



2021 NIRB ANNUAL REPORT

Popular Summary

MARY RIVER PROJECT

Monitoring Programs

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

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2021 Compliance Performance

Learn more about Baffinland's self-assessment status of compliance with PC conditions for 2021.

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Planning Ahead

Baffinland continues operations under the Early Revenue Phase and awaiting a decision on Phase 2.

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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 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 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 potential multi-generational opportunity for resource-driven socio-economic development in the North Baffin region.

The Project currently consists of three main operating centres: the Mary River Mine Site (the Mine Site), the 100-km long Milne Inlet Tote Road (Tote Road), and the Milne Port facility (Milne Port). There are also two approved, but yet to be built components of the Project: the Southern Railway and Steensby Port. The operation includes open pit mining, crushing and transportation of ore overland 12 months of the year along the Tote Road from the Mine Site to the Milne Port. The ore is shipped to markets in Europe and Asia between July and October. The Project is currently operating in the Early Revenue Phase, augmented by the temporary Production Increase Proposal (2018 to 2021), that allows for the hauling and shipping of up to 6 million tonnes per annum (Mtpa) of iron ore under the Project Certificate.

During 2021, mining operations continued at Deposit No. 1 and a total of 5.53 Mt of ore was transported by ore haul trucks along the Tote Road from the Mine Site and stockpiled at the Milne Port. During the 2021 shipping season a total of 5.6 Mt of ore was shipped from the Project's Milne Port to international markets. In 2021, marine ore shipments involved 73 individual ore carrier vessel voyages. The shipping season was delayed in 2021 due to the implementation of a provisional Narwhal Adaptive Management Response Plan, which delayed the start of the shipping season and ultimately limited the volume of ore that could be shipped.



Pond Inlet Youth Forum, October 2021

CONSULTATIONS & ENGAGEMENTS

With some easing of travel restrictions in 2021, Baffinland implemented a hybrid approach to community engagement activities in the 5 North Baffin communities and Iqaluit, with some events and meetings being held in-person and others relying on video and telephone conference. 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. Although Baffinland acknowledges that in-person engagement is preferred, the hybrid model has proven effective in ensuring that effective lines of communication remained in place between community representatives and other stakeholders and Baffinland throughout the pandemic.

As travel restrictions and public health orders continually evolved, Baffinland frequently evaluated what methods of engagement were most effective, while still maintaining individual and community health and safety as the top priority. This adaptive approach to engagement is predicted to continue as the COVID-19 pandemic and associated public health orders evolve throughout 2022.

Consultation with both Inuit community members and other parties, including the Qikiqtani Inuit Association (QIA) and regulators had a significant focus on Baffinland's Phase 2 Proposal in 2021. Although Baffinland continued to provide relevant operational updates to the communities and regulators, a large portion of interest from both these groups was specific to Phase 2. Wherever possible, Baffinland has taken feedback received throughout the Phase 2 review process, and applied it to existing operations. For example, through 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 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. These examples highlight that where synergies between the current operation and the Phase 2 Proposal were identified, Baffinland proactively integrated forward-looking commitments, to ensure that information received through Phase 2 consultation events were captured and addressed throughout 2021 to the extent possible.

RESPONSE TO 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 has robust Emergency and Crisis Management Plans, which include an infectious disease component. Our response to COVID-19 not only includes industry leading health and safety measures, but also additional community support to help relieve some of the strain arising from this global pandemic. Together with its employees, Baffinland has taken strides to support North Baffin communities throughout the pandemic.

At the start of 2021, Baffinland's Nunavummiut employees continued to remain in their home communities with compensation to help protect themselves and their communities. This arrangement was first implemented in April 2020 when employees were put on standby pay rates with full group benefits. Throughout 2021, Baffinland continued to work with the Government of Nunavut and Nunavut Public Health on risk based initiatives, which led to Nunavummiut employees beginning their return to work in July of 2021. The timing of this allowed for Inuit researchers from local communities to participate in several of the summer environmental monitoring programs, when possible. Unfortunately, in December 2021, it was determined that due to the highly contagious Omicron variant, Nunavummiut employees would return home with paid-leave. Baffinland is pleased to report that as of March 2022, our Nunavummiut-based employees are re-transitioning back to site.

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 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, access to the remaining funding of the program was extended until March 31st, 2022. The Q-STEP teams at Baffinland and QIA have also secured additional funding from Kakivak Association for a portion of the Q-STEP program including:

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

The Q-STEP team continues to seek additional third party funding to support the continuation of apprenticeship training at Baffinland.

In 2021, Inuit training hours totalled 32,974 hours which is 27.2% of the total training provided by Baffinland. Baffinland is also working to develop new training programs that would be offered both in community and at the Mine Site. Baffinland is also working with contractors to explore new skills development initiatives. Training programs are expected to continue to evolve at the Project as the operation advances, employment increases, and feedback from Inuit employees is implemented.



Quluq High School Graduates, Clyde River 2021

2021 COMPLIANCE PERFORMANCE

The Annual Report is a requirement of the Project Certificate No. 005 issued by the Nunavut Impact Review Board to Baffinland Iron Mines Corporation outlining the terms and conditions for operation of the Mary River Project. The Report provides information on how Baffinland is meeting the terms and conditions of the Project Certificate and its performance against them.

The Annual Report also presents an opportunity to discuss the Project activities over the preceding calendar year and highlights what is coming ahead for the following year. The complete Report can be found on the NIRB Public Registry and the Baffinland Document Portal.

Overall, in 2021 Baffinland remained 'In Compliance' with the required Terms and Conditions for the Project. Of the 170 Project Certificate conditions that were applicable to the Project in 2021, Baffinland is 96% 'In Compliance' with these Terms and Conditions, consistent with its performance in 2020. In areas where improvement is still required, 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' continues to achieve high rates of compliance with Project Certificate No. 005.

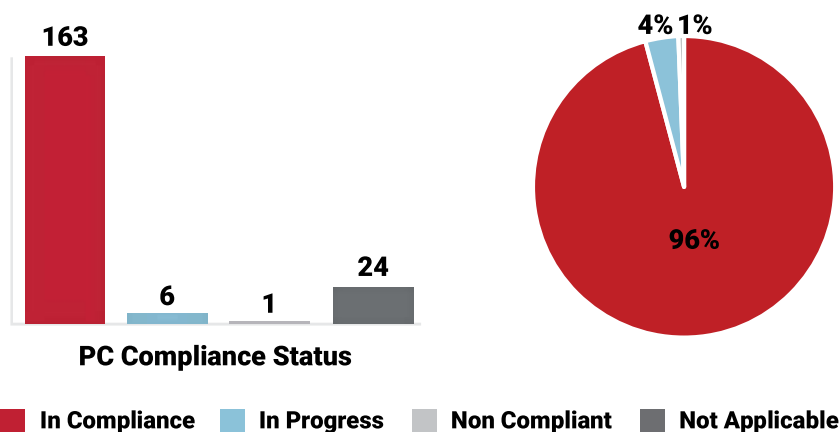
Baffinland will continue to complete its self-assessment using the approach described below until such time that guidance is issued by the NIRB on its expectations for completing self-assessments and/or its methodology for assessing PC compliance is disclosed to proponents.

Self Assessment Methodology

Baffinland has taken a conservative approach for self-assessing the status of compliance with Project Certificate (PC) conditions for 2021. When determining a status of compliance for each of the PC conditions, the following process was implemented by Baffinland and its technical experts:

1. A review of the specific requirements outlined in each PC 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 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 condition and the work completed by Baffinland to meet these requirements.
5. Inuit and stakeholder comments as relevant to the PC condition are considered.
6. A status of compliance based on the results of Baffinland's self-assessment is assigned.

Summary of Baffinland's 2021 Overall Performance Against Project Certificate No. 005 Terms and Conditions



Status of Compliance	
In Compliance	Condition requirements have been met or exceeded. <i>*Rationale for meeting compliance requirements is provided.</i>
In Progress	Condition requirements have been partially met. <i>*Demonstrable efforts towards meeting compliance requirements is evidenced.</i>
Non Compliant	Condition requirements have not been met. <i>*Rationale for being unable to meet compliance requirements is</i>
Not Applicable	The PC Term and Condition is not applicable to the current phase of the Project for the relevant monitoring period.

AIR QUALITY MONITORING PROGRAMS

Weather conditions in 2021 were summarized and compared to average conditions from previous years. Mean monthly air temperatures at the Mine Site and Milne Port in 2021 were fairly consistent, both in terms of timing and average temperature, with baseline and post-baseline periods. Wind speed and direction at the Mine Site were also consistent with past years (generally a southeast wind). Milne Port generally experienced north-northeast winds off of Milne Inlet, and southeast winds.

Ambient monitoring for sulphur dioxide and nitrogen oxides continued to be carried out at the Mine Site and Milne Port. Results from the continuous monitoring indicate that concentrations were below the Nunavut Air Quality Standards for NO₂ and SO₂, and were below the 2021 Canada Ambient Air Quality Standards. Ambient air concentrations were generally greater in winter and lower in 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 Production Increase Proposal technical review. The stations were installed at both the Mine and Port site in 2021 and are currently collecting and analyzing ambient air quality data and will be reported for the 2022 period.

In 2021, further expansions were made to Baffinland's passive dustfall monitoring program. 14 new dustfall monitoring stations were installed: four additional monitors at Milne Port; four new monitors along the section of the proposed Phase 2 railway that departs the Tote Road to define baseline conditions; and, in response to requests from community members and the TEWG, six 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. Results show there is very little difference between dustfall levels at 0.5 and 2.0m.

Baffinland also expanded the dustfall satellite imagery analysis to include undeveloped areas of the Project at Steensby, which facilitate an enhanced comparative analysis to a 'reference' site. Additionally, in 2021, Baffinland commissioned a third-party Dust Audit, which includes the establishment of a Dust Audit Committee comprised of representatives from the five North Baffin communities. As part of this work, the Audit Committee undertook an on-site investigation in October 2021, and additional engagement activities are planned for 2022. The results of the audit will be captured in a Final Report, which will be shared with NIRB and other Parties, before the end of 2022. Baffinland will seek to integrate the recommendations of the Committee following the release of the Final Report.

From 2015 through 2021, there was no consistent correlation between increases in production and dustfall. Results of 2021 monitoring support that additional dust mitigations employed in 2021 along the Tote Road and at the Milne Port stockpiles are functioning as intended.

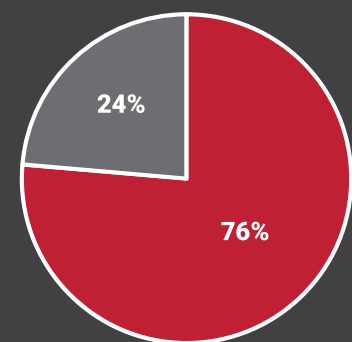
Baffinland also continued to advance the development of updates to its 2019 Climate Change Strategy throughout 2021. Efforts including substantial engagement with both internal and external parties to seek feedback on initial plans and to seek input on community-driven priorities and potential solutions.



In 2021, 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 2021 Performance Against PC No.005 Terms and Conditions



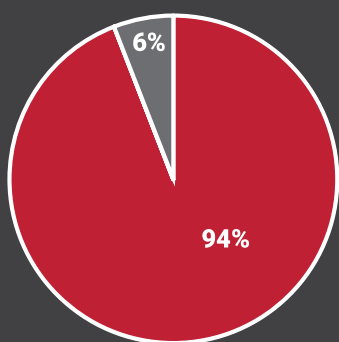
- In Compliance
- Non Compliant
- In Progress
- Not Applicable

MARINE MONITORING PROGRAMS

In 2021, Baffinland implemented the following marine environment monitoring programs;

- Ringed Seal Aerial Survey Program
- 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
- Freight Dock Habitat Offset Monitoring Program

Marine 2021
Performance Against PC
No.005 Terms and Conditions



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

2021 was the first year the Ringed Seal aerial survey has been conducted by Baffinland since 2014, however, surveys were completed by Fisheries and Oceans Canada (DFO) in 2016 and 2017. The results of the 2021 survey demonstrate that ringed seal density and distribution remain similar to previous years, including 2014, before ore shipments for the Project began in 2015, and 2016/17, before shoulder season icebreaking activities commenced in 2018. These results support impact predictions that no significant effects to ringed seal distribution and density would occur as a result of Project activities.

Results from the open water narwhal aerial survey indicate that narwhal abundance in Eclipse Sound was statistically lower in 2021 than previous years (i.e. 2013, 2016, 2019 and 2020), while the combined narwhal abundance in Eclipse Sound and Admiralty Inlet was statistically higher in 2021 to that observed in previous years (2013, 2019 and 2020). The Bruce Head Shore-based Monitoring Program also detected fewer narwhal than previous years, a finding that aligns with the 2021 aerial survey results. Additionally, the proportion of immature narwhal (i.e., calves and yearlings) in the observed population at Bruce Head was lower than all previous survey years, although not significantly lower than the baseline condition (2014/2015). This decrease is possibly attributed to the low sample size and high variability in the 2021 Bruce Head monitoring data, as also indicated by the aerial survey results, rather than being reflective of a true change in the population structure. Additional investigations will be undertaken in 2022 using aerial survey imagery to reassess whether this change is real or rather an artefact of the low sample size in 2021. Although the total number of narwhal near Bruce Head was lower in 2021, 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. Underwater sounds from Project shipping activities (near Bruce Head and Ragged Island) and non-Project activities near Pond Inlet were also successfully obtained in 2021. 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 above rarely exceeded the 120 dB disturbance threshold at any location (i.e. less than one hour per day, which is significantly lower than predictions derived through acoustic modelling).

A holistic review of the data from the 2021 shipping season does not conclude that the relatively lower numbers of narwhal observed in Eclipse



Sound in 2021 is Project-related. Elimination of early season ice-breaking in 2021 further reduced residual uncertainty in that Project shipping is the primary driver of the observed change in narwhal abundance in Eclipse Sound.

A review of available Inuit knowledge and scientific monitoring data 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. Another factor could be that narwhal migratory routes and summering areas have been influenced by environmental factors, such as changing ice conditions and/or prey/predator dynamics. This is further supported by recorded harvest levels in the spring at the Pond Inlet floe edge, which suggest that few narwhal were present at the floe edge at this time waiting to migrate into Eclipse Sound in the months before Project shipping began. However, it is noted that Pond Inlet harvesters were able to fulfill their entire summer quota by the fall.

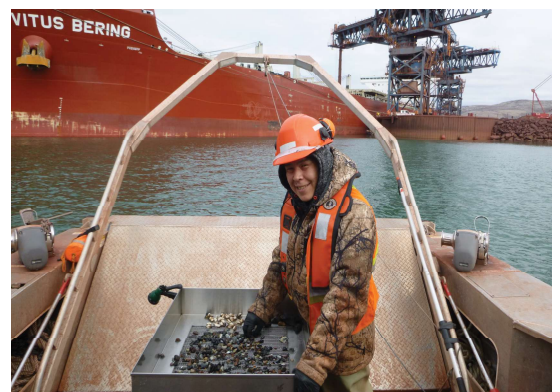
Based on 2021 monitoring and the need to initiate planning for the 2022 shipping season, it is Baffinland's intention to resume icebreaking in 2022 concurrent with additional monitoring in the form of a spring narwhal tagging program, which will fill gaps on narwhal behavioural responses to icebreaking. Baffinland will carry out focused consultations with key parties on 2022 shipping activities and monitoring plans, all of which will be summarized to the NIRB in the 2022 Marine Shipping and Vessel Management Report. Baffinland will also engage DFO to understand what, if any, regional studies could be planned in the near future that may provide greater insights into narwhal migratory behaviour, environmental conditions affecting regional narwhal abundance distribution, and/or to re-examine the classification of Eclipse Sound and Admiralty Inlet narwhal as distinct stocks. To be clear, such regional studies would be complemented by Baffinland's Project effects monitoring.

In 2021, Baffinland also continued to undertake its MEEMP and NIS/AIS Monitoring Program at Milne Port. This included monitoring of water quality, sediment quality, habitat availability, health and diversity of species, fish diversity, presence and health, and the presence of non-indigenous species and/or aquatic invasive species. 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.

In 2021, Baffinland implemented Year 2 of habitat offset monitoring required under the Fisheries Act Authorization for the Freight Dock. Field surveys were conducted on both Freight Dock offset habitat as well as a suitable Reference Area outside the area of Project influence. Monitoring results indicate that the Freight Dock offset habitat appears to be providing a suitable and stable substrate for colonization and growth of marine organisms, as evidenced by the presence of macroalgae, motile invertebrate, and fish taxa. However, there are a few small and localized areas where the crushed rockfill foundation has become exposed; these exposed areas are vulnerable to erosion. A stability assessment in Year 5 of the program will provide additional information on the physical stability of these areas and whether remedial work may be considered.



Underwater Acoustic Monitoring Program



Marine Effects Monitoring

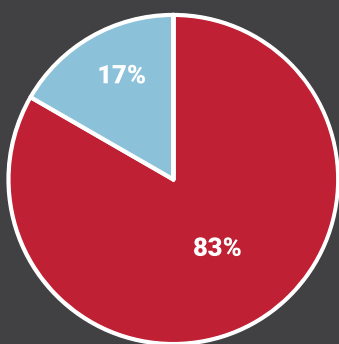
FRESHWATER MONITORING PROGRAMS



Monitoring activities undertaken in relation to the freshwater environment in 2021 included:

- Aquatic Effects Monitoring Program (AEMP)
 - Core Receiving Environment Monitoring Program
 - Lake Sedimentation Monitoring Program
 - Hydrometric Monitoring Program
 - Environmental Effects Monitoring Program
- Milne Inlet Freshwater Health Study (Completed in collaboration with MHTO)
- Tote Road Fish Habitat Monitoring
- Surveillance Network Program
- Tote Road Monitoring Program
- Groundwater Monitoring Program

Freshwater 2021 Performance Against PC No.005 Terms and Conditions



■ In Compliance
 ■ In Progress
 ■ Non Compliant
 ■ 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 2021 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 indicate that sedimentation rates are generally consistent with baseline except in the shallow stations, but accumulation rates at these sites remain well below the proposed low response threshold of 0.15 mm.

The fish habitat monitoring associated with the Tote Road Fisheries Act Authorization identified that the fish use of the rustic fishway installed at BG-30 continued to be successful. In 2021, there was no in-stream construction works at crossings classified as Harmful Alteration, Disruption or Destruction (of Fish Habitat) (HADD), compensation, and Letters of Advice (LOA) crossings. 2021 surveys noted recurring perches and sedimentation issues at several crossings. Appropriate remedial measures are being identified in a short term and long term plan, which will be discussed with DFO and implemented to address these issues. The necessary permits will be obtained prior to executing remedial works in 2022.

Results of the 2021 Surveillance Network Program, which monitors all effluent discharge and runoff from project areas, indicate that exceedances of applicable discharge criteria in 2021 involved primarily surface water runoff and effluents with elevated total suspended solids levels. In each case, appropriate control measures were implemented to restore TSS levels 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 Long Term Water Management Plan Baffinland also constructed the KM 105 dam to control sediment loading in the receiving environment.



Fish Monitoring at Tote Road Culvert BG-01



Mine Site Hydrology Program

Groundwater consultants specialized in Arctic environments were retained in 2021 to execute the current groundwater monitoring program at the Mine Site landfill and hazardous waste berms. As additional data is collected, Baffinland will be able to further characterize natural groundwater chemistry at the Project and further identify any trends, including potential impacts from Project activities or infrastructure.

The 2021 Milne Inlet Freshwater Fish Health Assessment program was initiated following discussions with the MHTO about the potential effects of the Milne Port facility operations on anadromous Arctic char and to fulfill requirements of Term and Condition No. 48a. The design for the study was developed following consultation and direction from the MHTO on sampling locations, timing, and techniques for the study. The 2021 field fish health assessment program ran from August 12 to 19 with a member from the MHTO at the Tugaat and Qurluktuk River systems. Continuation of this program is planned for August 2022 to focus on Ikaluit river systems as field teams were unable to access this area due to weather in 2021.

Mine Site AEMP Winter Lake Sampling



Routine Tote Road Water Quality Monitoring



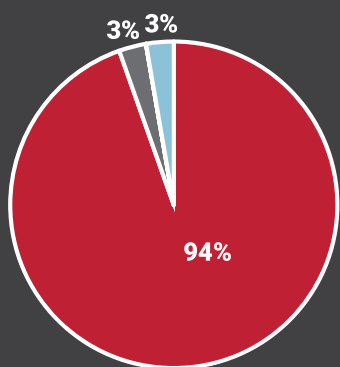
TERRESTRIAL MONITORING PROGRAMS



In 2021, the following data collection and monitoring was undertaken in relation to the terrestrial environment monitoring program:

- Vegetation Monitoring
- Height of Land Caribou Surveys
- Remote Camera Wildlife Monitoring Program
- Snow Track Surveys
- Snowbank Height Monitoring
- Helicopter Flight Height Analysis
- Migratory Bird Nest Surveys

Terrestrial 2021
Performance Against PC
No.005 Terms and Conditions



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

Vegetation monitoring in 2021 included vegetation and soils base metals monitoring. Soil-metal concentrations and lichen-metal concentrations at the Project mainly indicated no significant increases compared with baseline values, and all samples remained within guidelines. No significant risk to human or ecological health was identified.

In 2021, after incorporating pilot rationale, overall helicopter cruising altitude compliance in all areas in all months was 92.2%. This represents a decrease from 2020 compliance rates and although noise monitoring data indicate 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 migratory bird nest surveys. No caribou were observed during the height of land surveys in 2021, 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 were also installed in 2021 to address questions from the Terrestrial Working Group on whether caribou were near the Project site when height-of-land surveys were not being run. As no caribou were spotted in the over 42,000 photos captured from the 12 cameras, 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, with two nests being identified in a potential work area in 2021. Construction was postponed and only proceeded once the chicks had left the nest.

SOCIO-ECONOMIC BENEFIT SUMMARY



2021 marks nine years since construction first began, and seven full years of operations at the Mary River Project. Baffinland has continued its phased development of the Mary River Project.

A total of 493,131 hours were worked by Inuit and 3,652,195 by Non-Inuit in 2021. These hours include both Baffinland and Contractor employees. In total, Inuit employment hours were 12% of the total hours worked. Baffinland's Inuit employee payroll totaled \$15,292,407. These amounts include all Inuit employees who lived in and outside of Nunavut. Contractor's Inuit employee payroll totaled \$6,303,205. These amounts include all Inuit employees who lived in and outside of Nunavut.

Total contract expenditures to Inuit firms exceeded \$220 million in 2021. This includes twenty-five contracts with Inuit-owned businesses and joint ventures, all of which were based in either 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 Inuit Impact Benefit Agreement, 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 2021, Baffinland paid a total of approximately \$15 million in taxes to the Government of Nunavut: \$10.3 million in employee payroll tax and \$4.7 million in fuel tax. Additionally, in 2021 Baffinland paid a total of \$9,206,970 in royalties to QIA in 2021 as well as \$3,463,126 in Commercial Rent. Throughout 2021, 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 Mittimatalik Hunter and Trappers Organization (MHTO). This Working Group has an agreement with Baffinland that requires Baffinland to provide payment of \$10,000.00 for every ore carrier required to ship over 4.2 MT of ore. For the years between 2018 to 2021, this amounts to a total of \$730,000 for the Tasiuqtiit Working Group as a result of this agreement.

As of 2021, the Project has:

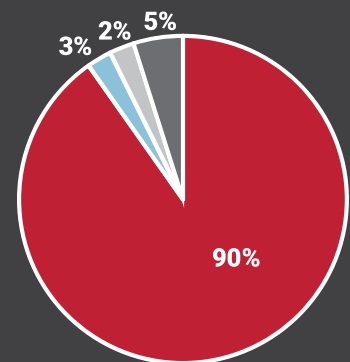
\$100m

Provided over \$ 100 million in wages to Inuit Project Employees and Contractors

\$1.5b

\$1.5 billion in contracts signed and awarded to Inuit Firms

Socio-Economic 2021 Performance Against PC No.005 Terms and Conditions



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



Continued Development of Deposit No. 1 (Nuluujaak Pit)

PLANNING AHEAD

In 2022, Baffinland will work towards continuing operations, and, depending on the outcome of the responsible authorities' decision on the Phase 2 Proposal, will proceed with the preparations for the expansion of the Project, where possible. Specific activities to support the current operations that are proposed to be undertaken in 2022 include: the mining, crushing, hauling, stockpiling, shiploading and shipping of iron ore, as well as the construction and maintenance of supporting infrastructure required at Milne Port, along the Tote Road, and the Mine Site. Additionally, Baffinland will pursue on-going exploration activities as required to maintain mineral tenure in good standing and position the Company for future exploration programs.

The Project's Phase 2 Expansion Proposal continues to advance through a joint assessment administered by the NIRB and NWB. As of January 2022, NIRB has closed the Public Record for the Phase 2 Proposal and the NIRB Panel's "Reconsideration Report and Recommendations" will be conveyed to the Responsible Ministers on or before May 13, 2022.

No activities are planned to be undertaken along the south railway or at Steensby Port in 2022, with the exception of select environmental studies to support the post environmental assessment permitting for the future development of the southern transportation corridor and Steensby Port, should that be possible. Project environmental monitoring programs prescribed by the Project Certificate, water licences, authorizations, management plans and environmental effects monitoring plans will continue through 2022.



Fully Loaded Ore Haul Truck Travelling Along the Tote Road To Milne Port



Baffinland's 2021 Shipping Monitor Team, Pond Inlet

QUESTIONS? HERE IS HOW YOU CAN REACH US

Baffinland Head Office

2275 Upper Middle Road East
Suite 300
Oakville, Ontario
L6H 0C3

Communications

communications@baffinland.com

Employment & Training

recruitment@baffinland.com

Operation & Proposed Expansion

communityquestions@baffinland.com

Procurement Opportunities

procurement@baffinland.com

Northern Head Office and Baffinland Community Liaison Officers:

Iqaluit

Joe Tigullaraq
Head of Northern Affairs
joseph.tigullaraq@baffinland.com
+1 867 975 2502
+1 867 222 6622

Arctic Bay

Meena Oyukuluk
meena.oyukuluk@baffinland.com
+1 867 439 8847

Clyde River

George Iqalukjuak
george.iqalukjuak@baffinland.com
+ 1 867 924 6444

Sanirajak

Deborah Qanatsiaq
deborah.qanatsiaq@baffinland.com
+1 867 928 8497

Igloolik

Lena Angutiqjuak
lena.angutiqjuak@baffinland.com
+1 867 934 8464

Pond Inlet

Terry Killiktee
terry.killiktee@baffinland.com
+1 647 253 0596 x3501
Ernest Merkosak
ernest.merkosak@baffinland.com
+1 867 222 0394