

- The completion of a program to test and dispose of incinerator bottom ash and the development of a plan to management and dispose of ongoing generation of ash;
- Continuing with the ongoing decommissioning of the existing bladder farm at Milne Inlet and the transport of hydrocarbon impacted soils to the planned landfarm facility;
- 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 plans for Tote Road upgrades and new quarry development;
- Continued progressive reclamation of areas of current and past use in association with drilling, bulk sample, and historical exploration programs;
- 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 PWSPs at 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.

6.0 Workforce and Employment Opportunities

The site work program is expected to begin in April 2013. Until material and equipment are received by sealifts, to a large extent, development activities are limited by availability of equipment currently on site. The work force is expected to peak during the sealifts period. Current estimates of the work force are as follows:

- Milne Port:
 - Pre-sealift period: 70 person
 - Sealift period; 60 to 120 persons
 - Post sealift period: ramp up to 150 person (full camp capacity)
- Mine Site Construction personnel:
 - Pre-sealift period: 8 to 12 persons
 - Sealift period; ramp up to 250 persons
 - Post sealift period: ramp up to 180 person

The 2013 work program will offer employment opportunities for many residents of northern Baffin Island. Baffinland will endeavor to maximize Inuit employment throughout 2013. Baffinland's "Work Ready Program" along with site specific training will prepare potential Inuit employees for these job opportunities. Job advertisements for a number of positions are currently posted in all the North Baffin communities. In addition, Baffinland will provide guidance to all its Contractors for training requirements and Inuit employment in the contract documents.

7.0 Early Revenue Phase (ERP) Environmental Impact Assessment

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 recently 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.

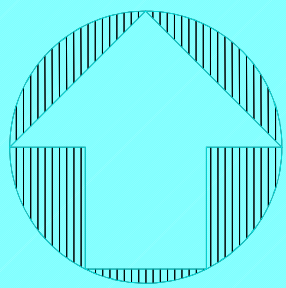
Baffinland recognizes that this Early Revenue Phase will require an amendment to the Project Certificate which in turn requires the submission and review of an Environmental Impact Assessment. In accordance to the directives issued by the NIRB, Baffinland expects to complete its Environmental Impact Assessment for the Early Revenue Phase (ERP) of the Project by June 2013. It is anticipated that this EIA will be submitted to the NIRB by June 30, 2013, and the proposal will be subjected to the NIRB review process which is expected to be completed by the first quarter of 2014.

Once a favorable 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. This work will be included in the 2014 Work Plan, once the Project Certificate has been amended.

8.0 Potential 2014 Bulk Sampling Campaign

In addition to the scope of activities described herein, Baffinland is also considering the undertaking of a second "bulk ore sampling" campaign. This campaign would consist of mining up to 500,000 tonnes of ore for shipment to potential customers via Milne Port during the 2014 open water season. A feasibility study is in progress and a decision by Baffinland's Board of Directors on whether to proceed with this bulk sampling campaign is expected by the end of March 2013. Should the decision of the Board be favorable, an addendum to this 2013 Work Plan will be submitted in April 2013. This addendum will highlight additional activities that must be undertaken in 2013 in order to execute the 2014 bulk sampling campaign.

H349000-2000-00-015-0002



MILNE INLET

SEALIFT BARGE
LANDING AREA

DRAINAGE DIVERSION
DITCH

EFFLUENT DISCHARGE LOCATION
TO RECEIVING ENVIRONMENT
N:7976482.047
E:503211.450

LAYDOWN A1
EARTHWORKS
CONTRACTOR YARD

FUEL TANK FARM

RAMP TO BEACH

10 ML
P-50 DIESEL

5 ML
P-50 DIESEL

LAYDOWN A1
AREA

EXISTING POLISHING
WASTE STABILIZATION
POND

INCINERATOR

EXISTING
BLADDER FARM

LINED STORAGE
AREA

LINED STORAGE

LAYDOWN
AREA

AIRSTRIIP

EXISTING
LAND LEASE
BOUNDARY

POTABLE
WATER SUPPLY

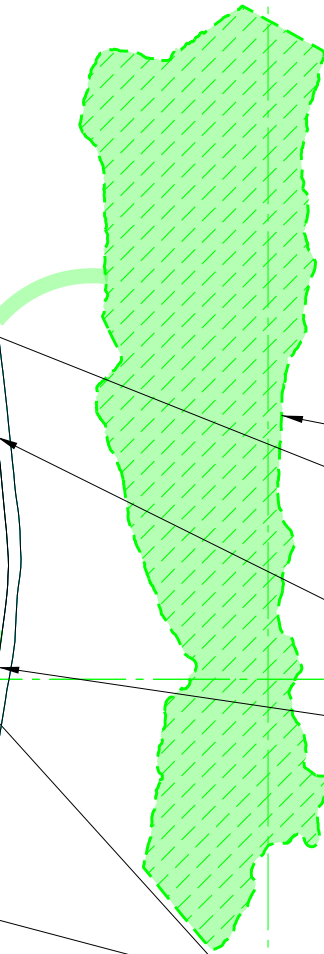
PHILLIPS CREEK

CONSTRUCTION PAD C
CONCRETE BATCH PLANT

TOTE ROAD

BORROW SOURCE NO.1

WASTE DISPOSAL
LAND FARM



PROPOSED EXTENT OF
QUARRY

PERMITTED OPEN BURN PIT AREA

BORROW PITS

MILNE INLET TOTE ROAD

BORROW PITS

SERVICES AREA PAD B3
SITE FACILITIES, INCLUDING:

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

CAMP INFRASTRUCTURE PAD B2
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

PROJECT
DEVELOPMENT
AREA

- 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.
- 0 50 100 150 200 250
SCALE IN METERS

LEGEND:

- WATER
- PROPOSED QUARRY
- LAYDOWN AREA (CONSTRUCTION PHASE)
- ADVANCED EXPLORATION UNDER EXISTING TYPE 'B' WATER LICENSE

- EARLY WORKS (MAY TO JULY 2013) UNDER NEW TYPE 'B' WATER LICENSE (IN PROCESS)
- CONSTRUCTION PHASE UNDER FUTURE TYPE 'A' WATER LICENSE (JULY TO DECEMBER 2013)
- 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



MARY RIVER PROJECT

MILNE PORT

SITE LAYOUT

SCALE
1:5000
OR AS NOTED

DWG. NO.
H349000-2000-00-015-0002

REV.
A