

EDC PROJECT REVIEW SUMMARY: Mary River Iron Ore Mine

Project Description	Greenfield 3.5 Mtpa Iron ore mine and ancillary infrastructure including mills, road, and port.
Sponsors	Baffinland Iron Mines LP
Country	Canada
Project Category	A
Canadian Exporter(s)	Baffinland Iron Mines LP
Description of capital goods and/or services	Iron Ore
EDC Product	Limited Recourse Financing
Date of publication on EDC's website (dd/mm/yy)	11/07/2013
Date of Signing (dd/mm/yy)	12/02/2014

Project Categorization

The Project consists of a 3.5 million ton per year iron ore, greenfield, open pit mine at Mary River, on the Northern half of Baffin Island 1000km north of Iqaluit. The project will involve the installation of crushing and stockpiling facilities at Mary River; improvements of Mary River facilities and accommodations including airstrip, power supply, water and wastewater management facilities, miscellaneous warehouses and offices, the expansion of the Milne Inlet accommodation complex; an upgrade of 100 km haulage road to Milne Inlet (the "Tote road"); the construction of an ore dock and ship loader at Milne Inlet; and shipping during open water season (approximately a 70-day window every year). The Project is classified as Category A. (Category definitions can be found [here](#), see D3. Environmental & Social Reporting).

Summary of EDC's Review

EDC reviewed the project in accordance with our *Environmental and Social Review Directive* and the *Equator Principles*, and EAS has determined that the project has been designed in compliance with applicable host country environmental requirements and the Equator Principles. To reach this conclusion, EDC reviewed a project Environmental Impact Assessment, and an independent due diligence report.

Key environmental and social issues associated with the project, and related mitigation measures reviewed by EDC include, but are not limited to, the following:

Impacts on Communities and Indigenous Peoples: The project is located in traditional Inuit lands and land covered under the Nunavut Land Claims Agreement (NLCA).

Mitigation measures included: EDC determined through its due diligence that the project is in compliance with the conditions set forth by NLCA and its primary regulatory agency the Nunavut Impact Review Board (NIRB). These conditions include the provision for community engagement, Inuit Involvement and management of NIRB regulatory process, and the provision of an Inuit Impact Benefit Agreement.



Marine Environment: Project will ship ore and require a port at Milne Inlet

Mitigation measures included: Routing of ships to minimize disruption of sea ice patterns, treatment of ballast and restrictions on its release, spill prevention measures required as part of NIRB condition of Project Approval, and the formation of a Marine Environmental Working Group including Inuit representation.

Fresh Water Environment:

There are potential fresh water impacts from mining and mine water use. In addition, the road between the mine and Milne Port will have fresh water crossings.

Mitigation measures include: In accordance with NLCA and the Department of Fisheries and Oceans, various mitigation measures include erosion control, water treatment and spill prevention, continuous monitoring, and minimum distance requirements between mining infrastructure and water bodies. In addition, the Project entered into a water compensation agreement with the local Inuit Organization as per the NLCA.

Documentation Reviewed:

- *Mary River Project Final Environmental Impact Statement*
- *Mary River Project Early Revenue Phase Bank Presentation, 2013*
- *Final Due Diligence Review of the Mary River Iron Ore Project, 2nd Draft, Aug 22nd, 2013*
- *Technical Report on the Mary River Project, Draft, 2013*
- *Baffinland Iron Mines Corporation U.S. \$300 000 000 Senior Secured Facility Term Sheet Draft, Lender's Draft Aug 26, 2013*

Applicable International Finance Corporation (IFC) Environmental and Social Standards used by EDC (in addition to host country requirements):

- None