Attachment 2

Eqe Bay Exploration Program
Project Proposal

~~April~~ June 2026

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REFERENCES

FIGURES

ABBREVIATIONS

Eqe Bay Exploration Program	the project
AAQS	Ambient Air Quality Standards
AEMP	Aquatic Effects Monitoring Plan
ARD	acid rock drainage
Baffinland	Baffinland Iron Mines Corporation
CLARC	community lands and resources committee
CCME	Canadian Council of Ministers of the Environment
CO	carbon monoxide
CWS	Canada-wide Standard
DFO	Fisheries and Oceans Canada
ECCC	Environment and Climate Change Canada
EIS	environmental impact statement
EPP	Environmental Protection Plan
FEIS	Final Environmental Impact Statement
GN	Government of Nunavut
IIBA	Inuit Impact and Benefit Agreement
INAC	Indigenous and Northern Affairs Canada
IOL	Inuit-Owned Land
LOA	Letter of Advice
masl	metres above sea level
MUAR	mean annual unit runoff
ML	metal leaching
NO_x	nitrogen oxides
NPC	Nunavut Planning Commission
NTI	Nunavut Tunngavik Inc.
NU	Nunavut
NWB	Nunavut Water Board
PGA	peak ground acceleration
PM	particulate matter
pXRF	Portable X-ray Fluorescence
QA/QC	Quality Assurance / Quality Control
QIA	Qikiqtani Inuit Association
SCP	Spill Contingency Plan
SO_2	sulphur dioxide
TEMMP	Terrestrial Environment Mitigation and Monitoring Plan
TSP	total suspended particulate
TSS	total suspended solids
VEC	valued ecosystem component

1 – INTRODUCTION

1.1 OVERVIEW

Baffinland Iron Mines Corporation (Baffinland) plans to establish an exploration camp at its Eqe Bay Prospect to carry out drilling and other exploration activities (Figure 1). The name of the project is the Eqe Bay Exploration Program.

Exploration will be undertaken within a portion of Inuit Owned Land (IOL) Parcel IG-03 for which Baffinland holds an Exploration Agreement with Nunavut Tunngavik Inc. (NTI), and on adjacent mining claims held by Baffinland on Crown Land (Figure 2).

Baffinland has conducted archaeological surveys of the proposed exploration area and camp areas in the summers of 2018 and 2021, demarcating located sites to prevent any future disturbance. Baffinland conducted surface sampling and an archaeological survey of the proposed exploration area and camp areas in 2018, demarcating located sites to prevent any future disturbance. Activities in 2019 included geological and structural mapping, grab sampling and ground geophysical surveys. In 2021, a geophysics survey, till sampling, geologic mapping, permafrost, and archaeological survey were completed. Prospecting traverses were carried out in 2025.

2026 Exploration Program

A reverse-circulation (RC) drill program is currently planned for the summer of 2026. This program will use one heli-portable RC drill to test previously identified drill targets. The total number of holes and meters to be drilled will depend on drill productivity, weather conditions and drilling results. RC drills do not require water or create waste. Other exploration activities to be undertaken in 2026 includes detailed geological mapping, ground geophysics (completion of a survey started in 2021), and prospecting. The 2026 program will be supported from Mary River. Only a temporary emergency survival tent will be erected on-site and removed at the conclusion of field activities. Helicopters will be used to move the drill and to transport workers between Mary River and Eqe Bay. Diesel and Jet fuel will be stored in drums within lined secondary containment areas. An initial drill program will begin in the late winter or spring following camp establishment. Other exploration activities to be undertaken includes detailed geological mapping, geophysical surveys, till sampling, and a backpack drill program.

Initial Drill Program

The initial drill program will be supported by an approximate 50-person camp and other outbuildings. The camp will be equipped with an incinerator, a potable water treatment plant, and a sewage treatment plant. Helicopters will be used to move drills and to transport workers between the drill and camp. Diesel and Jet fuel will be stored in drums within lined secondary containment areas. Workers and supplies will be delivered to the camp from either Mary River, Sanirajak or Igloolik using Twin Otter or similar aircraft. The aircraft will land at the Eqe Bay exploration area either on floats on a small lake within the exploration area, or on the tundra if equipped with tundra tires.

Full Scope Exploration Program

Based on the results of the initial drill program, Baffinland may seek to expand the scale of its exploration program at Eqe Bay. Over the subsequent years, the exploration program may be expanded as follows:

- Operate up to nine (9) drills
- Expand the initial camp to 100-persons
- Use of a Twin Otter on tundra tires for personnel transport
- Implement bulk fuel storage using double-walled tanks
- Source construction materials from one or two quarries
- Construct access trails to connect the camp to exploration areas to reduce helicopter use

- Construct a small airstrip to improve air access to the site

At the conclusion of the exploration program, a closure and reclamation plan will be followed to remove all equipment and materials from the site and restore the area to the extent practical.

1.2 REGULATORY CONTEXT

The Eqe Bay Exploration Program is subject to the terms and conditions of Exploration Agreement IG03-20-001 between Baffinland and Nunavut Tunngavik Inc. (NTI), last amended on July 1, 2020 (NTI and Baffinland, 2020).

On April 17, 2018 the Nunavut Planning Commission (NPC) determined that the Eqe Bay Exploration Program is located outside the area of an applicable regional land use plan, and that the project proposal requires screening by the Nunavut Impact Review Board (NIRB) because it does not belong to a class of exempt works or activities set out in Schedule 12-1 of the Nunavut Agreement (NPC File No. 148801; NPC, 2018).

Figure 1 Project Location Map

Figure 2 Eqe Bay Exploration Area

Baffinland will apply to the Qikiqtani Inuit Association (QIA) for an Inuit Land Use Licence to secure surface land rights within the exploration area. Quarry Concession Agreements will be sought from the QIA when Baffinland plans to proceed with that activity.

Baffinland obtained a Type B Water Licence from the Nunavut Water Board (NWB) to address water use and waste disposal requirements associated with the exploration program (2BE-EQE1926). Baffinland currently holds Type A Water Licence 2AM-~~MRY1325~~ MRY2540 and Type B Water Licence 2BE-MRY2131 for its other exploration activities.

Finally, Baffinland will consult with Fisheries and Oceans Canada (DFO) regarding two culverts that are planned for installation within streams assumed to be fish habitat; it is expected that formal approval will not be required and that DFO will issue a Letter of Advice (LOA) to Baffinland, or refer Baffinland to LOAs already issued to the company. Baffinland received LOA 21-HCAA-00685 for the proposed barge ramp, allowing it to carry out a trial sealift beach landing in 2021.

1.3 ALTERNATIVES TO AND ALTERNATIVE MEANS

Baffinland has conducted surface exploration of the Eqe Bay area periodically since 2013. To advance the Company's knowledge of the mineral potential of this area, it is necessary to conduct exploration drilling. As the site is too distant from the Mary River Project camps, a local camp is necessary to support the exploration drilling.

The alternative to the Eqe Bay Exploration Program is to abandon mineral exploration in this area. This does not fulfill the Company's objectives to continually generate opportunities for mineral exploration and development. Nor does it fulfill the mandates of a number of Inuit organizations (NTI and the QIA), the Government of Nunavut's Mineral Exploration and Mining Strategy (Government of Nunavut, no date), or Canada's Northern Strategy (INAC, 2009).

There are few alternative means to conduct mineral exploration at Eqe Bay. Baffinland has considered various ways to access the site, and have proposed the construction of a gravel airstrip once initial drilling proves promising, to replace the initial plan to use Twin-Otter equipped with floats or tundra tires. The gravel airstrip will allow larger aircraft to access the site, reducing the number of flights required and hence fuel consumption and noise. Similarly, an access road will be constructed over time between the camp and the exploration area, which will reduce the amount of low level helicopter flying and associated fuel consumption and noise generation.

2 – EXPLORATION CAMP

2.1 CAMP LOCATION AND DESIGN

The temporary exploration camp will initially consist of 11 trailer units capable of accommodating up to 50 people. The trailers will include single and double occupancy rooms, a kitchen, dining area, storage and limited recreation facilities. The proposed camp will be located at the approximate location shown on Figure 3. Provided initial exploration drilling is promising, the camp will likely be expanded with an additional 11 trailer units, for accommodation for up to 100 people total. The camp will be capable of being operated year-round.

2.2 WATER SUPPLY AND TREATMENT FACILITIES

Water will be pumped from unnamed lake EB-1 to the water treatment facility through a temporary intake which will need to be adjusted between open water and ice over. During ice cover, the intake will be positioned from the ice surface and during open water, the intake will be positioned from shore. The intake will be equipped with a fish screen in accordance with DFO's Freshwater Intake End-of-Pipe Fish Screen Guideline (DFO, 1995). A containerized water treatment facility will be commissioned to supply the initial 50-person camp with potable water. The water treatment facility will be a containerized ultrafiltration treatment facility with a chemical dosing system. Ultrafiltration is a pressure driven membrane separation process that removes suspended or particulate matter from water. It also efficiently removes bacteria and most viruses. The water treatment facility will treat up to 19 m^3 of water per day. An additional containerized water treatment facility will be added to the camp site upon expansion to the 100-person camp. Similar water treatment plants are used at the Mary River Project and other exploration and mining sites across the north.

Water from the water treatment facility will be either trucked or piped to the camp. Up to 29 m^3 of water will be consumed by the 100-person camp.

2.3 SEWAGE AND GREY WATER DISPOSAL

Camp sewage will be treated using a package sewage treatment plant prior to effluent being discharged to land for runoff into Eqe Bay. The package sewage treatment plant consists of a four-part treatment process. The first stage includes two settling tanks, the second stage includes a reactor unit for extended aeration and a clarifier, the third stage includes a reactor with fixed film media and clarification, and the final fourth stage include a pump chamber to discharge the treated effluent. Raw wastewater will be pumped from a collection tank into the first and second settling tanks. Wastewater is then hydrologically displaced into the first reactor unit for further setting and aeration, after which gravity transports the waste water to the second reactor unit for processing using the fixed film growth media. A sludge return air lift will circulate activated sludge from the bottom of the reactor chamber to the fixed media. Wastewater will then flow through a quiescent zone at the outlet of the reactor into the pump chamber. In the pump chamber the effluent will pass through two sets of UV lights before final discharge.

The sewage treatment plant is designed to treat 11.4 m^3 of raw sewage daily. The requirement for a second identical treatment unit will be triggered when the camp population exceeds 50 persons. ~~A second unit will be brought online when the camp is expanded to 100 persons.~~ Combined, these two units will provide a total treatment capacity of 22.8 m^3/day. The effluent will be discharged to land at a location where the effluent will run off into the ocean (Figure 3).

The selected package sewage treatment plant, manufactured by CanWest Tanks & Ecological Systems Ltd., is a proven technology that has been used extensively at exploration and mining sites across the north. Biological sewage treatment plants

have the potential for upset conditions to occur, however, particularly from a sudden increase in camp population or if influent contains hazardous substances such as toxic cleaners or a high proportion of detergents.

Figure 3 Proposed Exploration Area Layout

Baffinland gained experience with such systems during the exploration phase of the Mary River Project. Non-toxic cleaners will be used, and greywater can be re-directed away from the sewage treatment plant if needed. There is the option to direct greywater to an excavated sump rather than to the sewage treatment plant. This option will be considered as a means of improving the quality of the sewage influent into the sewage treatment plant, to optimize treatment performance. The sump will be located more than 31 m from the high water mark of Eqe Bay.

Baffinland expects to maintain a small care and maintenance staff year-round during most years, and continuing to operate the plant continuously will help avoid upset conditions. The influent holding tank provides some excess storage capacity. However, discharge of partially treated effluent to the environment may be required. There are several additional contingency measures available. The sewage treatment plant is designed to treat to a much higher standard than the sewage discharge criteria normally specified by the NWB for marine discharges. Additionally, treated sewage effluent will be discharged to land. In winter, additional treatment is provided when the effluent freezes and thaws in the spring. In the summer, land discharge provides additional polishing. Finally, the receiving environment of Eqe Bay is expected to be tolerant to occasional exceedances, should this occur.

2.4 WASTE MANAGEMENT

The camp will generate an estimated 2 kg per person per day of solid waste. Waste generated as a result of exploration activities will be dealt with in various ways depending on the type of waste. Efforts will be made to minimize packaging when shipping consumables to site. Similarly, efforts will also be made to reuse materials.

Non-hazardous combustible waste will be burned in an onsite incinerator. The incinerator will use a two stage process. The primary burner burns waste and produces an inert ash and combustible gases, the secondary chamber combusts off-gases to eliminate smoke and minimize contaminants. The incinerator will run 2 cycles per day with each burn cycle lasting between 2 to 6 hours depending on waste type and density. The selected incinerator, manufactured by Eco Waste Solutions, is a proven technology that has been used extensively at exploration, mining and military sites across the north.

Non-hazardous waste that is non-combustible, such as scrap metal, will be stored and then backhauled to a southern disposal or recycling facility.

It is estimated that 2,000 L of hazardous waste (mainly waste oil and waste antifreeze) will be generated annually, along with lead-acid batteries and a small volume of oily rags. Liquid hazardous waste will be stored in a lined containment facility and backhauled by sealift to a southern disposal or recycling facility.

2.5 FUEL AND CHEMICAL STORAGE

Initially, fuel will be delivered to site by sealift. During the initial drilling program, approximately 369,000 L of fuel (diesel and Jet A fuel) will be stored in fuel barrels within a containment area boarded by a fuel berm made up of vinyl sling bag liners. Drums will be slung to drill sites by helicopter. Empty fuel barrels will be backhauled to the south by sealift for final disposal.

Upon expansion to the 100-person camp fuel will be stored in approximately 63 – 24,000L capacity ISO containers. The total amount of fuel stored will be in the order of 1,500,000 L.

Engine oil, antifreeze and calcium chloride will also be stored at the exploration site. Engine oil and antifreeze will be stored in 205 L drums within line containment areas. Calcium chloride powder will be stored in 50 large totes and will be used to generate brine for drilling the deepest holes. Most drillholes will be sufficiently shallow as to not require brine.

Baffinland's Exploration Spill Contingency Plan (SCP; BAF-PH1-400-P16-000~~under preparation~~) details the procedures that will be undertaken in the event of a spill of fuel or other hazardous materials during exploration activities at Eqe Bay. This

Exploration SCP identifies potential spills on land, ice, or fresh water that could arise during exploration at Eqe Bay. Credible spill scenarios are identified and protocols for preventing, responding to, and recovering from releases to the environment involving regulated hazardous substances are provided.

2.6 QUARRIES

Baffinland intends to develop one or two rock quarries to aid in the development of the camp and laydown areas, access road between the camp and the exploration area, and a small airstrip. Pre-packaged explosives will be used. Preliminary locations of potential quarries are shown on Figure 3. It is expected that the quarries will only be developed if the exploration activities expand as described in this Project Proposal.

The rock in the quarries will be assessed for acid rock drainage (ARD) and metal leaching (ML) potential prior to being exploited, in accordance with the Protocol for the Assessment for the Potential for Acid Rock Drainage located in Appendix B of the Borrow Pits and Quarry Management Plan (Baffinland, 2014a). Once the potential quarries have been assessed for ARD/ML potential, Baffinland will develop and file a quarry-specific management plan with the NWB and QIA.

3 – EXPLORATION ACTIVITIES

3.1 DESCRIPTION OF DEPOSIT

The objective of the exploration program is to advance the deposit scale mineral potential of the Eqe Bay area. The Eqe Bay Prospect contains high grade iron oxides as well as precious metals. Exploration will evaluate all mineral potential of the bedrock within the Eqe Bay Exploration Area.

3.2 EXPLORATION ACTIVITIES

Exploration activities planned for the Eqe Bay exploration area include the following:

- **Detailed Lithological Mapping -** will be completed to define mineralization zones for sampling. Detailed structural mapping will be completed to understand the structural control on the prospects and aide in planning of the initial drill program to increase the chances of interesting mineralization at depth.
- **Soil Sampling Program** - Approximately 500 soil samples will be collected spread across the exploration area. Sampling will be conducted using shovels and sample grab bags.
- **Backpack Drill Program** - A man-portable "backpack drill" will be used to drill at least 50 targets in the exploration area.
- **Till Sampling Program** – Till sampling will be conducted in the Cheesecake/Cake Hill area looking for anomalies in portable X-ray Fluorescence (pXRF) readings. The pXRF readings will be taken in-situ. A duplicate sample will be sent to an assay lab.
- **Drill Program** – Conventional diamond core drilling will be carried out within the exploration area.

Drill core will be cut onsite with a saw, but no assay work will be conducted onsite.

Baffinland plans to conduct an initial exploration drilling program with two diamond core drills. The initial program includes a yet to be defined number of holes with planned depths of 100 to 300 m, totaling 10,000 m total depth. The initial exploration area is shown on Figure 3.

If the initial drilling program is positive, Baffinland may look to significantly scale up its drilling program. Ultimately the exploration program could grow to up to nine (9) diamond core drills operating year-round. The amount of drill holes and depths will be determined following the results of the initial drill program. The expanded drilling program may extend the length of a mineralized zone across the entire IG-03 Exploration Agreement Area as well as the mining claims on Crown Land that extend north of the IG-03 Exploration Area (Figure 2).

3.3 WATER USE FOR EXPLORATION

For the exploration work, 270 m^3 of water will be pumped daily from Unnamed Lake #1. The estimated water volume is to operate nine (9) exploration drills. The water consumption is based on withdrawal rates and does not consider recycling of drill water. Opportunities to recycle drill water will be investigated and utilized as the scale of the drilling program increases over time.

4 – SITE ACCESS

4.1 AIR ACCESS

Eqe Bay will be initially accessed by air using twin otter or similar aircraft equipped with tundra tires or floats. A helicopter will be used to move drills and drilling personnel within the Project site.

An airstrip may be constructed at the approximate location shown on Figure 3. It will be necessary to quarry additional aggregate to construct the airstrip.

4.2 SEALIFTS

Equipment will be transported to Eqe Bay by sealift in late August or early September in the year preceding camp establishment and drilling. Sealift deliveries of equipment and materials will be scheduled in subsequent years as required when expanding the camp or to replenish fuel and other consumables.

4.3 ACCESS ROAD BETWEEN CAMP AND EXPLORATION AREA

Following the initial exploration program, Baffinland may prepare a 4 km access road connecting the camp to the exploration area to the north (Figure 3). The access road may further finger out to specific drill sites. The construction of the travel way will reduce the need for helicopter use to transport personnel, thereby reducing fuel consumption and noise generated by the helicopter. The access road will be constructed by placing a sub-base and/or surfacing layer as required using aggregate from the proposed quarries (Section 2.6). Cuts in overburden will be avoided.

Culverts will need to be installed at two locations along the access road, shown on Figure 3. Based upon a desktop review of the two crossing locations, both are expected to be fish habitat. Baffinland will engage Fisheries and Oceans Canada (DFO) in regard to these culvert installations, and will comply with existing DFO Letters of Advice issued to Baffinland, or other guidance as directed by the DFO. The culverts will be removed as part of closure and reclamation of the exploration program.

It is possible that Baffinland may establish a winter trail along the access road alignment prior to constructing the access road.

5 – ENVIRONMENTAL SETTING

5.1 SITE DESCRIPTION

The Eqe Bay Exploration Area is located along the west coast of Baffin Island, approximately 190 km east from both the communities of Sanirajak and Igloolik (Figures 1 and 2). Relative to the Mary River Project, the Eqe Bay Exploration Area is located approximately 200 km from the Mine Site at Mary River, and approximately 90 km from the proposed Steensby Port.

The exploration area is shown in more detail on Figure 3, identifying the following proposed features:

- Initial exploration area where exploration drilling will be initially focused
  - Exploration camp and associated development area
  - Access road and quarry locations
  - Airstrip

The Eqe Bay Exploration Area is located in Water Management Area 22, as identified in Schedule 4 of the Nunavut Waters Regulations (Minister of Justice, 2018).

5.2 SITE HISTORY

The Eqe Bay exploration area was first explored for iron ore in 1969 by Patino Mining Corp. Ltd., who established mining claims, a camp with a winter airstrip. A limited drilling program was carried out at that time. Nanisivik Mines Ltd. conducted additional exploration in 1991, followed up by International Capri Resources in 1997. The GSC did extensive field work in the Eqe Bay area in the mid-1990s. Baffinland has been conducting low-impact exploration work in the area since 2013.

The area was selected as Inuit Owned Land with surface and subsurface mineral rights by the community of Igloolik (IOL Parcel IG-03) during the land selection process leading up to the Nunavut Agreement (INAC and NTI, 2010).

From review of historical records that describe Inuit occupancy and use of northern Foxe Basin, it is clear that the area was a traditional settlement area for Inuit, referred to as the Piling Bay settlement area (Crowe, 1969 in Knight Piésold, 2010a). In consultation with Igloolik and Sanirajak on the Eqe Bay Exploration Program, participants indicated that there are cultural heritage resources in the area, including two participants who indicated that their parents or grandparents historically occupied the area.

5.3 PHYSICAL SETTING

Topography

The Eqe Bay Exploration Area consists of undulating bedrock outcrops with waterbodies filling local topographic lows. Glacio-fluvial or marine deposits are also present in the area.

Geologic Conditions

The North Baffin Region lies within the Committee Belt, a granite-greenstone terrain mixed with sedimentary and volcanic rock. Occasional outcrops of granitic and sedimentary rock formations occur.

Near surface bedrock is dominant in the Eqe Bay Exploration Area. Limited overburden is in the form of marine sediments and localized deposits of till. The majority of the overburden is located in depressions between the numerous bedrock outcrops and is typically overlain by a layer of vegetation and boulders.

Climatic Conditions and Trends

Northern Baffin Island has a semi-arid climate with relatively little precipitation. The region experiences near 24-hour darkness with less than two hours of twilight from approximately November 12 to January 29. Conversely, continuous sunshine is experienced from approximately May 5 to August 7. During September to November, temperature and the number of daylight hours start to decrease, and by mid-October the mean daily temperature is well below 0°C. The highest amount of snowfall typically occurs during this period.

Monthly mean temperatures at the long-term Environment Canada stations range from about -34°C in February at Pond Inlet to about 7°C in July at Igloolik (RWDI AIR Inc., 2010). Over the period of 2006 to 2015, monthly mean temperatures at Mary River ranged from -34.7°C in February to 11.1°C in July (Knight Piesold, 2016a). Annual mean temperatures generally increased over the measurement period at all locations, although there is considerable year-to-year variability. RWDI AIR Inc. (2010) noted that the annual mean temperature at Pond Inlet had increased by about 2.1°C between 1975 and 2009.

The mean annual precipitation at Pond Inlet is 190.8 mm, with 144.5 cm of snowfall (equivalent to 105.4 mm of rain) and 85.4 mm falling as rain (RWDI AIR Inc., 2010).

Hydrologic Characteristics

Streamflow in the North Baffin Region typically commences in early to mid-June as temperatures climb above 0°C, and ends in late September to late October, depending upon watershed characteristics (Knight Piésold, 2012). The annual hydrograph is dominated by a nival (snowmelt) freshet, which occurs between late June and the end of July, followed by a period of low baseflows driven by permafrost melt and shallow subsurface flow. Baseflows are punctuated by precipitation events through July to early September. Precipitation runoff events are usually quite large and flows increase rapidly as interception, infiltration, and evapotranspiration are minimal due to shallow permafrost, cool temperatures and lack of vegetative cover.

The timing and magnitude of runoff was first estimated from regional analyses and then reassessed with the addition of onsite measurements. Regional data indicated that mean annual unit runoff (MAUR) in the vicinity of Mary River should be slightly less than 10 L/s/km^2. Mean annual peak daily unit runoff values range from less than 100 L/s/km^2 for watersheds with significant lake volumes, to over 400 L/s/km^2 for smaller watersheds without lakes.

Seismicity

Regional bedrock structures include a northwest-trending fault set system and the Central Borden Fault, a crustal-scale structure which extends more than 200 km northwest from Angajurjualak Lake to Milne Inlet. This forms the southern boundary of the Mary River iron deposits. These fault systems typically show very large displacements both vertically and horizontally. The majority of recorded earthquakes in the Baffin Island region are concentrated along the east and northeast coastline and within the northwestern area of Baffin Bay. Most of these events are small earthquakes with magnitudes of less than 5.0, though some moderate to large earthquakes have been recorded in the region, the largest being a magnitude 7.3 earthquake in 1933, located over 150 km off shore in Baffin Bay. This is the largest earthquake to be recorded north of the Arctic Circle.

A seismic review was performed in support of the south railway embankment design (Knight Piésold, 2008) using information from the seismic hazard database of Natural Resources Canada. Information obtained included determination of seismic coefficients and horizontal Peak Ground Acceleration (PGA) value. Based on the findings of the seismicity assessment, an appropriate design earthquake for foundations and structures at Mary River is the 1 in 2,500-year earthquake, with an estimated PGA of approximately 0.25g. At Steensby Port, the estimated PGA for the design earthquake is approximately 0.12g. The peak ground acceleration for the Steensby Port is significantly lower due to a rapid decrease in the apparent seismic hazard along the western side of Baffin Island.

Permafrost Conditions

The Eqe Bay Exploration Area is located within the zone of continuous permafrost with low ground ice content and mean annual ground temperatures between -10°C and -15°C (Natural Resources Canada, 1995). The active layer in the region typically ranges from approximately 1 to 2 m, but may be greater in areas where there is loose, sandy soil at the edges of lakes or ponds and less in areas with a substantial surface layer of wet organics. Unfrozen taliks can exist within areas of continuous permafrost below lakes, under large rivers or near the coast.

Permafrost thickness in and around the region is considered to be deep, typically in the 400–700 m depth range (Knight Piésold, 2010b). In 2007, a 400 m thermistor installed into Deposit No. 1 showed that the depth to permafrost is predicted to extend to 610 m at this location. This is consistent with regional measurements at the former Nanisivik Mine, where permafrost was measured at depths greater than 430 m (Gartner Lee, 2003), and at drillholes located 450 km west and 450 km south of Pond Inlet, with measured permafrost depths of 500 m and 400 m, respectively (Geological Survey of Canada, 2006).

Surface Water Regime and Drainage Area

There are two unnamed lakes in the vicinity of the Eqe Bay Exploration Area, referred to herein as Lakes EB-1 and EB-2. These lakes and their respective catchment areas are shown on Figure 3. Smaller ponds also exist within the Eqe Bay Exploration Area; these ponds may be used as a source of drilling water during the open water period only. Each of these waterbodies are sufficiently separated from the ocean and are therefore expected to be freshwater, however, water quality sampling has not been conducted in the Eqe Bay Exploration Area as yet. Bathymetric surveys have not been conducted at these waterbodies. Break-up and freeze-up periods are unknown but are not expected to vary significantly from lakes in the vicinity of the Mary River Project, which experience break-up in the first half of July and freeze-up in the month of October.

5.4 BIOLOGICAL SETTING

Vegetation

Plant life is relatively sparse in much of the Project area and is generally consistent with the plants that usually occur in arctic regions. Vegetation surveys have not been conducted in the Eqe Bay Exploration Area; however, no plant species considered to be “rare” in Canada were found to occur during baseline surveys for the Mary River Project (Baffinland, 2012).

Terrestrial Mammals

Terrestrial mammals in the region include barren-ground caribou of the North Baffin herd, wolf, arctic and red fox, ermine, arctic hare, and lemmings. Marine mammals are found in abundance in the region, including polar bears, narwhals, beluga whales, bowhead whales, several species of seals, and walrus. Killer whales and northern bottlenose whales were found in small numbers. North Baffin caribou are currently present at low densities and their numbers seem to vary in accordance with a 60- to 70-year cycle. The last period of caribou abundance in the area was 1980 to 2000, and the previous period of low abundance was in the 1940s. Caribou are expected to remain at low numbers for the next couple of decades. However, there is evidence that caribou do occur throughout the entire region. While some populations of caribou migrate between preferred habitats in summer and winter, North Baffin caribou appear to be non-migratory and are likely to be found relatively equally in many locations throughout the Project area.

Migratory Birds

Migratory bird species observed in the Mary River area include snow geese, ducks, eiders, loons, and mergansers. Raptors found include rough-legged hawks, peregrine falcons, gyrfalcons, and snowy owls. Relatively low densities of songbirds and shorebirds were recorded throughout the region. There are also numerous sea birds in the area, including thick billed murres

and many types of gulls. According to the Nunavut Coastal Resource Inventory (Government of Nunavut, 2008), a number of waterfowl species harvested by Inuit occur within the adjacent Grant-Suttie Bay as well as the offshore islands nearby (Bray, Rowley and Prince Charles).

Freshwater Biota

There are two fish species in the freshwater environment: Arctic char and ninespine stickleback. Many inland waters on northern Baffin Island contain a landlocked variety of Arctic char. Lakes connected to the marine environment that do not have natural barriers to fish contain anadromous or sea-run variety of char. Fish in the marine waters include Arctic char, sculpins, and Atlantic lumpfish at Steensby Inlet (Baffinland, 2012).

Lake EB-1 (to be used for the camp water supply) is situated just above sea level and very likely supports Arctic char and ninespine stickleback and possibly sculpins. The accessible portions of the lake inlet tributaries would be used by juvenile Arctic char in the summer months as rearing habitat. This lake will be used as the water source for the exploration camp. A culvert will be installed in an unnamed stream at the east side of Lake EB-1; the stream likely supports juvenile Arctic char. Detailed habitat mapping has not been conducted to describe the streambed and streambank material, streambank vegetation and meander characteristics.

Lake EB-2 (to be used to supply water to drills) will be the main water source for initial exploration drilling. The lake discharges to a stream with several ponds that ultimately reports to Harbour Bay (the marine environment). Lake EB-2 is at elevation 50 metres above sea level (masl) and its outlet is approximately 3 km by stream distance from tidewater. It is unlikely that Lake EB-2 is accessible by sea-run Arctic char due to insufficient flows and habitat connectivity to support upstream and downstream fish passage. Lake EB-2 may support land-locked Arctic char and ninespine stickleback. The second proposed stream crossing is on the same stream that discharges directly to Harbour Bay in the marine environment. The upper portion of this stream may support juvenile rearing by land-locked Arctic char during the open water period although fish use is expected to be low at the proposed crossing since it is 2.5 km by stream distance upstream from tidewater and 0.5 km below the Lake EB-2 outlet. It is unlikely that the proposed crossing is accessible by sea-run Arctic char due to insufficient flows and habitat connectivity to support fish passage.

Both culvert crossings are assumed to be fish-bearing, although each has fish habitat limitations due to the relatively small catchment areas and low flows in mid to late summer.

Marine Environment

The Eqe Bay Exploration Area is bordered on the east by Eqe Bay, a long finger-like inlet; Grant-Suttie Bay to the west; and Harbour Bay / Foxe Basin to the south. Marine mammals are found in abundance in the region, including polar bears, narwhals, beluga whales, bowhead whales, several species of seals, and walrus. Killer whales and northern bottlenose whales were found in small numbers. Fish in the marine waters include arctic char, sculpin, and Atlantic lumpfish at Steensby Inlet, and Arctic char, sculpin and Greenland cod at Milne Inlet.

5.5 SOCIO-ECONOMIC SETTING

The Baffin Region of Nunavut has a rich and visible archaeological heritage dating many thousands of years. Within the North Baffin Region broadly, there are many archeological sites both small and more significant, particularly along the coast but also inland. Though archaeological surveys of the Eqe Bay Exploration Area have been conducted in 2018 and 2021, the coastal location as well as the sheltered nature of Eqe Bay means that there is likely to be a comparatively high density of archaeological sites in the area.

The Inuit of the North Baffin region have experienced tremendous social and cultural change over the course of a few decades. In particular, initiatives such as residential schools, have affected family integrity and by implication, social cohesion. Elders are becoming increasingly engaged in community life and in promoting the learning of traditional culture for the younger generation. At the same time, a shift toward western middle-class expectations appears to be taking place among Inuit youth. These communities have experienced dramatic population growth over the last 20 years. Over 70% of the population is under the age of 25. Underemployment and lack of opportunities are contributing to social stress. Demand amongst residents for wage employment is very high. Community Elders recognize that the communities need to position themselves to enter the wage economy.

The five communities of northern Baffin Island, listed by proximity to Eqe Bay, include Sanirajak (190 km), Igloolik (190 km), Clyde River (325 km), Pond Inlet (345 km) and Arctic Bay (480 km). Based on the results of the Mary River Inuit Knowledge Study (Baffinland, 2014b), Igloolik and Sanirajak and to a lesser extent Pond Inlet and Clyde River have ties to the Eqe Bay area.

For many of these North Baffin households, harvest of country food provides an important contribution to their overall well-being, both physical and cultural. In all five communities, caribou, ringed seal, and arctic char are of major importance. In addition, walrus is a significant species in Sanirajak and Igloolik, while narwhal is a key component of the harvest among households in Arctic Bay, Pond Inlet, and to a lesser degree, Clyde River. The land-based economy is a major part of the livelihoods of many residents of the North Baffin. Harvesting from the land and sea is estimated to produce food worth between $12 million and $20 million per year in this region (Baffinland, 2012). The amount of work to harvest this food is estimated to be 350 full-time jobs.

Residents of the region earn money through sales of arts and crafts, through employment, and from various government social programs such as income support. The Mary River Project has provided employment to these same communities since exploration was resumed in 2004, and particularly since construction of that project began in 2013. In 2025, the Mary River Project employed 218 Inuit full-time (Aglu and ERM, 2026). Since Project development, a total of $2.13 billion worth of contracts has been awarded to Inuit firms.

5.6 HISTORICAL AND TRADITIONAL USES OF WATERS IN THE PROJECT AREA

Historic land use information collected for the Mary River Project suggest that Inuit occupied traditional settlements in the general area (Crowe, 1969 in Knight Piésold, 2010a), and this was confirmed during consultation with Igloolik and Sanirajak (Section 8).

Baffinland undertook an extensive traditional knowledge study in the five North Baffin communities referenced above in support of the Mary River Project (Baffinland, 2014b). Although the focus of the study was the Mary River Project, the study included all of northern Baffin Island including the Eqe Bay Exploration Area. A number of historic camping areas were identified by elders who participated in the study. These camping locations have been recorded along the cost of Foxe Basin, and along the shores of Eqe Bay. It is likely that Lake EB-2 was used as a water source for a camp and for drilling by previous mineral exploration activities.

One of the rivers entering the adjacent Grant-Suttie Bay was identified as an area of high abundance of Arctic char in the fall or early winter in the Nunavut Coastal Resource Inventory (Government of Nunavut, 2008). The shoreline of Eqe Bay facing the proposed camp was identified as an area for clam digging by one elder participating in the Nunavut Coastal Resource Inventory. The adjacent Grant-Suttie Bay was identified more prominently by multiple elders as a location for clam digging, mussels, and an area of concentration of birds. Due to the proximity of Eqe Bay from Igloolik and Sanirajak, contemporary use of the area is relatively limited. Baffinland (2014b) recorded that the Eqe Bay shoreline is a blueberry picking area, as is a large area to the north and west of Eqe Bay. With respect to wildlife presence, caribou movements have been recorded in the vicinity of the

area. A walrus haul-out exists on a small island in the adjacent Grant-Suttie Bay and on offshore islands (Bray Island and Rowley Island), while further out on toward Foxe Basin larger marine mammals such as narwhal are present.

5.7 PROPOSED BASELINE STUDIES

Baffinland expects to conduct bathymetric surveys on the two lakes (Lake EB-1 and Lake EB-2) that will be used to supply water for the camp and exploration activities, as well as collect water quality samples from these waterbodies. Archaeological surveys have been conducted in 2018 and 2021, to identify and protect cultural heritage sites in proposed development and exploration areas. Additional baseline studies are not planned at this time.

6 – EFFECTS ASSESSMENT

6.1 EFFECTS ASSESSMENT METHODOLOGY

Effects of the Eqe Bay Exploration Program have been assessed at a screening level, considering the effects assessment criteria of magnitude, extent, duration and sensitivity of the resource or valued ecosystem component (VEC).

Relative to the scale of a mining development (which can have the potential for significant effects), most effects of exploration activities, with appropriate mitigation applied, are low to moderate magnitude, localized in extent, and short- to medium-term in duration.

This screening level assessment does not discuss the significance criteria listed above unless an effect has been deemed material, requiring a more detailed assessment.

6.2 AIR QUALITY AND NOISE

The exploration activities will generate emissions locally from the combustion of fuel while operating power generators, drills, and mobile equipment, and from camp heaters. Air contaminants released from fuel combustion include particulate matter less than 10 µm (PM_{10}), particulate matter less than 2.5 µm ($PM_{2.5}$), total suspended particulate (TSP), carbon monoxide (CO), Sulphur dioxide (SO_2) and nitrogen oxides (NO_x). The level of activity at the exploration camp is small compared with industrial operations, and concentrations of these air contaminants is expected to remain relatively low relative to applicable Ambient Air Quality Standards (AAQSs).

The waste incinerator will release the same contaminants and may also release mercury as well as dioxins and furans. Baffinland has purchased an incinerator from Eco-Waste Solutions, a reputable incinerator manufacturer whose equipment is proven to meet Canada-wide Standards (CWS) for dioxins and furans (Canadian Council of Ministers of the Environment [CCME], 2001) for mercury (CCME, 2000). Incinerator feed stock (requiring effective sorting of wastes) as well as operation and maintenance are key to minimizing incinerator emissions. Baffinland will follow its Incinerator Operating Procedure found in its Waste Management Plan (Baffinland, 2024). Applying the proper operating procedures, Baffinland expects its incinerator will meet CWS standards under normal circumstances.

Stationary and mobile equipment will also generate noise. The main sources of noise at the exploration operation include the drills, helicopters and airplanes. Noise emissions may have localized impacts on wildlife. There is a walrus haul-out on an Imiliq Island, located near the entrance to Grant-Suttie Bay and approximately 15 km from the exploration area. Air traffic will avoid this area and will be mindful of the possible presence of other walrus haul-outs as well as caribou in the area. Other key mitigation measures to minimize noise emissions include adherence to minimum flight altitudes specified in land use licences. This will be possible outside of the exploration area but difficult to meet within the exploration area given the short distance between the camp and drilling activity, and the need to sling drills between drill sites. Provided initial exploration is promising, Baffinland intends to construct an access trail between the camp and exploration area. This will significantly reduce demand for helicopter use and will reduce noise emissions within the exploration area. Overall, noise emissions are expected to be low to moderate magnitude, localized in extent, and short to medium term in duration, and not significant.

6.3 SURFACE WATER AND GROUNDWATER

Baffinland plans to draw water from two lakes (Lake EB-1 and Lake EB-2), the withdrawal rates are not anticipated to change flow of water to or from the lakes. The volumes that will be withdrawn are well below the recharge volumes of the lake and are not anticipated to have an effect on the quantity of surface water. The main water withdrawals are assessed further below.

Water Withdrawals from Lake EB-1 for Camp Water Supply

The exploration camp will extract up to 29 m^3/day of water for domestic use from Lake EB-1. The camp may operate year-round, and based on the maximum daily water withdrawal, the water withdrawal over the 8-month ice cover period could be up to 7,200 m^3 and annually up to 11,000 m^3.

Winter water withdrawals are normally assessed using the DFO Protocol for Winter Water Withdrawal from Ice-covered Waterbodies in the Northwest Territories and Nunavut (DFO, 2010). Excessive amounts of water withdrawn from ice-covered waterbodies can impact fish through oxygen depletion, loss of over-wintering habitat and/or reductions in littoral habitat (DFO, 2010). The DFO Protocol states that water withdrawals that are less than 10% of the under ice lake volume do not require further assessment. The volume of water in Lake EB-1 has not been determined as yet, though Baffinland aims to conduct a bathymetric survey during a subsequent open water season, prior to water withdrawals.

Based upon a lake surface area of 6.16 km^2, a winter water withdrawal of 7,200 m^3 will result in a drawdown of approximately 1 mm over an 8-month period of ice cover. This drawdown is expected to be within the annual variation of winter water levels, and is not expected to have a material effect on fish habitat including any spawning areas that may be present.

The catchment area of Lake EB-1 measured at the lake outlet is approximately 39.8 km^2 (Figure 3). Based on a MAUR measured at seven seasonal hydrometric stations of 9.5 L/s/km^2 (Knight Piésold, 2012), the annual recharge to Lake EB-1 is in the order of 12 Mm^3. The winter water withdrawal represents approximately 0.1% of the annual recharge to Lake EB-1. As such, the winter water withdrawal is not expected to meaningfully affect (i.e., delay) lake outflow in the spring.

Water Withdrawals from Lake EB-2 (Cake Lake) for Drilling

Two drills will be operated in the initial year of drilling, with drilling beginning in late winter (March-April) and finishing by the end of October. Provided initial drilling demonstrates promise, Baffinland intends to ramp up the drilling program to have as many as nine (9) drills operating within the exploration area year-round.

Most water required for drilling, including all water withdrawn during the ice-covered period, will be drawn from Lake EB-2. Other smaller ponds in the area will be used as a source of drilling water during open water conditions only (Figure 3). Fisheries assessments have not yet been conducted on these waterbodies, but Baffinland has observed stickleback minnows in the upper pond identified on Figure 3. It is assumed that Lake EB-2 supports both Ninespine stickleback and Arctic char.

Under the fully scaled up drilling campaign, the daily water consumption of nine (9) drills will total 270 m^3/day. The maximum total water consumption from Lake EB-2 under eight (8) months of ice cover (mid-October through mid-June) will be an estimated 64,800 m^3.

Winter water withdrawals are normally assessed using the DFO Protocol for Winter Water Withdrawal from Ice-covered Waterbodies in the Northwest Territories and Nunavut (DFO, 2010). Excessive amounts of water withdrawn from ice-covered waterbodies can impact fish through oxygen depletion, loss of over-wintering habitat and/or reductions in littoral habitat (DFO, 2010). The DFO Protocol states that water withdrawals that are less than 10% of the under ice lake volume do not require further assessment. The volume of water in Lake EB-2 has not been determined as yet, though a bathymetric survey will be carried out during a subsequent open water season, prior to water withdrawals.

In the interim, the proposed water withdrawal has been evaluated by comparing the winter water withdrawal quantity to both the lake's wetted surface area (i.e., excluding islands) as well as the quantity of water reporting to the lake each year within its catchment area.

The surface area of the lake is 2.54 km^2. A winter water withdrawal of 64,800 m^3 will result in a drawdown of approximately 25.5 mm (or 2.5 cm; one inch) over the 8-month ice cover period. This drawdown is likely within the annual variation of winter water levels, and is not expected to have a material effect on fish eggs.

The catchment area of Lake EB-2 measured at the lake outlet is approximately 10.4 km^2 (Figure 3). Based on a MAUR measured at seven seasonal hydrometric stations of 9.5 L/s/km^2 (Knight Piésold, 2012), the annual recharge to Lake EB-2 is in the order of 3.1 Mm^3. The winter water withdrawal represents approximately 2.1% of the annual recharge to Lake EB-2. As such, the winter water withdrawal is not expected to meaningfully affect flow at the lake outlet in the spring.

The winter water withdrawal is not expected to meaningfully affect fish and fish habitat in Lake EB-2. Nonetheless, Baffinland will verify this once a bathymetric survey of the lake has been completed during a subsequent open water season, prior to water withdrawals. Baffinland will re-assess the winter water withdrawal in accordance with the DFO Protocol, and submit the results to the Nunavut Water Board.

Effects to Water Quality

With respect to water quality, activities associated with the exploration are not anticipated to have an effect on water quality in the area. Hazardous waste will be stored in containers, negating any interaction with surface water. Treated effluent that will meet discharge criteria will be pumped into Eqe Bay.

Effects to Groundwater

No effects to groundwater are anticipated. Any water that may come in contact with the ground surface will seep into the active layer and ultimately report to a surface water body.

6.4 AQUATIC RESOURCES

The results of a desktop review of fish habitat near to exploration activities is described in Section 5.4. Aquatic resources may be affected by exploration activities as follows:

- Winter water withdrawals
  - Potential impingement of fish during water withdrawals
  - Culvert installations

The potential for winter water withdrawals to adversely affect fish habitat was established to be negligible in Section 6.3. All water intakes will be equipped with fish screens that meet DFO's Freshwater Intake End-of-Pipe Fish Screen Guideline (DFO, 1995).

Culverts will be installed in two small streams. Both culvert crossings are assumed to be fish-bearing, although each has fish habitat limitations due to the relatively small catchment areas and low flows in mid to late summer. Culverts will be sized and installed in accordance with Knight Piesold (2018), based upon peak flow estimates by Knight Piesold (2016b). When installing the culverts, Baffinland will follow the mitigation measures outlined in its Surface Water and Aquatic Ecosystems Management Plan (Baffinland, 2026). Baffinland will also seek direction from DFO and will comply with the best practices outlined in an expected Letter of Advice (LOA) when installing culverts along the access road.

6.5 SOILS AND PERMAFROST

Exploration at Eqe Bay is not expected to have a meaningful effect on the soil and permafrost of the area. The exploration activities proposed have a relatively small footprint. Quarrying will be conducted in accordance with Baffinland's Quarry and Borrow Pit Management Plan (Baffinland, 2014a) and a site-specific quarry management plan yet to be developed. The access

road and airstrip, when constructed, will not involve any cuts on unconsolidated materials, and instead will involve placement of fill over the existing ground. Ground disturbances will be undertaken in accordance with the ground disturbance operational standard contained in the Environmental Protection Plan (EPP; Baffinland, 2016b). Applying the appropriate mitigation measures outlined in the EPP, effects to soil and permafrost are not expected to be significant.

6.6 VEGETATION

Exploration activities including drilling, test pitting, water use, construction and waste disposal are expected to have a very minimal effect on vegetation. The construction of the camp and the future construction of the access road and airstrip will result on the localized removal of vegetation that is negligible in comparison to the area and the vegetation type in these locations Is abundant throughout the area. As mentioned above, ground disturbances will be undertaken in accordance with the ground disturbance operational standard contained in the EPP (Baffinland, 2021).

The potential for the introduction of non-native species will be minimized by delivering cleaned heavy equipment and drills to site and inspecting the equipment upon arrival, in accordance with the EPP. To reduce potential contamination of vegetation by hazardous materials and waste, these materials will be stored in the appropriate containers and within lined containment areas as appropriate, and any spills will be cleaned up in accordance with the Spill Contingency Plan.

6.7 TERRESTRIAL WILDLIFE AND BIRDS

Terrestrial wildlife and birds may be affected by exploration through direct and indirect habitat loss, mortality, or effects to wildlife health.

Direct habitat loss from exploration will be relatively limited given the small footprint of the exploration program. Indirect habitat loss will occur through sensory disturbance. Efforts to minimize noise emissions is described in Section 6.2.

Mortality may occur because animals through collisions with wildlife, which are unlikely but possible with birds, and through attraction and habituation of animals such as foxes. Baffinland will enforce its policy of not feeding the wildlife, and will properly contain food wastes that may serve as attractants.

Effects to wildlife health through the introduction of invasive species will be mitigated as described in Section 6.3. The nature of exploration is such that the introduction of contaminants that affect wildlife health is highly unlikely to occur.

Various measures to monitor and mitigate against adverse effects on terrestrial wildlife are included in the EPP (Baffinland, 2021) and the Terrestrial Environment Mitigation and Monitoring Plan (TEMMP; Baffinland, 2016c). The effects to wildlife from the exploration program are predicted to be not significant.

6.8 MARINE ENVIRONMENT AND WILDLIFE

Marine resources in the vicinity of Eqe Bay include marine mammals and in particular walrus. Baffinland is aware of a walrus haul out on a small island in the adjacent Grant-Suttie Bay and on offshore islands (Bray Island and Rowley Island). The same islands are important nesting areas for a number of bird species. Other coastal resources important to Inuit that have been identified in the area include clams (Section 5.6).

The activities that have the potential to interact with the marine environment include:

- Sealift deliveries of equipment and supplies which could occur up to once annually
    - Construction of a barge ramp
    - Aircraft (helicopter and small fixed wing) accessing and operating within the exploration area

- Discharge of treated sewage effluent to land, running off into Eqe Bay

Sealifts will operate in accordance with standard protocols, and Eqe Bay is sufficiently deep to accommodate barges. A barge ramp may be constructed at some time in the future to facilitate barge offloading, similar to what currently exists at Milne Port for the Mary River Project. That barge ramp was constructed in accordance with a Letter of Advice that the DFO issued to Baffinland (DFO, 2013). Baffinland will seek similar guidance from the DFO with respect to construction of a barge ramp at Eqe Bay, if the company proceeds with this plan.

Low flying aircraft has the potential to generate noise that could affect marine wildlife, include walrus haul outs and bird colonies. Aircraft will adhere to minimum flight altitudes and avoid sensitive wildlife areas, as described elsewhere in Section 6.2.

Treated sewage effluent will be discharged to land, running off into the marine environment of Eqe Bay. It is expected that the effects of this discharge will be minimal given that the effluent will meet discharge limits in a future Type B Water Licence.

Sealift vessels do not release ballast water into the local marine environment.

The effects to the marine environment including marine wildlife from the exploration program are predicted to be not significant.

6.9 CULTURAL HERITAGE RESOURCES

The potential for cultural heritage resources in the coastal environment of Eqe Bay is high (Section 5.5). An archaeology field program has been carried out within the Eqe Bay Exploration Area in the summers of 2018 and 2021. Areas assessed to be of moderate or high archaeological value have been mapped, photographed, documented and staked or roped off to prevent potential for human interaction.

The archaeological site protection measures described in the Cultural Heritage Protection Plan (Baffinland, 2016b) will be adhered to. This includes:

- Relocating project activities and infrastructure away from known archaeological sites (avoidance)
  - Implementing protection measures at known sites near exploration activities, including marking or fencing these areas
  - Including cultural heritage awareness in site orientation training for workers
  - Implementing the chance finds procedures contained in the plan, should a previously unidentified archaeological site be identified within a work area

Baffinland has committed to seek the participation of one or two elders from Igloolik when carrying out any additional archaeological surveys in future years.

With the effective implementation of the above mitigation measures, adverse effects to cultural heritage are not expected.

6.10 LAND USE

The Project area is not a high use area, based on the Mary River Inuit Knowledge Study (Baffinland, 2014b), the land use study completed for the same project, and consultation with Igloolik and Sanirajak (Section 8). Following meetings held in the communities of Igloolik and Sanirajak in April, Baffinland has learned the area holds some historical significance to the communities. The exploration program is not expected to adversely effect the use of the area by community members. Baffinland will implement site access procedures similar to those at Mary River, to ensure the safety of all potential land users in the area.

6.11 SOCIO-ECONOMIC EFFECTS

Potential socio-economic effects will be limited, based on the scope of the exploration program. Positive effects may be realized in the local communities through the employment of workers for the exploration program. Baffinland will look for opportunities to engage the communities of Sanirajak and Igloolik in employment, contracting and procurement activities, to help maximize potential socio-economic effects.

6.12 CUMULATIVE EFFECTS ASSESSMENT

To Baffinland's knowledge there are no other previous, present or reasonable foreseeable project in the vicinity of Eqe Bay that could potentially cause cumulative effects to the environmental components assessed above.

6.13 ACCIDENTS AND MALFUNCTIONS

As with any planned activity, the potential for accidents and malfunctions exists. Baffinland intends to safe guard against any accidents and malfunctions to reduce any potential adverse effects that may result. Potential for accidents and malfunctions resulting from the exploration at Eqe Bay are summarized below.

- **Accidental spill of fuel** – an accidental spill of fuel may occur during the transfer of fuel to their consumption source, while filling vehicles/drills, or while slinging fuel barrels by helicopter. Baffinland will implement measures identified in its Spill Contingency Plan (under preparation) to mitigate against potential accidental fuel spills. The potential effects resulting from fuel spill includes contamination of soil, vegetation, and water. A further effect may be realized if contaminated vegetation is consumed by animals. In the event of a spill in water, fish and fish habitat may be adversely effected.
    - **Tank refueling from barge** – fuel tanks will be refilled from a barge by a floating hose. There is a potential for the hose to leak or accidently disengage from the barge or fuel tank. This may result in adverse effects in the marine environment and on marine mammals.
    - **Hazardous waste container leak** – containers used to store hazardous waste and/or materials may leak due to improper seals or manufacturing error. The leak could result in hazardous materials spilling onto the surrounding ground, there by seeping into the active layer and ultimately a surface water body and contaminating soil and vegetation in the vicinity of the leak.

7 – ENVIRONMENTAL MANAGEMENT

A number of environmental management plans developed by Baffinland for the Mary River Project will be applied as appropriate on the Eqe Bay Exploration Program, including:

- Surface Water and Aquatic Ecosystems Management Plan (Baffinland, 2026)
- Terrestrial Environment Mitigation and Monitoring Plan (Baffinland, 2016a)
- Cultural Resources Protection Plan (Baffinland, 2016b)
- Borrow Pit and Quarry Management Plan (Baffinland, 2014a)
- Sampling Program – Quality Assurance and Quality Control Plan (Baffinland, 2025) (Attachment 12)

In addition, three new management plans have been developed specific to the Eqe Bay Exploration Program:

- Eqe Bay Closure and Reclamation Plan (Attachment 9)
- Eqe Bay Spill Contingency Plan (Attachment 10)
- Eqe Bay Environmental Inspection and Monitoring Plan (Attachment 11)
- Eqe Bay Waste Management Plan (Attachment 13)
- Eqe Bay Environmental Protection Plan (Attachment 14)

These plans have been submitted to the NWB as part of updates to the existing Type B Water Licence (2BE-1926).

8 – CONSULTATION

8.1 INITIAL STAKHOLDER ENGAGMENT AND CONSULTATION

Baffinland conducted an initial community tour on April 5-6, 2018 to introduce the Eqe Bay Exploration Program to the communities of Sanirajak and Igloolik. The meeting in Sanirajak was held on April 5, 2018 with the Mayor and Council and HTA representatives. The meeting in Igloolik was held on April 6, 2018 with the Mayor and Council, HTA representatives, and QIA representatives.

During the meeting, Baffinland provided a presentation on the Eqe Bay exploration program and its current plans for the area. Following the presentation meeting participants raised questions or concerns they may have. Some key point raised are provided below.

- **Archaeology and traditional land use** – Baffinland was informed of the traditional use by Igloolik and Sanirajak community members of the area, noting that camping occurred there as well as the presence of burial sites in the general area. Baffinland's project archaeologist will conduct archaeological surveys of the area this summer. Baffinland offered to involve one or two elders familiar with the area in the archaeological surveys.
    - **Inuit employment** – A number of meeting attendees expressed approval of the upcoming exploration provided Baffinland prioritized hiring from Igloolik and Sanirajak.
    - **Potential benefits** - Questions regarding potential benefits where also raised. Baffinland indicated that the exploration is at a very early phase and that there are a number of steps required to determine if there are minerals that are economic for development. Baffinland suggested that if the exploration is successful and mine development was proposed, that this would likely result in the negotiation of and Inuit Impact Benefit Agreement (IIBA) separate from that of Mary River.
    - **Mineralization and grade** – meeting participants asked about the minerals that are being targeted and if they are the same grade as Mary River. Baffinland is currently in the very early stages of exploration and will be investigating the overall mineral potential of Eqe Bay. Specific mineralization and grades will not be known until exploration begins.
    - **Closure and reclamation** – Meeting attendees raised concerns about historical exploration in the area that left fuel barrels and waste behind. Baffinland reassured participants that mining and exploration requirements have changed since then, and Baffinland is required to post financial assurance to cover the reclamation of the site and is required to bring the site back to it natural environment following their activities.

On April 13, 2018 Baffinland met with the QIA in Iqaluit. During the meeting Baffinland indicated their plans with respect to permitting and exploration at Eqe Bay. The QIA had asked Baffinland on the feedback provided in Sanirajak and Igloolik and indicated they will be conducting their own consultation with Community Lands and Resources Committees (CLARCs).

Meeting records are available under a separate cover.

8.2 CONTINUED STAKEHOLDER ENGAGEMENT AND CONSULTATION

From 2020 to 2021, Baffinland adjusted its engagement strategy in response to the global COVID-19 pandemic and travel restrictions. In person community visits were replaced with alternative communication methods, including letters, radio shows, and teleconferences. In July 2020, initial notifications regarding planned field activities, such as legal and landing surveys, were delivered to Hamlet Councils and Hunters & Trappers Associations in English and Inuktitut. These communications detailed projected timings and strict COVID-19 mitigation measures developed in consultation with the Government of Nunavut Chief Public Health Officer. Engagement activities in 2021 included community radio shows in Igloolik (May 12) and Sanirajak (May

13), where Baffinland staff shared project updates and accepted call-in questions. On May 31, 2021, Baffinland presented an overview of the exploration program to the Sanirajak Hamlet Council, which subsequently passed a motion to support the program. On December 7, 2021, Baffinland met with the Igloolik Community Lands and Resources Committee (CLARC) and hosted a public Town Hall meeting to present proposed camp development and exploration plans.

Feedback received during these 2021 sessions was a mix of project support and concerns, with key points including:

- **Inuit Employment and Training** – Participants highlighted the importance of training opportunities and the potential for local employment.
- **Environmental Protection** – Questions were raised regarding potential project effects on both the marine and terrestrial environments.
- **Land Use and Harvesting** – Community members discussed potential impacts on traditional land use and harvesting practices.
- **Heritage Sites** – Concerns were raised regarding the protection of heritage and archaeological sites within the project area.

Between 2022 and 2024, no formal engagement activities were conducted as exploration activities were suspended due to restricted land access and the deferral of camp development. In 2025, exploration remained limited to two days of geologic sampling, and Baffinland committed to resuming community engagement and discussing employment opportunities should activities expand in future years. Record of engagement logs and meeting records for these periods are maintained by Baffinland and are provided within the NWB annual reports.

9 – CLOSURE AND RECLAMATION

Exploration activities are temporary in nature. Camps are mobile and focused on areas of high prospectively. Camps may be moved during or after the drilling the season to minimise mobilisation and travel distances for more advanced exploration activities, primarily exploration drilling.

Final closure and reclamation consists of removing the exploration camp and their associated infrastructure (sewage treatment, fuel cache) and site materials (drums, barrels, buildings and contents, docks, water pumps and lines, material and other equipment at the exploration camp site). All disturbed surfaces will be prepared by ripping, grading, or scarifying the surface to conform to the natural topography. All material will be transported off-site by sealift to licensed disposal facilities in the south, or to other exploration programs where materials can be reused.

Final closure and reclamation activities are expected to last a year, or perhaps as much as two (2) years if insufficient window remains to complete closure work before a sealift arrives to remove all remaining equipment, materials and waste at the end of the upcoming open water season.

Details regarding closure and reclamation activities are provided in the Closure and Reclamation Plan.

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