

Appendix F

Options Exercise Notices



November 1, 2018

Fai Ndofo
Regulatory Manager, QIA
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Iqaluit, NU X0A 0H0

**RE: 2018 Land Classification Amendment (Options Exercise Notice)
Commercial Lease No. Q13C301**

In accordance with Section 3.2 of Commercial Lease No. Q13C301 (Commercial Lease) between the Qikiqtani Inuit Association (QIA) and Baffinland Iron Mines Corporation (Baffinland), the purpose of this letter is to request an amendment to reclassify Lands (Options Exercise Notice; OEN) outside the limits of the Impact Areas for the Mary River Project (the Project), outlined in the Commercial Lease. Amendments to the Impact Area limits are being requested to:

1. Accommodate quarries and laydowns proposed in the 2019 Work Plan;
2. Reconcile Milne Inlet Tote Road (Tote Road) Impact Area limits to reflect Tote Road realignments and upgrades completed for the Early Revenue Phase (ERP) of the Project; and,
3. Finalize amended Tote Road Impact Area limits to reflect communication network upgrades completed in 2018.

A completed Options Exercise Notice (OEN) Application Form for this request, consistent with the requirements of Section 3.4 of the Commercial Lease and Lease Operations Guide "Option Exercise Notice Submission", is provided in Attachment 1. Satellite photography taken of the Project in the summer of 2018 has been used to delineate Project infrastructure and the required amendments to the Project's Impact Area limits. Figures showing the proposed amendments to the Impact Area limits are provided in Attachment 2. New survey points that delineate the amended Impact Area limits are provided in Attachment 3.

2019 Work Plan – Quarries and Laydowns

The 2019 Work Plan includes the development of several quarries and laydowns. Table 1 outlines the quarries and laydowns in the 2019 Work Plan that require an amendment to the Impact Area limits defined in the Commercial Lease.

Table 1 – 2019 Work Plan Works Requiring an Amendment to Impact Area Limits

Development ID	Type of Development	Approximate Location	Project Area	Figure Reference	Additional Impact Area Required (m ²)
Q5 Quarry	New Quarry	Km 5 to 8	Tote Road	Figure 3, 4	156,183
PQ2a Quarry	New Quarry	Km 31	Tote Road	Figure 10	861,831
PQ4a Quarry	New Quarry	Km 45	Tote Road	Figure 14	241,912
PQ12a Quarry	New Quarry	Km 77	Tote Road	Figure 23	374,932

Development ID	Type of Development	Approximate Location	Project Area	Figure Reference	Additional Impact Area Required (m ²)
Laydown 2 (L2)	New Laydown	Km 6.5	Tote Road	Figure 3	27,784
Laydown 4 (L4)	New Laydown	Km 25	Tote Road	Figure 8	49,514
Laydown 7 (L7)	New Laydown	Km 47	Tote Road	Figure 15	7,755
Laydown 10 (L10)	New Laydown	Km 78	Tote Road	Figure 24	32,077
Total (m²)					1,751,988
Total (hectares)					175.2

Tote Road Realignments and Upgrades

To facilitate the transportation of ore from the Mine Site to Milne Port for the ERP of the Project, sections of the Tote Road have been upgraded and realigned since 2013. The upgrades and realignments have improved the operational efficiency of the Tote Road as well as addressed health, safety and environmental concerns identified by operations. Satellite photography taken in the summer of 2018 has been used to delineate Tote Road realignments and upgrades completed to date. Tote Road realignments and upgrades that require an amendment to the Tote Road Impact Area limits are presented in Table 2 below.

Table 2 – Tote Road Realignments and Upgrades Requiring an Amendment to Tote Road Impact Area Limits

Approximate Location	Figure Reference	Additional Impact Area Required (m ²)
Km 9	Figure 4	5,146
Km 12	Figure 5	15,692
Km 23	Figure 8	8,325
Km 38	Figure 12	16,594
Km 40	Figure 13	4,825
Km 52	Figure 16	6,837
Km 54	Figure 17	17,024
Km 57	Figure 17	7,281
Km 75	Figure 23	23,820
Km 76	Figure 23	25,748
Km 77	Figure 23	8,500
Km 80	Figure 24	6,392
Km 87	Figure 26	3,920
Total (m²)		150,104
Total (hectares)		15.0

Communication Network Upgrades

On January 16, 2018, Baffinland submitted to the QIA an OEN to support planned upgrades to the Project's communication network¹. On February 15, 2018, Baffinland received approval from the QIA for the OEN and associated works². Construction associated with the proposed upgrades was completed by July 2018.

Baffinland has used the 2018 satellite photography to delineate the new infrastructure and disturbance areas created by the communication network upgrades in order to reconcile post-construction disturbance and finalize amendments to the Tote Road Impact Area limits. Table 3 outlines the communication network upgrades that require an amendment to the Project's Impact Area limits. As shown in Table 3, all upgrades requiring an amendment to the Project's Impact Area limits were located along the Tote Road.

Table 3 – Communication Network Upgrades Requiring an Amendment to Impact Area Limits

Development ID	Type of Development	Figure Reference	Additional Impact Area Proposed– Pre-Construction (m ²) ¹	Additional Impact Area Required – Post Construction (m ²)
Km 26 Com. Tower	Installation of New Tower	Figure 9	2,200	2,530
Km 49 Com. Tower	Replacement of Com. Tower	Figure 15	5,300	6,609
Km 69 Com. Tower	Replacement of Com. Tower	Figure 21	4,800	4,459
Km 80 Com. Tower	Installation of New Tower	Figure 24	9,000	10,552
Km 88 Com. Tower	Installation of New Tower	Figure 27	27,400	21,064
Total (m²)			48,700	45,214
Total (hectares)			4.9	4.5

Notes:

¹As proposed by Baffinland in the original Communication Network Upgrades OEN (January 16, 2018).

Post-construction, finalized amendments to the Tote Road Impact Area limits for the upgrades outlined in Table 3 are presented in Attachment 2.

¹ Baffinland (2018). Re: Communications Network Upgrade Notification and Land Classification Amendment (Options Exercise Notice) Commercial Lease No. Q13C301. January 16, 2018 (Dated January 10, 2018)

² QIA (2018). Conditional Approval for Communications Network Upgrade Notification and Land Classification Amendment. February 15, 2018.

Conclusion

We trust that this information provides an understanding of what Baffinland is proposing as it relates to the reclassifying Lands at the Project under Section 3 of the Commercial Lease. Please do not hesitate to contact the undersigned, should you have any questions or comments.

Regards,



Christopher Murray
Environmental and Regulatory Compliance Manager

Attachments:

Attachment 1: OEN Application Form

Attachment 2: Figures

Attachment 3: Coordinates for New Survey Points Proposed

cc. Sean Joseph (QIA)

Grant Goddard, Megan Lorde-Hoyle, Andrew Vermeer (Baffinland)

Attachment 1

OEN Application Form

#	OEN APPLICATION FORM	
1	OEN Title	2018 Land Classification Amendment
2	General geographic UTM coordinates of the areas subject to amendment	Refer to Attachments 2 and 3 for geographical locations and coordinates of areas subject to amendment.
3	A description of the characteristics of the land including acknowledgement and explanation of any environmental sensitivities ³	Vegetation at the Project is discontinuous. Dry sites are very sparsely vegetated, whereas wet areas tend to have a more continuous cover of sedge, cottongrass, saxifrage, and moss. Landform is a broad, gently warped, old erosion surface composed of crystalline Precambrian rocks. Bedrock outcroppings are common, and Turbic Cryosols developed on hummocky, thin, discontinuous sandy moraine is the dominant soil. Organic and Static Cryosolic soils also occur. Most of the ecoregion is underlain by continuous permafrost with low ice content. No other unique environmental sensitivities are expected and environmental management will be done in accordance to site environmental management and regulatory requirements.
4	The specific nature of activities that have historically occurred on the proposed Lands ⁴	<p>To accommodate the quarries, laydowns and Tote Road realignments/upgrades, Lands outside the current Commercial Lease Impact Area limits will need to be reclassified as Impact Area near Milne Port and along the Tote Road. These Lands are undisturbed and are currently classified as General Areas of the Property in the Commercial Lease. No Project activities have occurred within these Lands.</p> <p>As discussed in the original OEN for communications network upgrades at Km 26, Km 49, Km 69, Km 80 and Km 88, the upgrades involved reclassifying Lands outside of the current Commercial Lease limits along the Tote Road. Select upgrade locations were already partially disturbed prior to construction as result of normal operation of the Tote Road.</p>
5	The specific nature of activities to be conducted on the proposed Lands ⁵	Activities at quarry locations will include blasting, stockpiling and crushing aggregate.

³ This description shall at a minimum include a complete description of the following components:

- i. Wildlife
- ii. Vegetation
- iii. Permafrost
- iv. Water quality (includes Acid Rock Drainage and Metal Leaching)
- v. Air quality
- vi. Associated map(s), sketches and other information in sufficient detail and in a scale as to QIA to consider the amendment request, including clear presentation of existing geographical features and relevant project facilities. The map(s) will include nearby facilities and geographical features (e.g. water bodies, topography).
- vii. Photographic record of pre-operations in the OEN area.

⁴ Indicate whether lands are disturbed or undisturbed - if disturbed, nature and duration of past disturbance (e.g. hectares of land disturbed, tonnes of material quarried, other types of activities etc.)

⁵ Associated drawings and designs are to be included as annexes.

#	OEN APPLICATION FORM	
		<p>Activities at laydown locations will include the storage of equipment and supplies.</p> <p>Amendments to the Project's Tote Road Impact Areas to reflect Tote Road realignments and upgrades have been proposed to ensure a 50 metre buffer of undisturbed land is maintained between Project infrastructure/disturbance areas and the Tote Road Impact Area limits. As a result, no activities are planned within the reclassified Lands that make up the 50 metre undisturbed buffer.</p>
6	Proposed duration of the activities	Work is planned to commence following QIA approval of this application and any subsequent approvals required (i.e. Quarry Management Plans, Water Licence Modification, etc.). Quarries, laydowns and Tote Road realignments/upgrades are expected to be in use for the remainder of the Project's life.
7	Associated changes to all Environmental Management and Monitoring Plans ⁶	Quarry Management Plans will be developed and submitted to QIA for approval for quarries on IOL: Q5, PQ2a, PQ4a and PQ12a.
8	All related Annual Work Plan amendments, if any. ⁷	<p>The 2018 Work Plan (Rev. 1) included reclamation security requirements for the communication network upgrades, as proposed in the original OEN (Jan. 16, 2018).</p> <p>The 2019 Work Plan includes reclamation security requirements for the proposed development of the quarries and laydowns.</p> <p>The 2019 Work Plan Addendum will reconcile disturbance areas at the Project using the 2018 satellite photography, including disturbance areas associated with the communication network upgrades and Tote Road realignments/upgrades.</p>
9	Relevant information concerning financial security, including the Security Deposit.	Same as above.
10	Indicate whether changes are required to existing approvals, licences, plans, permits or authorizations.	Water Licence Modification and/or DFO authorization may be required for the proposed quarries and associated access road culverts.
11	The anticipated increase or decrease in Rent payment where the increase or decrease is shown compared against the initial Rent payment amount pre-OEN approval.	An additional 1,947,300 m ² (194.7 hectares) of Lands is anticipated to be reclassified as Impact Area. This increase in Impact Area is anticipated to increase rent by approximately \$38,940 which will be reconciled in next year's rent payment.

⁶ Relevant environmental management plans associated with the OEN. If there are no revisions required to management plans, a list of the most current environmental management plans will be provided.

⁷ Indicate whether activity is outside of scope of relevant Annual Work Plan.

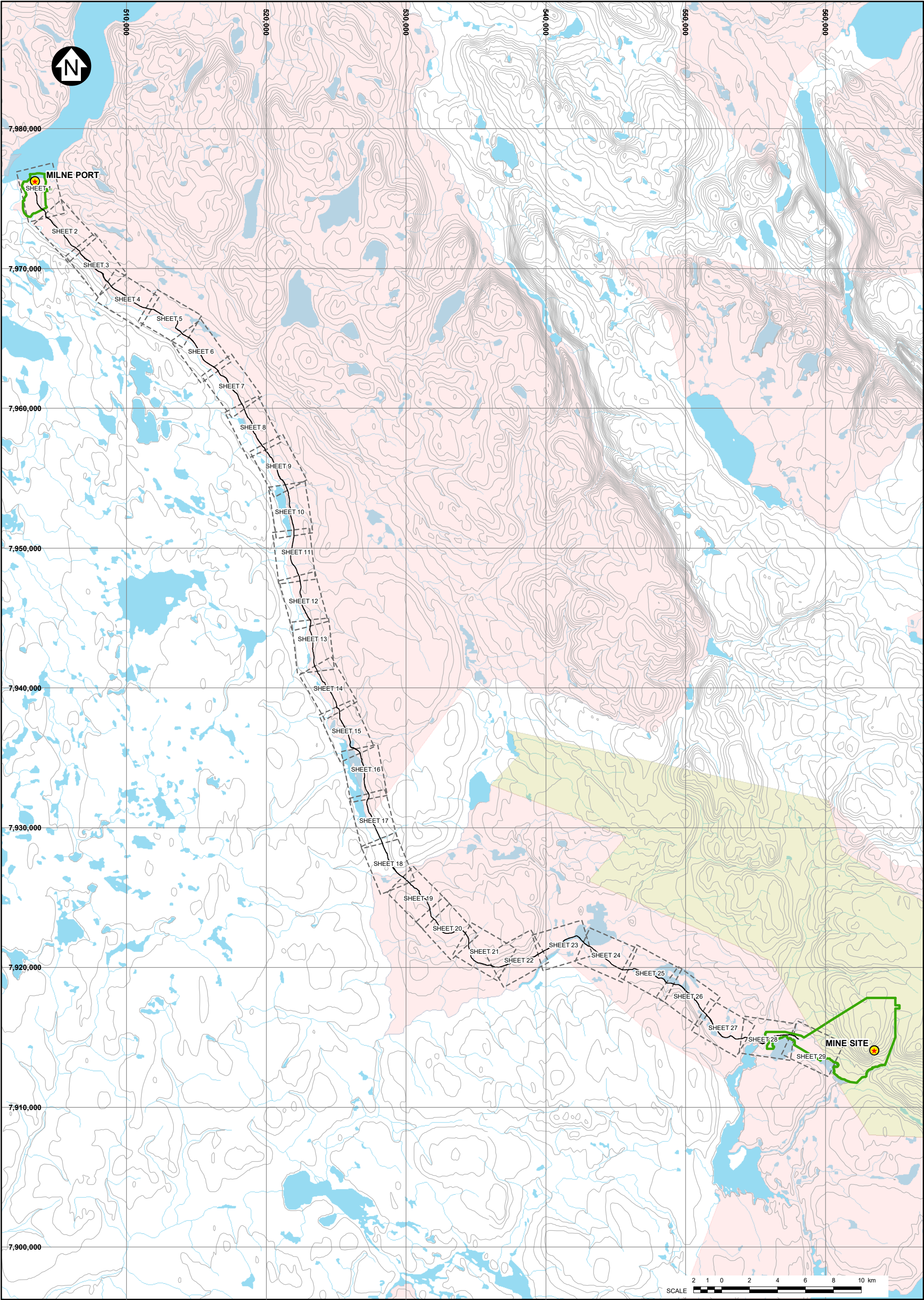
Attachment 2

Figures

(Refer to Accompanying Files)

Attachment 2

Figures



LEGEND:

MILNE PORT / MINE SITE

MILNE INLET TOTE ROAD

- IOL SURFACE AND SUBSURFACE
- IOL SURFACE ONLY
- REFERENCE SHEET EXTENT
- POTENTIAL DEVELOPMENT AREA
- WATER

NOTES:

1. COORDINATE GRID IS IN METRES.
COORDINATE SYSTEM: NAD 1983 UTM ZONE 17N.

2. BASE MAP: HER MAJESTY THE QUEEN IN RIGHTS OF CANADA,
DEPARTMENT OF NATURAL RESOURCES, (2004).

3. FIGURE CREATED BY KNIGHT PIESOLD LIMITED.

BAFFINLAND IRON MINES CORPORATION

MARY RIVER PROJECT

TOTE ROAD OVERVIEW



P/A NO.
NB102-181/48

REF NO.
NB18-00627

FIGURE 1

REV
0

0	01 NOV'18	ISSUED WITH TRANSMITTAL	AV	AS	AV
REV	DATE	DESCRIPTION	DESIGNED	DRAWN	REVIEWED



LEGEND:

✕ TOTE ROAD km POST

— TOTE ROAD CENTERLINE

— HISTORIC TOTE ROAD CENTERLINE (TO BE RECLAIMED)

▨ QUARRY AREA

▨ BORROW AREA

▨ LAYDOWN AREA

● COMMUNICATION TOWER

● WATER CROSSING

● APPROVED WATER SOURCE

● QUARRY POINT LOCATION (HATCH 2014)

● COMMERCIAL LEASE BOUNDARY SURVEY POINTS

● COMMERCIAL LEASE EXTENDED PORTIONS

▨ CURRENT COMMERCIAL LEASE BOUNDARY

▨ UNDISTURBED 50 m BUFFER FROM COMMERCIAL LEASE BOUNDARY

▨ PROPOSED LEASE BOUNDARY EXPANSION FOR COMMUNICATION NETWORK UPGRADES – POST-CONSTRUCTION

▨ PROPOSED LEASE BOUNDARY EXPANSION

▨ UNDISTURBED 50 m BUFFER FROM PROPOSED COMMERCIAL LEASE BOUNDARY

➡ FLOW DIRECTION

NOTES:

1. COORDINATE GRID IS IN METRES. COORDINATE SYSTEM: NAD 1983 UTM ZONE 17N.

2. ORTHO IMAGERY COLLECTED SUMMER OF 2018, PROVIDED BY BAFFINLAND IRON MINES CORPORATION, OCTOBER 6, 2018.

3. COMMERCIAL LEASE BOUNDARY COORDINATES OBTAINED FROM BAFFINLAND IRON MINES CORPORATION, JANUARY, 2018. BOUNDARY EXTENTS HAVE BEEN DIGITIZED BASED ON THESE POINT LOCATIONS ARE APPROXIMATE ONLY.

4. FIGURE CREATED BY KNIGHT PIESOLD LTD.

0	01NOV18	ISSUED WITH TRANSMITTAL	RAC	AS	RAC
REV	DATE	DESCRIPTION	DESIGNED	DRAWN	REVIEWED

BAFFINLAND IRON MINES CORPORATION

MARY RIVER PROJECT

TOTE ROAD ALIGNMENT
(SHEET 1 OF 29)

PIA NO.
NB102-181/48

REF NO.
NB18-00627

FIGURE 2

REV
0



LEGEND:

TOTE ROAD km POST

TOTE ROAD CENTERLINE

HISTORIC TOTE ROAD CENTERLINE
(TO BE RECLAIMED)

QUARRY AREA

BORROW AREA

LAYDOWN AREA

COMMUNICATION TOWER

WATER CROSSING

APPROVED WATER SOURCE

QUARRY POINT LOCATION (HATCH 2014)

COMMERCIAL LEASE BOUNDARY SURVEY POINTS

COMMERCIAL LEASE EXTENDED PORTIONS

CURRENT COMMERCIAL LEASE BOUNDARY

UNDISTURBED 50 m BUFFER FROM COMMERCIAL LEASE BOUNDARY

PROPOSED LEASE BOUNDARY EXPANSION FOR COMMUNICATION NETWORK UPGRADES – POST-CONSTRUCTION

PROPOSED LEASE BOUNDARY EXPANSION

UNDISTURBED 50 m BUFFER FROM PROPOSED COMMERCIAL LEASE BOUNDARY

FLOW DIRECTION

NOTES:

- COORDINATE GRID IS IN METRES. COORDINATE SYSTEM: NAD 1983 UTM ZONE 17N.
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- FIGURE CREATED BY KNIGHT PIESOLD LTD.

0	01NOV18	ISSUED WITH TRANSMITTAL	RAC	AS	RAC
REV	DATE	DESCRIPTION	DESIGNED	DRAWN	REVIEWED

SCALE

100

50

0

100

200

300

400

500 m

BAFFINLAND IRON MINES CORPORATION

MARY RIVER PROJECT

TOTE ROAD ALIGNMENT
(SHEET 2 OF 29)

Baffinland

PIA NO.
NB102-181/48

REF NO.
NB18-00627

FIGURE 3

REV
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LEGEND:			
	QUARRY POINT LOCATION (HATCH 2014)		
	COMMERCIAL LEASE BOUNDARY SURVEY POINTS		
	COMMERCIAL LEASE EXTENDED PORTIONS		
	CURRENT COMMERCIAL LEASE BOUNDARY		
	UNDISTURBED 50 m BUFFER FROM COMMERCIAL LEASE BOUNDARY		
	PROPOSED LEASE BOUNDARY EXPANSION FOR COMMUNICATION NETWORK UPGRADES – POST-CONSTRUCTION		
	PROPOSED LEASE BOUNDARY EXPANSION		
	UNDISTURBED 50 m BUFFER FROM PROPOSED COMMERCIAL LEASE BOUNDARY		
	FLOW DIRECTION		

0	01NOV18	ISSUED WITH TRANSMITTAL	RAC	AS	RAC
REV	DATE	DESCRIPTION	DESIGNED	DRAWN	REVIEWED

NOTES:
1. COORDINATE GRID IS IN METRES. COORDINATE SYSTEM: NAD 1983 UTM ZONE 17N.
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4. FIGURE CREATED BY KNIGHT PIESOLD LTD.

BAFFINLAND IRON MINES CORPORATION

MARY RIVER PROJECT

TOTE ROAD ALIGNMENT
(SHEET 3 OF 29)

PIA NO.
NB102-181/48

REF NO.
NB18-00627

FIGURE 4

REV
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LEGEND:

✕

TOTE ROAD km POST

—

TOTE ROAD CENTERLINE

—

HISTORIC TOTE ROAD CENTERLINE
(TO BE RECLAIMED)

■

QUARRY AREA

■

BORROW AREA

■

LAYDOWN AREA

●

COMMUNICATION TOWER

●

WATER CROSSING

●

APPROVED WATER SOURCE

●

QUARRY POINT LOCATION (HATCH 2014)

●

COMMERCIAL LEASE BOUNDARY SURVEY POINTS

●

COMMERCIAL LEASE EXTENDED PORTIONS

—

CURRENT COMMERCIAL LEASE BOUNDARY

—

UNDISTURBED 50 m BUFFER FROM COMMERCIAL LEASE BOUNDARY

—

PROPOSED LEASE BOUNDARY EXPANSION FOR COMMUNICATION NETWORK UPGRADES – POST-CONSTRUCTION

—

PROPOSED LEASE BOUNDARY EXPANSION

—

UNDISTURBED 50 m BUFFER FROM PROPOSED COMMERCIAL LEASE BOUNDARY

→

FLOW DIRECTION

NOTES:

- COORDINATE GRID IS IN METRES. COORDINATE SYSTEM: NAD 1983 UTM ZONE 17N.
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- FIGURE CREATED BY KNIGHT PIESOLD LTD.

REV	DATE	ISSUED WITH TRANSMITTAL	RAC DESIGNED	AS DRAWN	RAC REVIEWED
0	01NOV18	ISSUED WITH TRANSMITTAL			

BAFFINLAND IRON MINES CORPORATION

MARY RIVER PROJECT

TOTE ROAD ALIGNMENT
(SHEET 7 OF 29)

PIA NO.
NB102-181/48

REF NO.
NB18-00627

FIGURE 8

REV
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