



NEWS RELEASE

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The Nunavut Impact Review Board Issues Reconsideration Report and Recommendations for Baffinland Iron Mines Corporation’s “Phase 2 Development Proposal” for the Mary River Project

CAMBRIDGE BAY, NU – May 13, 2022 – The Nunavut Impact Review Board (NIRB or Board) has publicly released their Reconsideration Report and Recommendation (the Report) that details the Board’s assessment of the potential environmental and socio-economic effects of Baffinland Iron Mines Corporation’s (Baffinland or Proponent) “Phase 2 Development Proposal” (the Proposal). The Report presents the Board’s findings, associated recommendations and has been sent to the Minister of Northern Affairs for his consideration.

After careful consideration, and applying the precautionary approach, the Board has concluded that there is potential for the Proposal to have significant and lasting negative effects on marine mammals, the marine environment, fish, caribou and other terrestrial wildlife, vegetation and freshwater. In the Board’s view, these negative effects could also impact Inuit harvesting, culture, land use and food security. The Board considered whether the commitments made by the Proponent, the existing programs for the current Mary River Project to monitor and limit project effects and proposed improvements to these programs under the Inuit Certainty Agreement (ICA) signed by Baffinland and the Qikiqtani Inuit Association in 2020 would be effective to prevent or limit the potential for negative effects. The Board concluded that despite the best effort of all the parties, the Board was not confident that the measures proposed would limit or prevent these negative effects. The Board has concluded that the Proposal as assessed cannot be carried out in a manner that will protect the ecosystemic integrity of the Nunavut Settlement Area and that will protect and promote the existing and future well-being of the residents and communities of the Nunavut Settlement Area, and Canada more generally. As a result, the Board has recommended to the Minister that the Phase 2 Development Proposal as assessed should not be permitted to proceed at this time.

As detailed in the Report, Baffinland’s Proposal requested several changes to the components of the approved Mary River Project, which is located in the Qikiqtani Region of Nunavut and governed by NIRB Project Certificate No.: 005. The Proposal proposed the expansion of Baffinland’s current mining and shipping operations at Milne Port to support an increase to the amount of ore mined and shipped through Milne Port every year from the previously approved 6 million tonnes (in 2019-2021) to 12 million tonnes. The Proposal requested several key changes to the current Project to support the increased mining and shipping, including the following:

- Expansion of the existing facilities at Milne Port;
- The construction and operation of a 100 km Northern Railway next to the current Tote Road to transport the iron ore from the Mine to Milne Port; and
- An Increase to the ship traffic at Milne Port with up to 168 ore carrier voyages per year.

This was the longest and most extensive assessment in the Board's history and two years of the assessment was carried out during the COVID-19 pandemic. The Board provided opportunities for participation by Zoom and teleconference and some sessions of the Board's Public Hearing proceedings were carried live on Nunavut Independent Television's Uvagut TV channel across Nunavut and Canada. There were more than 40 days of meetings facilitated by the Board, including 26 days of Public Hearings and Community Roundtables. The Board received thousands of pages of information from Baffinland and more than two dozen Registered Intervenors (representing Inuit organizations, regulators, government agencies, non-governmental organizations, and community-based organizations). Hundreds of people asked questions and shared their knowledge and experiences during the assessment. During four Public Hearing sessions, the Proponent, Registered Intervenors, invited Community Representatives from the potentially affected North Baffin communities of Pond Inlet, Igloolik, Sanirajak, Arctic Bay, Clyde River, Grise Fiord, and Resolute and interested members of the public participated.

During the assessment the Board heard that despite the experience gained with the current Mary River Project and extensive submissions from the Proponent and the parties, uncertainty remains about:

1. Whether Baffinland's previous predictions and monitoring of the effects of the current Mary River Project accurately show what is being seen and experienced by the affected communities;
2. Whether Baffinland's current and proposed plans to limit negative effects of the current Project and the Proposal are working as expected;
3. Whether the significant increase to shipping could have negative Impacts on marine mammals (narwhals, seals, walrus, etc.), marine fish and the marine environment;
4. Whether the construction and operation of the Northern Railway could have negative Impacts on caribou populations and movement (alone or in combination with other infrastructure such as the nearby Tote Road and the Southern Railway that was approved previously for the Mary River Project, but that has not yet been built);
5. Whether the air, vegetation, freshwater and ice will be negatively impacted by increased dust emissions at Milne Port, along the Tote Road, and at the Mine Site; and
6. Whether snow and ice will be impacted due to increased black carbon emissions coming from ore ships using heavy fuel oil when travelling outside Nunavut.

The Board heard from Inuit and community-based organizations that the Proponent and regulatory agencies have not meaningfully considered and applied Inuit knowledge and experience to address this uncertainty and to adaptively manage the effects of the existing Mary River Project. These parties identified significant gaps between what Inuit are seeing and

experiencing in terms of the effects of the current Project and Baffinland taking steps to respond. Specific examples including not acknowledging and responding more quickly to:

- The release and spread of red dust near the current Project; and
- Changes to the distribution and abundance of narwhal and seals along the shipping route since project shipping began.

Inuit Qaujimajatuqangit shared with the Board from knowledge holders in Pond Inlet, indicated that these effects are changing their ability/willingness to camp, fish, hunt and berry pick in the areas impacted by red dust and are also changing the timing, location and levels of effort required to harvest narwhals and seals. Communities indicated that such changes are threatening food security and creating cultural losses for which communities cannot be compensated. Citing the concerns of communities with regard to these potential negative effects, Inuit organizations and the majority of the community-based Intervenor did not support the Proposal.

The Board also considered that the Proposal represents the potential for significant positive financial benefits, with an estimated \$2.4 billion in royalties among other economic benefits. The Proposal would be a significant and important driver of the economy for the Region and Nunavut in general for decades to come and is an important component of the Government of Nunavut's employment strategy for Nunavut's growing youth population. The Proposal holds the promise of significant contributions to Inuit employment and contracting, support for community infrastructure, and compensation for project effects, and was supported by the Hamlets of Pond Inlet and Sanirajak as a result. Baffinland also indicated that if the Proposal is not approved to proceed, the future of the current Mary River Project and the original Mary River Project as approved in 2012 may be in jeopardy. Accordingly, the Board has considered the potential for significant and immediate adverse socio-economic impacts that would result if the current Mary River Project is placed into care and maintenance and the longer term adverse effects if further development of the original Mary River Project does not occur.

Several parties challenged the predictions of economic benefits, and Baffinland's conclusions about the sustainability of the current Mary River Project without the Phase 2 Development Proposal. Many residents in the affected communities also expressed the view that the potential positive socio-economic benefits of the Proposal focus on financial benefits, while the negative socio-economic effects focus on effects on land use, harvesting, culture and food security that cannot be compensated with money.

The Board has concluded that due to several factors, including education, training, labour market and demographics, some of which are beyond the control of the Proponent, there remains uncertainty regarding whether the full scale of the proposed benefits can be delivered, and questions remain as to the extent of Inuit contracting and Inuit employment that may be delivered by the Phase 2 Development Proposal. However, the potential for the Proposal to deliver lasting positive economic benefits must be considered in an integrated way that takes into account the potential for significant negative effects on the environment, harvesting, culture, land use and food security. The Board considered both the potential for positive and

negative environmental and socio-economic effects of the Proposal in a holistic way to reach its decision that the Proposal as assessed should not be approved to proceed at this time.

In closing, the Board thanks the Proponent, the federal, territorial and local governments, Inuit Organizations, other Registered Intervenors, Community Representatives and members of the public who shared their perspectives, wisdom and knowledge with the Board. The Board is grateful for all their hard work, dedication and passion; their contributions have greatly assisted the Board in conducting this assessment during the very challenging times of the COVID-19 pandemic and have provided invaluable information relied on by the Board.

Qujannamiik,

A handwritten signature in blue ink that reads "M. Kaviq Kaluraq". The signature is written in a cursive style with a large, looped 'g' at the end.

Marjorie Kaviq Kaluraq
Chairperson
Nunavut Impact Review Board

NOTE: The Board has prepared a Highlights document (Doc ID No.: 339559 and 339560) that provides a plain language guide to the Board's full Reconsideration Report and Recommendations (Doc ID No.: 339558). Both documents can be found on the Board's Public Registry at www.nirb.ca/project/124701 by searching their respective document ID numbers.

For more information, the media may contact:

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