Why is Mary River Significant?

- Nunavut has the capacity and rationale to develop its economic opportunities - Mary River is the region’s most significant opportunity.
- Mary River will be the largest private sector job creator in northern Canada.
- Capital Investment, Wages, Business Revenues, Royalties, Taxes will be larger than any previous or planned project in the north.
- Current plan is for a 25 year project, 4 years construction, 21 years production. Other known iron ore occurrences on the property.
- The project is an unequivocal demonstration of Canadian sovereignty of the Arctic.
- Demonstrates an ability to construct and operate significant infrastructure in Canada’s North – deep water port, 150 km rail line, year-round ice breaking.
ArcelorMittal

ArcelorMittal is the world’s largest steel company, with operations in 60 countries, including Canada.
• Investing more than $6 billion in new Canadian iron ore mining capacity, now the fastest growing Canadian mine operator, and one of Canada’s leading mining companies.

• ArcelorMittal has substantial foreign investment in Canada.
  – acquired Dofasco in 2007;
  – as part of that acquisition acquired Quebec Cartier Mines;
    • invested significantly in Hamilton steel operations, and recently announced $2.1 billion expansion of its Mount Wright mining complex in the north-shore region of Quebec

• ArcelorMittal assumed ownership of Baffinland Iron Mines on March 1, 2011

• Committed to Responsible Development
  – our team has extensive history on signature developments such as Voisey’s Bay and Diavik.
  – Voisey’s Bay and Diavik are now mature operations and have set new standards for the participation of aboriginal people in resource projects, from direct employment to new business creation and the accompanying indirect employment & wealth generation.
Mary River Project

- The Mary River deposit was discovered in 1962; but for a long time was seen only as a potential ‘one day’ development.

- Located at Mary River, North Baffin Island, 1000 km north of Iqaluit, 160km south of Pond Inlet.

- The property is comprised of nine known iron ore deposits at Mary River. The current project focuses on Deposit No. 1 only.

- All of the deposits consist of high grade 65+% iron lump and fine iron ore.

- It is an outstanding ore body, but also a highly capital intensive project requiring an up-front investment of $4 - 6 billion.

- Baffinland Iron Mines is well respected in Nunavut and has been committed to the Project, but was unable to undertake a project of this magnitude.
The Mine

- Deposit No. 1 – open pit mine
- Drill, Blast, Crush, Rail, Ship - proven technology
- 75% Lump, 25% Fines
- Proposed 18 MTPA ore shipped from Steensby Port
- No Processing, no ‘tailings’
- 21 + year mine life
Mary River Project

- Stability in future iron and steel markets will require development of quality iron ore projects; markets will need to focus on: **grade, quality and size - and one project stands out**
Shipping Fleet

- Ships will have an approximate capacity of 190,000 dead weight tonnes (DWT)
- Ships will be a Polar Class 4 that will allow for 12 month transport to and from Steensby Port
Cape Size Ore Carrier
Winter Shipping in Labrador
Existing NE Shipping Lanes
Project Benefits: Employment

- Peak of 5,700 people employed above the Arctic Circle during Construction phase

- Approx. 750 - 1000 people employed above the Arctic Circle during Operations phase

- Provide ~ 31,000 PYs direct employment in Nunavut
  - Current high unemployment and limited opportunities
  - Project will focus on training and employee development

- Provide ~ 23,000 PYs indirect employment in Nunavut and ~ 78,000 PYs indirect employment across the rest of Canada:
  - Ontario: 24,000
  - B. C. 10,000
  - N.S. 1,600
  - PEI 100
  - Quebec: 16,000
  - Manitoba 5,200
  - Nfld. & Lab. 900
  - Alberta: 15,000
  - Sask. 4,900
  - N.B. 450
Project Benefits - Jobs

- Development of broad skills through employment opportunities; not just about mining skills:
  - Production Careers – Heavy Equipment Operators, mechanics, building trades, blasters, locomotive engineers, warehouse personnel, engineers, geotechnical specialists.
  - But, don’t forget about – chefs/cooks, medics, nurses, environmental technicians, pilots, office administrators, safety inspectors, local monitors, teachers, trainers, local mentors, laboratory technicians.
Project Benefits - Financial

- Inuit own subsurface rights to Deposit No. 1.; royalties to be paid to NTI of approximately $100 million/year

- Government of Nunavut to benefit through corporate profits tax, payroll taxes, income tax, fuel tax, sales tax; approximately $100 million/year

- Inuit Impact Benefits Agreement provides significant benefits and priority opportunities to Baffin Island Inuit – financial benefits, training, employment, business opportunities, cultural protections

- Strong likelihood for spin-off increases and developing a sustaining economy
For Nunavut, the timely development of the Mary River Project will generate:

- Significant training, employment, and business opportunities for the Inuit. Employment opportunities are for long lasting, high paying positions.

- A comprehensive IIBA with QIA, currently being negotiated. These types of IIBAs have become the key to empowering and developing aboriginal capacity in the north and are a key ingredient for future sustainable and healthy aboriginal communities. Recently, BIM and QIA publicly announced agreement had been reached on a number of key IBA components including finance and business opportunities.

- Large scale regional economic development – helping to promote political and economic development in Nunavut.
Local Developments

• Currently in the Technical Review phase of the Environmental Assessment, Pre-Conference Hearings October 6-10

• Baffinland recently acquired office space in Iqaluit

• In August Joe Tigullaraq was hired as the Company’s Northern Affairs Manager

• Iqaluit office will house a team focused on training, logistics, administration, community contact.

• Baffinland currently has two Liaison Officers in Pond Inlet and Igloolik, in process of hiring three BLO’s in Arctic Bay, Hall Beach, and Clyde River
The Mary River project will be the largest mining project in development in Canada and a significant iron ore producer globally.

The project will:

1) provide substantial long term economic benefits to Canada, particularly to the territory of Nunavut and especially for Inuit of the North Baffin;
2) generate significant numbers of jobs and benefits to Canadian businesses, particularly in Nunavut but also across Canada;
3) generate revenues to federal, territorial and provincial treasuries, potentially lessening Nunavut’s dependency on Ottawa.

Demonstrate Canadian sovereignty on the land and the water and reinforce Canada’s proprietary interest in the Arctic.

Potential to generate increased confidence in infrastructure development in the North and provide significant investment opportunities for stakeholders.

Development of the project will enhance Canada's reputation for practical environmental management of industrial developments in the north.