May 11, 2018

Jonathan Mesher
Resource Management Officer
Indigenous and Northern Affairs Canada (INAC)
P.O. Box 100
Iqaluit, NU XOA 0H0

Re: 2018 Exploration Drilling Program – Mary River Project

Type B Water Licence 2BE-MRY1421
Commercial Lease No. Q13C301

Baffinland Iron Mines Corporation (Baffinland) will be commencing an exploration diamond drilling program to extend and upgrade the resources at Deposits 1, 2, & 3. The program is being managed by Baffinland's Exploration Department, and performed by Boart Longyear's coring division. The program is scheduled to commence on May 31, 2018, and end by October 2018. A total of twenty-four (24) drill holes are planned, with depths ranging from 175 to 400 metres (m) from surface. Drill holes will require water to support diamond drill coring techniques. Attachment 1 provides a map outlining the proposed drill hole collar locations and proposed water sources. UTM coordinates for the drill hole collars locations and water sources, presented in Attachment 1, are provided in Attachments 2 and 3, respectively.

The equipment to be utilized for the program includes two (2) LM 55 and three (3) LF 70 rock coring drill rigs. The diameter of the holes to be advanced is approximately 61.1 mm. Supporting equipment will include two A-star B2 helicopters for transporting drills, other supporting equipment/supplies and personnel between drill hole locations.

Under Part C, Item 2 of the Type B Water Licence 2BE-MRY1421 (Type B Water Licence), Baffinland is required to provide notification to the Nunavut Water Board (NWB) and the Inspector (INAC) of new water sources to be used for drilling activities that are not currently identified. As shown in Attachment 1, there are seven (7) new potential water sources that may be used to support the proposed drilling program. A table with the UTM coordinates for the new water sources is provided in Attachment 3.

The estimated water usage rate for the drilling program is approximately 1.3 m^3 per linear metre drilled. Assuming 2,530 m, 2,000 m and 2,470 m drilled at Deposits 1, 2 and 3, respectively, the total water volume requirements for drilling operations at Deposits 1, 2 and 3 are estimated to be 3,300 m^3, 2,300 m^3 and 3,200 m^3, respectively. Water use will be tracked using inline flowmeters or other metering methods to ensure compliance with the daily water withdraw limits for drilling activities (250 m^3/day), stipulated in Part C, Item 1 of the Type B Water Licence.

Based upon visual assessment and knowledge from previous drilling programs in the area, Baffinland believes that the new water sources identified in Attachments 1 and 3 can sustain the required withdrawal volumes. Water sources prefixed with a 'WS' in Attachment 1 are ephemeral water bodies that are not

fish habitat and are fed by snow melt during freshet and precipitation events. As a result of altitude and the associated high rates of natural evaporation, these water sources experience significant fluctuations in volume throughout the year, with maximum volumes occurring immediately following freshet. As a result of natural evaporation and drilling water requirements, these water sources may experience fluctuations in volume during the drilling program. However, due to the absence of fish habitat at these water bodies, there are no anticipated potential adverse impacts from the decrease in volume of these water bodies.

The Mary River has been used as a water source in previous drilling programs at the Project and has sufficient flow volumes necessary to support the proposed water requirements for Deposits 1, 2 and 3. Pumping stations along the Mary River, prefixed with a 'PS' and shown in Attachment 1, will be utilized to support the program's drilling operations, as required. In accordance with the *Freshwater Intake End-of-Pipe Fish Screen Guideline* (DFO, 1995) and Part C, Item 5 of the Type B Water Licence, water intake lines will be equipped with fish screens to prevent the entrapment of fish during periods of withdrawal from identified water sources.

In accordance with Part F, Item 2, of the Type B Water Licence, drill waste will be disposed of in sumps consistent with Part F, Item 4 of Type B Water Licence. Environmental monitoring will be performed at drilling operations, including pre-, during, and post-inspections. Drill water runoff and siltation mitigation measures consistent with Baffinland's Environmental Protection Plan (EPP; BAF-PH1-830-P16-0008, Rev. 1) will be employed, as required.

Despite best planning efforts, it should be noted that unforeseen circumstances may preclude some changes in plans as the program proceeds. Baffinland will endeavor to inform the Inspector (INAC) and other relevant parties in such circumstances.

We trust that this information meets the notification requirements. Please do not hesitate to contact the undersigned, should you have any questions or comments.

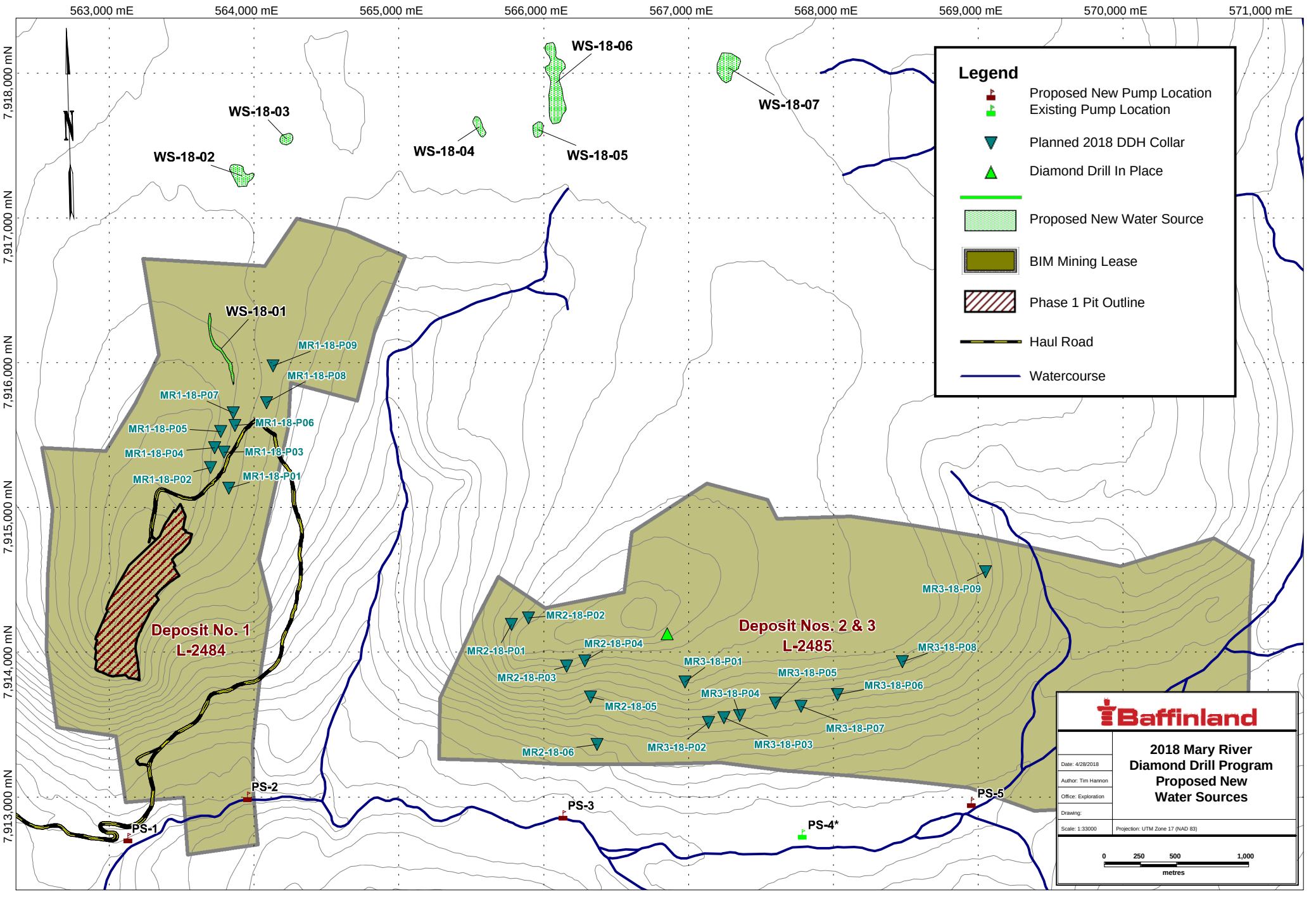
Christopher Murray
Environmental & Regulatory Compliance Manager

Attachments:

Attachment 1 – 2018 Mary River Diamond Drilling Program
Attachment 2 – UTM Coordinates of Proposed Drill Hole Locations
Attachment 3 – UTM Coordinates of Proposed Water Sources

Cc: Timothy Ray Sewell, Megan Lord-Hoyle, William Bowden, Connor Devereaux, Andrew Vermeer, Dick Matthews, Thomas Iannelli (Baffinland)
Assol Kubeisinova, Karén Kharatyan (NWB)
Ian Parsons, Wajid Daouda (INAC)
Fai Ndofor (QIA)

Attachment 1 - 2018 Mary River Diamond Drilling Program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WS-18-06
WS-18-07
MR1-18-P01
MR1-18-P02
MR1-18-P03
MR1-18-P04
MR1-18-P05
MR1-18-P06
MR1-18-P07
MR1-18-P08
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MR2-18-P01
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MR2-18-P03
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MR2-18-05
MR2-18-06
MR3-18-P01
MR3-18-P02
MR3-18-P03
MR3-18-P04
MR3-18-P05
MR3-18-P06
MR3-18-P07
MR3-18-P08
MR3-18-P09
Deposit No. 1
L-2484
Deposit Nos. 2 & 3
L-2485
PS-1
PS-2
PS-3
PS-4*
PS-5
Legend
Proposed New Pump Location
Existing Pump Location
Planned 2018 DDH Collar
Diamond Drill In Place
Proposed New Water Source
BIM Mining Lease
Phase 1 Pit Outline
Haul Road
Watercourse
Baffinland
2018 Mary River
Diamond Drill Program
Proposed New
Water Sources
Date: 4/28/2018
Author: Tim Hannon
Office: Exploration
Drawing:
Scale: 1:33000
Projection: UTM Zone 17 (NAD 83)
0
250
500
1,000
metres

Attachment 2 - UTM Coordinates of Proposed Drill Hole Locations

Table A-2 – Proposed Drill Hole Locations and Depth from Surface

Drill Hole Collar ID	Easting (m)	Northing (m)	Elevation (masl)	Depth from Surface (m)
Deposit No. 1				**Total: 2,530 m**
MR1-18-P01	563825	7915133	589	400
MR1-18-P02	563701	7915276	626	200
MR1-18-P03	563793	7915382	605	325
MR1-18-P04	563728	7915413	624	215
MR1-18-P05	563771	7915525	622	190
MR1-18-P06	563868	7915565	593	300
MR1-18-P07	563856	7915653	595	200
MR1-18-P08	564086	7915723	566	300
MR1-18-P09	564132	7915977	559	400
Deposit No. 2				**Total: 2,000 m**
MR2-18-P01	565778	7914192	571	350
MR2-18-P02	565894	7914235	590	350
MR2-18-P03	566158	7913902	570	325
MR2-18-P04	566284	7913940	580	325
MR2-18-P05	566324	7913691	477	325
MR2-18-P06	566369	7913364	376	325
Deposit No. 3				**Total: 2,470m**
MR3-18-P01	566976	7913794	547	325
MR3-18-P02	567138	7913514	440	230
MR3-18-P03	567244	7913547	449	240
MR3-18-P04	567354	7913561	450	225
MR3-18-P05	567599	7913648	464	175
MR3-18-P07	567772	7913486	420	325
MR3-18-P06	568186	7913636	420	325
MR3-18-P08	568561	7913869	480	325
MR3-18-P09	569049	7914556	500	300
				Grand Total: 7,000 m

Notes:

All coordinates in UTM, NAD 83, Zone 17.

Attachment 3 – UTM Coordinates of Proposed Water Sources

Table A-3-1 – Proposed New Water Sources

Water Source ID	Easting (m)	Northing (m)	Elevation (masl)
WS-18-01	563750	7916100	592
WS-18-02	563900	7917290	567
WS-18-03	564220	7917540	565
WS-18-04	565560	7917630	560
WS-18-05	565970	7917610	560
WS-18-06	566080	7917910	560
WS-18-07	567270	7918050	565

Notes:

All coordinates in UTM, NAD 83, Zone 17.

Table A-3-2 – Mary River Pumping Stations (PSs)

Pumping Station ID	Easting (m)	Northing (m)	Elevation (masl)
PS-1	563130	7912710	233
PS-2	564160	7913010	233
PS-3	565530	7912940	284
PS-4*	567785	7912735	313
PS-5	567785	7912735	313

Notes:

All coordinates in UTM, NAD 83, Zone 17.

*Pump already in place at location.