible and subject to safety considerations during poor weather and/or visibility.

- ii. **If such flights are or may be absolutely necessary, will they avoid disturbance to people and wildlife?**

Yes

No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014, mitigation measures for aircraft flights have been assessed and approved under Project Certificate No. 005. All mitigations are subject to safety considerations.

- ii. **If not, explain why it is not possible to avoid such disturbance.**

See above.

- 7. Caribou Protection Measures.s3.3.7 and Appendix D: Will the applicant comply with the Caribou Protection Measures outlined in section 2.4.6 and in Appendix D?**

Yes

No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014, BIM will comply with the Caribou Protection Measures outlined in section 3.3.7 and in Appendix I. As per our correspondence to the NPC, QIA requires Baffinland to follow the Mary River Caribou Protection Measures (previously considered by NPC during permitting of the ERP) on IOL in the Mary River Project area, and these will be followed during Phase 2 as well. While these were provided to NPC previously in January 2014 and 2015, Baffinland is again re-attaching these to this form for ease of reference (Attachment A).

- 8. Caribou Water Crossings: s3.3.7 and map: Will the applicant avoid, between May 15 and September 1, to construct any camp, cache any fuel or conduct any blasting within 10 km of any Designated Caribou Water Crossing identified on the certified Caribou Protection Map?**

Yes

No

This is a new addition to the NPC form. Baffinland has reviewed section 3.3.7. Baffinland does not intend to construct any camp, cache any fuel or conduct any blasting between May 15-September 1 within 10 km of any identified caribou water crossings in the Phase 2 Project Area.

It is noted that the "Caribou Protection Map" (as referred to in the North Baffin Land Use Plan (NBRLUP) has not to date been incorporated in the NBRLUP. As a result, there is no defined North Baffin region "Caribou Protection Area" (as that term is described in the NBRLUP). The Caribou Protection Map, once developed, may identify areas where mitigation measures shall apply. If in the future, a "Caribou Protection Map" or a specific "Caribou Protection Area" is included in the NBRLUP, and if either of those areas include parts of the Mary River/ ERP/ Phase 2 Project Area, Baffinland and QIA will revisit the Mary River Caribou Protection Measures and incorporate any relevant measures.

- 9. Polar Bear Denning Areas and Walrus Haul-outs: s3.3.8: Will the applicant keep its activities away from any polar bear denning area or walrus haul-out?**

Yes

No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014.

HERITAGE RESOURCES

- 10. Reporting of Archaeological Sites: s3.11.3 and Appendix H, s2 and s8: Will**

the applicant immediately report the discovery of all suspected archaeological sites to the Department of Culture, Language, Elders and Youth (GN)?

Yes

No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014.

MINING

11. Mining Development: s3.6.5: Is the proposal for mining development?

Yes

No

If yes, include with the application a mine closure and restoration plan and the proof of complete financial guarantees for the abandonment and restoration of the site.

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014, the Preliminary Mine Closure and Reclamation Plan which was Appendix 10G of the Final Environmental Impact Statement, has been approved by the Nunavut Water Board under Part B, Section 14 of the Water Licence issued June 12, 2013. Subsequently, the Interim Abandonment and Reclamation Plan is provided in the Addendum to FEIS as Appendix 10G. The Plan includes a closure and reclamation plan for all aspects of the Mary River Project including the mine site, and Milne Inlet, and is updated annually. The most recent update was submitted to the Nunavut Water Board in June 2014.

The Water Licence also includes, as Part C, conditions applying to financial security under which the initial security amount of approximately \$40 million, to cover closure and reclamation of the current works and undertakings that are approved under Type 'A' Water Licence 2AM-MRY1325, is posted. Approximately \$39 million of the closure and reclamation is held under Commercial Lease, No. Q13C301, agreed to between Baffinland and the QIA as this liability occurs on Inuit Owned Land (Attachment B). An additional approximately \$1.25 million of security is included to cover closure and reclamation of the current works and ongoing exploration and undertakings under Type "B" Water Licence No. 2BE-MRY1421, another approximately \$146,000 under a second Type "B" Water Licence No. 8BC-MRY1416 for construction works related to the ERP, and approximately \$3.5 million to account for security associated with ore dock construction and monitoring in the event of unforeseen closure under DFO. The total security estimated to be required for the Project to date is therefore approximately \$45 million.

The Water Licence provides for an Annual Security Review as set out in Schedule C of the Water Licence and will require Baffinland to provide an updated Abandonment and Reclamation Plan on an annual basis along with a calculation of security for the highest level of reclamation liability for land and water for the upcoming year. Additional security will be posted annually as necessary.

Phase 2, if approved by the Nunavut Impact Review Board, will be a modification of the Mary River Project and the above requirements for the Abandonment and Reclamation Plan and for security will continue to apply to the Project as amended.

Evidence of the current reclamation posted with AANDC is available on the Nunavut Water Board Public Registry for the Type A Water Licence and for ease of reference, is attached to this form (Attachment B). The current closure plan is located at the following link:

<ftp://ftp.nwb-oen.ca/1%20PRUC%20PUBLIC%20REGISTRY/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY1325%20BIMC/3%20TECH/10%20A%20and%20R>

12. Negative Effects: s3.6.6: Has the applicant planned to minimize the negative effects of its activity on the environment?

Yes

No

Include with the application the mitigative measures developed.

*As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014, the Project Certificate issued for the Mary River Project by the Nunavut Impact Review Board on December 28, 2012 (with subsequent amendment issued May 28, 2014) includes extensive requirements for minimizing the negative effects of the Project on the environment. The amended Project Certificate contains 182 terms and conditions and requires the implementation of management plans for all aspects of the environment including water, vegetation, the aquatic environment, terrestrial wildlife and habitat, birds, the marine environment and marine wildlife and marine habitat. While Baffinland is of the view these are sufficient mitigation measures in respect of Phase 2, these may be further refined following completion of the NIRB process, should the NIRB issue a positive decision. Evidence of the mitigation measures developed to date are provided in the list of management plans listed below. Any future updates to these plans would be made as required and determined through the review process of the Phase 2 EIS. All of the Management Plans listed below can be found at the following link:
<http://ftp.nirb.ca/03-MONITORING/08MN053-MARY%20RIVER%20IRON%20MINE/02-MONITORING%20AND%20MANAGEMENT%20PLANS/>*

Table: Environmental Monitoring and Management Plans

| Document Number | Plan Name |
|----------------------|---|
| BAF-PH1-830-P16-0001 | Surface Water Sampling Program - Quality Assurance and Quality Control Plan |
| BAF-PH1-830-P16-0002 | Air Quality and Noise Abatement Management Plan |
| BAF-PH1-830-P16-0003 | Blasting Management Plan |
| BAF-PH1-830-P16-0004 | Borrow Pits and Quarry Management Plan |
| BAF-PH1-830-P16-0005 | Borrow Source Management Plan |
| BAF-PH1-830-P16-0006 | Cultural and Heritage Resource Protection Plan |
| BAF-PH1-830-P16-0009 | Explosives Management Plan |
| BAF-PH1-830-P16-0010 | Fresh Water, Sewage and Wastewater Management Plan |
| BAF-PH1-830-P16-0011 | Hazardous Materials and Hazardous Waste Management Plan |
| BAF-PH1-830-P16-0013 | Oil Pollution Emergency Plan - Milne Port (OPEP) |
| BAF-PH1-830-P16-0014 | Oil Pollution Emergency Plan - Steensby Port (OPEP) |
| BAF-PH1-830-P16-0015 | Quarry Management Plan D1Q1 |
| BAF-PH1-830-P16-0016 | Quarry Management Plan D1Q2 |
| BAF-PH1-830-P16-0017 | Quarry Management Plan Q1 |

| Document Number | Plan Name |
|----------------------|--|
| BAF-PH1-830-P16-0018 | Quarry Management Plan Q11 |
| BAF-PH1-830-P16-0019 | Quarry Management Plan Q19 |
| BAF-PH1-830-P16-0020 | Quarry Management Plan Q7 |
| BAF-PH1-830-P16-0030 | Km 1 Borrow Source Management Plan |
| BAF-PH1-830-P16-0035 | Km 104 Borrow Source Management Plan |
| BAF-PH1-830-P16-0032 | Km 97 Borrow Source Management Plan |
| BAF-PH1-830-P16-0021 | Railway Emergency Management Plan |
| BAF-PH1-830-P16-0022 | Railway Maintenance Management Plan |
| BAF-PH1-830-P16-0023 | Roads Management Plan |
| BAF-PH1-830-P16-0024 | Shipping and Marine Wildlife Management Plan |
| BAF-PH1-830-P16-0025 | Stakeholders Involvement Plan |
| BAF-PH1-830-P16-0026 | Surface Water, Aquatic Ecosystems, Fish and Fish Habitat Management Plan |
| BAF-PH1-830-P16-0027 | Terrestrial Environmental Management and Monitoring Plan |
| BAF-PH1-830-P16-0028 | Waste Management Plan |
| BAF-PH1-830-P16-0029 | Waste Rock Management Plan |
| BAF-PH1-830-PRO-0001 | Hazard Identification and Risk Assessment Procedure |
| BAF-PH1-830-STD-0001 | EHS Framework Standard |
| BAF-PH1-810-P16-0001 | Health and Safety Management Plan |
| BAF-PH1-830-P16-0007 | Emergency Response Plan |
| BAF-PH1-830-P16-0036 | Spill Contingency Plan |
| BAF-PH1-830-P16-0037 | Exploration Spill Contingency Plan |
| BAF-PH1-700-P16-0001 | Human Resources Management Plan |
| BAF-PH1-830-P16-0012 | Exploration Closure and Reclamation Plan |
| BAF-PH1-830-P16-0012 | Interim Abandonment and Reclamation Plan |

13. Hunting Restrictions: s3.6.9: The applicant is informed of any special hunting restrictions that may apply to the area and will strictly enforce them at its mine sites and along transportation routes.

Yes

No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014, term and condition No. 62 of the Nunavut Impact Review Board Project Certificate for the Mary River Project specifies that the proponent shall prohibit project employees from transportation of firearms to site and from operating firearms in project areas for the purpose of wildlife harvesting. These requirements are implemented at site and will continue to apply to the modifications proposed for Phase 2.

For ease of reference, Baffinland has reproduced term and condition no. 62: "The Proponent shall prohibit project employees from transporting firearms to site and from operating firearms in project areas for the purpose of wildlife harvesting."

14. Carving Stone Deposits: Appendix H, s9. Will the applicant report any

discoveries of carving stone deposits to the Qikiqtani Inuit Association?

☒ Yes

☐ No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014, as required by agreements between Baffinland and QIA, a soapstone deposit at Mary River is a resource harvested by residents of North Baffin for carving purposes. Like all soapstone deposits, it is protected under the Nunavut Land Claims Agreement (NLCA), giving Inuit inherent harvesting rights. Figure 1-2.5 in Volume 1 of the FEIS indicates the location of the deposit.

For ease of reference, Baffinland has attached this figure to this application (Attachment C).

22. Code of Good Conduct for Land Users: *Appendix H: The applicant undertakes to adhere to the Code of Good Conduct at all times.*

☒ Yes

☐ No

As previously confirmed in Appendix I (Application to Confirm Conformity with the NBRLUP) to the Mary River Phase 2 Project Description filed with NPC on October 29, 2014.

It appears that the updated form has omitted the following question, which appeared on the form enclosed with our application on October 29, 2014. Baffinland reconfirms that the Phase 2 Proposal does not consider the development of a transportation corridor, and reproduces its October 29, 2014 answer to this question for ease of reference below.

21. Corridor: s. 3.5.11, s. 3.5.12: Does the proposal consider the development of a transportation and/or communications corridor?

☐ Yes

☒ No

As per the amendment to the NBRLUP No.2 in April, 2014, the transportation corridors associated with the Mary River project, including the shipping route north from Milne Port, and the existing Tote Road, are approved transportation corridors. No new transportation corridors are required for Phase 2 of the Mary River Project.

I, Oliver Curran (name of applicant), certify that the information I have given in this application is true and correct and hereby make the above undertakings which form part of my application for a project proposal within the meaning of the Nunavut Land Claims Agreement.

Date: 3 Feb / 15 Signature of Applicant: 

North Baffin Regional Land Use Plan
Appendix H
Code of Good Conduct for Land Users

1. The landscape of each camp and other land use sites will be restored to its original condition to the greatest degree possible. Water quality will be preserved and no substances that will impair water quality will be dumped in water bodies. When possible and feasible, old sites will be restored to the natural state.
2. All land users shall assist communities and government(s) in identifying and protecting archaeological sites and carving-stone sites, as required by law.
3. Generally, low-level flights by aircraft at less than 300 metres should not occur where they will disturb wildlife or people. If such flights are necessary, they should only take place after consultation with the appropriate communities. All land users are responsible for reporting to the land managers any illegal or questionable low-level flight.
4. All activities on the land will be conducted in such a fashion that the renewable resources of the area in question are conserved.
5. Whenever practicable, and consistent with sound procurement management, land users will follow the practice of local purchase of supplies and services.
6. Land users will establish working relationships with local communities and respect the traditional users of the land.
7. During the caribou calving, post-calving and migrating seasons, land use activities should be restricted to avoid disturbing caribou, in general, and activities will be governed more specifically by caribou protection measures such as those contained in Appendix I.
8. Artifacts must be left where they are found. All land users are responsible for reporting the location of, or any removal or disturbance of artifacts, to CLEY.
9. The mining industry is encouraged to assist in identifying local carving-stone deposits and report any discoveries to the QIA. Industry is also encouraged to identify and report old waste sites that need to be cleaned up.
10. All land users shall obey the laws of general application applying to land use.

Attachment A
Caribou Protection Measures

Joint Statement of QIA and Baffinland
to the Nunavut Planning Commission and the Nunavut Impact Review Board
regarding Appendix I of the North Baffin Regional Land Use Plan

Further to the correspondence of the Qikiqtani Inuit Association to the Nunavut Planning Commission dated January 10, 2014, “*Re NPC Public Hearing, North Baffin Regional Land Use Plan, Baffinland Iron Mines Corporation’s Proposed Early Revenue Phase Project*”, as well as the related submissions referenced in that letter addressing requirements of the North Baffin Regional Land Use Plan QIA and Baffinland wish to provide the Nunavut Planning Commission (“NPC”) and the Nunavut Impact Review Board (“NIRB”) with the following update regarding caribou protection measures applicable to the project.

As the NIRB and NPC will recall, in that correspondence the QIA indicated that QIA and Baffinland have been engaged in a process to develop project-specific Caribou Protection Measures. These measures were also developed in the context of the Commercial Production Lease of Inuit Owned Lands (#Q13C301) in the project area. Pursuant to #Q13C301, QIA and Baffinland are required to enter into an agreement on caribou protection measures within six months of the Commercial Lease date (Sept. 6, 2013).

QIA is pleased to report that project-specific Caribou Protection Measures have now been developed in collaboration with Baffinland. The Mary River Caribou Protection Measures (the “Mary River CPM”) draw from the North Baffin Regional Land Use Plan (NBRLUP) (and in particular, Appendix I) and incorporate refinements to address project specific application. The Mary River CPM will generally apply to the Mary River Project Area (as that term is defined at section 3.6 of the IIBA).

Both QIA and Baffinland agree that the Mary River CPM, integrated into the Terrestrial Environment Management and Monitoring Plan (TEMMP), are appropriate measures to take in respect of the protection of caribou.

Further to its January 10th correspondence, QIA wishes to now confirm to the NPC that the ERP fully complies with the requirements of Appendix I of the North Baffin Regional Land Use Plan.

Commercial Production Lease of Inuit Owned Lands

#Q13C301

Mary River Caribou Protection Measures

January 29, 2014

What follows provides an overview of supplemental caribou protection measures (“Mary River CPM”) developed by QIA for application to the Mary River Project Area (as defined at section 3.6 of the IIBA). These measures have been developed and agreed upon through collaboration between QIA and Baffinland. These Mary River CPM incorporate significant roles for the Terrestrial Environment Working Group (“TEWG”), which currently includes representatives from QIA, Baffinland, Environment Canada, and the Government of Nunavut, and may subsequently add more representatives in the future.

In developing these Mary River CPM, QIA and Baffinland have fully considered all provisions of the NBRLUP and in particular those set out in Appendix I, entitled “*DIAND Caribou Protection Measures*”. They were further informed by Baffinland’s Final Environmental Impact Statement for the Mary River Project, as well as the Final Environmental Impact Statement ERP Addendum and participation in NPC and NIRB processes related to the ERP proposal.

The Mary River CPM will be included as part of the Terrestrial Environment Management and Monitoring Plan (“TEMMP”) and further managed by the TEWG.

Mary River CPM Working Principles

The Mary River CPM are based on the same principles as the current TEMMP. Further details will continue to be developed in discussion with the QIA, Baffinland and the community hunter and trapper organizations, other management agencies, the Terrestrial Environment Working Group and other interested parties.

The Mary River CPM working principles also include a recognized need to implement based on caribou presence as well as a recognized need to adapt based upon herd size.

These project-specific caribou protection measures may be updated from time to time to take into account any relevant amendments to the North Baffin Regional Land Use Plan.

| Item | Mary River CPMs |
|-------------|--|
| 1 | It is noted that the “Caribou Protection Map” (as referred to in the North Baffin Land Use Plan (NBRLUP)) has not to date been incorporated in the NBRLUP. As a result, there is no defined North Baffin region “Caribou Protection Area” (as that term is described in the NBRLUP). |

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| | <p>Consistent with the provisions of the NBRLUP the development of a Caribou Protection Map, including monitoring of its effectiveness of caribou protection measures (“CPMs”) is the responsibility of the Nunavut Planning Commission, Nunavut Wildlife Management Board, the Nunavut Impact Review Board, Aboriginal and Northern Affairs Canada, Government of Nunavut and Qikiqtani Inuit Association, land users that may be impacted by the Caribou Protection Map (including Baffinland), and other relevant stakeholders.</p> <p>Any Caribou Protection Map developed to guide the application of CPMs within the NBRLUP should be informed by the following pieces of information:</p> <ul style="list-style-type: none"> i. Relevant Inuit Qaujimatuaqangit related to North Baffin Caribou ii. Relevant scientific research and literature related to North Baffin Caribou iii. Other relevant up-to-date sources related to defining caribou habitat within the North Baffin <p>It is noted these CPM generally apply to the Mary River Project Area (as that term is defined at section 3.6 of the IIBA).</p> <p>The Caribou Protection Map, once developed, may identify areas where mitigation measures shall apply consistent with these Mary River CPMs. If in the future, a “Caribou Protection Map” or a specific “Caribou Protection Area” is included in the NBRLUP, and if either of those areas include parts of the Mary River Project Area, Baffinland and QIA will revisit these Mary River CPM and incorporate any relevant measures.</p> |
| 2 | <p>If required based on monitoring results, the Permittee shall work with TEWG to identify Project Protection Zones within the Mary River Project Area. Project Protection Zones shall be based upon the predictability of project encounters with caribou through identification of low, moderate or high probability areas for caribou encounters based on available information. Thresholds for each category shall be developed, taking herd size into consideration.</p> <p>If established, the Project Protection Zones shall be reviewed in consultation with the TEWG from time-to-time based upon results of project monitoring.</p> |
| 3 | <p>The Permittee shall work with the TEWG to identify any “Designated Crossings” (which are understood to be equivalent to “water crossings” as described under the NBRLUP). Designation of these areas should take seasonality into consideration, i.e. periods of frozen conditions.</p> <p>Based upon the presence of caribou, intensifying CPMs may be considered reasonable for areas identified as “Designated Crossings”. Monitoring thresholds shall be developed in consultation with the TEWG, taking herd size into consideration.</p> <p>The Permittee and QIA in consultation with the TEWG will develop objective criteria to be applied by the QIA Land Use Inspector and/or QIA On-Site Environmental Monitor in order to release the Permittee from any additional CPMs applicable to the Designated Crossings (e.g. for the reason that caribou are not expected to use those areas identified as “Designated Crossings”).</p> |
| 4 | <p>Measures to reduce dust fall onto surrounding vegetation (including caribou forage, especially lichens and mosses) which affects caribou habitat shall be linked to management and operational plans based upon monitoring results and application of thresholds. Thresholds should be subject to modification based upon herd size.</p> <p>Options to be considered for mitigation measures shall include:</p> <ul style="list-style-type: none"> i. Capping ore trucks using a roll on tarp ii. Avoidance of blasting during high winds iii. Speed restrictions to minimize road dust; and iv. Dust suppression, through watering or other methods. <p>The development of thresholds and, modification of applicable mitigation measures should be identified in consultation with the</p> |

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| | TEWG, taking relevant legislation into consideration. |
| 5 | <p>Based upon monitoring results, including the application of thresholds, the Permittee may intensify mitigation within the Mary River Project Area during pre-calving, calving and post-calving seasons (15 May – 15 July). Application of mitigation measures shall take the presence of caribou and herd size into consideration. Mitigation measures shall include the possibility of temporary suspension.</p> <p>Baffinland and QIA will in consultation with the TEWG develop objective criteria to be applied by the QIA Land Use Inspector and/or QIA On-Site Environmental Monitor in order to allow the Permittee to commence or resume activities prior to July 15 in the event that caribou cows are not expected to use those parts for calving or post-calving.</p> |
| 6 | <p>Based upon monitoring results, including the application of thresholds, the Permittee may intensify mitigation within the Mary River Project Area during pre-calving, calving and post-calving seasons (15 May – 15 July), including consideration of measures such as modifying or restricting traffic on roads and railway if cow-calf pairs or groups with calves are observed within proximity of the road or railway. A distance of 100m from roads and railway is selected as the initial basis from which modifications or restrictions shall apply. Thresholds should be subject to modification based upon herd size.</p> <p>Mitigation measures specific to traffic modifications shall consider inclusion of the following options:</p> <ul style="list-style-type: none"> i. reducing vehicle speed; ii. convoying trucks; iii. using pilot vehicles; <p>Consideration of these and additional measures shall be discussed and identified in consultation with the TEWG from time-to-time, including assessment and potential modification of distance thresholds.</p> <p>Baffinland and QIA will in consultation with the TEWG develop objective criteria to be applied by the QIA Land Use Inspector and/or QIA On-Site Environmental Monitor in order to permit the Permittee to commence or resume activities in the Mary River Project Area prior to July 15 (e.g. for the reason that caribou cows are not expected to use those parts for calving or post-calving.)</p> |
| 7 | <p>In the event that any Project Protection Zones are established in accordance with the principles set out at Section 2 above, the following mitigation measures could be considered for application in “high probability” areas:</p> <ul style="list-style-type: none"> i. Applying lower slope road and rail bed berms, and lower embankment heights where possible. ii. Design and modify the road and rail bed configuration to maximize sightlines for drivers and avoid blind spots (corners and angle of approach up the berm onto the road/rail surface); iii. Managing snow clearing and height of snow berms so that they do not restrict vision for drivers and caribou to see each other. iv. Design and modify the road (and rail bed) configuration to maximize sightlines for caribou approaching the road and rail bed and avoid blind spots; v. Ensure that escape routes are conspicuous off the road surface, especially in zones rated as high probability encounter areas; vi. During snow-clearing ensure that snow banks are maintained at less than 1 m (and preferably at less than 0.5 m based on research at the Ekati diamond mine (Rescan 2011) and are broken into sections with gaps so caribou are not ‘trapped’ on the road or railway; vii. Signage for known caribou crossings throughout Project infrastructure. <p>Application of mitigation measures, including consideration for additional measures shall be identified in consultation with the TEWG.</p> |

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| | Additional mitigation measures may include those measures specifically described in Appendix I of the North Baffin Regional Land Use Plan. |
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Attachment B
Proof of Security



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October 17th, 2014

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Sanikiluaq

Damien Côté
Executive Director
Nunavut Water Board (NWB)
P. O. Box 119
Gjoa Haven, NU X0B 1J0
Telephone: (867) 360-6338
Fax: (867) 360-6369
Email: licensing@nwb-oen.ca

RE: Notice to the Parties NWB Request For Comment on the Timing and Process for the Annual Security Review for 2015-2016 under Part C and Schedule C of Type "A" Water Licence 2AM-MRY1325 Mary River Project

Mr. Côté,

The Qikiqtani Inuit Association (QIA) is writing this letter to you in response to the NWB's letter of October 7th, 2014.

In the NWB's letter it has been requested that QIA provide information to support the Annual Security Review (ASR) for 2015-16 in relation to 2AM-MRY1325, and, to provide comments related to any preferences QIA has relative to the process and scheduling for the 2015-16 ASR.

Specifically, the NWB has requested that QIA supply information with respect to Schedule C: Conditions Applying to Security, Item 2, sub items c-e. These have each been responded to below:

- c. the total of any equivalent financial security being held by the Minister and/or the Qikiqtani Inuit Association outside the Licence;

QIA can confirm it is currently in possession of a letter of credit for a total amount of \$39,793,000. This amount is held consistent with the requirements of Article 9 of Commercial Lease No.: Q13C301. QIA has previously shared Article 9 of Q13C301 with the NWB as part of the 2014-15 ASR process. Additionally, attached to this letter is a copy of the most recent amendment to the LOC held by QIA. The amended LOC represents the amount that was agreed to between QIA and the proponent in conjunction with the 2014-15 ASR process.

- d. information that supports the increase, maintenance or reduction of the total financial security under the Licence; and



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QIA will be able to provide such information in the context of filing its comments under the 2015-16 ASR process. It is QIA's understanding that the proponent will file a 2015-16 Work Plan consistent with the requirements of Q13C301 no later than November 1st, 2014, following which QIA will initiate its assessment of security.

QIA does not anticipate filing any other information prior to conducting its review of the 2015-16 Work Plan.

- e. any other information necessary to support the request of the parties for the Board to issue further directions under Part C with respect to the amount of security to be furnished and maintained under the Licence.

QIA does not anticipate filing any other information prior to conducting its review of the 2015-16 Work Plan.

With respect to the proposed process for the 2015-16 ASR, consistent with the 2014-15 ASR process QIA's primary intention is to fulfill the requirements of Q13C301 which stipulates the following:

1. Proponent's submission of a Work Plan, on/before November 1st
(see Q13C301, 9.2 (b))
2. QIA filing of a security review with the proponent, on/before December 31st
(see Q13C301, 9.2 (c))
3. Proponent's posting of security adjustments with QIA, on/before January 31st
(see Q13C301, 9.2 (d))

Consistent with last year's ASR, QIA's internal review and decision making processes related to the 2015-16 Work Plan are scheduled to conclude on December 18th, 2014. QIA can commit to filing such materials with both the proponent and the NWB on this date.

Sincerely,

{Original Signed By}

Stephen Williamson Bathory
Director, Department of Major Projects

Attachments: Standby Letter of Credit, No. S18572/269319, July 22, 2014



The Bank of Nova Scotia

Trade Service Centre
61 Front Street West, 4th Floor
Toronto, Ontario, M5H 1H1
Tel: 416-847-6250
Fax: 416-866-4286
SWIFT: NOSCCATTTPT



**Irrevocable
Standby Letter of Credit
No. S18572/269319**

Amendment no. 5
Dated July 22, 2014

Beneficiary:

QIKIQTANI INUIT ASSOCIATION
P.O. BOX 219, IQALUIT, NUNAVUT
X0A 0H0
ATTENTION: LANDS DEPARTMENT, Canada

Applicant:

Baffinland Iron Mines Corporation,
2275 Upper Middle Road East
Suite 300
Oakville, ON L6H 0C3 Canada
Ref: S18572/269319

We amend our Standby Letter of Credit subject to the following terms and conditions. This amendment forms an integral part of the original instrument. All other terms and conditions remain unchanged.

Amended Terms:

The amount of the Standby Letter of Credit is increased by: CAD 9,800,000.00 to CAD 39,793,000.00

Unless otherwise instructed herein, all correspondence and enquiries regarding this transaction should be directed to our Customer Service Centre at the above address, telephone: 416-847-6250. Please indicate our reference number in all your correspondence or telephone enquiries.

Regards,

Authorised Signature(s)

[Handwritten signature]
10705

[Handwritten signature]
10088

ORIGINAL



Resource Management Directorate
Nunavut Regional Office
P.O. Box 100
Iqaluit, NU, X0A 0H0

November 6, 2014

Your file - Votre référence
2AM-MRY1325
Our file - Notre référence
CIDM# 868501

Phyllis Beaulieu
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

Re: Water Licence 2AM-MRY1325 - Baffinland Iron Mines Corporation – Mary River Mine – Annual Security Review – Schedule C, Item 2 (c) – Security Held by the Minister

Dear Phyllis Beaulieu:

In accordance to the Water Licence 2AM-MRY1325 Schedule C, Item 2 (c), AANDC is required to provide, to the NWB, a confirmation of the total financial security held by the Minister of Aboriginal Affairs and Northern Development Canada (AANDC) for the Mary River Mine project.

The financial security held by the Minister for Water Licence 2AM-MRY1325 is \$166,000. The Minister holds a total of \$1,562,826 in financial security for all three water licences issued to Baffinland Iron Mines Corporation (Baffinland) for all activities associated with the Mary River Project; mining, exploration, and construction. The security amounts are summarized below:

| Licence Number | Security Amount |
|----------------|--------------------|
| 2AM-MRY1325 | \$ 166,000 |
| 2BE-MRY1421 | \$1,250,000 |
| 8BC-MRY1416 | \$ 146,826 |
| Total | \$1,562,826 |

AANDC will provide further information for the ASR required under Schedule C, Item 2 (d) and (e), following a thorough review of Baffinland's 2015 Work Plan and Reclamation Cost Estimate.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4657 or by e-mail at Andrea.Morgan@aandc-aadnc.gc.ca.

Sincerely,

Andrea Morgan, P. Eng.
Senior Project Engineer

Cc. Karen Costello, Director, Resource Management, AANDC
James Neary, Manager, Mary River Team, AANDC
Jean Allen, Water Management Specialist, AANDC
Tracey McCaie, Manager, Lands Administration, AANDC

Attachment C

Location of Carving Stone Deposit

