

File: 2AM-MRY1325

July 24, 2020

Christopher Murray Environmental & Regulatory Compliance Manager Baffinland Iron Mines Corporation Suite 300 – 2275 Upper Middle Road East Oakville, Ontario, Canada L6H 0C3

Email: christopher.murray@baffinland.com

Subject: Licence No: 2AM-MRY1325; Deposit 1 Quarry 2 (D1Q2) Inspection and Review

Summary for Closure

Dear Christopher Murray:

On June 4, 2020, Baffinland Iron Mines Corporation (Baffinland or Licensee) submitted the document entitled "Deposit 1 Quarry 2 (D1Q2) Inspection and Review Summary for Closure" (Memo) as produced by Knight Piésold Ltd. (KP) and dated March 30, 2020 to the Nunavut Water Board (NWB or Board) in relation to Water Licence No: 2AM-MRY1325 (Licence).

Copies of the documents received during the technical review of the Memo can be accessed through the NWB's Public Registry and FTP site using the following link:

ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY1325%20BIMC/3%20TECH/10%20A%20and%20R%20(J)/

The NWB distributed the Memo public review on June 10, 2020. Comments¹ from Crown-Indigenous Relations and Northern Affairs (CIRNA) and the Qikiqtani Inuit Association (QIA) were received. CIRNA requested that the Licensee:

- Clarify whether it intended to follow KP's recommendations outlined in the Memo;
- "Initiate discussions on appropriate run-off criteria in their Interim Closure and Reclamation Plan prior to concluding metal leaching or acid drainage will not be a concern at closed sites"; and
- Explain why the Toxicity Characterization Leaching Procedure was utilized and indicate sampling locations.

¹ Crown-Indigenous Relations and Northern Affairs Canada, dated June 24, 2020; Qikiqtani Inuit Association, dated July 1, 2020.

The QIA inquired about the physicochemical stability of the quarry.

On July 10, 2020, the Licensee provided its response stating:

- KP's recommendations will be followed as they pertain to progressive reclamation;
- "the work completed by KP to assess the condition of the quarry has confirmed that while metal leaching is unlikely due to the absence of PAG material and high buffering capacity of the quarry rock, in the event that low pH water is observed the leaching potential from this location is low. Additional monitoring and sampling will be required on final closure to confirm this assessment, and in the interim the ongoing monitoring for the Project will identify any exceedances of the Water Licence Criteria through the Surveillance Network Program";
- The Toxicity Characterization Leaching Procedure was used as a method to assess the leaching potential of the quarry's exposed rock material; and
- Physical stability of the Run-of-Mine stockpile to be erected at the quarry location will be addressed during construction and subsequent geotechnical inspections.

On July 14, 2020, CIRNA stated its satisfaction with Baffinland's response noting: While CIRNAC finds that the responses from BIMC do not offer a solution for appropriate run-off criteria, they do offer an acknowledgement of the need to further discuss these criteria before concluding metal leaching or acid drainage will not be a concern at closed sites, and prior to final closure.

The QIA did not follow up on whether Baffinland's response addressed its concerns.

By copy of this letter, the Board accepts the Deposit 1 Quarry 2 (D1Q2) Inspection and Review Summary for Closure dated March 30, 2020. The Board will look forward to receiving additional monitoring and sampling details that will be required on final closure.

Should you have any questions, please feel free to contact the undersigned at (867) 360-6338 or assol.kubeisinova@nwb-oen.ca at your earliest convenience.

Regards,

Assol Kubeisinova Nunavut Water Board Technical Advisor

cc: Distribution List – Mary River