

September 4, 2020

Karen Costello
Executive Director
Nunavut Impact Review Board
P.O. Box 1360
Cambridge Bay, NU

Sent via Email: info@nirb.ca

RE: North Baffin Communities' Submission of Information Relevant to Baffinland's Phase 2 Proposal, NIRB's Assessment, and Upcoming Technical Meetings

Dear Karen Costello:

We, the elected officials of the Hamlets and Hunters and Trappers Organizations from the five affected communities in the North Baffin Region, are writing to you today to inform you of serious concerns that we have with the production levels Baffinland intends to produce as a result of its Phase 2 proposal. In documents filed with the Nunavut Impact Review Board (NIRB), Baffinland states that it intends to ship 12 million tonnes of ore per year through Milne Inlet as part of the Phase 2 expansion.

It has long been a concern that Baffinland has not been transparent about its true intentions for the Mary River project, because it has significantly modified the project so many times. The question of how much ore is to be shipped through Milne Inlet is an important part of this concern. As soon as Baffinland's 'Early Revenue Phase' (3.5 million tonnes/year) was approved, it applied to increase production levels to 6 million tonnes/year. Once that was approved, it filed for Phase 2 to double production to 12 million tonnes/year.

Public documents filed with the United States Security and Exchange Commission suggest that Baffinland's true intention is to ship 18 million tonnes/year through Milne Inlet. In its 2019 Annual Report filing, ArcelorMittal (one of Baffinland's key shareholders) describes recent changes to its plans for the Mary River expansion. The filing is somewhat confusing, because it calls the proposed railroad to Milne Inlet a part of its 'Phase 3' plan rather than 'Phase 2'.

"Baffinland also has approved Phase 3 of the project, which involves the construction of a railway to replace the existing truck-haul operation for transport of iron ore from Mary River to Milne Inlet, as well as expansion of mining, crushing and screening operations and port shiploading capacity. The initial plan of Phase 3 to increase production capacity to 12 million tonnes per year has been further increased on December 13, 2019 to 18 million tonnes per annum."¹

As the construction of the railway is part of the Phase 2 proposal, we interpret this passage as referring to the 'Phase 2' proposal that is currently undergoing assessment by the NIRB.

¹ Form 20-F Annual Report filed by ArcelorMittal, March 2020, p. 105. Accessed September 2, 2020 from: <https://www.sec.gov/Archives/edgar/data/1243429/000124342920000004/mt-31122019x20xfdocume.htm>

This appears to conflict with the scope of activities described in Baffinland's Final Environmental Impact Statement Addendum under consideration by the NIRB. We are concerned that the company is not being transparent and honest with Nunavummiut and regulators about its intentions for the Mary River mine. That alone is cause for serious concern, as it might make it difficult for Baffinland to maintain a relationship of trust with our communities. Furthermore, we are concerned that higher production rates could mean more environmental impacts and a shorter lifespan for the project. In short, worse negative impacts with fewer economic benefits, or a shorter timespan during which those benefits are realized.

This information also raises serious concerns and doubts around the quality of impact assessment Baffinland has submitted. Parties have been trying to predict impacts and consider appropriate mitigation related to the proposed production and transportation of 12 million tonnes of ore/year, using limited certainty on the actual sizes of ships and lengths of trains to do so. If Baffinland intends to ship 18 million tonnes/year as part of the Phase 2 expansion, we need to seriously reconsider our approach to the impact assessment, mitigation strategies, and potential benefits of this project. The confusion around production rates introduces a greater level of uncertainty around many of the predictions in Baffinland's impact assessment.

We have enclosed ArcelorMittal's 2019 Annual Report filing, publicly available with the United States Securities and Exchange Commission, for the benefit of the NIRB and all parties, and expect that the NIRB's upcoming Technical Meeting will present an important opportunity for parties to discuss this new information. Specifically, we request that Baffinland's intended production levels, and the potential implications that an 18 million tonnes/year production and transportation rate could have for project impacts and benefits, be included as a specific item in the agenda for upcoming technical meetings.

Sincerely,

The Mayors and HTO Chairmen of Pond Inlet, Igloolik, Sanirajak, Arctic Bay, Clyde River

Cc: P.J. Akeeagok, President, Qikiqtani Inuit Association
Aluki Kotierk, President, Nunavut Tunngavik Incorporated
The Honourable Joe Savikataaq, Premier of Nunavut/Minister of Environment
Brian Penney, President & CEO, Baffinland

Encl: ArcelorMittal Annual Report (Form 20-F) filed with United States Securities and Exchange Commission for the fiscal year ended December 31, 2019