Court File No. CL-26-00000219-0000

Nunavut Iron Ore, Inc., Baffinland Iron Mines Corporation and 12334992 Canada Inc.

SUPPLEMENT TO THE SIXTH REPORT OF THE MONITOR

October 27, 2026

FTI CONSULTING

Court File No. CL-26-00000219-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NUNAVUT IRON ORE, INC., BAFFINLAND IRON MINES CORPORATION AND 12334992 CANADA INC.

SUPPLEMENT TO THE SIXTH REPORT TO THE COURT SUBMITTED BY FTI CONSULTING CANADA INC., IN ITS CAPACITY AS MONITOR

INTRODUCTION

1. On May 15, 2026 (the "**CCAA Filing Date**"), Nunavut Iron Ore, Inc. ("**NIO**"), Baffinland Iron Mines Corporation ("**BIM**") and 12334992 Canada Inc. (together with NIO and BIM, the "**Applicants**") sought and obtained an initial order under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), *inter alia*, granting a stay of proceedings to May 25, 2026 in favour of the Applicants and Baffinland Iron Mines LP (together with the Applicants, the "**Debtors**") and appointing FTI Consulting Canada Inc. as monitor (in such capacity, the "**Monitor**"). The proceedings commenced by the Applicants under the CCAA will be referred to herein as the "**CCAA Proceedings**".

2. On October 23, 2026, the Monitor served its sixth report to the Court (the "**Sixth Report**") in support of the Monitor's motion for the CRO Authorization and Fee Approval Order which is to be heard at a hearing on October 29, 2026 (the "**October 29 Hearing**").

3. On October 26, 2026, the Applicants' served a motion for the KERP Approval Order (defined below), which is also to be heard at the October 29 Hearing.

4. This supplement to the sixth report of the Monitor (the "**Supplement to the Sixth Report**") has been prepared to provide the Monitor's comments and/or recommendations with respect to the Applicants' motion for an order (the "**KERP Approval Order**"), providing, *inter alia*, for the following:

   (a) The approval of the key employee retention plan (the "**Proposed KERP**") as described in the Second Aziz Affidavit (defined below);

   (b) The granting of a charge on the Debtors' Property (the "**KERP Charge**") to secure amounts payable to the KERP Recipients (defined below), that ranks subordinate to the Administration Charge, the CRO Fee Charge, the Financial Advisor Fee Charge, the D&O Charge and the DIP Charge and in priority to the Transaction Advisor Transaction Fee Charge, the CRO Tiered Success Fee Charge and all other Encumbrances, in the maximum amount of CAD$17,096,250; and

   (c) The sealing of Confidential Exhibit "B" to the Second Aziz Affidavit, which sets out each KERP Recipient's name, current position, compensation and entitlements under the Proposed KERP.

TERMS OF REFERENCE

5. In preparing this Supplement to the Sixth Report, the Monitor has relied upon unaudited financial information of the Debtors, the Debtors' books and records, certain financial information prepared by the Debtors and discussions with various parties (the "**Information**").

6. Except as otherwise described in this Supplement to the Sixth Report:

(a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and

(b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this Supplement to the Sixth Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

7. The Monitor has prepared this Supplement to the Sixth Report in connection with the Applicants' motion for the KERP Approval Order and this Supplement to the Sixth Report should not be relied on for any other purpose.

8. Future oriented financial information reported or relied on in preparing this Supplement to the Sixth Report is based on the assumptions of the management of the Debtors regarding future events; actual results may vary from forecast and such variations may be material.

9. Unless otherwise stated, all monetary amounts contained herein are expressed in United States Dollars. This Supplement to the Sixth Report should be read in conjunction with the prior reports of the Monitor (the "**Prior Reports**"), including the Sixth Report, as well as the affidavit of William E. Aziz dated October 26, 2026 in support of the Applicants' motion for the KERP Approval Order (the "**Second Aziz Affidavit**"). Capitalized terms not otherwise defined herein have the meanings given to them in the Prior Reports, as applicable. Copies of the Prior Reports can be found on the Monitor's website.

EXECUTIVE SUMMARY

10. The Monitor is of the view that:

    (a) The Proposed KERP and KERP Charge, which are supported by the CRO, the DIP Lender and the Senior Secured Lenders, are reasonable and appropriate, when accounting for the specific circumstances facing the Debtors in these CCAA Proceedings; and

    (b) The proposed sealing of Confidential Exhibit "B" to the Second Aziz Affidavit is reasonable and appropriate in the circumstances and will protect the privacy interests of the KERP Recipients and the Debtors' commercial interests in maintaining the confidentiality of their respective compensation.

11. Accordingly, the Monitor respectfully recommends that the KERP Approval Order be granted by this Honourable Court.

THE KERP APPROVAL ORDER

THE PROPOSED KERP AND KERP CHARGE

12. In order to retain the services of certain key employees whose retention is essential to continuing operations, preserving the Debtors' property, advancing these CCAA Proceedings and conducting the SISP, the Applicants are seeking approval of the Proposed KERP and KERP Charge.

Categories of KERP Recipients

13. The Proposed KERP includes two categories of KERP Recipients, each of which will receive differing treatment under the Proposed KERP, to be set out in individual letter agreements to be delivered to each applicable KERP Recipient:

    (a) ***Category 1:*** Employees that report to the acting chief executive officer of BIM (the "**CEO Reports**"); and

(b) ***Category 2:*** Employees who fulfil critical functions for the Debtors and their subsidiaries[1] (the "**Critical Function Employees**").

14. In addition to the Proposed KERP payments set out below, each of the KERP Recipients will continue to be eligible for their annual base salary, their short term incentive payment ("**STIP**")[2] and, if applicable, their long term incentive payment ("**LTIP**")[3], which will be paid in the normal course in accordance with the terms of each KERP Recipient's employment agreement.

Calculation of entitlements under the Proposed KERP

15. Pursuant to the terms of the Proposed KERP:

(a) The employees designated as CEO Reports will be entitled to payments under the Proposed KERP equal to 125% of the total of their respective (i) annual base salary; (ii) 2026 STIP entitlement; and (iii) 2026 LTIP entitlement that vest in 2026 from awards granted in 2024, 2025 and 2026. Nine employees are anticipated to be designated as CEO Reports; and

(b) The employees designated as Critical Function Employees will be entitled to payments under the Proposed KERP equal to 30%-50%[4] of the total of their respective (i) annual base salary; (ii) 2026 STIP entitlement; and (iii)

[1] Certain of the Critical Function Employees are employed by Baffinland Iron Mines Europe B.V., a direct subsidiary of BIM and an entity funded entirely by the Debtors.
[2] The STIP rewards the Debtors' employees each year for their performance and contributions. Each employee has a STIP target set as a percentage of their base salary. STIP amounts are paid in cash each year as a lump sum bonus and form part of the employee's annual compensation.
[3] Under the LTIP, the Debtors' compensation committee grants cash awards, not equity. Each award is a fixed dollar amount, calculated as a percentage of the participant's annual salary. Awards vest in three equal instalments: (a) one third on the first anniversary of the grant date; (b) one third on the second anniversary of the grant date; and (c) the final third on December 1 following the second anniversary of the grant date. Certain KERP Recipients participate in the LTIP. For those KERP Recipients, the entitlements under the Proposed KERP were calculated to include their LTIP instalments that vest in 2026.
[4] Three Critical Function employees will receive a KERP payment equal to 50% of the total of their respective (i) annual base salary; (ii) 2026 STIP entitlement; and (iii) if applicable, 2026 LTIP entitlement that vest in 2026. The remaining 24 Critical Function Employees will receive a KERP payment equal to 30% of the total of their respective (i) annual base salary; (ii) 2026 STIP entitlement; and (iii) if applicable, 2026 LTIP entitlement that vest in 2026.

if applicable, 2026 LTIP entitlement that vest in 2026. 27 employees are anticipated to be designated as Critical Function Employees.

16. The terms of each individual key employee retention plan will be set out in an individual letter agreement governed by the laws of Ontario. Each KERP Recipient must keep the terms of their letter agreement strictly confidential. They may disclose the terms only to their immediately family, legal counsel or tax or financial advisors, or as required by law.

Timing of Proposed KERP payments

17. Payments under the Proposed KERP for CEO Reports, if earned, will be made to the applicable KERP Recipient in three tranches, as follows:

(a) ***Tranche 1:*** 35% will be paid on or about the date that is 12 months from the CCAA Filing Date (i.e., on or about May 15, 2027);

(b) ***Tranche 2:*** 55% will be paid on the successful closing of a Restructuring Transaction[5]; and

(c) ***Tranche 3:*** 10% will be paid on the successful closing of a Restructuring Transaction that results in the repayment of all of the Debtors' senior secured debt owing to the DIP Lender and the Senior Secured Lenders.

18. Payments under the Proposed KERP for Critical Function Employees, if earned, will be made to the KERP Recipients in two tranches, as follows:

(a) ***Tranche 1:*** 35% will be paid on or about the date that is 12 months from the CCAA Filing Date (i.e., on or about May 15, 2027);

[5] A "**Restructuring Transaction**" includes any transaction or series of related transactions approved by the Court that is designated by the Monitor as a "Restructuring Transaction" and shall include: (a) the implementation of a plan of compromise or arrangement; (b) a sale, conveyance, or transfer, directly or indirectly, of all or substantially all of the assets or business of the Debtors or of the equity interests of the Debtors resulting in a change of control; or (c) a refinancing or recapitalization that repays in full and in cash all funded secured debt of the Debtors.

(b) ***Tranche 2:*** 65% will be paid on the successful closing of a Restructuring Transaction.

19. At the request of the DIP Lender and the Senior Secured Lenders, the Proposed KERP provides for different treatment of CEO Reports and Critical Function Employees. This distinction is intended to align the incentives of the CEO Reports with those of the DIP Lender and the Senior Secured Lenders in achieving a value-maximizing transaction through the SISP.

20. If earned, the payments under the Proposed KERP would be paid on the later of 10 business days after the date or event giving rise to that tranche (the "**Eligibility Date**") or the Debtors' first regular payroll date following the Eligibility Date.

Payment conditions

21. In order to earn and receive each payment under the Proposed KERP, until the applicable Eligibility Date, each KERP Recipient must: (a) be actively employed with the Debtors or their subsidiaries[6]; and (b) perform their duties and responsibilities honestly, faithfully, and to the best of their abilities.

Support for the Proposed KERP

22. The Monitor understands that some employees have been exploring or have taken up other employment opportunities and that 85 employees have left the Debtors since the CCAA Proceedings began. Further departures of key employees would jeopardize the Debtors' ability to maintain day-to-day operations, complete the SISP and maximize value for stakeholders.

[6] Other than approved absences or absences otherwise protected by applicable employment standards legislation.

23. The Proposed KERP will provide stability to the Debtors and assist in facilitating the successful completion of the CCAA Proceedings by incentivizing the retention of the KERP Recipients. The KERP Recipients are considered by the CRO to be important to the Debtors' continuing operations and the Debtors' efforts to achieve a successful sale, restructuring or otherwise value-maximizing realization in the CCAA Proceedings for the benefit of the Debtors' stakeholders, and their departure would disrupt the SISP and the CCAA Proceedings.

24. In addition, the CCAA Proceedings have imposed, and will continue to impose, significant additional responsibilities on the KERP Recipients.

25. Given the technical expertise and institutional knowledge of the KERP Recipients, and the uncertainty created by the CCAA Proceedings, it is believed that finding suitable replacements in a timely manner, would be very difficult.

26. As described in the Second Aziz Affidavit, the Operating Committee considered and provided comments on the Proposed KERP, which were considered by the CRO. The Proposed KERP has also been approved by the DIP Lender and the Senior Secured Lenders.

27. The Proposed KERP was developed by the Debtors, through the CRO, and with input from the Monitor. In developing the Proposed KERP, the Debtors and the Monitor considered the specific circumstances facing the Debtors in these CCAA Proceedings, including the remote location of the Mine operations and terms of certain existing employment agreements. In the Monitor's view, the terms of the Proposed KERP, including the conditionality and quantum of the payments to be made thereunder, are reasonable and appropriate when accounting for the specific circumstances facing the Debtors in these CCAA Proceedings.

Sealing

28. The Applicants are also requesting a sealing order for Confidential Exhibit "B" to the Second Aziz Affidavit, which sets out each KERP Recipient's name, current position, compensation and entitlement under the Proposed KERP.

29. The Montior believes it is reasonable and appropriate for Confidential Exhibit "B" to be sealed, kept confidential, and not form part of the public record pending further order of the Court. The sealing of this type of sensitive and personal information, which may cause harm to the KERP Recipients should such information be made available to the public, is common practice in insolvency proceedings to avoid disruption to the Debtors and protect the privacy of the KERP Recipients. In the circumstances, the sealing of Confidential Exhibit "B" will protect the privacy interests of the KERP Recipients and the Debtors' commercial interests in maintaining the confidentiality of their respective compensation.

The KERP Charge

30. In the KERP Approval Order, the Applicants are seeking a KERP Charge over the Debtors' Property in an amount not to exceed CAD$17,096,250 in favour of the KERP Recipients. The KERP Charge represents the maximum aggregate amount payable to the KERP Recipients under the Proposed KERP.

31. It is proposed that the KERP Charge will rank behind the Administration Charge, the CRO Fee Charge, the Financial Advisor Fee Charge, the D&O Charge and the DIP Charge but ahead of the Transaction Advisor Transaction Fee Charge, the CRO Tiered Success Fee Charge and all other Encumbrances.[7]

[7] The Administration Charge, the CRO Fee Charge and the Financial Advisor Fee Charge rank *pari passu* with one another.

32. In light of the support for the Proposed KERP, the Monitor is of the view that the KERP Charge is reasonable and appropriate in the circumstances. The KERP Charge will provide certainty to the KERP Recipients that required payments under the Proposed KERP will be paid in accordance with the terms of the Proposed KERP.

33. The DIP Lender and the Senior Secured Lenders have advised that they support the Proposed KERP and the related KERP Charge.

The Monitor respectfully submits to the Court this Supplement to the Sixth Report.

Dated this 27th day of October, 2026.

FTI Consulting Canada Inc.
In its capacity as Monitor of
Nunavut Iron Ore, Inc., Baffinland Iron Mines Corporation and 12334992 Canada Inc.



Jeffrey Rosenberg
Senior Managing Director



Greg Watson
Senior Managing Director

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PROCEEDING COMMENCED AT TORONTO

SUPPLEMENT TO THE SIXTH REPORT OF THE MONITOR

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