

GUIDE TO THE DISTRIBUTION PROTOCOL

This document is intended as a guide to assist in understanding the Distribution Protocol. Calculation of specific potential entitlements may vary depending on facts applicable to individual Class Members. If anything in this guide is inconsistent with any provisions in the Distribution Protocol, the provisions in the Distribution Protocol apply.

PART 1 - BACKGROUND

The Settlement Agreement dated June 7, 2019 provides for the amount of \$6,500,000 to be paid into a fund to be distributed to Claimants, after deductions for certain expenses as described below. The Distribution Protocol sets out the method for the distribution of the remainder among Claimants.

Q: Who are Claimants?

A Claimant is a Class Member (or, in some circumstances, an individual who has legal authority to act on behalf of a Class Member) who submits a properly completed Claim Form and all required supporting documentation to the claims administrator within the specified time for doing so.

Class Members are defined as:

All persons, other than Excluded Persons and Opt Out Parties, who:

1. tendered for sale BIM Securities to take-over bids by ArcelorMittal S.A., Nunavut Iron Ore Acquisition Inc., Iron Ore Holdings, L.P., NPG Midstream & Resources, L.P., NGP M&R Offshore Holdings, L.P. and/or 1843208 Ontario Inc. (collectively, the “**Offerors**”) and whose BIM Securities were taken up by the Offerors; or
2. otherwise disposed of BIM Securities on or after January 14, 2011.

The terms “BIM Securities”, “Excluded Persons” and “Opt Out Parties” have the meanings given to them in the [Settlement Agreement](#) and, as applicable, the [Certification Order](#).

Q: How much money will be distributed to Claimants?

Certain expenses may be deducted from the Settlement Amount before the balance can be distributed to Claimants. Those expenses include counsel fees, the commission of the litigation funder, the costs of providing notice to Class Members and settlement administration expenses. All expenses must be approved by the Court. The remainder, after the deduction of Court approved expenses, is called the “Net Settlement Amount.” The Net Settlement Amount will be distributed to Claimants in accordance with the Distribution Protocol.

PART 2 - ELIGIBILITY & DETERMINING ENTITLEMENTS

Q. Which BIM Securities are eligible?

Eligible Securities, as that term is used in the Settlement Agreement and Distribution Protocol, are BIM Securities (*i.e.* common shares and 2007 Warrants of Baffinland) the sale, tender or disposition of which made a person a Class Member. In other words, assuming you are not an “Excluded Person” or an “Opt Out Party”, the BIM Securities which you tendered for sale to take-over bids by the Offerors or which you otherwise disposed of on or after January 14, 2011 are “Eligible Securities”.

BIM Securities that are not Eligible Securities are not awarded anything under the Distribution Protocol.

Q: How will each Claimant’s entitlement be determined?

To equitably distribute the Net Settlement Amount among Claimants, the Distribution Protocol tracks the core allegations advanced in the Action: (a) that the offeror defendants enjoyed preferred access to important and material information related to Baffinland’s business that was not disclosed to Baffinland’s other security holders; and (b) that Class Members who tendered BIM Securities for sale to take-over bids, or otherwise disposed of them on or after January 14, 2011, received less than they otherwise would have but for alleged misrepresentations. It does distinguish between Eligible Securities based on when those Eligible Securities were purchased and acquired.

The Distribution Protocol attributes undivided interests in the Net Settlement Amount for each Claimant’s Eligible Securities. These interests are called “Net Settlement Amount Interests” (“NSAI”).

A Claimant’s Net Settlement Amount Interests are calculated under paragraph 11 of the Distribution Protocol.

The key factors that influence the number of Net Settlement Amount Interests to which a Claimant is entitled are:

1. when the Claimant’s Eligible Securities were originally purchased or acquired; and
2. whether the Claimant’s Eligible Securities are common shares or 2007 Warrants.

Table A, below, is illustrative of how the Distribution Protocol attributes Net Settlement Amount Interests. Please note: (a) the term “tendered” is used to describe an actual tender for sale (tendered common shares and 2007 warrants cannot have been withdrawn); and (b) the term “disposed of” is used to describe an actual secondary market sale, such as a sale on the TSX.

TABLE A

Eligibility Criteria	Attributed	Ref. Distribution Protocol
Common shares held at close of trading on September 21, 2010 ¹ <u>and</u> tendered for sale or otherwise disposed of on or after January 14, 2011	Three (3) NSAI for each such common share	11(I)(A)
2007 warrants held at the close of trading on September 21, 2010 <u>and</u> tendered for sale or otherwise disposed of on or after January 14, 2011	One-fifth (0.2) NSAI for each such 2007 warrant	11(1)(B)
Common shares purchased between September 22, 2010 and January 13, 2011 ² (inclusive) <u>and</u> tendered for sale or otherwise disposed of on or after January 14, 2011	Three-quarters (0.75) NSAI for each such common share	11(II)(A)
2007 warrants purchased between September 22, 2010 and January 13, 2011 (inclusive) <u>and</u> tendered for sale or otherwise disposed of on or after January 14, 2011	One-twentieth (0.05) NSAI for each such 2007 warrant	11(II)(B)
Common shares purchased on or after January 14, 2011 <u>and</u> tendered for sale or otherwise disposed of on or after January 14, 2011	0 NSAI for each such common share	11(III)
2007 warrants purchased on or after January 14, 2011 <u>and</u> tendered for sale or otherwise disposed of on or after January 14, 2011	0 NSAI for each such 2007 warrant	11(III)

The Distribution Protocol applies a “first-in first-out” (“**FIFO**”) methodology. This means that Claimants who held shares at the close of trade on September 21, 2010 must have

¹ September 21, 2010 was the trading day immediately before September 22, 2010, the launch of the hostile takeover bid for Baffinland.

² January 13, 2011 was the trading day immediately before January 14, 2011, when the competing offerors made a joint bid for Baffinland.

completely sold and/or tendered those shares before shares acquired after the close of trade on September 21, 2010 will be treated as sold and/or tendered.

The Distribution Protocol also contemplates aggregation, where applicable, of the Net Settlement Amount Interests determined under subparagraphs 11(I)(A), (I)(B), (II)(A) and (II)(B).

PART 3 - PRO RATA ALLOCATION OF NET SETTLEMENT AMOUNT

After each Claimant's Net Settlement Amount Interests are determined, the Net Settlement Amount will be allocated to Claimants on a *pro rata* basis based upon each Claimant's Net Settlement Amount Interests.

What this means is that each Claimant will be entitled to a share of the Net Settlement Amount equal to their relative share of the total Net Settlement Amount Interests of all Claimants.

For example, if a Claimant had 50,000 Net Settlement Amount Interests, and the total Net Settlement Amount Interests of all Claimants was 10,000,000, she would be entitled to 0.5% of the Net Settlement Amount.

PART 4 - SAMPLE CALCULATIONS FOR ILLUSTRATION PURPOSES

Example 1

Assumptions:

- 75,000 shares held at the close of trade on the TSX on September 21, 2010;
- 25,000 shares sold on the TSX between September 22, 2010 and January 13, 2011;
- 50,000 shares tendered;
- the sum of all Claimants' NSAI is 30,025,000; and
- the Net Settlement Amount available for distribution is \$4,000,000.

Application of the Distribution Protocol:

- 50,000 shares that were tendered meet the definition of Eligible Securities;
- those 50,000 shares were held at the close of trade on the TSX on September 21, 2010. They are to be assessed under paragraph 11(I)(A); and
- 25,000 shares sold on the TSX between September 22, 2010 and January 13, 2011 do not meet the definition of Eligible Securities because they were not tendered or otherwise disposed of on or after January 14, 2011.

The Claimant is entitled to 150,000 NSAI, calculated as: $50,000 \times 3.0$

The Claimant's actual compensation is \$19,983.35, which is his or her *pro rata* share of the Net Settlement Amount, calculated as: $[150,000 \div 30,025,000] \times \$4,000,000$

Example 2

Assumptions:

- 110,000 2007 warrants held at the close of trade on the TSX on September 21, 2010;
- 15,000 2007 warrants acquired on the TSX on September 30, 2010;
- 25,000 2007 warrants sold on the TSX on December 31, 2010;
- 2,000 2007 warrants sold on the TSX after January 14, 2011;
- 98,000 2007 warrants tendered;
- the sum of all Claimants' NSAI is 35,400,000; and
- the Net Settlement Amount available for distribution is \$4,000,000.

Application of the Distribution Protocol:

- 2,000 2007 warrants sold on the TSX after January 14, 2011 and 98,000 2007 warrants tendered (100,000 2007 warrants in total) are Eligible Securities;
- applying FIFO, 85,000 of those 100,000 2007 warrants (which are Eligible Securities) were held at the close of trade on the TSX on September 21, 2010 and are to be assessed under paragraph 11(I)(B);
- applying FIFO, 15,000 of those 100,000 2007 warrants (which are Eligible Securities) were acquired between September 22, 2010 and January 13, 2011 and are to be assessed under paragraph 11(II)(B); and
- 25,000 2007 warrants sold on the TSX on December 31, 2010 are not Eligible Securities because they were not tendered or otherwise disposed of on or after January 14, 2011.

The Claimant is entitled to 17,750 NSAI, calculated as: $[85,000 \times 0.2] + [15,000 \times 0.05]$

The Claimant's actual compensation is \$2,005.65, which is his or her *pro rata* share of the Net Settlement Amount, calculated as: $[17,750 \div 35,400,000] \times \$4,000,000$

PART 5 - CURRENCY AND CLAIMS UNDER CAD\$10.00

All funds will be paid in Canadian currency.

Claimants with a *pro rata* allocation less than CAD\$10.00 will not be paid, because the cost to distribute these funds will be greater than CAD\$10.00. All amounts less than CAD\$10.00 will be allocated *pro rata* to eligible Claimants whose *pro rata* allocation is greater than that amount.

PART 6 - PAYMENTS TO CLAIMANTS

The claims administrator will make payment to Claimants by cheque or electronic transfer.

PART 7 - REMAINING AMOUNTS

If Claimants do not cash cheques within 180 days after the date of distribution or funds otherwise remain after the Claimants are paid, the aggregate amount of such uncashed cheques will be allocated among all other Claimants, if feasible. If not feasible, such balance shall be allocated to one or more recipients to be approved by the Court.