

APPENDIX C
2014 WORK PLAN



WORK PLAN

2014

31 October 2013

Table of Contents

1. Introduction.....	3
2. 2014 Work Plan	3
2.1 2014 Scope of Work	3
2.2 Infrastructure and Construction Works	6
2.3 Infrastructure Layout at end of 2014.....	9
2.4 Mining, Quarrying and Exploration Activities	9
2.5 Solid Waste Disposal	12
2.6 Specified Substances	12
2.7 Water Use	13
2.8 Materials Shipped Out	14
2.9 Materials Shipped In	16
2.10 Closure and Reclamation Costs	18
2.11 Option Exercise Notices	19
2.12 Lease Schedule Updates.....	19
2.13 Lease Ammendment Provisions	19

1. INTRODUCTION

The following document presents the 2014 Work Plan as required under Section 6.1 of the Commercial Lease, No. Q13C301, agreed between Baffinland Iron Mines Corporation and the Qikiqtani Inuit Association. Additionally, this document is a requirement under the Type A Water Licence 2AM-MRY1325 for the purposes of an Annual Security Review for activities undertaken on an annual basis. In the event the Project does not advance, all work items described and constructed as per the 2014 Work Plan will be subject to reclamation, as per relevant regulatory and permit obligations.

Given that the proposed Early Revenue Phase (ERP) is currently under review, this document separates out activities that may occur if the ERP is approved, separate from activities that are planned to proceed as part of the approved Project. In order to align this document with the structure defined within the Commercial Lease, wording in italicized blue throughout this document is used to highlight wording from the Commercial Lease.

2. 2014 WORK PLAN

2.1 2014 SCOPE OF WORK

The Tenant shall provide: *"A description of the Operations and Work that the Tenant expects to perform in the next Year, and an identification of the Lands, within existing or proposed Land Use Areas that are to be specifically identified within the Property, where such Operations and Work shall occur"*

This 2014 Work Plan provides for:

1. The continued development and construction of infrastructure required at Milne Port and the Mine Site for the Mary River Project.
2. For Milne Port, it is expected that sealifts will occur during open water (approximately between July 15th and October 1st 2014). An estimated 7 vessels (dimension of barges approximately 35 m x 140 m) will be necessary to transport the equipment and material required for the execution of the 2014 Work. Material, equipment, fuel and supplies required for construction activities at the Mine Site and the operation of the Mary River facilities will be transported to the Mine Site via the Tote Road year round.
3. Ongoing environmental baseline data collection and geotechnical drilling in order to sustain the development of the Project will continue. These activities will resume at the Milne Port site, along the Tote Road, at the Mine Site, at numerous quarry sites and at other Project development areas.
4. Continual environmental monitoring in accordance with the approved environmental management monitoring and mitigation plans.
5. Continued archaeological surveys at project component areas as required.

There will be continued progressive reclamation of areas of current and past use in association with drilling, bulk sample, and historical exploration programs. In addition, progressive reclamation plans will include:

- Implementation of an action plan, developed and submitted in 2013, to address concerns from stakeholders about long term salt storage;
- Implementation of a program to dispose of existing inventory incinerator bottom ash in the existing Mary River Landfill and the development of a plan to manage and dispose of ash being generated on an ongoing basis;
- Completion of the ongoing decommissioning of the existing bladder farm at Milne Inlet. Work includes the transport of hydrocarbon impacted soils to the planned landfarm facility;
- Commence decommissioning of the existing Mary River bladder farm;
- Continue the development and implementation of a long term multi-year plan to address localized areas of permafrost melting associated with current borrow areas, and taking into consideration the longer term designs for the Tote Road upgrades and new quarry development;
- Demobilization of equipment and supplies not required for near term activities, as well as the current inventory of hazardous waste and other materials by means of sealift from Milne Port;
- Continued development of the Mine Site landfill and deposition of non-hazardous wastes in accordance with the landfill operations and maintenance manual; and,
- Discharge of treated sewage stored in existing PWSPs at the Mary River Camp and Milne Inlet after treatment as required. Two periods of discharge are planned, the first corresponding to freshet (May-June), and the second later in the summer if required.
- Ongoing removal from the site, or safe disposal on-site of infrastructure, equipment and supplies no longer required for ongoing construction and operations. The items are defined by the Mary River Project Interim Abandonment and Reclamation Plan, and include infrastructure and site materials, fuel caches, drums, barrels, buildings and contents, docks, water pumps and lines, material and equipment prior to the expiry of applicable permits. Where required, internal roads will be re-graded to restore natural drainage to reduce erosion.
- Unless otherwise identified within the approved Abandonment and Reclamation Plan under this Licence, where roads are no longer in use, Baffinland will remove culverts and open the natural drainage channel. In carrying out this activity, measures will be implemented to minimize erosion and sedimentation.
- Areas that have been contaminated by hydrocarbons from normal fuel transfer, handling and storage activities will be reclaimed to meet objectives as outlined in the Government of Nunavut's Environmental Guideline for Site Remediation, 2010. The use of reclaimed soils for the purpose of back fill or general site grading may be carried out

only upon consultation and approval by the Government of Nunavut, Department of Environment and an Inspector.

The Work Plan is presented within the context of the applicable regulatory authorizations and schedule. Baffinland holds, or will soon hold, all the permits and authorizations required to carry out the 2014 Work Plan. The main regulatory instruments that allow for the 2014 Work Plan activities include:

- Project Certificate No. 005
 - All works and activities proposed have been screened by the NIRB and have been considered in the Project Certificate issued by the NIRB on December 28, 2012.
- Type A Water Licence (2AM-MRY1325)
 - All works and activities planned for 2014 are within the scope of the licence.
- Type B Water Licence (2BB-MRY1114)
 - The renewed Type B Water Licence (application to be submitted in November 2013) will authorize Baffinland to undertake mineral exploration activities, geotechnical and exploration drilling programs, construction of ice roads, ongoing operation, maintenance and upgrades to existing pioneer camps at Steensby Inlet and Mid Rail, construction of airstrips on lakes for winter months and potential bulk sampling.
- Quarry Permits
 - Schedule 'B' Quarry Concession Agreement under IOL Commercial Lease New Lease, Q13C301.
 - It is anticipated that quarrying of rock and gravel from permitted quarry locations (as shown on Schedule "A1") of the IOL Commercial Lease will continue. In addition, Baffinland will be applying for access and quarry permits to extract rock and gravel material adjacent and near the existing Milne Inlet Tote Road by means of an Amendment to the existing Schedule 'B' to the Lease.
 - New quarries are needed at the following locations:
 1. Q7, Tote Road Station 5+560,
 2. Q11, Tote Road Station 28+400,
 3. P1, Tote Road Station 86+000,
 4. Q19, Tote Road Station 163+500
 5. Deposit No. 1 Quarry 2 (D1Q1), Haul Road Station 6+540
 6. Deposit No. 1 Quarry 1 (D1Q2), Haul Road Station 2+000
- Ongoing operation of existing borrow source areas adjacent to Tote Road at Km 2 (formerly borrow source no. 1), and Km 97 (formerly borrow source no. 3).

- The construction of access roads from the Tote road will be necessary to access quarry locations. Where it is necessary, culvert crossings will be installed along the access roads.
- AANDC Land Use Permit and Quarry Permit to access existing and possibly new borrow and rock quarries adjacent and near the Tote Road (currently covered under the Class A Crown Land Use Permit, N2007F004, and Quarry Permit, 2013QP0086).

Appendix A includes layouts H349000-1000-00-015-0001, H349000-1000-00-015-0002, H349000-1000-00-015-0003 and H349000-1000-00-015-0004.

2.2 INFRASTRUCTURE AND CONSTRUCTION WORKS

The Tenant shall provide: *"A description of the topographical features and any natural or manmade features, structures or works that may be affected by the Tenant's Operations and Work within existing or proposed Land Use Areas that are to be specifically identified within the Property;"*

Construction activities forecast for 2014 under Project Certificate No. 005 include:

Milne Inlet

During the sealift, most of the activities at Milne Port will focus on unloading the barges and positioning received equipment and material in designated laydown areas. In addition, the following construction activities will continue:

- Continue to install Project Wide Communication and IT Infrastructure;
- Construct remaining earth/rock fill for laydown areas, the concrete batch plant pad, and local site roads within the Milne site not completed in 2013;
- Construct rip-rap lined rock fill embankment for Ramp to the Beach;
- Install Emergency Services building;
- Install services maintenance buildings including the Concrete Batch Plant Building, Milne Maintenance Building, Milne Workshop office, Milne Welding Shop and workshop office;
- Install Power and Generation systems;
- Construct and commission one 12 ML diesel fuel Storage Tank and one 750,000 L Jet A fuel Storage Tank;
- Install concrete floor slab on grade at the Sewage Treatment Truck Building, Welding Shop and Maintenance Building;
- Construct Hazardous Waste Containment Area(s) for storage of hazardous wastes;
- Construct the Waste Disposal Land Farm, contaminated snow dump and containment pad;
- Install Servicing Buildings E-Houses;

- Install Power Supply and Distribution for Warehouses;
- Install Electrical Devices for Batch Plant Building.

Tote Road

All equipment, material, fuel, and supplies required for construction and operation activities at Mary River will be transported from Milne Port to the Mine Site via the Tote Road.

The upgrade of the road commenced late in 2013 and is expected to take 8 to 10 months. During 2014 the activities associated with the upgrade to the Tote Road include;

- Improvements;
- Reduce maximum slopes,
- Increase turn radius;
- Increase culvert size where required;
- Modify and/or upgrade water crossings (culverts and bridges), including of removal of sea-can bridges;
- Installation of culverts as required;
- Crush material as required, haul, place and compact new rock fill per design;
- Installation and maintenance of erosion control devices;
- Construct ditches with rip rap as required;
- Commence the development of Quarries Q7, Q11, Q19 and borrow pit P1 to provide access to aggregate for upgrades;
- Drill, blast and excavate as required to reduce steep grades and improve curves where necessary and to improve sight distance and visibility along the road;
- Construct abutment and approach areas at river crossings; and
- Install four single span bridges.

Mine Site

Construction activities at the Mine Site will consist of:

- Construct, install and grade Waste Rock Haul Road, Waste rock pad, drainage ditches and settling pond;
- Construct crusher pad, ore stockpile pad area, drainage ditches and settling pond for mining operations;
- Receive mobile equipment for materials handling, maintenance and site services;
- Install and commission emulsion plant;
- Construct Pit 1 Haul Road ;

- Commence development of the preliminary Deposit One pit benches;
- Installation of a pit office facility at a temporary location and dismantling of same later in the year;
- Install and construct permanent Pit Office Building;
- Set up crushing and screening mobile equipment;
- Install truck weigh facility;
- Erect and install concrete batch plant;
- Upgrade (extend) the Mary River airstrip;
- Install aerodrome office, field electrical center, airfield lighting and visual aids as well as power generation and fuel supply systems;
- Installation and commissioning of Services Buildings including maintenance shop, warehouse, welding shop, workshop and washcar buildings;
- Installation of temporary facilities referred to above until the permanent ones are available for use, dismantle temporary locations when no longer needed;
- Install power generation systems;
- Continued development of the quarry QMR2 at Mine Site and commence development of quarries D1Q1 and D1Q2;
- Transfer fuel from Milne Port tank farm to newly installed fuel tank farm at the Mine Site.

Construction activities associated with the Early Revenue Phase

As stated in correspondence to the NIRB on January 13, 2013, due to various business drivers, Baffinland proposes to make changes to the schedule and some activities in the initial stages of project development associated with the Mary River Project Proposal for which the NIRB issued Project Certificate No. 005 (the 'Project Certificate').

In its request to the NIRB, Baffinland indicated that although the Proponent remains committed in the long-term to developing the Project as authorized in the Project Certificate, in the short term Baffinland proposes to change some development activities and project timelines to accommodate a proposed "Early Revenue Phase" which would include development of a nominal 3.5 million tonnes per annum (Mt/a) road haulage operation from the Mary River mine site to a port facility at Milne Inlet for shipping of iron ore during the open water season. As noted by Baffinland, this development option was presented previously as a project alternative, and was included within the initial technical review of the Draft Environmental Impact Statement for the Mary River Project Proposal.

Baffinland recognizes that this Early Revenue Phase (ERP) will require an amendment to the Project Certificate which in turn requires the submission and review of an Environmental Impact Statement. In accordance to the directives issued by the NIRB, Baffinland completed its Environmental Impact

Statement for the Early Revenue Phase of the Project in June 2013. The proposal is subjected to the NIRB review process which is expected to be completed by the first quarter of 2014.

Once a favourable decision is granted from the Minister of AANDC with respect to the ERP, and subject to obtaining any amendments (if any) which might be necessary to the Water Licence, Baffinland will proceed with the construction of facilities required for the completion of the ERP.

Construction activities for the ERP, which would only commence if and once the addendum to the FEIS is granted, consist of the following activities at Milne Port:

- Construct a causeway and ore dock that will extend into offshore waters. The causeway and ore dock platform will be built up with aggregate and suitable dredged material;
- Dredging, as required, to maintain the required vessel draft depths and for placement of caissons, in the location of the dock. Dredge material to be deposited near shore in an area demarcated for this activity adjacent to the causeway location. If dredge material is not suitable for re-use to build up the causeway, then the dredge material will be deposited near shore in an area demarcated for this activity. As a preventative measure, a silt curtain will be installed around the extent of the dredging activities;
- Construct concrete and steel pile foundations onto the rock filled causeway and ore dock to support the ship loader and related ship loader facilities;
- Install 2 mooring buoys or dolphins;
- Install and commission the ship loader onto the ore dock foundations. This work is expected to continue into 2015;
- Construct and commission ore stockpile pad;
- Install and commission the ore stacker reclaim conveyor system within the ore stockpile pad;
- Construct Stockpile settling ponds.

2.3 INFRASTRUCTURE LAYOUT AT END OF 2014

The Tenant shall provide: *"A detailed description of planned construction and infrastructure changes, additions or removals within the boundaries of the Impact Areas and the Exploration Areas, either permanent or temporary;"*

Site layouts for Milne and Mary River can be found in Appendix B of this document.

2.4 MINING, QUARRYING AND EXPLORATION ACTIVITIES

The Tenant shall provide: *"A description of any and all mining and exploration activities planned for the year, including:*

- i. Exploration activity and drilling plan,*

During 2014 Baffinland anticipates the approval for a renewal to the Type B Water Licence (2BB-MRY1114). All activities listed under this renewal have been permitted in the past and are common to exploration properties throughout Nunavut.

The scope of the Type B Licence allows for Baffinland to continue/undertake the following activities on its mineral leases in the Qikiqtani Region of Nunavut.

- Mineral exploration drilling;
- Surface mineral exploration activities including mapping, sampling, geophysical surveys, geochemical surveys, mechanical trenching and stripping of surficial overburden;
- Geotechnical drilling programs and surveys at project development areas, as required to support Project design requirements;
- Port site(s), with land based drilling as well as possible barge based and ice based drilling on the sea ice at Milne Port. A platform for the geotechnical and geophysical testing may be barge based or a platform built up on the ice;
- Activities in support of scientific and engineering studies related to the advancement of future expansion of the Mary River Project;
- Ongoing operation, maintenance and upgrades to existing pioneer camps at Steensby Inlet and Mid-Rail location:
 - ◆ Steensby Inlet Camp: Latitude 70° 17' 40" Longitude 78° 29' 15"
 - ◆ Mid-Rail Camp: Latitude 70° 58' 20" Longitude 78° 22' 15"
- Potential seasonal occupation of Steensby Inlet and Mid-Rail Camps;
- Potential for establishing future satellite camps to support exploration and drilling activities (amendment of licence would be required) on Baffinland's mineral claims;
- Future Bulk Sampling Program;
- Fixed wing aircraft and helicopter to support general site activities including environmental monitoring and potentially additional exploration drilling and regional exploration;
- Construction and use of airstrips on lakes for winter months;
- Use of float planes on lakes during the summer months;
- Construction of winter roads, stream/river crossings;
- Sealift operation and establishment and use of laydown areas;
- Progressive reclamation programs associated with exploration program;
- Waste rock disposal areas.

ii. *An estimate of the amount and type of ore and waste to be mined in each month,*

During 2014 Baffinland anticipates commencing the mining of ore during October 2014. Below is an estimate of the breakdown of ore vs. waste mined by month.

Table 2-1: Mine Forecast 2014

Month	Ore Mined (wmt)	Waste Mined (wmt)	Total Mined (wmt)
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	250,000	250,000
July	0	250,000	250,000
August	0	250,000	250,000
September	0	250,000	250,000
October	252,000	120,000	372,000
November	243,000	125,000	368,000
December	252,000	125,000	377,000
Total	747,000	1,370,000	2,117,000

iii. An estimate of the amount and type of ore to be shipped each month,

At this time, no ore is planned to be shipped in 2014, however should the ERP be approved, Ore will be hauled along the Tote Road and stockpiled at Milne Inlet.

iv. Expected quarterly quantities to be quarried of each Specified Substance including sand, gravel and construction stone, where possible, estimated by individual quarry site or borrow location;”

A summary of the expected quantities of quarried materials extracted during 2014 is provided per quarry below.

Table 2-2: 2014 Quarry and Borrow Pit Quantities

Quarry	Annual Volume (m ³)	Annual Surface Area (m ²)
Q1	690,000	92,000
Q7	75,000	14,600
Q11	175,000	17,500
P1 & other approved borrow sources	275,000	55,000
Q19	175,000	14,600
QMR2	250,000	70,000
D1Q1	275,000	27,500
D1Q2	700,000	22,500

2.5 SOLID WASTE DISPOSAL

The Tenant shall provide: *“Expected annual quantities of Solid Waste to be deposited in approved Waste Storage Areas;”*

The expected annual quantity of solid wastes to be deposited during 2014 can be found in the Waste Management Plan (H349000-1000-07-126-0007) for the Project and are provided in the table below.

Table 2-3: Estimated Domestic Solid Non Hazardous Waste Generation

Waste	Waste Description	Disposal Method	Est. Total Annual Production (tonnes)
2014 Work Plan			
Organic	Kitchens	Incinerator	568
Paper	Packaging/Offices	Incinerator/On-site landfill	168
Plastic	Offices/Camps	Incinerator ² /On-site landfill	120
Cardboard	Packaging/Camps	Incinerator	128
Cloth	Camps	Incinerator	39
Multi-Material	Packaging/Camps	Incinerator/On-site landfill	28
Metal	Packaging	On-site landfill	17
Glass	Camps	On-site landfill	16
Wood	Packaging	Incinerator	11
Bottom Ash from Camp Incinerators	Historical Inventory of Ash plus on-going generation from new camp incinerators	On-site landfill	170

¹ Composition based in part on 2011 Mary River Waste Audit results (Aug 27 - Aug 29), Assume 50% of waste generated to be domestic.

² Poly-chlorinated plastics will be sorted out of waste stream and sent to landfill and will not be incinerated

³ The disposal of incinerator bottom ash in the landfill will not proceed unless it is tested by an acceptable test procedure. If the composition of the ash makes it unsuitable for disposal at the Landfill facilities, the waste will be directed to an appropriate facility for disposal.

2.6 SPECIFIED SUBSTANCES

The Tenant shall provide: *“Expected uses of Specified Substances pursuant to a Quarry Concession Agreement that is existing or to be entered into by the Parties pursuant to this Lease;”*

Expected specified substances pursuant to the Quarry Concession Agreement can be seen in Table 2-2 of Section 2.4. These quarried materials will be utilized in the construction activities as detailed in Section 2.2.

2.7 WATER USE

The Tenant shall provide: *“Expected uses of water pursuant to a Water Compensation Agreement that is existing or to be entered into by the Parties pursuant to this Lease;”*

The existing Type A Water Licence 2AM-MRY1325 permits the maximum following water use for domestic and industrial purposes during construction phase of the Project.

Table 2-4: Water Use for Domestic and Industrial Purposes during Construction Phase

Site	Source	Volume	Combined Volume
Milne Port (Milne Inlet)	Phillips Creek (Summer)	68.5m ³ /day	25,000 m ³ /year
	Km 32 (Winter)		
Mine Site (Mary River)	Camp Lake	657.5 m ³ /day	240,000 m ³ /year
Steensby Port (Steensby Inlet)	ST 347 km Lake	345.8 m ³ /day	155,400 m ³ /year
	3 km Lake		

Source: Type A Water Licence, 2AM-MRY1325

2.8 MATERIALS SHIPPED OUT

The Tenant shall provide: *"Expected quantities of materials that will be shipped off the Property;"*

Expected quantities of materials planned to be shipped off site in 2014 are detailed in Table 2-5 and Table 2-6. Table 2-5 provides estimated hazardous waste and hazardous material quantities to be shipped off site during 2014 and is based on projections detailed in the Hazardous Material and Waste Management Plan for the Project with an additional allowance for decommissioned bladder farm materials. Table 2-6 details quantities of any additional material planned to be demobilized from site in 2014.

Table 2-5: Hazardous Waste Generation Estimate for 2014

Waste Category	Waste Description	Disposal Method	2014 Est. Generation (kg/person/day)	Person Days On-Site	Est. Total Annual Production (tonnes)	Est. Total Annual Production (tonnes) with 20% Contingency
Construction Phase ¹						
Batteries	Misc.	Shipped off Site	0.125	119082	14.93	17.92
Hydro Carbon Contaminated Material	Sludge, Absorbents, Oil Filters etc	Incinerated/Shipped off Site	0.288		34.30	41.16
Waste Oil	Maintenance	Incinerated/Shipped off Site	1.732		206.30	247.55
Waste Fuels	Maintenance	Incinerated/Shipped off Site	0.129		15.32	18.38
Waste Grease	Domestic/Maintenance	Incinerated/Shipped off Site	0.046		5.42	6.51
Waste Hazardous Liquids	Other, Paint, Oily Water	Shipped off Site	0.561		66.86	80.23
Waste Aerosol Canisters	Misc.	Shipped off Site	0.004		0.43	0.51
Contaminated Containers/Solids	Various	Shipped off Site	0.447		53.25	63.89
Misc Hazardous Materials	Misc.	Shipped off Site	0.350		41.73	50.08
TOTAL					438.53	526.24

NOTES

¹ Assume 450 people on site for 365 days during construction phase to remain conservative

² Assume 325 people on site for 365 days during operation phase to remain conservative

³ Generation rate based on Mary River specific estimate. No contingency included

Table 2-6: Materials to be shipped out in 2014

Description	Equipment Type	Quantity
Winch Truck	Mobile equipment	1
Pick-up F350	Mobile equipment	9
Mechanic Truck F550	Mobile equipment	2
Bus	Mobile equipment	1
Fuel Truck	Mobile equipment	2
Roll-off / Vac Truck	Mobile equipment	2
Crane - 60 ton – with jib	Mobile equipment	1
Packer CS563	Mobile equipment	1
Skid Steer	Mobile equipment	2
Crusher and Screener unit	Crushing & Screening	1
Water Truck	Mobile equipment	1
Loader with bucket	Mobile equipment	5
Dozer D8T	Mobile equipment	2
Dozer D7R	Mobile equipment	1
Grader 16H	Mobile equipment	1
Grader 14H	Mobile equipment	1
Excavator 345C	Mobile equipment	2
Rock Truck 773E	Mobile equipment	2
Shop - Norseman 40'x60'	Structure	4
Compressor 375HD PQ - Trailer Mounted (S/B C250)	Mobile equipment	1
Light Tower 8 KW	Structure	8
Tanker Trailer 50,000L	Mobile equipment	2
Scissor Deck	Mobile equipment	1
Welder mounted on Trailer - Ideal Arc DC600	Mobile equipment	1
Office Trailer	Structure	2
49 Person Accommodation Complex	Structure	1
Sewage Treatment Plant	Structure	1
Duel Burner Incinerator	Structure	1
Sewage Holding Tank	Tank	1
Washroom / Lunchroom (Wheeled) (survival shack)	Shop / maintenance equipment	2
Seacan 20'	Container	36
Generator	Generator	3

2.9 MATERIALS SHIPPED IN

The Tenant shall provide: *“Expected quantities of materials that will be shipped to and stored on the Property;”*

At least two bulk fuel deliveries will occur during the 2014 sealift. At the onset of the shipping season, arctic diesel and Jet A fuel will be delivered to fill the newly constructed tanks at the Milne tank farm.

The anticipated fuel delivery is as follows:

Table 2-7: 2014 Anticipated Fuel Delivery

	Diesel	Jet A	Marine Diesel
Total Bulk Fuel Delivery	50 ML	2 ML	0.2ML

**Source ERP Addendum Key Project Facts Table, Volume One*

The material, equipment, supplies, buildings and machinery that were not received at Milne Inlet during the 2013 sealift will be carried over to the 2014 sealift and includes the following:

Table 2-8: Facilities and Equipment Remaining at Marshalling Yard after 2013 Sealift

Facility	Quantity
Maintenance building (2521-bld-001)	1
Welding shop (2521-bld-002), (4521-bld)	2
Truck washing building (4523-bld-001)	1
Truckweight foldaway (4382-bld-001)	1
Heavy Equipment and Rolling Stock	Quantity
Ore haul pup trailer	5
Ore haul lead trailer	6
Dump box for 740 dump truck	1
Cat 740b dump truck	2
Cat 740b rock truck	1
Cat 824h WH dozer	1
Cat 988h loader	1
Cat 345dl excavator	1

An extensive list of all mechanical equipment to be received during the 2014 is presented in the table below:

Table 2-9: Mechanical Equipment to be Received during 2014

Description	Equipment type	Quantity
Magnetic base drill	Shop / maintenance equipment	2
Hydraulic porta power pump	Shop / maintenance equipment	2
Bench grinder	Shop / maintenance equipment	6
Truck mount goodall boost system	Shop / maintenance equipment	2
Goodall boost system	Shop / maintenance equipment	2
A/c recovery recharge unit	Shop / maintenance equipment	2
Battery charger	Shop / maintenance equipment	4
Tube bender	Shop / maintenance equipment	2
Platform scale	Shop / maintenance equipment	2
Milling machine	Shop / maintenance equipment	1
Tire siping machine	Shop / maintenance equipment	1
Track pin press	Shop / maintenance equipment	2
Inching tool	Shop / maintenance equipment	1
Generator	Generator	4
Single pass production drill	Mobile equipment	1
Tote road ore haul truck - tractor	Mobile equipment	16
Tote road ore haul truck - lead trailer	Mobile equipment	10
Tote road ore haul truck - pup trailer	Mobile equipment	10
Mobile equipment lowboy trailer	Mobile equipment	1
Stockpile, front end loader	Mobile equipment	4
Mid size excavator	Mobile equipment	2
Laboratory Equipment	Laboratory equipment	27
Diesel fuel dispensing module arctic diesel pump	Pump	14
Jet-a1 fuel dispensing module fuelling station	Fire services	2
Jet-a1 fuel dispensing module discharge pump	Pump	2
Fuel oil pump	Pump	6
Jet-a1 tank	Tank	2
Maintenance building diesel tank	Tank	1
Warehouse building diesel tank	Tank	1
Truck wash building diesel tank	Tank	1
Arctic diesel tank	Tank	2
Stockpile generator	Generator	5
Shiploader	Shiploader	2
Reclaim conveyor	Conveying	1
Shiploader link conveyor	Conveying	1

Description	Equipment type	Quantity
Discharge chutes & diverters for reclaim conveyor & shiploader	Chute / diverter	11
Sampler bin	Hopper	1
Ore sampler	Sampler	1
Belt scale	Screen	1

To the extent practicable, all materials and supplies required to execute the 2014 Work Plan and the work scheduled for January to June 2014 has been received during the 2013 sealifts. Additional materials and supplies to support operations through the remainder of 2014 and 2015 will arrive including:

- Delivery of ammonium nitrate (AN), 520,000 kg;
- Delivery of pre-packaged explosives 83,000 kg;
- Delivery of maintenance parts;
- Delivery of consumables (lubricants, grease, detergents, boosters, EZ Dets, dry goods, food, household supplies, etc.).

2.10 CLOSURE AND RECLAMATION COSTS

The Tenant shall provide: *"A description of the applicable provisions of the Closure and Reclamation Plan for the upcoming Year, a report of the estimated costs to be incurred to implement the Closure and Reclamation Plans for the Year and the balance of the Term;"*

The provision of additional securities for the 2014 work is allocated as summarised in Table 2-10 below. Further detail can be found in document H349000-1000-07-126-0017.

Table 2-10: Mary River Project Closure and Reclamation Security Summary, 2014

Liability Allocation		Mary River Exploration Project Closure Cost Estimate (Type B Renewal)	2014 Work Plan Marginal Closure Estimate – Approved Activities (Type A)	2014 Work Plan Marginal Closure Estimate – ERP Activities (Type A)	TOTAL 2014 Marginal Closure Estimate for Mary River Project - (Type A)
TOTAL		\$1,247,000	\$3,315,000	\$279,000	\$3,594,000
IOL	Land	\$147,000	\$3,150,000	\$279,000	\$3,428,000
	Water	\$18,000	\$0	\$0	\$0
	Total IOL	\$165,000	\$3,150,000	\$279,000	\$3,428,000
Crown	Land	\$1,082,000	\$166,000	\$0	\$166,000
	Water	\$0	\$0	\$0	\$0
	Total Crown	\$1,082,000	\$166,000	\$0	\$166,000

2.11 OPTION EXERCISE NOTICES

The Tenant shall provide: *"All Option Exercise Notices;"*

- None contemplated at this time

2.12 LEASE SCHEDULE UPDATES

The Tenant shall provide: *"Updates to items contained in the Schedules of this Lease (if applicable), including without limitation the Closure and Reclamation Plan, the Contingency and Emergency Response Plan, and the Environmental Management and Monitoring Plans;"*

- No changes from those included within the lease document signed September 6, 2013

2.13 LEASE AMMENDMENT PROVISIONS

The Tenant shall provide: *"Requested amendments to the provisions of this Lease (if applicable);"*

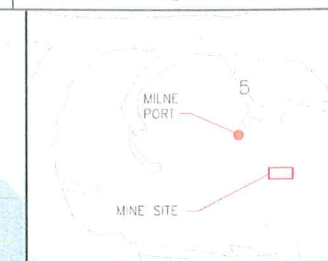
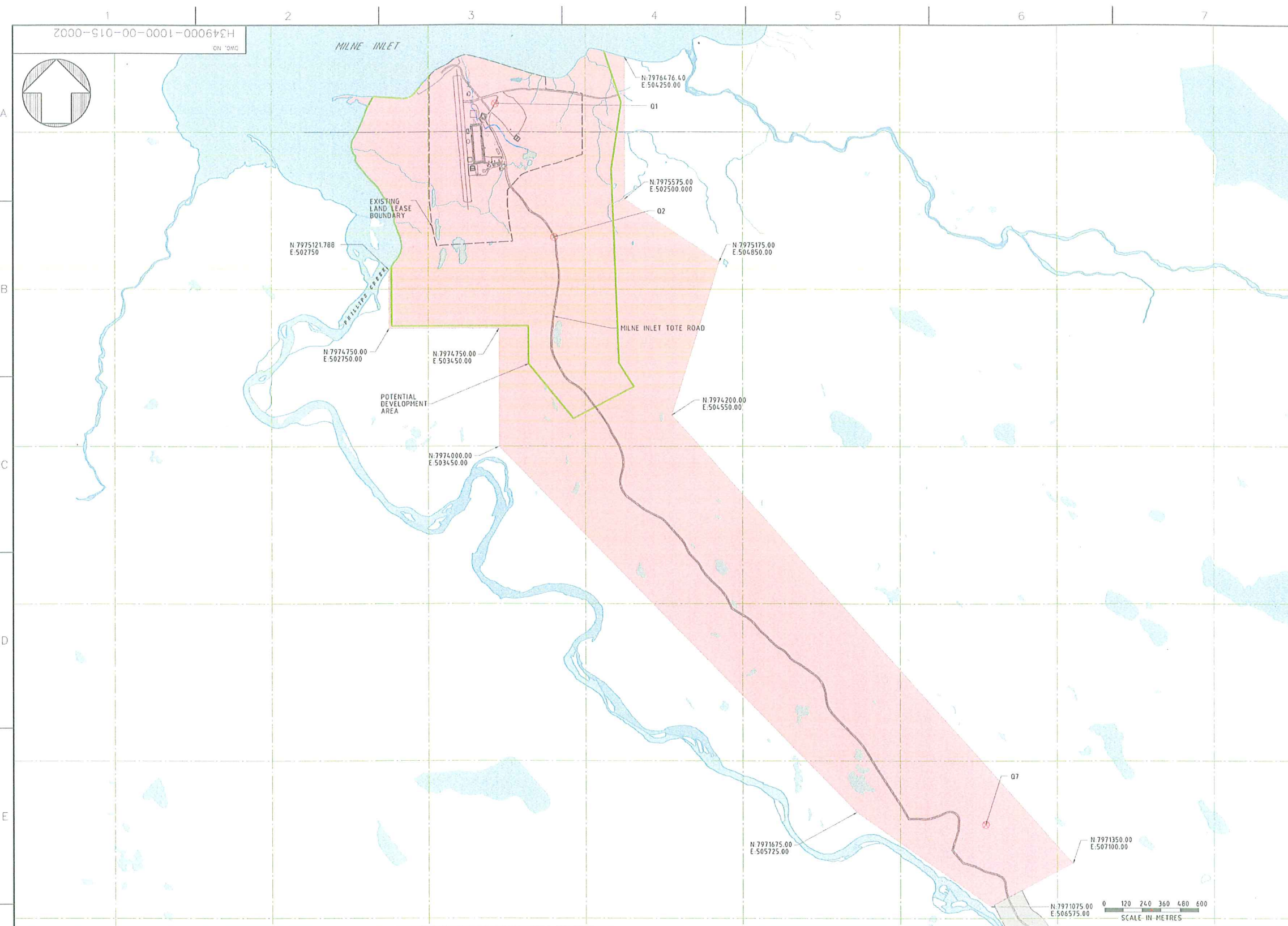
- No changes from those included within the lease document signed September 6, 2013

XX:xx
Attachment(s)/Enclosure

APPENDIX A

Drawings:

- H349000-1000-00-015-0001;
- H349000-1000-00-015-0002;
- H349000-1000-00-015-0003; and
- H349000-1000-00-015-0004.



KEYPLAN

LEGEND:

- | | |
|---|--|
|  | WATER |
|  | RIVER/STREAM/DRAINAGE |
|  | POTENTIAL DEVELOPMENT AREA |
|  | EXISTING RAFFINLAND'S COMMERCIAL LEASE ON INUIT OWNED LAND |
|  | IMPACT AREA |
|  | ROAD |
|  | TOTE ROAD |
|  | QUARRY SAMPLE LOCATIONS |



NOTES:

1. TOPOGRAPHY PROVIDED BY TERRAFONT CANADA INC.
2. COORDINATE GRID IS SHOWN IN UTM (NAD83) ZONE 17 AND IS IN METRES.
3. CONTOURS ARE IN METRES. CONTOUR INTERVAL IS 1.5 METRES.
4. AS-CONSTRUCTED INFORMATION PROVIDED BY GENVAR IN 2008.

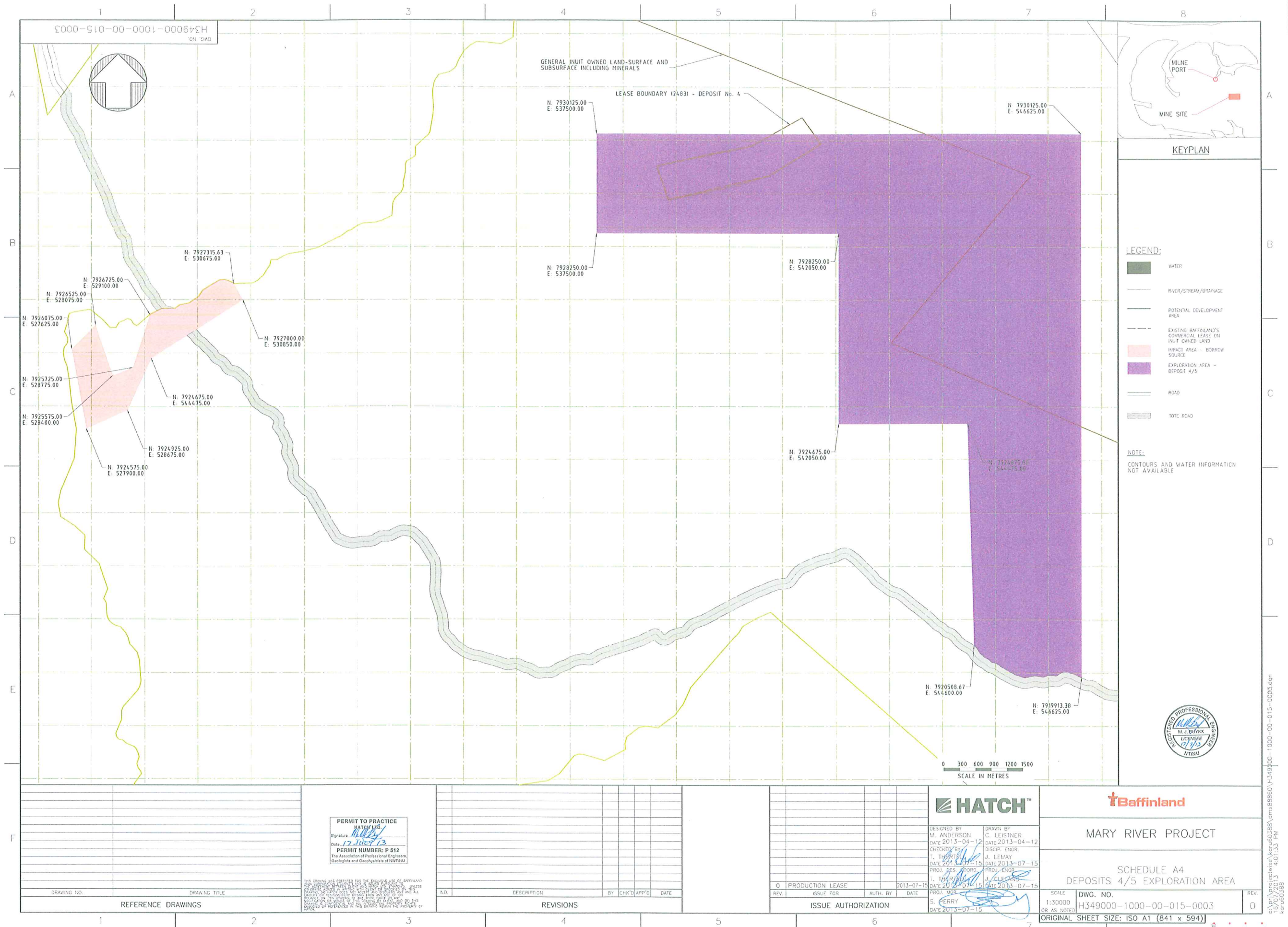


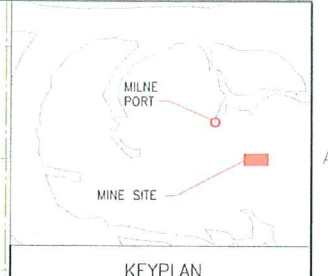
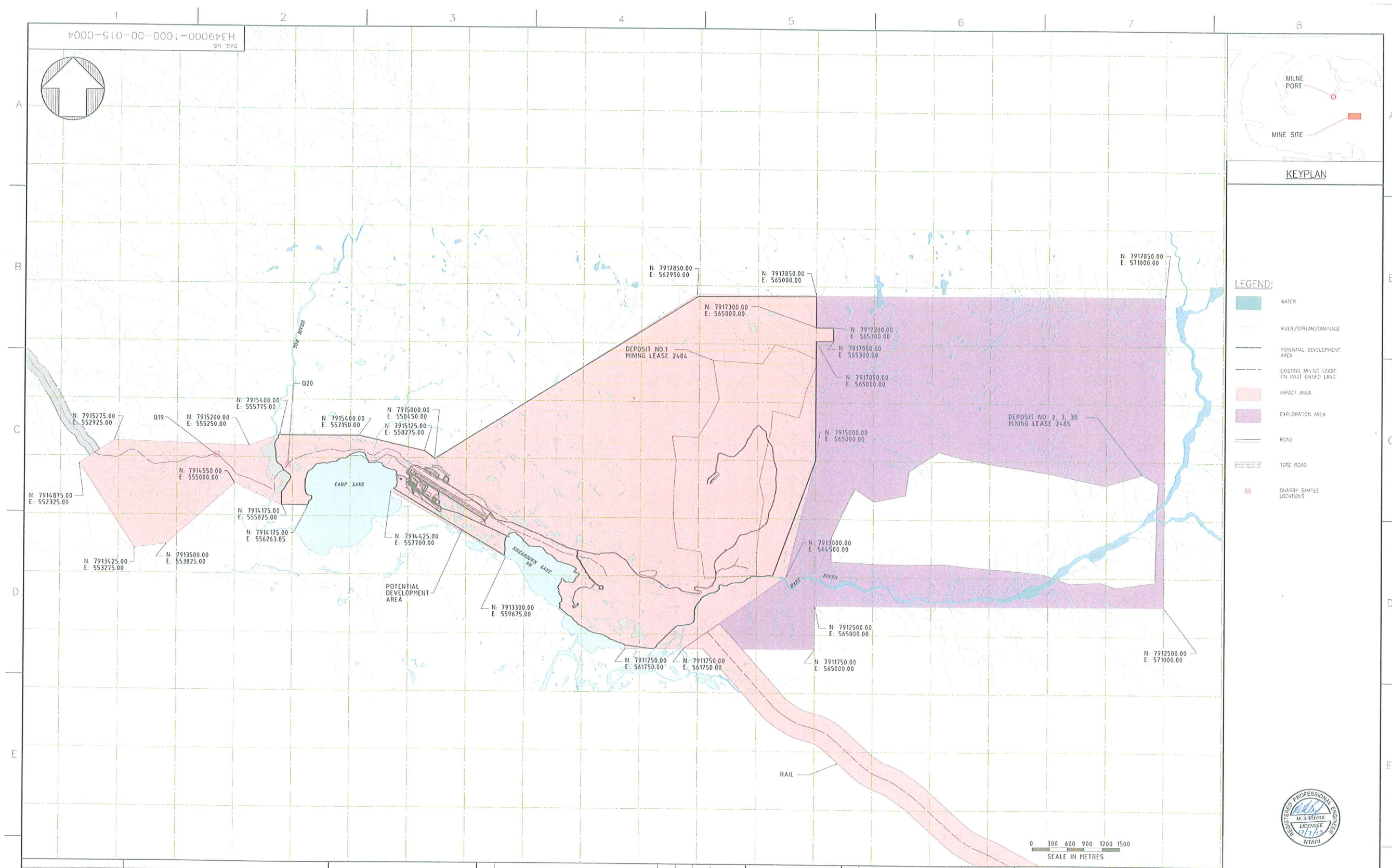
MARY RIVER PROJECT

SCHEDULE A3
MILNE INLET IMPACT AREA

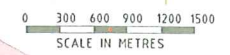
SCALE AS NOTED OR AS NOTED	DWG. NO. H349000-1000-00-015-0002
ORIGINAL SHEET SIZE: ISO A1 (841 x 594)	

REV	0
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- LEGEND:
- WATER
 - RIVER/STREAM/DRAINAGE
 - POTENTIAL DEVELOPMENT AREA
 - EXISTING MINING LEASE ON INUIT OWNED LAND
 - IMPACT AREA
 - EXPLORATION AREA
 - ROAD
 - TOTE ROAD
 - QUARRY SAMPLE LOCATIONS

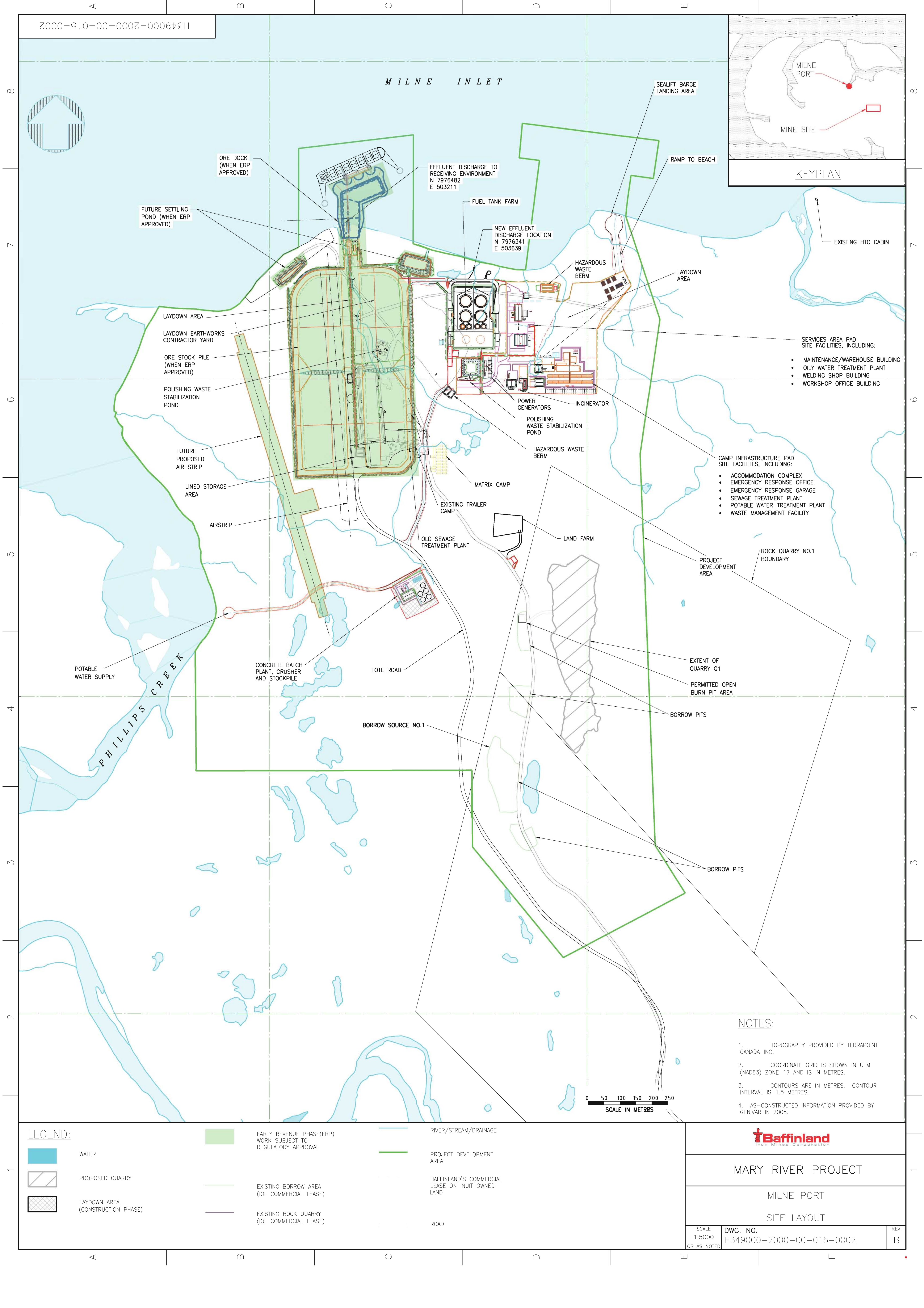


REFERENCE DRAWINGS		PERMIT TO PRACTICE HATCH LTD. Signature: <i>[Signature]</i> Date: 2013-07-15 PERMIT NUMBER: P-512 The Association of Professional Engineers, Geologists and Geophysicists of NWT/NT	REVISIONS		ISSUE AUTHORIZATION		HATCH DESIGNED BY: M. ANDERSON DATE: 2013-05-15 CHECKED BY: T. THEATRE DATE: 2013-07-15 PROJ. MGR: S. PERRY DATE: 2013-07-15 DRAWN BY: C. LEISTNER DATE: 2013-05-15 DISCIP. ENGR.: J. LEMAY DATE: 2013-07-15 PROJ. ENGR.: J. C. LEISTNER DATE: 2013-07-15	Baffinland		
DRAWING NO.	DRAWING TITLE		NO.	DESCRIPTION	BY	CHK'D/APP'D		DATE	REV.	DATE
									SCHEDULE A2 MARY RIVER IMPACT & EXPLORATION AREA	
									DWG. NO. H349000-1000-00-015-0004	
									ORIGINAL SHEET SIZE: ISO A1 (841 x 594)	

APPENDIX B

Drawings:

- **Milne Port Site Layout**
- **Mine Site Layout**



H349000-2000-00-015-0002

MILNE INLET

KEYPLAN

MILNE PORT

MINE SITE

EXISTING HTO CABIN

SERVICES AREA PAD SITE FACILITIES, INCLUDING:

- MAINTENANCE/WAREHOUSE BUILDING
- OILY WATER TREATMENT PLANT
- WELDING SHOP BUILDING
- WORKSHOP OFFICE BUILDING

CAMP INFRASTRUCTURE PAD SITE FACILITIES, INCLUDING:

- ACCOMMODATION COMPLEX
- EMERGENCY RESPONSE OFFICE
- EMERGENCY RESPONSE GARAGE
- SEWAGE TREATMENT PLANT
- POTABLE WATER TREATMENT PLANT
- WASTE MANAGEMENT FACILITY

ROCK QUARRY NO.1 BOUNDARY

EXTENT OF QUARRY Q1

PERMITTED OPEN BURN PIT AREA

BORROW PITS

BORROW PITS

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 1.5 METRES.
4. AS-CONSTRUCTED INFORMATION PROVIDED BY GENVAR IN 2008.

0 50 100 150 200 250
SCALE IN METRES

LEGEND:

- WATER
- PROPOSED QUARRY
- LAYDOWN AREA (CONSTRUCTION PHASE)

- EARLY REVENUE PHASE(ERP) WORK SUBJECT TO REGULATORY APPROVAL
- EXISTING BORROW AREA (IOL COMMERCIAL LEASE)
- EXISTING ROCK QUARRY (IOL COMMERCIAL LEASE)

- RIVER/STREAM/DRAINAGE
- PROJECT DEVELOPMENT AREA
- BAFFINLAND'S COMMERCIAL LEASE ON INUIT OWNED LAND
- ROAD

Baffinland
Iron Mines Corporation

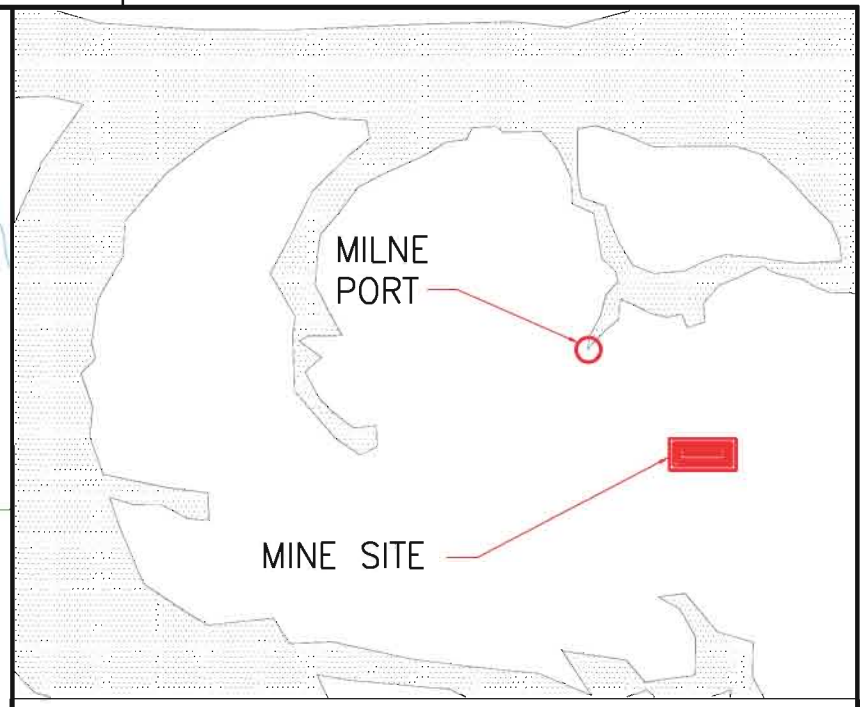
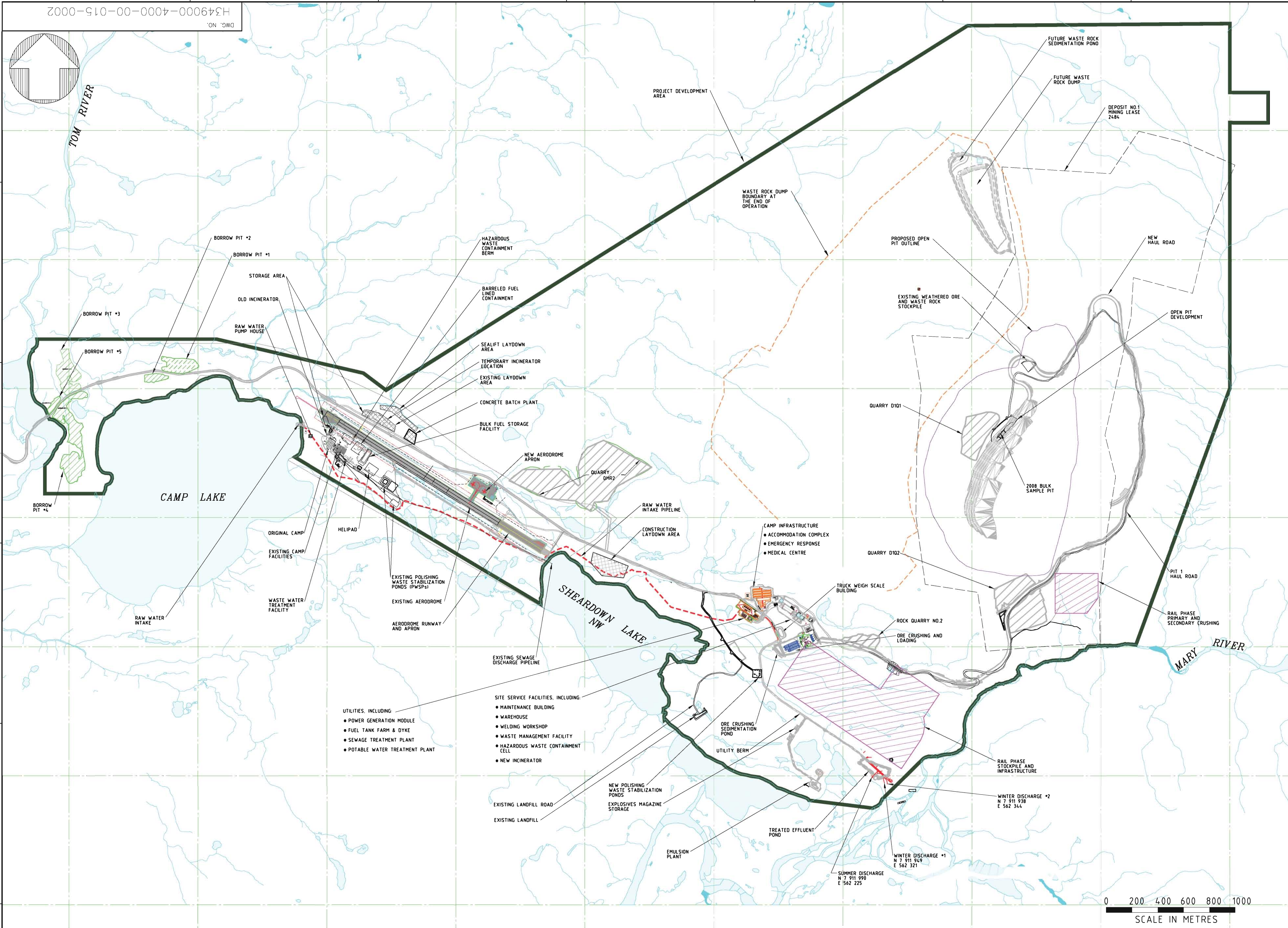
MARY RIVER PROJECT

MILNE PORT

SITE LAYOUT

SCALE 1:5000 OR AS NOTED
DWG. NO. H349000-2000-00-015-0002

REV. B



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 1.5 METRES.
4. AS-CONSTRUCTED INFORMATION PROVIDED BY GENIVAR IN 2008.

LEGEND:

WATER

EXISTING BORROW AREA (IOL COMMERCIAL LEASE)

RIVER/STREAM/DRAINAGE

RAW WATER INTAKE PIPELINE

QUARRY

EXISTING ROCK QUARRY (IOL COMMERCIAL LEASE)

PROJECT DEVELOPMENT AREA

LAYDOWN AREA (CONSTRUCTION PHASE)

ROAD

BAFFINLAND'S COMMERCIAL LEASE ON INUIT OWNED LAND

MARY RIVER PROJECT

MINE SITE

SITE LAYOUT

SCALE 1:15000 OR AS NOTED	DWG. NO. H349000-4000-00-015-0002	REV. B
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