



2024 Annual Security Review

Summary Presentation

May 23 2024



MISSION

၂၄၆၈၆

Our mission is to become the lowest cost producer of high-grade iron ore in the world.

ጋናኤርግሮ ለዎዎረብ
ይነፍስሙልግበሥህጋር
አልፍንኢሮበለጭጋሥቆ
ወደፍረሳ፡



VISION

אנחנו מודים לך על שיתוף הפעולה

Our vision is to safely and efficiently identify and develop resources within Baffin island, unlocking their wealth-generating potential for the benefit of all stakeholders.

ሥልጣናዊ ጥራት ለሕዝብ
 ለማግኘት ማሳሰቢያ
 ለሕዝብ ማሳሰቢያ
 ለሕዝብ ማሳሰቢያ

ረዕረዳዎች, ለፋይናንስና ሰው ሀብት
 ለፈጠራና ለቴክኖሎጂ ለጥናትና ለፖለቲካ



VALUES

▷^b ∧ ∩ ∪ ∘ ▷^c

Health & Safety

Safety as a value

ፍጹሙሆናቸው
 ለፍጹሙሆናቸው
 ለፍጹሙሆናቸው ልሳሳላቸው

Integrity

Do what is right, not what is easy.

[illegible]

Engage and Develop our People

Լճակի Բնակավայր
 Լճակի Բնակավայր

Respect for all

$\Delta^b \wedge J_L^\sigma$ $\rho^b d\zeta_L^\sigma$

Environmental Stewardship

ᐃᓚᑎᓂᖅ ᐸᕐᔪᐱᐳᐣᐤ

Pursue Performance Excellence

ᐱᓕᓂᑦᐅᓄᓪᓇ ᐱᓕᓂᑦᐅᓄᓪᓇ

Agenda

- Introduction
- 2024 Work Plan Overview
- 2024 Annual Security Review
- Questions



Introduction



Introduction

- Annual update to the reclamation security required under the Type 'A' Water Licence 2AM-MRY1325, and Commercial Lease Q13C301
- Reclamation security intended to be inclusive of all closure and reclamation costs estimated for a third-party Contractor to complete the work
- Estimates are built up from direct cost unit rates, and indirect costs required to support reclamation work to ensure objectives are met
- There are specific requirements for costing and estimation as a result of arbitration that occurred in 2018 regarding the Mary River Security



Current Reclamation Security and 2023 Process

- Currently for the Type A Water License 2AM-MRY1325 related to the Mary River Mine, the current value of reclamation security held as per the table on the right
- The annual security review process did not occur in 2023, with parties agreeing to hold security at the 2022 value for 2023.
- As such, for the 2024 process, items submitted as part of the 2023 workplan are required to be reconciled, as well as the addition of any 2024 items.
- Extensions have been granted to the security review process, moving the NWB review decision until June 27, 2024.

Liability	2022 Global Estimate(\$)
IOL	104,549,205
Crown	2,231,269
Total	106,780,474

2024 Work Plan



1. 2024 Work Plan Overview

Work Plan

ID	Description
2024 Scope	
2024-1	Fencing at Mary River Aerodrome (788m length)
2024-2	QMR2 Quarry Sedimentation Pond (5,300 m2)
2024-3	Leveling and grading within footprint of future Waste Rock Facility expansion to support geotechnical investigation work
2024-4	Additional snow stockpiling area (25,000 m2)
2024-5	Development of a laydown area at the Mine Site for temporary storage of equipment and materials.
2023 Scope Carryover	
2023-2	Expansion of KM 106 stockpile pad to increase road width to accommodate water truck loading area (2,000 m2)
2023-3	Lined containment berm and 15,000 L Jet A Tank at the weatherhaven.
2023-4	Replacement of culverts at fish-bearing streams along the Milne Inlet Tote Road to designs exceeding those in the 2013 ERP design.

1. 2024 Work Plan Overview

2024-1 - Fencing

2024-1: Fencing at Mary River Aerodrome

- **Area:** 788m length
- **Purpose:** Protective fencing along aerodrome
- **Effect on Features:** Will occur on developed laydown within Project Development Area



1. 2024 Work Plan Overview

2024-2 – Sedimentation Pond

2024-2: QMR2 Quarry Sedimentation Pond

- **Area:** 5,300 m²
- **Purpose:**
- **Effect on Features:** Lined area on developed laydown within the Project Development Area

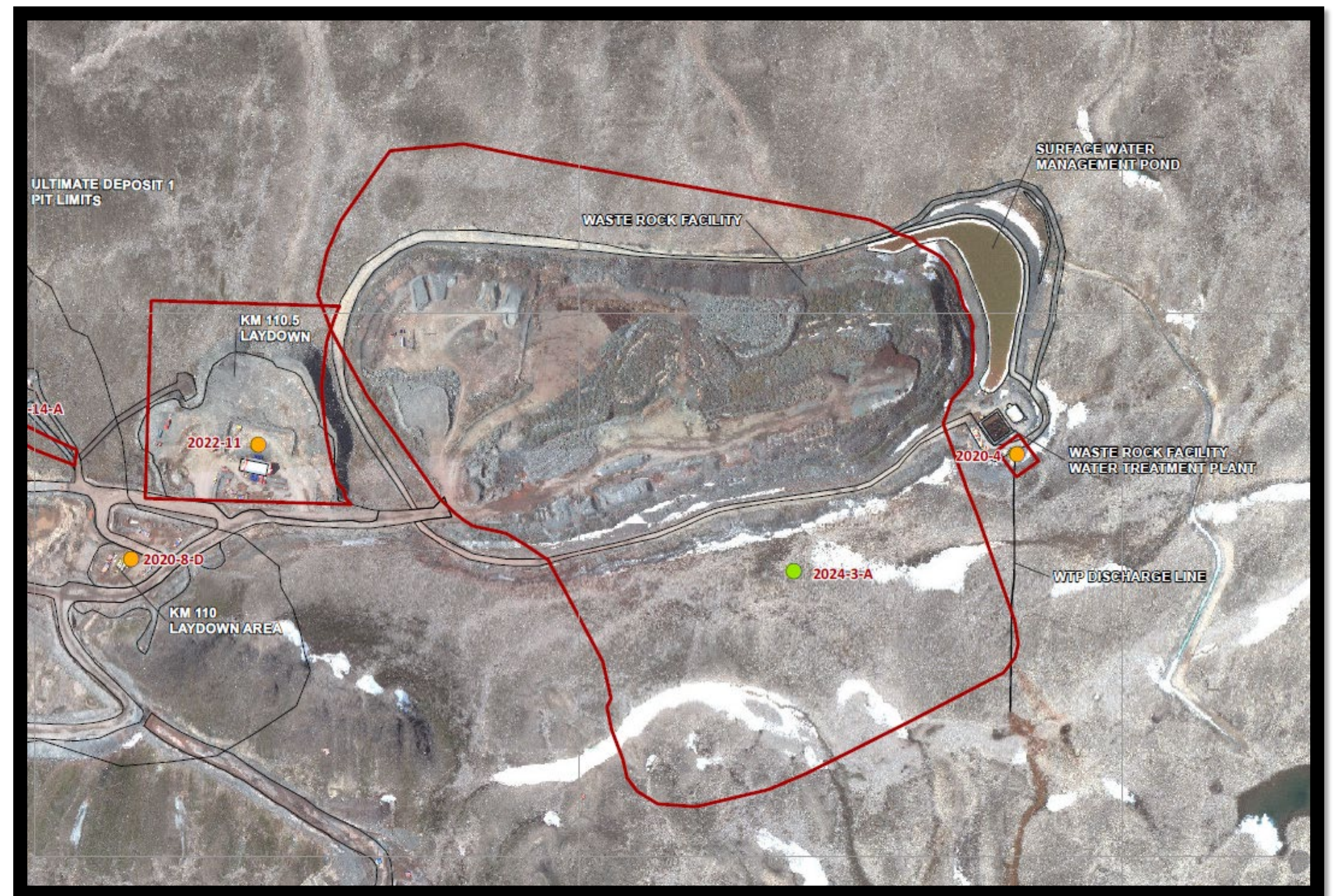


1. 2024 Work Plan Overview

2024-3 – Waste Rock Facility

2024-3: Waste Rock Facility (WRF)

- **Area:** 120,234 m²
- **Purpose:** Expansion to support geotechnical investigation work
- **Effect on Features:** Leveling and grading within footprint of future WRF

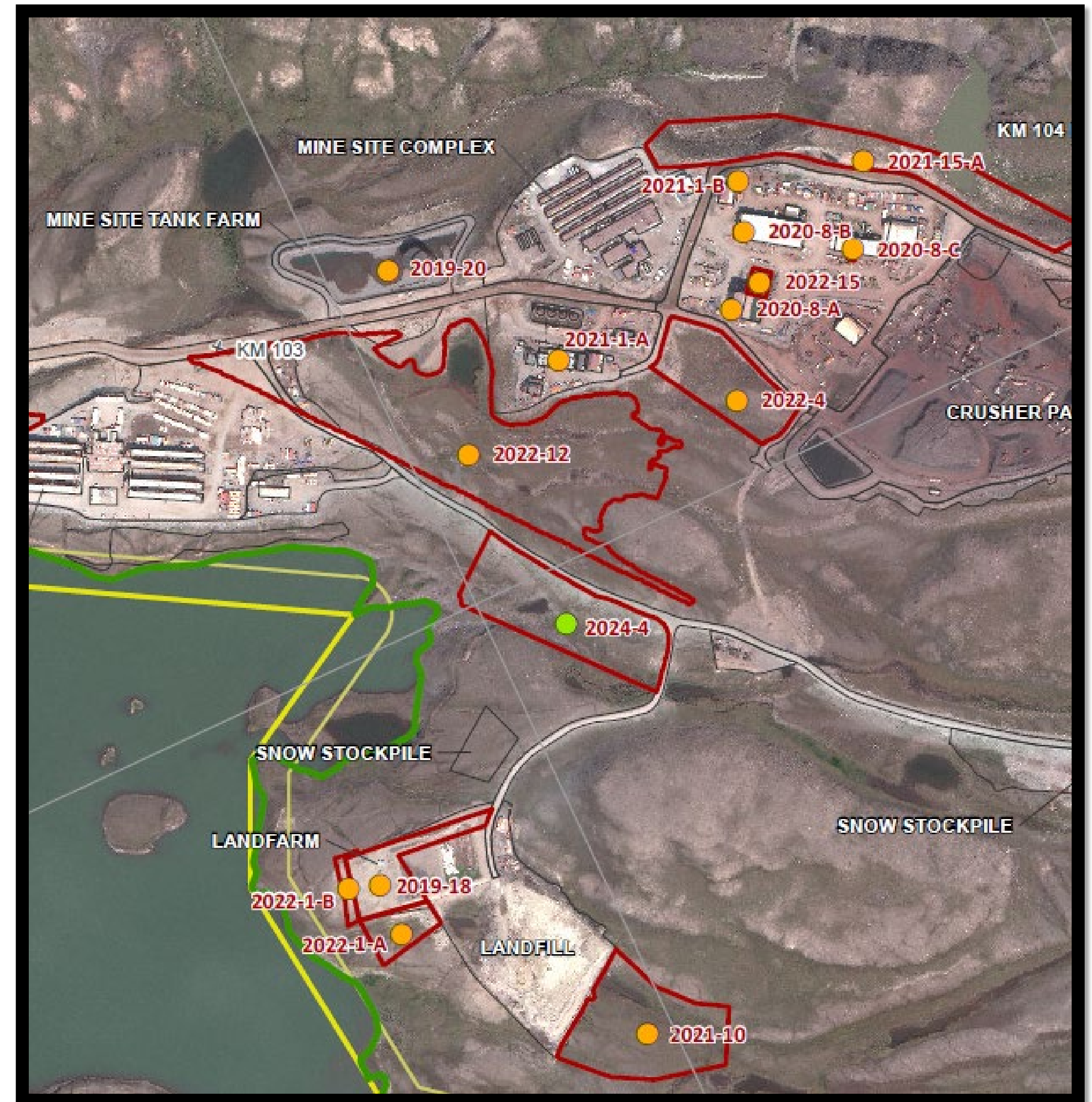


1. 2024 Work Plan Overview

2024-4 – Snow Stockpiling

2024-4: Snow Stockpiling Area

- **Area:** 25,000 m²
- **Purpose:** Additional area required for snow stockpiling
- **Effect on Features:** Leveling and grading within Project Development Area



1. 2024 Work Plan Overview

2024-5 – Laydown Area

2024-5: Laydown Area at Mine Site

- **Area:** 190,000 m²
- **Purpose:** Area for temporary storage of equipment and materials
- **Effect on Features:** Leveling and grading within Project Development Area



1. 2024 Work Plan Overview

2023-2 – Expansion of KM 106 Stockpile

2023-2: Expansion of KM 106 Stockpile Pad

- **Area:** 10,500 m²
- **Purpose:** Increase road width to accommodate water truck loading area
- **Effect on Features:** Leveling and grading within Project Development Area



1. 2024 Work Plan Overview

2023-3 – Containment Berm and Fuel Tank

2023-3: Lined Containment Berm and Fuel Tank

- **Area:** 5,000 m²
- **Purpose:** Add an additional 15,000 L Jet A Tank and lined containment berm at the weatherhaven
- **Effect on Features:** No effect, will occur on developed laydown within Project Development Area



1. 2024 Work Plan Overview

2023-4 – Culverts on Tote Road

2023-4: Culverts on Tote Road

- **Count:** 52 culverts being replaced with 32 culverts
- **Length:** 1226 m in total replaced culverts, generally between 30 and 40 m in length
- **Purpose:** Replacement of culverts at fish-bearing streams along the Milne Inlet Tote Road to designs exceeding those in the 2013 ERP design.
- **Effect on Features:** Leveling and grading within Project Development Area



1. 2024 Work Plan Overview - Modification

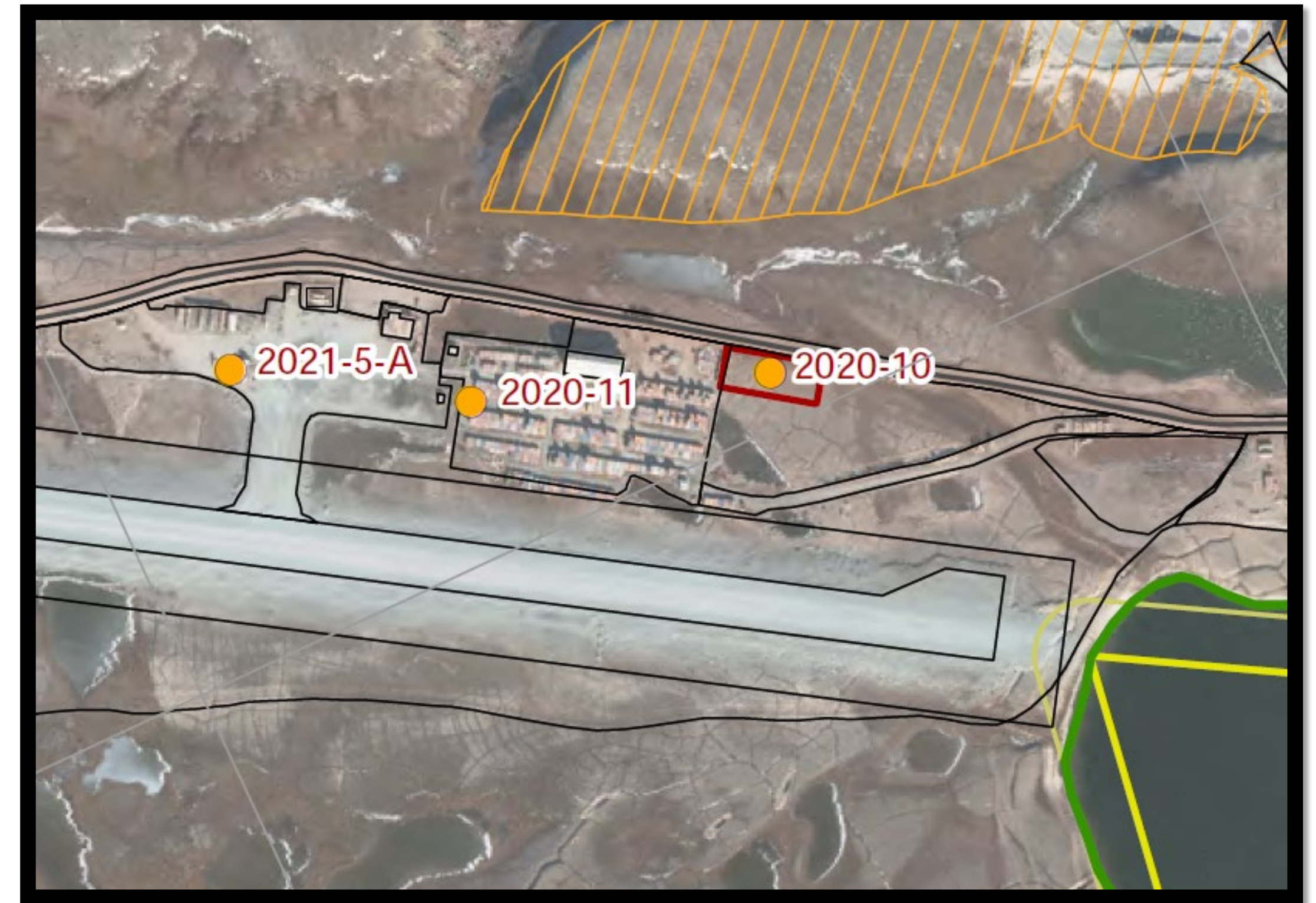
2020-10 – Warehouse Expansion

Note: Update since 2024 Work Plan submission

- Item 2020-10 was flagged as being removed in 2024
- Site operations have assessed this is required
- It is currently accounted for in the global security estimate
- Following amount to be kept in the 2024 Work Plan estimate: \$5,333

2020-10 – Warehouse Expansion at the Mine Site

- **Area:** 3,200 m²
- **Purpose:** Expansion of the warehouse laydown area for additional storage of seacans and equipment
- **Effect on Features:** Leveling and grading within Project Development Area



1. 2024 Work Plan Overview

2023 Reconciliation

August 15, 2023: Letter to NWB regarding finalization of 2023 Work Plan Review Process

- **Deferred Work:**
 - Identified 36 items from previous years that were either deferred to a later date or no longer required
 - Total of **\$5,031,873** (direct and indirect costs)
- **2023 Scope of Work:**
 - Identified 4 new scopes of work items to be completed in 2023, and equipment received on site
 - Total of **\$212,219** (direct and indirect costs)

2024 Work Plan: Integrates a reconciliation of the 2023 items

- **Deferred Work:**
 - 26 ~~27~~ items identified on August 15, 2023 have been removed from the 2024 Work Plan
 - 10 ~~9~~ items identified on August 15, 2023 have been kept in the 2024 Work Plan (as noted in the previous slide, 1 item has been added back)
- **2023 Scope of Work:**
 - **2023-1** (KM 105 treatment plant and sedimentation pond): Integrated in the global estimate as work completed in 2023
 - 3 items carried over in 2024 Work Plan (2023-2, 2023-3 and 2023-4)

2024 Annual Security Review



2024 Annual Security Approach

Model Development

- Baffinland developed a new security model in 2024
- **Objective:** to allow regulators and stakeholders to review the new model approach and methodology in advance of the model being applied to the entire site next year.
- **Result:** the total proposed security for the site is the already agreed security from 2022 using the old model, added to the 2024 ASR value calculated using the new model.

Total Security Calculation



2024 Annual Security Approach

Security Estimate Review

- Based on input from reviewers, Baffinland has integrated feedback and revised its 2024 security estimate as outlined below

Initial 2024 Security Estimate

Liability	2024 Estimate
IOL	\$105,560,330
Crown	\$2,239,344
Total	\$107,799,674



Updated 2024 Security Estimate

Liability	2024 Estimate
IOL	\$130,333,476
Crown	\$3,451,009
Total	\$133,784,484

Baffinland Security Estimate Review Engagement

- Baffinland has been proactively meeting with, providing information to the QIA and CIRNAC at all stages of the review process
- Virtual and in-person meetings have been held on an ongoing basis with each party to provide information and address concerns.
- A summary of key meetings is provided in the table to the right (non exhaustive list).

Organization	Location	Date
CIRNAC	Virtual	November 15, 2023
CIRNAC	Virtual	December 20, 2023
CIRNAC	Virtual	February 2, 2024
CIRNAC	Virtual	February 9, 2024
CIRNAC	Virtual	February 21, 2024
CIRNAC	Virtual	March 8, 2024
CIRNAC	Virtual	March 12, 2024
CIRNAC	Virtual	May 15, 2024
QIA	Virtual	October 11, 2023
QIA	Ottawa, ON	November 22-23, 2023
QIA	Virtual	January 12, 2024
QIA	Virtual	February 14, 2024
QIA	Iqaluit, NU	February 20, 2024
QIA	Toronto, ON	March 5-6, 2024
QIA	Montreal, QC	May 1-2, 2024

Identified Topics of Discussion from Reviewers

Topic	Summary of Comments	Baffinland Response
Contingency	Contingency was applied to the 2023-2024 security on both direct and indirect costs. The 2018 arbitration ruling specified that contingency was apply to direct and indirect costs. The pre-2023 security only had contingency applied to direct costs.	Agree with application of contingency to direct and indirect costs.
Inflation	Inflation was applied to the 2023 and 2024 Work Plan items. However, inflation for 2024 had not been applied to the 2022 global estimate.	Agree with the interim application of inflation as proposed, until new rates are developed.
Waste Rock Facility	Ensure adequate Non-AG cover on the WRF, accounting for climate change. Reviewers have also requested additional information to verify PAG and Non-AG placement.	Progressive reclamation and testing program proposed to address comments (see details on next slide)
Water Quality Monitoring	Length of potential post-closure water quality monitoring and associated water treatment (and treatment costs) were discussed in relation to current modelling predictions and observed site trends.	Baffinland commits to conducting long-term water quality modelling to confirm ICRP and post-closure assumptions.

Proposed Progressive Reclamation – WRF Cover

- To address comments from reviewers, Baffinland committed to implementing progressive reclamation of the WRF
- Non-AG waste to be routed to the WRF to construct PAG cells and encapsulate currently exposed material.
- Deposition in 2024 will have a primary focus to ensure that as 85% of the WRF exposed footprint is covered by a 4 m Non-AG layer.



WRF Progressive Reclamation and Monitoring

- Progressive Reclamation and Monitoring Plan submitted to NWB on March 26, 2024 as part of the Phase I Waste Rock Management Plan.
- Key elements of proposed approach:
 1. WRF cover
 - i. Currently committed to 4m of Non-AG cover by December 31, 2024
 - ii. Non-AG cover over 85% of WRF surface
 - iii. 15% of PAG material uncovered as working area
 2. Monitoring/verification of cover placement outlined in QA/QC Monitoring Plan
 - i. In-situ sampling program with testing for sulphide content and modified Sobek analysis
 - ii. Key sampling parameters:
 - i. **Sample frequency:** 80m x 80m sampling grid (approx. every 60,000 tonnes)
 - ii. **Sample size:** 5kg samples
 - iii. **Sample depth:** 0.5m to 2.0m below surface
 - iii. Quarterly reporting of QA/QC sampling program

WRF Progressive Reclamation

- Placement of 4m NAG cover is in progress
- Segregation of PAG/NAG with clear signage around WRF area
- In-situ sampling initiated
- Q2 report to be published in July

Photo taken at WRF on April 28, 2024



Summary

- Baffinland thank all parties for their effort in reviewing the 2024 Workplan
- Baffinland has made significant effort in addressing key concerns raised by reviewers
- Baffinland agrees to the security estimate put forward by CIRNAC
 - Additional security for IOL posted with QIA on May 8, 2024
 - Additional security for Crown lands to be posted with CIRNAC

Current 2024 Security Estimate

Liability	2024 Estimate	Security Posted under 2AM-MRY1325	Additional Amount to Post
IOL	\$130,333,476	\$120,999,500	\$8,312,729
Crown	\$3,451,009	\$2,788,000	\$663,009
Total	\$133,784,484	\$123,787,500	\$8,975,737

Questions?

CORPORATE OFFICE

360 Oakville Place Drive, Suite 300,
Oakville, Ontario, Canada, L6H 6K8
Tel: 1.416.364.8820

NORTHERN HEAD OFFICE

Building 622, Iqaluit House, Suite 102
Iqaluit, NU X0A 0H0