


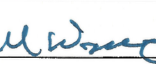


**Baffinland Iron Mines LP**  
**Mary River Expansion Stage 3**  
**Definitive Study Report**  
**Section 16 – Legal and Fiscal**

						
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## 16. Property Description and Location

The Project area is located in Nunavut on the northern half of Baffin Island on NTS Sheet 37 G/5 at Latitude 71°N and Longitude 79°W, approximately 160 km south of Mittimatalik (Pond Inlet), 270 km southeast of Nanisivik, 300 km north of Hall Beach, and 1,000 km northwest of Iqaluit, the capital of the Nunavut Territory. The Universal Transverse Mercator (UTM) location of Deposit No. 1 is 7915000N, 563000E (NAD 1983 Zone 17) (Figure 16-1).

### 16.1 Land Tenure

The territory of Nunavut was created on April 1, 1999 through the Nunavut Land Claim Agreement (NLCA). Nunavut is made up of three regions; Kitikmeot, Kivalliq and Qikiqtani (or Baffin). The Mary River Project lies in the Qikiqtani region. The 1.9 million square kilometres of land in Nunavut are classified as either Crown land, Inuit Owned Land (IOL) surface land, IOL surface/subsurface lands, or Commissioners land. Land ownership and regulatory processes are managed by the Government of Canada (GoC), Nunavut Tunngavik Incorporated (NTI), Regional Inuit Associations (RIAs), the Government of Nunavut (GN) and Institutions of Public Government (IPGs). Each has specific mandates and responsibilities, however, there is some overlap.

The mineral properties of Baffinland consist of three mining leases, three exploration areas leased from NTI, and a number of blocks of mineral claims (Figure 16-1). Detailed lists of the mining leases, mineral claims, and exploration areas are in Tables 30-1 to Table 30-3 of Appendix 1.

### 16.2 Mining Leases

The mining leases are numbered 2483, 2484, and 2485 and cover a total area of 1,593.4 ha. The leases are valid for a 21 year period and expire on August 27, 2034. BIM plans to renew the mining leases for an additional 21-year period.

The original leases were surveyed in 1971 by the Federal Land Surveyor and leases were issued in 1971, by the Northwest Territories Government, renewed in 1992, and are in good standing to August 27, 2034. The leases were legally transferred to BIM on March 4, 2005. Pursuant to the NLCA of 1993, a new survey of the lands and boundaries was required.

Survey markers of the lease boundaries comprised of steel pins and rock cairns were relocated by BIM personnel in the summer of 2007, using a Trimble GPS to confirm the previously defined latitude and longitude coordinates and the current coordinate system of UTM Zone 17 NAD (1983). The BIM surveyed UTM points indicate that Deposit Nos. 1 and 2 and the western extent of Deposit No. 3 are all well contained within the lease boundaries.

The mining leases predate the NLCA, but are surrounded by IOL (Figure 16-1), either designated as surface and subsurface rights (around mining leases 2484 and 2485) or surface only (around mining lease 2483). The mining leases are administered by GoC under

the Canadian Mining Regulations. Access to land for which the Inuit have surface ownership is through the regional Qikiqtani Inuit Association located in Iqaluit.

### **16.3 Mineral Claims**

BIM holds 406 mineral claims totalling 390,388.4 ha. In October 2008, Baffinland staked 18 mineral claims totalling 12,956 ha known as the McOuat block, which encircle the leases covering Deposit No. 4 and extend to the southeast to cover Deposit No. 5. In 2010, BIM staked four additional blocks of claims, the Glacier Lake Block consisting of 20 claims covering Deposit No. 6, the Turner River Block consisting of nine claims covering Deposit No. 7, the North Cockburn River Block consisting of eight claims covering Deposit No. 8, and the Rowley River Block consisting of four claims covering Deposit No. 8. Six more blocks of claims were staked in 2011. All mineral claims are reported by BIM to be in good standing as of the date of this Technical Report. The locations of the blocks of claims are shown in Figure 16-1.

### **16.4 Exploration Areas**

In addition, BIM has the right to earn a 100% interest through an Exploration Agreement with the NTI on three exploration areas (Figure 16-1). Sub Area A totals 16,695 ha and surrounds mining leases 2484 and 2485. Sub Area B totals 1,425 ha and is located to the east of mining lease 2483. Sub Area C is located in the Ege Bay area (Figure 16-1) and totals 30,506 ha.

BIM's mining leases are not subject to the Exploration Agreement and subsequent Joint Venture agreement, should BIM choose to continue with the Exploration Agreement and meet the expenditure and payment requirements.

### **16.5 Royalty Agreements and Encumbrances**

BIM and Iron Ore Holdings are the exclusive owners of the mineral rights within the three mining leases that comprise the Mary River property which hosts the three main Mary River deposits (Nos. 1, 2 and 3). There are no royalties, back-in rights, payments, or other obligations pertaining to the Mary River property, other than taxation pertaining to any mining property being developed in Nunavut. For the purposes of economic analysis of the Project, assumptions have been made regarding potential royalties and payments that may eventually be agreed to in an Inuit Impacts and Benefits Agreement (IBA or IIBA) with First Nations.

### **16.6 Environmental Liabilities**

Given that the Mary River site was explored in the 1960s, it is possible that some environmental liabilities exist in the form of petroleum contamination from general site activities, and from an original camp landfill. The potential environmental liability from these operations is thought to be minimal, based on an assessment of the area carried out in 2006. Surface clean-up of materials and equipment remaining from exploration in the 1960s has been undertaken by BIM since 2004, including removal of steel drums and equipment from the Project site.

## **16.7 Existing Permits**

A number of permits have been obtained to carry out the exploration activities. A list of permits provided to Wahl and Gharapetian (2011) by BIM include Water License (2BB-MR0710, NWB), Authorization S.35(2) of Fisheries Act (NU-06-0084, DFO), S.5(1) Navigable Waters Protection Act (8200-09-10415 8200-09-10425, 8200-09-10414, 8200-09-10424, Transport Canada, Inuit Land Use Lease and Aggregate Concession (Q10L3C010, QIA), Land Use Permit (N2007F0004, N2006C0036, INAC) and Quarry Permit (2010QP0088, INAC).

## **16.8 Jurisdiction**

In February 2008, BIM announced the execution of a commercial lease of surface lands from the QIA, covering approximately 10,567 ha of surface lands on Baffin Island, Nunavut. The lease permits BIM to use the subject area for the purposes of the exploration of minerals, the undertaking of engineering, geotechnical, and environmental studies in support of the planning for a potential major mining development and to complete a bulk sampling program. The lease is valid from September 6, 2013 until December 31, 2043 and was renewed for an additional one year by the Company, subject to the terms and conditions of the lease.

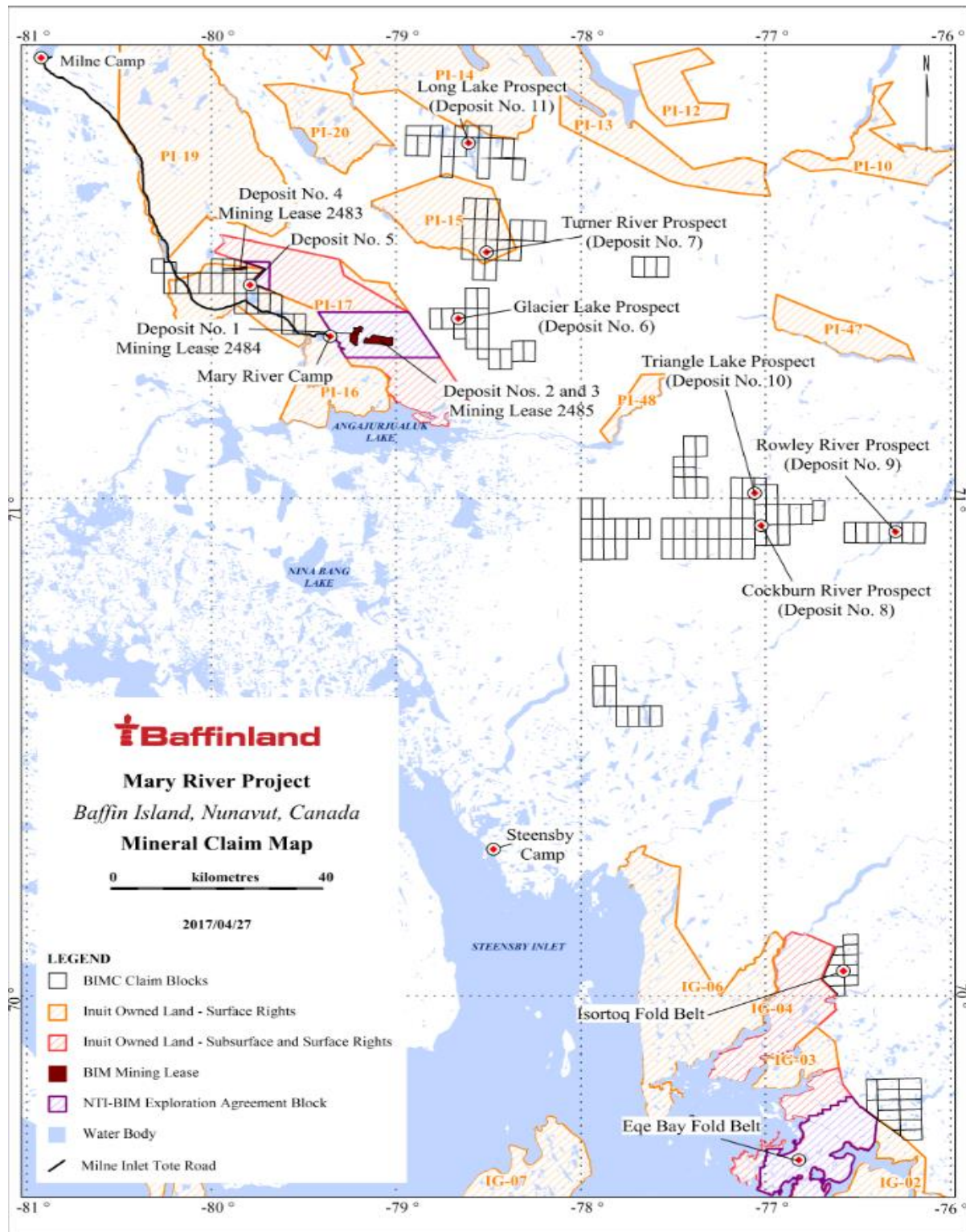


Figure 16-1: Location Map

## 16.9 Reference Documents

Doc Number/Author	Description	Date	Appendix Number
George Wahl Associates	Mary River Deposit No 1 Resource and Mine Planning Report	October 2009	A16-1
RPA	Technical Report on the Mary River Project – Expansion Case, Baffin Island, Nunavut	December 2013	A16-2
Qikiqtani Inuit Association/Baffinland Iron Mines Corporation	Inuit Impact and Benefit Agreement	September 2013	A16-3