LAYFIELD

CERTIFICATE OF FINAL INSPECTION AND ACCEPTANCE

PROJECT NAME: Mary River Project "Sedimentation Pond stock Pile East"
PROJECT NUMBER: CT000871 **DATE:** 17 Aug 2014
OWNER: Baffinland Iron Mine Corporation
LOCATION: Nunavut.

SCOPE OF INSTALLATION(S): THE WORK
LP 7 Geotextile underlay 7,500 m²
EL 60 mil Geomembrane 7,333 m² 100% tested "Air test and Vac Box"

Part 1 – LAYFIELD ENVIRONMENTAL SYSTEMS LTD.

I, Yonatan Espindola, a duly appointed representative of Layfield Environmental Systems Ltd. (LESL), have visually observed the installations (as outlined above), and have found the Work to be complete and free of defects and declare that the Work was completed in accordance with the project specifications, Layfield Environmental Systems' QC program and the terms and conditions of the contract.

Layfield Environmental Systems Representative:
Name: Yonatan Espindola
Title: Supervisor
Date: 17/Aug/2014 Signature: Espindola Hernandez Yonatan.

Part 2 – OWNER (or Representative)

I, Marlon Coatley, a duly appointed representative of Hatch for Baffinland, do hereby take over and accept the installation(s) described above, and confirm that the work has been completed in accordance with the project specifications and the terms of the conditions of the contract.

I have evaluated and measured the work together with the Layfield Environmental Systems representative, and agree that the measurements shown are both true and correct, and that the installation has met our approval.

Owners Representative:
Name: Marlon Coatley
Title: Construction Manager
Company: Hatch
Date: Aug 18/2014 Signature: Marlon Coatley

Comments:

LAYFIELD CANADA LTD.
Unit 2 – 117 Basaltic Road Vaughan, ON Canada

Phone: (905) 761 9123
Fax: (905) 761 -0035
Toll Free: 1 888 436 4273

Web: www.layfieldgroup.com
E-Mail: ...@layfieldgroup.com

INSTALLATION WARRANTY

Layfield Reference No. : (Job #) **CT000071**

LAYFIELD CANADA LTD. (LAYFIELD) hereby warrants to Baffinland Iron Mine; (the Customer) that the work performed by LAYFIELD on the Installation described as **H349000/CC004 HDPE Liner Installation**, covering the Anmar Maintenance Pad, Ruskin Shop Pad, Landfarm (FBS 2.1.2), Snow Containment (FBS 2.1.2), Sediment Pond and Sediment Stockpile (FBS 2.1.4), Hazardous Waste Containment Areas North (FBS 2.1.1) and Hazardous Waste Containment South (FBS 2.1.3) will:

1. Meet the field seam specifications set out in the contract between LAYFIELD and the Customer (as amended by LAYFIELD's quotation), all workmanship to meet the requirements of LAYFIELD's Field Installation Quality Assurance program, and be free of defects at the time of completion of the Installation; and

2. Be free of installation defects from the date of the completion of the Installation (August 10, 2014), for a period of two (2) years so long as the completed Installation is used for the purposes and in the manner for which the Installation was designed.

Should damage or defects within the scope of the aforesaid warranties occur, LAYFIELD shall repair the damage or defects, PROVIDED THAT the area to be repaired must first be made ready by the Customer and be in a clean, dry, unencumbered condition, free from all water, soil, sludge, residuals, and liquids of any kind.

To enable LAYFIELD to investigate and determine the cause of any alleged damage or defect, notice and details of any claim hereunder must be presented in writing to LAYFIELD within thirty (30) days after the alleged damage or defect was first noticed or observed. Failure to provide such notice and details shall invalidate all warranties provided hereunder.

The liability of LAYFIELD under the aforesaid warranties are subject to the following conditions:

a. LAYFIELD's only obligation shall be to repair or replace any defective workmanship and in no event shall LAYFIELD be liable for any amount in excess of the cost of the Installation;

b. No allowance will be made for repairs, replacements or alterations made by the Customer unless with the prior written consent of LAYFIELD;

c. The warranties hereunder extend only to the Customer and are not transferable;

d. The warranties hereunder shall not apply to any damage or defects resulting from misuse, mechanical abuse by machinery, equipment or persons, excessive pressures or stresses, exposure of the completed Installation of harmful chemicals, unusual weather conditions, casualty catastrophe such as (but not limited to) earthquake, flood, hail, tornado, or any other act of God;

e. Under no circumstances shall LAYFIELD be liable for any special, direct, indirect, or consequential damages including the loss of use of the Installation howsoever caused;

f. The warranties hereunder are given in lieu of all other warranties, express, implied, statutory, or otherwise, and the Customer expressly waives all other warranties and claims whatsoever except those specifically given herein, and the Customer acknowledges that the warranties hereunder are accepted in preference to and to the exclusion of any or all other warranties; and

g. An Installation Warranty will not be provided for lining projects unless the installation is completed by LAYFIELD personnel or designated LAYFIELD subcontractors.

LAYFIELD CANADA LTD.

Ryan Parish, Projects & Operations Manager

Appendix B

As-Built Drawings

A. H349000-2345-10-035-0001 Rev02: Milne Port Ore Stockpile Sedimentation Ponds Earthworks & Drainage – Plan & Sections ***[1 page]***

DWG. NO. H349000-2345-10-035-0001

SETOUT POINTS FOR SEDIMENTATION POND No.1

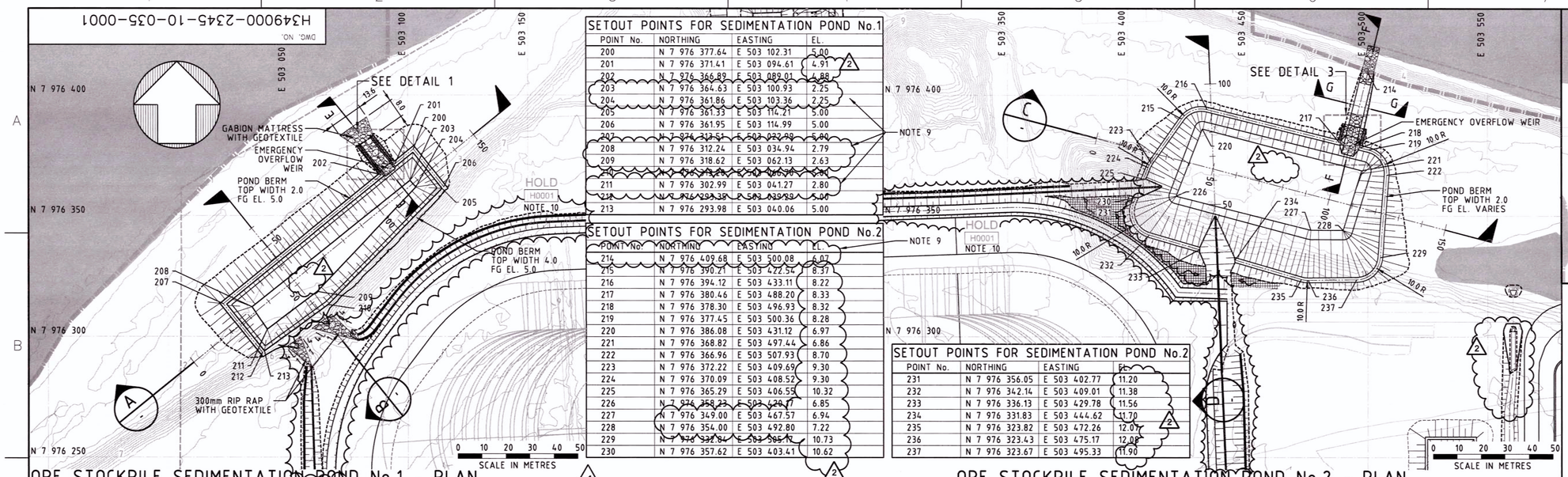
POINT No.	NORTHING	EASTING	EL.
200	N 7 976 377.64	E 503 102.31	5.00
201	N 7 976 371.41	E 503 094.61	4.91
202	N 7 976 366.89	E 503 089.01	4.88
203	N 7 976 364.63	E 503 100.93	2.25
204	N 7 976 361.86	E 503 103.36	2.25
205	N 7 976 361.33	E 503 114.21	5.00
206	N 7 976 361.95	E 503 114.99	5.00
207	N 7 976 312.51	E 503 032.98	5.00
208	N 7 976 312.24	E 503 034.94	2.79
209	N 7 976 318.62	E 503 062.13	2.63
210	N 7 976 318.86	E 503 060.04	5.00
211	N 7 976 302.99	E 503 041.27	2.80
212	N 7 976 299.38	E 503 039.89	5.00
213	N 7 976 293.98	E 503 040.06	5.00

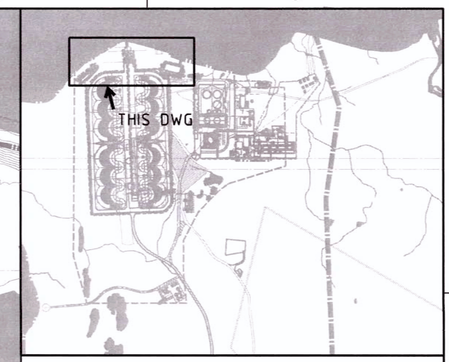
SETOUT POINTS FOR SEDIMENTATION POND No.2

POINT No.	NORTHING	EASTING	EL.
214	N 7 976 409.68	E 503 500.08	6.07
215	N 7 976 390.21	E 503 422.54	8.37
216	N 7 976 394.12	E 503 433.11	8.22
217	N 7 976 380.46	E 503 488.20	8.33
218	N 7 976 378.30	E 503 496.93	8.32
219	N 7 976 377.45	E 503 500.36	8.28
220	N 7 976 386.08	E 503 431.12	6.97
221	N 7 976 368.82	E 503 497.44	6.86
222	N 7 976 366.96	E 503 507.93	8.70
223	N 7 976 372.22	E 503 409.69	9.30
224	N 7 976 370.09	E 503 408.52	9.30
225	N 7 976 365.29	E 503 406.55	10.32
226	N 7 976 358.23	E 503 420.11	6.85
227	N 7 976 349.00	E 503 467.57	6.94
228	N 7 976 354.00	E 503 492.80	7.22
229	N 7 976 332.84	E 503 505.47	10.73
230	N 7 976 357.62	E 503 403.41	10.62

SETOUT POINTS FOR SEDIMENTATION POND No.2

POINT No.	NORTHING	EASTING	EL.
231	N 7 976 356.05	E 503 402.77	11.20
232	N 7 976 342.14	E 503 409.01	11.38
233	N 7 976 336.13	E 503 429.78	11.56
234	N 7 976 331.83	E 503 444.62	11.70
235	N 7 976 323.82	E 503 472.26	12.07
236	N 7 976 323.43	E 503 475.17	12.08
237	N 7 976 323.67	E 503 495.33	11.90





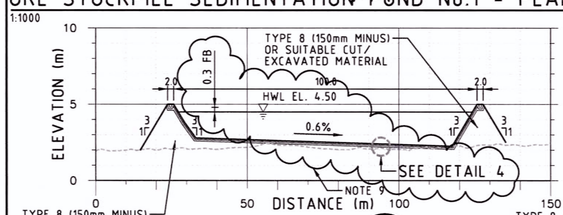
KEY PLAN

LEGEND:

- EXISTING GROUND CONTOURS
- FILL SLOPE
- CUT SLOPE
- TOE OF SLOPE
- GRADING SLOPE
- CROSS SECTION DISTANCE
- FG EL. — FINISHED GRADE ELEVATION
- HWL — HIGH WATER LEVEL
- HAT — HIGHEST ASTRONOMICAL TIDE
- FB — FREEBOARD
- GRADE TO FLOW TOWARDS DITCH TO AVOID LOCAL PONDING

ORE STOCKPILE SEDIMENTATION POND No.1 - PLAN

1:1000



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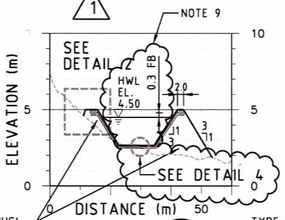
1:200 V



SECTION B

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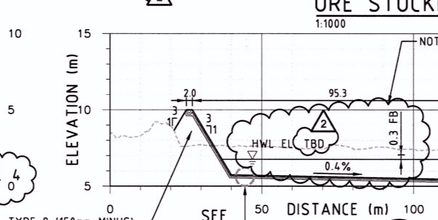
1:200 V



SECTION C

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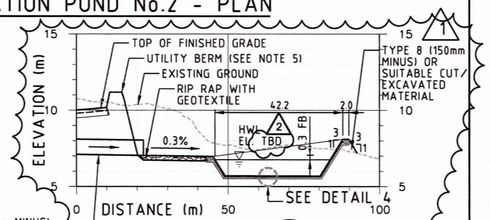
1:200 V

ORE STOCKPILE SEDIMENTATION POND No.2 - PLAN

1:1000



SECTION D

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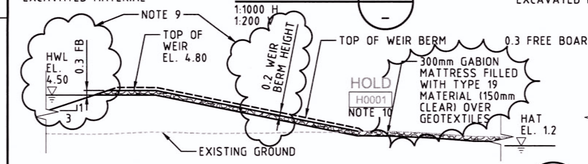
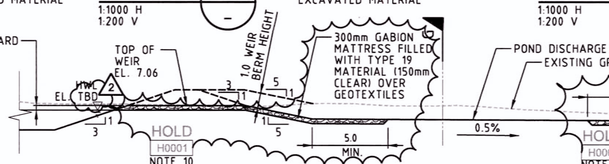


SECTION - SEDIMENTATION POND No.1 WEIR E

NTS



SECTION - SEDIMENTATION POND No.2 WEIR F

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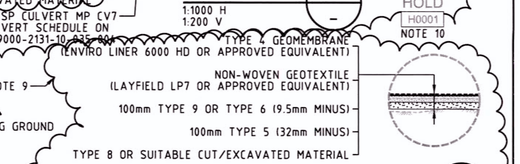
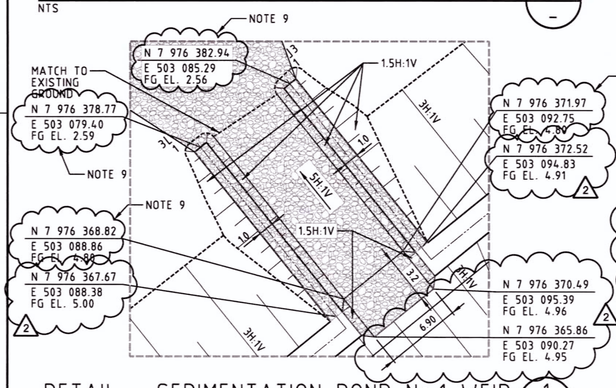


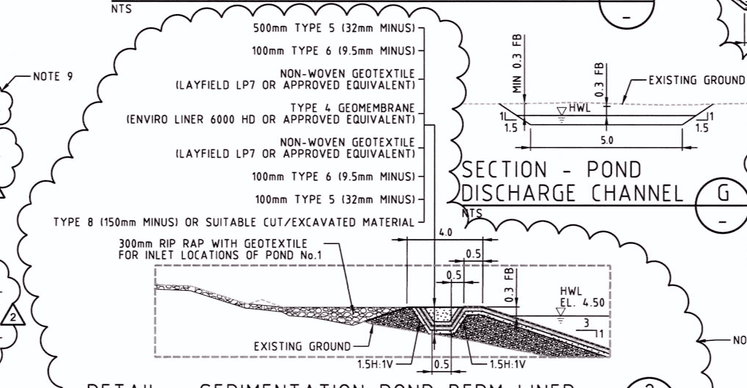
DETAIL - POND LINER MATERIAL 4

NTS



DETAIL - SEDIMENTATION POND No.1 WEIR 1

1:200

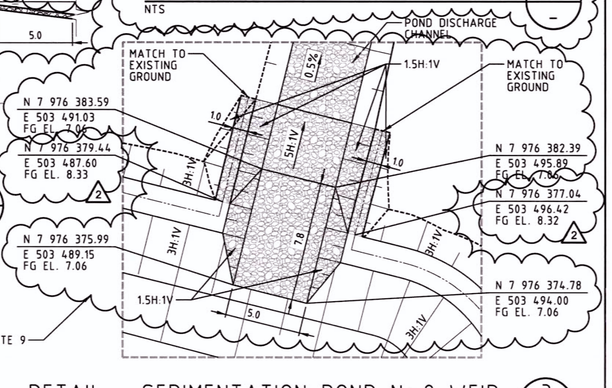


DETAIL - SEDIMENTATION POND BERM LINER 2

1:100

SECTION - POND DISCHARGE CHANNEL G

NTS



DETAIL - SEDIMENTATION POND No.2 WEIR 3

1:200

NOTES:

1. TOPOGRAPHY PROVIDED BY TERRAPOINT CANADA INC.
2. COORDINATE GRID IS SHOWN IN UTM (NAD83) ZONE 17 AND IS IN METRES.
3. CONTOURS ARE IN METRES. CONTOUR INTERVAL IS 2.0m.
4. ALL DIMENSIONS AND ELEVATIONS SHOWN ARE IN METRES UNLESS NOTED OTHERWISE.
5. FOR UTILITY BERM TYPICAL DETAILS REFER TO DRAWINGS H349000-1000-10-041-0006, -0007 AND -0009.
6. APPLY SAME LINER DETAIL AT ALL LOCATIONS.
7. POND No.1 MAXIMUM CAPACITY IS 2,660m3 WITH 0.3m FREEBOARD AND HIGH WATER LEVEL (HWL) EL. 4.50m.
8. POND No.2 MAXIMUM CAPACITY IS (TBD) WITH 0.3m FREEBOARD AND HIGH WATER LEVEL (HWL) EL. TBD. 2
9. AS-BUILT DETAILS NOT VERIFIED.
10. NOT CONSTRUCTED (FUTURE WORK). 2

REFERENCE DRAWINGS

DRAWING NO.	DRAWING TITLE
H349000-2133-10-035-0001	MILNE PORT-ORE STOCKPILES No.1&2-EARTHWORKS & DRAINAGE-PLAN

REVISIONS

NO.	DESCRIPTION	BY	CHK'D	APP'D	DATE
2	AS BUILT	JB	SH	JC	2014-12-10
1	SCALE BAR FIXED	GJ	KF	SH	2013-11-15

AS BUILT

REVISED AS MARKED. ALL OTHER DETAILS CONSTRUCTED WITHING ACCEPTABLE TOLERANCES.

ISSUE AUTHORIZATION

REV.	ISSUE FOR	AUTH. BY	DATE
2	AS BUILT	SH JC	2014-12-10
1	CONSTRUCTION	SH GJ	2013-11-15
0	CONSTRUCTION	SH MM	2013-08-30

HATCH

DESIGNED BY K. FALLAHI DATE 2013-08-27	DRAWN BY M. MCDOUGALD DATE 2013-08-27
CHECKED BY A. MOHEBKHANI DATE 2013-08-30	DISCIP. ENGR. S. HASSAN DATE 2013-08-30
PROJ. DES. COORD. T. THERTELL DATE 2013-08-30	PROJ. ENGR. J. CLELAND DATE 2013-08-30
PROJ. MGR. S. PERRY DATE 2013-08-30	

Baffinland

MARY RIVER PROJECT

MILNE PORT
ORE STOCKPILE SEDIMENTATION PONDS
EARTHWORKS & DRAINAGE-PLAN & SECTIONS

SCALE	DWG. NO.	REV.
1:1000 OR AS NOTED	H349000-2345-10-035-0001	2

ORIGINAL SHEET SIZE: ISO A1 (841 x 594)

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Appendix C

Survey Data

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1530	7976372.262424	503505.645318	8.375	ZTOS
1531	7976376.396875	503501.658105	8.277	ZTOS
1532	7976378.757272	503498.190525	8.379	ZTOS
1533	7976385.184412	503500.532642	7.540	XTOS
1534	7976385.530112	503499.201519	7.511	ZTOS
1535	7976379.184093	503497.017818	8.475	XTOS
1536	7976381.976403	503489.007789	8.415	ZTOS
1537	7976388.705548	503491.144598	7.620	XTOS
1538	7976389.079167	503490.277643	7.630	ZTOS
1539	7976382.687576	503488.014422	8.384	ZTOS
1540	7976382.108875	503486.347573	8.404	ZTOS
1541	7976382.620933	503483.907660	8.420	ZTOS
1542	7976389.120563	503459.369901	8.348	ZTOS
1543	7976395.219793	503430.768742	8.223	ZTOS
1544	7976394.646428	503427.084620	8.370	ZTOS
1545	7976392.705897	503425.805508	8.477	ZTOS
1546	7976388.686968	503423.204475	8.664	ZTOS
1547	7976375.883768	503415.532125	9.311	ZTOS
1548	7976364.641692	503407.126260	10.318	XTOS
1549	7976359.652910	503404.752167	10.641	ZTOS
1550	7976351.193469	503402.770962	11.247	ZTOS
1551	7976345.712277	503405.198129	11.296	ZTOS
1552	7976342.181867	503412.236795	11.383	ZTOS
1553	7976336.991317	503430.510512	11.561	XTOS
1554	7976331.415725	503444.598673	11.721	ZTOS
1555	7976328.292286	503460.399366	11.784	ZTOS
1556	7976326.354880	503472.227124	12.034	ZTOS
1557	7976324.631940	503494.200726	11.968	ZTOS
1558	7976324.890874	503498.414048	11.884	ZTOS
1559	7976327.554373	503500.744450	11.821	XTOS
2000	7976353.908806	503492.800608	7.221	Zgln
2001	7976359.767434	503496.831924	7.097	Zgln
2002	7976368.219616	503497.517458	6.864	Zgln

2003	7976371.032201	503495.192280	6.902	Zgln
2004	7976373.628466	503477.936449	6.905	Zgln
2005	7976376.572200	503458.699164	6.878	Zgln
2006	7976383.481207	503444.810281	6.894	Zgln
2007	7976386.817990	503432.647960	6.981	Zgln
2008	7976386.264858	503430.708968	6.971	Zgln
2009	7976373.298680	503426.797243	6.948	Zgln
2010	7976361.506792	503422.070714	6.845	Zgln
2011	7976353.640579	503444.446804	6.964	Zgln
2012	7976348.914062	503467.569243	6.939	Zgln
2013	7976351.404208	503469.119440	7.003	Zgln
2014	7976353.154300	503480.328275	7.069	Zgln
2015	7976353.346245	503485.923037	7.145	.gln
2016	7976364.778515	503489.799504	6.991	Node
2017	7976366.731666	503480.043655	6.962	Node
2018	7976368.671386	503469.779197	6.913	Node
2019	7976371.465413	503459.792849	6.931	Node
2020	7976374.951839	503449.510979	7.001	Node
2021	7976378.821051	503439.519074	6.971	Node
2022	7976371.443808	503436.973589	6.970	Node
2023	7976368.321852	503446.863403	6.944	Node
2024	7976365.331682	503456.592497	6.950	Node
2025	7976362.585784	503466.883404	7.009	Node
2026	7976360.208463	503476.620974	6.997	Node
2027	7976358.568355	503486.317892	7.080	Node
2028	7976353.178771	503467.206989	6.998	Node
2029	7976355.800245	503457.173956	6.972	Node
2030	7976357.998865	503447.143825	6.952	Node
2031	7976360.691049	503437.574088	6.952	Node
2032	7976364.403878	503429.119094	7.024	Node
2014P0006	7976064.316000	503642.649000	12.659	--------
RTCM-Ref	0000	7976079.473010	503925.887938	16.092 --------

Appendix D

Annual Geotechnical Inspection

A. BHM 14-084: Annual Geotechnical Inspection Baffinland Iron Mines Corporation Mary River Project – 2014 Inspections ***[59 pages]***

Baffinland
Iron Mines Corporation

BHM Project No.: 14-084

BAFFINLAND IRON MINES CORPORATION

ANNUAL GEOTECHNICAL INVESTIGATION
MARY RIVER PROJECT
2014 INSPECTIONS

Prepared for:

Mr. Jeff Bush

Site Services Superintendent
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PHOTOS

DRAWINGS

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October 28, 2014

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

Attention: Jeff Bush
Jeff.bush@baffinland.com

RE: ANNUAL GEOTECHNICAL INSPECTIONS
BAFFINLAND IRON MINES CORPORATION
OUR REFERENCE NO. 14-084

1.0 INTRODUCTION

Barry H. Martin, P. Eng., Consulting Engineer completed the 7th annual water licence geotechnical inspection of the following on-site engineered facilities:

Pit Walls
Quarries
Landfills
Land farms
Bulk Fuel Storage Facilities
Sediment Ponds
Collection Ponds
Polishing and Waste Stabilization Ponds

The inspection that took place July 31st/August 5th is the first phase of a biannual inspection to be carried out within the open water shipping season at the two Baffinland sites in Mary River at the mine site and at Milne Inlet at the port facility. A second inspection took place September 25th/30th.

The inspections were carried out in accordance with the guidelines set out in "Dam Safety Guidelines 2007" as published by the Canadian Dam Association.

The inspections were completed by Mr. Barry H. Martin, P. Eng., the design Engineer for the initial containment facilities at both Mary River and Milne Inlet, the runway extension, initial bridges on the connecting road plus the solid waste disposal site.

The previous 6 annual water license geotechnical inspections were completed by Mr. Martin.

The facilities inspected are as per the following:

Mary River Site

1. Bulk Fuel Storage Containment
2. Genorator Fuel Storage Facility Containment
3. Polishing/Waste Stabilization Pond No. 1
4. Polishing/Waste Stabilization Ponds No. 2 and No. 3 (Constructed as a 2 cell structure)
5. Helicopter Fuel Cell Containment
6. Barrel Fuel Containment (Constructed as a 2 cell structure)
7. Hazardous Waste Storage
8. Enviro-Tank Storage (Constructed contiguous with hazardous waste storage and stove oil storage)
9. Stove Oil Storage
10. Jet Fuel Tank and Pump Containment
11. Solid Waste Disposal Site
12. Waste Oil Storage Containment
13. Minesite Steel Fuel Tank Farm Containment
14. Quarry

A site plan for the Mary River site showing most structures reviewed is attached.

Milne Inlet Site

1. Bulk Fuel Containment Facility
2. Existing Polishing/Waste Stabilization Pond
3. Barrel Fuel Storage (Constructed as a 2 cell structure)
4. Hazardous Waste Storage (Constructed as a 2 cell structure)
5. Oil and Antifreeze Containment
6. Jet “A” Pump Containment

7. Fuel Tank Farm

8. New Sewage Effluent Pond

9. Land farm

10. Contaminated Snow Containment

11. Sediment Ponds East and West

12. Quarry

A site plan for the Milne Inlet site is attached.

2.0 METHODOLOGY FOR INSPECTION

The geotechnical inspector was Barry H. Martin, P. Eng., who reviewed the two sites for the first of the biannual inspections on July 31st, 2014 to August 4th, 201, just as the annual shipping season commenced and on Sept 25th, 2014 to Sept. 30th, 2014 for the second inspection, just as the shipping season ended.

The inspections primarily focused on the following aspects:

1. The structures were inspected for conformance with the design basis as presented in "as-constructed" and "as-built drawings (provided in the first and subsequent reports).

2. The structures were specifically inspected for settlement, cracking, and seepage through the berms.

3. The areas around the structures were examined for evidence of seepage.

4. Quarry walls were reviewed for relative stability. I note that the quarries were active removal areas and long term stability was not yet established.

5. New structures under construction were reviewed for conformity with design drawings.

6. Photographs were taken to document observations made during the inspection and are attached.

3.0 MARY RIVER CAMP

3.01 General

As with other years, there had been a fair amount of rainfall at Mary River preceding the first inspection and it was expected that there would be some water in the containment dykes. Such was the case. During the second inspection we found ice at the bottom of the containment areas.

A monitoring program is in place to test storm water that does accumulate within the containment structures. As reviewed, the water that does not meet the water license effluent requirements is treated on site prior to release.

At the Bulk Fuel Storage Facility Containment, the water that collects within the dyke is treated at the end of the containment structure.

We report on the quarry and the steel fuel tank containment structure for the first time.

The bulk fuel storage containment is coming due for decommissioning and shall only be in use to accommodate jet "A" fuel until the end of this summer/autumn season.

3.02 Bulk Fuel Storage Facility

General Conditions

A new steel tank storage facility has been constructed at the mine site and it is intended that this facility shall replace the bulk fuel storage facility during this summer season at which time the remaining bladders still containing product shall be emptied.

Only Jet A fuel shall be accommodate by this facility until November at the latest when the total use of this facility shall be discontinued and it shall be due for decommissioning and a final decision has been made on land farming of oil impacted granular cover within the structure.

Stability

At the time of our first review, water had not been removed for a period from within the containment and water was ponding above the level of the gravel within the bottom of the containment. There was still considerable factor of safety against failure of oil holding bladders within the dykes with the water level as it exists. Such was the case during the second inspection, but the water had frozen.

The structure was visually inspected for any signs of cracking or subsidence. There was no indication of any settlement, seepage, or cracking in the soil structures that formed the dykes. As well, there was no indication of seepage at the base of the structure around the exterior.

The soil structure is considered stable in the present condition and is in conformance with the design basis for the facility.

The presence of water within the structure is an indication of the integrity of the liner.

Recommendations

We have one recommendation. There is limited storage for spills at the load out end of the facility. Water currently ponds above the gravel in this area confirming the integrity of the liner but minimizing the capacity of the structure for spill containment.

We recommend that this water be removed on a regular basis. If the water proves to be oil impacted, it may be pumped to within the storage containment for treatment at a future date.