

MARY RIVER PROJECT

ENVIRONMENTAL IMPACT STATEMENT PROJECT HIGHLIGHTS

Location	<ul style="list-style-type: none"> Located at Mary River, North Baffin Island, 1000 km north of Iqaluit, 160km south of Pond Inlet, 155 north of Igloolik
Reserves	<ul style="list-style-type: none"> Comprised of nine known iron ore deposits in the vicinity of Mary River The current project is focused on Deposit No.1 with known reserves of 365 million tonnes at >64% iron
Construction Phase	<ul style="list-style-type: none"> Construction of the project could commence as early as 2012 and will require approximately 4 years to complete Approximate \$4 billion investment
Operational Phase	<ul style="list-style-type: none"> Operations will involve mining, ore crushing and screening, rail transport and marine shipping of ore to market
Open Pit Mine	<ul style="list-style-type: none"> Projected annual production of 21 million tonnes for approximately 21 years
Processing	<ul style="list-style-type: none"> No secondary processing is required; no tailings will be produced, due to the high grade of ore
Rail Transport and Shipping	<ul style="list-style-type: none"> A rail system will be built for year round transportation (149 km) of ore south to Steensby Port A port will be constructed at Steensby Inlet to accommodate cape sized vessels Specially designed ships will transport ore to market year round Annual shipment from Steensby Port of approximately 18 million tonnes
Road Haulage and Shipping Alternative	<ul style="list-style-type: none"> Road haulage and shipping via Milne Inlet is also considered an alternative at this time Iron ore will be hauled north along the existing tote road (100km) to Milne Inlet A port will be constructed at Milne Inlet Shipping would take place during the open water period Annual shipment from Milne Port of approximately 3 million tonnes
Environment	<ul style="list-style-type: none"> Baseline studies have been conducted by Baffinland since 2005 Inuit Qaujimajatuqangit (traditional knowledge) information has been collected since 2006 Baseline studies form the basis of a draft environmental impact statement (DEIS), and provide information for the development of mitigation and management plans Baseline studies cover the terrestrial, freshwater, atmospheric and marine environments, as well as socio-economic conditions and land use
Social and Economic Benefits	<ul style="list-style-type: none"> Baffinland is currently in negotiations with the Qikiqtani Inuit Association (QIA) regarding an Inuit Impact Benefits Agreement (IIBA) Construction of the project will peak at 2,800 people onsite The operational phase of the project will require payroll of 750 people for the rail portion of the project and an additional 300 people for the road haulage alternative Provide 21,000 person years of employment over life of mine \$2.8 billion in taxes to the Government of Nunavut over the life of the project \$1.9 billion in royalties to Nunavut Tunngavik Inc. Additional economic provisions to flow to QIA via the IIBA
Closure and Post-Closure Phase	<ul style="list-style-type: none"> Conceptual mine closure planning has been completed Closure will ensure that operational footprint is both physically and chemically stable in the long term for protection of people and the natural environment Post-closure environmental monitoring will ensue for 5 years to verify that reclamation objectives have been met