

Baffinland Iron Mines Corporation Securities Class Action

Summary Rationale for Settlement

The following is a brief summary of some of the factors considered by the Plaintiffs and Class Counsel in concluding that the Settlement is fair and reasonable. These factors will be explained in greater detail in the motion materials to be filed in support of Court approval of the Settlement, which will be posted at <https://www.siskinds.com/class-action/baffinland-iron-mines-corporation/> no later than August 7, 2019.

1. The risk that the conduct alleged did not give rise to actionable misrepresentations:

To succeed at trial on the misrepresentation claims, the Plaintiffs would have to show that the take-over bid circulars, directors' circulars and other documents misstated or failed to state a fact that would reasonably be expected to have a significant impact on the market value of Baffinland's securities. The Plaintiffs allege, among other things, that the circulars failed to disclose material facts about Baffinland's joint venture negotiations with ArcelorMittal, key technical studies on the Mary River Project and plans for the development of the Mary River Project, including the development of the road haulage option. The Defendants took the position that these alleged facts were previously publicly disclosed, disclosure of the facts was prohibited and/or that the facts were not material.

2. The risk that the misconduct alleged was not oppressive:

To succeed at trial on the oppression claim, the Plaintiffs would have to show that Class Members had a reasonable expectation that was violated in an oppressive manner by Baffinland and/or its officers and directors. Among other things, the Plaintiffs claimed that the failure to prevent the Nunavut hostile take-over bid and to preserve the competing take-over bid process violated Class Members' reasonable expectations in an oppressive manner. The relevant Defendants took the position that there was no class-wide reasonable expectation that was violated in an oppressive manner by this conduct because, among other things, a large portion of the Class acquired their Baffinland securities knowing of the Nunavut take-over bid and that there was no impediment to the competing bidders joining forces to bring the joint take-over bid.

The Plaintiffs' oppression claim was also based on an allegation that an officer and director of Baffinland engaged in unlawful tipping in advance of the launch of the Nunavut hostile take-over bid. In 2014, a panel of the Ontario Securities Commission released a decision in an enforcement proceeding against two of the Defendants that concerned related or overlapping allegations of insider trading and tipping. The panel dismissed those allegations in their entirety. That decision indicates that the Plaintiffs may not succeed on the similar allegations made in the class action.

3. The risk that no damages arise from the Defendants' alleged misconduct:

If the Plaintiffs were to successfully establish the liability of the Defendants at trial, they would still have to prove that, as a result, Class Members suffered a financial loss. There is a risk that the Plaintiffs will not be able establish that the Class Members suffered any loss as a result of the conduct of the Defendants. For example, if the Plaintiffs had succeeded in showing that there were misrepresentations relating to Baffinland's joint venture negotiations with ArcelorMittal, there is a risk that the Plaintiffs will not be able to show that the Class Members would have been better off if the joint venture had proceeded rather than the take-over process or if the terms of the joint venture had been disclosed. It is also to be noted that in the decision of the Ontario Securities Commission panel in 2014, the panel concluded that the successful joint bid for Baffinland did not financially disadvantage Baffinland securityholders in a material way. There is, therefore, a risk that even if the Plaintiffs were successful in establishing the liability of the Defendants, they would be unable to establish financial harm to the Class Members.