

2020 Qikiqtani Inuit Association and Nunavut Water Board Annual Report for Exploration and Geotechnical Activities

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March 31, 2020 | ᐃᖃᖃ 31, 2020

Baffinland Iron Mines Corporation

Mary River Project

2020 QIKIQTANI INUIT ASSOCIATION AND NUNAVUT WATER BOARD
ANNUAL REPORT FOR EXPLORATION AND GEOTECHNICAL ACTIVITIES

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2020-03-31	0		
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Date	Rev.	Prepared By	Reviewed and Approved By

TABLE 0: REPORT SUBMISSION SUMMARY

Year of Annual Report	2020
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2020 QIKIQTANI INUIT ASSOCIATION (QIA) AND NUNAVUT WATER BOARD (NWB) ANNUAL REPORT FOR GEOTECHNICAL ACTIVITIES

EXECUTIVE SUMMARY

This report to the Qikiqtani Inuit Association (QIA) and the Nunavut Water Board (NWB) has been prepared to summarize the 2020 exploration and geotechnical activities conducted under Baffinland Iron Mines Corporation's (Baffinland) Type 'B' Water Licence 2BE-MRY1421 (Type 'B' Water Licence) and the Commercial Lease No. Q13C301 (Commercial Lease) between the QIA and Baffinland for the Mary River Project (the Project), as well as QIA Land Use Licence QL2-2012. A separate annual report has been prepared for the QIA and NWB to summarize the 2020 Project activities and monitoring conducted under Baffinland's Type 'A' Water Licence 2AM-MRY1325 – Amendment No. 1 (Type 'A' Water Licence) and addresses the remaining annual reporting requirements set forth in the Commercial Lease. Additionally, a separate report has been prepared for the QIA and NWB to summarize the 2020 exploration activities conducted for the Ege Bay Exploration Program within the scope of Baffinland's Type 'B' Water Licence 2BE-EQE1926 and Land Use Licence QL2-1910.

The scope of the Type 'B' Water Licence focuses on exploration and geotechnical drilling activities associated with the Project, and includes provisions and conditions regarding water use, waste management, construction and operation of satellite camps, exploration and geotechnical drilling programs, spill contingency and environmental monitoring.

In response to the COVID-19 pandemic, additional precautions were applied to the 2020 exploration and geotechnical drilling programs. Baffinland implemented comprehensive safety plans and protocols to minimize the risk of COVID-19 exposure to their employees, communities, and during any social interactions. To protect communities in Nunavut from COVID-19, Baffinland requested that all Nunavummiut remain home on paid leave. With the extensive precautions and protocols in place by Baffinland, the risk of COVID-19 exposure to Nunavut communities was minimized, and the 2020 drilling and geotechnical programs were completed with minimal risk.

During 2020, activities carried out under the scope of the Type 'B' Water Licence involved continued geotechnical drilling programs and assessments to support ongoing design studies for future Project infrastructure, an exploration drilling program to increase mine pit model confidence at Deposit No. 1, further characterization of Deposit No. 3, legal surveys to convert mineral claims to mineral leases, and the continued exploration of prospects and Baffinland's mineral leases. No satellite camps were constructed or operated in 2020, with all personnel involved with the exploration and geotechnical activities being based out of the Mine Site and Milne Port accommodation camps.

Legal surveys on Inuit Owned Land parcels PI-14 and PI-15 were completed in 2020, following consultation with the QIA, the Hamlet of Pond Inlet, and the Mittimatalik Hunters and Trappers Organization (MHTO). Following the issuance of QIA Land Use Licence QL2-2012, Baffinland deployed two survey teams by helicopter to perform the boundary surveys first on mineral claims on PI-14 (August 29th – September 3rd,

2020) and PI-15 (September 4th – 22nd, 2020). The Hamlet and MHTO were provided updates, including a notice when the field program was completed. Despite the challenges presented by COVID-19, Baffinland was able to operate safely and with no contact with land users in either area. Baffinland was able to employ two Nunavummiut who were residing in southern Canada to assist with the survey work as well as other exploration work. One of these employees is in the process of securing full-time employment with Baffinland as a result of employment and field training received on this project.

Water withdrawn under the authorization of the Type 'B' Water Licence for the Project in 2020 was used solely to support exploration and geotechnical drilling operations. The daily water withdrawal limits stipulated in the Type 'B' Water Licence for the Project were not exceeded in 2020. In addition to tracking water use, environmental monitoring conducted in 2020 consisted of daily monitoring of drilling activities to ensure activities adhered to the practices outlined in the Project's Environmental Protection Plan (EPP). Reclamation works carried out under the Type 'B' Water Licence during 2020 involved the reclamation of borehole and geotechnical drilling locations associated with the 2020 exploration and geotechnical activities.

As outlined in the 2021 Work Plan, exploration activities for 2021 have not yet been finalized however it is anticipated that activities at a minimum will include mapping, sampling and geophysical and geochemical surveys of prospects and Baffinland's mineral leases, and will include exploration drilling programs on Deposit Nos. 1 and 3. It is anticipated that Baffinland will continue to conduct geotechnical assessments, including drilling programs, during 2021 to support on-going engineering design studies for future Project infrastructure. With respect to the global COVID-19 pandemic, any activities in 2021 will be carried out in a manner that ensures the health and safety of all Baffinland staff and Nunavummiut, and follows all applicable guidance from the Government of Nunavut Chief Public Health Officer. As additional details for the 2021 exploration and geotechnical programs become available, this information will be provided to the NWB, Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) and the QIA prior to the commencement of activities.

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RAPPORT ANNUEL 2020 DE QIKIQTANI INUIT ASSOCIATION (QIA) ET DE L'OFFICE DES EAUX DU NUNAVUT (OEN) POUR LES ACTIVITÉS D'EXPLORATION ET DE GÉOTECHNIQUE

SOMMAIRE EXÉCUTIF

Ce rapport à la Qikiqtani Inuit Association (QIA) et à l'Office des eaux du Nunavut (NWB) a été préparé pour résumer les activités d'exploration et géotechnique de 2020 menées dans le cadre du permis d'eau de type 'B' de la Baffinland Iron Mines Corporation (Baffinland) 2BE-MRY1421 (type 'B' Water Licence) et le bail commercial n ° Q13C301 (bail commercial) entre la QIA et Baffinland pour le projet Mary River (le projet), ainsi que le permis d'utilisation des terres QIA QL2-2012. Un rapport annuel distinct a été préparé pour la QIA et le NWB afin de résumer les activités et le suivi du projet 2020 menés dans le cadre du permis d'eau de type 'A' de Baffinland 2AM MRY1325 - Amendement n ° 1 (permis d'eau de type 'A') et traite du rapport annuel restant exigences énoncées dans le bail commercial. De plus, un rapport distinct a été préparé pour la QIA et l'OEN afin de résumer les activités d'exploration menées en 2020 pour le programme d'exploration Ege Bay dans le cadre du permis d'eau de type B de Baffinland 2BE-EQE1926 et du permis d'utilisation des terres QL2-1910.

La portée du permis d'eau de type 'B' se concentre sur les activités d'exploration et de forage géotechnique associées au projet, et comprend des dispositions et des conditions concernant l'utilisation de l'eau, la gestion des déchets, la construction et l'exploitation de camps satellites, les programmes d'exploration et de forage géotechnique, les risques de déversement et surveillance de l'environnement.

En réponse à la pandémie COVID-19, des précautions supplémentaires ont été appliquées aux programmes d'exploration et de forage géotechnique de 2020. Baffinland a mis en œuvre des plans et protocoles de sécurité complets pour minimiser le risque d'exposition au COVID-19 pour ses employés, ses communautés et lors de toute interaction sociale. Pour protéger les communautés du Nunavut contre le COVID-19, Baffinland a demandé que tous les Nunavummiut restent à la maison en congé payé. Grâce aux précautions et protocoles détaillés mis en place par Baffinland, le risque d'exposition au COVID-19 pour les communautés du Nunavut a été minimisé, et les programmes de forage et géotechnique de 2020 ont été menés à bien avec un risque minimal.

En 2020, les activités menées dans le cadre du permis d'utilisation de l'eau de type 'B' comprenaient la poursuite des programmes de forage géotechnique et des évaluations pour soutenir les études de conception en cours pour les futures infrastructures du projet, un programme de forage d'exploration pour accroître la confiance du modèle de la fosse minière au gisement n ° 1, caractérisation plus poussée du gisement no 3, levés légaux pour convertir les concessions minières en concessions minières et poursuite de l'exploration des prospects et des concessions minières de Baffinland. Aucun camp satellite n'a été construit ou exploité en 2020, tout le personnel impliqué dans les activités d'exploration et géotechnique étant basé sur le site minier et les camps d'hébergement du port de Milne.

Des levés légaux sur les parcelles de terres inuites PI-14 et PI-15 ont été complétés en 2020, après consultation avec l'AQI, le hameau de Pond Inlet et la Mittimatalik Hunters and Trappers Organization

(MHTO). À la suite de la délivrance du permis d'utilisation des terres QIA QL2-2012, Baffinland a déployé deux équipes d'arpentage par hélicoptère pour effectuer les levés des limites d'abord sur les claims miniers sur PI-14 (29 août - 3 septembre 2020) et PI-15 (4 - 22 septembre, 2020). Le hameau et le MHTO ont reçu des mises à jour, y compris un avis lorsque le programme sur le terrain était terminé. Malgré les défis présentés par COVID-19, Baffinland a pu fonctionner en toute sécurité et sans contact avec les utilisateurs des terres dans les deux zones. Baffinland a été en mesure d'employer deux Nunavummiut qui résidaient dans le sud du Canada pour aider aux travaux d'arpentage ainsi qu'à d'autres travaux d'exploration. L'un de ces employés est en train de trouver un emploi à temps plein à Baffinland grâce à l'emploi et à la formation sur le terrain reçue dans le cadre de ce projet.

L'eau prélevée dans le cadre de l'autorisation du permis d'eau de type 'B' pour le projet en 2020 a été utilisée uniquement pour soutenir les opérations d'exploration et de forage géotechnique. Les limites quotidiennes de prélèvement d'eau stipulées dans le permis d'utilisation d'eau de type 'B' du projet n'ont pas été dépassées en 2020. En plus du suivi de l'utilisation de l'eau, la surveillance environnementale menée en 2020 a consisté en une surveillance quotidienne des activités de forage pour s'assurer que les activités respectent les pratiques décrites dans le plan de protection de l'environnement (PPE) du projet. Les travaux de remise en état réalisés dans le cadre du permis d'eau de type 'B' en 2020 ont impliqué la remise en état des emplacements de forage et de forage géotechnique associés aux activités d'exploration et géotechnique de 2020.

Comme indiqué dans le plan de travail 2021, les activités d'exploration pour 2021 n'ont pas encore été finalisées, mais il est prévu que les activités comprendront au minimum la cartographie, l'échantillonnage et les levés géophysiques et géochimiques des prospectes et des concessions minières de Baffinland, et comprendront des programmes de forage d'exploration sur Dépôt n° 1 et 3. Il est prévu que Baffinland continuera de mener des évaluations géotechniques, y compris des programmes de forage, en 2021 pour soutenir les études de conception technique en cours pour les futures infrastructures du projet. En ce qui concerne la pandémie mondiale de COVID-19, toute activité en 2021 sera menée de manière à assurer la santé et la sécurité de tout le personnel de Baffinland et des Nunavummiut, et suit toutes les directives applicables du directeur de la santé publique du gouvernement du Nunavut. À mesure que des détails supplémentaires sur les programmes d'exploration et géotechnique de 2021 seront disponibles, ces renseignements seront fournis à l'OEN, à Relations Couronne-Autochtones et Affaires du Nord Canada (RCAANC) et à l'AQI avant le début des activités.

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ABBREVIATIONS

ASR.....	Annual Security Review
Baffinland	Baffinland Iron Mines Corporation
CIRNAC.....	Crown-Indigenous Relations and Northern Affairs Canada
CLS	Canada Land Survey
Commercial Lease.....	Commercial Lease No. Q13C301
DGPS	Differential Global Positioning System
EPP	Environmental Protection Plan
MHTO.....	Mittimatalik Hunter and Trapper Organization
NWB.....	Nunavut Water Board
QIA	Qikiqtani Inuit Association
the Project	Mary River Project
WSCC	Workers' Safety and Compensation Commission

1 INTRODUCTION

1.1 PURPOSE AND SCOPE

This report to the Qikiqtani Inuit Association (QIA) and the Nunavut Water Board (NWB) has been prepared to summarize the 2020 exploration and geotechnical drilling activities conducted under Baffinland Iron Mines Corporation's (Baffinland) Type 'B' Water Licence 2BE-MRY1421 (Type 'B' Water Licence) and the Commercial Lease No. Q13C301 (Commercial Lease) between the QIA and Baffinland for the Mary River Project (the Project), as well as QIA Land Use Licence QL2-2012. This report also addresses reporting requirements under the Crown Land Use permit for Steensby Port (N2020C0009). A separate annual report has been prepared for the QIA and NWB to summarize the 2020 Project activities and monitoring conducted under Baffinland's Type 'A' Water Licence 2AM-MRY1325 – Amendment No. 1 (Type 'A' Water Licence) and addresses the remaining annual reporting requirements set forth in the Commercial Lease. Concordance tables referencing where in this report annual reporting requirements outlined in the Commercial Lease and Type 'B' Water Licence have been met are presented in Appendix A. Additionally, a separate report has been prepared for the QIA and NWB to summarize the 2020 exploration activities conducted for the Ege Bay Exploration Program within the scope of Baffinland's Type 'B' Water Licence 2BE-EQE1926 and Land Use Licence QL2-1910.

The scope of the Type 'B' Water Licence focuses on exploration and geotechnical drilling activities and includes provisions and conditions regarding water use, waste management, construction and operation of satellite camps, exploration and geotechnical drilling programs, spill contingency and environmental monitoring. Activities and data discussed in this report are summarized and referenced in the completed NWB Annual Report Forms, included as Appendix B of this report.

Figures 1.1 and 1.2 present the locations of the key areas associated with the Project where activities in 2020 were undertaken. Key areas involved with exploration and geotechnical activities in 2020 included the Mary River Mine Site (Mine Site) and the Tote Road extending from Mine Site to Port Site.

1.2 REGULATORY FRAMEWORK

Although the key regulatory and legal documents that relate to this report are the Commercial Lease and the Type 'B' Water Licence, this report is presented in the context of other applicable regulatory authorizations and schedules for the Project. A list of the key regulatory permits, approvals and authorizations that allowed the work to be completed at the Project in 2020 is presented in Table 1.1 below.

In 2020, Baffinland submitted an application for the renewal of the Type 'B' Water Licence 2BE-MRY1421 for exploration and geotechnical drilling activities under the Mary River Exploration Project. All of the activities listed under this renewal application have been permitted in the past and are consistent with exploration and geotechnical drilling activities throughout Nunavut.

1.3 COVID-19 SUMMARY

In response to the COVID-19 pandemic, additional precautions were applied to the 2020 exploration and geotechnical drilling programs. Baffinland and its consultants implemented comprehensive safety plans and protocols to minimize the risk of COVID-19 exposure to their employees, communities, and during any social interactions. To protect communities in Nunavut from COVID-19, Baffinland requested that all Nunavummiut remain home on paid leave.

To minimize risk of exposure during travel, Baffinland chartered private flights to ferry employees and contractors to Mary River from a series of flight hubs across Canada and screened all travellers for symptoms before flying.

All consultants followed the same procedures and precautions as the rest of the Baffinland staff who travel to Mary River from across Canada. Proper hand washing, sanitizing, and mask use is being followed. Physical distancing will be maintained during travel and on site at Mary River, as per Baffinland protocols. Baffinland has implemented numerous mitigation measures to facilitate physical distancing and minimize and sanitize shared surfaces on site.

Baffinland has also implemented a COVID-19 testing facility on site to test all employees and contractors at Mary River. Additionally, the staff undergo daily health screenings to monitor for any symptoms of COVID-19; if any symptoms are experienced, these staff members did not conduct field work. If testing yields positive results or if symptoms develop while on-site, Public Health will be contacted and the employee would be immediately quarantined until medically cleared.

With the extensive precautions and protocols in place by Baffinland, the risk of COVID-19 exposure to Nunavut communities was minimized, and the 2020 drilling and geotechnical programs were completed with minimal risk.

2 EXPLORATION AND GEOTECHNICAL ACTIVITIES

2.1 EXPLORATION ACTIVITIES AND DRILLING PROGRAMS

During 2020, exploration activities were based out of the Mine Site and consisted of day trips by helicopter to prospects and Baffinland's mineral leases to conduct mapping, sampling and geophysical and geochemical surveys. No new satellite camps were constructed and/or operated to support exploration activities in 2020. Although Steensby Port was used as a refuelling location for helicopters transporting exploration field crews in 2020, the site remained closed throughout the year and was not used to house personnel.

The exploration diamond drilling program was conducted from June to August to increase mine pit model confidence at Deposit No. 1 and further characterize ore bodies at Deposit No. 3. The drilling program consisted of thirty-eight (38) boreholes; thirty (30) on Deposit No. 1 (consisting of Deposit 1 North, Deposit 1 Axial Zone, and Deposit 1 Pinnacle) and eight (8) on Deposit No. 3. Equipment used in the diamond drilling program was transported between borehole sites using helicopters, and consisted of non-skid mounted drill rigs, drill rods and other supplies. Borehole locations associated with the 2020 exploration drilling program are presented in Table 2.1 and Figure 2.1. In addition, the detailed inspection logs including the pre-inspection, daily inspection, and post inspection logs are located in Appendix E.2.

Prior to commencing exploration drilling activities, a notification was submitted to the NWB, Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) and the QIA to ensure compliance with the conditions set out in the Type 'B' Water Licence and Commercial Lease. Exploration activities and drilling program were consistent with the activities proposed in Section 4.1 of the 2021 Work Plan and the notifications submitted for the respective activities. Copies of the notifications are provided in Appendix C.

2.2 GEOTECHNICAL ASSESSMENTS AND DRILLING PROGRAMS

To support on-going engineering design for Phase 2, a land-based geotechnical drilling program was conducted to characterize the geotechnical conditions along the proposed Route 3 of the North Railway. This program was conducted along the Tote Road, and boreholes were drilled beginning at KM 37.5 and ending at KM 90. The program consisted of sixteen (16) boreholes which are presented in Figure 2.1 and detailed in Table 2.1. The extended details for each borehole are located in the pre-inspection, daily inspection, and post inspection logs in Appendix E.1.

To ensure compliance with the relevant conditions outlined in the Type 'B' Water Licence and Commercial Lease, Baffinland submitted notifications to the NWB, CIRNAC and the QIA prior to commencement of activities. Copies of these notifications are provided in Appendix C of this report.

2.3 LEGAL SURVEY PROGRAM

Between July 26, 2020 and September 22, 2020, Baffinland completed a legal survey to convert mineral claims to mineral leases, including claims located on Inuit Owned Land parcels PI-14 and PI-15. The legal

survey process consists of establishing permanent marker posts at the legal boundaries of Crown Land Mineral Claims.

The survey team, using a differential global positioning system (DGPS) measurement unit, established a control point base. After establishing a control point, the survey teams walked the boundary of the mineral claims identifying the location of corner posts (erected at the four corners of the claims as staked) as well as the witness posts (posts either laying down or erected) along the boundaries of the claim. The locations of all of these posts, if found, is measured relative to the known control point and marked with a permanent metal bar hammered in to the ground and inscribed with the appropriate legal markings. If the posts are not found after 20 minutes of searching, the closest likely location is measured and permanently marked.

The plans of the survey were submitted to the Surveyor General Branch and recorded in the Canada Land Survey (CLS) Records. Once in the CLS Records, the Mining Recorders Office must also approve the plan of survey and register it against the claim to be converted to mineral lease. Baffinland had thirteen (13) such claims converted to mineral leases in 2020, including portions of mineral leases falling on IOL parcels PI-14 or PI-15.

Throughout the survey Baffinland and its contractors adhered to all COVID-19 protocols to ensure the health and safety of staff and Nunavummiut. There were no land use conflicts during the course of the survey program, nor were there any land users observed throughout the survey program. A summary of the socio-economic impact of the survey program, as requested by the community of Pond Inlet and required by the Land Use Permit is provided as Appendix F.

3 MODIFICATIONS, INFRASTRUCTURE CHANGES AND CONSTRUCTION

No modifications, infrastructure changes or construction was conducted in 2020 under the Type 'B' Water Licence or Commercial Lease to support exploration and/or geotechnical activities.

4 WATER USE

4.1 QUANTITIES OF FRESHWATER USED FOR DOMESTIC PURPOSES

During 2020, water was not withdrawn under the authorization of the Type 'B' Water Licence for domestic (camp) purposes. No satellite camps were operated to support exploration and drilling activities in 2020.

4.2 QUANTITIES OF FRESHWATER USED FOR DRILLING ACTIVITIES

During 2020, water was withdrawn under the authorization of the Type 'B' Water Licence for drilling purposes.

During the 2020 land-based geotechnical drilling program, 1,431 m³ of water was withdrawn from Camp Lake and 343 m³ from KM 32 for the purposes of drilling. Water volumes that were withdrawn were for the construction of ice roads during November. No under ice drilling was conducted at Milne Port during 2020.

During the 2020 exploration drilling program at Deposit No. 1 and 3, approximately 6,676 m³ of water was used to support exploration drilling activities. For boreholes at Deposit No. 1, water was sourced from Camp Lake via water truck and nearby water source KM 108.5 sump via water pumps. Water requirements for the drilling program at Deposit No. 3 were supplied by pumping water from one (1) location along the Mary River, referred to as MRP-3.

All water sources used to support 2020 drilling activities were identified by Baffinland as potential water sources in the drilling notifications submitted to the NWB, CIRNAC and QIA (refer to Appendix C).

Locations of the water sources used for the 2020 drilling programs are provided in Table 4.1 and are presented in Figures 2.1 and 2.2. Daily and monthly water use volumes for drilling activities by water source are detailed in Table 4.2. There were no exceedances of the daily water use limit for drilling activities (250 m³), stipulated in the Type 'B' Water Licence in 2020.

5 ENVIRONMENTAL MONITORING

5.1 ENVIRONMENTAL MONITORING FOR DRILLING/TESTING ACTIVITIES

Daily environmental monitoring, including the completion of pre, daily and post inspections, were performed at borehole locations by on-site Environment Department personnel. Protocols and mitigation measures consistent with the Project's Environmental Protection Plan (EPP; BAF-PH1-830-P16-0008) for the management of fuel, hazardous materials, and waste were employed during the 2020 drilling programs and associated activities. Copies of the environmental monitoring logs completed for the 2020 borehole locations are provided in Appendix E (refer to Table 5.1).

Areas that were drilled were initially assessed prior to the commencement of drilling, and it was determined there was no presence of archaeological sites in 2020. To minimize the potential for disturbance of cultural heritage resources and prior to drilling operations, if there was any identified archaeological sites near areas to be drilled, the proper procedure would be to stake off and the location and communicate the findings to the appropriate drilling crews, as per the Project's Cultural Heritage Resource Protection Plan (BAF-PH1-830-P16-0006).

6 WASTE MANAGEMENT

Satellite camps were not operated to support exploration and geotechnical drilling activities in 2020. Personnel associated with exploration and geotechnical drilling activities were based out of the Mary River Mine Site and Milne Port camps, operated under the Type 'A' Water Licence. As a result, the sewage, greywater and solid waste generated by the 2020 exploration and geotechnical drilling activities was captured under the Project's Type 'A' Water Licence. The reader is referred to the 2020 QIA and NWB Annual Report for Operations for additional details on sewage, greywater and waste generated and managed under the Type 'A' Water Licence.

Small amounts of drilling wastes (i.e. cuttings) generated from 2020 drilling programs were deposited in boreholes and/or sumps, as well as captured by sedimentation and erosion control measures (e.g. silt fencing) near exploration borehole locations. Table 6.1 details the approximate quantities and locations of drilling wastes deposited during the 2020 drilling programs. Locations of the sump used to support the exploration drilling program at Deposit No. 1 are presented in Figure 2.1.

7 REPORTED INCIDENTS

7.1 SPILLS

Under the Type 'B' Water Licence, there were no spills 2020 from the exploration or geotechnical drilling programs that met or exceeded the reporting thresholds outlined in the Nunavut Spill Contingency Planning and Reporting Regulations or applicable legislation.

7.2 HEALTH & SAFETY INCIDENTS

Under the Commercial Lease, no health & safety incidents were reported to the QIA and/or the Workers' Safety and Compensation Commission (WSCC) that pertained to the 2020 exploration and geotechnical activities.

8 RECLAMATION, CLOSURE AND FINANCIAL SECURITY

8.1 PROGRESSIVE AND FINAL RECLAMATION

New impacts from 2020 exploration and geotechnical activities were minimal and are summarized in Table 8.1.

Progressive and final reclamation works undertaken in 2020 are summarized in Table 8.2. As shown in Table 8.2, progressive and final reclamation works undertaken in 2020 solely consisted of reclaiming borehole locations associated with the 2020 exploration and geotechnical programs.

Following the completion of a borehole, as per Part I, Item 9 of the Type 'B' Water Licence, drilling equipment was removed and sites were restored to their natural condition. For exploration borehole locations, the borehole casing was cut off near ground surface. Anchoring rods used to secure the drill rig at the exploration borehole locations were left in place until the end of the field season, and were then cut off to near ground surface. For geotechnical borehole locations, all holes were backfilled using native material and reinstated to natural conditions. A routine inspection of 2020 boreholes will be completed during summer months of 2021.

To support exploration drilling activities at Deposit No. 1 and 3 in 2021, select supplies were secured including two (2) survival shelters and pump shack left at the MRP-3 water source location.

Available photographs of conditions before, during and after geotechnical and exploration drilling activities in 2020 are provided in Appendix D.

8.2 CURRENT RESTORATION LIABILITY

The current status of restoration liability for the Project, including exploration and drilling activities conducted under the Type 'B' Water Licence, is summarized in Table 8.3.

9 PLANS, REPORTS AND STUDIES

9.1 SUMMARY OF STUDIES REQUESTED BY THE BOARD

In 2020, studies under the Type 'B' Water Licence were not requested by the NWB.

9.2 REVISIONS TO PLANS, REPORTS AND MANUALS

An annual review of the management plans developed under the Type 'B' Water Licence was completed in 2020. The current versions of the Exploration Spill Contingency Plan (BAF-PH1-830-P16-0037; Rev. 1; January 2021) and the Exploration Closure and Reclamation Plan (BAF-PH1-830-P16-0038; Rev. 2; January 2021) reflect current operations, protocols and procedures. The reader is referred to the 2020 QIA and NWB Annual Report for Operations for a complete list of the Project's current management and monitoring plans and the recent revisions undertaken during 2020.

9.3 SUMMARY OF FUEL STORAGE

Fuel storage and refueling facilities at the Mine Site, Milne Port and Steensby Port were used to support exploration and geotechnical drilling activities in 2020.

Fuel requirements for exploration activities in 2020 consisted of Jet-A1 fuel, for on-site helicopters transporting crews and equipment to prospects, mineral leases and borehole locations, and Arctic Diesel, for drill operations and support equipment (i.e. pick-up trucks). Jet-A1 fuel requirements for exploration activities were supplied using drummed Jet-A1 fuel stored in lined containment areas at the Mine Site and Steensby Port.

Fuel requirements for the 2020 geotechnical drilling programs consisted of Arctic Diesel supplied by the Mine Site and Milne Port bulk fuel storage facilities. The drill rig and supporting equipment (Nodwell flatdeck, skidsteer) were refueled using pick-up trucks equipped with double walled portable tanks (tidy tanks).

To safeguard impacts to freshwater bodies and mitigate fuel spills, fueling activities adhered to the protocols and mitigation measures (i.e. spill trays, spill kits) outlined in Baffinland's current Environmental Protection Plan and Exploration Spill Contingency Plan (BAF-PH1-830-P16-0037).

As of December 31, 2020, there were 974 drums (205 L) of fuel (624 Arctic Diesel and 350 Jet-A1) stored at Steensby Port, 692 drums (205 L) of fuel (406 Jet-A1 and 286 gasoline) at the Mine Site and 337 drums (205 L) of fuel (gasoline) at Milne Port, and 7 drums (205 L) of fuel at Bruce head (5 diesel and 2 gasoline). No fuel was stored at the Mid-Rail camp in 2020. Drummed fuel at the Mine Site, Milne Port and Steensby Port are stored within lined secondary containment areas. End of year fuel inventories for the Mine Site and Milne Port bulk fuel storage facilities, operated under the Type 'A' Water Licence, are provided in the 2020 QIA and NWB Annual Report for Operations.

9.4 INSPECTION AND COMPLIANCE REPORTS

9.4.1 CIRNAC Inspections

During 2020, Baffinland did not receive any inspection and/or compliance reports from CIRNAC Water Resources Officers (the Inspector) outlining concerns pertaining to the scope of the Type 'B' Water Licence.

9.4.2 QIA Inspections

During 2020, the QIA conducted an inspection at the Project. There were no findings or recommendations regarding the Exploration projects in the March 2020 inspection. However, there was a follow up request by QIA from the July 2019 inspection in which BIM provided a response and update regarding QIA's concern for additional clean up and casings to be cut, removed, or covered at various boreholes. To address these concerns, further clean up measures were conducted to remove the debris observed with photos provided to QIA, as well as additional environmental inspections. To refer to the detailed responses provided for QIA's follow up request, refer to Appendix E.8.2 of the Type 'A' Annual Report.

9.5 SUMMARY OF ARTESIAN FLOWS

During the 2020 geotechnical and exploration drilling programs, artesian flows were not observed at any of the borehole locations.

9.6 SUMMARY OF GEOCHEMICAL ANALYSIS OF DRILL CORES

As of March 31, 2021, geochemical analysis of the geotechnical drill cores collected during 2020 has not been completed and is not planned at this time.

As of March 31, 2021, geochemical analysis of the drill cores collected during the exploration drilling programs at Deposit No. 1 and 3 has not been completed and is currently under review.

10 PUBLIC CONSULTATIONS

Throughout 2020, Baffinland continued to consult with the North Baffin communities and organizations regarding the Mary River Project as a whole, which includes the exploration program. Baffinland engages on a variety of topics, including ongoing construction and operational activities at the Project, the 2020 shipping season, employment from the North Baffin communities, environmental monitoring activities and results, exploration activities and future phases of the Project. However, due to COVID-19 and with the extensive precautions and protocols in place by Baffinland, the risk of COVID-19 exposure to Nunavut communities was minimized, and the majority of public consultation was completed by distance through virtual communication methods. For a complete list of consultations and meetings held with regulators, stakeholders and the public by Baffinland for the Mary River Project during 2020 refer to the 2020 QIA and NWB Annual Report for Operations.

Specific to the exploration activities in 2020, Baffinland engaged with the Government of Nunavut Chief Public Health Officer to develop plans that would ensure exploration activities outside of the Mary River camp would not result in interactions with local communities, and received prior approval to conduct of this Program. In addition, Baffinland also engaged with the QIA as well as the Hamlet of Pond Inlet and Mittimatalik Hunter and Trapper Organization (MHTO) on the issuance of the Land Use Permit to access PI-14 and PI-15 to execute the legal survey program, and to ensure awareness of the planned survey works for 2020 and to outline the appropriate COVID-19 precautions put in place. Table 10.1 outlines the specific engagement conducted in 2020 for the execution of the legal survey as part of the Exploration Program.

11 2021 EXPLORATION AND GEOTECHNICAL ACTIVITIES

The 2021 Work Plan was prepared and provided by Baffinland to relevant parties on November 6, 2020 as required under Section 6.1 of the Commercial Lease and under Part J, Item 3 of the Type 'A' Water Licence, for the purposes of an Annual Security Review (ASR) for activities undertaken on an annual basis. The 2021 Work Plan described the planned development and operation of the Project in 2021, including planned exploration and geotechnical drilling activities.

The scope of Baffinland's Type 'B' Water Licence and Commercial Lease allows for Baffinland to continue to undertake exploration activities and drilling programs at Project areas and Baffinland's mineral leases within the Qikiqtani Region of Nunavut. This includes exploration land use areas as defined in Section 2.2 of the Commercial Lease.

Exploration activities for 2021 have not yet been finalized; however, it is anticipated that activities at a minimum will include mapping, sampling and geophysical and geochemical surveys of prospects and Baffinland's mineral leases and will include additional exploration drilling programs on Deposit No. 1, 2 and 3. Notification will be provided to the NWB, CIRNAC and the QIA prior to the commencement of exploration drilling activities.

Geotechnical activities, including drilling programs, will be conducted during 2021 to support on-going engineering design studies for future Project infrastructure. Baffinland will provide notification to the NWB, CIRNAC and the QIA prior to commencement of the activities.

Operation of the Steensby and Mid Rail camps to support exploration and geotechnical activities are not anticipated to be required during 2021.

TABLES

Table 1.1: Current Approvals, Permits and Authorizations - 2020

Permit or Licence No.	Licence Name	Status Update for 2020	Expiry
Nunavut Impact Review Board			
No. 005	Amended Project Certificate	All works and activities have been screened by the Nunavut Impact Review Board (NIRB) and have been considered in the Project Certificate amendments issued by the NIRB in May 2014 (ERP) and October 2018 (Production Increase). A NIRB Annual Report is submitted each year that summarizes the status of the Project relative to the conditions outlined in the Project Certificate.	N/A
Nunavut Water Board			
2AM-MRY1325	Type ‘A’ Water Licence – Amendment No. 1	In good standing; no amendments were issued by the NWB in 2020.	10-Jun-25
2BE-MRY1421	Type ‘B’ Water Licence	In good standing; a licence renewal application was submitted to NWB in 2020.	16-Apr-21
Qikiqtani Inuit Association			
Q13C301	Inuit Owned Land Commercial Lease	Compliance with the lease is outlined in the <i>2020 QIA and NWB Annual Reports</i> submitted by March 31 st of each year.	31-Dec-43
-	Inuit Impact and Benefit Agreement (IIBA)	Compliance with the agreement is outlined in the Annual IIBA Implementation Report submitted by March 31 st of each year.	N/A
QL2-2012	Land Use Permit - Parcels PI-14 and PI-15	New land use permit issued in 2020 to allow for a legal survey to be conducted on IOL parcels PI-14 and PI-15. Issued on August 18, 2020.	31-Dec-20
Crown Land Use Permits and Quarry Permits			
47H16-1-2	Foreshore Area for Milne Port Ore Dock Lease	In good standing. Amendment to the lease currently under review.	30-Jun-35
N2019Q0011	Tote Road and Borrow Area Land Use Permit	New lease issued in 2019, replaces prior permit N2014Q0016.	29-Jun-24
N2019C0009	Steensby Land Use Permit	New lease issued in 2019, replaces prior permit N2014C0013.	29-Jun-24
N2019J0010	Bruce Head Land Use Permit	New lease issued in 2019, replaces prior permit N2014J0011.	29-Jun-24
Authorizations under the Fisheries Act			
06-HCAA-CA7-0084	Crossings along the Milne Inlet Tote Road Authorization	The authorization remains valid and has been amended over the years. A monitoring report for the water crossings was submitted to DFO on December 31, 2020.	N/A
NU-06-0084	Fisheries Authorization – Tote Road	-	N/A
18-HCAA-00160	Fisheries Authorization – Freight Dock	-	N/A
Various Letter of Advice	Project crossings along Tote Road and at quarries, culvert extensions and replacements.	-	N/A
Approvals under the Navigable Waters Protection Act (Transport Canada)			
8200-07-10273, 10267, 10269, 10268, 10274, 10272, 10266, 10271	Construction of Watercourse Crossings (Bridges and Culverts)	In good standing, no changes from previous year.	Until complete
Licence under the Explosives Act			
F76068/E	Division 1 Factor Licence	Held by explosives contractor for the Project.	N/A

Table 2.1: Exploration and Geotechnical Activities and Drilling Summary - 2020

Location	Property Section	Description of Activity	Description of Drilling Plan	ID	Location (UTM NAD83 Zone 17W)		Status ^f	Results
					Easting	Northing		
KM 75.3	Tote Road ^b	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-01K	537447	7919175	Completed November 23, 2020	Geotechnical conditions characterized.
KM 77.2	Tote Road ^b	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-01L	539124	7920248	Completed November 24, 2020	Geotechnical conditions characterized.
KM 62.6	Tote Road ^a	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-03H	528953	7926674	Completed November 19, 2020	Geotechnical conditions characterized.
KM 62.6	Tote Road ^d	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-03I	528965	7926549	Completed November 19, 2020	Geotechnical conditions characterized.
KM 37.9	Tote Road ^d	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV01	521946	7948855	Completed November 22, 2020	Geotechnical conditions characterized.
KM 50.3	Tote Road ^d	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV02	525681	7937371	Completed November 21, 2020	Geotechnical conditions characterized.
KM 50.4	Tote Road ^d	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV03	525696	7937335	Completed November 21, 2020	Geotechnical conditions characterized.
KM 50.9	Tote Road ^d	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV04	526461	7936814	Completed November 20, 2020	Geotechnical conditions characterized.
KM 78.6	Tote Road ^b	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV05	540831	7921525	Completed November 18, 2020	Geotechnical conditions characterized.
KM 80.9	Tote Road ^b	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV06	542754	7921684	Completed November 17, 2020	Geotechnical conditions characterized.
KM 100.1	Mine Site ^e	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV07	558335	7914891	Completed November 10, 2020	Geotechnical conditions characterized.
KM 102.8	Mine Site ^e	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV08	560722	7913514	Completed November 11, 2020	Geotechnical conditions characterized.
KM 102.9	Mine Site ^e	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV09	560654	7913491	Completed November 12, 2020	Geotechnical conditions characterized.
KM 32	Tote Road ^d	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV10	521939	7948859	Completed November 22, 2020	Geotechnical conditions characterized.
KM 90.2	Tote Road ^b	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV12	550932	7917264	Completed November 16, 2020	Geotechnical conditions characterized.
KM 90	Tote Road ^b	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV13	550942	7917162	Completed November 15, 2020	Geotechnical conditions characterized.

Notes:

^a Crown Lands.

^b Inuit-Owned Lands - Parcel PI-16.

^c Inuit-Owned Lands - Parcel PI-17.

^d Inuit-Owned Lands - Parcel PI-19.

^e Mining Lease L-2485

^f In cases where a site's completion date is not available, the date of the site's final cleanup is provided.

Table 2.1: Exploration and Geotechnical Activities and Drilling Summary - 2020

Location	Property Section	Description of Activity	Description of Drilling Plan	ID	Location (UTM NAD83 Zone 17W)		Status ^f	Results
					Easting	Northing		
KM 73.1	Tote Road ^b	Land Geotechnical	Characterize geotechnical conditions along Route 3 of the North Railway.	BH20-CV15	535259	7918505	Completed November 28, 2020	Geotechnical conditions characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-270	564036	7915609	Completed June 26, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-271	564087	7915589	Completed June 28, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-272	564005	7915462	Completed July 3, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-273	563950	7915488	Completed July 7, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-275	563766	7915330	Completed July 7, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-276	563959	7915484	Completed July 17, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-277	563785	7915151	Completed July 15, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-279	563785	7915151	Completed July 19, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-281	563994	7915539	Completed July 22, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-282	563834	7915128	Completed July 24, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-284	563994	7915539	Completed July 27, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-285	563825	7914820	Completed July 31, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-286	563831	7915231	Completed August 2, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-288	563741	7914694	Completed August 7, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 Axial Zone	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-289	563385	7914226	Completed August 10, 2020	Deposit No. 1 ore body further characterized.

Notes:

^a Crown Lands.

^b Inuit-Owned Lands - Parcel PI-16.

^c Inuit-Owned Lands - Parcel PI-17.

^d Inuit-Owned Lands - Parcel PI-19.

^e Mining Lease L-2485

^f In cases where a site's completion date is not available, the date of the site's final cleanup is provided.

Table 2.1: Exploration and Geotechnical Activities and Drilling Summary - 2020

Location	Property Section	Description of Activity	Description of Drilling Plan	ID	Location (UTM NAD83 Zone 17W)		Status ^f	Results
					Easting	Northing		
Deposit 1 Axial Zone	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-291	563389	7914072	Completed August 12, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 Axial Zone	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-292	563385	7914226	Completed August 16, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 Axial Zone	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-293	563389	7914072	Completed August 13, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 Axial Zone	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-294	563389	7914072	Completed August 14, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 Axial Zone	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-296	563389	7914072	Completed August 23, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 Pinnacle	Mine Site ^c	Diamond Drilling	Resource Definition	MR1-20-298	563110	7913885	Completed August 22, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 Pinnacle	Mine Site ^c	Diamond Drilling	Resource Definition	MR1-20-299	563118	7913935	Completed August 24, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-300	563720	7914621	Completed August 29, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 Pinnacle	Mine Site ^c	Diamond Drilling	Resource Definition	MR1-20-301	563118	7913935	Completed August 26, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-302	563772	7914763	Completed September 3, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-303	563720	7914621	Completed September 2, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-304	563857	7914888	Completed September 2, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-305	563857	7914888	Completed September 4, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-306	563818	7915055	Completed September 5, 2020	Deposit No. 1 ore body further characterized.
Deposit 1 North	Mine Site ^c	Diamond Drilling	Infill Drilling	MR1-20-307	563772	7914763	Completed September 5, 2020	Deposit No. 1 ore body further characterized.
Deposit 3 West	Mine Site ^e	Diamond Drilling	Infill Drilling	MR3-20-274	567592	7913529	Completed July 8, 2020	Deposit No. 3 ore body further characterized.

Notes:

^a Crown Lands.

^b Inuit-Owned Lands - Parcel PI-16.

^c Inuit-Owned Lands - Parcel PI-17.

^d Inuit-Owned Lands - Parcel PI-19.

^e Mining Lease L-2485

^f In cases where a site's completion date is not available, the date of the site's final cleanup is provided.

Table 2.1: Exploration and Geotechnical Activities and Drilling Summary - 2020

Location	Property Section	Description of Activity	Description of Drilling Plan	ID	Location (UTM NAD83 Zone 17W)		Status ^f	Results
					Easting	Northing		
Deposit 3 West	Mine Site ^e	Diamond Drilling	Infill Drilling	MR3-20-278	567592	7913529	Completed July 15, 2020	Deposit No. 3 ore body further characterized.
Deposit 3 West	Mine Site ^e	Diamond Drilling	Infill Drilling	MR3-20-280	567584	7913576	Completed July 19, 2020	Deposit No. 3 ore body further characterized.
Deposit 3 West	Mine Site ^e	Diamond Drilling	Infill Drilling	MR3-20-283	567437	7913548	Completed July 30, 2020	Deposit No. 3 ore body further characterized.
Deposit 3 West	Mine Site ^e	Diamond Drilling	Infill Drilling	MR3-20-287	567437	7913548	Completed August 2, 2020	Deposit No. 3 ore body further characterized.
Deposit 3 West	Mine Site ^e	Diamond Drilling	Infill Drilling	MR3-20-290	567031	7913532	Completed August 13, 2020	Deposit No. 3 ore body further characterized.
Deposit 3 West	Mine Site ^e	Diamond Drilling	Infill Drilling	MR3-20-295	567031	7913532	Completed August 16, 2020	Deposit No. 3 ore body further characterized.
Deposit 3 West	Mine Site ^e	Diamond Drilling	Infill Drilling	MR3-20-297	567031	7913532	Completed August 27, 2020	Deposit No. 3 ore body further characterized.

Notes:

^a Crown Lands.

^b Inuit-Owned Lands - Parcel PI-16.

^c Inuit-Owned Lands - Parcel PI-17.

^d Inuit-Owned Lands - Parcel PI-19.

^e Mining Lease L-2485

^f In cases where a site's completion date is not available, the date of the site's final cleanup is provided.

Table 4.1: Annual Volumes of Water Used for Drilling Activities on Inuit-Owned and Crown Lands by Source - 2020

Property Section	Water Source ID	Water Source Location (UTM NAD83 Zone 17W)		Annual Volume Used (m ³) ^a	Percent of Total Annual Volume Used (%)
		Easting	Northing		
Mine Site	Km 108 Sump	564006	7915693	3,413	40.39%
Milne Inlet	Km 32	521547	7953735	343	4.06%
Mine Site	Camp Lake	557776	7914723	1,773	20.98%
Mine Site	MRP-3 (Mary River)	567769	7912761	2,921	34.57%
TOTAL				8,450	100.00%

Notes:

^a Refer to Table 4.2 for 2020 daily and monthly water use volumes by water source.

Table 4.2: Daily and Monthly Volumes of Water Used for Drilling Activities on Inuit-Owned and Crown Lands by Source - 2020

Day	June		July		August	
	MRP-3 (Mary River)	KM 108.5 Sump	MRP-3 (Mary River)	KM 108.5 Sump	MRP-3 (Mary River)	KM 108.5 Sump
1	0	0	0	61	36	57
2	0	0	0	69	61	29
3	0	0	0	57	85	57
4	0	0	67.9	57	67.9	0
5	0	0	70.8	62	67.9	0
6	0	0	101.4	61	67.9	0
7	0	0	56.8	87	67.9	0
8	0	0	89.7	0	67.9	0
9	0	0	0	0	53	101
10	0	0	67.9	0	63	106
11	0	0	68	57	80	105
12	0	0	67.9	54	61	57
13	0	0	91.2	55	67.9	57
14	0	0	93.4	123	68	57
15	0	0	69.2	72	50	57
16	0	0	0	57	30	33
17	0	0	67.9	45	68	32
18	0	0	77.4	36	68	51
19	0	0	72.7	36	68	35
20	0	0	0	57	0	33
21	0	0	0	36	0	33
22	0	0	0	57	0	90
23	0	57.1	0	57	0	57.1
24	0	57.1	0	57	67.9	57.1
25	0	57.1	0	0	68.7	57.1
26	0	57.1	14.8	46	69.3	55.2
27	0	57.1	120	36	70.1	1.9
28	0	0	67	30	0	33.5
29	0	57	57	49	0	57.1
30	0	75	58	83	0	49.2
31	0	0	67.9	91	0	50.4
TOTAL	0	418	1,447	1,587	1,474	1,409
MONTHLY TOTAL	418		3,033		2,883	

Notes:
All volumes in cubic metres (m³).
No exceedances of the daily drilling water use limit (250 m³/day) occurred in 2020.
November water volumes were used to construct ice roads for the 2020 Geotechnical Drilling Project, which occurred Nov 3rd-10th, 12th-13th and 15th-28th.

Table 4.2: Daily and Monthly Volumes of Water Used for Drilling Activities on Inuit-Owned and Crown Lands by Source - 2020

Day	September			November			
	MRP-3 (Mary River)	KM 108.5 Sump	Camp Lake	MRP-3 (Mary River)	KM 108.5 Sump	KM32	Camp Lake
1	0	0	109	0	0	0	0
2	0	0	64	0	0	0	0
3	0	0	15	0	0	0	32
4	0	0	38	0	0	0	33
5	0	0	115	0	0	0	33
6	0	0	0	0	0	0	52
7	0	0	0	0	0	0	61
8	0	0	0	0	0	0	60
9	0	0	0	0	0	0	50
10	0	0	0	0	0	0	62
11	0	0	0	0	0	0	0
12	0	0	0	0	0	0	25
13	0	0	0	0	0	17	33
14	0	0	0	0	0	0	0
15	0	0	0	0	0	50	13
16	0	0	0	0	0	33	34
17	0	0	0	0	0	84	10
18	0	0	0	0	0	50	14
19	0	0	0	0	0	84	53
20	0	0	0	0	0	0	126
21	0	0	0	0	0	8	110
22	0	0	0	0	0	17	113
23	0	0	0	0	0	0	136
24	0	0	0	0	0	0	122
25	0	0	0	0	0	0	29
26	0	0	0	0	0	0	59
27	0	0	0	0	0	0	139
28	0	0	0	0	0	0	32
29	0	0	0	0	0	0	0
30	0	0	0	0	0	0	0
31	0	0	0	0	0	0	-
TOTAL	0	0	342	0	0	343	1,431
MONTHLY TOTAL	342			1,774			

Notes:
All volumes in cubic metres (m³).
No exceedances of the daily drilling water use limit (250 m³/day) occurred in 2020.
November water volumes were used to construct ice roads for the 2020 Geotechnical Drilling Project, which occurred Nov 3rd-10th, 12th-13th and 15th-28th.

Table 5.1: Exploration and Geotechnical Environmental Monitoring Logs - 2020

Location	Property Section	ID	Location (UTM NAD83 Zone 17W)		Environmental Monitoring Logs (Pre, Daily, Post)
			Easting	Northing	
KM 32	Tote Road ^d	BH20-CV10	521939	7948859	Appendix E.1.14
KM 37.9	Tote Road ^d	BH20-CV01	521946	7948855	Appendix E.1.5
KM 50.3	Tote Road ^d	BH20-CV02	525681	7937371	Appendix E.1.6
KM 50.4	Tote Road ^d	BH20-CV03	525696	7937335	Appendix E.1.7
KM 50.9	Tote Road ^d	BH20-CV04	526461	7936814	Appendix E.1.8
KM 62.6	Tote Road ^a	BH20-03H	528953	7926674	Appendix E.1.3
KM 62.6	Tote Road ^a	BH20-03I	528965	7926549	Appendix E.1.4
KM 73.1	Tote Road ^b	BH20-CV15	535259	7918505	Appendix E.1.17
KM 75.3	Tote Road ^b	BH20-01K	537447	7919175	Appendix E.1.1
KM 77.2	Tote Road ^b	BH20-01L	539124	7920248	Appendix E.1.2
KM 78.6	Tote Road ^b	BH20-CV05	540831	7921525	Appendix E.1.9
KM 80.9	Tote Road ^b	BH20-CV06	543746	7921687	Appendix E.1.10
KM 90	Tote Road ^b	BH20-CV13	550942	7917162	Appendix E.1.16
KM 90.2	Tote Road ^b	BH20-CV12	550932	7917264	Appendix E.1.15
KM 100.1	Mine Site ^e	BH20-CV07	558335	7914891	Appendix E.1.11
KM 102.8	Mine Site ^e	BH20-CV08	567022	7913514	Appendix E.1.12
KM 102.9	Mine Site ^e	BH20-CV09	560654	7913491	Appendix E.1.13
Deposit 1 North	Mine Site ^c	MR1-20-270	564036	7915609	Appendix E.2.1
Deposit 1 North	Mine Site ^c	MR1-20-271	564087	7915589	Appendix E.2.2
Deposit 1 North	Mine Site ^c	MR1-20-272	564005	7915462	Appendix E.2.3
Deposit 1 North	Mine Site ^c	MR1-20-273	563950	7915488	Appendix E.2.4
Deposit 3 West	Mine Site ^e	MR3-20-274	567592	7913529	Appendix E.2.5
Deposit 1 North	Mine Site ^c	MR1-20-275	563766	7915330	Appendix E.2.6
Deposit 1 North	Mine Site ^c	MR1-20-276	563959	7915484	Appendix E.2.7
Deposit 1 North	Mine Site ^c	MR1-20-277	563785	7915151	Appendix E.2.8
Deposit 3 West	Mine Site ^e	MR3-20-278	567592	7913529	Appendix E.2.9
Deposit 1 North	Mine Site ^c	MR1-20-279	563785	7915151	Appendix E.2.10
Deposit 3 West	Mine Site ^e	MR3-20-280	567584	7913576	Appendix E.2.11
Deposit 1 North	Mine Site ^c	MR1-20-281	563994	7915539	Appendix E.2.12
Deposit 1 North	Mine Site ^c	MR1-20-282	563834	7915128	Appendix E.2.13
Deposit 3 West	Mine Site ^e	MR3-20-283	567437	7913548	Appendix E.2.14
Deposit 1 North	Mine Site ^c	MR1-20-284	563994	7915539	Appendix E.2.15
Deposit 1 North	Mine Site ^c	MR1-20-285	563825	7914820	Appendix E.2.16
Deposit 1 North	Mine Site ^c	MR1-20-286	563831	7915231	Appendix E.2.17
Deposit 3 West	Mine Site ^e	MR3-20-287	567437	7913548	Appendix E.2.18
Deposit 1 North	Mine Site ^c	MR1-20-288	563741	7914694	Appendix E.2.19
Deposit 1 Axial Zone	Mine Site ^c	MR1-20-289	563385	7914226	Appendix E.2.20
Deposit 3 West	Mine Site ^e	MR3-20-290	567031	7913532	Appendix E.2.21
Deposit 1 Axial Zone	Mine Site ^c	MR1-20-291	563389	7914072	Appendix E.2.22
Deposit 1 Axial Zone	Mine Site ^c	MR1-20-292	563385	7914226	Appendix E.2.23
Deposit 1 Axial Zone	Mine Site ^c	MR1-20-293	563389	7914072	Appendix E.2.24
Deposit 1 Axial Zone	Mine Site ^c	MR1-20-294	563389	7914072	Appendix E.2.25
Deposit 3 West	Mine Site ^e	MR3-20-295	567031	7913532	Appendix E.2.26
Deposit 1 Axial Zone	Mine Site ^c	MR1-20-296	563389	7914072	Appendix E.2.27
Deposit 3 West	Mine Site ^e	MR3-20-297	567031	7913532	Appendix E.2.28
Deposit 1 Pinnacle	Mine Site ^c	MR1-20-298	563110	7913885	Appendix E.2.29
Deposit 1 Pinnacle	Mine Site ^c	MR1-20-299	563118	7913935	Appendix E.2.30
Deposit 1 North	Mine Site ^c	MR1-20-300	563720	7914621	Appendix E.2.31
Deposit 1 Pinnacle	Mine Site ^c	MR1-20-301	563118	7913935	Appendix E.2.32
Deposit 1 North	Mine Site ^c	MR1-20-302	563772	7914763	Appendix E.2.33
Deposit 1 North	Mine Site ^c	MR1-20-303	563720	7914621	Appendix E.2.34
Deposit 1 North	Mine Site ^c	MR1-20-304	563857	7914888	Appendix E.2.35
Deposit 1 North	Mine Site ^c	MR1-20-305	563857	7914888	Appendix E.2.36
Deposit 1 North	Mine Site ^c	MR1-20-306	563818	7915055	Appendix E.2.37
Deposit 1 North	Mine Site ^c	MR1-20-307	563772	7914763	Appendix E.2.38

Notes:

^a Crown Lands.

^b Inuit-Owned Lands - Parcel PI-16.

^c Inuit-Owned Lands - Parcel PI-17.

^d Inuit-Owned Lands - Parcel PI-19.

^e Mining Lease L-2485.

Table 6.1: Drilling Wastes Managed and Deposited on Inuit-Owned and Crown Lands - 2020^a

ID	Property Section	Type of Drilling Waste Produced (e.g. drill cuttings, drill mud)	Waste Storage Area / Type ^b	Waste Storage Location (UTM; NAD83 Zone 17W)		Annual Drilling Waste Deposited (m ³) ^c
				Easting	Northing	
MR1-20-270	Deposit 1 North	Drill Cuttings	Sump	564058	7915598	2.0
MR1-20-271	Deposit 1 North	Drill Cuttings	Sump	564094	7915559	2.1
TOTAL						4.10

Notes:

^a Other small volumes of drill cuttings were deposited within or within close proximity to land based geotechnical and exploration boreholes (refer to Table 2.1 for borehole coordinates).

^b In-Ground Sump IDs correspond to the exploration boreholes IDs that generated the deposited cuttings.

^c Approximate volumes based on visual assessment.

^d Inuit-Owned Lands - Parcel PI-17.

Table 8.1: New Impacts Related to Exploration and Geotechnical Activities on Inuit-Owned and Crown Lands - 2020

Property Section	Land Type / Parcel ID	Description of New Impact	Impact on Financial Security
Mine Site and Tote Road (Route 3 of the North Railway)	Crown Lands, Inuit-Owned Lands - Surface and Subsurface (PI-16, PI-19), Mining Lease L-2485	The drilling program consisted of a total of seventeen (17) boreholes. Includes boreholes: BH20-01K, BH20-01L, BH20-03H, BH20-03I, BH20-CV01, BH20-CV02, BH20-CV03, BH20-CV04, BH20-CV05, BH20-CV06, BH20-CV07, BH20-CV08, BH20-CV09, BH20-CV10, BH20-CV12, BH20-CV13 and BH20-CV15.	No impact on financial security. Boreholes backfilled and equipment removed from site following completion. No outstanding reclamation works.
Mine Site (Deposit Nos. 1 & 3)	Inuit-Owned Lands - Surface and Subsurface (PI-17)	The drilling program consisted of nineteen (38) boreholes; thirty (30) on Deposit No. 1 and eight (8) on Deposit No. 3. Includes boreholes: MR1-20-270, MR1-20-271, MR1-20-272, MR1-20-273, MR1-20-275, MR1-20-276, MR1-20-277, MR1-20-279, MR1-20-281, MR1-20-282, MR1-20-284, MR1-20-285, MR1-20-286, MR1-20-288, MR1-20-289, MR1-20-291, MR1-20-292, MR1-20-293, MR1-20-294, MR1-20-296, MR1-20-298, MR1-20-299, MR1-20-300, MR1-20-301, MR1-20-302, MR1-20-303, MR1-20-304, MR1-20-305, MR1-20-306, MR1-20-307, MR3-20-274, MR3-20-278, MR3-20-280, MR3-20-283, MR3-20-287, MR3-20-290, MR3-20-295 and MR3-20-297.	No impact on financial security. Boreholes backfilled or within footprint of the Deposit 1 open pit ultimate limit. All equipment removed, with the exception of survival shelters and supplies remaining at water source MRP-3.

Table 8.2: Reclamation Works Related to Exploration and Geotechnical Activities on Inuit-Owned and Crown Lands - 2020

Property Section	Land Type / Parcel ID	Reclamation Objectives	Reclamation Principle	Description of Reclamation Works	Regulatory Authority	Impact on Financial Security
Mine Site and Tote Road (Route 3 of the North Railway)	Crown Lands, Inuit-Owned Lands - Surface and Subsurface (PI-16, PI-19), Mining Lease L-2485	<ul style="list-style-type: none">• Provide for the long term physical, biological and chemical stability of the Exploration Project areas so as to protect the public health and safety and ecosystem integrity.• Allow for productive use of the land where exploration activities are undertaken and ensures all disturbed areas are restored to a pre-disturbed state upon completion of work.	Progressive Reclamation	Boreholes backfilled and drilling equipment removed at seventeen (17) of the 2020 land-based geotechnical borehole locations along the proposed Route 3 of the North Railway.	CIRNAC, QIA	No impact on financial security held by the QIA or CIRNAC. No reclamation works outstanding for 2020 activities.
Mine Site (Deposit Nos. 1 & 3)	Inuit-Owned Lands - Surface and Subsurface (PI-17)	<ul style="list-style-type: none">• Ensure that the land is reclaimed in a manner that minimize or prevents erosion, and negates the requirement for long term maintenance and monitoring.		Drilling equipment removed from the exploration boreholes at the Mine Site on Deposit No. 1 and 3, with the exception of survival shelters and supplies stored at water source MRP-3.	QIA	No impact on financial security held by QIA. Exploration boreholes are either situated within the disturbed active mining area limits or are within close proximity to the Mine Haul Road and active mining area, resulting in negligible costs to reclaim. Borehole casings and drill rig anchoring rods were cut to near ground surface.

Table 8.3: Mary River Project Total Closure and Reclamation Security Summary - 2020^a

Authorization	Liability	Securities Held on 1 Jan 2020 (Actual) (\$)	Adjustments for 2020 (Actual) ^c (\$)	Securities Held on 31 Dec 2020 (Actual) (\$)
				F-D
Type 'A' Water Licence 2AM-MRY1325	IOL ^b	104,687,658	8,683,342	113,371,000
	Crown	1,448,801	142,199	1,591,000
Subtotal Type 'A' Water Licence		106,136,459	8,825,541	114,962,000
Type 'B' Water Licence 2BE-MRY1421	IOL ^b	-		
	Crown	1,250,000	-	1,250,000
Subtotal Type 'B' Water Licence		1,250,000	-	1,250,000
GRAND TOTAL		107,386,000	8,825,541	116,212,000

Notes:

^a Totals rounded to nearest '000 in CAD.

^b All security relating to Inuit Owned Land (IOL) held by Qikiqtani Inuit Association (QIA) under Commercial Lease No. Q13C301.

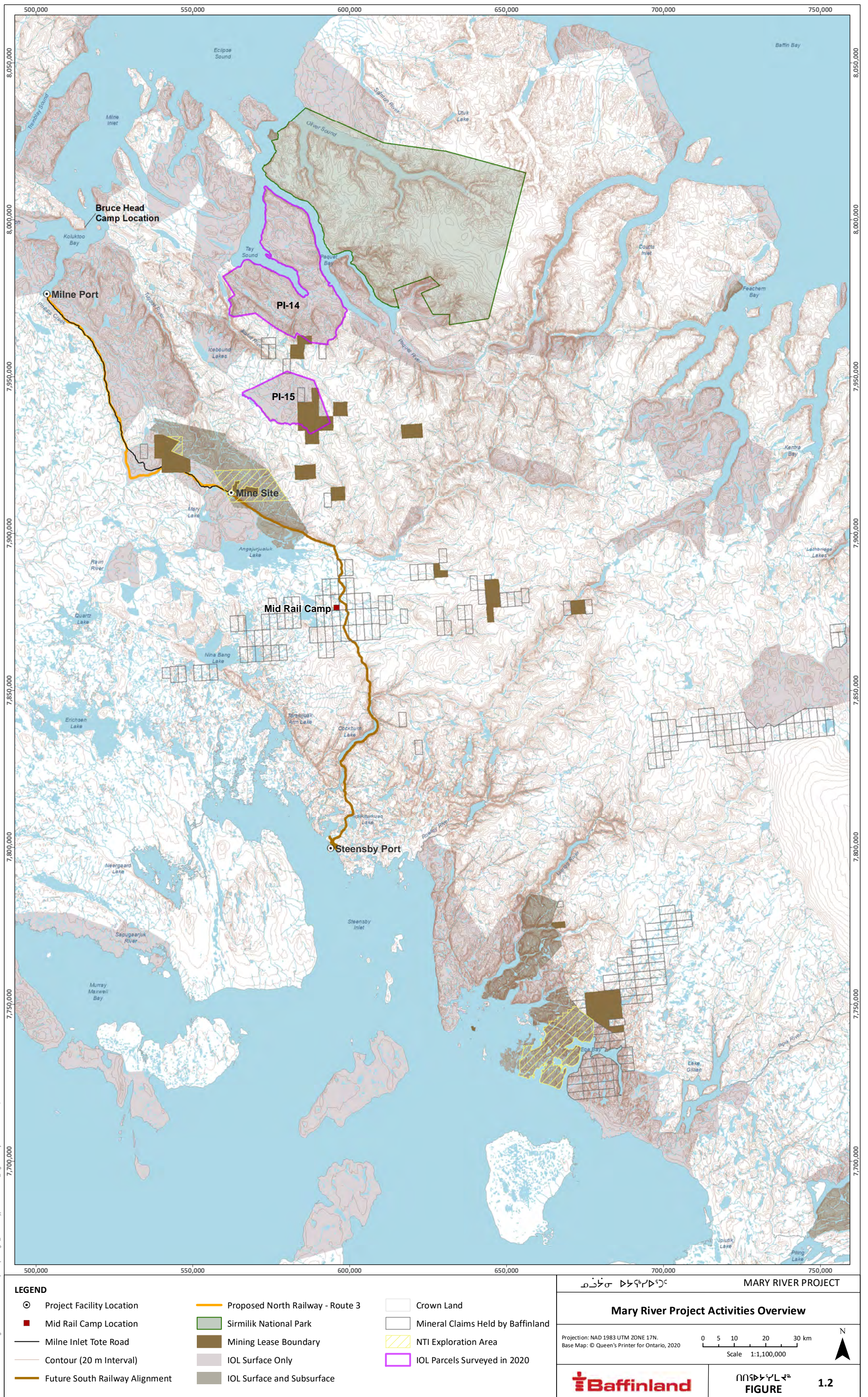
^c Total adjustments for 2020 include the 2020 Annual Security Review, and the arbitration completed with QIA regarding the 2019 Work Plan.

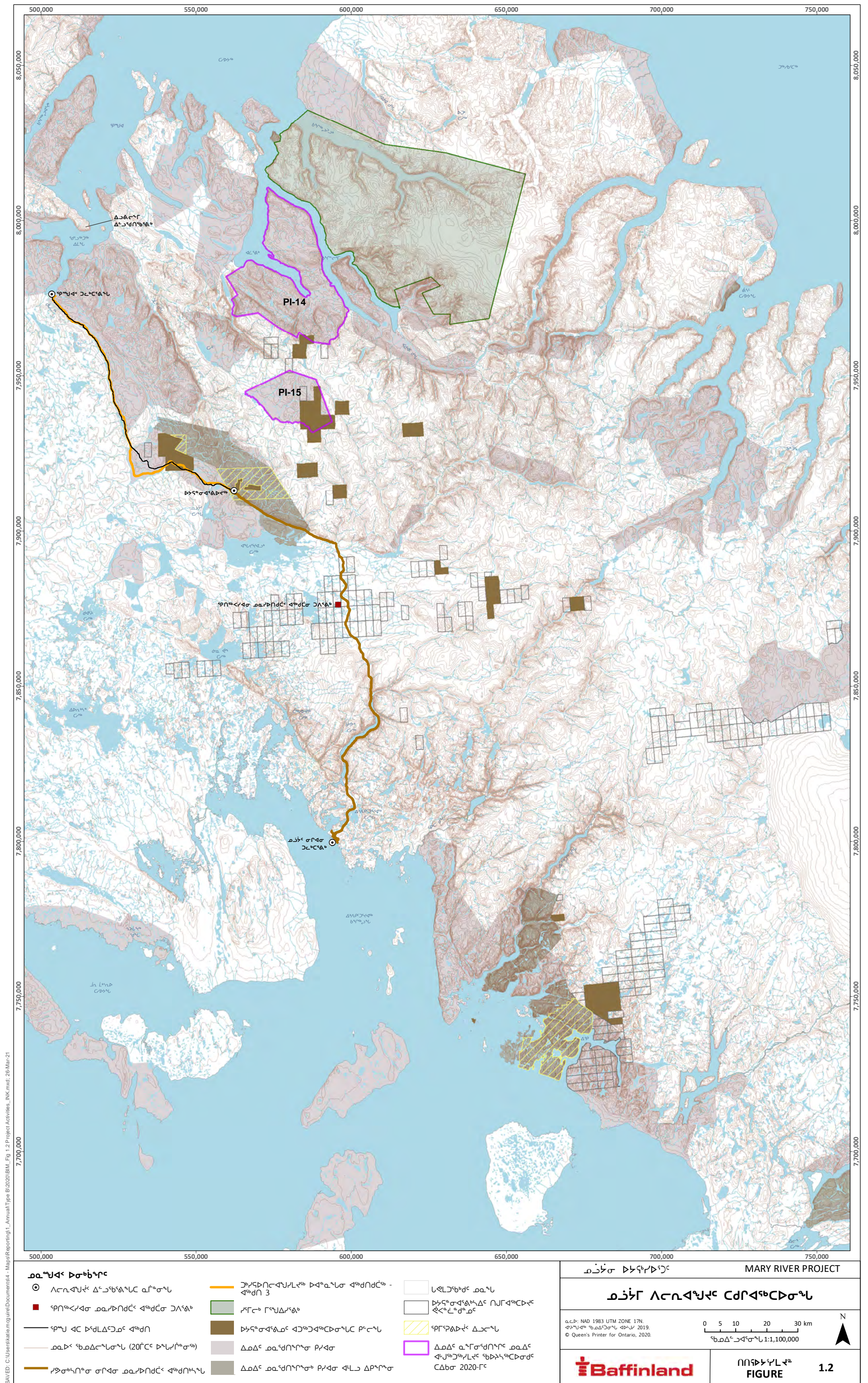
Table 10.1: Engagement Activities for Legal Survey of PI-14 and PI-15 - 2020

Date	Letter/Event/Group	Description
July 24, 2020	Pond Inlet – Exploration Activity Update on Crown Land	Notification delivered to Mayor Arreak, MHTO Chair Ootoovak outlining planned Legal Survey work on Crown Land. English and Inuktitut letters explaining activities and COVID-19 protocols were provided, along with a map showing planned work areas. Scheduled start date is July 26 starting with Area 1
July 31, 2020	Pond Inlet – Legal Survey Progress Update	Notification provided to Mayor Arreak and MHTO Chairperson Ootoovak that the survey crew is changing work areas. Moving from Area 2 to Area 3.
July 31, 2020	Pond Inlet – MHTO Chair Inquiry	Chairperson Ootoovak enquires if there was a request to do exploration lodged with the MHTO. This inquiry was in regards to the letter sent 2020-07-04.
August 4, 2020	Pond Inlet – Mayor Inquiry	Mayor Arreak informs Baffinland that he was not aware of the work proceeding on Crown Land, referencing communications received on 2020-07-31. The Mayor requests more information on the work being performed.
August 4, 2020	Pond Inlet – Response to Mayor’s Request for Information	Baffinland provides a copy of the letter sent to the Mayor, MHTO Chairperson and others on 2020-07-24 describing the work being done and COVID-19 mitigation measures in place.
August 4, 2020	Pond Inlet – Legal Survey Progress Update	Notification provided to Mayor Arreak and MHTO Chairperson Ootoovak that the survey crew is changing work areas. Moving from Area 3 to Area 5.
August 7, 2020	Pond Inlet – Legal Survey Progress Update	Notification provided to Mayor Arreak and MHTO Chairperson Ootoovak that the survey crew is changing work areas. Moving from Area 5 to Area 4
August 10, 2020	Pond Inlet – Mayor Response	Mayor Arreak thanks Baffinland for the progress updates.
August 11, 2020	Pond Inlet – Legal Survey Progress Update	Notification delivered to Mayor Arreak and Chairperson Ootoovak that work on all Crown Land survey areas is complete and all personnel and equipment are being removed from the designated work areas.
August 14, 2020	Pond Inlet – PI-14 & PI-15 Legal Survey Plans	Communication to Mayor Arreak and MHTO Chairperson Ootoovak regarding potential land use on Inuit Owned Land parcels PI-14 and PI-15 for legal survey purposes pending the issuance of a QIA Land Use Licence. Letter and map of planned work areas provided. Translated letter delivered 2020-08-17 and translated map delivered 2020-08-18.
August 19, 2020	Pond Inlet – MHTO Chairperson’s concerns with consultation	In relation to communication on 2020-08-04, MHTO Chairperson Ootoovak expresses concern over Baffinland’s timing of notifications for land use activities on Crown Land north of the Mary River Mine Site, indicating that other land user groups consult with the MHTO prior to conducting activities near Pond Inlet.
August 19, 2020	Pond Inlet – MHTO Technical Adviser Request for clarification	Request for information regarding permits required to delineate claims on Crown Land in Nunavut and whether there was consultation opportunity as part of this process, either at present or in the past.
August 19, 2020	Pond Inlet – Response to MHTO Chairperson and Technical Advisor	Outline of permits that govern the land use, captured under the broad umbrella of the Project Certificate and Type B Water Licence, both which involved public consultation. There was no opportunity for direct public dialogue this year due to COVID-19 travel restrictions. Based on regulations, land tenure type and the nature of work, no further permits or engagement for the work on Crown Land was required.
August 21, 2020	Pond Inlet – MHTO Technical Advisor response	Acknowledgement of Baffinland following due process for land use activities and understanding of permitting and consultation requirements. Suggestion that in upcoming years, Baffinland engage in pre-field season information sharing with the MHTO to seek input on how planned field activities and MHTO interests may be integrated.
August 21, 2020	Pond Inlet – MHTO Chairperson Comments	MHTO Chairperson indicates that the MHTO rarely approves of multi-year exploration activities. States that Baffinland can only succeed by working with Inuit on all activities, including exploration work.
August 21, 2020	Pond Inlet – Response to MHTO Technical Advisor Comments	Acknowledgement that Baffinland does need to do a better job communicating Exploration field activity plans well in advance of their occurrence and to provide frequent updates. Commitment to provide a summary of activities to the Hamlet and MHTO once complete and to provide information to the Hamlet and MHTO of planned 2021 field season activities well in advance of their occurrence.
August 27, 2020	Pond Inlet – PI-14 & PI-15 Legal Survey Update	Letter delivered to Mayor Arreak and MHTO Chairperson Ootoovak defining upcoming land use on Inuit Owned Land parcels PI-14 and PI-15 for legal survey purposes under the authorization of QIA Land Use Licence QL2-2012. Letter and map of planned work areas provided in English and Inuktitut. Indication that work will start on Area 2 (PI-14) on 2020-08-29.
August 27, 2020	Pond Inlet – Mayor’s Acknowledgement	Mayor Arreak thanks Baffinland for the update to work plans on PI-14 and PI-15.
September 4, 2020	Pond Inlet – Legal Survey Progress Update	Notification provided to Mayor Arreak and MHTO Chairperson Ootoovak that the survey crew is changing work areas. Moving from Area 2 (PI-14) to Area 1 (PI-15).
September 22, 2020	Pond Inlet – Legal Survey Conclusion Update	Notification delivered to Mayor Arreak and MHTO Chairperson Ootoovak that all work has concluded on PI-14 and PI-15. Commitment to deliver summary of work in English and Inuktitut explaining the work completed, outcomes of the work and Inuit involvement in the Project, to accompany the Annual Report to be submitted on 2021-03-31.

FIGURES



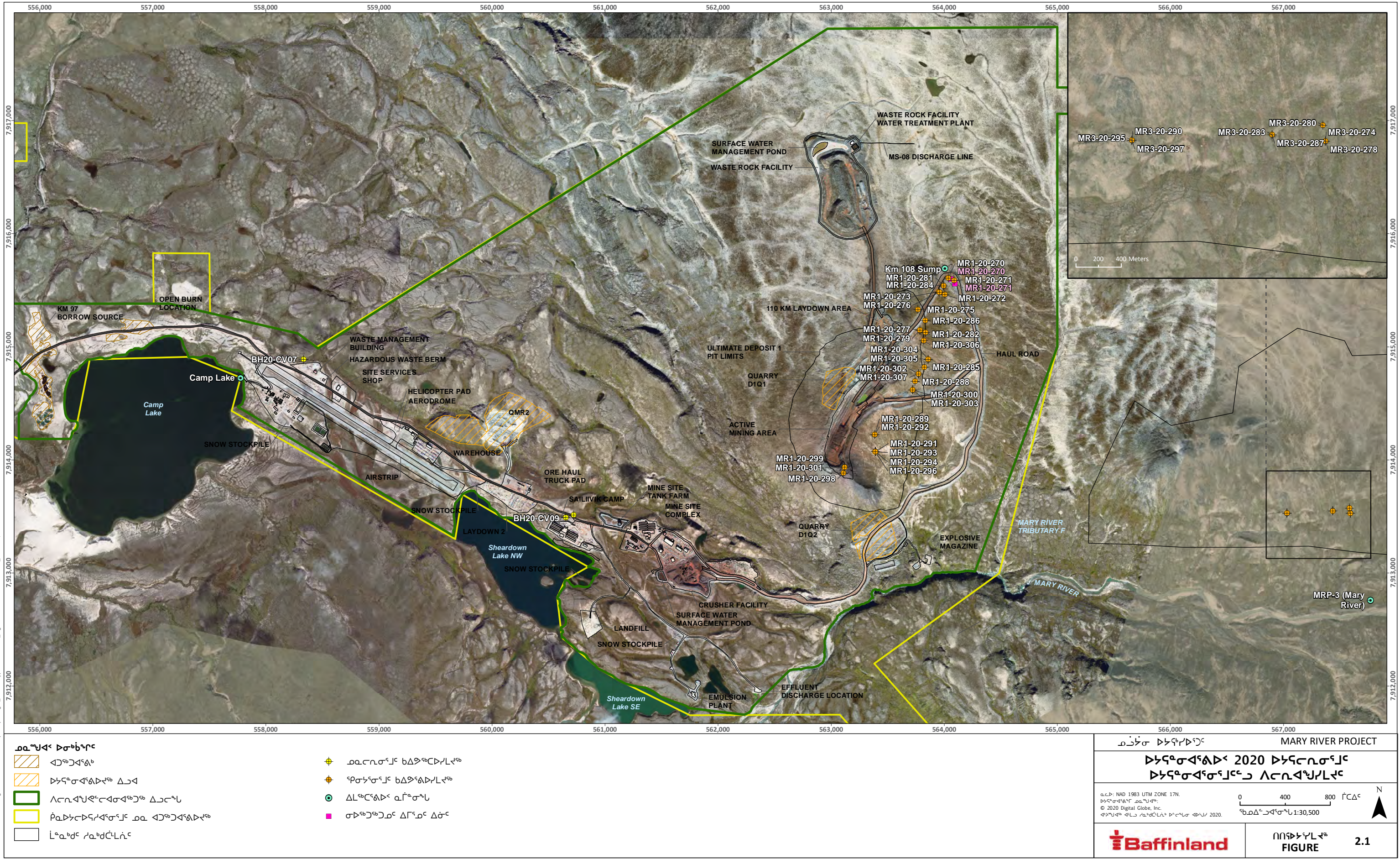




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