

Mary River Phase 2 Expansion Project

MARY RIVER, NU, January 31, 2022 – Baffinland Iron Mines Corporation (“Baffinland” or “the Company”) filed its closing statement to the Nunavut Impact Review Board (“NIRB”) in support of the Company’s proposed Phase 2 expansion of the Mary River Project on January 24, and it is now publicly available.

Baffinland would like to thank the NIRB for conducting an extensive and comprehensive review of the Phase 2 Project Proposal, and the Inuit residents and Nunavummiut from the Qikiqtani Region who participated in the review process. The Company is especially grateful to the communities of the North Baffin, particularly the five most directly impacted communities of Arctic Bay, Clyde River, Igloolik, Pond Inlet, and Sanirajak.

Please see the appendix at the end of this press release for details of the proposed expansion along with facts about the Mary River Project.

Comprehensive Changes to Phase 2 Project Design and Mitigations in Direct Response to Feedback from Inuit

Since 2015, when Baffinland first proposed the Phase 2 expansion, the Company has actively engaged with impacted communities and other stakeholders, holding over 250 formal engagements and thousands more informal discussions. The Company has made fundamental and comprehensive changes to the project design and mitigations in direct response to feedback from Inuit in the impacted communities prior to and during the NIRB’s extensive review process, resulting in a carefully considered and improved Phase 2 Project Proposal that addresses the vast majority of community concerns to the fullest extent possible.

The Inuit-centered mitigations that have been developed are enforceable, detailed, specific, and unique to North Baffin and the explicitly stated needs and preferences of Inuit residents. They reflect a profound commitment to direct Indigenous involvement in operation decision making that, to Baffinland’s knowledge, exceeds that of any major industrial project in Canada. This, taken together with the mitigations that have been developed based on the best available western science and Inuit Qaujimajatuqangit (“IQ”), means Inuit can count on robust protection against significant adverse effects from mining and substantial benefits from the Phase 2 expansion.

If Phase 2 is approved, royalties to Inuit are conservatively estimated at \$2.4 billion based on the current size of the known mineral resource at the Mary River Project. It is hard to overstate the potential benefits that can be generated from the project for the long-term benefit of Inuit as the mineral resource expands in the future through ongoing exploration and development. Communities will experience increased employment and significant direct investment, including annual payments to support harvesting and wildlife programs, investment in needed infrastructure, and funding for daycares and skills training centers in each of the five impacted communities.

The following list highlights some of the notable mitigations and actions Baffinland has undertaken to resolve Inuit concerns along with some of the benefits that Phase 2 will provide:

- Substantial commitments to increase Inuit-led monitoring, and to fund the establishment by the Qikiqtani Inuit Association (“QIA”) of an Inuit Stewardship Plan and Inuit Committees that will directly influence management and operations decisions.
- Commitment to a slow, gradual increase to the permitted number of vessels allowable for Phase 2.
- Commitment not to commence shipping until landfast ice has broken along the entire shipping corridor.
- Establishment of restricted areas where vessels cannot travel.
- Switch from outdoor secondary crushing at the mine site to indoor secondary crushing at Milne Port to reduce dust emissions.
- Switch from ore haulage by truck to ore haulage by rail, significantly reducing wildlife disturbance and dust generation along the transportation corridor, as well as greenhouse gas emissions due to fuel efficiencies in transport by rail.
- Adjustments to the railway routing, taking into account feedback received from Inuit participants and avoiding an identified travel route between Igloolik and Pond Inlet.
- The creation of three new Inuit staffed and led wildlife monitoring stations to further enhance surveillance providing 24 new monitoring jobs for Inuit at the Mary River Project.
- Establishment of Special Management Areas along the railway where additional wildlife precautions may be installed, including speed restrictions and modified embankments.
- A commitment to an approach to adaptive management planning that will include the direct input of Inuit from the impacted communities, and which provides for joint approval of the Adaptive Management Plan with the QIA acting on the direction of representatives from the five impacted communities.
- Robust penalties payable by Baffinland for not meeting specified key Inuit Impact Benefit Agreement (“IIBA”) requirements that goes directly to the impacted communities.
- A substantial commitment to increase financial benefits to Qikiqtani Inuit, which includes increased royalties, additional supports for harvesters, and the establishment by the QIA of a direct community benefits governance structure to establish how benefits from the royalties and other programs will go directly to the impacted communities.
- Increased revenue sharing from a substantially and exponentially enhanced royalty regime to the QIA (on behalf of Qikiqtani Inuit) as compared to the current IIBA.
- Increased socio-economic benefits such as childcare support for Inuit employees of Baffinland, substantial contributions towards the construction of community infrastructure, including daycares and community garages (or equivalent service-oriented businesses) in impacted communities, and increased opportunities for Inuit employment and training and support for Inuit firms.
- Seven new community-based positions in each of the impacted communities with two additional positions in Pond Inlet.
- Forty community based trainee positions in each impacted community to be created in each of the first three years of the Phase 2 expansion.

Baffinland has Listened and Responded to Invaluable Feedback from the QIA

In addition to project design mitigations, Baffinland has agreed and committed to a wide range of management practices relating to operations, monitoring, ongoing assessment of potential effects, and adaptive management to avoid and mitigate potential adverse environmental and socio-economic effects. In creating these commitments, the Company has listened and responded to invaluable feedback from the QIA challenging the Company to be more adaptive in the depth and form of its commitments. Of the 259 commitments currently included on the Commitment Lists, 49 have been made since January 2021, which are direct commitments to the impacted communities. These commitments cover key areas that include: additional dust monitoring and mitigation; Arctic Char and caribou monitoring; marine mammal and acoustic monitoring; community approval of the IQ Management Framework; funding for harvester support and equipment; in-community training; and infrastructure funding in support of community growth goals.

Wide Range of Inuit Perspectives

Throughout the NIRB review process, it was clear that there was a wide range of Inuit views and perspectives regarding the Phase 2 expansion. This complexity and diversity of views is reflected in the written and oral evidence that was presented to the NIRB, with some individuals speaking passionately about their support for the project, while others shared their concerns. Treating Inuit as having a universally held view on Phase 2 would not honour and respect the many individual Inuit and Inuit groups that dedicated time and effort to participate in the NIRB process. All of these voices should be heard, respected, and considered, and weighted together with all of the evidence presented to the NIRB.

One clear consensus that did emerge among all participants was that Phase 2 must proceed in a manner that is protective of the environment and wildlife. Baffinland wholeheartedly agrees.

Project Will Provide Tremendous Benefits to Inuit

The Phase 2 Expansion Project will provide tremendous benefits to the impacted communities, Nunavummiut, Nunavut, and all of Canada. Baffinland understands that Phase 2 must be implemented in a way that is inclusive and respectful. Expansion of Mary River cannot come at the expense of the environment, and local Inuit must be active participants in all aspects of the project. Baffinland believes it has put forward a project proposal for Phase 2 that ensures this balance is met.

The majority of the Hamlets of the impacted communities (Pond Inlet, Arctic Bay, and Sanirajak) have now confirmed to the NIRB that, in their view, the Phase 2 Proposal should be approved. Baffinland is humbled by these expressions of support and trust. The Company is committed to working with all of the impacted communities, regardless of their views on Phase 2.

Baffinland respects that the Phase 2 Proposal review has been complex and lengthy and includes a significant volume of information for the NIRB to consider in making its decision. A timely decision on Phase 2 is critical to the Company's ongoing operations, both near and long-term, and the Company encourages the NIRB to issue its recommendation report in accordance with the 45-day timeline set out in the Nunavut Planning and Project Assessment Act.

Baffinland appreciates the responsibility and privilege it has to operate on Inuit owned lands, and strives to implement Inuit values in its operations every day. The Mary River Project has the long-term ability to help change Nunavummiut lives for the better. The Company believes there is overwhelming evidence before the NIRB that Phase 2, if approved, will create economic prosperity while protecting the environment and building stronger communities.

Please click [here](#) for the Executive Summary of the Company's final NIRB statement on Baffinland's website. Please click [here](#) for the full statement.

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About Baffinland Iron Mines Corporation

Jointly owned by The Energy and Minerals Group and ArcelorMittal, Baffinland Iron Mines Corporation operates a high-grade iron ore mine located on Baffin Island, Nunavut. The Mary River Mine produces the highest grade of direct shipping iron ore in the world. Baffinland is committed to operating in an environmentally and socially responsible manner that benefits all stakeholders. Learn more at www.baffinland.com and follow us on [Facebook](#) and [LinkedIn](#).

APPENDIX: About the Phase 2 Development Proposal

Baffinland's Phase 2 expansion plan is the mechanism to create a sustainable future for our business and for communities. Without Phase 2, the Company's future is uncertain. Our trucking operation is coming to the end of its useful life, there is no economic case for replacing the trucks, and we need a larger production profile to effectively compete on a global scale. The Phase 2 Project Proposal that has been presented to the NIRB and Canada's Minister of Northern Affairs for approval includes the following activities and works:

- Increased iron ore production, with ore to be shipped via rail through the Northern Transportation Corridor.
- Construction and operation of a ~110 km railway between the mine site and Milne Port. No ore haulage will continue by road once the North Railway is fully commissioned.
- Expansion and improvement of the Milne Port facilities, including: the addition of a second ore dock and ship loader to accommodate cape-sized vessels; railway unloading and maintenance facilities as well as an enclosed crushing facility and additional support infrastructure.
- Baffinland has committed to reduce the proposed nominal shipping season dates such that Baffinland will not start shipping before July 15, and Baffinland will plan to close the shipping season by October 31 (only favourable ice conditions and consultation with Pond Inlet may extend this to no later than November 15).
- Modification to mine site infrastructure, including the addition of ore loading infrastructure for the North Railway, added fuel storage capacity, and a reduction in overall ore crushing via the relocation of secondary crushing to an indoor facility at Milne Port.

Fast Facts about the Mary River Project

- Mary River has been in operation for six years and currently produces 6 million tonnes of iron ore per year.
- The current version of the project has been developed as a trucking operation as a temporary measure to generate revenue for eventual expansion. Iron ore is currently trucked from the mine to port, a journey of 110 kilometers, and then shipped to offshore customers.
- There is no chemical processing of the ore at Mary River. This means no chemicals and no tailings. The iron ore is simply mined, crushed, stockpiled, and shipped, making Mary River one of the most environmentally friendly mining operations on earth.
- At December 31, 2021, the Mary River Project had 2,628 employees, including 1,278 direct employees and 1,350 contractors. This included 381 Inuit employees, including 201 direct employees and 180 contractors, making Baffinland one of the largest private employers of Inuit in Nunavut.