

PROJECT OVERVIEW

Type of Application

This application amends 149829

Project Schedule

Operations Phase from 2025/01/01 to 2037/12/31

Closure Phase 2041-01-01 to 2042-12-31

SUMMARY OF MODIFICATIONS

The SOP2 will require the amendment of Terms and Conditions 179(a) and 179(b) in Project Certificate 005 similar to what was approved for 2018-24, with the following adjustments:

- The SOP2 is requesting that the Nunavut Impact Review Board (NIRB) again modify Terms and Conditions 179 (a) and (b) to extend current ground transportation limits along the Milne Inlet Tote Road and Northern corridor marine shipping limits from the current date of December 31, 2024 to up to December 31, 2030 (unless the Steensby port and rail (or Steensby Components) become operational during that period). The proposed amendment allows for this date to be extended to December 31, 2032 should the Steensby Components be delayed past December 31, 2030
- Baffinland is asking that Term and Condition 179 (a) and (b) of the Project Certificate be amended to permit the same volumes of ore through Milne Port and along the Tote Road, with the same 84 vessel activity limit and 0.9Mt stranded ore contingency for shipping, currently approved to Dec. 31, 2024.
- Baffinland is proposing to further modify Term and Conditions 179 (a) and (b) to permit only minimal overlap between the operation of the Northern transportation corridor and the Steensby Components. This approach will help maintain business and customers for our product while the Steensby Components are constructed and commissioned. Once the Steensby Components are operational, Tote Road traffic for ore haulage will be discontinued within 90 days, and Baffinland would then proceed to evacuate all remaining ore at Mine Site outdoor crushers and the Milne Port stockpile as soon as practicable (anticipated up to two shipping seasons unless unexpected weather or logistics challenges arise).

The SOP2 does not propose any changes to current operations, including with respect to ore extraction, handling, stockpiling, and supporting activities. Continuation of these already approved activities will support operations, employment and delivery of benefits to communities on North Baffin Island. Continuing average annual 6 Mtpa transportation levels along the Northern transportation corridor will sustain the operation while investment in the Steensby Components is secured and the Steensby Components are constructed and commissioned. No modifications to the Steensby Components are proposed as part of the SOP2.

Additional Environmental Mitigations

The new management and mitigation measures developed during the NIRB processes for the Production Increase Proposal Renewal and the Sustaining Operations Proposal will continue to apply throughout the duration of the SOP2. These measures are reflected in the current Project Certificate 005 and its Appendix B, and include restrictions on the shipping season (subject only to the specific exceptions in the Project Certificate), the use of convoys and larger vessels to reduce shipping traffic, activity restrictions when caribou are present during sensitive periods, new programs to reduce the spread of dust, and extending funding support to the QIA to complete the development

of the Inuit Stewardship Plan, which will support independent Inuit-led monitoring programs and development of adaptive management and other mitigation measures.

Summary of Previous NPC Conformity Determinations

NPC has issued positive conformity determinations in relation to each of the previous 6 Mtpa Northern transportation applications in 2018, 2020, 2022 and 2023. NPC determined in 2020, 2022 and 2023 that it did not consider the continuing 6 Mtpa Northern transportation applications to be a “significant modification” under NuPPAA.

It is acknowledged that based on previous NIRB determinations in relation to the previous 6 Mtpa applications, this application to amend the Project Certificate to extend the duration of the average 6 Mtpa transportation levels will be considered a “significant modification” by the Nunavut Impact Review Board (**NIRB**) and that the SOP2 will be subject to a reconsideration process by NIRB under Section 112 of the *Nunavut Project Planning and Project Assessment Act* and Section 12.10.2 of the Nunavut Agreement. On February 15, 2024 the NPC confirmed the conformity determination issued for NPC file # 149960 is valid within the parameters of the proposed SOP2 activities.

Aside from a positive NIRB reconsideration, no additional permits or approvals are required to proceed with the SOP2. The potential development areas remain unchanged at the Mine Site, Mine Inlet Tote Road, Milne Port and shipping lane. There are also no additional materials (equipment, fuel, hazardous chemicals), water usage, or waste required to support the SOP2 above what has already been approved.

PROJECT NAME

Sustaining Operations Proposal 2 – Project Modification to Project Certificate No.005-08MN053

PROJECT DESCRIPTION

Baffinland is a Canadian mining company operating the Mary River Mine Project (the **Project**). The Project is an open-pit iron ore mine located in the Qikiqtani Region of Nunavut on northern Baffin Island, approximately 160 km south-southwest of the nearest community of Pond Inlet (Mittimatalik) and 1,000 km north-northwest of the territorial capital of Iqaluit.

Baffinland received regulatory approval for the Project in 2012 (the **Project**). The Project originally authorized Baffinland to mine and ship iron ore from the Mary River Mine via a railway south and through a port in Steensby Inlet. In 2014, Baffinland received approval for an amendment to the Project, called the Early Revenue Phase (**ERP**), which allowed for the additional extraction, transport, and shipment of iron ore from the Mary River Mine via the tote road and port in Milne Inlet.

In 2018, 2019, 2022 and 2023 the NPC issued positive conformity determinations in relation to Baffinland’s requests to increase tote road and Milne Port transportation limits from 4.2 Mtpa to 6 Mtpa. In 2018, 2020, 2022 and 2023 the NIRB approved these increases to the transportation limits through issuance of Project Certificate Amendments No. 002 to 005. Collectively, the approved Project is the Project as approved in 2012, by the ERP in 2014 and the SOP in 2023 (the **Approved Project**).

Purpose and Need

Baffinland has demonstrated operational improvements and efficiencies since the Mary River Mine became operational in 2015. Sustaining activity levels in 2025 and beyond at the same 6 Mtpa transportation rate that applied between 2018 and 2024 will avoid the need to scale back operations, which would significantly impact the important employment and contracting opportunities provided by

Mary River, as well as the benefits that flow to Qikiqtani Inuit (managed on behalf of Qikiqtani Inuit by the Qikiqtani Inuit Association).

The SOP2 would allow Baffinland to maintain the status quo while it explores long-term solutions to the challenges presented by operating a high-cost Arctic Project while being subject to highly variable global iron ore market prices. Along with incorporation of Inuit feedback, Project economics have continued to be a key driver in the development of the Mary River Project and the continued threat of having to reduce the production and transportation of iron ore to 4.2 Mtpa will guarantee seasonal closures and threaten the long term viability of the mine. Baffinland has worked closely with Inuit to develop a suite of new mitigations to address concerns raised through the NIRB process regarding the current operations. These mitigations, along with the lessons learned during the last 10 years of operation, 6 of which have been at 6 Mtpa transportation limits, increase the efficiency of the trucking operation and allow for the continuation of the status quo while meeting environment impact predictions.

Effects of the Proposed Activities on the Environment

All activities and components associated with the SOP2 will continue to be located entirely within the Project Development Area for the Approved Project. The activities associated with the SOP2 will not result in any change to the footprint of direct physical disturbance. Baffinland has considered the significance factors at section 90 of NuPPAA and because there are no changes or modifications to the activities approved previously in 2018, 2020 or 2022, and new mitigations have been developed to address concerns raised through the NIRB process, there are no changes to the previous determinations of significance for any aspects of the physical or social environment that were previously assessed in the Final Environmental Impact Statement (**FEIS**), ERP Addendum FEIS previous 6 Mtpa Applications or the SOP Addendum FEIS. As noted above, Baffinland anticipates that the NIRB will undertake a reconsideration process in relation to the SOP2 respecting Term and Condition 179 (a) and 179 (b) of Project Certificate No. 005.

Baffinland currently operates the Mary River Mine in accordance with previously obtained regulatory approvals and conditions for mitigating and monitoring the effects of the project on the environment. Should any unanticipated effects on the environment occur as a result of the activities proposed in the scope of the SOP2, Baffinland will continue to implement adaptive management mitigation measures developed in collaboration with Inuit, Inuit organizations and regulatory agencies based on IQ and the best available western science.

The reduced scope of the approved project (limited overlap between Northern ore transportation and Steensby ore transportation) will reduce potential for cumulative and other project effects.

Consultation Opportunities

Parties have participated in working groups established under Project Certificate No. 005 and through reviewing and commenting on NIRB monitoring programs on the 6 Mtpa operation since it commenced in 2018. These processes are continuing.

Direct community engagements on the need to maintain the status quo Northern transportation operations occurred in November and December 2023 and will continue through the remainder of the NIRB's reconsideration process. Similarly, consultations have and will continue to occur with the Qikiqtani Inuit Association, the Government of Nunavut, and the Government of Canada. The Qikiqtani Inuit Association has already conducted a preliminary review of the project description for the SOP2 in accordance with the requirements of the Mary River IIBA. Baffinland has also directly engaged with its employees and contractors on the need to maintain transportation rates at 6 Mtpa. Further consultation opportunities will be provided through the NIRB process, our community outreach programs and other means, such as our Facebook page.