



2022 NIRB ANNUAL REPORT

Popular Summary

MARY RIVER PROJECT

Planning Ahead

Learn how Baffinland is requesting an amendment to Project Certificate No. 005 to allow for continued operations at a nominal rate of 6 Mtpa activity level through 2024 and its heightened focus on the development of the Approved Steensby component.

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2022 Compliance Performance

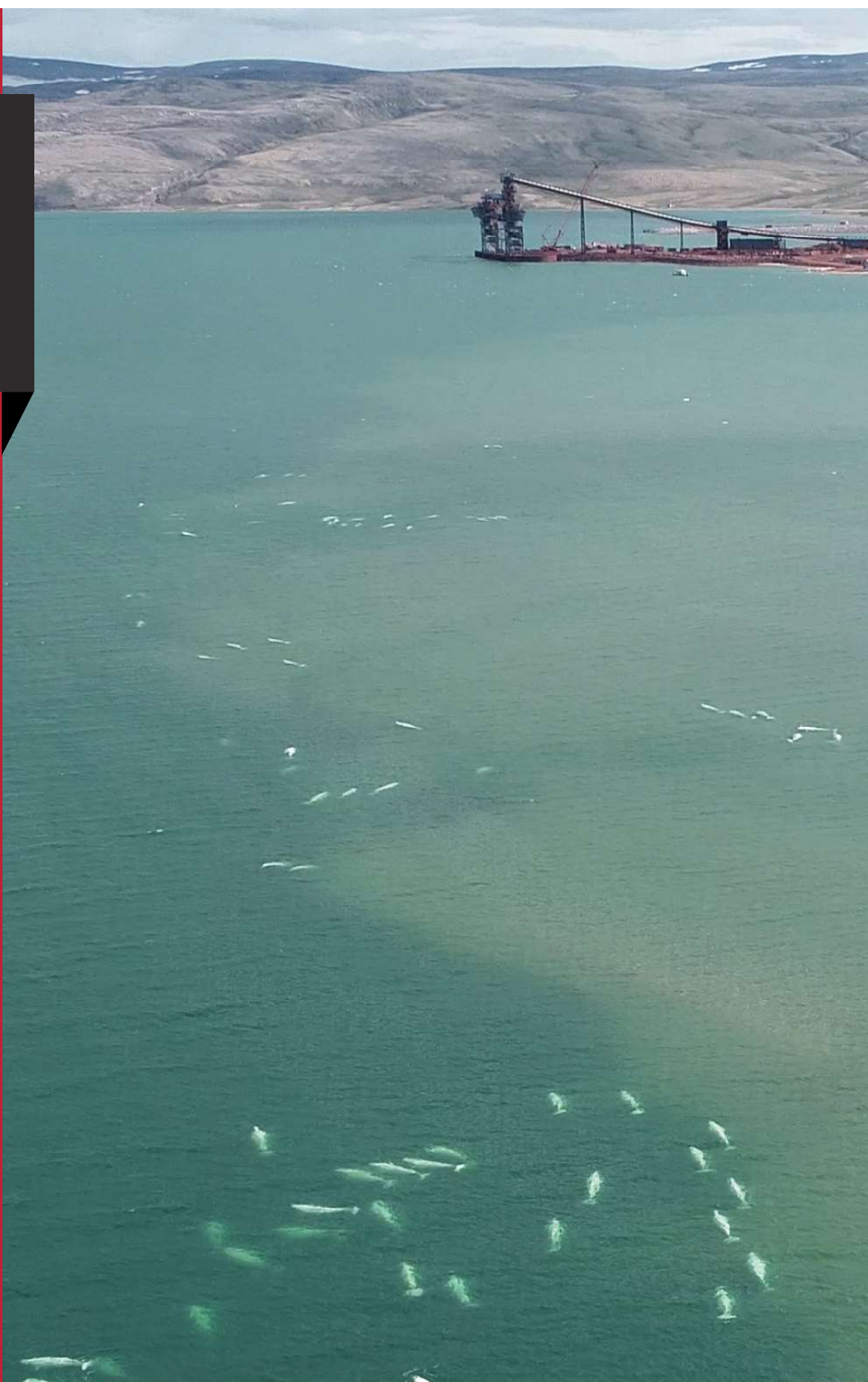
Learn more about Baffinland's self-assessment status of compliance with PC conditions for 2022.

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Monitoring Programs

Gain insight into all the Marine, Terrestrial, Freshwater, and Air Quality Monitoring Programs at Baffinland.

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THE MARY RIVER PROJECT

The Mary River iron ore deposits on North Baffin Island are considered to be one of 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 and Minerals Group and ArcelorMittal. The mine is located on Baffin Island, approximately 160 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 offices in five North Baffin communities including Arctic Bay, Clyde River, Sanirajak, Igloolik and Pond Inlet. The Project is the only mine and largest private employer in the Qikiqtani Region, and is one of three operating mines in Nunavut.

The Project currently 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 Route. Collectively this area is known as the Northern Transportation Corridor. 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 to markets in Europe and Asia between July and the end of October.

Mining operations began in 2014 with the first iron ore shipped to Europe via Milne Port in 2015. 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 Project represents a multi-generational opportunity for resource-driven socio-economic development in the North Baffin region.

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

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 Own Land

2012

The Nunavut Impact Review Board (NIRB) Issues the Project Certificate (PC) No. 005 for Mary River Project

2013

Early Revenue Phase 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)

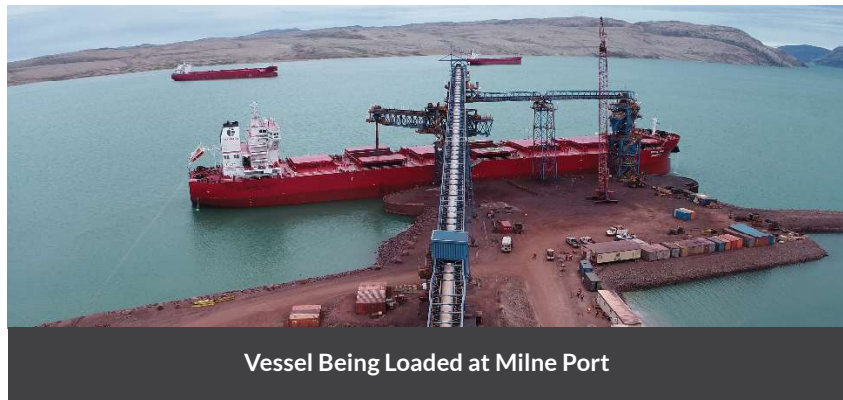
2022

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

2023

Sustaining Operations Proposal Submitted to NIRB

Southern Transportation Corridor via the South Railway, Steensby Port and the Southern Shipping Route. Subsequent amendments to Project Certificate No. 005 for the Early Revenue Phase (ERP) (issued by NIRB in 2014 as Amendment No. 01) permitted Baffinland to transport an additional 4.2 million tonnes per annum (Mtpa) from 2015 to 2017 followed by the Production Increase Proposals (PIP) (issued by NIRB in 2018, 2020 and 2022 as Amendments No. 02, 03 and 04) which permitted up to Six (6) Mtpa through the Northern Transportation Corridor.



2022 LOOK BACK

Mining operations continued at Deposit No. 1 in 2022 and a total of 5.7 Mt of ore was transported by ore haul trucks along the Tote Road from the Mine Site and stockpiled at Milne Port. During the 2022 shipping season a total of 4.7 Mt of ore was shipped from Milne Port to international markets through use of 62 individual ore carrier vessel voyages.

Baffinland's shipping operations were guided for the second 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 ice concentration prior to the commencement of shipping;
- adhering to strict vessel speed and course restrictions; and
- implementing a new convoy program.

Similar to 2021, Baffinland did not break ice to commence the 2022 shipping season, effectively delaying and shortening the season by 1 to 2 week(s). As a consequence, when multi-year ice drifted into the Northern Shipping Route and closed the season earlier than anticipated, more than one (1) million tonnes of ore was left at Milne Port before the season otherwise could have closed.

Through the PIP Renewal reconsideration process, Baffinland made over 70 new commitments, which are reflected in Appendix B to Project Certificate No. 005, Amendment No. 04. These extensive commitments relate to various aspects of the Project, ranging from dust mitigation and marine monitoring measures to substantial new investment in community infrastructure and other related funding. Status on these commitments will be reported in line with the requirements of Term and Condition No. 189, with the most recent report submitted to the NIRB on March 31, 2023.

On May 13, 2022, the NIRB recommended to the Minister of Northern Affairs that the Project's Phase 2 Expansion Proposal not proceed at that time. Subsequently, on November 16, 2022, the Minister accepted the NIRB's recommendation to not approve the Phase 2 Proposal at that time.

In the fall of 2022, Baffinland began engaging with the Qikiqtani Inuit Association (QIA) and the impacted communities and developing the Sustaining Operations Proposal (SOP) to support the continuation of transportation rates of 6 Mtpa through the Northern Transportation Corridor.

Due to the easing of COVID-19 restrictions, Baffinland was able to administer its annual Inuit Employee Survey at the Project with a total of 55 surveys completed. Baffinland also saw increasing Inuit employment through 2022 with over 330 Inuit employed by the Mary River Project.



Continued Development of Deposit No. 1 (Nulujaak Pit)

PLANNING AHEAD

Mining from Deposit No. 1 will continue through 2023 as well as project environmental monitoring programs prescribed by Project Certificate No. 005, water licences, authorizations, management plans, and environmental effects monitoring plans will continue through 2023. The SOP was submitted to the NIRB in March 2023 requesting an amendment to Project Certificate No. 005 to allow for the continued operation of the Project at a nominal 6 Mtpa activity level through to 2024.

Baffinland continues to evaluate its plans for the long-term success of the Project. Baffinland is actively working with the QIA and impacted communities on the long-term planning of the project, which includes a dedicated focus on the development of the Steensby component of the Approved Project. Limited activities are expected to be carried out along the South Railway alignment and at Steensby Port to support environmental permit applications in 2023 as well as continued engagement activities. 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 2023 period.



Aerial View of the Haul Road
(August 2022)

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.

With gradual easing of all travel restrictions in 2022, Baffinland maintained a hybrid approach for community engagement activities in the five (5) North Baffin communities and Iqaluit, with some events and meetings being held in-person and others relying on video/teleconference. Baffinland also continued to maintain a presence on social media and local radio as a means to ensure that information about the Project is accessible to a wide audience. This hybrid model provides a suitable alternative to ensure that lines of communication remained in place between Inuit and other stakeholders and Baffinland.



Baffinland continued to provide relevant operational updates to the communities and regulators throughout 2022. Subsequent to the NIRB’s recommendation to not approve the Phase 2 Proposal, Baffinland began focused consultation on maintaining a 6.0 Mtpa trucking and shipping operation in 2022 to provide stability to the Company under the PIP Renewal amendment. Subsequent to NIRB issuing Project Certificate No. 005 Amendment No. 04, Baffinland engaged almost immediately on an updated operations plan –the SOP –with the QIA and Inuit in the North Baffin communities to allow for the continued operation of the Project at a nominal 6.0 Mtpa activity level.

Wherever possible, Baffinland has taken feedback received throughout the recent Phase 2 and Production Increase Proposals and applied it to existing operations. In response to feedback and the NIRB’s recommendations in the Phase 2 Recommendation Report, Baffinland has worked with the QIA, Inuit, impacted communities and stakeholders to develop new mitigations to address priority areas of the Project as identified by Inuit.

For example, through the Phase 2 technical review submissions, issues related to ballast water and narwhal entrapment events were raised. Despite not having approval on the Phase 2 Proposal, in 2021 Baffinland proactively implemented commitments for additional ballast water mitigations (i.e. requiring vessels to conduct both exchange and treatment) and has been running narwhal entrapment clearance aerial surveys since 2019 when supported by the community. Furthermore, Baffinland has continued since 2021 to avoid the use of an icebreaker at the start of the shipping season, delaying the entry of ore carriers until ice concentrations along the nominal shipping route were no greater than 3/10ths. These examples highlight that where synergies between current operations, the Phase 2 Proposal, or most recently through the PIP Renewal, were identified, Baffinland proactively integrated forward-looking commitments, to ensure that information received through previous engagement events were captured and addressed throughout 2022 to the extent possible, and integrated within the SOP application.

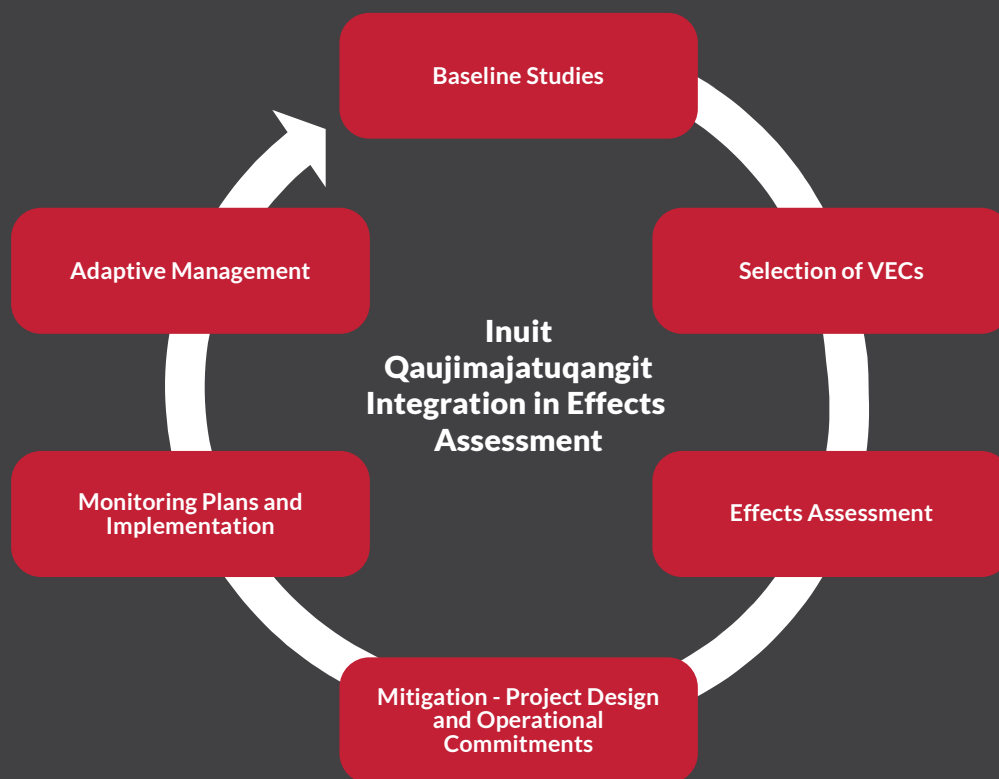
INCORPORATION OF INUIT QAUJIMAJATUQANGIT

Baffinland views Inuit Qaujimaqatunqangit (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 worldviews, as well as environmental knowledge. Inuit use IQ for decision-making in their everyday life choices, such as determining where to go or what to hunt. 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 Inuit Impact Benefit Agreement (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 IQ shared with it and the results of engagement with Inuit.

In 2022, Baffinland directly hired Inuit Knowledge Holders in each of the five impacted communities as well as Community Resource Guides. These roles are seen as 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 collection and use of IQ.



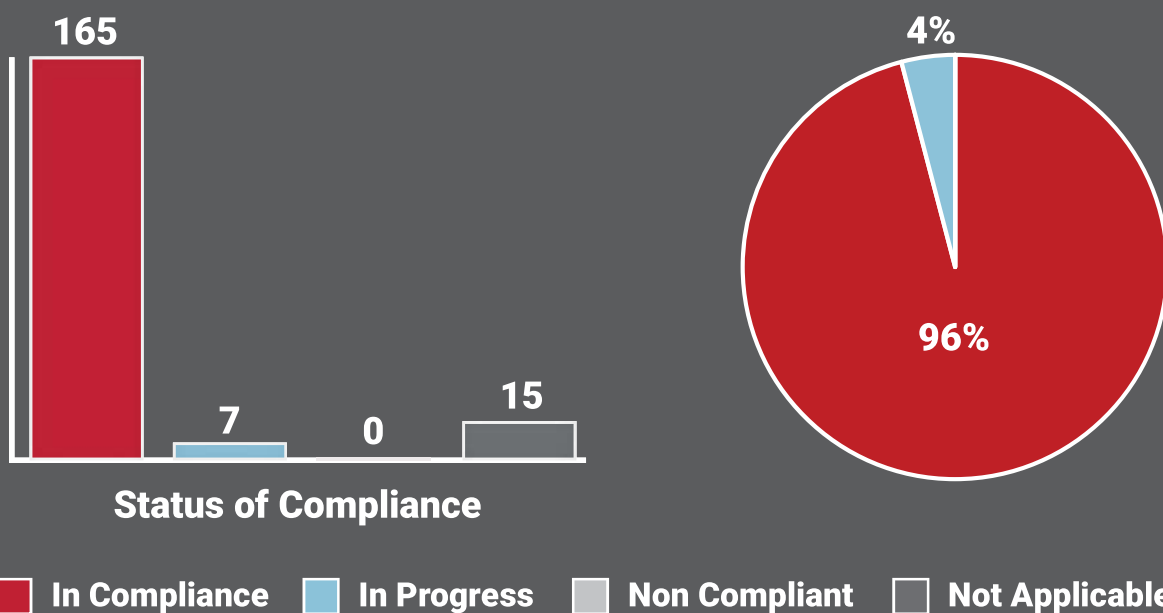
2022 COMPLIANCE PERFORMANCE

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. Since Terms and Conditions related to the not yet constructed components of the Approved Project (i.e., the Southern Transportation Corridor comprising the Southern Rail alignment and Steensby Port) were not applicable in 2022, compliance performance is focused on those related to the Mine Site and the Northern Transportation Corridor (Tote Road and Milne Port). Once applicable Terms and Conditions are triggered through the development of the Steensby component, compliance performance will consider 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 and the Baffinland Document Portal.

Overall, Baffinland is In Compliance with the required Terms and Conditions for the Project for the active Mine Site and Northern Transportation Corridor. Baffinland will continue to improve and refine existing mitigations and monitoring programs, make operational changes, implement adaptive management, and work with regulators and the communities to ensure the Project remains In Compliance with Project Certificate No. 005.

Summary of Baffinland's 2022 Overall Performance Against Project Certificate No. 005 Terms and Conditions



SELF ASSESSMENT METHODOLOGY

Baffinland has taken a conservative approach for self-assessing the status of compliance with Project Certificate (PC) No. 005 Terms and Conditions for 2022. When determining a status of compliance for each of the Terms and Conditions, Baffinland and its technical experts implemented the following process:

1. A review of the specific requirements outlined in each PC Term and Condition is conducted.
2. A review of all relevant work completed by Baffinland in the reporting year and/or previous reporting years (if applicable) relevant to the PC Term and Condition is conducted.
3. A consideration of previous status assignments by NIRB and associated interpretation.
4. A gap analysis is completed to assess whether or not there is a delta between the requirements of the PC Term and Condition and the work completed by Baffinland to meet these requirements.
5. Inuit and stakeholder comments as relevant to the PC Term and Condition are considered.
6. A status of compliance based on the results of Baffinland's self-assessment is assigned.

STATUS OF COMPLIANCE

In Compliance	Obligations have been met or exceeded, as intended in Project Certificate No. 005 for the relevant monitoring period. A previous 'Completed' and 'Accomplished' by the NIRB status will remain 'In Compliance' with a 'Not Active' status. <i>*Rationale for meeting compliance requirements is provided.</i>
In Progress	Obligations have been partially fulfilled, as intended in Project Certificate No. 005 for the relevant monitoring period, or a plan to achieve full compliance is being actioned. <i>*Demonstrable efforts towards meeting compliance requirements is evidenced.</i>
Non Compliant	Obligations have not been met as intended in the Project Certificate No. 005 for the relevant monitoring period. <i>*Rationale for being unable to meet compliance requirements is provided.</i>
Not Applicable	The Term and Condition is not applicable to the current phase of the Project for the relevant monitoring period.

**Project Certificate No. 005 compliance status is specific to those Terms and Conditions that are applicable to the Mine Site and Northern Transportation Corridor components (Tote Road and Milne Port).*

MOVING BEYOND COVID-19

At Baffinland, the safety and wellbeing of our employees, contractors and the North Baffin communities remains our highest priority, while ensuring the continuity of our business during these evolving and challenging times. Baffinland and its consultants continued to implement comprehensive health and safety plans and protocols to minimize the risk of COVID-19 exposure to employees, contractors and communities. When easing of public health restrictions allowed, Nunavummiut returned to work in late summer 2021, but were sent home again in December 2021 due to the presence of the Omicron variant. Baffinland was pleased to have employees re-transition to the Mary River Project Site in March 2022, allowing for regular routines to be re-established for our Nunavut staff.

Baffinland and its consultants and advisors implemented comprehensive safety plans and protocols to minimize the risk of COVID-19 exposure to their employees and local communities until restrictions were gradually lifted. In September 2022, testing protocols were lessened and PCR testing was phased out with the introduction of COVID-19 rapid antigen testing kits, which were less invasive and provided quicker results. While it was encouraged, mask wearing was no longer mandatory unless a person was post-COVID or exhibiting flu like symptoms. Baffinland slowly transitioned back to sharing spaces such as dining halls, recreation rooms and in person safety meetings. Baffinland has maintained handwashing protocols and community flight wellness checks as these are also important preventative measures for all transmittable viruses. This transition allowed Baffinland to ensure the risk of COVID-19 exposure to Nunavut communities was minimized, and the environmental monitoring programs were completed with minimal risk in a safe but communal environment.

For more information on Baffinland's COVID-19 response, please visit www.baffinland.com/sustainability/health-and-safety/

EDUCATION & TRAINING

The Qikiqtani Skills and Training for Employment Partnership (Q-STEP) has proven to be the most successful employment and training program currently offered at Baffinland. The Q-STEP Charter from Employment and Service Development Canada was scheduled to end on March 31st, 2021. Due to COVID-19, it was extended until March 31st, 2022, and the Q-STEP teams were authorized to expend the remaining funds. In a joint proposal, the Q-STEP team members at Baffinland and the QIA secured additional funding from Kakivak Association to ensure that the Q-STEP program would continue, which included:

1. Community based work readiness training
2. On-site work readiness training
3. Heavy Equipment Operators Training
4. Adult Basic Education and Pathway to Adult Secondary School programs

This funding expired on March 31, 2023 and, as a result, the Q-STEP team continues to seek additional third party funding to support the continuation of apprenticeship training at Baffinland.

In 2022, Inuit training hours totalled 52,055 hours, equivalent to 38.9% of the total training provided by Baffinland. This is an increase of 56.5% in Inuit training hours when compared to 2021, which is remarkable given that Inuit employees were returned home from site due to COVID-19, from late December 2021 to early March 2022.



Successful Heavy Equipment Operator Training Graduates (June 2022)

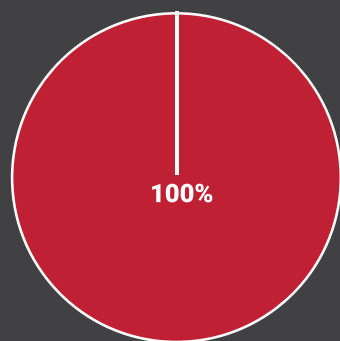
AIR QUALITY MONITORING PROGRAMS



In 2022, the following data collection and monitoring was undertaken in relation to the atmospheric environment monitoring program:

- Meteorological Monitoring
- Ambient Air Quality Monitoring
- Dustfall Monitoring
- Climate Change

Air Quality 2022
Performance Against PC
No. 005 Terms and Conditions



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

Weather conditions in 2022 were summarized and compared to conditions from previous years. Mary River and Milne Port observed higher maximum air temperatures in 2022 compared to 2021, while minimum air temperatures remained consistent. Windspeed trends between each site were similar in 2022. At Mary River, south-easterly winds were prevalent during 2022, which is consistent with the observed trends from previous years. At Milne Port, north-westerly and south-westerly winds were prevalent during 2022, consistent with data observed in 2021.

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. The 2022 measured concentrations of NO₂ and SO₂ were highest in the winter and lowest in the summer, consistent with previous years. In 2020, Baffinland retained expert support to evaluate the implementation of continuous particulate monitoring stations, a commitment made to Environment and Climate Change Canada through the PIP technical review. The stations were installed at both the Mine and Milne Port sites in 2021; data collected and analyzed is included in the Annual Air Quality, Dustfall and Meteorology Report for the 2022 period.

Ten years of passive dustfall monitoring from August 2013 to December 2022 are now complete. There are presently 49 dustfall monitors located across 43 monitoring stations, including 10 new stations installed in 2021 (four (4) stations located along the proposed Phase 2 railway were discontinued in October 2022 following the decision that Phase 2 expansion would not proceed). New dustfall monitors were installed to collect dust at 0.5 m as a pilot study to investigate the variability between dustfall sampling at the standardized height of 2.0 m and that closer to ground level showed no statistically significant differences in dustfall levels between the two heights.

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. Overall trends between satellite-derived mean dustfall concentrations and annual dustfall from the passive dustfall monitors were similar for Milne Port and the Tote Road Crossings.

In 2021, Baffinland expanded dustfall satellite imagery analysis to include undeveloped areas of the Project at Steensby, in order to facilitate an enhanced comparative analysis to a 'reference' site, while also establishing a baseline for a future development area. Results from that analysis showed that in some years, naturally occurring events (i.e. wind, precipitation trends, etc.) influence dustfall levels and that concentrations can be significant even in areas not influenced by the Project.

The pattern of dustfall extent on the landscape was similar from 2014 to 2022 for all areas, with the highest concentrations near the Project and

dustfall 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 also further amended its 2019 Climate Change Strategy throughout 2022. Baffinland incorporated the feedback received by Inuit and other stakeholders on a revised Climate Change Strategy in 2022. The newest Climate Change Strategy consists of a two-goal strategy focusing on (1) improving energy efficiency and forging a path to decarbonization, and (2) monitoring changes in climate and associated risks to inform adaptation and closure strategies.



THIRD-PARTY DUST AUDIT

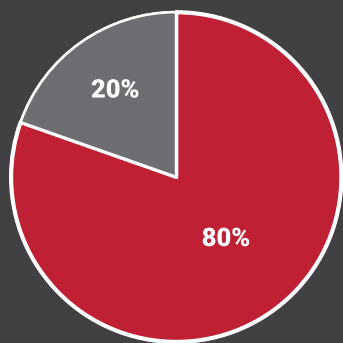
In 2021, Baffinland commissioned a third-party Dust Audit (the Audit) through Nunami Stantec, which included the establishment of a Dust Audit Committee comprised of representatives from the five North Baffin communities. As part of this work, the Dust Audit Committee undertook two on-site investigations and met with Nunami Stantec on a bi-weekly basis throughout 2022. An interim Dust Audit report was issued to Baffinland in September 2022. The results of the Audit were subsequently captured in a Final Recommendations Report submitted to the NIRB on February 16, 2023. Baffinland has since issued a formal response to the Recommendations Report, outlining its planned actions and, where applicable, schedule to address each recommendation.

MARINE MONITORING PROGRAMS

In 2022, 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

Marine 2022
Performance Against PC
No. 005 Terms and Conditions



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

As part of the Marine Mammal Aerial Survey program, a reconnaissance survey was initially run during the early shoulder season (Leg 1) to collect data on the presence/absence and distribution of marine mammals in the RSA relative to ice conditions at that time of year and prior to the start of shipping activities. Systematic aerial surveys were subsequently conducted over a two-week period in August 2022 to obtain an annual abundance estimate for the Eclipse Sound and Admiralty Inlet narwhal summer stocks during the open-water season. Results from the 2022 aerial surveys indicate that narwhal abundance in Eclipse Sound was statistically higher in 2022 than in 2021, although still statistically lower than 2016 and 2019. The combined narwhal abundance in Eclipse Sound and Admiralty Inlet was similar in 2022 to what was observed in recent years (2013, 2019, and 2020), indicating that narwhal numbers in the combined summering ground areas have not changed since prior to the start of Baffinland shipping operations.

The Bruce Head Shore-based Monitoring Program was conducted for four (4) weeks in 2022 to monitor for potential adverse effects from shipping operations on marine mammals in the Regional Study Area (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.
- The proportion of immature narwhal (i.e., calves and yearlings) relative to the observed population (an Early Warning Indicator [EWI]) recorded at Bruce Head in 2022 (0.105) was shown to be similar to that observed in 2021 (0.102), but lower than levels recorded during baseline (pre-Project) (0.152 in 2014 and 0.167 in 2015)). A statistically significant decrease in the EWI relative to baseline conditions for the Bruce Head area triggered a moderate-level risk adaptive management response, which involves investigating trends and enhancing mitigation and monitoring efforts. Baffinland initiated a follow-up investigation in 2021/2022 by conducting an equivalent EWI analysis of its aerial survey data collected in the larger RSA during previous years (i.e., 2014, 2015, 2020-2022). Findings from the aerial EWI analysis indicated that the EWI in 2022 (0.124) was within the range of baseline values (0.150 in 2014 and 0.110 in 2015), and therefore did not show evidence that the proportion of immature narwhal declined in the broader RSA since the start of shipping operations (2014/2015).

- Narwhal relative abundance was higher in 2022 than in the two preceding years (300% higher than in 2021) and was similar to levels in 2015. These findings indicated that narwhal numbers in the RSA appeared to be increasing from the lower numbers observed in 2020/2021 but have not yet returned to levels observed during earlier shipping years (2016, 2017 and 2019). Over the combined 2014 to 2022 sampling period, the second highest relative abundance estimate at Bruce Head was observed in 2019, when shipping was highest and Project icebreaking occurred during the early shoulder season for the third consecutive year (2018 to 2020). The lowest relative abundance estimates at Bruce Head were recorded in 2020 to 2021, when shipping levels were similar to 2016 and no icebreaking activities occurred during the early shoulder season. These results suggest that the annual volume of Project shipping in the RSA did not predict the relative abundance at Bruce Head in that year. The 2022 results support the theory that some degree of natural exchange likely occurs between the two putative narwhal summer stock areas and, while shipping cannot be ruled out as a contributing factor, that the regional distribution and movement of narwhal off North Baffin Island during the summer was likely influenced by other external factors (e.g., local ice conditions, water temperature, prey availability, predation pressure, etc.). A review of available Inuit knowledge supports that the Admiralty Inlet and Eclipse Sound narwhal stocks may actually represent a single stock with natural exchange of animals between the two putative summering areas.

Baffinland is currently working towards a collaboration with Fisheries and Oceans Canada (DFO), which would involve conducting regional aerial surveys across the Eastern Canadian High Arctic to obtain an abundance estimate for the Baffin Bay narwhal population as a whole, which includes six putative summering stocks (Admiralty Inlet, Eclipse Sound, Somerset Island, East Baffin, Jones Sound and Smith Sound). The last time this population was censused was in 2013.

Underwater sounds from Project shipping activities (near Bruce Head and Ragged Island) and non-Project activities near Pond Inlet were also successfully recorded in 2022. Sound exposure levels from shipping never exceeded thresholds for acoustic injury (temporary or permanent hearing loss) at any recording location, and on average, underwater noise exceeded the established 120 dB disturbance threshold for marine mammals for less than one hour per day (on average) at any location, which is significantly lower than predictions derived through acoustic modelling. Additionally, acoustic monitoring was used to measure sound levels associated with vessel convoys, which were implemented in 2022. A total of nine vessel convoys were recorded, seven of which showed that the 120 dB exceedance duration was less than the sum of the average durations for the individual vessels in the convoy. The initial results of this program support the hypothesis that vessel convoys can be an effective means to reduce overall sound exposure throughout the shipping season.

In 2022, 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 epifauna, marine fish community, fish health, non-indigenous species and/or aquatic invasive species, as well as a physical oceanography component to monitor water levels with a tide gauge. 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 remains below the applicable scientific guidelines or remains consistent with pre-Project operation levels for metals such as iron.



Brucehead Shore-based Monitoring Program



Marine Mammal Aerial Survey Program

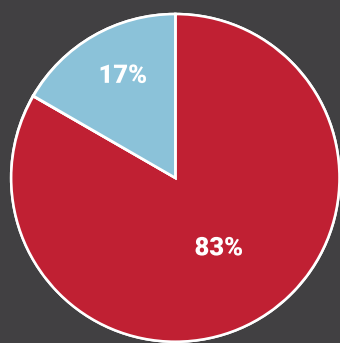
FRESHWATER MONITORING PROGRAMS



Monitoring activities undertaken in relation to the freshwater environment in 2022 included:

- Aquatic Effects Monitoring Program (AEMP)
 - Core Receiving Environment Monitoring Program
 - Lake Sedimentation Monitoring Program
 - Hydrometric Monitoring Program
- Milne Inlet Freshwater Fish Health Study (Completed in collaboration with Mittimatalik Hunters and Trappers Organization [MHTO])
- Tote Road Water Quality Monitoring
- Surveillance Network Program (SNP)
- Groundwater Monitoring Program

Freshwater 2022
Performance Against PC
No. 005 Terms and Conditions



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

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 2022 Core Receiving Environment Monitoring Program, 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 sedimentation rates are generally consistent with baseline except in the shallow stations, but accumulation rates at these sites remain below the proposed Trigger Action Response Plan (TARP) low action response threshold of 0.15 mm.

Results of the 2022 SNP, which monitors all effluent discharge and runoff from Project areas, indicate that exceedances of applicable discharge criteria in 2022 involved primarily surface water runoff and effluents with elevated total suspended solids levels. In each case, appropriate control measures were implemented 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. As part of the first phase of the implementation of the Long Term Surface Water Management Plan, construction of the KM 105 dam to control sediment loading in the receiving environment was completed in 2022. Additional implementation of the Long Term Surface Water Management Plan was completed with the construction of erosion and sediment control infrastructure at Camp Lake to reduce potential erosion and sedimentation and minimize releases of TSS to Camp Lake in 2022. The Long Term Surface Water Management Plan will continue to be implemented in 2023.

A second year of monitoring was completed in 2022 as part of the Milne Inlet Freshwater Fish Health Assessment program following initial discussions with the MHTO about the potential effects of the Milne Port facility operations on anadromous Arctic char and to fulfill requirements



Mine Site Aquatic Effects Monitoring Program Winter Lake Sampling - April 2022



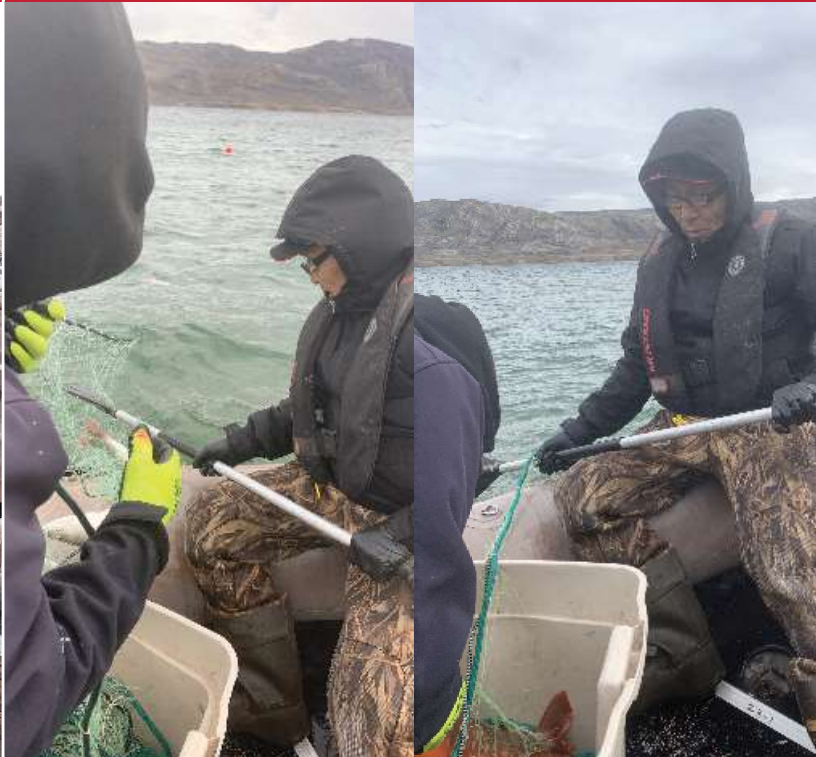
Mine Site Surveillance Network Program - August 2022

of Term and Condition No. 48(a). The design for the study was developed following consultation and direction from the MHTO on sampling locations, timing, and techniques for the study. In 2022, the field fish health assessment program ran from August 17 to 26, along with one individual representative for each of the Hamlet of Pond Inlet, the MHTO and the QIA. Ikaluit Lake was sampled for the first time in 2022, while Tugaat and Qurluktuk Lakes were sampled a second year in a row. Following the completion of the field component, Baffinland met with the MHTO representatives to discuss 2021 and preliminary 2022 results, and gathered feedback on the type of data and results in support of 2022 reporting efforts.

Mine Site Hydrology Program - July 2022



Milne Inlet Freshwater Fish Health Study- August 2022



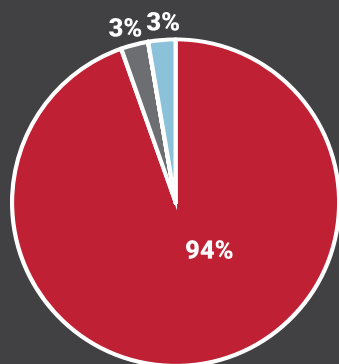
TERRESTRIAL MONITORING PROGRAMS



In 2022, the following data collection and monitoring was undertaken in relation to the terrestrial environment:

- Helicopter Flight Height Analysis
- Dustfall Extent Imagery Analysis
- Noise Monitoring
- Vegetation and Soil Based Metals Monitoring
- Snow Track Surveys
- Snowbank Height Monitoring
- Height of Land Caribou Surveys
- Remote Camera Wildlife Monitoring
- Hunter and Visitor Log Summaries
- Incidental Wildlife Observations
- Active Migratory Bird Nest Surveys
- Wildlife Interactions and Mortalities

Terrestrial 2022 Performance Against PC No. 005 Terms and Conditions



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

Vegetation monitoring in 2022 included vegetation and soils base metals monitoring. Soil-metal concentrations at the Project predominantly indicated no significant change or were significantly lower in relation to baseline values, and all samples remained within guidelines. Lichen-metal concentrations showed no significant changes in relation to baseline values, however, some discrete increases in constituents of potential concern (CoPCs) in relation to baseline conditions were recorded at the Mine Site, Milne Port, and along the Tote Road, with some individual values at or above indicator values. While some exceedances were attributed to sample variability, other CoPCs increases appear to be due to proximity to Project operations. Should these values continue to increase over time and result in year-over-year exceedances, corrective actions would be implemented. No significant risk to human or ecological health was identified.

Noise monitoring was conducted in the summer of 2022 to verify background sound levels and sound associated with the Project’s ground operations. At the Mine Site and Milne Port, average sound levels at 1.5 km from the PDA were at or below levels predicted in the FEIS. Along the Tote Road, however, sound levels were generally higher than predicted in the FEIS. Overall, it is expected that the impacts of noise by the Project have remained in compliance with the criteria presented in the FEIS for most areas.

In 2022, after incorporating pilot rationale, overall helicopter cruising altitude compliance in all areas in all months was 95.8%. This represents an increase from 2021 compliance rates (93.2%), as well as the highest percentage of compliant flight hours since 2016. Although noise monitoring data indicates that helicopter noise is likely too infrequent in all Project areas to cause any significant disturbance to wildlife, Baffinland aims to continuously improve in this area.

Wildlife monitoring included snow track surveys, Height of Land caribou surveys, and active migratory bird nest surveys. No caribou were observed during the Height of Land surveys in 2022, and no caribou tracks were identified during the snow track surveys. These results are consistent with previous years, and with low regional abundance estimates provided by the Government of Nunavut. Remote wildlife cameras continued to be monitored at 12 Height of Land locations. Over 83,000 photos were captured from the 12 cameras between October 2021 and June 2022, which included a total of 28 wildlife detections— none of which were caribou. Baffinland remains confident that the results of the Height of Land surveys are a by-product of the low regional abundance numbers in caribou, and not due to a methodological issue with the program.

Bird nest surveys were completed before any land disturbance at the Project during the breeding bird season (May 17 to August 19). One survey was completed, but no nests were detected.

Fifteen wildlife mortality incidents were reported in 2022, all of which were individual losses. Mortalities involved five different species: Lapland longspur, arctic fox, arctic hare, snow bunting, and ptarmigan. Vehicle collisions were confirmed or suspected in most of these incidents. Mitigations will continue to be implemented to reduce the risk of wildlife injury or mortality at the Project.

SOCIO-ECONOMIC BENEFIT SUMMARY



2022 marks ten years since construction first began, and eight full years of operations at the Mary River Project. Baffinland has continued its phased development of the Mary River Project.

A total of 505,605 hours were worked by Inuit and 3,304,182 by Non-Inuit in 2022. These hours include both Baffinland and Contractor employees. In total, Inuit employment hours were 13.3% of the total hours worked. Baffinland's Inuit employee payroll totaled more than \$17.4 million. These amounts include all Inuit employees who lived in and outside of Nunavut. Contractors' Inuit employee payroll totaled more than \$6.6 million. These amounts include all Inuit employees who lived in and outside of Nunavut.

The value of contracts awarded to Inuit firms exceeded \$162 million in 2022. This included twenty-six contracts with Inuit-owned firms, all of which were based in either the North Baffin communities or Iqaluit.

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 flows to other parties, which are expected to have positive spin-off effects for Inuit and other Nunavummiut. For example, in 2022, Baffinland paid a total of approximately \$16.3 million in taxes to the Government of Nunavut: \$10.5 million in employee payroll tax and \$5.8 million in fuel tax, and \$6.38 million in royalties to the QIA. Throughout 2022, 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. This Working Group has an agreement with Baffinland that requires Baffinland to provide payment of \$10,000 for every ore carrier required to ship over 4.2 Mt of ore. For the years 2018 to 2022, this amounted to a total of \$800,000 provided directly to the Working Group as a result of this agreement.

As of 2022, the Project has:

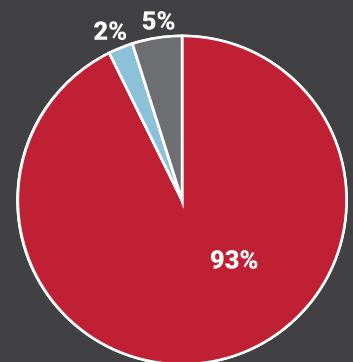
\$115m

Provided over \$115 million in wages to Inuit Project Employees and Contractors

\$1.66b

Reached more than \$1.66 billion in contracts signed and awarded to Inuit Firms

Socio-Economic 2022 Performance Against PC No. 005 Terms and Conditions



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



Baffinland's 2022 Shipping Monitor Team Visiting Mary River Project

QUESTIONS? HERE IS HOW YOU CAN REACH US

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Employment & Training

recruitment@baffinland.com

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Procurement Opportunities

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Donation Requests

donationrequests@baffinland.com

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