



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.
OSB7060TOR**

Beneficiary:

The Receiver General for the
Government of Canada
Attn: Dale Nicholson, Regional
Director - Ecosystems Management, Canada

Applicant:

Baffinland Iron Mines Corporation
2275 Upper Middle Road East
Suite 300
Oakville, Ontario, L6H 0C3 Canada

Date of Issue:

June 25, 2014

Date and Place of Expiry:

June 24, 2015 CANADA

Amount:

CAD 3,003,159.00 Three Million Three Thousand One Hundred
Fifty Nine and 00/100 Canadian Dollars

Beneficiary full name and address

The Receiver General for the Government of Canada
Attention: Dale Nicholson, Regional Director - Ecosystems Management
867 Lakeshore Road
Burlington, Ontario
Canada L7R 4A6
Telephone: 905-336-4637

Dear Sir or Madam:

We hereby authorize you to draw upon the Bank of Nova Scotia, Toronto Trade Service Centre, 61 Front Street West, 4th Floor, Toronto, Ontario, Canada M5H 1H1 for the account of our Customer, Baffinland Iron Mines Corporation, up to the sum total of CAD3,003,159.00 (Canadian Dollars Three Million Three Thousand One Hundred Fifty Nine Only) available on demand as follows:

Pursuant to the request of our Customer, we the Bank of Nova Scotia, hereby establish and give to you an irrevocable Standby Letter of Credit (the "Credit") in your favour in the total amount of CAD3,003,159.00 (Canadian Dollars Three Million Three Thousand One Hundred Fifty Nine Only).

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The Bank of Nova Scotia

The Credit may be drawn on, by you, at any time and from time to time upon written demand by you. We will honour any such demand made by you without inquiring whether you have a right as between yourself and our Customer to make such demand and without recognizing any claim, instructions, direction or notification to the contrary from the Customer.

Provided, however, that you are to deliver to us at such time as a written demand for payment is made upon us, a certificate purported to be signed by you, agreeing and/or confirming that monies drawn pursuant to this Credit will be retained and used by you to meet our Customer's obligations in connection with offsetting and monitoring conditions of Fisheries Act Paragraph 35(2) Authorization (Referral File No.: 14-HCAA-00525, DFO File No.: 14-HCAA-00525 and located at Milne Inlet. This original Standby Letter of Credit must also be presented at the time for endorsement of the claim paid and will be returned to you.

It is understood and agreed that the obligation of the Bank of Nova Scotia under this Credit is an obligation to pay money only and that in no circumstances shall the Bank of Nova Scotia be obliged to perform or cause to perform any of our Customer's actual obligations to you.

Conditions:

1. The sum total of this Credit shall be reduced from time to time as advised by written notice given to this office from time to time by you.
2. The Credit will continue until June 24, 2015 and will expire at the office address at the close of banking business on that date.
3. This Credit is irrevocable until that date.
4. This Credit shall be deemed to be automatically extended without amendment for one year from the present or any future expiration date hereof, unless at least 30 days before any such date we give you written notice that we elect not to consider this Credit renewed for any such additional period. Upon receipt of such notice, you may draw upon, accompanied by written certification, the amount to be retained and used by you to meet obligations incurred or to be incurred in connection with the Authorization.
5. Partial drawings on this Credit are permitted.
6. Upon successful completion of Baffinland Iron Mines Corporation responsibilities under the offsetting and monitoring conditions of the Authorization, as determined by Fisheries and Oceans Canada, the original Letter of Credit shall be returned to The Bank of Nova Scotia, Toronto Trade Service Centre, 61 Front West, 4th Floor, Toronto, Ontario, Canada M5H 1H1 for cancellation accompanied by a written notice signed by Fisheries and Oceans Canada stating that this Standby Letter of Credit is returned for cancellation.

This Standby Letter of Credit is subject to Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600.

Regards,

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The Bank of Nova Scotia



Authorised Signature(s) H812

H. Nivic Metcalve
No088

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