2027 WORK PLAN

OCTOBER 30, 2026

REV 0



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1 INTRODUCTION

The following document presents the 2027 Work Plan for the Mary River Project as required under Section 6.1 of Commercial Lease No. Q13C301 (the Lease) agreed between Baffinland Iron Mines Corporation (Baffinland) and the Qikiqtani Inuit Association (QIA). Additionally, this document is a requirement under Type 'A' Water Licence 2AM-MRY2540 for the purposes of an Annual Security Review (ASR). The 2027 Work Plan was submitted to the Nunavut Water Board (NWB) and QIA on October 30, 2026.

In the event the Project does not advance, the work items as described and constructed for the Mary River Project will be subject to reclamation, as per the Mary River Project Interim Closure and Reclamation Plan (BIM-5200-PLA-0026; Rev 6.1) and relevant regulatory and permit obligations.

The 2027 Work Plan has been prepared in accordance with the Lease Operations Guide for the "Annual Work Plan Submission" finalized in 2018. The Operations Guide is a set of procedures developed jointly by QIA and Baffinland to guide the on-going administration of the Lease.

Activities outlined in this 2027 Work Plan represent planned works, improvements, infrastructure and equipment required to execute the currently approved phase of the project**.**

An overview of the on-going mining operations and works planned for 2027 is provided below, with further details presented in subsequent sections of the document.

1. Operation of the mine, ore crushing and land transportation, stockpiling and marine shipment of ore.
2. Continued development and construction of infrastructure required at Milne Port and the Mary River Mine Site (Mine Site) and along the Tote Road for the Mary River Project.
3. Continued operation of Mine Site and Milne Port Camps to support ongoing operations and construction activities which will include the use of water and deposition of waste as authorized under existing permits.
4. Ongoing operation of permitted quarry and borrow sources.
5. At Milne Port, vessels carrying fuel, equipment and supplies for use at the Mine Site and Milne Port will arrive during the summer. Material, fuel and supplies required for operational and construction activities will be transported to the Mine Site year-round via the Tote Road.
6. Ongoing environmental effects studies and baseline data collection will continue to support Project activities as well as for future engineering requirements.
7. Continued environmental monitoring in accordance with the approved Project Certificate, licenses, authorizations, management plans and environmental effects monitoring plans.
8. Ongoing exploration activities including drilling, mapping, prospecting, sampling, and geophysics. Planning of the details of the summer drilling and/or trenching program are not yet finalized.

9. Tote Road improvements to address safety concerns, freshet runoff issues, fish passage issues and poor road conditions during the spring and summer periods.

Baffinland continues to plan construction of the Steensby Component of the Mary River Project. Following a positive decision on Steensby construction financing, a separate Work Plan Addendum will be submitted with details of any work planned for 2027.

2 LIST OF CURRENT PERMITS

The Work Plan is presented within the context of the applicable regulatory authorizations. The main regulatory instruments that allow for the 2027 Work Plan activities are presented in Table 2-1 below.

Table 2-1: Existing Environmental Permits

Approval or Inuit Agreement	Project Activity and Update	Expiry
Nunavut Impact Review Board (NIRB) *Nunavut Agreement*		
Project Certificate No. 005	Initial submission for Mary River Project which included: • Development of Deposit 1 and related mine site infrastructure, including camp, water and waste management facilities • Use of Northern Tote Road and Milne Port to transport supplies and equipment required for construction. • Transportation of iron ore by Railway south to Steensby Port once railway is constructed. • Shipping of iron ore via Southern shipping route • Additional fuel and expanded accommodation complex at Milne Port were also approved	N/A
ERP (Amendment 1)	Submission for additional iron ore extraction and transportation through the Northern Transportation Corridor: • Additional mining of Deposit 1 • Transportation of up to 4.2 Mtpa of ore north by trucking on the Tote Road to Milne Port • Shipping of up to 4.2 Mtpa of ore from Milne Port through the Northern Shipping Route	N/A
PIP (Amendment 2)	Submission for additional iron ore extraction and transportation through the Northern Transportation Corridor which included: • Transportation of an additional 1.8 Mtpa of iron ore for a total of up to 6 Mtpa of ore north by trucking on the Northern Tote Road to Milne Port until the end of 2019 • Shipping of an additional 1.8 Mtpa of iron ore for a total for a total of up to 6 Mtpa of ore from Milne Port through the Northern Shipping Route until the end of 2019	December 31, 2019
PIPE (Amendment 3)	Submission to maintain existing Northern Transportation Corridor limits as described in the PIP.	December 31, 2021

Approval or Inuit Agreement	Project Activity and Update	Expiry
PIP Renewal (Amendment 4)	Submission to maintain existing Northern Transportation Corridor limits as described in the PIP.	December 31, 2022
SOP (Amendment 5)	Submission to maintain existing Northern Transportation Corridor limits as described in the PIP, with additional allowance of shipping up to 0.9 Mtpa to account for stranded ore until the end of 2024.	December 31, 2024
Nunavut Planning Commission (NPC) *Nunavut Agreement*, and the *Nunavut Planning and Project Assessment Act*		
Amendment No. 1 to NBRLUP	Required to establish a railway transportation corridor within the NBRLUP for the portion of the Steensby Railway located in its boundary (Attachment 1.7)	No Expiry
Amendment No. 2 to NBRLUP	Required to intensify use of Tote Road for Early Revenue Phase	No Expiry
Amendment No. 3 to NBRLUP	Required to establish a railway transportation corridor within the NBRLUP for the proposed North Railway (included in Phase 2 Proposal, which was ultimately rejected by Minister in 2022)	No Expiry
Qikiqtani Inuit Association (QIA) Agreements issued under Articles 6, 20 and 26 of the *Nunavut Agreement*		
Inuit Owned Land (IOL) Commercial Lease Q13C301	Mine development activities on IOL; Compliance with the lease is outlined in the *2021 QIA and Nunavut Water Board (NWB) Annual Report for Operations* and the *2021 QIA and NWB Annual Report for Exploration and Geotechnical Drilling,* submitted March 31, 2022.	December 31, 2043
Mary River Inuit Impact and Benefit Agreement (IIBA)	Required under Article 26 of the *Nunavut Agreement* to proceed with the Project - concluded first in September 2013, subsequently amended in October 2018 to account for the temporary 6 Mtpa production increase proposal; Compliance with the agreement is outlined in the Annual Inuit Impact and Benefit Agreement Implementation Report submitted by March 31st of each year.	Life of Project
Wildlife Compensation Agreement	Wildlife Compensation required under Article 6 of the *Nunavut Agreement,* with the regime set out in the IIBA.	No Expiry
Quarry Concession Agreement	Required to extract specified substances (quarried rock and borrow sand and gravel) on Inuit Owned Land under the Commercial Lease	Not Applicable
Water Compensation Agreement	Required under Article 20 of the *Nunavut Agreement* to provide compensation to Inuit for water use by the project or impact to water use.	Ultimate expiry of Type A Water Licence (after renewals and amendments)

Approval or Inuit Agreement	Project Activity and Update	Expiry
Nunavut Water Board (NWB) Water Licences issued under the Nunavut Agreement (Article 13), the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, and the Northwest Territories Water Regulations		
Type 'A' Water Licence 2AM-MRY2540	Water use and waste disposal associated with the mine In good standing; no amendments were issued by the NWB in 2025. Compliance with the Licence is outlined in the 2024 QIA and NWB Annual Report for Operations, submitted March 31, 2025	April 27, 2040
Type 'B' Water Licence 2BE-MRY2131	Regional exploration activities, including exploration drilling; In good standing. Compliance with the Licence is outlined in the 2024 QIA and NWB Annual Report for Geotechnical Activities, submitted March 31, 2025.	April 16, 2031
Crown Indigenous Relations and Northern Affairs Canada (CIRNAC) Mineral Leases and Land Leases, Land Use Permits, and Quarry Permits on Crown Land, issued under the *Territorial Lands Act* and associated Canadian Mining Regulations and Territorial Land Use Regulations		
Tote Road and Borrow Area Land Use Permit N2026Q0019	Land use permit for the section of Milne Inlet Tote Road on Crown Land, associated quarries and infrastructure.	June 29, 2031
Land Use Permit Bruce Head: N2026Q0019	Land use permit for the summer marine monitoring camp at Bruce Head, in Milne Inlet.	June 29, 2031
Mineral Leases #2483, #2484 and #2485	Rights to extract minerals; Lease #2484 covers Deposit No.1.	August 27, 2034
Foreshore Lease 47H/16-1-2 Lease Amendment 47H/16-1-5	Supersedes historical Class A Land Use Permit N2014X0012; Use of foreshore area for current Milne Port Ore Dock; In good standing.	June 30, 2035
Steensby Quarry Lease 37F11-2-3	Crown Land Lease for quarries along the railway corridor from Mary River to Steensby Inlet.	August 31, 2057
Steensby Railway Land Lease 37F11-1-3	Crown Land Lease for the railway corridor from the Mary River Mine Site to Steensby Inlet.	August 31, 2057
Steensby Inlet Land Lease 37F/6-1-3	Crown Land Lease for Steensby Inlet and Foreshore for Steensby Port.	August 31, 2057
Department of Fisheries and Oceans (DFO) Authorizations and Letters of Advice (LOA) issued under the *Fisheries Act*		
Letters of Advice (various)	Prior to 2021, DFO issued Baffinland various letters of advice regarding Project crossings along the Tote Road, at quarries, culvert extensions and replacements, and for stockpile expansion work at Milne Port. In January 2024 DFO issued an additional letter of advice related to the replacement of 10 culverts along the Tote Road.	No Expiry
Fisheries Authorization 06-HCAA-CA7-0084	Authorization to construct water crossings in fish habitat along the Tote Road; The authorization remains valid and has been amended over the years. A monitoring report for the water crossings was submitted to DFO on December 31, 2021.	Not applicable; monitoring ongoing

Approval or Inuit Agreement	Project Activity and Update	Expiry
Fisheries Authorization 14-HCAA-00525	Authorization to construct the Milne Port Ore Dock in fish habitat; DFO reviewed final monitoring report and closed file on May 31, 2021	Closed
Fisheries Authorization 18-HCAA-00160	Authorization to construct the Milne Port Freight Dock in fish habitat. A revised Authorization was issued in 2025 to allow for the construction of a rocky reef fish habitat compensation structure at Milne Port. The rocky reef was constructed in 2026 and monitoring will begin in Year 2 in accordance with authorization timelines. Year 8 of monitoring for the Milne Port Freight Dock will be conducted in 2027 in accordance with authorization timelines.	No Expiry
Fisheries Authorization 25-HCAA-01876	Authorization for the construction of a temporary road bypass approximately 33m upstream of the existing CV-216 crossing along the Tote Road. Removal of existing CV-216 infrastructure, including all culvert pipes and fill.	No expiry
Transport Canada (TC) Approvals of in-water works under the *Navigable Waters Protection Act* (NWPA; now the *Canadian Navigable Waters Act*); and Marine Facility Approval under the *Marine Transportation Security Act* and Regulations		
Approvals: 8200-07-10273, 8200-07-10267, 8200-07-10269, 8200-07-10268, 8200-07-10274, 8200-07-10272, 8200-07-10266, 8200-07-10271	Approvals to interfere with navigation within navigable waters along the Tote Road at crossings: CV-040, BG-50, CV-128, CV-223, CV-072, BG-17, CV-217, and CV-099. In good standing, no changes from previous year.	No Expiry; Until complete
Statement of Compliance of a Marine Facility # 1000001513	Approval for the Milne Inlet Marine Facility to conduct iron ore operations.	May 11, 2030
Canadian Transportation Agency (CTA)		
Approval to Construct a Railway Determination R-2025-215	Authorization to construct the Steensby Railway between the Mary River Mine and Steensby Inlet under section 98 of the Canada Transportation Act; the CTA conditionally approved the railway construction on December 22, 2025, subject to the fulfillment of pre-construction and ongoing conditions set out in Appendices A and B of the determination.	No expiry
Certificate of Fitness issued to Baffinland Iron Mines Corporation Certificate number: 25001	Certificate of Fitness authorizing the construction of the Steensby Railway between the Mary River Mine and Steensby Inlet under subsection 92(1) of the Canada Transportation Act; the certificate was issued on December 4, 2025, is valid until December 4, 2030, and confirms that Baffinland holds adequate liability insurance while restricting railway operation, testing, and commissioning during the construction phase.	December 4, 2030
National Resources Canada (NRCan)		

Approval or Inuit Agreement	Project Activity and Update	Expiry
Licensing of Explosives Manufacture and Storage Facilities under the *Explosives Act*		
Division 1 Factory Licence #F76068/E	Issued to Baffinland's explosives contractor to manufacture explosives for the mine	No Expiry
Governor in Council *Territorial Lands Act*		
Order-in-Council 2013-0953	Required for authority for Crown Indigenous Relations and Northern Affairs Canada to issue lease for Steensby Railway lands located on federal lands, per *Territorial Lands Act*	No Expiry

3 ANNUAL SCOPE OF OPERATIONS AND WORK

3.1 2027 ACTIVITIES

Table 3-1 below provides a description of Baffinland's proposed operation and work for 2027, with an emphasis on changes from the previous year and the anticipated effects that this work would have on the Property and the infrastructure of the mine.

Activities identified in the 2026 Work Plan and previous years that have been indefinitely postponed are removed from the current Project scope. The reclamation security estimate for the project has been adjusted to remove security associated with these items, which are listed in Table 3-2.

Table 3-3 describes progressive reclamation activities that are planned for 2027. A summary of the progressive reclamation activities completed in 2026 is provided in Section 3.3.

While the activities outlined in this 2027 Work Plan represent planned works, improvements, infrastructure, and equipment required to execute the currently approved phase of the project, it is anticipated that additional approvals from the NWB, QIA, and DFO will be required for select activities, and may include:

- Submission of issued-for-construction (IFC) drawings under the existing Type 'A' Water Licence 2AM-MRY2540
- An Option Exercise Notice (OEN) to modify the boundaries of the Commercial Lease, or to reclassify lands in accordance the terms and conditions of the Commercial Lease
- A Tote Road Adjustment Notice (TRAN) for changes to the alignment, grade or design of the Tote Road as described in the Lease Operations Guide for the Tote Road Adjustment Notice and in accordance with the terms and conditions of the Commercial Lease
- Authorization or Letter of Advice from DFO for impacts to fish or fish habitat.

Table 3-1: Scope of Work for 2027

Item No.	Property Section	Land Use Area	Approximate Location	Description	Description of Effect on Feature(s)	Anticipated Completion Year	Required Permit Applications	Other Information
Scope of Work for 2027								
2027-1A	Tote Road	Impact Area	Tote Road	Tote Road Culvert Retrofit and Replacement: Improve Tote Road through culvert retrofit and replacement for road stability and fish passage.	Levelling and grading within the Commercial lease boundary	2027	Security, IFC Submittal, Tote Road Adjustment Notice	Layout Drawings
2027-1B	Tote Road	Impact Area	Tote Road	KM 76 Tote Road Realignment to improve grade and safety for ore haul trucks.	Levelling and grading outside the commercial lease boundary	2027	Security, IFC Submittal, Options Exercise Notice	Layout Drawings
2027-2	Mary River	Impact Area	Mary River Mine Site	NAG reclamation stockpile to support closure reclamation.	Levelling and grading within the PDA	2027	Security, IFC Submittal	Layout Drawings
2027-3	Milne Port	Impact Area	Milne Port	Kitting building to store parts, tools, and supplies needed for equipment maintenance.	Levelling and grading within the PDA	2027	Security, IFC Submittal	Layout Drawings
2027-4	Mary River	Impact Area	Mary River Mine Site, around km 105	Overflow ore pad for temporary storage of iron ore.	Levelling and grading within the PDA	2027	Security, IFC Submittal	Layout Drawings
2027-5	Milne Port	Impact Area	Milne Port, next to Helipad	Installation of hanger facility at Milne Port to support helicopter operation on site.	Building to be demolished Levelling and grading within the PDA	2027	Security, IFC Submittal	Layout Drawings
2027-6	Milne Port	Impact Area	Milne Port Helipad	Seasonal use of 19,000 litres fuel bladder at the centre of the helipad to support helicopter operation on site.	Fuel bladder to be backhauled and disposed	2027	Security	Specifications
2027-7	Mary River	Impact Area	Mary River Runway	Runway strip shoulder: Scarify outside edge of the runway strip to promote natural revegetation.	Scarification, levelling and grading within the PDA	2027	Security	Layout Drawings

Table 3-2: Scopes of Work Previously Approved - Removed from the Current Scope of the Project

Item No.	Property Section	Land Use Area	Approximate Location	Description	Description of Effect on Feature(s)	Anticipated Completion Year	Required Permit Applications	Other Information
Scopes of Work Previously Approved and Security Posted - Removed from the Current Scope of the Project								
2026-7	Mine Site	Impact Area	N7912466 E562594	Construction Material Stockpile Area – Reduced footprint for the area constructed for stockpiling NAG waste rock.	Levelling and grading within the PDA	N/A	Security	Layout drawings

Table 3-3: Progressive Reclamation

Item No.	Property Section	Land Use Area	Approximate Location	Description	Description of Effect on Feature(s)	Anticipated Completion Year	Required Permit Applications	Other Information
Progressive Reclamation								
	Milne Port	-	N7975568 E503745	Management of hydrocarbon impacted soils within the existing landfarm facilities.	N/A	Ongoing	N/A	N/A
	Milne Port	-	N/A	Demobilization of equipment and supplies not required for near term activities as well as current inventory of hazardous waste and other materials by means of sealift from Milne Port.	N/A	Ongoing	N/A	N/A
	Milne Port and Mine Site	-	N/A	Discharge and treatment of residual treated sewage effluent stored in PWSP at Mary River Exploration Camp and Milne Port Site.	N/A	Ongoing	N/A	N/A
	Tote Road	-	N/A	Continue the development and implementation of a long-term multi-year plan to address localized areas of permafrost degradation associated with the current borrow areas.	N/A	Ongoing	N/A	N/A
	Tote Road	-	N/A	Reclamation of sections of the exploration phase Tote Road no longer in use by means of scarifying and culvert removals.	N/A	Ongoing	N/A	N/A
	Mine Site	-	N7912845 E560922	Continued development of the Mine Site landfill and deposition of non-hazardous waste in accordance with the Landfill Maintenance and Operations Manual	N/A	Ongoing	N/A	N/A
	Site Wide	-	N/A	Ongoing removal from site, or safe disposal on-site of infrastructure, equipment and supplies no longer required for ongoing construction and operations.	N/A	Ongoing	N/A	N/A
	Site Wide	-	N/A	Unless otherwise identified within the approved interim Closure and Reclamation Plan, where roads are no longer in use - removal of culvert and open/restore the natural drainage channel. Measures will be taken to minimize erosion and sedimentation	N/A	Ongoing	N/A	N/A
	Site Wide	-	N/A	Areas that have been contaminated by hydrocarbons from normal fuel transfer, handling and storage activities will be reclaimed to meet objectives as outlined in the Government of Nunavut's Environmental Guideline for Site Remediation 2010. Use of reclamation soils for purpose of back fill or general site grading may be carried out with approval of applicable inspectors and agencies.	N/A	Ongoing	N/A	N/A

3.2 INFRASTRUCTURE LAYOUT AT END OF 2027

Site layouts for Milne Port, the Milne Inlet Tote Road, and the Mary River Mine Site, can be found in Appendix A of this document. The figures show disturbed areas in addition to undisturbed areas for which security has been posted.

3.3 PROGRESSIVE RECLAMATION COMPLETED IN 2026

In 2026, Baffinland initiated reclamation activities of borrow pit areas along the Milne Inlet Tote Road. The work was undertaken in alignment with Baffinland's Interim Closure and Reclamation Plan Revision 6 (the ICRP; Appendix B), which establishes closure objectives for borrow pits, namely to:

- Ensure physically stable disturbed areas to minimize the risk of failure that could impact human safety or the surrounding environment;
- Re-establish natural drainage pathways wherever possible.

The progressive reclamation report is provided in Appendix C.

4 MINING AND EXPLORATION ACTIVITIES

4.1 EXPLORATION ACTIVITIES AND DRILLING PLANS

The scope of Baffinland's Type 'B' Licence (2BE-MRY2131) and Commercial Lease with QIA allows Baffinland to continue/undertake exploration activities and drilling programs on its mineral leases in the Qikiqtani Region of Nunavut. This includes the exploration land use areas as defined in Section 2.2 of Commercial Lease. The types of exploration activities planned for 2027 are included within the scope of the Type 'B' Water Licence.

At this time when the Work Plan is required to be submitted, the exploration and drilling programs for 2027 have not yet been finalized. However, planned activities will include:

- Drilling
- Mapping
- Sampling
- Geophysical and geochemical surveys

It is anticipated that exploration activities will continue in 2027 with a drilling program on Deposit 5. Once proposed drilling locations are finalized, this information will be provided to QIA, NWB, CIRNAC, and others.

4.2 AMOUNT AND TYPE OF ORE AND WASTE TO BE MINED

An estimate of the breakdown of ore and waste to be mined from Deposit No. 1 by month during 2027 is provided in Table 4-1 below.

Table 4-1: Mine Forecast 2027

Month	Ore Mined (t)	Waste Mined (t)	Total Mined (t)
January	373,171	376,829	750,000
February	328,220	400,000	728,220
March	377,090	447,910	825,000
April	372,000	400,000	772,000
May	377,090	372,910	750,000
June	213,622	386,378	600,000
July	213,622	386,378	600,000
August	363,622	280,824	644,446
September	350,155	297,024	647,179
October	363,622	296,890	660,513
November	350,155	290,836	640,990
December	370,259	290,614	660,873
Total	**4,052,626**	**4,226,594**	**8,279,221**

4.3 AMOUNT AND TYPE OF ORE TO BE SHIPPED EACH MONTH

Ore shipping during 2027 will commence in the open-water season. The expected total shipping quantities for 2027 are shown in Table 4-2 below.

Table 4-2: Ore Shipping Forecast 2027

	Lump Ore Shipped (t)		Fines Shipped (t)		Total Shipped (t)	
Month	**Milne Inlet**	**Steensby Inlet**	**Milne Inlet**	**Steensby Inlet**	**Milne Inlet**	**Steensby Inlet**
January	-	-	-	-	-	-
February	-	-	-	-	-	-
March	-	-	-	-	-	-
April	-	-	-	-	-	-
May	-	-	-	-	-	-
June	-	-	-	-	-	-
July	-	-	-	-	-	-
August	1,395,655	-	1,127,338	-	2,522,993	-
September	838,471	-	838,536	-	1,677,007	-
October	-	-	-	-	-	-
November	-	-	-	-	-	-
December	-	-	-	-	-	-
Total	**2,234,126**	-	**1,965,874**	-	**4,200,000**	-

4.4 SPECIFIED SUBSTANCES TO BE QUARRIED AND EXPECTED USES

A summary of the expected quantities of quarried and borrow materials to be extracted during 2027 are provided in Table 4-3, below. The expected quarterly quantities of each specified substance per quarry site and borrow location are also provided in Table 4-3, below.

Table 4-3: 2027 Quarry and Borrow Pit Quantities[1]

Quarry Summary	Km Location	Permitted	Q1	Q2	Q3	Q4	Total	Estimated Breakdown Of Specified Substances
UNITS			m^3	m^3	m^3	m^3	m^3	
Q1	1	Permitted	-	20,000	40,000	20,000	80,000	Rock
Q7	7	Permitted	-	-	-	-	-	Rock
Q11	21	Permitted	-	-	-	-	-	Rock
Q19	93.5	Permitted	-	-	-	-	-	Rock
QMR2	102	Permitted	-	-	-	-	-	Rock
Km 2	2	Permitted	-	-	-	-	-	Granular
Km 97	97	Permitted	15,000	15,000	-	-	30,000	Granular
Total	-	-	**15,000**	**35,000**	**40,000**	**20,000**	**110,000**	-

5 ANNUAL QUANTITIES OF SOLID WASTE

5.1 SOLID WASTE DISPOSAL

The expected annual quantity of solid waste to be deposited during 2027 is established from survey volumes measured in 2015 through 2026, as well as an analysis of proposed activities. Estimated quantities of solid waste to be deposited in approved waste storage areas are shown in Table 5-1 below.

Table 5-1: Annual Volume of Solid Waste to be Deposited in Waste Storage Areas in 2027

Property Section	Waste Storage Area	Volume of Solid Waste to be disposed of (m^3)
e.g. Milne Port/Tote Road/Mine Site	-	-
Mine Site	Landfill	4,500
	Total	**4,500**

6 EXPECTED USES OF WATER

6.1 WATER USE

Type 'A' Water Licence 2AM-MRY2540 permits the following maximum water use for domestic and industrial purposes during the operations phase of the Project, as shown in Table 6-1 below. As per Clause 22 of the QIA-Baffinland Water Compensation Agreement, Baffinland will pay a Consumptive Payment for

[1] The quantities from each source are approximate values and may vary based on minor changes to the schedule and scope, however, the aggregate volume to be extracted is expected to remain constant.

Water Use, in connection with the Project for the maximum water volume permitted to be used or withdrawn annually, as defined in the water licences issued to Baffinland by NWB.

Table 6-1: Approved Water Use for Domestic and Industrial Purposes during Operations Phase

Property Section	Water Source Name	Water Source Location	Combined Volume (m^3/day)
Milne Port (Milne Inlet)	Phillips Creek (Summer)	71° 52’ 53.3” N 80° 56’ 04.0” W	367.5
	Km 32 (Winter)	71° 30’ 39.5” N80° 14’ 54.4” W	
Mine Site (Mary River)	Camp Lake	71° 19’ 38.6” N 79° 22’ 57” W	355.4
Steensby Port (Steensby Inlet)	ST 347 km Lake	N/A	243.6
	3 km Lake	N/A	
TOTAL			**~ 353,000 m^3/year**

Source: Type ‘A’ Water Licence 2AM-MRY2540

Type ‘A’ Water Licence 2AM-MRY2540 authorizes Baffinland to withdraw up to 1,500 m^3/day to a maximum of 547,500 m^3 annually of water specifically for use in dust suppression or control along the Tote Road. In 2026, Baffinland requested that the authorized withdrawal limits for dust suppression be administered as an average of 1,500m^3/day, rather than fixed maximum volumes applicable to each individual withdrawal location per day, to allow for operational flexibility. The NWB authorized this request on the 31st of August, 2026. Water for dust suppression or control shall be obtained from the sources in accordance with thresholds established and shown in Table 6-2 below.

Table 6-2: Water Use Authorized for Dust Suppression

Property Section	Water Source Name	Water Source Location		Estimated Daily Water Withdrawal for Dust Suppression (m^3/day)	Restrictions
		Latitude	Longitude		
Milne Port	Phillips Creek	71° 52’ 53.3” N	80° 56’ 04.0” W	212	None
Milne Port	Km 32 Lake	71° 30’ 39.5” N	80° 14’ 54.4” W	364	
Tote Road	CV128	71° 47’ 35.1” N	80° 36’ 41.7” W	580	None
Tote Road	CV099	71° 38’ 21.7” N	80° 22’ 46.6” W	110	June-July only during low flow (<mean flow) years
Tote Road	CV087	71° 34’ 10.0” N	80° 19’ 41.6” W	90	June-July only during low flow (<mean flow) years
Tote Road	CV078	71° 31’ 51.9” N	80° 16’ 07.8” W	75	June-July only during low flow (<mean flow) years

Property Section	Water Source Name	Water Source Location		Estimated Daily Water Withdrawal for Dust Suppression (m^3/day)	Restrictions
		Latitude	Longitude		
Tote Road	Katiktok Lake	71° 23’ 45.7” N	79° 48’ 22.0” W	318	None
Tote Road	BG50	71° 26’ 29.6” N	80° 10’ 27.1” W	150	None
Tote Road	BG32	71° 23’ 35.1” N	79° 51’ 24.9” W	130	June-July only during low flow (<mean flow) years
Tote Road	CV217	71° 23’ 51.4” N	79° 48’ 50.9” W	130	None
Tote Road	Muriel Lake	71° 22’ 18.5” N	79° 39’ 24.3” W	212	None
Tote Road	David Lake	71° 19’ 38.6” N	79° 22’ 57.0” W	132	June-July only during low flow (<mean flow) years
Tote Road	BG17	71° 21’ 19.8” N	79° 34’ 44.0” W	75	June-July only during low flow (<mean flow) years
Tote Road	CV223 (Tom River)	71° 19’ 40.5” N	79° 26’ 15.8” W	135	None
Mine Site	Camp Lake	71° 19’ 38.6” N	79° 22’ 57” W	86	None

Source: Type ‘A’ Water Licence 2AM-MRY2540

7 MATERIALS TO BE SHIPPED OFF THE PROPERTY

7.1 MATERIALS SHIPPED OUT

As required under the Commercial Lease, the expected quantities of materials planned to be shipped off site in 2027 are detailed in Table 7-1 below.

Table 7-1: Materials to be Shipped Out in 2027[2]

Property Section	Equipment/ Material Item	Owner	Estimated Annual Amount of Equipment and Material (tonne)	Estimated Annual Revenue Tonnes
e.g. Milne Port/Mine Site	Description of the equipment or the material*	e.g. BIM/Third Party	Estimated total annual amount of equipment and material (tonne)	Estimated amount of revenue tonnes assigned to the shipping of equipment or material
Milne Port	Batteries	BIMC	83	83
Milne Port	Hydrocarbon Contaminated Material	BIMC	191	191

[2] For hazardous waste assumptions used in the calculation of the quantity of generated hazardous waste for the Project, please refer to the Waste Management Plan (BIM-5200-PLA-0013).

Property Section	Equipment/ Material Item	Owner	Estimated Annual Amount of Equipment and Material (tonne)	Estimated Annual Revenue Tonnes
Milne Port	Waste Oil	BIMC	1,150	1,150
Milne Port	Waste Fuels	BIMC	85	85
Milne Port	Waste Grease	BIMC	30	30
Milne Port	Waste Hazardous Liquids	BIMC	373	373
Milne Port	Waste Aerosol Canisters	BIMC	2.4	2.4
Milne Port	Contaminated Containers/Solids	BIMC	297	297
Milne Port	Misc Hazardous Materials	BIMC	233	233

8 MATERIALS TO BE SHIPPED TO THE PROPERTY

8.1 DELIVERY OF FUEL

At least two bulk fuel deliveries will occur to support Baffinland's current operations. During the shipping season, arctic diesel and Jet A fuel will be delivered to fill the tanks at the Milne Port tank farm.

The anticipated fuel delivery provided in the below Table 8-1.

Table 8-1: Anticipated Fuel Delivery During 2027

	Diesel (Million Litres)	Jet A (Million Litres)
Total Bulk Fuel Delivery	48.0	1.0

8.2 MATERIALS SHIPPED TO THE PROPERTY (CURRENT OPERATION)

Specific mobile and mechanical equipment anticipated to be received on the sealift in 2027 is provided in Table 8-2.

Table 8-2: Mobile and Mechanical Equipment to be Received During 2027

Property Section	Material Item	Owner	Quantity	Revenue Tonne
e.g. Milne Port or Mine Site	*Description of the material**		*Quantity of the material to be shipped to and stored on the Property (including unit of measurement)*	*Estimated amount of revenue tonnes (mt) assigned to the shipping of material*
Mine Site	Replacement Rescue Vehicles	Health & Safety	1	45
Mine Site	New Telehandler and Attachment	Port & Logistics	1	35
Both	P&D Service and Light Duty Vehicles	Power & Distribution	2	100
Mine Site	Purchase new 374 (Replace EXC004)	Road Maintenance	1	90
Mine Site	Snowmobiles	Environment	2	70
Mine Site	Additional SHERP for environmental monitoring	Environment	1	35
Mine Site	Pool Truck Light Vehicle Replacement (x 10)	Mobile Maintenance	10	250
Milne Port	Cube van	Port & Logistics	1	40
Mine Site	1 x Snow plows to replace aging equipment	Road Maintenance	1	20
Mine Site	Bus Fleet Replacement	Site Services	2 (approximate)	100
Mine Site	Purchase new 374 (Replace EXC012)	Mine Operations	1	90
Milne Port	Raymond Reach truck	Port & Logistics	1	25

Property Section	Material Item	Owner	Quantity	Revenue Tonne
Mine Site	Replacement Steam Truck	Road Maintenance	1	35
Mine Site	966 Loader c/w quick attach - Bucket & Forks	Site Services	1	160
Mine Site	938 K Loader Replacement Flight Operations	Site Services	2	320
Mine Site	Jet A Fuel Truck for Aircraft	Site Services	1	45
Mine Site	Cube Van	Site Services	1	60
Mine Site	Reefer Truck	Site Services	1	70
Mine Site	Rubber Tired Packer	Site Services	1	50
Milne Port	Monitoring equipment - zodiacs	Environment	2	30

Additional supplies to support construction and operations through 2027 that will arrive on the 2027 sealift include:

- Delivery of ammonium nitrate (AN), up to 3,800,000 kg to be delivered to Milne Port and stored on-site in 2027;
- Delivery of maintenance parts; and
- Delivery of consumables (lubricants, grease, detergents, boosters, detonators, dry goods, food, household supplies, etc).

9 UPDATES TO ITEMS CONTAINED IN THE SCHEDULES OF THE LEASE

9.1 UPDATES TO THE EMERGENCY RESPONSE PLAN

In accordance with Clause 5.1, item H of Commercial Lease Q13C031, the applicable Spill Contingency Plan (BIM-5200-PLA-0012) and Emergency Response Plan (BIM-5000-PLA-0005) have been provided in Appendices D and E, respectively. Please refer to Section 11 for further details.

9.2 UPDATES TO ENVIRONMENTAL MANAGEMENT AND MONITORING PLANS

The current management and monitoring plans for the Mary River Project are listed in Table 9-1 below.

Table 9-1: Environmental Monitoring and Management Plans

Document Number	Plan Name	Revision Number	Current Revision Date
BIM-5000-PLA-0003	MDMER Emergency Response Plan	8	15-Jul-2024
BIM-5000-PLA-0004	Crisis Management Plan	5	21-Mar-25
BIM-5000-PLA-0005	Emergency Response Plan	9	14-May-2025
BIM-5000-PLA-0006	Spill at Sea Response Plan (SSRP)	0	15-Aug-2015
BIM-5100-PLA-0004	Milne Inlet Marine Facility Security Plan	20	19-Jun-26
BIM-5200-PLA-0002	Cultural Heritage Resource Protection Plan	3	07-Mar-2016
BIM-5200-PLA-0003	Environmental Protection Plan	2	30-Apr-2021
BIM-5200-PLA-0004	Sampling Program - QAQC Plan	7	31-Mar-2024

Document Number	Plan Name	Revision Number	Current Revision Date
BIM-5200-PLA-0005	Air Quality and Noise Abatement Management Plan	8	30-Apr-2021
BIM-5200-PLA-0006	Snow Management Plan	7	14-Feb-2024
BIM-5200-PLA-0007	Hazardous Materials and Hazardous Waste Management Plan	7	30-Apr-2024
BIM-5200-PLA-0009	Surface Water and Aquatic Ecosystem Management Plan	8	8-Jan-2026
BIM-5200-PLA-0010	Terrestrial Environment Mitigation and Monitoring Plan	1	14-Mar-2016
BIM-5200-PLA-0011	Milne Inlet Tote Road Quarry Borrow Source Plan	0	07-Mar-2019
BIM-5200-PLA-0012	Spill Contingency Plan	6	31-Jan-2021
BIM-5200-PLA-0013	Waste Management Plan	10	30-Apr-2024
BIM-5200-PLA-0014	Ballast Water Management Plan	1	31-Mar-2019
BIM-5200-PLA-0015	Oil Pollution Prevention Plan	6	1-May-2026
BIM-5200-PLA-0016	Marine Environmental Effects Monitoring Plan	0	17-Mar-2016
BIM-5200-PLA-0017	Diesel E2 Plan - Milne Port	0	22-Feb-2020
BIM-5200-PLA-0018	Shipping and Marine Wildlife Management Plan	7	15-Jul-2020
BIM-5200-PLA-0019	Diesel E2 Plan - Mary River	0	22-Feb-2020
BIM-5200-PLA-0020	Exploration Closure and Reclamation Plan	2	25-Jan-2021
BIM-5200-PLA-0021	Exploration Spill Contingency Plan	1	25-Jan-2021
BIM-5200-PLA-0022	Fresh Water Supply, Sewage, and Wastewater Management Plan	12	31-Mar-2026
BIM-5200-PLA-0023	Aquatic Effects Monitoring Plan	3	13-Jan-2026
BIM-5200-PLA-0025	Borrow Pit and Quarry Management Plan	0	20-Mar-2014
BIM-5200-PLA-0026	Interim Closure and Reclamation Plan	6	11-Jul-2025
BIM-5200-PLA-0027	Roads Management Plan	7	31-Mar-2019
BIM-5200-PLA-0028	Oil Pollution Emergency Plan - Milne Inlet (OPEP)	13	01-May-2026
BIM-5200-PLA-0029	Phase 1 Waste Rock Management Plan	5	02-Apr-2024
BIM-5200-PLA-0030	Life-of-Mine Waste Rock Management Plan	0	30-Apr-2014
BIM-5200-PLA-0024	Borrow Source Management Plan - KM 2	0	25-Oct-2014
BIM-5200-PLA-0031	Borrow Source Management Plan - KM 97	0	25-Oct-2014
BIM-5200-PLA-0032	Borrow Source Management Plan - KM 104	0	20-Mar-2014
BAF-PH1-830-P16-0017	Q1 Quarry Management Plan	3	25-Feb-2022
BAF-PH1-830-P16-0053	Q5 Quarry Management Plan	0	15-Dec-2020
BIM-5200-PLA-0033	QMR2 Quarry Management Plan	3	30-Jul-2021

Copies of Baffinland's Environmental Management Plans are available on the document web portal: https://www.baffinland.com/document-portal/.

9.3 PROPOSED UPDATES TO THE INTERIM CLOSURE AND RECLAMATION PLAN

Revision 6 of the Interim Closure and Reclamation Plan (ICRP) for the Mary River Project was finalized and issued on July 11, 2025 (Appendix B). Rev. 6 had previously been submitted to the NWB on November 1,

2024 for review. As required in Part B, Item 15 of the Water Licence 2AM-MRY2540, an update to the ICRP shall be submitted by November 1, 2026. Baffinland submitted Rev. 6.1 of the ICRP to the NWB on October 30, 2026 and the document can also be found as Appendix B.

The ICRP is intended to be an iterative document that will evolve over the life of the Mary River Project. This update to the ICRP was undertaken to reflect commitments made during the renewal of Baffinland's Type 'A' Water Licence and the Annual Security Review, and plans for future work to support closure planning for the Project. It is recognized that QIA and CIRNAC, as the landowners, have been and will continue to provide valuable input and approval of the ICRP.

9.4 TOTAL CLOSURE AND RECLAMATION SECURITY SUMMARY – 2027 WORK PLAN

A summary of the security details for each authorization type is described below.

Type A Water Licence 2AM-MRY2540

The Type A Water Licence issued by the NWB requires the completion of the ASR. The detailed security amounts are provided within this Work Plan. The security relating to IOL is held by the QIA under Commercial Lease No. Q13C301. The Crown Land security is held by CIRNAC. Most of the security liability is within land liability.

Type B Water Licence - Exploration 2BE-MRY2131

The security posted under the Type B Exploration Licence is issued as per Mary River Exploration Project Closure and Reclamation Plan (BAF-PH1-830-P16-0038, Rev 1).

DFO Security Associated with Freight Dock

Baffinland Iron Mines Corporation (Baffinland) was issued Paragraph 35(2)(b) *Fisheries Act* Authorization 18-HCAA-00160 on March 21, 2019, for the construction of a Freight Dock at Baffinland's Milne Port site. Baffinland submitted an application to amend this Authorization on March 3, 2023 to allow for construction of additional habitat offsetting at Milne Port to meet the requirements of the Authorization, which was constructed in 2026.

At the time of the original issuance, four letters of credit were provided to Fisheries and Oceans Canada (DFO), with a total value of $4,250,000. In 2023, a portion of the letters of credit were returned for the implementation of the offsetting measures and the offsetting monitoring plan. The amounts and status of the letters of credits issued for the Freight Dock are listed in Table 9-2 below.

Table 9-2: 2026 Status of DFO Letters of Credit Issued for the Construction of Freight Dock at Milne Port Authorization

Authorization Section	Item	Amount ($)	Status
6.1.1	Implementation of offsetting measures	3,000,000	$2,800,000 returned in 2023 $200,000 still posted with DFO
6.1.2	Implementation of monitoring	500,000	LoC posted
6.1.3	Implementation of offsetting monitoring plan	250,000	LoC fully returned in 2023
6.1.4	Development and implementation of contingency measures	500,000	LoC posted
Total LoC Issued:		**1,200,000**	

Crown Land Lease 47H/16-1-2

The security posted under the Crown land lease is aligned with the Closure and Reclamation Strategy and Financial Security Estimate for Nunavut Lease #47H/16-1-2 (H349001-2000-07-126-0001, Rev.0).

2027 Security Summary

The provision of additional securities for the 2027 Work Plan is summarized in Table 9-3 and Table 9-4 Below, and further detailed in the Basis of Estimate (Appendix F). In Table 9-4, the security is divided by key authorizations.

Table 9-3: Capital Cost Estimate for 2027 Work Plan Marginal Increase

Code	Item Description	Direct Costs	Indirect Cost	Contingency	Total
2027-1A	Tote Road Culvert Replacements (Four Locations)	$ 5,083.86	$ 508.39	$ 1,118.45	$ 6,710.70
2027-1B	KM 76 Tote Road Realignment	$ 91,552.18	$ 9,155.22	$ 20,141.48	$ 120,848.88
2027-2	NAG Reclamation Stockpile	$ 326,406.63	$ 32,640.66	$ 71,809.46	$ 430,856.75
2027-3	Milne Kitting Building	$ 7,381.09	$ 738.11	$ 1,623.84	$ 9,743.04
2027-4	Overflow Ore Pad	$ 138,211.55	$ 13,821.15	$ 30,406.54	$ 182,439.24
2027-5	Milne Port Helipad Trailer/Hanger Facility	$ 8,499.76	$ 849.98	$ 1,869.95	$ 11,219.68
2027-6	19,000L Fuel Bladder	$ 5,582.10	$ 558.21	$ 1,228.06	$ 7,368.37
2027-7	Runway Strip Shoulder	$ 16,432.59	$ 1,643.26	$ 3,615.17	$ 21,691.02
Inventory	Revised 2027 Inventory	$ 453,094.63	$ 45,309.46	$ 99,680.82	$ 598,084.92
2026-8	Revised Construction Material Stockpile Area	-$ 139,879.03	$ (13,987.90)	$ (30,773.39)	-$ 184,640.32
2027 Landfill	Landfill Cover Increase from 3.0m to 3.5m Cover	$ 358,306.36	$ 35,830.64	$ 78,827.40	$ 472,964.39
Subtotal 2027 Scope Changes		$ 1,270,671.73	$ 127,067.17	$ 279,547.78	$ 1,677,286.68
Inflation	2.8% Inflation Increase & Minor DAA Updates	$ 2,162,677.78	$ 817,622.43	$ 596,060.04	$ 3,576,360.25
Grand Total 2027 Changes		**$ 3,433,349.51**	**$ 944,689.60**	**$ 875,607.82**	**$ 5,253,646.93**
2027 Annual Security					
Grand Total 2027 Estimate		**$ 88,038,727.38**	**$ 31,174,241.26**	**$ 23,892,593.73**	**$ 143,105,562.36**

Table 9-4: Mary River Project 'Global' Closure and Reclamation Security Summary – 2027 Work Plan

	A	B	C	D	E	F	G
	Authorization	Liability	Total 'Global' Estimated Security for 2026	2027 Marginal Estimate	Total 'Global' Estimated Security for 2027	Total Posted as of October 2026	Marginal Adjustment to be Posted [5]
			($)	($)	($)	($)	($)
					C+D		E-F
1	Type A 2AM-MRY2540	IOL[2]	136,045,317	5,187,208	141,232,525	136,045,317	5,187,208
2		Crown	1,737,087	135,950	1,873,037	3,451,009	-1,577,972
3	*Subtotal Type A*		***137,782,404***	***5,323,158***	***143,105,562***	***139,496,326***	***3,609,236***
4	Type B Exploration 2BE-MRY2131 [3]	IOL			165,000		165,000
5		Crown			1,082,000	1,250,000	-168,000
6	*Subtotal Type B Exploration*				***1,247,000***	***1,250,000***	***-3,000***
7	DFO Security Associated with Freight Dock	IOL[2]					0
8		Crown			1,200,000	1,200,000	0
9	*Subtotal DFO*				***1,200,000***	***1,200,000***	***0***
10	Crown Land Lease 47H/16-1-2 [4]	IOL[2]					0
11		Crown			4,975,000	4,975,000	0
12	*Subtotal AANDC Land Lease*				***4,975,000***	***4,975,000***	***0***
13	**GRAND TOTAL**				***150,527,562***	***146,921,326***	***3,606,236***

NOTES:
1) Totals in CAD
2) Security relating to IOL held by the QIA under Commercial Lease No. Q13C301
3) As per Mary River Exploration Project Closure and Reclamation Plan (BIM-5200-PLA-0020)
4) As per Closure and Reclamation Strategy and Financial Security Estimate for Nunavut Lease #47H/16-1-2 (H349001-2000-07-126-0001, Rev.0)
5) Marginal Adjustment to be posted due to 2027 Work Plan.

10 REQUESTED AMENDMENTS TO THE PROVISIONS OF THE LEASE

There are no requested amendments to the provisions of the Commercial Lease at this time.

Baffinland is submitting an Option Exercise Notice (OEN) as part of this submission (Appendix G). Additional Tote Road Adjustment Notices (TRANs) and OENs may be submitted as per Table 3.1, throughout 2027. It is noted that per the Commercial Lease, review of OENs and TRANs outside of the Work Plan will require an associated fee for review.

11 ADDITIONAL REPORTS, INFORMATION OR DATA

Additional reports, information or data required to support the 2027 Work Plan are summarized in Table 11-1 below.

Table 11-1: Additional Reports, Information or Data

Title	Organization	Date	Annex
Identify the title of the additional report, information or data to be included with the Annual Work Plan.	*Disclose the name of the organization that produced the addition report, information or data.*	*Include the publish date or reference year to the additional report, information or data.*	*Identify the Annex letter/number corresponding to the additional report, information or data.*
2026 Disturbed Area Analysis	Ensero	30-Oct-2026	Appendix A
Interim Closure and Reclamation Plan BIM-5200-PLA-0026	Baffinland	30-Oct-2026	Appendix B
2026 Borrow Pit Reclamation Report	Baffinland	30-Oct-2026	Appendix C
Emergency Response Plan BIM-5000-PLA-0005	Baffinland	29-Oct-2025	Appendix D
Spill Contingency Plan BIM-5200-PLA-0012	Baffinland	28-Feb-2021	Appendix E
Basis of Estimate	Ensero	30-Oct-2026	Appendix F
Option Exercise Notice	Baffinland	30-Oct-2025	Appendix G

11.1 CLOSURE RESEARCH

The 2-D thermal model update for the Waste Rock Facility was initiated in 2026 and will be completed in 2027 due to delays associated with the laboratory testing program.

The closure study schedule outlined in ICRP Rev 6.1 was updated to reflect changes in mine planning, in particular when a pit will first be formed, and when the full project scope will be constructed. Appendix D of ICRP Rev 6.1 has been updated accordingly.

APPENDIX A

2026 DISTURBED AREA ANALYSIS

APPENDIX B

INTERIM CLOSURE AND RECLAMATION PLAN

(BIM-5200-PLA-0026)

Provided under separate cover.

APPENDIX C

2026 BORROW PIT RECLAMATION REPORT

APPENDIX D

EMERGENCY RESPONSE PLAN (BIM-5000-PLA-0005)

Provided under separate cover.

APPENDIX E

SPILL CONTINGENCY PLAN (BIM-5200-PLA-0012)

Provided under separate cover.

APPENDIX F

BASIS OF ESTIMATE

APPENDIX G

OPTION EXERCISE NOTICE

261030_2027 Workplan_Final

Final Audit Report 2026-10-26

Created:	2026-10-26
By:	Elisabeth Luther (Elisabeth.Luther@baffinland.com)
Status:	Signed
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