



2023 POPULAR SUMMARY

Annual Report to the
Nunavut Impact Review Board



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THE MARY RIVER PROJECT

The Mary River iron ore deposits on North Baffin Island are among the largest and highest-quality iron ore open-pit deposits in the world. With such high-grade iron ore, there are no concentrators, tailings, or tailings ponds associated with production activities. The Mary River Project (the Project) is operated by Baffinland Iron Mines Corporation (Baffinland) and is jointly owned by The Energy & Minerals Group and Arcelor Mittal. The mine is located on Baffin Island, approximately 160 kilometres (Km) south-southwest of the nearest community of Pond Inlet (Mittimatalik), in the Qikiqtani region of Nunavut, Canada, and 1,000 km north-northwest of the territorial capital of Iqaluit. Baffinland's head office is located in Oakville, Ontario and its northern headquarters is located in Iqaluit, Nunavut. Baffinland also has staff in seven (7) Baffin communities - Arctic Bay, Clyde River, Igloolik, Kimmirut, Kinngait, Pond Inlet and Sanirajak. Baffinland is the only mine and the largest private employer in the Qikiqtani Region, and is one of three operating mines in the territory of Nunavut.

Pursuant to the Nunavut Agreement, the Nunavut Impact Review Board (NIRB) issued Project Certificate No.005 for the Project on December 28, 2012. Project Certificate No. 005 approved the existing mine and the transportation of iron ore along the Southern Transportation Corridor via the Steensby Railway, Steensby Port and the Southern Shipping Route. Due to changing market circumstances at the completion of the original NIRB review, Baffinland proposed a smaller operation that utilized the



Northern Transportation Corridor, known as the Early Revenue Phase. Mining operations began in 2014 with the first iron ore shipped to Europe via Milne Port in 2015. Today the Project consists of four main operating centres: The Mary River Mine Site (the Mine Site), the 100-Km long Milne Inlet Tote Road (Tote Road), the Milne Port facility (Milne Port) and the Northern Shipping

HISTORY OF THE MARY RIVER PROJECT

1962

Mary River's High Grade Iron Ore First Noted in an Airborne Reconnaissance

1973

Baffinland Acquires Mining Lease

1999

Nunavut Created; Mary River Project Site Selected as Inuit Owned Land

2012

The NIRB Issues the Project Certificate (PC) No. 005 for Mary River Project

2013

Early Revenue Phase (ERP) Proposed; Baffinland and QIA Sign the IIBA, Commercial Lease and Water Compensation Agreement; Type 'A' Water Licence Approved

2014

Early Revenue Phase Approved (PC No. 005 Amendment No. 01); Phase 2 Proposed

2015

First Iron Ore is Shipped to Europe

2018

Production Increase Proposal Approved (PC No. 005 Amendment No. 02); Amended IIBA; FEIS Submitted for Phase 2 Proposal

2020

Production Increase Proposal Extension Approved (PC No. 005 Amendment No. 03)

2022

Phase 2 Proposal Does Not Receive Approval; Production Increase Proposal Renewal (PIPR) Approved (PC No. 005 Amendment No. 04)

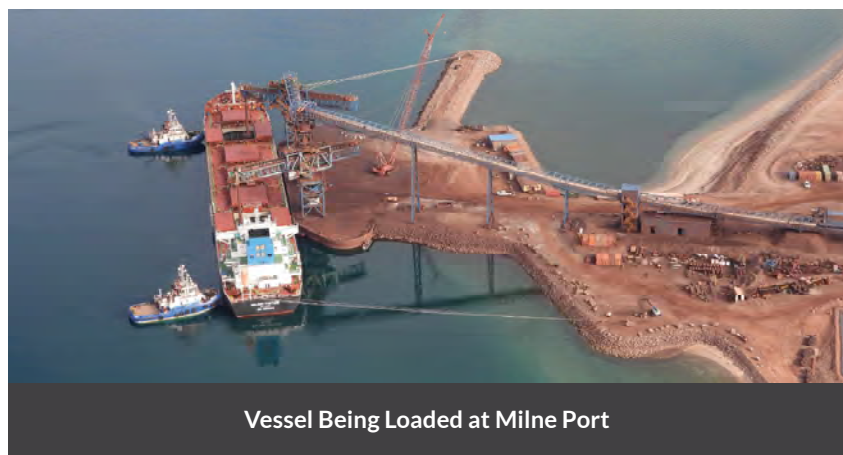
2023

Sustaining Operations Proposal (SOP) Approved (PC No. 005 Amendment No. 05)

Route. The operation includes open pit mining, crushing, transporting and stockpiling of ore 12 months of the year between the Mine Site, the Tote Road and Milne Port. The ore is then shipped directly to markets in Europe and Asia between July and the end of October.

The current Approved Project is limited to mining out of Deposit No. 1, however, Baffinland administers an extensive exploration program designed to increase the known reserves in Deposit No. 1, as well as in other deposits in close proximity to the Project Area. The development of additional deposits is the key to unlocking the multi-generational opportunity of the Mary River Project for resource-driven socio-economic development on Qikiqtani Region

In October 2023, the federal government approved Baffinland's Sustaining Operations Proposal (SOP), following a positive recommendation from the NIRB. The SOP gives continued clearance to transport up to 6 million tonnes per annum (Mtpa) until the end of 2024, and allows shipment of additional ore stranded at Milne Port.



Vessel Being Loaded at Milne Port

2023 LOOK BACK

Mining operations continued at Deposit No. 1 in 2023, and approximately 5.5 million tonnes (Mt) of ore was transported by ore haul trucks along the Tote Road from the Mine Site and stockpiled at Milne Port. During the 2023 shipping season, approximately 6.1 Mt of ore was shipped from Milne Port to international markets, using 75 individual ore carrier vessel voyages. This was the most ore Baffinland has shipped in a season, using fewer vessels than previous years.

Baffinland's shipping operations were guided for the third year by the Narwhal Adaptive Management Response Plan (NAMRP), which involved the implementation of various mitigation measures to reduce the Project's potential effects on marine mammals, including:

- waiting for a continuous path of 3/10ths of an inch ice concentration, prior to the commencement of shipping;
- adhering to strict vessel speed and course restrictions;
- using convoys, when possible; and
- use of Capesize vessels to offset smaller vessel requirements.

Baffinland's shipping season start was delayed by almost two weeks, due to persistent poor ice conditions at the beginning of August 2023. Baffinland remains committed to not breaking ice at the start of the season if it can be reasonably avoided and 2023 was no exception.

On March 16, 2023, Baffinland submitted the SOP to the NIRB, requesting a 2-year allowance for the transportation and shipping of up to 6 Mtpa of iron ore, until December 31, 2024. On May 8, 2023, the NIRB initiated a formal reconsideration of the terms and conditions of Project Certificate No. 005 to reflect the submission of Baffinland's SOP. Two (2) written commenting periods and two (2) community roundtable sessions in Iqaluit (July 27-29, 2023) and Pond Inlet (August 1-2, 2023) were held by the NIRB. Baffinland received a positive recommendation from the NIRB on September 13, 2023. On October 17, 2023, the Minister of Northern Affairs, on behalf of the Responsible Ministers, provided notice under s. 112(9) of the Nunavut Planning and Project Assessment Act (NuPPAA) that the Ministers had accepted the NIRB's Reconsideration Report and Recommendation for the Mary River Project's SOP. The Responsible Ministers approved the SOP, agreeing with the revised Project Certificate (PC) Terms and Conditions No. 28, 35, 76, 82, 83(a), 85, 99, 101, 150, 179(a) and (b) outlined in the Board's Reconsideration Report and Recommendations as Amendment No. 05 to Project Certificate No. 005. On November 3, 2023, the NIRB held a Project Certificate Workshop and the amended terms and conditions were subsequently issued on November 17, 2023 as Amendment No. 05 to the Project Certificate.

Throughout the Fall, Baffinland actively engaged with the communities of Arctic Bay, Clyde River, Igloolik, Pond Inlet, Sanirajak, Kinngait, and Kimmirut to hold various discussions on the Steensby Component of the Project. Through workshops held in each community, involving members of the Hunters and Trappers Organizations (HTOs) and Hamlet representatives, Baffinland provided a detailed overview of its current and future operations. This included updates on the plans for the Steensby Component, with dedicated discussions on the incorporation of Inuit Qaujimajatuqangit (IQ) into baseline studies, monitoring, design and construction plans, as well as reviews of archaeology, fisheries offsetting and railway mitigation measures.

PLANNING AHEAD

Mining from Deposit No. 1 will continue through 2024, as well as project environmental monitoring programs prescribed by Project Certificate No. 005, water licences, authorizations, management plans, and environmental effects monitoring plans.

Baffinland is actively working with the QIA and impacted communities with a dedicated focus on the development of the Steensby Component of the Project. Environmental field studies and community engagement are expected to be carried out in relation to the Steensby Railway and Steensby Port to support ongoing permit applications in 2024. These activities are expected to occur within the scope of existing approvals and will be reported, as required, in the annual reporting cycle for the 2024 period.



CONSULTATIONS & ENGAGEMENTS

Baffinland values meaningful and substantive Inuit, community, and other stakeholder engagement as a means of building and maintaining community relationships and maximizing benefits from the Project. Baffinland's approach to engagement emphasizes the importance of informing Inuit, affected communities, and other stakeholders, as well as establishing effective dialogue, and collecting feedback to inform our planning, and resolving issues and concerns if and as they are identified.

Baffinland engaged on the SOP with Inuit in the five (5) North Baffin communities and the QIA, to allow for the continued operation of the Project at a nominal 6 Mtpa activity level along the Northern Shipping Route for two (2) years. After much consultation and two Community Roundtable sessions held in July and August, Baffinland received approval in October from the Minister of Northern Affairs following a positive recommendation from the NIRB. Baffinland received a number of letters of support for the SOP, including the communities of Arctic Bay, Igloolik, Pond Inlet, and Sanirajak.

Baffinland's engagement approach incorporates the feedback received from Inuit, communities and stakeholders and applies it to existing operations. This includes developing new mitigations to address priority areas of the Project, as identified by Inuit. Some examples of this include: proactively implementing commitments for additional ballast water mitigations (i.e., requiring vessels to conduct both exchange and treatment), running narwhal entrapment clearance aerial surveys since 2019, when supported by the community, and ensuring that communities have up-to-date information on the movement and transits of Project vessels. Working with communities through 2023, Baffinland re- has been incorporating feedback into many aspects of the Steensby plans, including fisheries offsetting. Continuing to have meaningful relationships with the local communities will remain a priority for Baffinland.



Baffinland's Approach to Inuit and Other Stakeholders Engagement



INCORPORATION OF INUIT QAUJIMAJATUQANGIT

Baffinland views IQ as central to the successful planning and operations of the Project. IQ is reflective of Inuit knowledge transferred from generation to generation. IQ captures knowledge of relationships and morality, core values and world-views, as well as environmental knowledge. It is important for Baffinland to acknowledge and understand how IQ is used, and to ensure IQ has been considered in its decision-making.

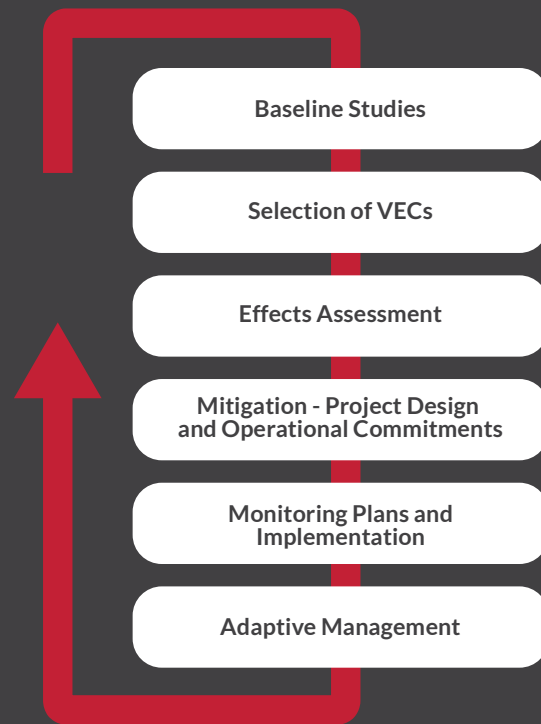
Specifically, IQ is useful for determining the accuracy of impact predictions and relevance for the potential bio-physical and socio-economic effects of the Project. IQ also provides context for designing, conducting and interpreting results from project monitoring activities and interpreting the effectiveness of mitigation measures, and is useful to support the verification of the effectiveness of mitigation measures. Baffinland has worked with the QIA for over a decade to develop methodological approaches for IQ studies, consistent with the Mary River IIBA. This collaborative approach resulted in the QIA providing its written support for requisite Nunavut Research Institute Research Licences for IQ studies and participation in the 2015/2016 IQ Workshops and 2019 Community Risk Workshops. The results of these undertakings have been consistently integrated into Baffinland's environmental impact statements, and made available as part of the NIRB review and reconsideration processes.

Baffinland has and will continue to consider IQ principles in assessing the accuracy of impact predictions, when designing or interpreting the effectiveness of impact reduction activities, and the need to modify such activities including, but not limited to, socio-economic elements, such as Inuit Human Resource planning. Baffinland has made multiple project modifications as a direct result of shared IQ and engagement with Inuit.

In 2023 Baffinland expanded the Inuit Knowledge Holders and Community Resource Guides hired by Baffinland in each of the 5 North Baffin communities into Kinngait and Kimmirut. The Inuit Knowledge Holders and Community Resource Guides are critical to guiding Baffinland's senior management in its decision making, facilitating knowledge transfer within and between community members and Baffinland staff, and guiding the overall collection and use of IQ.

Baffinland has continued to support the QIA in the development of their Inuit Stewardship Plan (ISP), which will eventually administer Inuit led monitoring programs with the support of Inuit led Committee(s). This work is advancing in tandem with the completion of the Pond Inlet Country Food Baseline Report and the North Baffin Caribou Study, both of which are led by the QIA with the support of the communities and resourced by Baffinland. In 2024 Baffinland looks forward to working with the QIA to advance the ISP and a comprehensive Culture, Resource and Land Use study. All of these initiatives will supplement the extensive record of IQ Baffinland has developed since the modern inception of the Project.

INUIT QAUJIMAJATUQANGIT INTEGRATION IN EFFECTS ASSESSMENT





EDUCATION & TRAINING

Baffinland and QIA are continuing to support the Mary River IIBA implementation with the Qikiqtani Skills and Training for Employment Partnership (Q-STEP) Inuit Training and Development Program. Funded by the Government of Canada, and with financial and in-kind supports from Baffinland, this initiative focuses on pre-trades instruction and related training and employment initiatives for apprenticeships at the Mary River Project. The funding provides support for expenses relate to training, such as wages, accommodations, and travel. This program began in February 2022, and is scheduled to continue to March 31, 2028. The target is to hire and maintain 16 Inuit apprentices in various trades, with the end goal that apprentices complete training and advance in their careers in mining industry trades.

In 2023, Baffinland rolled out its Aulattijit Inuit Leadership Development Program with four (4) participants. It is an innovative, culturally based program that gives Inuit employees the opportunity to advance into leadership roles within the company. The IDLP integrates Inuit Qaujimajatuqangit (IQ), the Inuit seasonal calendar, and the use of Inuktitut. The program follows the “70-20-10 framework” for adult learning – 70% of the program involves job shadowing, 20% includes mentoring and relationship-building, and 10% is course work and training. Inuit training for 2023 totalled 34,450 hours, equivalent to 29.9% of the total training provided by Baffinland.



Work Ready Program Participants (Igloolik, 2023)

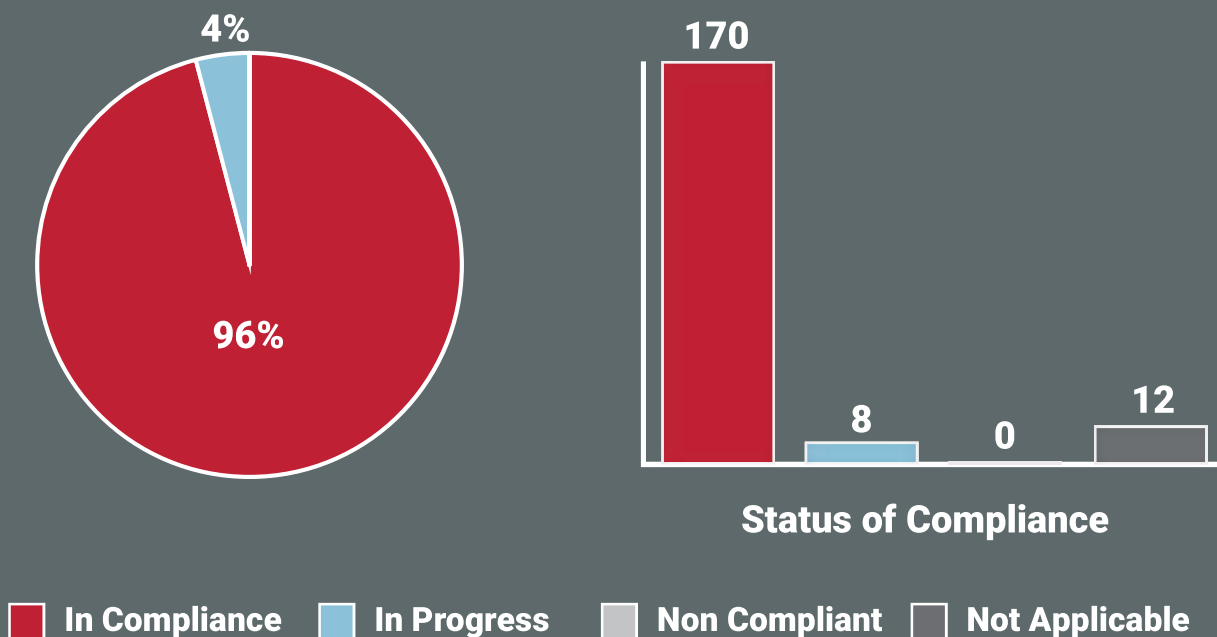
2023 COMPLIANCE PERFORMANCE

The Annual Report is a requirement of Project Certificate No. 005. The Annual Report provides information on how Baffinland is meeting the Terms and Conditions of Project Certificate No. 005 and its performance on the same. Terms and Conditions related to the construction and/or operation of the Steensby Components of the Approved Project (i.e., the Southern Transportation Corridor comprising the Steensby Railway and Steensby Port) were not applicable in 2023. 2023 Compliance performance is focused on those related to the Northern Transportation Corridor (Mine Site, Tote Road and Milne Port). Once applicable Terms and Conditions are triggered through the construction of the Steensby Components of the Approved Project, compliance performance will consider all Terms and Conditions as they apply to all Approved Project Components.

The Annual Report also presents an opportunity to discuss project activities over the preceding calendar year and highlight what is coming ahead for the following year. The complete Annual Report can be found on the NIRB Public Registry.

Baffinland is 96% in compliance with the 190 Terms and Conditions applicable to the Project in 2023. This is consistent with previous years. Baffinland is working with the NIRB to better understand how to handle the terms and conditions that are a shared responsibility with other organizations, in order to increase the overall compliance with those terms and conditions.

Summary of Baffinland's 2023 Overall Performance Against Project Certificate No. 005 Terms and Conditions





2023 SHIPPING SEASON ACTIVITIES

In 2023, Baffinland began its shipping activities once certain requirements were met, including a continuous path of 3/10ths ice concentrations along the entire Northern Shipping Route, and confirmation that the Pond Inlet floe edge was closed. Baffinland does not break landfast ice and therefore is subject to variable climatic conditions each season. In 2023, ice decay occurred about 10 days later than previous years, suspending the start of the shipping season. Baffinland continued its marine mitigation measures for the 2023 shipping season, and is pleased that the Association of Arctic Expedition Cruise Operators (AECO) is following Baffinland's lead and implementing a speed restriction in Eclipse Sound.

Baffinland introduced the use of convoys in 2022, where vessels travelled in groups of two (2) or more throughout the season, to reduce total underwater sound exposure. Additionally, convoying reduces potential interactions with hunters and limits community sightings of vessels over the season. The use of convoys ultimately reduced the number of vessel transits (convoys and individual) by 22% in 2023, compared to the number of transits that would have occurred if vessels had only travelled individually.

Baffinland's shipping season began on August 9, 2023, with two (2) tugs and a resupply vessel entering the marine Regional Study Area (RSA). The duration of the 2023 shipping season was 83 days, with all project vessels exiting the marine RSA by October 31st, 2023. Through the approval of Baffinland's SOP, Baffinland is permitted to transport up to 6 Mt of iron ore a year until December 2024 (and an excess of 900,000 tonnes of stranded ore from the previous shipping season). In 2023 approximately 6.1 Mt of iron ore was shipped, using seventy-five (75) ore carriers. This was an achievement, as it was the most ore shipped in a season while using fewer vessels than previous years. This is in part a result of Baffinland using larger Capesize vessels that can carry more volume in fewer trips, reducing the overall number of transits.



AIR QUALITY MONITORING PROGRAMS



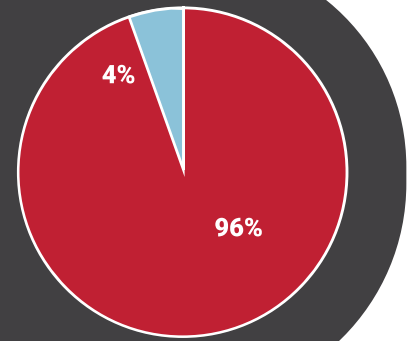
MONITORING ACTIVITIES UNDERTAKEN IN 2023

In 2023, the following monitoring programs were undertaken in relation to the atmospheric environment:

- Meteorological Monitoring
- Ambient Air Quality Monitoring
- Dustfall Monitoring
- Emissions Reporting

Air Quality 2023 Performance Against PC No. 005 Terms and Conditions

- In Compliance
- Non Compliant
- In Progress
- Not Applicable



As with previous years, the general temperature trends in 2023 are similar to the trends of the Climate Normal data in the region. Minimum temperatures occur during the first couple of months in the year (January and February), and these were lower than the Climate Normal data. For the rest of the year, site temperatures were at or slightly above the Climate Normal data. The peak temperatures occurred in July. The data trends are consistent with previous years.

Ambient monitoring for sulphur dioxide (SO₂) and nitrogen oxides (NO₂) continued to be carried out at the Mine Site and Milne Port. Results from the continuous monitoring indicate that concentrations were below the Nunavut Ambient Air Quality Standards for NO₂ and SO₂.

Passive dustfall monitoring continues to show that the areas with the greatest dustfall deposition are restricted to mainly within 1,000 m of the Project Development Area (PDA) and deposition decreases with distance from the Project. Dustfall imagery analysis has also been used to estimate dustfall extent at the Project since 2020.

The pattern of dustfall extent on the landscape was similar from 2014 to 2023 for all areas, with the highest concentrations near the Project and extending northeast along Milne Inlet, west and south of the Mine Site, and southwest of the South Crossing (KM 78) in the direction of prevailing and/or strong winds.

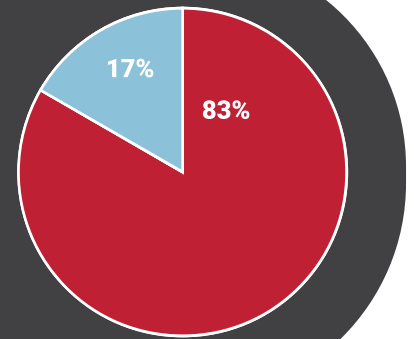
Baffinland calculates greenhouse gas emissions from the Project each year and reports these emissions to Environment and Climate Change Canada (ECCC) through the Greenhouse Gas Reporting Program. The calculations consider fuel combustion for power generation and mobile equipment including trucks, waste incineration, and wastewater treatment. Baffinland continues to investigate and implement ways to reduce fuel consumption on the Project each year.

FRESHWATER MONITORING PROGRAMS



Freshwater 2023 Performance Against PC No. 005 Terms and Conditions

■ In Compliance ■ Non Compliant
■ In Progress ■ Not Applicable



MONITORING ACTIVITIES UNDERTAKEN IN 2023

Monitoring activities undertaken in relation to the freshwater environment in 2023 included:

- Aquatic Effects Monitoring Program (AEMP)
 - Core Receiving Environment Monitoring Program (CREMP)
 - Lake Sedimentation Monitoring Program
 - Hydrometric Monitoring Program
 - Environmental Effects Monitoring
- Tote Road Water Quality Monitoring
- Surveillance Network Program (SNP)
- Groundwater Monitoring Program

The Aquatic Effects Monitoring Program focuses on the key potential impacts to freshwater environment valued ecosystems components (VECs). The freshwater VECs include water quantity and quality, sediment quality, and freshwater biota and fish habitat. The results of the 2023 CREMP, which assesses Mine Site lakes and streams, indicate that no ecologically significant, adverse, mine-related effects to biota were identified at any of the receiving waterbodies, based on comparisons to applicable reference and/or baseline conditions. Lake sedimentation monitoring at the Mine Site continues to indicate that accumulation rates at these sites remain at or below the proposed Trigger Action Response Plan (TARP) low action response threshold of 0.15 mm.

Monitoring of effluent discharge and runoff from Project areas indicate that exceedances of applicable discharge criteria in 2023 involved primarily surface water runoff and effluents, with elevated total suspended solids levels. In each case, appropriate control measures were implemented in an attempt to restore total suspended solids (TSS) levels to below applicable discharge criteria. Baffinland continues to assess and implement the appropriate corrective and mitigation measures to address ongoing sedimentation concerns at the Project.

The Milne Inlet Freshwater Fish Health Assessment did not include a field program in 2023 consistent with the appropriate frequency of such a program. A 2024 sampling program has been supported by the Mittamatlik Hunters and Trappers Organization and will continue at the established monitoring sites of Tugaat, Ikaluit and Qurluktuk lakes and river systems.

Mine Site Core Receiving Effects Monitoring Program
Sampling - September 2023



Mine Site Aquatic Effects Monitoring Program Winter
Lake Sampling - April 2023



Mine Site Hydrology Program - June 2023



Mine Site Aquatic Effects Monitoring Program Stream
Sampling - July 2023

TERRESTRIAL MONITORING PROGRAMS



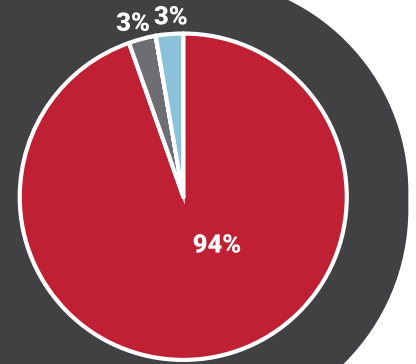
MONITORING ACTIVITIES UNDERTAKEN IN 2023

In 2023, the following data collection and monitoring was undertaken in relation to the terrestrial environment:

- Weather Monitoring
- Helicopter Flight Height Analysis
- Passive Dustfall Monitoring
- Dustfall Extent Imagery Analysis
- Vegetation Abundance and Composition Monitoring
- Snow Track Surveys
- Snowbank Height Monitoring
- Height of Land (HOL) Caribou Surveys
- Remote Camera Monitoring
- Aerial Caribou Survey
- Hunter and Visitor Log Summaries
- Active Migratory Bird Nest Surveys
- Wildlife Interactions and Mortalities

Terrestrial 2023 Performance Against PC No. 005 Terms and Conditions

- In Compliance
- Non Compliant
- In Progress
- Not Applicable



The 2023 passive dustfall monitoring program used 49 passive dustfall collectors to measure dust deposition related to Project activities. The magnitude of annual dustfall deposition at Mine Site sample locations was lower than measured in recent years. The magnitude of dustfall deposition at Milne Port has remained constant or, in some cases, has slightly decreased, a trend that began in 2018..

Vegetation monitoring in 2023 included vegetation abundance and composition. No evidence of changes in percent plant cover and plant group composition with distance from the Project Development Area (PDA) were identified and no measurable grazing effect was detected. Statistical data trends were primarily attributed to inter-annual variation (i.e., yearly differences in vegetation growth throughout the region).

Snow track surveys completed in 2023 showed similar results to previous years with most tracks observed from Arctic fox and Ptarmigan.

Snowbank height monitoring for 2023 showed compliance of snowbank height averaging 88%.

Baffinland undertakes Height of Land (HOL) surveys along with the installation of remote wildlife cameras to assess caribou distribution and behaviour in the PDA during calving season (May 15-July 15). Consistent with previous years, no caribou were observed during the survey period, and of the over 150,000 photos captured during 2023, a total of 44 wildlife detections were made – none of which were caribou.

In 2023, a caribou aerial survey was conducted. A total of 112 caribou and 36 groups were observed during the survey, all of which occurred in the southern sub-region.



Environmental Field Technician Conducting Snow Bank Height Measurements Along The Tote Road

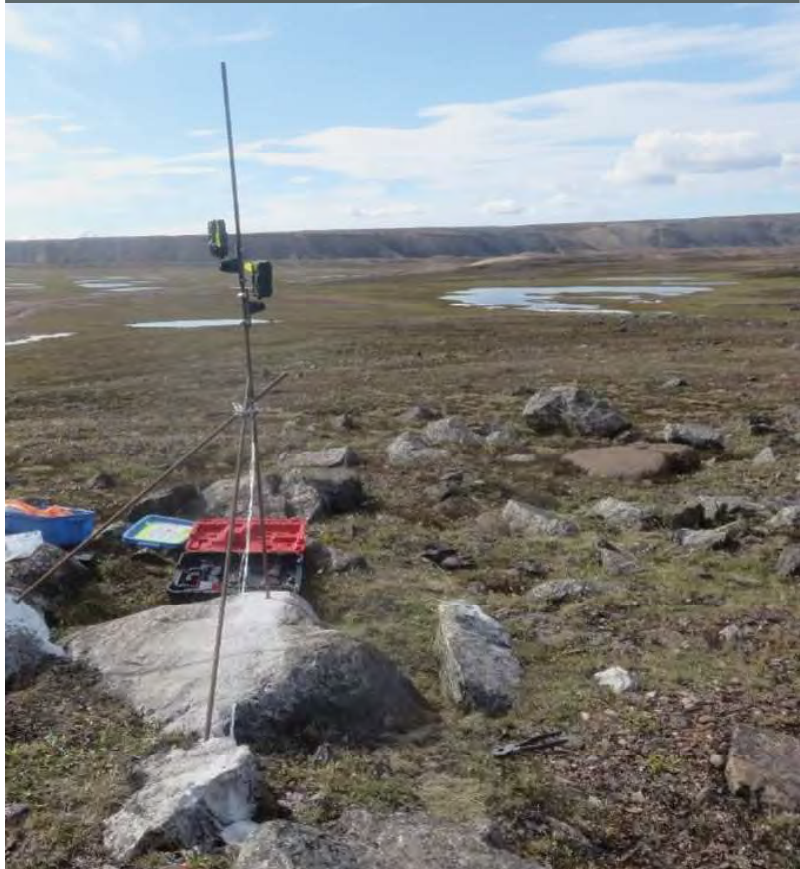


Ptarmigan Tracks Observed During Winter Snow Track Survey

Field Assistants Conducting Soil Base Metals Monitoring - July, 2023



Wildlife Camera Set Up At Pre-Established Height Of Land Survey Location

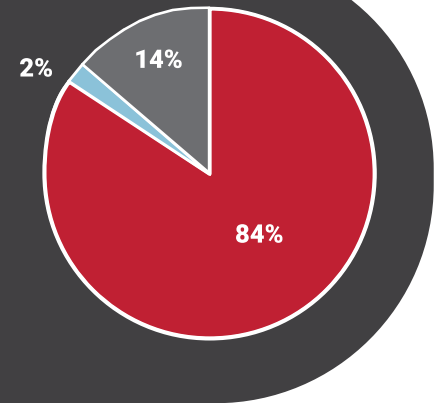


MARINE MONITORING PROGRAMS



Marine 2023 Performance Against PC No. 005 Terms and Conditions

■ In Compliance ■ Non Compliant
■ In Progress ■ Not Applicable



MONITORING ACTIVITIES UNDERTAKEN IN 2023

In 2023, Baffinland implemented the following marine environment monitoring programs:

- Marine Mammal Aerial Survey Program
- Bruce Head Shore-based Monitoring Program
- Underwater Passive Acoustic Monitoring Program
- Marine Environmental Effects Monitoring Program (MEEMP) and Non-Indigenous Species /Aquatic Invasive Species (NIS/AIS) Monitoring Program
- Ship-based Observer Program (SBO)
- Collaborative Ballast Water Biological Sampling Program with DFO
- Marine Mammal Observation Network (MMON) Program

MARINE MAMMAL AERIAL SURVEY PROGRAM

As part of the Marine Mammal Aerial Survey Program, reconnaissance surveys were flown during the early shoulder season to collect data on the presence/absence and distribution of marine mammals in the marine Regional Study Area (RSA), relative to ice conditions at that time of year and prior to the start of shipping activities. Systematic aerial surveys were later conducted over a two-week period in August 2023, to obtain an abundance estimate for the Eclipse Sound and Admiralty Inlet narwhal summer stocks during the open-water season. Results from those surveys indicate that narwhal abundance in Eclipse Sound was higher than the three (3) preceding surveys that occurred in the three (3) previous years. The narwhal abundance was similar to the 2013 baseline condition, and the 2016 and 2019 narwhal abundance estimates. The combined narwhal abundance in Eclipse Sound and Admiralty Inlet was similar in 2023 to what was observed in previous years (2013, 2019, 2020, and 2022), indicating that the combined stock size appears to be stable since the start of Baffinland's shipping operations and relative to baseline levels.



Two Inuit Marine Wildlife Observers (MWOs) during Leg 2 of the 2023 Marine Mammal Aerial Survey Program - August, 2023

BRUCE HEAD SHORE-BASED MONITORING PROGRAM

The Bruce Head Shore-based Monitoring Program was conducted for four (4) weeks in 2023 to monitor for potential adverse effects from shipping operations on marine mammals in the RSA. Highlights include:

- Observed behavioural responses of narwhal to shipping appear generally consistent with previous years, meaning that narwhal continue to demonstrate temporary and localized responses to shipping activities, with animals returning to their pre-response behaviour shortly following initial exposure.
- No decline in the 2023 proportion of immature narwhal (i.e., calves and yearlings) relative to the observed population (an Early Warning Indicator) recorded at Bruce Head (0.242) or during the Eclipse Sound aerial surveys (0.131) compared to corresponding 2014/2015
- Despite no icebreaking during the early shoulder season, and similar shipping levels to 2020-2022, narwhal relative abundance was lower in 2023 (2.9 narwhal/h) than in all preceding years. The low relative abundance numbers in 2023 are thought to be linked to the late break-up of landfast ice in the RSA. Consolidated sea ice was present throughout the majority of Western Eclipse Sound in early August, with little to no ice leads available for narwhal to enter Milne Inlet. The late break-up period also resulted in a delay to the start of the 2023 shipping season, with the first inbound ship transit in Milne Inlet taking place on August 9. Narwhal were not observed in the Bruce Head study area until August 5, with narwhal numbers slowly increasing towards the end of the Bruce Head Program in mid-late August).



Bruce Head Team Members Completing Data Collection from The Observation Sea Can - August 5th, 2023

MARINE MAMMAL OBSERVATION NETWORK PROGRAM

Baffinland continues to collaborate with the MMON to run a marine mammal incidental sightings program through the participation of vessels contracted by Baffinland. In 2023, a total of fifteen (15) vessels (2 icebreakers and 13 ore carriers) participated in the MMON program. A total of 24 sightings of 94 individuals were recorded between August and October. Half of incidental sightings (50%) were made by the icebreaker MSV Fennica in the RSA. Most sightings (75%) within the RSA consisted of ringed seal. Two (2) narwhal sightings, totalling nine (9) individuals, recorded in August and September were within that 75%.

UNDERWATER PASSIVE ACOUSTIC MONITORING PROGRAM

Underwater sounds from Project shipping activities and marine mammal species were successfully recorded in 2023. Two (2) acoustic recorders were deployed in Milne Inlet—one along Baffinland's Northern Shipping Route, approximately 4 km south-southwest of Bruce Head, and another approximately 2.5 km inshore from that location. Sound exposure levels from shipping did not surpass the thresholds for causing acoustic injury, either temporary or permanent hearing loss, at the recording locations. The underwater noise exceeded the accepted 120 decibel (dB) disturbance threshold for marine mammals for an average of less than 0.5 hours per day, however, this is considerably lower than what was predicted by acoustic modeling. Sounds from two marine mammal species (bowhead and narwhal) were

identified in the acoustic data, in addition to suspected sounds from pinnipeds (seals) and possibly beluga. Additionally, acoustic monitoring was used to measure sound levels associated with the use of Capesize vessels, which were first used at the Project in 2023. Three inbound and three outbound transits were recorded for Capesize ore carriers in 2023. Capesize vessel transits did not result in extended periods when sound levels exceeded 120 underwater dB referenced to a pressure of 1 micro Pascal (re 1 μ Pa) relative to other days of the shipping season. In fact, on days when Capesize vessels were being loaded at Milne Port, there were no other Project vessels transiting through Milne Inlet and therefore no associated Project vessel noise generated in the RSA.

MEEMP AND / NIS/AIS MONITORING PROGRAM

In 2023, Baffinland also continued to undertake its MEEMP and NIS/AIS Monitoring Program at Milne Port. This included monitoring of marine water quality, sediment quality, benthic infauna, substrate macroflora and epifauna, marine fish community, fish health, NIS/AIS. Consistent with previous years, the results of this program indicate that effects of the Project on the marine environment are within predictions. There is no indication that the Project is negatively affecting fish health or resulting in changes to the local fish communities to date. Marine water and sediment quality at Milne Port remain within the applicable scientific guidelines or are consistent with pre-Project operation levels where no guidelines exist, such as iron. In total, 31 new animals or plants were added to the inventory list for Milne Inlet, but all had been previously known to occur in the Arctic, therefore they are considered to present no risk of invasion to Milne Inlet.



Field Staff Deploying Gill Nets Within the Reference Area for The Fish Health Component of The MEEMP - August 2023



The MSV Fennica Completing End Of Season Escorts with MWOs onboard to support the SBO Program - October 26th, 2023

SHIP-BASED MONITORING PROGRAM

In 2023, Baffinland conducted the Ship-based Observer (SBO) Program for the first time since 2019. The primary objective of the SBO Program was to monitor for potential ship strikes on marine mammals and seabirds in the RSA. The second objective was to collect observational data on the presence, relative abundance and distribution of marine mammals and seabirds, as well as behavioural responses, within the boundaries of the RSA relative to Project vessel operations. Marine Wildlife Observers (MWOs) were stationed on the ice breakers MSV Botnica and MSV Fennica during end of season escorts. No ship strikes occurred in 2023, and five (5) different marine mammal species were observed (narwhal, ringed seal, harp seal, bearded seal, polar bear). The relative abundance of marine mammals in the RSA during the fall SBO program was similar in 2023 (0.503 individuals/km) to 2018 (0.530 individuals/km), and higher than 2019 (0.16 individuals/km). 2023 results support impact predictions that animals demonstrate localized, temporary avoidance behaviours during vessel transits.

COLLABORATIVE BIOLOGICAL SAMPLING BALLAST WATER PROGRAM WITH DFO

In 2023, Baffinland conducted the first collaborative ballast water monitoring program with the Fisheries and Oceans Canada (DFO). The primary objective of this program is to determine whether vessel treatment systems are operating as intended, in collaboration with Pond Inlet community members who are learning ballast water data collection and analysis methods. Additional objectives include understanding whether certain vessels pose greater risks than others, with regard to the introduction of invasive species, and determining whether any invasive species are being introduced to Milne Port via ballast water discharges. A total of eight (8) vessels were sampled during the two-week 2023 pilot program. Taxonomic results indicating the presence/absence of invasive species are still underway and will be shared with the MEWG and community members once available.



Field Assistants Measuring Residual Chlorine Levels And Water Characteristics - October 2023

SOCIO-ECONOMIC BENEFIT SUMMARY



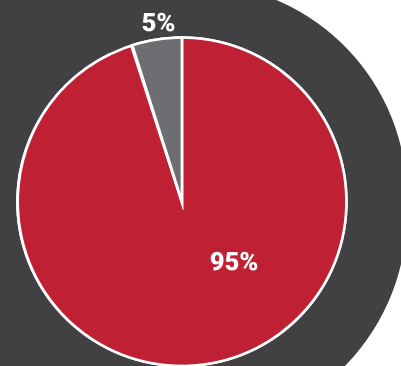
COMMUNITY BENEFITS UNDERTAKEN IN 2023

As of 2023, the Project has:

- Provided over \$150 million in wages to Inuit Project Employees and Contractors
- Reached more than \$1.79 billion in contracts signed and awarded to Inuit Firms
- Provided over \$3.8 million through our Sponsorship and Donation Program since 2016
- Seen over 650 graduates of pre-employment training programs
- Have delivered over 229,000 hours of training to Inuit Project employees since Project development

Socio-Economic 2023 Performance Against PC No. 005 Terms and Conditions

■ In Compliance ■ Non Compliant
■ In Progress ■ Not Applicable



2023 marks eleven (11) years since construction first began, nine (9) full years of operations, and six (6) full years of operating at a nominal transportation rate of 6 Mpta at the Mary River Project. Baffinland has continued its phased development of the Mary River Project. Socio-economic impacts of the Project are described in terms of total hours worked, income generated, and contracts awarded to Inuit firms. A total of 491,616 hours were worked by Inuit and 3,107,635 by Non-Inuit in 2023. These hours include both Baffinland and Contractor employees. In total, Inuit employment hours were 14% of the total hours worked. Baffinland's Inuit employee payroll totaled more than \$17.11 million and includes all Inuit employees who lived in and outside of Nunavut. Contractors' Inuit employee payroll totaled more than \$7.43 million. This figure includes all Inuit employees who lived in and outside of Nunavut.

The value of contracts awarded to Inuit firms exceeded \$171.3 million in 2023. This included forty-two (42) contracts with Inuit-owned firms.

In addition to the direct impacts of the Project discussed above, there are direct community-benefit programs financed via the IIBA, such as the Harvesters Enabling Program that provide substantial benefits to Inuit in the North Baffin communities. In addition, revenues from the Project flow to other parties, which are expected to have positive spin-off effects for Inuit and other Nunavummiut. For example, in 2023, Baffinland paid a total of approximately \$16.7 million in taxes to the Government of Nunavut: \$11.1 million in employee payroll and income taxes and \$5.6 million in fuel tax, and \$6.86 million in royalties to the QIA. Throughout 2023, Baffinland also heard Inuit communities express a desire to receive direct financial benefits from the Project. One such initiative includes payment to the Tasiuqtiit Working Group, which is jointly managed by the Hamlet of Pond Inlet and the MHTO. The Tasiuqtiit Working Group has an agreement requiring Baffinland to pay \$10,000 for each ore carrier required for shipments in excess of 4.2 Mt. Since 2018, this agreement has resulted in a total of \$1,070,000 being paid to the Tasiuqtiit Working Group.

QUESTIONS? HERE IS HOW YOU CAN REACH US

BAFFINLAND HEAD OFFICE

360 Oakville Place Drive, Suite 300
Oakville, Ontario, L6H 6K8

Communications

communications@baffinland.com

Employment & Training

recruitment@baffinland.com

General Comments, Questions and Concerns

communityquestions@baffinland.com

Procurement Opportunities

procurement@baffinland.com

Donation Requests

donationrequests@baffinland.com

NORTHERN HEAD OFFICE

Iqaluit

Joe Tigullaraq
Head of Northern Affairs
joseph.tigullaraq@baffinland.com
+1 867 975 2502
+1 867 222 6622

Manasee Ulayuk
Community Relations Manager
manasee.ulayuk@baffinland.com
+1 867 975 2502
+1 438 270 9413

BAFFINLAND COMMUNITY LIAISON OFFICER

Arctic Bay

April Taqtu
BCLO.ArcticBay@baffinland.com
+1 867 439 8847

Pond Inlet

Erica Koonark
BCLO.PondInlet@baffinland.com
+1 867 222 0394

Clyde River

George Iqalukjuak
BCLO.ClydeRiver@baffinland.com
+1 867 924 6444

Sanirajak

Reena Irqittuq
BCLO.Sanirajak@baffinland.com
+1 867 928 8497

Igloolik

Jacob Malliki
BCLO.Igloolik@baffinland.com
+1 867 934 8464

