



NEWS RELEASE

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The Nunavut Impact Review Board Issues Reconsideration Report and Recommendations for Baffinland Iron Mines Corporation's "Production Increase Proposal Renewal" for the Mary River Project

CAMBRIDGE BAY, NU – September 22 2022 – The Nunavut Impact Review Board (NIRB or Board) has publicly released their Reconsideration Report and Recommendations (Report) that details the Board's assessment of the potential environmental and socio-economic effects of Baffinland Iron Mines Corporation's (Baffinland or Proponent) "Production Increase Proposal Renewal" (the PIP Renewal or the Proposal). This Proposal was filed with the NIRB on June 13, 2022 and involved a request by Baffinland to continue increased levels of production, transportation and shipping of iron ore via the port at Milne Inlet from the current limits of 3.5-4.2 Million tonnes per year (Mtpa) to six (6) Mtpa until December 31, 2022.

The Board has concluded that if recommended revisions to the existing Project Certificate No. 005 and Baffinland's commitments to additional mitigation and monitoring measures are implemented, **the potential for significant negative environmental and socio-economic effects associated with the Proposal can be effectively managed**. Consequently, the Board recommends to the Responsible Minister(s) that the Proposal should be allowed to proceed to the regulatory phase subject to the Board's recommendations as outlined in the Report.

The Board provided Notice to the Minister of Northern Affairs and the Proponent that the Board would conduct its assessment of the Proposal as a reconsideration of specific terms of Project Certificate No. 005 on July 19, 2022. Recognizing that Baffinland indicated a decision with respect to the Proposal was urgently required to avoid potential layoffs of nearly 1200 personnel in September, and that the Proposal involved a short-term renewal of the 6 Mtpa limits that had been in place since 2018, the Board directed that the reconsideration would primarily be conducted on the basis of written comments and that no Public Hearing would be necessary. Two written comment periods were supplemented with an informal Community Roundtable Session (CRT) held during the day and evening of August 16, 2022 in Pond Inlet. The CRT enabled the Board to receive oral comments from delegated Community Representatives in the potentially

affected North Baffin communities, as well as comments from residents of Pond Inlet in attendance.

Through the assessment, the Board heard support for the Proposal amongst a variety of parties, including Hamlets and Hunters and Trappers Organizations in several North Baffin communities, Baffinland's employees and the Arctic Co-op, due to the level of economic benefits associated with the 6 Mtpa level of production, and concern about the negative effects of potential layoffs and loss of benefits should the Project need to revert to the 4.2 Mtpa limit. However, support for the Proposal was not unanimous, and the Board heard that several parties, including the Mittimatalik Hunters and Trappers Organization, the Hamlet of Clyde River, non-governmental organizations and some members of the public remained concerned that the Project is negatively impacting narwhal and seal populations in the area. Although considerable uncertainty remains regarding the extent to which project shipping is causing a decline in the abundance, distribution and/or health of narwhal and seals in the area, harvesters emphasized to the Board the importance of narwhal harvesting to Inuit, their health and well-being and cultural survival. Community members also expressed frustration regarding an inability to fully realize the benefits promised for the Mary River Project.

In coming to this conclusion, the Board highlighted the following:

- Baffinland's commitment to not lay off Inuit employees (other than for cause) if the PIP Renewal is approved would reduce the immediate negative effects on Inuit employees, their families and communities that would result from a return to the 3.6-4.2 Mtpa limit;
- The PIP Renewal will maintain the status quo of economic benefits associated with the current operation of the Mary River Project, and with the additional commitments provided by Baffinland as part of the Board's reconsideration process may enhance the benefits associated with the PIP Renewal;
- The PIP Renewal will provide Baffinland and other interested parties with an opportunity to implement and monitor proposed improvements to mitigation measures intended to reduce effects on marine mammals;
- Even though the PIP Renewal is for a short duration, the Board sees the PIP Renewal as presenting an opportunity for parties engaged in the research and monitoring of narwhal stocks to better understand impacts to narwhal stocks and reduce uncertainty as to whether or not the 6 Mtpa level of project shipping is having negative effects on the abundance, distribution and/or health of narwhal stocks in the area;
- The PIP Renewal will allow Baffinland to consider and plan improvements to dust mitigation measures resulting from the recommendations coming from a community-led Dust Audit Committee; and
- The PIP Renewal will provide Baffinland and the participants on the Terrestrial and Marine Environment Working Groups for the Mary River Project with an opportunity

to evaluate whether proposed changes to the membership and structure of the MEWG will improve the functionality of the Working Groups;

- The commitments made by Baffinland for the PIPR continue beyond the short term of the PIPR and the Board expects these commitments to advance improvements in the monitoring, mitigation and adaptive management under the approved Early Revenue Phase; and
- As with previous assessments of the Mary River Project and subsequent modifications (including the Phase II proposal), uncertainty continues with respect to the assessment of ecosystemic effects.

In closing, the Board would like to thank all parties for supporting the NIRB's consideration of the PIP Renewal on an expedited basis. The Board heard concerns from parties that the process was too short and conducted when community members are out on the land so that public participation was hampered, while other parties indicated the process was too long and created economic uncertainty for Baffinland and its employees and contractors. Although the NIRB was unable to complete decision-making in accordance with the timeline requested by Baffinland, the Minister and other parties, the Board assures all parties that it prioritized this assessment and balanced the urgent need for a decision with the Board's obligations to conduct a thorough assessment of the Proposal. The Board notes that many of the participants in the reconsideration process worked with Baffinland to develop commitments to make changes to existing management, mitigation and monitoring measures to reduce impacts, improve working relationships and improve project monitoring. The Board appreciates these efforts and sees this work as a valuable outcome of the reconsideration process. The Board is grateful to all who participated in the assessment and shared their knowledge, experience and views.

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Marjorie Kaviq Kaluraq
Chairperson
Nunavut Impact Review Board

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