



January 13, 2026

Conor Goddard
Manager, Project Compliance and Monitoring
Qikqtani Inuit Association
200-922 Sivamugiaq St
Iqaluit, Nunavut
XOA 0H

Re: QIA 2026 Annual Security Determination for Baffinland's Mary River Project

Dear Mr. Goddard,

Following Baffinland's review of the Qikiqtani Inuit Association (QIA) 2026 Annual Security Determination for the Mary River Project submitted on December 16, 2025, please find below Baffinland's comments on the key discrepancies identified in the determination.

1. Contractor Equipment Rates

Baffinland has used rates that are provided from contractors for medium projects on-site in 2025. These rates are considered conservative, as with economies of scale it is expected that rates for a large-scale closure program would be less. There is a unique contracting and economic environment in Nunavut, and these rates have not changed between 2024 and 2025.

QIA has proposed applying a calculated increased based on British Columbia (BC) derived cost increases. BC has a very different economic environment than Nunavut, with provincial scale building projects affecting construction costs and an important increase in mine development when compared to Nunavut in the same timescale, which raises construction costs. To assume the same inflation costs increase as BC, a province that has increased recent mine construction demand over the last year, is not representative of Nunavut construction estimation. Baffinland has obtained the best data for local project conditions, which shows that construction costs were flat between 2024 and 2025 in Nunavut for the type of equipment required for closure at the project site. Baffinland would be pleased to review any other rates provided from Nunavut. In absence of better local data, Baffinland maintains that its proposed equipment rates are adequate for the security estimate.

2. Water Treatment Costs

Previous versions of the model calculated water treatment costs on a per volume methodology. QIA, during the 2024 review process, disagreed with this methodology and as such suggested a different approach, which was part of the negotiated final security amount.

Baffinland has worked with QIA over previous security estimates and closure and reclamation plan to adjust progressive reclamation at the WRF, which has resulted (as QIA notes) in no requirement for water treatment this year. To be conservative, Baffinland has continued to include water treatment at closure as part of costs, with a modified methodology to address previous reviewer comments (monthly units costs for an appropriate plant). Furthermore, the water treatment plant, from an engineering standpoint, is adequate to address current and projected water treatment needs, as confirmed in the latest long-term water quality model provided to QIA in December 2025. Baffinland is confident that this methodology and associated estimate, especially in view of recent actual water treatment needs at site, are adequate for closure planning.

3. Re-grade and re-contour area adjacent to airstrip

QIA correctly notes that the area around the airstrip has not been included as part of the security estimate. This is not an omission but was planned. The apron around the airstrip is required for loading/unloading planes and for storing planes. The apron is also an essential feature to ensure adequate drainage on the airstrip. Contouring the apron of the airstrip to match original landforms will cause safety issues that would limit the utility of the airstrip for ongoing closure monitoring and future land use. As such Baffinland does not agree with this change to the closure estimate as it will limit the future utility of the airfield for closure monitoring and future land use. Baffinland plans to include additional details in the next revision of the ICRP to reflect this approach and ensure alignment in future security reviews.

4. Thickness of Landfill Cover System

The recently approved ICRP Rev 6.0 plans for a 3m cover for the mine site landfill. QIA has requested that the 3m cover be increased to a 4m cover, in alignment with the waste rock facility (WRF). Baffinland notes that the WRF has significantly different requirements than the landfill (such as the potential for acid rock drainage to affect thermal regimes) and as such assumptions for one facility are not necessarily applicable to the other.

As part of the closure research outlined in the ICRP, Baffinland is conducting additional studies on the landfill cover system. As described in the 2026 Work Plan, additional thermistors were installed in the landfill in 2025, which will provide a robust dataset for the planned modelling to confirm closure assumptions.

Increasing security and/or changing the recently approved ICRP's assumptions is premature at this time given the available data. Multiple cover scenarios are planned for evaluation as part of the 2027 modelling which will provide QIA with additional certainty for this facility at closure.

5. Demolition Crew Buildup

Baffinland has reviewed the estimation documentation and QIA is correct. The demolition crew labour build-up for bridges and buildings inadvertently excluded a Foreman position. QIA's

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estimate of \$111,000 is aligned with Baffinland's estimate and we have added this amount in our 2026 security total (see Table 1).

6. Flights/Catering and Camp During Interim Care and Maintenance

Baffinland acknowledges that costs for Flights/Catering and Catering were not carried for the proposed current one-year intensive ICM phase. QIA's estimate of \$1,707,000 for this task is aligned with Ensero's estimate, and Baffinland agrees this is a reasonable increase.

Based on the above comments, Baffinland agrees to updating its estimate to \$137,334,503, as shown in Table 1. Baffinland will integrate these updates in the next iteration of the model.

Table 1. Security Estimate Revisions based on QIA Comments

| | Inuit Owned Lands | Crown Lands | Total |
|--|--------------------------|---------------------|-----------------------|
| 2026 Work Plan Estimate | \$ 133,779,416 | \$ 1,737,087 | \$ 135,516,503 |
| QIA Correction - Bridge and Building Demolition Crew Omission | \$ 111,000 | \$ - | \$ 111,000 |
| QIA Correction - Flights, Catering and Camp for Interim Care and Maintenance | \$ 1,707,000 | \$ - | \$ 1,707,000 |
| Total | \$ 135,597,416 | \$ 1,737,087 | \$ 137,334,503 |

We appreciate your collaboration in this review and are available to discuss further.

Regards,



Elisabeth Luther
Senior Manager, Regulatory Affairs

Cc: Lou Kamermans, Senior Director Sustainable Development