

INUIT CERTAINTY AGREEMENT

THIS AGREEMENT is made as of __ June 16 __, 2020.

BETWEEN:

QIKIQTANI INUIT ASSOCIATION

Hereinafter referred to as “QIA”,

-and-

BAFFINLAND IRON MINES CORPORATION

Hereinafter referred to as “BIMC”,

WHEREAS QIA and BIMC are parties to the following agreements: (1) an Inuit Impact and Benefit Agreement dated October 22, 2018 (amended and restated) (the “IIBA”); (2) a Commercial Lease dated September 6, 2013 (the “CL”); and (3) a Water Compensation Agreement dated May 3, 2013 (the “WCA”), all of which relate to the Mary River Project on Baffin Island, Nunavut;

AND WHEREAS the parties entered into a non-binding memorandum of understanding dated May 7, 2020 (the “MOU Letter”) whereby they agreed to the mandate and process to be followed by their representatives to achieve agreement on all of the issues set out by title and description in the MOU Letter, including necessary or desirable amendments of the IIBA, the CL and the WCA;

AND WHEREAS the parties entered into a further non-binding letter agreement dated May 15, 2020 (the “Letter Agreement”) acknowledging the progress made on the matters described in the MOU Letter;

AND WHEREAS the parties have agreed on the matters set out in the ID. Titles of Schedule A attached hereto, and further agree that they may revise and update matters in Schedule A by later dates stated in Schedule A or when otherwise agreed, including as agreed in the Implementation Plan of this Agreement, as necessary or desirable to better implement the matters in Schedule A;

AND WHEREAS the parties have also resolved some, but not all, of the “QIA Technical Comments” currently before NIRB, to existing or proposed regulatory approvals, as described in the “Summary of Resolution of QIA Issues raised in the NIRB Phase 2 Project Proposal” that is attached as Schedule B hereto, and they agree to continue work to resolve all unresolved issues;

AND WHEREAS the parties agree that the terms and conditions herein and developed pursuant to this Agreement create independent rights and obligations, but in many instances also make consequential amendments of the IIBA, CL and/or WCA necessary or desirable, including as set out in Schedule A, and the parties wish to instruct and direct their respective legal counsel to begin drafting the legal text of IIBA, CL and WCA amendments, and in the event of conflicting direction to provide a procedure to settle the text of necessary or desirable IIBA, CL and WCA amendments.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants made hereunder and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereby agree as follows:

**ARTICLE ONE
AGREED TERMS AND CONDITIONS**

- 1.1 As of the date of this Agreement, the parties agree that the provisions contained in the ID. Titles of Schedule A reflect the mutual intent of the parties and provide the basis for this Agreement in respect of the resolved matters further described therein.
- 1.2 Further agreement on implementation of the matters set out in Schedule A will be completed by the dates expressly set out in Schedule A or when otherwise agreed, including as agreed in the Implementation Plan of this Agreement. If the parties are unable to agree on the completion and implementation of any matter agreed to in Schedule A by mutually agreed dates, then the disagreement or dispute and the resolution of fair and reasonable implementation terms shall be resolved by arbitration at the request of either party.
- 1.3 Arbitration pursuant to Section 1.2 will be conducted generally in accordance with ID. 34 – Expedited Arbitration, but with necessary modification, that the arbitrator shall have the duty to impose fair and reasonable implementation terms as the arbitrator decides, in his or her discretion, are necessary or desirable to achieve the objectives of the matters agreed to by the parties as set out in Schedule A. This Agreement and the attached Schedules shall be construed by the arbitrator in accordance with a purposive approach and pursuant to such remedial and equitable interpretation as will achieve the stated objectives and purposes of this Agreement and, as applicable, the stated objectives and purposes of the IIBA, the CL, and the WCA.
- 1.4 Upon agreement or resolution by arbitration of terms to implement a matter agreed to in Schedule A, the attached Schedule A will be revised and updated to reflect the agreement or resolution on implementation terms. Additional matters and agreed terms in respect thereof may also be added to Schedule A by mutual agreement of the parties at any time.
- 1.5 It is the intention of the parties that all of the terms and conditions set out in this Agreement and in respect of all matters set out in Schedule A and Schedule B, including all subsequent implementation terms agreed by the parties (or resolved by arbitration in respect of any matters described in Schedule A), shall be legally binding on the parties as of the date hereof, but subject always to the conditions set out in Section 1.6 and Section 6.2. Notwithstanding Section 1.6 and Section 6.2, the specific provisions described in Schedule C shall continue to be legally binding in all circumstances following the date hereof.
- 1.6 Commencing on the date hereof, the parties will promptly implement their respective obligations relating to the matters set out in Schedule A and B in good faith, provided that:
 - (a) if a formal, final and unconditional decision is not made by the BIMC Board of Directors to execute the Phase 2 Project (a “Construction Decision”), within thirty (30) days after the issuance by NIRB to BIMC of an amended Mary River Project Certificate which would allow the Phase 2 Project to proceed as contemplated by BIMC; or

- (b) if the Minister makes a determination that the Phase 2 Project Proposal should not proceed; or
- (c) the Minister makes a determination that the Phase 2 Project Proposal may only proceed on terms and conditions which are not acceptable to BIMC;

then upon fifteen (15) days written notice by BIMC to QIA, this Agreement, including all implementation measures agreed upon by the parties since the date of this Agreement, and any amendments to the IIBA, CL and WCA contemplated by this Agreement shall thereupon be null and void, except for the provisions specified in Schedule C which shall continue in force, and provided that all payments made to QIA under this Agreement prior to termination are not refundable. The parties may nevertheless agree in writing to continue to abide by and/or implement any specific terms or measures in respect of any matter.

ARTICLE TWO

IIBA, CL AND WCA CONSEQUENTIAL AMENDMENTS

- 2.1 All applicable or related provisions of the IIBA, CL and the WCA, respectively, will be revised and amended where reasonably necessary or desirable to achieve the intentions of the parties as set out in Schedule A, or if applicable Schedule B, provided that all amendments and revisions shall be subject to the provisions of Section 1.6.
- 2.2 In furtherance of Section 2.1, the parties agree that their respective counsel shall be immediately instructed to jointly draft proposed legal text for all consequential amendments of the IIBA, CL and the WCA. Counsel may request that the parties clarify their instructions in relation to any matters in Schedule A, or if applicable Schedule B.
- 2.3 Terms and conditions arising from implementation matters subsequently added to Schedule A, or if applicable Schedule B, by agreement of the parties will be communicated to counsel for inclusion in the legal text of necessary or desirable consequential amendments of the IIBA, CL and/or WCA, where applicable.
- 2.4 If the parties are unable to agree, in whole or in part, on the final legal text of amendments of the IIBA, the CL and/or the WCA to be signed, then the dispute and any final legal text or wording shall be resolved by arbitration at the request of either party. Arbitration will be conducted generally in accordance with ID. 34 – Expedited Arbitration, but with necessary modification that the arbitrator shall have the duty to impose fair and reasonable legal text amending the IIBA, the CL and/or the WCA, respectively, as the arbitrator decides, in his or her discretion, are necessary or desirable to achieve the intentions of the parties as set out in this Agreement, Schedule A, or if applicable Schedule B. This Agreement and the attached Schedules shall be construed by the arbitrator in accordance with a purposive approach and pursuant to such remedial and equitable interpretation as will achieve the stated objectives and purposes of this Agreement and, as applicable, the stated objectives and purposes of the IIBA, the CL, and the WCA.
- 2.5 Legal counsel will present the proposed text of amendments to the IIBA, CL and the WCA to the parties for their respective review, comment and approval by not later than September 30, 2020, unless otherwise agreed by the parties. Subject to prior approval by the Boards of Directors of QIA and Nunavut Iron Ore, respectively, and any time required to resolve

the text of amendments by arbitration, the final amendments shall be signed by the parties not later than November 1, 2020, or such other date agreed by the parties. Notwithstanding the dates of execution of the amended IIBA, CL and WCA, the rights and obligations of the parties herein take effect as specified in this Agreement on the date of execution of this Agreement, provided that all amendments and revisions are conditional on the provisions of Section 1.6 (unless in relation to a matter that is expressly described in Schedule C).

- 2.6 QIA will complete both a “plain language” version and an Inuktitut translation of the “plain language” version of the IIBA. Both documents require approval of the parties prior to use. The parties agree to use their best efforts to finalize their respective approvals. BIMC shall pay QIA for all costs related to QIA’s preparation and distribution of both documents.

ARTICLE THREE IMPLEMENTATION GUIDES

- 3.1 The parties agree that the Implementation Guides for the IIBA and the CL, respectively, shall also be amended and modified to provide necessary or desirable changes and/or directions to fully implement all the amendments to the IIBA and the CL. Unless otherwise agreed by the parties an Implementation Guide will also be completed for the WCA.
- 3.2 As of the date hereof, the parties shall use their best efforts to advance the Implementation Guide revisions during the joint drafting of amendments described in Section 2.2. During the drafting of the proposed amendments described in Section 2.2, the parties anticipate that such work will assist them in the development of Implementation Guide amendments. The drafting of proposed Implementation Guide amendments by the parties may also assist the parties’ counsel to jointly draft the amendments described in Section 2.2.
- 3.3 The final amendments of the Implementation Guides for the IIBA and CL shall be completed, respectively, by the parties within 30 days following signing of amendments to the IIBA and the CL, respectively. Unless the parties mutually agree that an Implementation Guide for the WCA is not required, the WCA Implementation Guide shall be completed within 30 days following signing of amendments to the WCA. Notwithstanding the foregoing, all Implementation Guides shall be completed and approved for use as of January 1, 2021 by not later than December 1, 2020.
- 3.4 The parties will direct their respective resources and attention as necessary to adopt the Implementation Guide revisions by not later than the times prescribed in Section 3.3 above. Immediately after the signing of this Agreement the parties also agree to consider and adopt, as soon as possible for use in the third and fourth calendar quarters of 2020, any modifications to the existing Implementation Guides that are reasonably necessary or desirable to incorporate or otherwise recognize the provisions of this Agreement, particularly where use of revised Implementation Guides will facilitate planning supportive of transitioning into implementation of the amended IIBA by not later than January 1, 2021.
- 3.5 Where an Implementation Guide revision under negotiation cannot be resolved in a timely manner by the parties it will be brought to the attention of the QIA President and the Baffinland CEO to find a mutually agreeable solution for the matter in dispute.

- 3.6 The completed IIBA Implementation Guide revisions shall be presented to the Joint Executive Committee of the IIBA for approval. The completed CL Implementation Guide revisions and any WCA Implementation Guide shall be presented to the QIA President and the Baffinland CEO for approval. Notwithstanding the dates of approval of the amended Implementation Guides, the rights and obligations of the parties herein take effect as specified in this Agreement on the date of execution of this Agreement, provided that all amendments and revisions are conditional on the provisions of Section 1.6 (unless in relation to a matter that is expressly described in Schedule C).
- 3.7 If the parties are unable to agree on the final revisions of the IIBA Implementation Guide or CL Implementation Guide (or a WCA Implementation Guide if one is required by either party), then the dispute and the resolution of appropriate revisions to the applicable Guide or Guides shall be resolved by arbitration in the same manner as set out in Section 2.4, and the Implementation Guide amendments shall be finalized by decision of the arbitrator.

ARTICLE FOUR IMPLEMENTATION PLANS

- 4.1 Not later than June 30, 2020, an implementation plan for the implementation of all obligations set out in this Agreement shall be approved by the parties.
- 4.2 As of the date hereof, the parties shall also use their best efforts to advance revisions to the annual implementation plans for the IIBA, CL and WCA during the period of their work described in Section 3.2. The parties anticipate that such work on the Implementation Guides will assist the parties to also develop the proposed annual implementation plan revisions for the IIBA, CL and WCA. If the parties do not require the completion of a WCA Implementation Guide, an implementation plan will still be completed for the WCA.
- 4.3 Final revisions to the annual implementation plans for the IIBA, CL and WCA to take effect as of January 1, 2021 for the 2021 calendar year shall be completed and approved for use within the times set out in Section 3.3 and by not later than December 1, 2020. All current and future IIBA, CL and WCA implementation plans shall include activities that take into account and further the implementation plan for this Agreement as appropriate.
- 4.4 Immediately after the signing of this Agreement the parties also agree to consider and adopt, as soon as possible for use in the third and fourth calendar quarters of 2020, any modifications to any current annual IIBA, CL or WCA implementation or work plans that are reasonably necessary or desirable to incorporate or otherwise recognize the provisions of this Agreement during 2020. The parties further agree that immediately after the signing of this Agreement they will resolve all outstanding issues and adopt as final any current annual implementation or work plan, particularly the 2020 IIBA implementation plan, that has not yet been finalized or approved for 2020.
- 4.5 All implementation plans (collectively the “Implementation Plans”, or an “Implementation Plan”) will set out the specific tasks to be undertaken and completed by the parties by specific dates to implement the terms and conditions agreed by the parties.
- 4.6 BIMC and QIA will meet monthly to review and amend the IIBA Implementation Plan, subject to mutual agreement of both parties. The IIBA Implementation Plan shall be

presented to the Joint Executive Committee of the IIBA for approval. All other Implementation Plans shall be presented to the QIA President and the Baffinland CEO for approval, unless a party has delegated its approval authority to one of its other representatives, in the sole discretion of the delegating party. Notwithstanding the foregoing, the parties will ensure all Implementation Plans for the IIBA, CL and WCA for use as of January 1, 2021 are completed and approved by not later than December 1, 2020.

- 4.7 If the parties are unable to agree on one or more of the Implementation Plans, then the dispute and the determination of an appropriate Implementation Plan shall be resolved by arbitration in the same manner as set out in Section 2.4, and the Implementation Plan or Plans shall be finalized by decision of the arbitrator. Notwithstanding the dates of approval of the amended Implementation Plans, the rights and obligations of the parties herein take effect as specified in this Agreement on the date of execution of this Agreement, provided that all amendments and revisions are conditional on the provisions of Section 1.6 (unless in relation to a matter that is expressly described in Schedule C).

**ARTICLE FIVE
NIRB REGULATORY ISSUES AND
RESOLUTION OF QIA TECHNICAL COMMENTS**

- 5.1 The parties agree that the “Summary of Resolution of QIA Issues raised in the NIRB Phase 2 Project Proposal” that is attached as Schedule B hereto reflects the agreement of the parties in relation to the fifty-three (53) Technical Comments submitted by QIA to NIRB.
- 5.2 Conditional upon Baffinland remaining in compliance with their obligations set out in this Agreement and Schedule A and Schedule B, both parties agree that the prompt recommencement of the Phase 2 Project Proposal reconsideration process by the Nunavut Impact Review Board (NIRB) would be appropriate. The parties shall support NIRB scheduling the Final Public Hearing as soon as practicable after the date of this Agreement, taking into account objectives from the scheduled March 2020 Technical Meeting and potential NIRB requirements for any further Technical Meeting, Community Roundtable or Pre-Hearing Conference prior to the Final Public Hearing. Any NIRB process must be based upon procedural fairness and take into consideration hardships created by COVID-19, provided that the parties will support that some component of the Final Public Hearing must include an in-person meeting within affected communities as determined by NIRB;.
- 5.3 BIMC will commit additional resources to directly support community engagement in further NIRB process steps, including (if deemed necessary by NIRB) a Technical Meeting and Final Public Hearing, inclusive of a Community Roundtable, should the NIRB process steps be scheduled in a manner that requires remote or otherwise modified participation from an in-person format. Both parties recognize that community participation in the NIRB Phase 2 Project Proposal reconsideration process is critical.
- 5.4 Conditional on BIMC remaining in compliance with its obligations set out in this Agreement and Schedule A, QIA acknowledges that the parties have resolved or partially resolved the Technical Comments submitted to NIRB by QIA as summarized in Schedule B, provided that BIMC respects and complies with all measures, undertakings, assurances and agreements to QIA that have been agreed upon to resolve or partially resolve an issue.

- 5.5 Subject to compliance with the conditions in Section 5.4, within ten (10) days of the execution of this Agreement and approval of this Agreement by the QIA Board of Directors and the BIMC and NIO Boards of Directors, QIA agrees to confirm to NIRB the Summary of Resolution of QIA Issues raised in the NIRB Phase 2 Project Proposal as described in Schedule B, and to confirm to NIRB that in QIA's view the NIRB process can resume including the scheduling and formatting of a Final Public Hearing. Following such notice, NIRB may determine whether it will consider an abbreviated Technical Meeting compared to the Technical Meeting originally scheduled to proceed in March 2020.
- 5.6 Conditional until the completion of the Final NIRB Public Hearing on:
- (a) BIMC remaining in compliance with its obligations set out in this Agreement and Schedule A;
 - (b) BIMC respecting and complying with all measures, undertakings, assurances and agreements in respect of the resolved or partially resolved QIA Technical Comments described in Schedule B to QIA's reasonable satisfaction;
 - (c) QIA being reasonably satisfied with the development and progress of the Baffinland commitments identified in the Implementation Plan relating to ID. 2 – Adaptive Management Plans Approval; ID. 3 - Social Monitoring Framework; ID. 4 - CRLU Monitoring; ID. 6 – CRLU Assessment; and ID. 7 – Pond Inlet Country Food Baseline, and
 - (d) QIA being reasonably satisfied that adequate consensus within the Hamlets of Arctic Bay, Pond Inlet, Igloolik, Sanirajak, and Clyde River (the “Communities”) exists for support of this Agreement at the NIRB Final Public Hearing,
- then QIA agrees that the commitments by BIMC in this Agreement will provide NIRB and the Minister with a strong foundation for their review and approval of the Phase 2 Project and QIA agrees to communicate this view to NIRB and to the Minister. The Parties reserve the right to make submissions to NIRB and other regulatory agencies in respect of the Phase 2 Project Proposal, and in particular may speak to this Agreement and actions to implement this Agreement in order to help ensure the obligations in this Agreement receive due consideration and reflection by community participants in the regulatory process.
- 5.7 Following the date hereof, the parties agree to continue to review and discuss matters relating to QIA Technical Comments enumerated in Schedule B that are described as outstanding or only partly resolved to achieve a resolution of the applicable QIA Technical Comment. If the parties are unable to resolve a QIA Technical Comment that is described in Schedule B as being outstanding or only partially resolved, or if the parties are unable to resolve any issues or matters affecting existing license conditions, then both parties reserve the right to make submissions to NIRB as they consider appropriate.
- 5.8 For all matters identified in Schedule A as being subject to expedited arbitration, the process will be conducted pursuant to ID. 34 – Expedited Arbitration.

- 5.9 Following the date hereof, and upon resolving any QIA Technical Comments that are described in Schedule B as outstanding or only partially resolved, Schedule B will be revised and updated by the parties to reflect the resolution of such Technical Comment.
- 5.10 The parties shall use their best efforts to fulfill the requirements of this Agreement.
- 5.11 It is the intention of the parties that all of the measures, undertakings, assurances and agreements that have been agreed upon to resolve or partially resolve a QIA Technical Comment that is described in Schedule B as resolved or partly resolved shall be reflected in their respective submissions and representations to NIRB and to all NIRB intervenors.

ARTICLE SIX AGREEMENT CONDITIONS

- 6.1 Following execution of this Agreement and approval of this agreement by the QIA Board of Directors and the BIMC and NIO Boards of Directors, and before the completion of the NIRB Final Public Hearing, QIA may subsequently request, subject to Section 7.4, that BIMC consider mutually acceptable terms and conditions to be added or modified to this Agreement, including Schedules A, B and/or C, where the parties consider it necessary to obtain adequate consensus within the Communities for support of this Agreement at the NIRB Final Public Hearing. The parties acknowledge that obtaining a consensus within the Communities to support this Agreement will also require a QIA and Communities consensus on the QIA payment of direct benefits to Communities.
- 6.2 BIMC shall pay when due all amounts required pursuant to this Agreement, including, without limitation, all payments described in paragraphs (a) to (g) below. All fixed payments required pursuant to this Agreement including Schedule A, including any payments to be described in any consequential amendments to the IIBA, CL or WCA, shall be annually indexed for inflation from a 2020 base year pursuant to the Consumer Price All Items Index for Iqaluit (not seasonally adjusted), or any successor or replacement catalogue or other version of The Consumer Price Index, published by Statistics Canada. This Agreement is subject to each one of the following financial conditions:
- (a) BIMC promptly reimbursing all of QIA's internal and third-party costs incurred between February 2020 and the execution of this Agreement that are related to the research, review, development, negotiation and approval of all matters pertaining to this Agreement. Such costs to be paid by BIMC within 15 days of receipt of an invoice from QIA for such costs following execution of this Agreement, up to a maximum of \$600,000;
- (b) BIMC paying QIA a deposit of \$350,000 per month on the 15th day of each and every month commencing on June 15, 2020 and continuing until the later of December 1, 2020 or the completion of this Agreement's implementation, with the exception of the Culture, Resources and Land Use Monitoring – ID 4 and Adaptive Management Plans – ID 2 work and costs described in paragraph (c) below. The monthly deposit will address all of QIA's anticipated costs, acting reasonably, based on work to be performed as agreed under the Implementation Plan and work plans for this Agreement, including, without limitation, execution of all IIBA, CL and WCA amendments. QIA will provide reporting on expenses to Baffinland on a quarterly basis for these costs as provided for in Section

31.3.1 of ID. 31 - IIBA Implementation Costs in Schedule A. The ICA Implementation Plan will serve as the work plan for these activities and costs;

(c) Following completion of all other requirements to implement this Agreement, and the cessation of the monthly deposit described in paragraph (b), BIMC continuing to pay for QIA's ongoing costs to complete the CRLU Assessment and to update, and integrate the CRLU Assessment with, the Adaptive Management Plan as set out in the applicable provisions of Schedule A. QIA's ongoing CRLU Assessment and AMP work costs to be invoiced back to BIMC and paid by BIMC within 15 days of receipt of a QIA invoice;

(d) BIMC paying the fixed annual amount to be paid quarterly for "IIBA Implementation Costs" commencing on the later of October 1, 2020 and the Phase 2 Effective Date, as described in ID. 28 – IIBA Financial Amendments in Schedule A. For greater certainty, these quarterly fixed payments commencing on the later of October 1, 2020 and the Phase 2 Effective Date for "IIBA Implementation Costs" are separate and distinct from the ICA implementation costs described in paragraph (b) and (c) above;

(e) A payment schedule being agreed to by QIA in its sole and unfettered discretion for all of the arrears of past due and outstanding financial obligations of BIMC pursuant to the IIBA, the CL and the WCA, by not later than July 31, 2020. Upon payment in full of all scheduled payments agreed to by BIMC, it shall be released of any and all claims for such past amounts owing prior to the date of this Agreement;

(f) A payment schedule proposed by BIMC being agreed to by QIA in its sole and unfettered discretion by not later than July 31, 2020 for the full payment of all financial obligations under the IIBA, CL and WCA that: (i) have or will accrue or come due during the 2020 calendar year, and (ii) in respect of all 2021 obligations under the IIBA, CL and WCA that will become due in 2021, in order that BIMC will be current and up to date on all 2020 and 2021 financial obligations by the end of 2021; and

(g) Regular and timely payment by BIMC of all payments under Schedule A.

6.3 If any of the conditions set out in Section 6.2 are not fully complied with then QIA may, at any time in its sole and unfettered discretion, terminate this Agreement for non-compliance on 14 days written notice to BIMC of QIA's intention to terminate if BIMC does not:

(a) remedy non-compliance with (a), (b), (c), (d) or (g) by payment in full of the amount outstanding prior to the end of the 14 days notice period; or

(b) fulfill the conditions in (e) or (f) prior to the end of the 14 days notice period.

6.4 The conditions set out in Section 6.2 are for the sole and exclusive benefit of QIA and may be waived at any time by QIA. Failure by QIA to notify BIMC of a breach of the conditions set out in Section 6.2 shall not act as a waiver or condonation of any current default or future breach of BIMC's obligations pursuant to this or any other agreement. QIA reserves all legal and equitable rights and remedies for breach of this Agreement, including to seek judgment or otherwise enforce the payment of any amounts in default.

6.5 If expressly provided for in Schedule A, a BIMC obligation to pay a specific amount on a specific date may be conditional on the occurrence of an expressly stated event. For greater

clarity, if BIMC is prevented from making a payment or complying with a non-financial obligation of this Agreement including Schedule A, primarily because of QIA's failure to comply with a specific QIA obligation under this Agreement including Schedule A, then BIMC's obligation to make the payment or comply with the non-financial obligation shall be delayed. But BIMC shall promptly pay or comply with its non-financial obligations immediately following QIA's compliance with the specific obligation that is primarily preventing BIMC from making such payment or complying with its other obligations.

- 6.6 The parties agree to complete a "Summary of Financial Commitments" document by June 30, 2020 identifying the applicable section, subsection or paragraph of this Agreement or the Schedules, and describing the terms, payment schedule and any other details considered relevant by the parties, with respect to BIMC's financial commitments in this Agreement.

ARTICLE SEVEN COMMUNICATIONS AND ANNOUNCEMENTS

- 7.1 This Agreement, including all Schedules attached, and all matters pertaining thereto are confidential (the "Confidential Information"). Notwithstanding the foregoing, disclosure of Confidential Information by the parties and their representatives is permitted where such disclosure is expressly provided for in this Article Seven or elsewhere in this Agreement.
- 7.2 QIA shall have the sole responsibility to summarize this Agreement, including all Schedules, for Inuit and will circulate information with Inuit members of QIA representing the Communities. QIA may disclose a copy of this Agreement including all Schedules but will refrain from disclosing any confidential financial information provided to QIA and its professional advisors during the negotiation of this Agreement. The protection of confidential information provided by BIMC in future is provided for in ID 28. - IIBA Financial Amendments. During QIA's consultation with Communities, and at all times until completion of the NIRB Final Public Hearing of the Phase 2 Proposal, BIMC shall refrain from making any representations to the Communities concerning this Agreement, unless in respect of an item already disclosed by QIA to the Communities, and also only after having provided an opportunity to QIA to participate in any such discussion.
- 7.3 The parties acknowledge that approval of this Agreement, including all Schedules, and all matters pertaining thereto, by the QIA Board of Directors and execution of this Agreement requires QIA being satisfied that adequate consensus has been demonstrated in the Communities to support this Agreement as determined by QIA in its reasonable discretion.
- 7.4 The parties agree that any subsequent discussions and negotiations relating to community consensus shall not result in any direct or indirect increase to BIMC's financial commitments or BIMC's overall financial costs relating to the implementation of this Agreement or result in any agreed modification to this Agreement, including the Schedules, except with BIMC's agreement following reasonable discussion with QIA.
- 7.5 BIMC may disclose Confidential Information to its shareholders, stakeholders, lenders, and others with whom it has commercial relations, but on a strictly confidential basis. For greater certainty, BIMC will take reasonable precautions to ensure that such disclosure does not result in a violation of BIMC's obligations pursuant to Section 7.2.

- 7.6 Either party may disclose Confidential Information to a third party or the public where such disclosure is required to comply with applicable laws, any regulatory authority, the rules of any applicable stock exchange or a specific legal obligation of the party.
- 7.7 All public communications and announcements, written or verbal and howsoever proposed to be made, relating to this Agreement shall require the prior consent of both parties, unless otherwise expressly permitted pursuant to this Agreement or unless such communications are required in accordance with Section 7.6.
- 7.8 In furtherance of Section 7.7, a party wishing to issue a public communication or announcement shall request the written consent of the other party not less than 5 business days prior to the proposed communication or announcement, provided that if a party is required by Section 7.6 to make such communication or announcement within a more expedited time frame it should be permitted to do so. Unless Section 7.6 is applicable, if the requesting party does not obtain written consent of the other party, it will not issue the proposed public communication or announcement.
- 7.9 Each party is required to caution all its employees, agents and contractors that are aware of this Agreement against disclosure of Confidential Information, unless expressly permitted by this Agreement, and against any communications and announcements concerning this Agreement that have not been consented to by the other party. Each party is liable for any cost or damage incurred by the other party that arises, directly or indirectly, from an unauthorized disclosure or communication by their employees, agents or contractors.
- 7.10 The parties agree that the obligations set out in this Article 7 have come into force and are binding on them as of the date of this Agreement.
- 7.11 Within 10 days of the execution of this Agreement and approval of this Agreement by the QIA Board of Directors and the BIMC and NIO Boards of Directors, the parties will issue public statements approved by the parties, pursuant to a joint communication protocol in accordance with the MOU Letter, announcing agreement on the terms of this Agreement and details of this Agreement will be included in the statements for transparency.

ARTICLE EIGHT GENERAL PROVISIONS

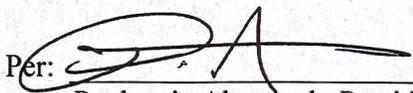
- 8.1 The parties agree that the terms and conditions herein and developed pursuant to this Agreement create independent rights and obligations, including without limitation, in respect of the matters addressed in Schedules A, B and C attached hereto.
- 8.2 This Agreement is a supplemental addendum to the IIBA, and all of the rights and benefits accruing to QIA pursuant to this Agreement, including Schedules A, B and C, in respect of all matters set out herein or therein are deemed to be benefits to be enjoyed by Inuit in accordance with Article 26 of the *Nunavut Agreement*. A copy of this Agreement shall be provided to the Minister pursuant to Article 26.8.1 of the *Nunavut Agreement*.
- 8.3 If any provision or part of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction, or by an arbitrator

during an arbitration pursuant to this Agreement, to be invalid, unenforceable or void, all remaining provisions and this Agreement, and such provisions as applied to other persons, places and circumstances, shall remain in full force and effect. The parties expressly agree that in such circumstances a court of competent jurisdiction, or an arbitrator during an arbitration pursuant to this Agreement, may sever the invalid, unenforceable or void provision or not apply such provision to any person, place or circumstance, and may in the circumstances before the court or arbitrator enforce and/or apply all remaining provisions.

- 8.4 The rights and remedies of the parties pursuant to this Agreement are cumulative and not alternative. The rights and remedies of the parties herein shall be in addition to and not a limitation, substitution or replacement of any duties, obligations, rights and remedies pursuant to any agreement or instrument, including without limitation, the IIBA, CL and WCA, or otherwise imposed or available at law or in equity. The covenants and agreements of BIMC pursuant to this Agreement shall not merge with the terms and conditions of any other agreement, license, permit or other instrument.
- 8.5 The provisions of this Agreement, including Schedules A and B, that are described in Schedule C shall survive the termination of this Agreement and shall continue with full force and effect following the date of such termination.
- 8.6 Time shall in all respects be of the essence of this Agreement. No waiver, extension, modification or variation of this Agreement or any part hereof and no delay in the enforcement of its rights hereunder by a party, shall operate as a waiver of this provision.
- 8.7 This Agreement is binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.
- 8.8 This Agreement shall be governed by and construed in accordance with the laws of the Territory of Nunavut and the applicable laws of Canada.
- 8.9 In the event of any conflict or inconsistency between this Agreement and the terms of any of the Schedules, the terms of this Agreement shall prevail, but only to the extent that such conflict or inconsistency is clear and material. The Schedules shall be read and construed to give effect to the objectives and purposes of Schedules to the greatest extent possible.

IN WITNESS WHEREOF each of the parties has executed this Agreement as of the date above.

QIKIQTANI INUIT ASSOCIATION

Per: 
 Pauloosie Akeeagok, President

Per: 
 Jeremiah Groves, Executive Director

BAFFINLAND IRON MINES CORPORATION

Per: 

Brian Penney, CEO

Per: 

Name and Title

SCHEDULE A
Agreed Terms and Conditions – ID. 1 to ID. 34
(incl. required IIBA, CL and WCA Consequential Amendments)
(see attached)

SCHEDULE A
Agreed Terms and Conditions – ID 1 to ID 34

ID Number	Title
1	Inuit Committee and Inuit Stewardship Program
2	Adaptive Management Plans Approval
3	Social Monitoring Framework
4	Culture, Resources and Land Use Monitoring
5	Wildlife Compensation
6	Phase 2 Culture, Resources and Land Use (CRLU) Assessment
7	Pond Inlet Country Food Baseline
8	Rail Alignment
9A	Revised NIRB Project Certificate
9B	Project Scope
10	Measurable Objectives
11	Multi-Year Inuit Employment Goals
12	Project Bond
13	Failure to Establish and Enforce Inuit Content Requirements
14	Monthly Reporting
15	Early Childhood Care Subsidy
16	Early Childhood Care Infrastructure
17	Water Compensation Agreement
18	Capacity Development for Preferred Inuit Firms and Regional Contracting Benefits
19	Inuit and Non-Inuit Firm Spend
20	Contractor Inuit Content Plans (CICP) Template and Negotiation Process
21	Reporting on Progress of Achieving Inuit Content Requirements (ICR) in Contractor Inuit Content Plans
22	Requirement for Contractor Participation in Employment and Training Information Sessions
23	Contractors' Failures
24	[Intentionally Deleted]
25	Inuit Career Mobility
26	QIA IIBA Positions
27	Community Direct Benefits
28	Royalty Amendment
29	Existing Project Funds
30	Pond Inlet Research and Training Facility

31	IIBA Implementation Costs
32	Annual Reclamation Security Review
33	Events of Default
34	Expedited Arbitration

ID 1.
INUIT COMMITTEE AND INUIT STEWARDSHIP PROGRAM

1.1 Inuit Stewardship Plan for the Mary River Project

- 1.1.1. Nothing is of higher importance to Inuit than the ability to conduct independent, proactive monitoring of the Project for the purpose of mitigating adverse impacts and enhancing beneficial outcomes in a manner that captures the direct experiences of Inuit in impacted communities. This monitoring would be in addition to monitoring mandated by regulatory bodies and instruments including, but not limited to, any monitoring plans they prescribe, adding an Inuit-led, IQ-enriched form of monitoring to the Project that is in keeping with the expectations and rights of Inuit.
- 1.1.2. The Inuit Stewardship Plan (ISP) is a Project management plan that will be authored by QIA, with input from the Inuit Committee and the Inuit Social Oversight Committee for the Mary River Project (the Project), impacted communities, and Baffinland and implemented by Inuit. The ISP will be presented to Baffinland for feedback prior to QIA's finalization and approval. Baffinland will be responsible to fund the ISP for the life of the Mary River Project. Funding requirements to be laid out in Schedule 31.
- 1.1.3. Inuit and Inuit institutions will responsibly manage Inuit monitoring interests in the Project. The ISP will detail the ways Inuit will monitor the Project over the life of the mine. The ISP will describe how Inuit monitoring activities tie into the adaptive management system and other management, mitigation, and monitoring plans, and, how Inuit monitoring will relate to the protection and promotion of Inuit rights defined under the Nunavut Agreement and described under legal agreements with Baffinland related to management and stewardship of Inuit owned lands and resources. It is understood by the parties that the concept of community based monitoring will be intrinsically integrated into the development and operation of the ISP. The ISP will embrace the results from but not take over from Baffinland's existing commitment to Inuit communities to fund specific community-defined community based monitoring activities, as per existing IIBA provision 17.8.2.
- 1.1.4. The ISP will be a primary mechanism through which Inuit actively manage and report on impacts related to the Mary River Project. Therefore, the ISP is a framework for Inuit-led monitoring of impacts and changes within communities and on the land, waters and ice as a result of the Project. As an Inuit-led Project management plan, the ISP will embed a "boots on the ground" approach to monitoring whereby Inuit will be hired and trained as professional monitors for monitoring under the ISP. Through the ISP, Inuit will govern the use of Inuit knowledge and observations regarding the Project.
- 1.1.5. The ISP will be constructed around two separate but linked streams (see Figure 1):
- (a) Culture, Resources and Land Use (CRLU) Stream – Issues and monitoring activities related to Inuit use of the land and harvesting, conducted through a Culture, Resources and Land Use Monitoring Program and overseen by the Inuit Committee; and
 - (b) Social Stream – Issues and monitoring activities related to changes in community life, conducted through a Community Action Research Team (CART) and overseen by the Inuit Social Oversight Committee (ISOC). A focal point but not the entirety of the social stream will be Inuit food sources, food security, and food sharing.
- 1.1.6. Each stream requires unique oversight, monitoring and information management systems. This does not mean that "on the land" and "in the communities" issues do not interact. For example, food security is intrinsically associated with harvesting ability and success, distribution systems, transmission of cultural knowledge, and local infrastructure to support food harvesting and

processing. The two streams of the ISP will naturally converse with one another to inform Inuit research, monitoring, recommendations and decisions. As depicted in Figure 1, determination of appropriate research and sharing of results between streams is inter-linked, and, decisions and recommendations are only made once the two streams are combined.

- 1.1.7. Both the CRLU Stream and the Social Stream will have annual work plans to define activities and required resources, as determined by the Inuit parties for the life of the Project.

1.2 Oversight and Direction

- 1.2.1. QIA will design and build the ISP through open and active engagement with the Inuit Committee, the Inuit Social Oversight Committee. Operationally, the ISP will be run by QIA, taking guidance and direction from the Inuit Committee and the Inuit Social Oversight Committee.
- 1.2.2. Baffinland will be informed of the design of the ISP and engaged to ensure alignment with the Adaptive Management Plan. Baffinland will be responsible for full resourcing of the ISP for the life of the Mary River Project.
- 1.2.3. As part of the ISP, QIA will develop separate “terms of reference” for the Inuit Committee and the Inuit Social Oversight Committee. These “terms of reference” will address the selection and appointment of committee members, the function and operation of each committee, and, a code of conduct for committee members.
- 1.2.4. Communities shall nominate members to both committees. QIA shall be the party responsible for confirming appointments to each committee and overall administration of each committee. The committee shall appoint a chair and vice-chair from within the membership of each committee.
- 1.2.5. The ISP will extend to community harvesting areas and areas of importance as defined by QIA through the Inuit Committee for the Mary River Project.
- 1.2.6. The QIA Director or department head charged with the responsibilities under this Schedule shall facilitate and coordinate all engagements with the committees and Baffinland. Such meetings shall be included as part of the IIBA Annual Work Plan. Baffinland will be engaged annually upon the research and monitoring planned under the ISP for the forthcoming year, and, to report on the status of active monitoring projects under the ISP. In addition, the two committees can at their discretion invite Baffinland to observe or provide information to inform their meetings.
- 1.2.7. Baffinland will be able to request information from either stream of the ISP by contacting the QIA department head with responsibilities for the implementation of the Mary River Project. In addition, the Chair or Vice-Chair of the Inuit Committee or Inuit Social Oversight Committee can request information from Baffinland through the same QIA department head.
- 1.2.8. QIA and Baffinland will work together to further define how the Streams of the ISP would work alongside Baffinland in any required joint investigation of an observed or suspected change to the human or biophysical environment.
- 1.2.9. The ISP will result in an annual monitoring report, developed and presented to support project regulatory and other decision-making and communication processes. One of those decision-making processes is the implementation of the jointly-approved (following the processes described in Schedule ID2 and ID6) Final Mary River Adaptive Management Plan to be implemented by Baffinland. The Inuit Committee and the Inuit Social Oversight Committee will also be engaged in the development of thresholds/triggers for adaptive management actions (and identification of appropriate tiered responses), within their areas of expertise.

- 1.2.10. If monitoring under the ISP or under Baffinland's monitoring programs indicates a threshold/trigger may be exceeded or has been reached, the Adaptive Management Plan's (or specific adaptive management plans under Project Management Plans) pre-defined response will be triggered. See Schedule 2 and the appended Adaptive Management Plan for more information.
- 1.2.11. Additionally, members from the Inuit Committee and the Inuit Social Oversight Committee will attend the Annual Project Review Forum to report on the activities of each committee.
- 1.2.12. QIA and members of the committees may attend other project-related working groups from time-to-time to present research results and to provide recommendations on the monitoring and management of the Mary River Project.
- 1.2.13. The ISP will provide further detail as to the engagement of parties with respect to the functions of the ISP.

1.3 Specific Tasks Required

- 1.3.1. The following specific tasks are required of QIA:
 - (a) Develop and initiate a 2020-21 Inuit Stewardship Work Plan, including resource requirements.
 - (b) Develop an Inuit Stewardship Plan Framework.
 - (c) Develop and finalize a Terms of Reference for the Inuit Committee and Inuit Social Oversight Committee.
 - (d) Hiring of QIA staff to support the two ISP streams.
 - (e) Communities and QIA appoint members to the Inuit Committee and Inuit Social Oversight Committee and select a Chair and Vice-Chair for each committee.
 - (f) QIA and Inuit Committees develop and finalize the Inuit Stewardship Plan.
 - (g) Develop the overall structure of, and first annual work plans for, the Culture, Resources and Land Use Monitoring Program (in support of the Inuit Committee) and Community Action Research Team (in support the Inuit Social Oversight Committee), for consideration by their respective committees.
 - (h) Work with Baffinland to integrate the Inuit Stewardship Plan with the draft and final Adaptive Management Plan and IIBA implementation as appropriate, include development and integration of appropriate thresholds, trigger and actions for both the CRLU and Social Streams into the Adaptive Management Plan.
 - (i) Implement first year of monitoring for each stream with reporting to QIA, Inuit Communities and Baffinland.
- 1.3.2. The following specific tasks are required of Baffinland:
 - (a) Provide adequate resources to QIA to develop the Inuit Stewardship Plan.
 - (b) Review and provide comments to QIA on the 2020-21 Inuit Stewardship Plan.
 - (c) Confirm initial resourcing under the Inuit Certainty Agreement (development of the Inuit Stewardship Plan).

- (d) Confirm resourcing to implement the Inuit Stewardship Plan, under Schedule 31.
- (e) Review and comment to QIA on the ISP Framework.
- (f) Review and respond to the annual monitoring reports from the Inuit Stewardship Program within 30 working days of receiving reports from QIA.
- (g) Work with QIA to integrate the draft and final Inuit Stewardship Plan with the Adaptive Management Plan and IIBA implementation as appropriate, include development and integration of appropriate thresholds, trigger and actions for both the CRLU and Social Streams into the Adaptive Management Plan.

1.4 Resourcing Implications

- 1.4.1. Baffinland is responsible for resourcing the development and operation of the Inuit Stewardship Work Plan, Inuit Stewardship Plan and all activities associated with the Inuit Stewardship Plan. A phased resourcing schedule will be implemented. The first phase of resources will be required immediately by QIA following the signing of the ICA which will support development of the Inuit Stewardship Plan. Payment plans for QIA resources required to be agreed to by the parties under the Inuit Certainty Agreement, unless otherwise identified under Schedule 28 and 31.

1.5 Legal Agreement Amendments

- 1.5.1. Incorporating the ISP into the IIBA will require amendments and revisions to the existing IIBA. It is foreseeable that the following Articles of the IIBA will require amendments: Article 4, Article 14, Article 15, Article 16 and Article 17.
- 1.5.2. The ISP requires the parties to revisit the basis from which the parties agree to consider the FEIS Addendum and project impact monitoring under the IIBA. This entails coming to agreement on a number of topics:
 - (a) Agreement that the FEIS is not the exclusive source of information guiding project monitoring and mitigation. This necessitates redrafting IIBA Article 15. Emphasis will be placed on first amending Article 15.1, 15.2, 15.3, 15.6, and 15.7 followed by the remainder of the Article.
 - (b) Agreement upon how the ISP will relate to compensation agreed upon by the parties, including the possibility that compensation requirements will increase following the results of ISP monitoring.
 - (c) Agreement upon how the CRLU assessment relates to the development and basis from which the Inuit Stewardship Plan will monitor and report upon Mary River Project impacts.

1.6 Timeline to Fully Implement Change

- 1.6.1. The timelines for tasks listed will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

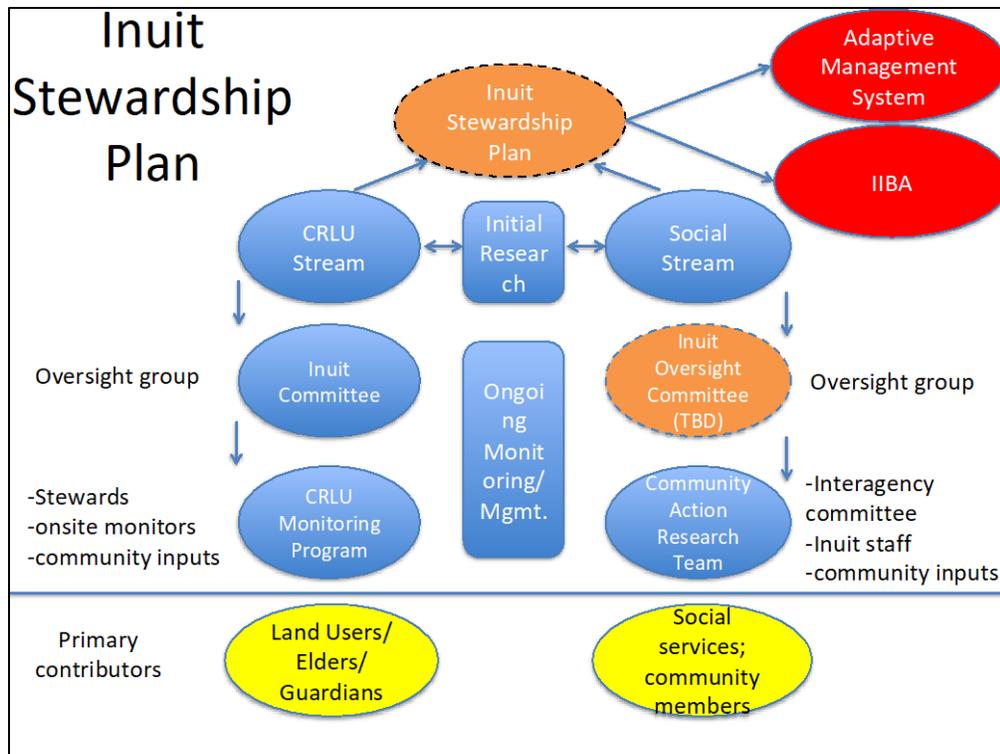


Figure 1: The Inuit Stewardship Plan

ID 2.
ADAPTIVE MANAGEMENT PLANS APPROVAL

2.1 Description

- 2.1.1. Adaptive Management Plans, which are a component of the Environmental Management System (EMS) for the Project, will identify and establish thresholds for specific actions or remedies, and will be used in determining remedial compensation where the actions taken do not avoid, mitigate or eliminate impacts. The thresholds will be based on Inuit, regulatory and Baffinland objectives and requirements, Project monitoring data collected by both QIA under the Inuit Stewardship Plan, and Baffinland through its suite of project monitoring and management plans including, but not limited to, applicable guidelines and standards, and site specific criteria together with a commitment to implement measures agreed upon. Using this approach, the project will have a defined process through which Inuit Qaujimagatugangit (IQ) and western science will be applied to project operational and management decisions – this will be reflected in the revised IIBA with amendments to multiple articles of the IIBA.
- 2.1.2. In fulfillment of these objectives, the parties have agreed to the Draft Adaptive Management Plan attached hereto as Appendix 1. QIA and Baffinland will jointly develop and approve the Final Adaptive Management Plan and sub-plans, which will clearly indicate related plans which may include adaptive management actions as well. In addition, QIA and Baffinland will jointly develop and approve objectives, indicators, thresholds, and response requirements for all adaptive management plans included in the Adaptive Management Plan.
- 2.1.3. The parties agree certain adaptive management responses may challenge the overall scope, scale and viability of the Project and therefore a higher degree of certainty that the Project is reasonably associated with the effect is required.
- 2.1.4. QIA and Baffinland will create an Adaptive Management Plan working group to oversee the advancement of all activities associated with coming to joint agreement on the Adaptive Management Plan. Once the Adaptive Management Plan is approved, the working group will remain as a “standing working group” that can be convened to support the implementation of the Adaptive Management Plan. This working group will be comprised of individuals with decision making authority for QIA and Baffinland, to enable effective working relationships and Adaptive Management Plan development.
- 2.1.5. The initial development of the Adaptive Management Plan and sub-plans will be undertaken by the working group established by QIA and Baffinland. Where issues cannot be resolved in a timely manner (i.e. after two formal meetings on the topic) the topic will be deferred to the President of QIA and the CEO of Baffinland for resolution within 15 days. The parties, through the working group, will use best efforts to complete all work agreed upon and submit such work to the public record prior to the Nunavut Impact Review Board (NIRB) Public Hearing for the Phase 2 Proposal.
- 2.1.6. Following the NIRB Public Hearing for the Phase 2 Proposal, to the extent that aspects of the adaptive management plans remain unresolved after further efforts to develop the Adaptive Management Plan and adaptive management components of sub-plans, the parties may then proceed to an expedited arbitration process as outlined in the Inuit Certainty Agreement.
- 2.1.7. Initial adaptive management objectives, indicators, thresholds, and response requirements will be amended to reflect the results of the CRLU Assessment, the Pond Inlet Food Security Baseline and input from the Inuit Committee, as appropriate.
- 2.1.8. Ongoing inputs from the Inuit Stewardship Plan as well as Baffinland's ongoing project monitoring will also form the basis of amendments and refinements to the objectives, indicators, thresholds, and response requirements over time. It is envisioned that such updates will be considered on an

annual basis. Baffinland acknowledges that additional regulatory amendments or approvals may be necessary before Baffinland may implement actions reflected in the QIA and Baffinland jointly-approved Adaptive Management Plan or sub-plans, and will apply for and obtain all required approvals before proceeding. If changes to a management plan or plans, and/or project activities, resulting from adaptive management responses, require Baffinland to amend or apply for a new or amend an existing regulatory approval then they alone bear this responsibility but may request QIA's support. In no instance will Inuit thresholds lead to non-compliance with regulatory objectives or requirements; Inuit requirements may be more sensitive – but not less sensitive – to environmental change than regulatory requirements.

- 2.1.9. The adaptive management system must be designed to produce responses appropriate to the level of change being encountered, accommodating a wide range of possible events/occurrences which are partially or wholly attributable to the Project. Inuit and Baffinland require clarity and certainty in an effective Adaptive Management Plan. As such, the Adaptive Management Plan will include tiered response actions, triggered by monitoring results collected by Baffinland and/or QIA (the latter through activities under the Inuit Stewardship Plan) and will consider applicable guidelines, standards and site-specific criteria).
- 2.1.10. Baffinland recognizes and agrees that managing and monitoring the Mary River Project is not limited to achievement of applicable guidelines, and standards; applicable guidelines and standards may form a basis from which more protective and Inuit informed site-specific criteria may be developed and implemented.
- 2.1.11. Adaptive management will be applied where an adverse effect has been identified through project monitoring, and meets jointly approved pre-determined thresholds for action as described in the Adaptive Management Plan, and will address any unforeseen effects identified and agreed on by the Adaptive Management working group. Adaptive management will take place within the broader context of changes to the climate on Baffin Island. Out of recognition of this and associated increased environmental sensitivity and Inuit reliance upon land, water and ice for access to preferred and culturally valued foods and practices, it is important to apply adaptive management in a proactive and precautionary fashion, consistent with a definition of the "precautionary principle" agreed upon between QIA and Baffinland in the Adaptive Management Plan.
- 2.1.12. The parties agree that reasonable adaptive management responses will be applied appropriately to deal with identified materially adverse effects even when it is not possible to determine with complete certainty the degree to which the Project is contributing to the total effect observed. This Valued Component-centred approach is critical to maintaining the values Inuit have in the Project-affected area.
- 2.1.13. Baffinland agrees that the Precautionary Principle will underlie all decisions related to adaptive management, and QIA agrees that its support for the Project is based on this precautionary approach to adaptive management. Both parties agree to take into consideration the extent to which the Project is or may be contributing to a material adverse effect. Understanding High Action Level responses may challenge the overall scope, scale and viability of the Project, a higher degree of certainty that the Project is reasonably causing the effect and that the High Action Level response is appropriately designed to reverse the effect is required. Furthermore, investigations of impact and attributions of causes and sources will be undertaken in good faith and will not be used as a means of obfuscating, avoiding, or unnecessarily delaying the implementation of adaptive management measures. In other words, it may be possible and in some cases prudent to apply adaptive management actions prior to or during the process of investigation.
- 2.1.14. A tiered system of adaptive management will be developed based upon escalation of an issue or circumstance. Tiers are intended to be a progressive set of actions and will be followed in

sequence. A tiered approach (e.g., Low Action Level, Moderate Action Level, High Action Level) will generally consist of one or a combination of the following:

- (a) Increased monitoring;
- (b) Mitigation and project changes;
- (c) Reduced Project activity;
- (d) Compensation.

- 2.1.15. It is recognized and understood that compensating for circumstances where adaptive management thresholds have been exceeded is not the preference of either party. In the event there are no appropriate mitigation measures to eliminate or reduce impacts above thresholds then the parties shall discuss more robust response actions together with compensation. In addition to compensation, parties may also negotiate reductions in project activities, including rate and intensity of project operations. It is possible that having exhausted all other options that certain project activities may need to cease in order for impacts to be properly addressed, taking into consideration the factors listed at 2.1.13 and the Adaptive Management Plan.
- 2.1.16. Investigations required through tiered adaptive management responses should investigate and may identify, the causal factors influencing the change, including project activities, other industrial and/or commercial activities in the region, human activities and natural forces. The tiered system is based on escalation of an issue or circumstance. Adaptive management should be subject to consideration of context and the application of judgement by all parties involved. Tiers are intended to be a progressive set of actions and will be followed in sequence when applicable. That said, adaptive management will be applied appropriately even when it is not possible to determine the exact cause or degree of impact the Project is contributing to the total effect observed. The implementation of remedial actions to avoid or reduce impacts will occur within timeframes that suit the circumstance. Response actions shall be prioritized for immediate implementation and need not await confirmation of final planning or be deferred due to operational work plans. Where Baffinland is implementing pre-determined responses, consistent with approved management plans, no additional approval is required of QIA, provided Baffinland communicates its intentions prior to implementation and reports outcomes according to agreed upon reporting structures and formats. In other words, a 'time is of the essence' approach shall be taken in order to avoid exacerbation of impacts. Where, through investigation, Baffinland proposes a new response action, Baffinland will seek agreement with QIA before implementing it (unless the new response action is a specific direction from a regulatory authority). If, based upon evidence, QIA believes a response action may not be successful in addressing a circumstance, QIA may challenge the proposal. In such circumstances, the parties will meet at their earliest possible convenience in an effort to come to a mutually acceptable solution. In the event parties cannot come to agreement parties can seek resolution through expedited arbitration.
- 2.1.17. Upon approval, all relevant thresholds and responses built into individual management plans will be housed in a dedicated schedule to the Adaptive Management Plan. This will facilitate ease of review by both Baffinland and Inuit/QIA operational and monitoring teams, for the life of the project. For clarity, QIA will only have approval authority over those adaptive management aspects of plans where it is expressly identified in the Adaptive Management Plan, or otherwise agreed upon in the future.
- 2.1.18. The Adaptive Management Plan will directly link to the Culture Resource and Land Use monitoring and Social monitoring programs under the Inuit Stewardship Plan, which includes participation of the Inuit Committee and the Inuit Social Oversight Committee. Therefore, QIA, with advisement from impacted communities, will play an active role in the development and approval of the Adaptive Management Plan, and all related sub-plans, as well as the oversight required through project monitoring. Given the importance of this topic to Inuit, the Adaptive

Management Plan will require QIA and Baffinland approval; this includes approval of all related objectives, indicators, thresholds, and response requirements, subject to any determinations, decisions or orders arising from any applicable arbitration or other dispute resolution process as referenced at 2.1.6 above. QIA approval of the Adaptive Management Plan and sub-plans will require an amendment to the IIBA and the Commercial Lease.

- 2.1.19. In the event Baffinland fails to implement a High Level Action as required by the agreed Final Adaptive Management Plan, and QIA files a Notice of Arbitration commencing the expedited arbitration process, Baffinland agrees to temporarily suspend all operations for 5 days starting the day after a Notice of Arbitration is issued. For greater certainty, suspending all project operations includes activities such as active blasting, drilling, crushing and screening of iron ore as well as all iron ore transportation by truck or train as well as all iron ore stockpiling and ship loading.

2.2 Specific Tasks Required

- 2.2.1. The following specific tasks are required of QIA and Baffinland:
- (a) Confirm resourcing, under the Inuit Certainty Agreement, for QIA's participation in the development of Adaptive Management Plans and associated Environmental Management Plans.
 - (b) Establish a working group charged with completing the draft Adaptive Management Plan.
- 2.2.2. Within 5 days of signing the Inuit Certainty Agreement the working group shall collectively develop a timeline and process to advance work required associated with the Adaptive Management Plan prior to final hearings of the Nunavut Impact Review Board.
- 2.2.3. Subsequent meetings will be held not less than once per week until the NIRB Hearings.
- 2.2.4. Following the NIRB Public Hearing subsequent meetings can be held at a frequency agreed to by both parties. At minimum, monthly meetings will be held until the schedule identified in 2.1.17 has been fully populated and agreed upon.
- 2.2.5. Work on the Marine Monitoring Plan and Aquatic Effects Monitoring Plan will be prioritized. Parties further agree to come to joint approval of an initial set of objectives, indicators, thresholds and responses for these plans within 90 days of signing the Inuit Certainty Agreement, unless otherwise agreed. The parties agree to also continue work on the Surface Water Aquatic Ecosystem Management Plan, Waste Management Plan, Borrow Pit and Quarry Management Plan, Snow Management Plan and Road Management Plan with a focused and concerned effort to come to agreement on initial objectives, indicators, thresholds and responses for each plan within 90 days. Should it be possible for the NIRB to schedule the Public Hearing for Phase 2 within 90 days of signing the Inuit Certainty Agreement, Baffinland and QIA will agree to integrate an update into each Parties representations to the NIRB.
- 2.2.6. The Adaptive Management Checklist shall be applied to all relevant adaptive management plans prior to the Public Hearing for Phase 2, or 90 days, unless otherwise agreed, from the signing of this Inuit Certainty Agreement, whichever is sooner. The parties will first apply the Adaptive Management Checklist against the Marine Monitoring Plan, Aquatic Effects Monitoring Plan, Surface Water Aquatic Ecosystem Management Plan, Waste Management Plan, Borrow Pit and Quarry Management Plan, Snow Management Plan and Road Management Plan.
- 2.2.7. For greater clarity, initial Inuit objectives, indicators, thresholds and responses will be subject to later refinement upon collection of IQ, completion of the CRLU Assessment and the Pond Inlet Country Food Baseline, and inputs identified in section 2.1.8.

- 2.2.8. Following the NIRB Public Hearing, the Adaptive Management Working Group will continue to meet in an expedited fashion to evaluate and reach conclusions on required revisions to the final Adaptive Management Plan and associated Environmental Management Plans, until such time as this work is complete.
- 2.2.9. Baffinland will revise Environmental Management Plans and the Adaptive Management Plan as necessary, coordinated with other potential updates and engagement processes as required by a revised Project Certificate, including thresholds and tiered adaptive management actions. Baffinland will finalize the Adaptive Management Plan with QIA approval, and associated Environmental Management Plans, within six (6) months of receiving an amended Project Certificate of August 30, 2021 whichever is sooner. Baffinland will complete additional revisions to the Adaptive Management Plan and associated Environmental Management Plans to be considered pending the outcome of other deliverables provided for under the Inuit Certainty Agreement (Inuit Stewardship Plan, CRLU Assessment, Pond Inlet Food Security Baseline Report, etc.) for QIA's approval.
- 2.2.10. QIA will approve additional revisions to the Adaptive Management Plan and associated Environmental Management Plans to be considered pending the outcome of other deliverables provided for under the ICA (Inuit Stewardship Plan, Supplementary CRLU Assessment, Pond Inlet Food Security Baseline Report, incorporation of advice and feedback from the Inuit Committee and other elements of the Inuit Stewardship Plan).
- 2.2.11. The Working Group will remain in place until final Approval of the Adaptive Management Plan is reached (i.e. 6 months' post Project Certificate Issuance). Once the Adaptive Management Plan is approved, the working group will remain as a "standing working group" that can be convened to support the implementation of the final Adaptive Management Plan.

2.3 Resourcing Implications

- 2.3.1. Baffinland is responsible for resourcing the development and operation of all Project-related Adaptive Management Plans, including all Inuit participation in the development and implementation of these plans. A phased resourcing schedule will be implemented. The first phase of resources will be required immediately by QIA following the signing of the ICA which will support development of the Adaptive Management Plan. Payment plans for QIA resources required to be agreed to by the parties under the Inuit Certainty Agreement unless otherwise identified under Schedule 28 and 31.

2.4 Legal Agreement Amendments

- 2.4.1. Incorporating the Adaptive Management Plan into the IIBA will require amendments and revisions to the existing IIBA. It is foreseeable that the following Articles of the IIBA will require amendments: Article 4, Article 14, Article 15, Article 16, Article 17 and Article 21. It is possible that the Adaptive Management Plan will require its own schedule within the IIBA.
- 2.4.2. The Adaptive Management Plan will require the parties to revisit the basis from which the parties agree to consider the FEIS Addendum as it relates to project impact monitoring under the IIBA. This entails coming to agreement on a number of topics:
- (a) Agreement that the FEIS is not the exclusive source of information guiding project monitoring and mitigation. This necessitates redrafting IIBA Article 15. Emphasis will be placed on first amending Article 15.1, 15.2, 15.3, 15.6, and 15.7 followed by the remainder of the Article.
 - (b) Agreement on how the Adaptive Management Plan will relate to compensation agreed upon by the parties, including the possibility that compensation requirements will increase.

- 2.4.3. The parties will develop and agree on proposed IIBA amendments, including the development of IIBA Implementation Guides, to enact items agreed upon in this schedule.
- 2.4.4. Including the Adaptive Management Plan in the IIBA will require new components of the IIBA to be drafted and set into the context of the existing provisions of the IIBA. This shall be done together with IIBA amendments related to the Inuit Stewardship Plan, CRLU Monitoring Stream, and the Social Monitoring Stream.
- 2.4.5. Over the life of the Mary River Project, and in addition to normal annual engagements with respect to the Adaptive Management Plan, the parties will revisit the terms of the Adaptive Management Plan to ensure it is functioning as desired and come to agreement on changes as necessary. These will be known as Adaptive Management Plan “Performance Reviews”. The frequency and method of Performance Reviews shall be determined by the parties as part of the Plan. Not less than every three years a Performance Review will occur. Additionally, Baffinland commits to obtaining QIA’s approval on changes and revisions to the Adaptive Management Plan and sub-plans prior to implementation.

2.5 Timeline to Fully Implement Change

- 2.5.1. The timelines for tasks listed will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement. Immediate commitments will be made to execute on this schedule, should Phase 2 not be approved, Baffinland reserves the right to stop all works associated with the Inuit Certainty Agreement.

2.6 Relationship to Other Components

- 2.6.1. This schedule relates directed to the Inuit Stewardship Plan (schedule 1), in that the Adaptive Management Plan will interact with and receive information and data from the Inuit Stewardship Plan which will inform and in some cases trigger adaptive management practices.

Appendix ID 2(1)
Adaptive Management Plan (Revised Draft)

Baffinland Iron Mines Corporation

ADAPTIVE MANAGEMENT PLAN (Revised Draft)

Jointly approved draft between Baffinland and the Qikiqtani Inuit Association in relation to the Inuit Certainty Agreement

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1 INTRODUCTION

1.1 CONTEXT

Adaptive management aims to continually improve environmental and social management processes by monitoring and evaluating their effectiveness and implementing strategies and actions to incorporate learnings quickly and proactively into operational implementation of monitoring and management and in future planning for the Mary River Project (the Project). Monitoring associated with adaptive management as described in this plan will focus on monitoring changes to the environment against established (including but not limited to regulatory) thresholds, beyond which the implementation of action will be necessary to reduce observed impacts where changes are reasonably associated with the Project. Adaptive management will take place within the context of an industrial project, which will operate in an environmentally responsible manner but by nature cannot operate without any effects.

Baffinland commits to efficiently and safely shipping through Tallurutiup Imanga National Marine Conservation Area (NMCA) with a commitment that Project operations can be planned and carried out in a manner that exceeds many government and industry standards, taking into consideration the NMCA's unique aspects.

This Adaptive Management Plan (AMP) for Baffinland's Project provides an overview of the management mechanisms established to identify where mitigation measures may not sufficiently address potential adverse effects, and to address uncertainty or conditions that may occur during operations that were not anticipated during the planning phase. A precautionary approach to managing the Project inclusive of this adaptive management plan acknowledges uncertainties exist while developing systems and approaches for responding to changing conditions, with the goal of avoiding adverse effects by taking action before these occur or, at minimum, responding quickly and meaningfully to observed changes that may be partially to wholly attributable to the Project. It is a particularly useful tool in long-term projects, as it facilitates progressive integration of the collective body of Inuit Qaujimanituqangit, improvements in scientific understanding and advances in mitigation measures.

This structured approach to continual improvement expands on the memo titled "Baffinland Environmental Monitoring, Mitigations and Adaptive Management Overview", drafted to address the requirements outlined in the Mary River Project Guidelines (the Guidelines, NIRB 2015) and to integrate the various environmental management and monitoring plans into a consistent adaptive management framework.

A key part of Baffinland's approach to adaptive management is incorporation of community review and feedback; particularly, the incorporation of Inuit Qaujimanituqangit (IQ) to improve or extend the effectiveness of the Environmental Management System (EMS) for the Project. In recognition of the critical role that IQ and Inuit play in project monitoring and management, the Adaptive Management Plan has been revised to better incorporate roles for QIA and affected Inuit communities. One key revision is

that QIA and Baffinland must jointly agree on the Adaptive Management Plan, and specific adaptive management actions included in “sub-plans” – i.e. prescribed adaptive management elements reflected in specified management and monitoring plans, as specified in this AMP. QIA will also play a key role in the direct collection of monitoring information that trigger adaptive management actions where necessary through the Inuit Stewardship Plan. The Inuit Stewardship Plan, a Project Plan developed by and implemented by Inuit, includes mechanisms such as the Culture, Resources and Land Use Monitoring Program and the Social Monitoring Stream. Each of these areas include committees comprised of Inuit from affected communities. The Inuit Stewardship Plan will assist in gathering data, setting thresholds for impacts that are considered to require action under the Adaptive Management Plan, actively monitoring, and gauging the success of these actions. It is recognized and understood finalizing the Adaptive Management Plan requires careful integration of requirements associated with regulatory requirements. A final jointly approved Adaptive Management Plan will ensure these considerations have been appropriately made.

1.2 PURPOSE AND OBJECTIVES

The purpose of the AMP is to:

- Formalize and consolidate the various aspects of adaptive management that are integral to ongoing operations, planned capital projects, and future planning;
- Formalize the relationship between QIA and Baffinland in the development and implementation of adaptive management in relation to the Project;
- Confirm the role IQ and western science plays in adaptive management; and
- Relate adaptive management mechanisms and actions into the overall Environmental Management System, which will include specific mitigation measures and associated management actions to be taken when specified thresholds are approached or exceeded. Mitigation measures may include special studies, operational changes, revised or new water and waste management systems, new or altered conveyance systems, structures and/or facilities, or implementing mitigation activities to prevent, stabilize or reverse a change in environmental conditions or to otherwise protect the receiving environment. Mitigation measures also include the possibility of project activity changes, reductions or suspension.

The objectives of this plan, which at a minimum must reflect the requirements for an AMP from the NIRB Guidelines, as well as agreements with QIA, are as follows:

- Identify the roles and responsibilities of different parties in the development and implementation of adaptive management actions (Section 1.4)
- Describe the approach and commitment to adaptive management by Baffinland in collaboration with Inuit (Section 2)
- Identify the project activities which are subject to adaptive management actions (Section 3)

- Initiate notification and reporting procedures (Section 4)
- Identify existing adaptive management tools and mechanisms of change, and areas for improvement (Appendix B)
- Confirm that the lived experiences of Inuit impacted by the Project provide a unique and valuable form of information that will be considered and responded to through the AMP and its implementation.

1.3 PLAN STRUCTURE

This plan includes the following sections:

- **Introduction** – provides the context, purpose and objectives, plan structure, roles and responsibilities, and the role of IQ and community involvement in adaptive management
- **Adaptive Management Response Framework** – outlines the adaptive management response framework, and includes the relevant management plans and mitigation plans the framework applies to
- **Adaptive Management Integration** – describes the integration of adaptive management into the Project management and mitigation plans and provides descriptions of the various plans
- **Reporting** – summarizes the reporting framework
- **References** – literature and other documentation cited in the AMP

Appendices include:

- Information Sharing Schedule (Appendix A)
- Adaptive Management Checklist Template (Appendix B)
- Adaptive Management Objectives, Indicators, Thresholds, and Responses (Appendix C)

1.4 ROLES AND RESPONSIBILITIES

The roles and responsibilities for implementation of the AMP of Baffinland and QIA are described in the following sections.

BAFFINLAND

Adaptive management involves many phases and, when properly planned and implemented, it permeates many project components and aspects. In the Project, adaptive management is of critical importance to Baffinland, Inuit parties, and regulators. Given this importance, implementation of the AMP is a shared responsibility at all levels of Baffinland's corporate structure. It is imperative that the concept of adaptive management be embraced within the highest levels of management; this will assure it is afforded the

required priority level within the company, and the necessary resources to plan, implement and maintain the AMP processes.

Baffinland is solely responsible for the resourcing and implementation of this Adaptive Management Plan, and to adhering to the requirements of this Adaptive Management Plan and all Project-related plans that include adaptive management requirements. Baffinland is either solely or jointly responsible (with QIA) for the development of adaptive management actions included in each plan, as well as this overarching AMP.

Vice-President, Sustainable Development

- Provides corporate resources and overall direction to the implementation of the AMP including all relevant objectives, indicators, thresholds and responses.

Director of Sustainable Development

- Reports directly to VP Sustainable Development and indirect reporting and coordination with Chief of Operations
- Liaises with the senior management, regulators, Inuit and stakeholders
- Monitors compliance with permits, licenses and authorizations
- Monitors implementation of management plans, including the Adaptive Management Plan
- Ensures all regulatory environmental monitoring and reporting requirements (monthly, annual) are met
- Initiates and oversees environmental studies

Health, Safety, Environment and Security Director

- Provides resources and overall direction to the implementation of the AMP and on site HSES team
- Provides review and approval of revised versions of the AMP
- Develop Baffinland strategic direction and continuous improvement of the company's HSES objectives and management systems

Health, Safety, Environment and Security (HSES) Manager

- Provide resources and overall direction to the implementation of the AMP
- Responsible for overall compliance on site for the HSES team
- Oversees regulatory environmental monitoring and reporting requirements (monthly, annual) are met
- Work proactively with HSES team members, Operations, Projects, and Contractors to develop and maintain an integrated HSES management system.

- Provide review and approval of revised versions of AMP

Environmental Superintendent

- Reports to Health, Safety, Environment and Security Manager and indirect reporting and coordination with Chief of Operations
- Overall accountability for environmental staff and performance at site
- Monitors compliance with permits, licenses and authorizations
- Monitors implementation of management plans, including the Adaptive Management Plan
- Ensures all regulatory environmental monitoring and reporting requirements (monthly, annual) are met
- Initiates and oversees environmental studies
- Coordinates implementation and monitors the performance of the EMS at site
- Provides ongoing environmental education and environmental awareness training to all employees and contract workers including awareness of the adaptive management plan
- Oversees investigations and reporting of environmental incidents to regulatory bodies, stakeholders and senior management
- Reviews updates to management plans

Environmental Coordinator - Reports to the Environmental Superintendent

- Specific accountabilities for environmental monitoring and reporting including that required by the Adaptive Management Plan
- Provides day to day direction to Environmental staff onsite
- Provides ongoing environmental education and environmental awareness training to all employees and contract workers
- Prepare updates to management plans

QIA

QIA is responsible, jointly with Baffinland, for approving the Adaptive Management Plan and adaptive management actions included within other Project-related plans (identified in Section 3) which are designed to mitigate and prevent adverse effects which are in excess of designated thresholds of acceptable change. These thresholds will be informed by existing EA predictions, outcomes of additional CRLU assessments, the implementation of the Inuit Stewardship Plan, and other sources of IQ.

To accomplish the above, QIA and Baffinland will create an Adaptive Management Plan working group to oversee the advancement of all activities associated with coming to joint agreement on the Adaptive Management Plan. Once the Adaptive Management Plan is approved by QIA, BIMC and any applicable

regulatory authority, the working group will remain as a “standing working group” that can be convened to support the implementation of the Adaptive Management Plan. This working group will be comprised of individuals with decision making authority for QIA and Baffinland, to enable effective working relationships and Adaptive Management Plan development.

QIA responsibilities include to:

- Establish the above-mentioned working group with Baffinland to:
 - develop and approve this Adaptive Management Plan
 - evaluate relevant management plans within the EMS system against the Adaptive Management Checklist (Appendix B)
 - develop and approve (which will be informed by but may go beyond those required by regulatory approvals) objectives, indicators, thresholds and appropriate response requirements for all relevant management plans within the EMS system
 - oversee the implementation of approved adaptive management plans
 - review results of Adaptive Management responses completed by Baffinland on an annual and as needed basis
 - approve of any Adaptive Management objectives, indicators, thresholds and responses not already approved in this Plan, including any brought forward for consideration by other groups (e.g., MEWG, TEWG). For clarity, this does not include instances where specific direction is provided by a regulator under an applicable authorization or legislation that Baffinland must implement. Upon receipt of regulatory direction Baffinland is able to work with QIA to consider how to best implement such direction in a manner consistent with Inuit objectives as defined in the Adaptive Management Plan and sub-plans.
- Provide timely results of relevant monitoring programs carried out under the Inuit Stewardship Plan, to inform the adaptive management system
- Engage in additional investigations in circumstances where adverse changes merit adaptive management interventions, for relevant management plans, as required
- Identify appropriate interventions for Baffinland to apply in circumstances requiring adaptive management for which there are no pre-defined thresholds and actions, subject to joint approval between QIA and Baffinland
- Support the monitoring and reporting of effectiveness of remedial actions, as per the adaptive management feedback loop, through the Inuit Stewardship Plan’s mechanisms
- Review and approve updates to the Adaptive Management Plan, and adaptive management components including relevant management plans and portions of these plans (i.e. objectives,

indicators, thresholds and response actions) within the EMS system, as required to improve upon adaptive management over the life of the project.

1.5 THE ROLE OF IQ AND COMMUNITY INVOLVEMENT IN ADAPTIVE MANAGEMENT

As identified in Baffinland's Inuit Qaujimagatuqangit (IQ) Framework (IQ Framework)¹ and QIA's Inuit Stewardship Plan, IQ and community involvement in environmental management are critical to the identification and understanding of potential project effects. This relationship between IQ (collected through community involvement) and project adaptation is outlined in Figure 1 and described further below.

The Adaptive Management Plan provides overall guidance on the approach to adaptive management and the role of IQ and community involvement. Each individual environmental management and/or monitoring plan in Baffinland's Environmental Management System (EMS) integrates this guidance particularly under plans for which QIA has approval of adaptive management actions. Adaptive management is also anticipated to benefit from formal Inuit oversight, whether direct (e.g., the Inuit Committee), or indirect through various levels of involvement in the EMS (participation in monitoring programs, environmental working groups, public engagements, etc.). Through this system, it is anticipated that IQ will be integrated along with western science into project planning, operation, and monitoring. Further, transparent and accountable feedback mechanisms will exist for IQ to inform, change and improve the Project.

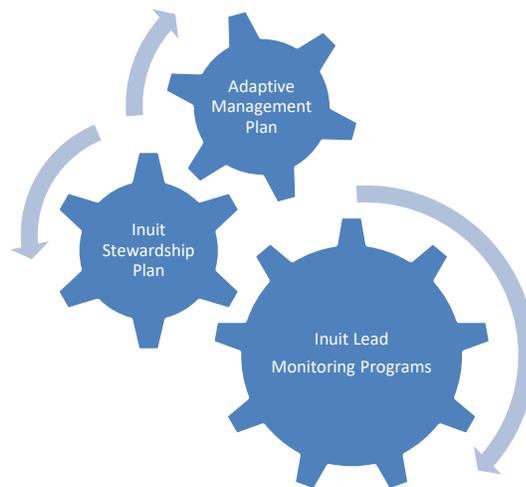


FIGURE 1 RELATIONSHIP OF IQ AND INUIT TO PROJECT ADAPTATION

****FIGURE TO BE REPLACED****

¹ Title of this IQ Framework is subject to change.

Environmental Working Groups Terms of Reference

Working groups such as the Marine Environment Working Group (MEWG), the Terrestrial Environment Working Group (TEWG), and the Socio-economic Working Group (SEWG) have specific mandates described under and pursuant to Project Certificate 005 and will continue to rely on, and be a separate stream of, IQ and community input as well as western science. Any recommended revisions to the AMP's objectives, indicators, thresholds and response actions by parties such as the Working Groups noted here are subject to joint QIA-Baffinland approval.

2 ADAPTIVE MANAGEMENT RESPONSE FRAMEWORK

The Project-wide adaptive management process begins with a planning phase, followed by iterative phases of implementing and monitoring the actions included in the plan(s), evaluating the effectiveness of actions included in the plans based on results of monitoring and other feedback mechanisms, and adjusting management strategies and actions and responses based on monitoring. The cycle begins anew with implementation and monitoring of a revised plan, which integrates the outcomes of the previous cycle. This cycle can occur, in real-time or over an extended period according to the nature of the situation or area of focus. In this way, a properly designed and well-implemented adaptive management process progressively diminishes uncertainty, as management strategies and processes are refined throughout a project’s operational lifecycle. Figure 2 is an illustration of this cyclical, phased process, and identifies the key steps involved in each phase.



FIGURE 2 BAFFINLAND’S ADAPTIVE MANAGEMENT PROCESS

****FIGURE TO BE REPLACED****

The adaptive management process is a guide to facilitate planning and action. In some instances, adaptive management will necessitate more immediate action, in which case strict adherence to the adaptive management cycle may not be prudent.

Adaptive management links the results of environmental monitoring programs (in this case Baffinland-led and Inuit-led) to management responses and changes in regulatory, environmental, or operational conditions. It requires timely evaluation of monitoring results to compare these against pre-determined objectives and thresholds, ongoing assessment of applicable management practices and, where appropriate, identification of responses such as adjusting mitigation measures and management actions in order to improve their effectiveness. The process then starts anew with implementation and monitoring of the modified measures. Taking a precautionary approach, adaptive management can be evoked in response to data and information that suggests triggers and thresholds are being approached. In other words, adaptive management is intended to take a precautionary approach when making decisions as to whether to undertake adaptive management actions. Responding to exceedances in thresholds, after they occur, can be an indication that the adaptive management system is not functioning according to its purpose and objectives, and may merit its own investigation. An adaptive management plan that includes tiered responses aimed at avoiding exceedance of predictions is inherently precautionary.

This Adaptive Management Plan functions as a framework that integrates results from multiple monitoring and management programs while maintaining effective communication amongst the proponent, regulators, stakeholders, QIA and Inuit communities. Ongoing communication with community members and stakeholders as outlined in the amended Inuit Impact and Benefit Agreement, and, Community and Stakeholder Engagement Plan (BAF-PH1-830-P16-0025) may result in updates to management and monitoring plans throughout mine operations.

Table 1 outlines the primary components and key mechanisms involved in each phase of adaptive management. The initial planning phase for the Mary River Project occurred during the effects assessment processes and during development of the individual management plans. The AMP focuses on the implementation and monitoring, evaluation and learning, and adjusting phases.

TABLE 1 ADAPTIVE MANAGEMENT PHASES, COMPONENTS AND MECHANISMS

Adaptive Management Phases	Components	Proposed Adaptive Management Mechanisms
Plan	Objectives	Determine objectives and define key desired outcomes based on scientific, regulatory and cultural (IQ) inputs
	Indicators	Identify performance indicators
	Thresholds and responses	Define thresholds and responses based on scientific, regulatory, and cultural (IQ) inputs
	Attendant components	Plan adaptive management attendant components (monitoring program, data evaluation processes, notification and reporting mechanisms, documentation and updates, etc.)
	IQ integration and influence	Identify mechanisms for IQ integration and influence.
Implement and Monitor	Resourcing	Ensuring there are adequate resources for implementation of monitoring and response actions (as required), including but not limited to resources defined through agreements between QIA and Baffinland
	Management strategies and response implementation	Implement planned management strategies and responses (e.g., notification, review, evaluation, action) to achieve objectives
	Monitoring	Implement monitoring program to identify requirements for adaptive management responses (e.g., threshold exceedances)
	Implementation Timelines	Ensuring that adaptive management responses and the overall adaptive management cycle occur within appropriate time frame to avoid or minimize the effect
Evaluate and Learn	Reviewing data and feedback	Review and evaluate management effectiveness based on monitoring data and feedback. This includes verification of both Baffinland and ISP monitoring results with IQ holders (e.g., the Inuit Committee)
	Revised mitigation	Determine need for additional mitigation and/or new or revised management strategies
	Input from IQ holders	Provide opportunities for IQ holders to review results and input into adaptive management responses / mitigations

Adaptive Management Phases	Components	Proposed Adaptive Management Mechanisms
Adjust	Addressing unanticipated effects or issues	Action and resolve unanticipated effects or issues
	Revising strategies and responses	Revise management strategies and responses to enhance effectiveness
	Reporting on adaptive management strategies and responses	Report on new and revised strategies and responses per requirements, as defined in the management plan
	Scheduled updates	Update the management plan per scheduled updates as identified in the management plan

The intent of the Adaptive Management Plan is to develop and implement a single set of objectives, indicators, thresholds and response actions for each sub-plan that are based on an appropriate weighting of IQ and western science. However, in certain circumstances, there may be a need for a single plan to have multiple objectives. For example, there may be separate regulatory objectives, Baffinland operational objectives, and Inuit environmental or socio-cultural objectives in a single adaptive management plan. Baffinland and QIA respect that the basis for developing objectives, indicators, thresholds, response strategies and requisite monitoring may rely upon different perspectives and inputs, and agree to discuss and consider such differences when jointly approving objectives, indicators, thresholds and responses. In no instance would Inuit thresholds lead to non-compliance with regulatory objectives or requirements; Inuit requirements may be more sensitive – but not less sensitive – to environmental change than regulatory requirements. In the event of a conflict between Inuit objectives and Project activities presented and approved through various regulatory processes, the parties will work together to determine if it is possible to identify reasonable revisions to adaptive management plans to reconcile such conflict.

The following terminology and definitions have been adopted for the Baffinland Mary River Project AMP:

- **Indicators:** Measurable or observable environmental, physical or social parameters to be monitored and assessed, which can indicate changes in conditions. IQ, social sciences and biophysical sciences provide a basis for indicators development and integration.
- **Monitoring requirements:** Specifics related to monitoring of indicators, such as frequency, type of data required and interpretation of results. IQ, social sciences and biophysical sciences are all sources of data that support monitoring requirements.
- **Thresholds:** Specified performance indicators that define the conditions and triggering actions – these may be staged such that specific actions are associated with different levels of concern, including early warning thresholds to initiate precautionary responses, thereby avoiding adverse

effects associated with higher thresholds. The AMP will defer confirmation of thresholds to individual management plans which address topics specific thresholds.

- **Responses:** Specific actions to be implemented, or changes to be made to the Project when risks emerge or thresholds are approached, ideally staged in accordance with specified performance thresholds. Responses may include notifications and further reviews or evaluations, or actions to be implemented. There are two types of responses: investigative and remedial. Whenever possible, responses shall be triggered prior to exceedances in thresholds (i.e., as they are approached), rather than afterward.
 - **Investigative responses:** Investigative level responses are designed to identify the presence or absence, extent and (where possible) the cause of the change predicted or observed. Investigative responses will rely upon IQ, social sciences and biophysical sciences as sources of data.
 - **Remedial responses:** Remedial level responses are interventions. As a general principle, remedial level responses prioritize the avoidance and minimization of impacts and take into account the nature and scale of the impact in comparison to the remedial response. In the event initial remedial responses prove ineffective or incapable of addressing the issue, consideration for alteration of project activities and compensation shall be considered, again, taking into account the nature and scale of the issue in comparison to the consequences of alteration of project activities and compensation.

Precautionary Principle: “When an activity raises threats of harm to environmental, sociocultural, and economic wellbeing and resilience, precautionary measures and preventative action should be taken using a systems approach, even if some cause and effect relationships are not fully established.”

The definition of precautionary principle selected reflects the specific nature of the Project, the heightened role for Inuit in overseeing the development and implementation of the Adaptive Management Plan, and, established conservation areas and values within the Project development area. This definition is indicative of a Project committed to operating in a responsible manner incorporating IQ, western science with recognition that regulatory requirements provide a basis for planning and can be exceeded.

A critical part of the AMP is a systematic approach to responding to results of monitoring programs. The response framework identifies pre-determined level(s) of an effect, defined through quantitative or qualitative thresholds, by which point specific responses need to be implemented. Management responses are ideally defined for early warning thresholds, with the goal of avoiding adverse effects that would result should higher threshold levels be approached or exceeded.

While some AMPs define specific responses to be implemented for a range of identified possible yet unexpected situations or events, Baffinland has or will include, as appropriate, such specifics in the

individual Mary River Project management plans which comprise the EMS. This approach enables seamless integration of outcomes from the adaptive management process into the individual management plans, for continual implementation of management adaptations and facilitating updates as required. This approach will involve ongoing revision and refinement of the environmental management plans, including consultation and engagement with stakeholders and Inuit communities.

The below sections provide further detail on the following key elements of Baffinland's adaptive management process:

- Management plans
- Thresholds
- Monitoring programs
- Responses

2.1 MANAGEMENT PLANS

Baffinland has developed an EMS for the Mary River Project comprised of a suite of complimentary and interlinked management plans that operationalize Baffinland's approach to mitigation and management of potential environmental and socio-economic effects and incorporate input from Inuit communities and stakeholders. The management plans include the following:

- Environmental Protection Plan
- Borrow Pit and Quarry Management Plan
- Interim Closure and Reclamation Plan
- Explosives Management Plan
- Fresh Water Supply, Sewage and Wastewater Management Plan
- Snow Management Plan
- Waste Management Plan
- Hazardous Materials and Hazardous Waste Management Plan
- Phase 1 Waste Rock Management Plan
- Interim Waste Rock Management Plan
- Life of Mine Waste Rock Management Plan
- Landfill Maintenance and Operations Manual
- Health and Safety Management Plan
- Emergency Response Plan

- Spill Contingency Plan
- Oil Pollution Emergency Plan – Milne Inlet
- Railway Emergency Response Plan
- Polar Bear Safety Plan
- Spill at Sea Response Plan
- Metal and Diamond Mining Effluent Regulations Emergency Response Plan
- Surface Water and Aquatic Ecosystems Management Plan
- Shipping and Marine Wildlife Management Plan
- Air Quality and Noise Abatement Management Plan
- Community and Stakeholder Engagement Plan
- Human Resources Management Plan
- Cultural Heritage Resource Protection Plan
- Inuit Human Resources Strategy Procedure
- Inuit Procurement and Contracting Strategy
- Roads Management Plan
- Railway Operation and Maintenance Plan

Additionally, QIA will develop the Inuit Stewardship Plan, which is Inuit-led and administered.

Where applicable, these management plans include mitigations to be applied to prevent or mitigate environmental effects. In some cases, they also include accommodation measures for exceedance of specified thresholds. The plans are linked to the monitoring programs and the Adaptive Management Response Framework; as monitoring results identify unforeseen changes or exceed thresholds, then the appropriate management plan is updated or created to include the necessary mitigation. Information on these management plans is provided in Section 3.

2.2 THRESHOLDS

Each management and monitoring plan that is part of the Mary River EMS identifies mitigation and requirements for the protection of valued components. In many cases, these plans include thresholds based on ecological, social or cultural requirements, and may include action levels whereby monitoring results require specific responses (e.g., reporting, response plan development, additional mitigation). The Project AMP applies to a wide range of types of management plans; while some of these lend themselves to clearly-defined, step-based quantitative thresholds with associated action levels (e.g., low, moderate, high) that may be defined in regulation or conditions of authorization, others may be based taking into account qualitative risk assessments, IQ, and evaluations of potential outcomes. To account for this

diversity, the AMP does not dictate a global approach to threshold types and levels. Qualitative or quantitative data, scientific or IQ evidence, can be the basis upon which adaptive management actions are initiated.

Where it is necessary and appropriate to include specific measurable thresholds, these may be developed with Action Levels over and above ongoing typical mitigation and monitoring for the Project. Action Levels are established to prevent adverse effects above certain thresholds from occurring or, where they are encountered, to reduce impact loads back below those thresholds. Low Action Levels are focused on improving the understanding of the situation that is causing the noted changes and to plan for more substantive responses (i.e., Moderate and High Action Levels) if/as required, and may include relatively minor remedial actions (mitigation measures). In some instances, Moderate and High Action Levels may not be defined until a Low Action Level is reached, and then defined during the subsequent planning stage. Moderate Action Levels are typically designed to halt - and ideally reverse – an adverse trend so as to avoid the need for High Level Actions. High Level Actions are typically designed to reverse a trend away from potentially serious/significant harm, and include changes to project activities such as rate and intensity of project operations. High Level Actions also include the possibility of activity suspension.

The following provides potential – non-exclusive - management actions associated with each of the action levels. Action levels will be derived taking into account both IQ and scientific knowledge. For greater clarity, the thresholds may not be solely or entirely reliant on EA predictions, and will take into account other forms of information (e.g., CRLU, IQ), where appropriate.

For each management plan there may be a number of regulatory authorities and/or interested parties with technical expertise that contribute to the development of adaptive management components, including setting thresholds. In some cases, there may also be supporting working groups, that have mandates provided for under the terms of approval. For the Mary River Project, there are three formal working groups established to support specific monitoring and management objectives, including the Terrestrial Environment Working Group, the Marine Environment Working Group, and the Mary River Socio-Economic Working Group. These groups have a key role to play in adaptive management. Advice and submissions from these groups shall be appropriately considered in any process to establish or modify relevant thresholds and associated responses. Any recommendations made by a Working Group to revise the adaptive management system are subject to joint Baffinland-QIA approvals, for which a standing Adaptive Management Working Group will be called upon to assess and come to agreement on potential changes. In instances where direction is provided by a regulatory authority pursuant to an applicable authorization and is not a matter for Baffinland to accept or reject, joint approval with QIA is not applicable.

Using the principle of precautionary action, most impacts encountered should be dealt with at Low Action Levels. As a result, few Moderate Action Levels scenarios are expected to occur, and using the same principle, High Action Levels should be required on an even rarer basis. Consideration of activity changes and/or reductions in project activities are expected to occur in conjunction with High Action Levels and

may also occur in relation to some Moderate Action Levels. Additionally, it is understood that the progression from Low to Moderate and finally High Action Levels is predicated on there being evidence that reasonably links project activities to the impact(s) in question. In many cases work associated with implementation of action levels will generally require engagement and participation of QIA, particularly where QIA has responsibilities for adaptive management plan approvals.

2.2.1 LOW ACTION LEVEL

Low Action Levels are designed to respond to situations where monitoring results indicate a change in environmental benchmarks, or where data or observations indicate a move away from background or predicted impact levels (including but not limited to, impacts above what is predicted in the environmental assessment and subsequent project assessments). For greater clarity, Low Action Levels are applied once an identified Low Action Level threshold is passed. Low Action Levels will be set at levels that are precautionary, but allow for agreed upon variation as the Project transitions from predictions made during planning stages, into operations. Low Action Levels may include changes to regular operational project monitoring and mitigation activities.

Low level actions may include:

- Update of an existing Management or Monitoring Plan, or when necessary, development of a standalone Response Plan, as warranted
- Investigate change to confirm it is real and, when possible, identify cause
- Evaluate ecological, social, cultural and economic implications
- Review Moderate and High Action Level objectives, indicators, thresholds, and response actions, if not already pre-defined, and consider possible adjustments to them if pre-defined
- Identify, rationalize, and implement pre-defined or agreeable alternative mitigation in response to the change
- Identify if additional monitoring is required

2.2.2 MODERATE ACTION LEVEL (SITUATION OF CONCERN)

Moderate Action Levels are those where effects are outside the range predicted by the EA or by subsequent assessments (e.g., CRLU Assessment) and/or where a consistent trend is identified toward approaching and possibly exceeding a defined threshold. In a formal EEM program, Moderate Action Levels are triggered when there is a measurable difference between reference and exposure areas that exceeds a pre-determined amount, and there is a reasonable degree of certainty that the Project is at least partially causing the effect. Moderate Action Level responses should be scaled to reverse the trend observed, and will be implemented and monitored to assess if they have the intended remedial consequence. Inuit observations, brought forward through the Inuit Stewardship Plan or Community Based Monitoring, may trigger Moderate Action Levels particularly when such observations differ

markedly from the range predicted by the EA or by subsequent assessments and/or approach or exceed defined thresholds.

If not already confirmed through a Low Action Level response (i.e. a Low Action Level was not previously triggered), efforts must be expended to verify and confirm the effect is real and reasonably attributable to the Project. The need to undertake initial or additional investigative efforts will not preclude implementation of response actions from occurring. Investigative efforts will assist in assessing connections to project activities and whether responses selected and implemented have the intended remedial consequence.

Responses to Moderate Action Levels may include but would not be limited to:

- updating the Management, Monitoring or Response Plan,
- confirming and investigating the effect further, in unison with implementing reasonable response actions,
- Increasing the mitigation level applied to reduce the observed change, or introducing another mitigation approach to increase effectiveness (for example, covering of ore cars to reduce dust deposition, or initial alterations to project activity levels),
- evaluating the effectiveness of mitigation through enhanced monitoring, and
- detailed context-specific consideration for what actions will be taken should Moderate Action Level actions prove unsuccessful (e.g., revisiting the plan).

Wherever possible, given both the environmental and economic implications of High Action Levels, Moderate Action Levels will be aggressive enough (including potentially altering project activities) to prevent High Action Levels from being approached, by halting and reversing an impact trend.

2.2.3 HIGH ACTION LEVEL (HIGH RISK SITUATION)

Exceeding benchmarks above predictions made in NIRB processes or subsequent assessments (e.g., CRLU Assessment) and beyond defined thresholds as agreed to in the Adaptive Management Plan specific to High Action Levels, require High Action Level responses, taking into account Inuit views on unacceptable change. Without delaying implementation of the required High Level Action(s), where uncertainty remains as to the cause of the effect, investigations can continue alongside actions. In instances where Low and Moderate Action Levels have not previously been triggered, parties may agree an investigation may still be required prior to full implementation of High Level Actions, however, parties may also agree Moderate or High Action Level responses may be applied during this interval. These serious actions include measures designed to reverse trends and improve conditions. This may require more intensive mitigation measures with less regard for economic implications, including reducing or suspending Project activities. Those Project activities may remain reduced or suspended for extended periods of time, or permanently, until such time as trends are reversed or conditions improved to acceptable levels (at minimum back to “moderate” impact levels), viable alternative High Action Level responses are proposed and jointly agreed

upon, or other evidence, including monitoring, indicates with a high level of certainty that the Project activity is not a contributing source.

Understanding High Action Level responses may challenge the overall scope, scale and viability of the Project, a higher degree of certainty that the Project is reasonably associated with the effect and that the High Action Level response has a reasonable likelihood of reversing the effect is required. Subject to confirmation by QIA considering the advice of the Inuit Committee(s) under the Inuit Stewardship Plan, it shall be presumed that Inuit favor avoidance of environmental harm over economic considerations, especially in the context of High Action Levels. For High Action Levels, Baffinland and QIA will develop a list of specified Project activities that could be affected and to what degree, and associated impact thresholds.

It is also recognized and agreed that High Action Levels may also require implementation of compensation which could include restoration/offset measures.

It is recognized that compensation alone may not be a satisfactory means of addressing a circumstance at a High Action Level. Compensation will be considered and applied in the context of other responses including changes to project activities.

2.3 MONITORING PROGRAMS

Baffinland has developed an environmental and socio-economic monitoring program for the Project to address regulatory requirements (e.g., Project Certificate and license conditions), as well as guidance from Project working groups. These monitoring programs and their components include the following:

- Aquatic Effects Monitoring Plan (AEMP)
 - Phase 1 Environmental Effects Monitoring (EEM) Study
 - Core Receiving Environment Monitoring Program (CREMP)
 - Lake Sedimentation Monitoring Program
 - Dustfall Monitoring Program
 - Initial Stream Diversion Barrier Study
- Terrestrial Environmental Mitigation and Monitoring Plan
 - Vegetation Monitoring
 - Birds Monitoring
 - Terrestrial Wildlife Monitoring
- Marine Monitoring Plan
 - Benthic Habitat
 - Sediment Quality
 - Water Quality

- Finfish Species
- Aquatic Invasive Species
- Marine Mammals (Ship-based, Shore-based, Aerial, and Acoustic)
- Socio-economic Monitoring Plan
 - Population Demographics
 - Education and Training
 - Livelihood and Employment
 - Contracting and Business Opportunities
 - Human Health and Well-Being
 - Community Infrastructure and Public Services
 - Resources and Land Use
 - Economic Development and Self-Reliance
Benefits, Royalty, and Taxation
- Air Quality and Noise Abatement Management Plan
 - Meteorology
 - Air Quality Monitoring (Gaseous Criteria Air Contaminant Monitoring, Dustfall Monitoring, Particulate Matter Monitoring, Incinerator Emission Testing, Noise and Vibration)

In addition to Baffinland-led monitoring, the Inuit Stewardship Plan will include a number of monitoring programs.

Other management plans (e.g., railway operation and management plan) include inspections and compliance monitoring and other monitoring programs and will be updated with respect to the adaptive management response framework.

Additional information regarding the monitoring plans above are provided in Section 3.

2.4 RESPONSES

The individual management plans will identify specific appropriate management to be implemented at various threshold levels, with the goal of preventing or minimizing adverse effects either during a presently-occurring or ongoing situation or condition, or when similar situations or conditions may occur in the future. Responses may include notifications, reviews, evaluations, actions or modifications (i.e. reductions, suspensions) of Project Activities to be implemented.

Adaptive management planning includes identifying and defining responses for specific thresholds and incorporating these into management and monitoring plans. Responses may include notifications or reporting through applicable regulatory filings, such as the NIRB Annual Report or Nunavut Water Board Annual Report. Stakeholders, QIA, Inuit communities and regulators will be afforded an opportunity to

review and comment on this information. Responses may also be immediate notification to stakeholders through various means of communication including those prescribed under the IIBA.

Where Baffinland is implementing pre-determined responses, consistent with approved management plans, no additional approval is required of QIA, however Baffinland will communicate response actions to QIA prior to implementation unless this is not possible due to the expediency required by the circumstance. If, however, a new response not previously considered is proposed, QIA approval will be sought. Understanding the need to prioritize response actions for immediate implementation, QIA will not unreasonably withhold their approval, and will endeavour to provide such approval in a timely fashion. Baffinland will apply equivalent efforts and resources to address all thresholds and responses, including those developed by Inuit and agreed to by Baffinland.

The protection of the environment, Inuit culture, resources and land use, technical feasibility and response effectiveness will be subject to due consideration together with other factors in response planning. The cost effectiveness of response actions is also a consideration, but may be of lower priority when Moderate and, especially, High Level Actions are required. Should a mitigation not be technically feasible under any circumstance, that must be factored into response planning accordingly. Assertions of technical feasibility must be supported by evidence to be submitted to QIA, in situations where Inuit objectives are subject to potential harm. Ultimately, the development of adequate and appropriate responses depends on the consideration of all criteria, regardless of their relative weighting. Baffinland commits to follow the measures to reduce project activity levels and potentially reduce or suspend Project activities as set out in the final agreed Adaptive Management Plan and related plans as described in this document. Baffinland agrees to sharing the risks and burdens of project impacts, especially those relating directly to Inuit and communities, by acknowledging they will reduce Project activity levels and potentially suspend Project activities to purposefully protect the environment and Inuit culture.

Events or situations (including accidents or malfunctions) may occur that do not fall within the scope of existing monitoring programs and may not have established thresholds but still require a management response. Ideally, these responses will be facilitated through an update to the associated monitoring program(s) and environmental management plan(s) to allow for future monitoring and management of similar issues. In cases where it is determined that the issue or effect is of sufficient magnitude or complexity that it cannot be readily addressed or accommodated within the existing EMS framework, a separate standalone response plan may be developed and will be distributed to working groups, Inuit communities, stakeholders and regulators for review and comment.

Existing permits require that Baffinland solicit input from the QIA, the impacted communities and other regulators on the results of annual monitoring programs to confirm the predictions of the Final Environmental Impact Statement for the Project. In addition, Baffinland will continue to gather feedback directly from the impacted Inuit communities and other concerned parties to inform operational planning. This feedback is gathered by establishing several different avenues for two-way information sharing.

The adaptive management process allows for Project-effects monitoring to be assessed at two levels. First, Project-effects monitoring is conducted and assessed by either Baffinland or independently by QIA-administered bodies, depending on the administration of the monitoring program. The results of the monitoring programs are then shared with and assessed by external reviewers and technical specialists, including Baffinland, QIA and local community members. The table in Appendix A illustrates the review process for the various monitoring reports and other information-sharing activities.

3 ADAPTIVE MANAGEMENT INTEGRATION

The adaptive management framework provides common terminology and processes to be incorporated within each of the management and monitoring plans and will provide a platform to aggregate information on the application of adaptive management throughout the life of the Project.

Descriptions of the management and monitoring plans applicable to the Project are provided in the following subsections. Baffinland's Management and Monitoring Plans include aspects of adaptive management. Through the adaptive management process, it is Baffinland's intention to standardize these mechanisms across the EMS in order to provide increased consistency, and to facilitate the review and updating of the plans. The specific components of adaptive management required in each management or monitoring plan will be determined based on the goals and objectives of the plan; for example, a monitoring plan may have different goals than a management plan which focuses on mitigation measures.

To facilitate the identification of adaptive management mechanisms, identify gaps and areas of improvement, and increase transparency about the level of adaptive management, the Adaptive Management checklist has been developed (Appendix B). This checklist will be included in each Management and Monitoring plan. For any management or monitoring plan with QIA approval requirements, the checklist will be applied jointly by Baffinland and QIA.

Included as Appendix C to this Adaptive Management Plan shall be a compilation of all objectives, triggers, thresholds and actions included in each topic specific plan. While this information will also reside in individual plans, including them as part of this Adaptive Management Plan provides all parties and users one common point of reference for interactive work related to adaptive management. The Adaptive Management Plan's Appendix C will be reviewed annually and updated if one of the following occur:

- Project Changes are proposed
- QIA proposes changes to actions based on new evidence
- New technologies or science becomes available and will improve impact monitoring and mitigation
- Unpredicted impacts are being observed

3.1 CONSTRUCTION, OPERATION, RECLAMATION AND CLOSURE

3.1.1 ENVIRONMENTAL PROTECTION PLAN

The purpose of the Environmental Protection Plan (EPP) is to ensure that a high level of importance is placed on the protection of the environment throughout the lifecycle of the Project. The EPP provides Operational Environmental Standards (OESs) to identify and address Project environmental issues and concerns and to provide guidance and control measures (which may be field fit as required), to reduce/limit potential adverse effects to the environment and/or minimize or mitigate these impacts to the extent necessary to prevent undue harm. The EPP is developed in recognition of applicable permits, authorizations, and approvals, and provides operational measures that comply with these approvals. Where possible, IQ is also integrated into the EPP.

The specific purposes of the EPP are as follows:

- Provide a reference document to ensure that commitments to minimize adverse environmental effects will be met.
- Document and identify environmental concerns and ensure appropriate protection measures are implemented.
- Provide concise guidance to Project Personnel regarding the implementation of appropriate standards for protecting the environment and minimizing adverse environmental effects.

3.1.2 INTERIM CLOSURE AND RECLAMATION PLAN

The Interim Closure and Reclamation Plan (ICRP) outlines the closure objectives, activities and criteria associated with the closure and reclamation of the Project. The ICRP addresses the activities expected to be required to ensure the Project closure goal, principles, objectives, and criteria are met. Participation of local communities and other stakeholders in the consideration of alternative reclamation activities to safeguard community values is encouraged as the Project proceeds. The ICRP considers the complete development of the Project and describes expected closure activities at the end of the Project Life. As planned final closure is decades away, the ICRP is thus a conceptual benchmark for the intended reclamation and closure activities associated with all components of the Project. The ICRP will be updated as required throughout the life of the Project.

The ICRP is subject to QIA approval as set out in the Commercial Lease, including adaptive management elements.

3.1.3 BORROW PIT AND QUARRY MANAGEMENT PLAN

The Borrow Pit and Quarry Management Plan identifies the objectives and measures to maintain and enhance environmental performance of the quarries while avoiding to the extent practical, remedying, and mitigating any potential adverse environmental effects associated with quarrying. In accordance with the terms and conditions of Baffinland's Type A Water License, a site-specific management plan will be developed and submitted for approval for each quarry and borrow pit required for the construction and

maintenance of infrastructure. The goal of the Borrow Pit and Quarry Management Plan is to provide regulators with a selection of quarry operations necessary for the Mary River Project.

The Borrow Pit and Quarry Management Plan is subject to QIA approval, including adaptive management elements.

3.1.4 EXPLOSIVES MANAGEMENT PLAN

In supporting the overall Project development, the use of explosives will be required to produce construction aggregates and during ore mining. The use of bulk and pre-packaged emulsion explosives will be used based on the expected site conditions. The purpose of the Explosives Management Plan is to outline the systems, procedures and best practices that will minimize environmental impacts, specifically impacts to water quality and wildlife during the period where blasting operations are conducted.

3.2 WATER USE AND MANAGEMENT

3.2.1 FRESH WATER SUPPLY, SEWAGE AND WASTEWATER MANAGEMENT PLAN

The Fresh Water Supply, Sewage and Wastewater Management Plan describes the plan to manage the fresh water supply and wastewater for the various camp sites to be developed for the Project during the Project's construction and operation phases. Specifically, this plan focuses on freshwater supply and wastewater treatment and disposal at Milne Port, the Mine Site, Steensby Port, and various rail camps.

3.2.2 SNOW MANAGEMENT PLAN

The Snow Management Plan provides specific procedures to effectively manage snow accumulation around the Project area in a manner that minimizes risk to site personnel while ensuring compliance with Baffinland's Type A Water License Amendment No. 1, July 21, 2015 and EPP. It is critical to maintain the safety and wellbeing of site personnel as well as protection of the environment and compliance with conditions of permits and regulations. Baffinland recognizes that there are safety risks associated with snow accumulation around the Mary River Mine Site, Milne Port as well as along the Tote Road (Project Area) and therefore, effective snow management is imperative.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.2.3 AQUATICS EFFECTS MONITORING PLAN

The Aquatic Effects Monitoring Plan describes how monitoring of the aquatic environment will be undertaken at the Project. The Aquatic Effects Monitoring Plan focuses on the key potential impacts to freshwater environment valued ecosystems components which are water quantity; water and sediment quality; and freshwater biota and fish habitat.

The Aquatic Effects Monitoring Plan is a monitoring program designed to:

- detect short-term and long-term effects of the Project's activities on the aquatic environment;

- evaluate the accuracy of impact predictions;
- assess the effectiveness of planned mitigation measures; and
- identify additional mitigation measures to avert or reduce unforeseen environmental effects.

The Aquatic Effects Monitoring Plan is focused on monitoring the aquatic environment in the immediate mine area to detect effects from multiple stressors (e.g., effluent discharges, dust deposition, sedimentation, streamflow reductions from diverted catchments).

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.3 WASTE MANAGEMENT

3.3.1 WASTE MANAGEMENT PLAN

The purpose of the Waste Management Plan is to identify Baffinland's framework for effective waste management. This includes identifying the roles and responsibilities of its employees and contractors as well as procedures for handling, storing and disposing of solid wastes generated at Project sites to ensure that it is conducted in a safe, efficient and environmentally compliant manner that minimizes the potential for adverse effects to the environment. This Plan identifies management for inert and non-hazardous solid wastes, construction debris, and domestic waste. This Plan also identifies the various disposal methods prescribed to waste types generated at the Project in addition to providing monitoring controls and strategies for adaptive management and continuous improvement.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.3.2 HAZARDOUS MATERIALS AND HAZARDOUS WASTE MANAGEMENT PLAN

The purpose of the Hazardous Materials and Hazardous Waste Management Plan is to identify Baffinland's framework for effective hazardous materials and hazardous waste management by providing instruction for the prevention, detection, containment, response, and mitigation of accidents that could result from handling hazardous materials. It also identifies the roles and responsibilities of its employees and contractors and as well as procedures for handling, storing, and disposing of hazardous materials and hazardous waste generated at Project sites to ensure that it is conducted in a safe, efficient, and environmentally compliant manner that minimizes the potential for adverse impacts to the environment.

3.3.3 PHASE 1 WASTE ROCK MANAGEMENT PLAN

The waste rock disposal area is located north-west of the open pit and designed for the storage of waste rock from Deposit No. 1 in perpetuity. The first iteration of the Phase 1 Waste Rock Management Plan was meant to cover the first four years of operation (2015-2019); however, unexpected conditions relating to the acid generating potential of waste rock required immediate revisions. The Phase 1 Waste Rock Management Plan is currently being updated and will extend its application to 2020.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.3.4 INTERIM WASTE ROCK MANAGEMENT PLAN

The Interim Waste Rock Management Plan was developed in 2018 to manage unexpected conditions encountered in 2017 and direct the deposition of waste rock in 2018 and winter of 2019. This interim plan considers waste rock quantities and nature of the materials generated (potentially acid generating and non-acid generating) from February 2018 to April 2019. This interim plan focuses on actions to help freeze the waste rock stockpile in place, limit acid generation, and limit release of acidic water. This plan may be considered a Response Plan in the Adaptive Management Framework.

3.3.5 LIFE OF MINE WASTE ROCK MANAGEMENT PLAN

The Life of Mine Waste Rock Management Plan was developed because waste rock and ore will require environmentally acceptable management, storage locations and practices. These materials have been characterized and grouped based on geochemical static and kinetic test work. Environmental management plans are developed for each material group based on projected chemical reactivity and physical properties to ensure long-term environmentally acceptable storage. The Life of Mine Waste Rock Management Plan addresses the issues of siting, deposition of the waste rock, inspection, potential release of contaminants to the receiving environment, geotechnical stability, as well as closure considerations. As additional geochemical, geotechnical, and geological data are collected, and detailed engineering is completed, the management plan will be further optimized using an approach that protects the environment and Inuit land use while operating in a cost-effective manner. Baffinland's Waste Rock Management Plan satisfies the requirements of the Mine Site Reclamation Policy for Nunavut (INAC 2002).

3.3.6 LANDFILL MAINTENANCE AND OPERATIONS MANUAL

The purpose of the Landfill Maintenance and Operation Manual is to ensure that non-hazardous solid wastes are disposed of in compliance with all environmental permits, licences, and authorizations, and in an efficient and safe manner. The procedures in this manual applies to the handling, storage and disposal of all non-hazardous solid industrial waste at the Mine Site Landfill. This procedure does not apply to hazardous and liquid industrial wastes, hauled sewage or domestic waste. Baffinland's Waste Sorting Guidelines differentiates landfill waste from non-hazardous putrescible wastes and hazardous wastes.

3.4 HEALTH, SAFETY, EMERGENCY RESPONSE AND CONTINGENCY

3.4.1 HEALTH AND SAFETY MANAGEMENT PLAN

Baffinland's Health and Safety Management Plan is in place to control health and safety risks of company activities in order to protect the safety and health of their employees and contractors, and the communities in which they operate. The plan includes hazards identification to document ongoing identification of hazards and classification of risks for routine and non-routine events associated with activities, occupations, and facilities for all phases of the Project. It also includes health and safety targets and objectives, roles and responsibilities, training and reporting and documentation, emergency

preparedness and response and performance measurement and monitoring. The plan also discusses the written operational controls for handling and investigating potential accidents, incidents, and non-conformance.

3.4.2 EMERGENCY RESPONSE PLAN

The Emergency Response Plan identifies potential environmental, health and safety emergencies that could arise during the construction and operation phases of the Project. This plan establishes the framework for responding to these situations and applies to all aspects of the operation. The Emergency Response Plan also defines Baffinland's organizational roles and responsibilities, internal and external contact information, training, resources, and reporting requirements, to which all Project personnel are directed.

3.4.3 SPILL CONTINGENCY PLAN

The purpose of the Spill Contingency Plan is to identify the potential for an accidental release (i.e., spill) of a hazardous material to the environment (i.e., land, ice, or fresh water) throughout the lifecycle of the Project. This plan provides spill scenarios and identifies protocols for their prevention, response to, and recovery.

3.4.4 OIL POLLUTION EMERGENCY PLAN – MILNE INLET

The Oil Pollution Emergency Plan (OPEP) was developed to specifically assist in implementing measures to protect the marine environment and minimize impacts from potential spill events. The Plan outlines potential spill scenarios and provides specific procedures for responding to spills while minimizing potential health and safety hazards, environmental damage, and clean-up costs. The OPEP provides instructions to guide all personnel in emergency spill response situations, defines the roles and responsibilities of management and responders and outlines the measures taken to prevent spills, the related exercise and evaluation program, and the mechanism for regular updates to the plan.

3.4.5 RAILWAY EMERGENCY RESPONSE PLAN

The Railway Emergency Response Plan provides procedures to be carried out in the event of an emergency related to railway operation, specifically in the event of a train accident or derailment, the spill of a hazardous material or in the case of an earthquake. The plan also includes a copy of an accident report form that the dispatcher would complete in the event of a train accident or derailment.

3.4.6 POLAR BEAR SAFETY PLAN

Polar bear encounters at the Project pose an immediate threat to life, health, safety, environment and property and therefore, the Polar Bear Safety Plan provides procedures to be followed in the case of an encounter. The plan also provides information on polar bears behaviour, and elements to incorporate into Project operation to minimize the impacts of activities on polar bears and to reduce risks to people.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.4.7 SPILL AT SEA RESPONSE PLAN

The Spill at Sea Response Plan (SSRP) provides guidance on the actions and reporting requirements during a fuel spill from Baffinland's shipping operations. The SSRP offers guidance on the necessary actions to prevent and/or minimize accidental discharge of fuel and to mitigate any negative effects. Specifically, it supplies Baffinland's Mine Rescue Teams and Emergency Management Teams with the tactical and strategic response strategies, main procedures and information required during a fuel spill response. The SSRP covers the following vessel operations in the Nunavut region off Baffin Island:

- Shipping Operations: Fuel spills arising from the transit of vessels along the Northern Shipping Route, within Nunavut waters.
- Ship to Ship hydrocarbon transfers: Fuel spill arising from the transfer of fuel from ship to ship.
- Milne Port: Fuel spills arising from activities associated with vessel movements in proximity of the Port.

3.4.8 METAL AND DIAMOND MINING EFFLUENT REGULATIONS EMERGENCY RESPONSE PLAN

The Metal and Diamond Mining Effluent Regulations (MDMER) Emergency Response Plan provides a guide for preventing and controlling the release of water outside of the normal course of events for the waste rock stockpile pond and Crusher Ore Stockpile Pond operations and has been prepared in accordance with MDMER. This plan and is to be used in conjunction with Baffinland's Emergency Response Plan and the Spill Contingency Plan.

3.5 BIOPHYSICAL AND ATMOSPHERIC ENVIRONMENT

3.5.1 SURFACE WATER AND AQUATIC ECOSYSTEMS MANAGEMENT PLAN

The purpose of the Surface Water and Aquatic Ecosystems Management Plan is to describe the processes and procedures through which Project activities and infrastructure influence the quality and quantity of surrounding waters throughout the lifecycle of the Project. Such processes and procedures include best management practices implemented to limit the potential for adverse impacts to receiving waters, aquatic ecosystems, fish and fish habitat. This plan details the systems in place to mitigate and manage drainage and runoff at Project facilities, address point and non-point discharges to surface waters, and assess those discharges on water quality and quantity relative to their receiving water systems.

The Surface Water and Aquatic Ecosystems Management Plan identifies Project roles and responsibilities, specific requirements, and mitigation and management actions for erosion and sedimentation controls which include methods for controlling erosion pertaining to both temporary and long-term stabilization efforts.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.5.2 TERRESTRIAL ENVIRONMENT MITIGATION AND MONITORING PLAN

The Terrestrial Environment Mitigation and Monitoring Plan (TEMMP) describes mitigation and monitoring actions Baffinland uses so the Project does not create undue or unanticipated harm to the terrestrial environment. The TEMMP provides guidance to protect and limit disturbances to vegetation, birds, and terrestrial wildlife from Project activities. The TEMMP is a “living” document and is revised regularly as new information becomes available, methods are developed, or management issues become apparent and need to be addressed. Further details will continue to be developed in continued discussion with the management agencies, QIA, community HTOs, the Terrestrial Environment Working Group (TEWG) and other involved parties.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.5.3 SHIPPING AND MARINE WILDLIFE MANAGEMENT PLAN

The Shipping and Marine Wildlife Management Plan (SMWMP) has been developed to:

- address the issues of concern to Inuit with respect to shipping;
- establish rules and procedures applicable to open water and winter shipping during the construction, operational and decommissioning phases of the Project; and
- provide for Inuit involvement in the planning, environmental management and decision-making processes related to shipping.

Specifically, the SMWMP:

- describes the means whereby Baffinland ships construction materials and equipment to the site, and exports iron ore from Milne and Steensby Port;
- describes the management of the shipping operation, including the specification and procedure in place for charter and operation of suitable vessels to export iron ore on a seasonal basis;
- addresses the management, routing, and operation of ships and describes how the vessels will navigate through and in the vicinity of ice; and
- describes the monitoring and mitigation measures, and adaptive management procedures to be employed in addressing concerns related to marine wildlife, including marine mammals, fish, and seabirds.
- QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.5.4 MARINE MONITORING PLAN

The Marine Monitoring Plan (MMP; formerly called the Marine Environment Effects Monitoring Plan) describes how monitoring of the marine environment will be undertaken at the Project level. The MMP focuses on key potential Project-related effects on identified valued ecosystems components for the

marine environment, which include marine water quality; marine sediment quality, marine habitat, and biota (marine fish habitat and Arctic char health), and marine mammals.

The MMP is a monitoring program designed to:

- Address regulatory requirements related to the marine environment, especially those listed in NIRB Project Certificate No. 005.
- Coordinate all aspects of project-related marine monitoring.
- Detect short-term and long-term effects of the Project's activities on the marine environment resulting from the Project.
- Evaluate the accuracy of impact predictions.
- Assess the effectiveness of planned mitigation measures.
- Identify additional mitigation measures to avert or reduce unforeseen environmental effects.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.5.5 AIR QUALITY AND NOISE ABATEMENT MANAGEMENT PLAN

The Air Quality and Noise Abatement Management Plan provides guidance on the management of air emissions and noise from construction and operation activities. The plan includes action to control airborne particulates and noise hazards. It also defines actions to mitigate, prevent, or avoid to the extent practical noise nuisance to site personnel and nearby populations. The plan addresses greenhouse gas emissions and includes an assessment of emissions from the complete lifecycle of the Project, aimed at improving management of energy and greenhouse gas emissions, building emissions abatement and energy saving considerations into the business decision-making processes.

The plan also includes monitoring of air quality, including:

- Compliance inspections
- Gaseous criteria air contaminant monitoring
- Dustfall monitoring
- Particulate matter monitoring
- Incinerator emission testing

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.6 SOCIO-ECONOMIC

3.6.1 SOCIO-ECONOMIC MONITORING PLAN

The Socio-Economic Monitoring Plan addresses existing socio-economic monitoring requirements for the Project in addition to those associated with (and anticipated for) the Phase 2 Proposal. The plan describes how the monitoring of socio-economic issues identified in the FEIS, FEIS Addendums and Project Certificate will occur. Monitoring results will be reviewed on a regular basis by Baffinland and relevant stakeholders, and a process has been developed for the adaptive management of performance issues that are identified. The plan addresses all Valued Socio-economic Components assessed in the FEIS and supports comprehensive socio-economic monitoring for the Project.

In consideration of the above, this Plan will assist Baffinland in meeting the following objectives:

- Evaluate the accuracy of selected socio-economic effect predictions presented in the FEIS and identify any unanticipated effects.
- Identify areas where Baffinland's existing socio-economic mitigation and management programs may not be functioning as anticipated.
- Assist regulatory and other agencies in evaluating Baffinland's compliance with socio-economic monitoring requirements for the Project.
- Support adaptive management, by identifying potential areas for improvement in socio-economic monitoring and performance, where appropriate.

In the event that socio-economic concerns are identified through monitoring, Baffinland may:

- Describe these issues in its annual report.
- Describe how these issues will be addressed or investigated further, if appropriate, in its annual report.
- Consult with relevant stakeholders (e.g., SEMWG, QSEMC, NIRB), if appropriate, on these issues and consider their feedback in any plans being developed.
- Report on the success of any actions taken in subsequent annual reports and/or adjust plans as necessary.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.6.2 COMMUNITY AND STAKEHOLDER ENGAGEMENT PLAN

Baffinland's approach to Inuit community and stakeholder engagement emphasizes the importance of informing Inuit community and stakeholders, establishing effective communication strategies, and collecting feedback from them on potential issues and concerns. This approach has informed the development and implementation of the Stakeholder Engagement Plan for the Project, which is intended to outline a systematic program for effective communication. It is a best practice standard and a

cornerstone of corporate responsibility. The Stakeholder Engagement Plan is a living document and is reviewed and updated as needed.

3.6.3 HUMAN RESOURCES MANAGEMENT PLAN

Baffinland's Human Resources Management Plan ensures that the needs of Baffinland personnel are addressed throughout the life of the Mary River Project (the Project). The plan consists of the following elements:

- human resources management principles and policies;
- organizational planning;
- human resource information systems;
- employee communications;
- recruitment programs;
- training and development;
- medical program;
- employee relations;
- compensation plans;
- benefit programs;
- health and safety programs; and
- incorporation of relevant Inuit Impact and Benefits Agreement (IIBA) terms and conditions.

3.6.4 CULTURAL HERITAGE RESOURCE PROTECTION PLAN

The Cultural Heritage Resource Protection Plan has been developed to support the construction, operation and closure of the Project considering that Archaeological resources are non-renewable, finite resources and are of value not only to local communities, but to the territory of Nunavut, Canada, and to the entire world and the North Baffin Region and the Project area have a very rich archaeological history. The Cultural Heritage Resource Protection Plan describes the processes by which ground disturbing activities can be carried out with appropriate assessments by Project archaeologists and identifies procedures for addressing chance finds of archaeological resources during construction activities.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.6.5 INUIT HUMAN RESOURCES STRATEGY PROCEDURE

The Inuit Human Resources Strategy Procedure outlines the proposed Inuit Human Resources Strategy. Its purpose is to describe the underlying values, goals and high-level initiatives that Baffinland, in

cooperation with the QIA, will undertake to implement the provisions of the IIBA relating to employment, education and training in respect of Inuit.

The Inuit Human Resources Strategy Procedure is subject to QIA approval; QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.6.6 INUIT PROCUREMENT AND CONTRACTING STRATEGY

The Inuit Procurement and Contracting Strategy describes the methodologies through which Inuit Firms participate in the Project. It outlines the specific objectives and associated targets with respect to Inuit participation in procurement and contracting opportunities. Ensuring Inuit access to business and employment opportunities at the Project is a key component of successful Project and IIBA implementation, meeting the Project's commitment to conferring a benefit to Inuit.

The Inuit Procurement and Contracting Strategy is subject to QIA approval; QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.7 TRANSPORTATION

3.7.1 ROADS MANAGEMENT PLAN

The Roads Management Plan (RMP) outlines measures for the protection of people, wildlife and the environment by establishing the proper management of Project roads in recognition of applicable best practices, permits, authorizations, approvals and Inuit Knowledge. The purpose of the RMP is to provide controls for a safe and efficient road network for use by the Project and to set out the responsibilities, policies and procedures adopted by the Project to achieve project objectives.

The RMP applies to the entire Mary River Project road network including service roads around Milne Port facilities, the road between Milne Port and Mine Site (the "Tote Road") and service roads around the Mine Site facilities, including the mine haul and waste rock haul roads.

The RMP provides a practical way to facilitate field implementation of safety, operational, or environmental related regulations, practices, and procedures required to eliminate or reduce potential risks. The plan is a working document for use in the workplace by Project personnel and Contractors, as well as at the corporate level for ensuring commitments made in policy statements are implemented and monitored.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.7.2 RAILWAY OPERATION AND MAINTENANCE PLAN

The Railway Operation and Management Plan includes procedures and guidance for operations of the railway, including rolling stock management, safety measures, worker training, and emergency response procedures.

Before operations start, the railway will have a fully developed set of operating rules and standard procedures for inspection and maintenance of both rolling stock and infrastructure. These will be documented, and copies of the rules and procedures will be provided to pertinent employees and hard copies provided for reference purposes at both the Mary River terminal and the maintenance and operating centre at Steensby. All employees will be briefed on the rules and procedures before operations start.

QIA will jointly approve with Baffinland adaptive management objectives, indicators, thresholds and responses listed in this Plan.

3.8 INUIT STEWARDSHIP

3.8.1 INUIT STEWARDSHIP PLAN (QIA ADMINISTERED)

Nothing is of higher importance to Inuit than the ability to conduct independent, proactive monitoring of the Project for the purpose of mitigating adverse impacts and enhancing beneficial outcomes in a manner that captures the direct experiences of Inuit in impacted communities. The Inuit Stewardship Plan (ISP) is a Project monitoring and management plan authored and administered by QIA, with input from the Inuit Committee and the Inuit Social Oversight Committee for the Mary River Project (the Project), impacted communities, and Baffinland, resourced by Baffinland, and implemented by Inuit.

Inuit and Inuit institutions responsibly manage Inuit monitoring interests in the Project. The ISP details the ways Inuit will monitor the Project over the life of the mine. The ISP describes how Inuit monitoring activities tie into the adaptive management system and other management, mitigation, and monitoring plans, and how Inuit monitoring relates to the protection and promotion of Inuit rights defined under the Nunavut Agreement and described under legal agreements with Baffinland related to management and stewardship of Inuit owned lands and resources. The concept of community-based monitoring will be an integral pillar of the ISP.

The ISP is constructed around two separate but linked streams:

- Culture, Resources and Land Use (CRLU) Stream – Issues and monitoring activities related to Inuit use of the land and harvesting, conducted through a Culture, Resources and Land Use Monitoring Program and overseen by the Inuit Committee; and
- Social Stream – Issues and monitoring activities related to changes in community life, conducted through a Community Action Research Team (CART) and overseen by the Inuit Social Oversight Committee (ISOC). A focal point but not the entirety of the social stream will be Inuit food sources, food security, and food sharing.

Each stream requires unique oversight, monitoring and information management systems. This does not mean that “on the land” and “in the communities” issues do not interact. For example, food security is intrinsically associated with harvesting ability and success, distribution systems, transmission of cultural knowledge, and local infrastructure to support food harvesting and processing. The two streams of the

ISP naturally converse with one another to inform Inuit research, monitoring, recommendations and decisions.

The Inuit Committee and the Inuit Social Oversight Committee, as well as QIA, contribute to the development and refinement as needed over time, of Inuit adaptive management plan objectives, indicators, thresholds and responses.

Inuit-led monitoring comes in four primary forms:

1. Inuit stewards (Nauttiqsuqtiit) working directly in the Culture, Resource and Land Use Monitoring Program;
2. QIA's on-site Mary River Project monitors;
3. Community-based socio-economic monitoring associated with the Inuit Stewardship Plan; and
4. Community-based monitoring programs supported by Baffinland.

In addition to on-territory monitoring, the CRLU Monitoring Program includes collection of land use and IQ data from Inuit on an intermittent basis, including an extensive update of this database at intervals of no longer than three years. The ISP has communication ties into the impacted Inuit communities that allow it to be sensitive to community observations of change that may require investigation.

3.9 ADDITIONAL BAFFINLAND COMMITMENTS

Baffinland has also committed to a distinct set of monitoring requirements for Phase 2, which may form separate and distinct plans, or be integrated into existing ones. These monitoring requirements will contribute to adaptive management and include, but are not limited to:

- The IQ-based Water Quality Monitoring Program (tied to Water Compensation Agreement)
- Culturally Important Plant Monitoring
- Local Caribou Monitoring for the North Transportation Route
- Risk Communication Program/Strategy

QIA will jointly approve with Baffinland adaptive management actions related to these plans and programs.

4 REPORTING

Environmental management and monitoring plans will be updated as appropriate and necessary (e.g., when circumstances change) as outlined in each plan. The various monitoring programs generate annual reports and the Management Plans produce reports according to their individual schedules; the results of both will feed into the Adaptive Management Response Framework.

The outcomes of the adaptive management process (e.g., new or modified strategies and mitigations) will be reported in a stand alone annual report. The content of such a report will include at a minimum the following:

- a summary of all new monitoring, mitigation and adaptive management measures and actions taken over the previous Year to mitigate, reduce or eliminate any variations or unanticipated negative impacts.
- a discussion on the timing of such actions and whether further steps are needed and how QIA's input was incorporated into the measures and actions taken.
- a description of what steps BIM took to incorporate IQ in all monitoring, mitigation and adaptive management measures.
- A "Concordance Table" for all references to other reports submitted to the NIRB, the NWB or other regulators to describe monitoring, mitigation and adaptive management measures taken during the past Year or any other instance when a reference is required

Current Baffinland-written annual reports of existing management and monitoring plans include the following:

- IIBA Annual report
- NIRB Annual Report
- QIA and NWB Annual Report for Operations
- Annual Project Review Forum Report
- Terrestrial Environment Annual Monitoring Report
 - Dust fall monitoring program
 - Vegetation abundance monitoring
 - Rare plant observations (incidental findings)
 - Helicopter flight height analysis
 - Snow track surveys
 - Snow bank height monitoring
 - Height of land caribou surveys
 - Pre-clearing nest surveys
 - Cliff nesting raptor occupancy and productivity surveys

- Fish Habitat Monitoring Report
 - Construction and Turbidity Monitoring
 - Water Quality Monitoring of Baseline Fisheries Culverts
 - Fish Use Assessments at Select Crossings and Compensation Sites.
- Lake Sedimentation Monitoring Report
 - Monitoring of mine area waterbodies form fugitive dust deposition and surface runoff
- Core Receiving Environment Monitoring Program Report
 - Aquatic Effects Monitoring Plan reporting
- ECCC MDMER Annual Report
 - Effluent and water quality monitoring
- Fish Offset Monitoring Report
 - Milne Ore Dock (Authorization 14-HCAA-00525)
 - Ambient Air Quality Monitoring
- Annual Socio-economic Monitoring Report
- Annual Archaeology Status Report

In addition to Baffinland-written reports, the Inuit Stewardship Plan will see Inuit-developed Annual Monitoring Reports, administered by QIA, including for, at minimum:

- The Culture, Resources and Land Use Monitoring “stream”
- The Social Monitoring “stream”

5 REFERENCES

NIRB (Nunavut Impact Review Board). 2015. Guidelines for the Preparation of an Environmental Impact Statement for Baffinland Iron Mines Corporation’s Mary River Project (NIRB File No. 08MN053) Information Sharing Schedule

Appendix A – Information Sharing Schedule

Information Sharing Activity	Description	Annual Schedule	Key Organization								
			Nunavut Impact Review Board (NIRB)	Nunavut Water Board (NWB)	QIA	Regulatory Authorities	Working Group	Technical Experts	MHTOs	Hamlets	Inuit Committees ²
Annual Monitoring Program Reports - Draft	Draft report – Results from annual monitoring program for terrestrial and marine monitoring efforts	February 15	✓		✓	✓	✓	✓	✓		
Annual Monitoring Program Reports - Final	Final report – Results from annual monitoring program for terrestrial and marine monitoring efforts. Incorporates feedback received from Working Groups on the draft report	March 31	✓	✓	✓	✓	✓	✓	✓	✓	✓
NIRB/NWB Annual Reports	Summarizes annual operational activities, monitoring programs and compliance with regulatory permits	March 31	✓	✓	✓	✓	✓	✓	✓	✓	
Topic Specific Meetings – Shipping etc.	Face-to-face meetings held with MHTO, Hamlets and QIA Representatives to discuss specific issues and concerns and/or key components of Project operations	End and beginning of shipping season, As needed			✓				✓	✓	✓

² The Inuit Committee and/or the Inuit Social Oversight Committee for the Project, as per the Inuit Stewardship Plan. Both institutions are in the development phase, and specific information sharing procedures and schedules would be developed as part of its terms of reference

Information Sharing Activity	Description	Annual Schedule	Key Organization									
			Nunavut Impact Review Board (NIRB)	Nunavut Water Board (NWB)	QIA	Regulatory Authorities	Working Group	Technical Experts	MHTOs	Hamlets	Inuit Committees ²	
CRLU Monitoring (Inuit-led)	Regularly scheduled IQ collection to support ongoing adaptive management	Annual; additional communication on an as needed basis			✓			✓		✓	✓	Note: Inuit reporting goes to Baffinland as well
Social Monitoring under ISP (Inuit-led)	Regularly scheduled community-level data collection to support ongoing adaptive management	Annual; additional communication on an as needed basis			✓			✓		✓	✓	Note: Inuit reporting goes to Baffinland as well
Qikiqtaaluk Socio-Economic Monitoring Committee Meetings and Report	Government of Nunavut coordinated meetings that bring together Hamlet mayors, QIA, government, and mining Proponents annually to discuss general socio-economic trends	Annual	✓		✓	✓	✓	✓		✓	✓	
Notes:												
1. Marine Environment Working Group, Terrestrial Environment Working Group, Mary River Socio-Economic Working Group												

Appendix B

Adaptive Management Checklist Template

Appendix B – Adaptive Management Checklist Template

Adaptive Management Phases	Components	Questions to Guide Decision-Making	Status of Management Plan (i.e., complete, in progress, undergoing revisions)	Status of QIA and Baffinland Approval
Plan	Objectives	Are objectives clear and key desired outcomes defined? Do they include Inuit objectives?		
	Indicators	Are performance indicators adequately identified? Do they include Inuit indicators?		
	Identification of Thresholds	Are thresholds for specific responses identified (e.g., early warning triggers, action levels, quantitative metrics or qualitative descriptions)?		
	IQ Integration / Influence	Are mechanisms for IQ integration/influence identified?		
Implement and Monitor	Management Strategies and Responses	Are management strategies and response options clearly identified?		
	Resourcing	Are all phases of the adaptive management cycle properly resourced (in accordance with Inuit Agreements) to be fully implemented?		
	Monitoring	Does the monitoring program provide the information needed to determine the effectiveness of management strategies and responses?		

Adaptive Management Phases	Components	Questions to Guide Decision-Making	Status of Management Plan (i.e., complete, in progress, undergoing revisions)	Status of QIA and Baffinland Approval
	Timeline for implementation	Is the possibility that rapid response may be necessary, taken into account in the implementation plan/process?		
Evaluate and Learn	Review Data and Feedback	Is the process for reviewing and evaluating management effectiveness (based on monitoring data and feedback) articulated?		
	Additional Mitigation	Are mechanisms for determining the need for additional mitigation described?		
	Input of IQ Holders	Are opportunities identified for IQ holders to review results and provide input into adaptive management responses / mitigations?		
Adjust	Unanticipated Effects or Issues	Is it apparent how unanticipated effects or issues will be actioned and resolved?		
	Reporting	Are reporting mechanisms for new / revised strategies and response actions established?		
	Scheduled Updates	Is the frequency of scheduled updates to the management plan identified?		

Appendix C Adaptive Management Objectives, Indicators, Thresholds, and Responses

See page 27, section 3 - to be developed

ID 3.
SOCIAL MONITORING FRAMEWORK

3.1 Description

- 3.1.1. The current IIBA includes monitoring on employment, training, and contracting topics. All of this work focuses on improving project benefit delivery for individuals and Inuit firms. There is, however, no specific, dedicated focus on socio-economic monitoring from the perspective of communities under the IIBA. In other words, there is no agreed upon means through which parties focus effort to examine the ways and the degree to which the project is having an impact at the community level. Current socio-economic monitoring is not adequate in capturing both beneficial and adverse impacts on communities.
- 3.1.2. Indirectly, socio-economic concerns are raised through public avenues such as the Annual Project Review Forum and public meetings related to the project, but without a social monitoring focus. While the proponent participates in the regional socio-economic monitoring committee, this committee does not proactively develop, resource and execute formal socio-economic assessments of community wellbeing. Baffinland's annual reports to NIRB and under the IIBA also do not address these topics. Community meetings and the perspectives raised by Inuit to date paint a different picture of actual socio-economic changes at the community level than what is being captured by these existing mechanisms.
- 3.1.3. Baffinland will fund and work with QIA and the impacted Inuit communities to develop an enhanced, Inuit-driven, social monitoring program related to the Project. This monitoring program focused on community wellbeing will address a known monitoring gap and complement other forms of monitoring related to the project. This monitoring program will focus on community impacts related to the mine (i.e. community wellness) rather than mine-centered socio-economic monitoring (i.e. payroll, number of contracts, number of training programs run). A social monitoring program would exist as an active working area under the Inuit Stewardship Plan's Social Stream.
- 3.1.4. Enhanced Social Monitoring themes may include, but are not limited to, the following:
- (a) Language
 - (b) Hunting and Cultural Activities
 - (c) Access to Country Food
 - (d) Supporting Youth and Elders
 - (e) Quality of Life/Life Satisfaction
 - (f) Housing (adequacy, availability, affordability)
 - (g) Social Connections
 - (h) Income and Cost of Living
 - (i) Jobs
 - (j) Education and Training
 - (k) Mental and Physical Health and Access to Health Services
 - (l) Community and Individual Safety

- (m) Work-Life Balance
- (n) Balancing Wage and Subsistence Economic Activities
- (o) Household Division of Labour and Gender Equity

- 3.1.5. Baffinland and QIA will be responsible for providing socio-economic data for which they have access to. Both parties will endeavour to address socio-economic data gaps as they are identified. Within any constraints related to confidentiality, materials will be provided to – and gathered from – existing socio-economic monitoring initiatives and Baffinland, at the discretion of the Inuit Social Oversight Committee.
- 3.1.6. Based on the above topics, specific monitoring inputs would be developed and customized based on Inuit engagement. There are multiple methods that can monitor inputs and outputs to provide a better understanding of how well the Mine and/or IIBA is working to contribute to short, medium and long-term positive impacts within the communities. Existing indicators already subject to adequate data collection programs would be integrated but their collection would not be duplicated. A focus would be on community-led collection and assessment of community-specific data based upon community defined research questions. Mary River Project impacted communities will be prioritized for social monitoring outputs.
- 3.1.7. When the Social Monitoring Stream is first implemented, the impacted communities of Pond Inlet, Arctic Bay, Clyde River, Igloodik and Sanirajak will be the focus; Kinngait and Kimmirut will be added upon commencement of construction of the southern rail route and Steensby Inlet Port.
- 3.1.8. An Inuit Social Oversight Committee (ISOC) will provide oversight and direction for the social monitoring stream. A specific model for the ISOC will be defined after the signing of the Inuit Certainty Agreement, as per the scheduled identified in Section 3.2 below. Regardless of the preferred format of the ISOC, the social stream must directly involve experienced social service providers and knowledgeable community members from impacted communities.
- 3.1.9. QIA will hire staff to support the social monitoring stream and for administrative support for the ISOC. In addition, a Community Action Research Team model will be developed that allows for community members trained in social science data collection techniques to be the “boots on the ground” conducting social monitoring work in the impacted Inuit communities.

3.2 Specific Tasks Required

- 3.2.1. The following specific tasks are required of QIA:
- (a) Develop and initiate a 2020-21 Social Monitoring Framework Work Plan, including resource requirements, with the draft distributed to Baffinland for comment and resourcing confirmation.
 - (b) Engage the impacted Inuit communities as per Section 3.1.7 in the development and approval of a Community Based Social Monitoring Framework.
 - (c) Engage the impacted Inuit communities as per Section 3.1.7 in the development and approval of Terms of Reference for the Inuit Social Oversight Committee.
 - (d) Hiring of QIA staff to support the Social Monitoring Stream and the Inuit Social Oversight Committee.
 - (e) Work with the impacted Inuit communities to appoint members to the Inuit Social Oversight Committee, and select a Chair and Vice-Chair for the committee.

- (f) Develop the overall structure of, and first annual work plan for the Social Monitoring Stream, including for the ISOC and Community Action Research Team.
- (g) Hire and training a Community Action Research Team, during the 2021-22 fiscal year.
- (h) Implement first year of social monitoring stream, with reporting to the impacted Inuit Communities and Baffinland.

3.2.2. The following specific tasks are required of Baffinland:

- (a) Providing funds for the development and operation of the Social Monitoring Stream as per the 2020-21 Work Plan.
- (b) Review and provisions of funds in support of all subsequent annual work plans, starting with the 2021-22 Social Monitoring Stream Work Plan.
- (c) Provide data and engage in information sharing and project monitoring as requested, on an ongoing basis.
- (d) Engage in the operation of the Inuit Stewardship Plan and Adaptive Management Plan as it relates to data and reporting generated by the Social Monitoring Stream, on an ongoing basis.

3.3 Resourcing Implications

3.3.1. Baffinland is responsible for resourcing the development and operation of the Social Monitoring Stream of the Inuit Stewardship Plan. A phased resourcing schedule will be implemented. The first phase of resources will be required immediately by QIA following the signing of the ICA, which will support development of the Social Monitoring Stream. Payment plans for QIA resources required to be agreed to by the parties under the Inuit Certainty Agreement, unless otherwise identified under Schedule 28 and 31.

3.4 Legal Agreement Amendments

3.4.1. The IIBA will be updated to include the concepts and commitments made to create, operate, report upon and fund the Social Monitoring Stream of the Inuit Certainty Agreement. This shall occur in the same section of the IIBA that addresses the Inuit Stewardship Plan.

3.4.2. The Social Monitoring Stream will require the parties to revisit the basis from which the parties agree to consider the FEIS Addendum and project impact monitoring under the IIBA. This entails coming to agreement on a number of topics:

- (a) Agreement that the FEIS is not the exclusive source of information guiding project monitoring and mitigation. This necessitates redrafting IIBA Article 15. Emphasis will be placed on first amending Article 15.1, 15.2, 15.3, 15.6, and 15.7, and 15.9 followed by the remainder of the Article.
- (b) Agreement upon how the Social Monitoring Stream relates to the Adaptive Management Plan.

3.4.3. The parties will develop and agree upon proposed IIBA amendments to enact items agreed upon in this schedule.

3.5 Timeline to Fully Implement Change

- 3.5.1. The timelines for tasks listed will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

3.6 Relationship to Other Components

- 3.6.1. The enhanced Social Monitoring Stream would be included as a component of the Inuit Stewardship Plan. Socio-economic data and reporting would inform the application of the Adaptive Management Plan; social monitoring results would link to defined thresholds/triggers and associated actions under the Adaptive Management Plans, including project specific response actions and additional monitoring requirements.

ID 4.
CULTURE, RESOURCES AND LAND USE MONITORING

4.1 Description

- 4.1.1. Inuit, including the impacted communities and QIA, have increasingly indicated both that culture, resources and land use (CRLU) impacts are not being properly identified or dealt with through existing Mary River Project monitoring and management, and that Inuit are best suited to this work.
- 4.1.2. A critical part of the Inuit Stewardship Plan is the CRLU Stream. This includes an Inuit-led CRLU Monitoring Program, overseen by an independent Inuit Committee. The CRLU Stream will be responsible for issues and monitoring activities related to Inuit use of the land and harvesting, and how they are altered by Project-related activities.
- 4.1.3. The CRLU Stream will see three types of primary inputs: 1. Inputs from dedicated Mary River Project Nauttigsuqtiit; 2. Inputs from QIA on-site Inuit monitors; and 3. Inputs from community members and existing Baffinland funded community-based monitoring programs. Inputs from other technical and IQ sources will also be integrated. All of these inputs will be part of the Project-specific and Inuit-led CRLU Monitoring Program, which will be administrated by QIA and overseen by an Inuit Committee.
- 4.1.4. For greater clarity, the CRLU Monitoring Program should be understood as being designed not to replace existing monitoring plans mandated by the IIBA or NIRB, but rather to complement them and provide an enhanced avenue for integration of Inuit community input and IQ into the collection of data related to the gauging of Project effects. The CRLU Monitoring Program will be an added layer of protection for Inuit and surety for Inuit about avoidance, management and compensation for Project-related effects. Existing Baffinland supported community-based monitoring initiatives will continue and also feed into this overall data collection and analysis system for the Mary River Project consistent with section 4.1.3 of schedule 1 of this Inuit Certainty Agreement. Inuit may be more comfortable feeding information into this Inuit-led system, the results of which will come back to Baffinland through CRLU Monitoring reports and through the relationship between QIA and Baffinland in the implementation of the adaptive management plans.
- 4.1.5. The CRLU Monitoring Program would closely involve the impacted Inuit communities, from which monitors will be drawn. The monitoring program would involve teams of part-time to full-time monitors who would be knowledgeable and skilled local harvesters and land users (like is done by Arctic Bay's Nauttigsuqtiit Program), possibly with the addition of equipment storage and monitoring bases. Monitoring stations already required but not developed under Article 13 of the IIBA would be built to support these activities. Drawing expertise and staff from local communities it would act to support existing local monitoring programs and add an important layer where Inuit no longer just identify things like Early Warning Indicators – Inuit will be critical Early Warning Indicators for the Project.
- 4.1.6. The CRLU Monitoring Program will collect data related to the health and abundance of wildlife and the land and waters and the ability of Inuit to continue to live in harmony with the land, among other things important to Inuit. Inuit observations and knowledge, rather than solely scientific measurements, will be used to assess the impacts of Baffinland or other activities on the land. These could include water quality, vegetation quality, dust deposition, fish population health, caribou behaviour, narwhal behaviour and movement patterns, impacts to Inuit peaceful enjoyment of the land, and the relative success of reclamation efforts/programs, to name some examples. The CRLU Monitoring Program will also collect information on Inuit land and resource use in the Project affected areas in order to continue to update this body of knowledge and track impacts on how Inuit can use Project-affected areas.

- 4.1.7. The CRLU Monitoring Program will in no way replace Baffinland's existing regulatory monitoring responsibilities; rather it will complement and enhance the existing monitoring and management system. Inuit observations will allow the collection of different data than currently collected by Baffinland, and offer insights into potential impacts on Inuit land use. For example, BIMC data collection related to dust is focused on technical deposition and in-air particulate data, but Inuit observation data could include observations of changes in the colour of snow, dust on animals, visual, tactile, smell, and taste parameters. The CRLU Monitoring Program will have Inuit out on the ground with a written data collection protocol for rigour, but using their IQ-informed knowledge of what is natural and good, to inform their reporting (in the case of our dust example) on how wide an area is impacted by dust, and whether this is impactful on their ability and willingness to use and/or harvest from that area.
- 4.1.8. The CRLU Monitoring Program will be designed in a way that investigations will make all reasonable efforts to identify the contribution of project effects versus those from other external influences it is important to apply adaptive management in a proactive and precautionary fashion applying the Precautionary Principle (as defined in Schedule 2). This means that adaptive management will be applied appropriately even when it is not possible to determine with complete certainty the degree of impact the Project is contributing to the total effect observed. This Valued Component protection-centred approach is critical to maintaining the values Inuit have in the Project-affected area.
- 4.1.9. The Inuit Committee for the Mary River Project will provide oversight and direction for the CRLU Stream. The Inuit Committee members will be chosen by the impacted Inuit communities, and comprised of community land users and IQ holders who have high levels of IQ and experience on the land. A Terms of Reference for this Inuit Committee will be developed by QIA and the impacted Inuit communities, and shared with Baffinland.
- 4.1.10. Monitoring locations and key topics will be chosen through engagement with the Inuit Committee. Community members, hunter and community observations, and QIA and BIMC inputs will inform prioritization of subject matters and locations. The Inuit Committee will be responsible for development of annual workplans. The CRLU Monitoring Program will gather, house, and report on, Inuit monitoring results to the Inuit communities, QIA, BIMC, NIRB and other institutions.
- 4.1.11. The CRLU Monitoring Program will be funded by BIMC, overseen by the Inuit Committee and operated by QIA.
- 4.1.12. Baffinland may request information from the CRLU Monitoring Program via requests to the QIA department head responsible for the management of the Inuit Stewardship Plan, which will be forwarded to the Inuit Committee for consideration. In addition, the Inuit Committee may request information from Baffinland through the same communication channel.

4.2 Specific Tasks Required

- 4.2.1. The following specific tasks are required of QIA:
- (a) Develop and initiate a 2020-21 CRLU Work Plan, including resource requirements, within 30 days following signing of the ICA agreement.
 - (b) Develop a CRLU Monitoring Stream Framework.
 - (c) Develop and finalize the Inuit Committee Terms of Reference.
 - (d) Work with the impacted Inuit communities to appoint members of the Inuit Committee and select a Chair and Vice-Chair; administer the first and subsequent meetings of the Inuit Committee (first to be held in first quarter of 2021).

- (e) Develop the overall structure of, and first annual work plan for, the Culture, Resources and Land Use Monitoring Program, for consideration by the Inuit Committee.
- (f) Integration of the CRLU Monitoring Program within QIA's responsible Department.
- (g) Initial hiring and training of CRLU Monitoring Program staff.
- (h) Development of CRLU Monitoring Program reporting and monitoring tools and materials.
- (i) First report back to the parties by the CRLU Monitoring Program.

4.2.2. The following specific tasks are required of Baffinland:

- (a) Providing funds for the development and operation of the CRLU Monitoring Stream as per the 2020-21 Work Plan.
- (b) Review and provision of funds in support of all subsequent annual work plans, starting with the 2021-22 CRLU Monitoring Stream Work Plan.
- (c) Provide data and engage in information sharing and project monitoring as requested, on an ongoing basis.
- (d) Engage in the operation of the Inuit Stewardship Plan and Adaptive Management Plan as it relates to data and reporting generated by the CRLU Monitoring Stream, on an ongoing basis.

4.3 Resourcing Implications

4.3.1. Baffinland is responsible for resourcing the development and operation of the CRLU Stream of the Inuit Stewardship Plan. The first phase of resources will be required immediately by QIA following the signing of the ICA, which will support development of the Social Monitoring Stream. Payment plans for QIA resources required to be agreed to by the parties as defined under the Inuit Certainty Agreement, unless otherwise identified under Schedule 28 and 31.

4.4 Legal Agreement Amendments

4.4.1. The IIBA will be updated to include the concepts and commitments made to create, operate, report upon and fund the CRLU Monitoring Stream of the Inuit Certainty Agreement. This shall occur in the same section of the IIBA that addresses the Inuit Stewardship Plan.

4.4.2. The CRLU Monitoring Program under the Inuit Stewardship Plan is one of the mechanisms parties will revisit impact predictions in the context of on-going project impact monitoring under the IIBA. This entails coming to agreement on a number of topics:

- (a) Agreement that the FEIS is not the exclusive source of information guiding project monitoring and mitigation. This necessitates redrafting IIBA Article 15. Emphasis will be placed on first amending Article 15.1, 15.2, 15.3, 15.6, and 15.7 followed by the remainder of the Article.
- (b) Agreement upon how the CRLU Monitoring will relate to compensation agreed upon by the parties, including the possibility that compensation requirements will be amended and/or increased following the results of the CRLU Monitoring. This shall be agreed upon not later than May 31st, 2020.
- (c) Agreement upon how CRLU Monitoring relates to the Adaptive Management Plan.

- 4.4.3. The parties will develop and agree upon proposed IIBA amendments to enact items agreed upon in this schedule.

4.5 Timeline to Fully Implement Change

- 4.5.1. The timelines for tasks listed will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

4.6 Relationship to Other Components

- 4.6.1. This schedule relates directly to the Inuit Stewardship Plan (schedule 1), as one of the two main “streams” of Inuit monitoring identified in that schedule. The results of work required under schedules 6 (CRLU assessment) and 7 (Pond Inlet Country Food Baseline Study) will inform the CRLU Monitoring Stream. In turn, the results of the CRLU Monitoring Program will inform the Adaptive Management Plans (schedule 2), the Wildlife Compensation Fund (schedule 5) and the Water Compensation Agreement (schedule 17).

ID 5.
WILDLIFE COMPENSATION

5.1 Description

- 5.1.1. Inuit have expressed a desire to amend Article 17 to improve the Wildlife Compensation Fund. This stems from the experiences gained through the existing compensation system, and, the experiences associated with harvesting in the project area. Amending Article 17 is a means of addressing commonly raised concerns while also establishing a clear basis to receive and respond to future wildlife compensation claims. This component of the Inuit Impact and Benefit Agreement is unique to Inuit harvesters and their rights under the Nunavut Agreement.
- 5.1.2. The following improvements will be made to support improvements to Wildlife Compensation:
- (a) The existing Wildlife Compensation Fund will remain in place to address individual events. To enhance this form of wildlife compensation Baffinland will resource a full-time QIA coordinator to administer wildlife compensation fund claims and activities. The primary goal of this new role will be to improve delivery of wildlife compensation, thereby aiding both Baffinland and QIA. This work will include examination of options to improve upon the current Wildlife Compensation Fund procedures.
 - (b) The value of the existing Wildlife Compensation Fund will remain unchanged, with a duty to replenish this fund should it be drawn down.
 - (c) A one-time payment of \$1,300,000 to the Mittimatalik Hunters and Trappers Organization (MHTO) for changes in hunting experience that Inuit from Pond Inlet have described and to address difficulties in accessing the Wildlife Compensation Fund.
 - (d) The Harvesters Enabling Program will be expanded to include an annual guaranteed amount of funding to be used at the discretion of Hunters and Trappers Organizations in impacted communities. This will be called the “Regional Harvesters Enabling Program”. This program is out of recognition that hunting practices in impacted communities will change as a result of the project. The purpose of this program is to support the development and adaptation of Inuit harvesting practices as a result of the project. This is also done out of recognition that impacts to harvesters is a lived experience which is not easily captured in formal reporting. This program is designed to allow Inuit most impacted the ability to make decisions within pre-existing structures of Hunters and Trappers Associations as to the best use of these monies. An Annual payment of \$750,000 per year will be provided by Baffinland to QIA for these purposes. QIA will work with impacted communities on how to allocate these funds.
 - (e) Existing IIBA 17.7 will be renamed the Pond Inlet Harvesters Enabling Program.
- 5.1.3. The types of funds and programs under Article 17, and the amount of resources provided for each fund and program can be adjusted on the basis of project monitoring results and thresholds under the Adaptive Management Plan and Inuit Stewardship Plan. In addition to the CRLU Assessment and the Pond Inlet Country Food Baseline, assessments will be conducted every three years to determine whether changes to compensation types and amounts should be amended as a result of project monitoring results.
- 5.1.4. Confirming how to best address changes to Article 17 of the IIBA requires the ability for QIA to meet in-person with the MHTO in Pond Inlet.

5.2 Specific Tasks Required

5.2.1. The following specific tasks are required of QIA:

- (a) Development of and agreement with Baffinland as to what should be included in the IIBA to enact agreement on these items (i.e. direction to legal council to formally amend the IIBA).
- (b) Hiring of a WCF administrator and development of operational support tools.
- (c) Discussions with Pond Inlet on how to best improve the individual claim process. Meetings to be held as and when possible based upon availability of the MHTO.
- (d) Integration of findings of the CRLU assessment and other related factors into the determination of an appropriate Wildlife Compensation. Determinations of appropriate Wildlife Compensation will include discussions and interactions with Baffinland.
- (e) Integration of findings of the Pond Inlet Country Food baseline and other related factors into the determination of an appropriate annual payments. Determinations of appropriate annual payments will include discussion with Baffinland.
- (f) Integrating the administration of the Wildlife Compensation Fund into the Inuit Stewardship Plan and the Adaptive Management Plan.
- (g) Revisit with Baffinland and revise as necessary the annual payment, within three years of the implementation of the revised Wildlife Compensation Fund, and at minimum, every three years thereafter.

5.2.2. The following specific tasks are required of Baffinland:

- (a) Development of and agreement with QIA as to what should be included in the IIBA to enact agreement on these items (i.e. direction to legal council to formally amend the IIBA).
- (b) Confirmation of additional resourcing required to implement the updated WCF.
- (c) With the certainty provided by a progressing review process, Baffinland is expected to be in a financial position to make agreed upon payments to the MHTO and QIA on the following schedule:
 - (i) Payment of \$1,300,000 to MHTO will occur according to the following schedule:
 - A. \$300,000 within 5 days of the signing of the Inuit Certainty Agreement and;
 - B. \$1,000,000 within 5 days of the completion of a Public Hearing for Phase 2.
- (d) First annual payment for the Regional Harvesters Enabling Program of \$750,000 will occur within 5 days following the issuance of a positive NIRB Recommendation Report in relation to Phase 2. This initial payment is recognized as an annual payment with respect to the 2020-21 IIBA Implementation year. This amount will be indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada. The base period for the indexation will be the month in which the Phase 2 Effective Date occurs.

- (e) Revisit with QIA and revise as necessary the annual payment, within three years of the implementation of the revised Wildlife Compensation Fund, and at minimum, every three years thereafter.

5.3 Resourcing Implications

- 5.3.1. Resources will be required following approval of the Inuit Certainty Agreement.
- 5.3.2. Payment of \$1,300,000 to MHTO according to the payment schedule listed herein.
- 5.3.3. Payment of \$750,000 for the Regional Harvesters Enabling Program to occur following the issuance of a positive NIRB Recommendation Report in relation to Phase 2 and each year subsequently thereafter.
- 5.3.4. All other costs associated with on-going implementation of the current IIBA Article 17 (i.e. IIBA 17. 7, 17. 8, 17.9).
- 5.3.5. Resources associated with hiring of a QIA - WCF administrator within 90 days of the signing of this agreement and costs associated with improvements to the existing WCF program.

5.4 Legal Agreement Amendments

- 5.4.1. The parties will develop and agree upon proposed IIBA amendments to enact items agreed upon here.
- 5.4.2. All other components of the Wildlife Compensation Article will remain unchanged. IIBA Article 17.2, 17.3, 17.4, 17.5, 17.6, 17.8, and 17.9 will remain unchanged, unless modified to better address incorporation of the items listed above.

5.5 Timeline to Fully Implement Change

- 5.5.1. The timelines for tasks listed will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.
- 5.5.2. Immediately upon signing the Inuit Certainty Agreement parties will undertake to implement the commitments listed under this schedule such that impacted communities see work on this schedule prior to the 2020 shipping season. Making these changes should be considered the highest priority in the Implementation Plan for the Inuit Certainty Agreement.
- 5.5.3. Immediate commitments will be made to execute on this schedule, should Phase 2 not be approved, Baffinland reserves the right to stop all works associated with the Inuit Certainty Agreement.

5.6 Relationship to Other Components

- 5.6.1. This project improvement relates directly to the "Inuit Stewardship Plan" (schedule 1), "Adaptive Management Plan" (schedule 2), "CRLU Monitoring" (schedule 4), "CRLU Assessment" (schedule 6), "Pond Inlet Country Food Baseline" (schedule 7).

ID 6.**PHASE 2 CULTURE, RESOURCES AND LAND USE (CRLU) ASSESSMENT****6.1 Description**

- 6.1.1. There are concerns that Baffinland's Final Environmental Impact Statement (FEIS) underestimated impacts to Culture, Resources and Land Use (CRLU) as the conclusions have been deemed by the Inuit parties to have been derived without the desired level of Inuit input. QIA and the North Baffin communities have not found Baffinland's current findings credible. Inuit are already observing changes from the Mary River Project and Phase 2 will result in more changes. QIA has determined that a new CRLU Assessment in relation to Phase 2 is required to address differences in perspectives on FEIS determinations while also providing a basis from which the project will be monitored and managed in the future.
- 6.1.2. QIA and Inuit are of the opinion that relying on the FEIS alone does not create an adequate basis from which to monitor impacts associated with the project. Inuit have therefore proposed, and Baffinland has accepted, that a Phase 2 CRLU Assessment will be conducted prior to Major Construction Activities and will form a basis from which Inuit and Baffinland will monitor and assess the adequacy of impact predictions and make decisions on adaptive management. Baffinland agrees the Phase 2 CRLU Assessment will contribute to the body of information that will be used to monitor and manage the Mary River Project.
- 6.1.3. A Phase 2 CRLU Assessment with meaningful input from Inuit helps to provide an evaluation of project impacts, integration of Inuit Qaujimagatuqangit, and better protections for QIA and community CRLU. Joint analysis of impacts to CRLU will also inform monitoring and management of impacts on CRLU.
- 6.1.4. It is agreed that one of the primary purposes of the Phase 2 CRLU Assessment is to reflect Inuit views on effects estimations and significance determinations in relation to the Phase 2 Proposal in addition to what has been presented in Technical Supporting Document 25 (TSD-25) of the Phase 2 FEIS Addendum. It is expected that this work will result in modifications and additions to mitigation, monitoring, adaptive management, and, compensation measures.
- 6.1.5. Baffinland agrees to carry out a Phase 2 CRLU Assessment, conducted jointly with QIA, and after consultation between QIA with the impacted communities. The parties' roles, methods, and resources required for the Phase 2 CRLU Assessment will be defined through discussions between Baffinland, QIA and impacted communities. For greater clarity, at minimum the level of joint engagement between the parties will include all items listed in section 6.1.17 below, recognizing the Inuit Committee may be constituted after the Phase 2 CRLU Assessment has been initiated in which case QIA will work with communities to appoint Inuit members to participate in the Phase 2 CRLU Assessment.
- 6.1.6. Subject to agreement of the Inuit members appointed to participate in the Phase 2 CRLU Assessment, the findings of the Phase 2 CRLU Assessment will inform updates to effects estimations and significance determinations, changes to the mitigation, monitoring, compensation, and adaptive management measures, to be reflected in the Adaptive Management Plan and sub-plans. Joint QIA and Baffinland approval of an Adaptive Management Plan and sub-plans will occur, consistent with ID 2 – Adaptive Management Plans Approval.
- 6.1.7. Upon completion of the Phase 2 CRLU Assessment parties will update effects estimations and significance determinations relative to what was presented in the FEIS related to CRLU and revise the final Adaptive Management Plan and sub-plans, subject to QIA and Baffinland agreement and consistent with Schedule 2 and the Adaptive Management Plan. For greater clarity, this may involve updating objectives, indicators, thresholds and response actions in the Adaptive Management Plan.

- 6.1.8. Following satisfactory integration of the findings of the Phase 2 CRLU Assessment into project management mechanisms including joint QIA and Baffinland approval of the final Adaptive Management Plan and sub-plans, QIA will inform Baffinland, in writing, that integration of the Phase 2 CRLU Assessment into the Adaptive Management Plan and sub-plans is complete.
- 6.1.9. "Major Construction Activities" are understood to include development of the railway system and related earthworks required to build the Phase 2 railway, including culvert and bridge installations, crushing and quarrying activities, subgrade drainage, bed construction and other preparatory site works related to the construction of the rail system, and placement of the rail infrastructure.
- 6.1.10. "Notice of Preliminary Development" is a notice issued by QIA to Baffinland which details the specified Milestone Tasks that have been completed and the specified Major Construction Activities associated with each Milestone Task as agreed by the parties pursuant to Section 6.2.2. As described further in Section 6.1.13, for clarity a Notice of Preliminary Development must be issued by QIA to Baffinland before the activities may proceed.
- 6.1.11. A "Conditional Notice of Preliminary Development" is understood as an interim measure intended to address circumstances where parties agree additional time and effort may be required to achieve a Milestone Task, but where it is agreed that one or more activities included in Major Construction Activities may proceed in the interim period, as explicitly specified in the Conditional Notice of Preliminary Development.
- 6.1.12. A Milestone Task is a pre-defined and identifiable point of completion associated with either the Phase 2 CRLU Assessment or the Adaptive Management Plan as defined in the Joint CRLU Assessment Work Plan.
- 6.1.13. The parties agree that one or more Major Construction Activities may proceed following the achievement of a Milestone Task as identified in the agreed upon Joint CRLU Assessment Work Plan as follows:
- (a) Upon impacted communities receiving the jointly approved Draft CRLU Assessment ("Step No. 13 under Milestone Task No. 1"), QIA will issue a "Notice of Preliminary Development" (Notice No. 1) indicating Baffinland is permitted to begin crushing and quarrying activities, and preparatory site works (establishment of temporary camps) related to the railway to commence. Notice No. 1 presumes all activities will comply with Schedule 8 of the Inuit Certainty Agreement, regulatory requirements including the Commercial Lease.
 - (b) Upon joint agreement of the Final Phase 2 CRLU Assessment Report and Work Plan ("Milestone Task No. 2"), QIA will issue a "Notice of Preliminary Development" (Notice No. 2) indicating Baffinland is permitted to begin earthworks and bridge and culvert installations related to the railway. Notice No. 2 presumes all activities will comply with Schedule 8 of the Inuit Certainty Agreement, regulatory requirements including the Commercial Lease.
 - (c) Upon joint agreement of the Final Adaptive Management Plan and related sub-plans ("Milestone Task No. 3") QIA will issue a "Notice of Major Construction" (Notice No. 3) indicating Baffinland is permitted to complete any remaining Major Construction Activities required to complete the railway. Notice No. 3 presumes all activities will comply with Schedule 8 of the Inuit Certainty Agreement, regulatory requirements including the Commercial Lease.
- 6.1.14. In the event the Milestone Task associated with a particular "Notice of Preliminary Development" is not achieved, the construction activities associated with that "Notice of Preliminary Development" shall not proceed. In such instances, QIA may, at their sole discretion, issue a "Conditional Notice of Preliminary Development" acknowledging progress made and outstanding work required to achieve the Milestone Task and may permit Baffinland, to a limited extent, to

commence specific works associated with Major Construction Activities but only as expressly permitted by the “Conditional Notice of Preliminary Development”, and subject to compliance with conditions related to completing all work required to complete the Milestone Task consistent with the Joint Phase 2 CRLU Assessment Work Plan.

- 6.1.15. Major Construction Activities that are not permitted by either a “Notice of Preliminary Development” or a “Conditional Notice of Preliminary Development” shall cease immediately if a “Stop Work Order” is issued by QIA.
- 6.1.16. In the event QIA is not satisfied with Baffinland compliance with the terms and conditions associated with a “Conditional Notice of Preliminary Development” QIA is permitted to issue a “Stop Work Order”.
- 6.1.17. A “Stop Work Order” requires Baffinland or any of its contractors or subcontractor to immediately halt all Major Construction Activities, as described in the “Stop Work Order” as issued by QIA to Baffinland. A “Stop Work Order” issued by QIA shall remain in force until such time as parties have completed all work required by either a “Notice of Preliminary Development” of a “Conditional Notice of Preliminary Development”. Work on Major Construction Activities may resume upon QIA issuance of a revised “Notice of Preliminary Development” or a “Conditional Notice of Preliminary Development” where such revised Notice expressly rescinds the outstanding “Stop Work Order” either in whole or in part.
- 6.1.18. A “Stop Work Order” will also be issued in the event that the parties undertake expedited arbitration in relation to any matter associated with achievement of Milestone Task 1, 2, or 3.
- 6.1.19. The Phase 2 CRLU Assessment will be considered in determining whether Project compensation regimes and values should be amended or increased to better reflect project impacts, as specified in the ICA and the Schedules.
- 6.1.20. Baffinland and QIA recognize that, given the timeline for the Joint Phase 2 CRLU Assessment Work Plan , the existing evidence on the public record regarding Inuit concerns with the Proponent’s CRLU Assessment in the FEIS will likely stand at the time of the issuance of the Nunavut Impact Review Board’s (NIRB’s) Board Report on the Phase 2 Proposal. Baffinland and QIA agree that the Phase 2 CRLU Assessment and Adaptive Management Plan will form an extension of the materials that parties will rely on to effectively monitor and manage the Mary River Project. QIA considers this a concession, which is contingent upon there being real repercussions against Baffinland’s ability to complete Major Construction Activities, should Milestone Tasks not be completed and successfully integrated into the management of the Mary River Project as agreed upon in the Inuit Certainty Agreement.
- 6.1.21. Prior to any future Project Change in Scope, Baffinland will conduct a full assessment of CRLU and Cumulative Effects Assessment according to methodologies and work plans agreed upon between Baffinland and QIA in conjunction with the impacted Inuit communities. This work will be designed to incorporate what is known about the effects of the project at that time. In other words, this work will not focus exclusively on the project components of the proposed Change in Scope.
- 6.1.22. For any future CRLU Assessment conducted prior to a Change in Scope, the parties agree that assessment will include, among other steps:
 - (a) QIA and Inuit Committee-nominated Inuit to be part of the CRLU Assessment process.
 - (b) A formal process, as agreed upon by the parties, for QIA and Baffinland to verify existing impact pathways, and likely pathways attributed to a Change in Scope.

- (c) Identification through the CRLU Assessment of “thresholds of acceptable change” that have meaning to Inuit in relation to CRLU. Thresholds will rely on inputs from the Inuit Stewardship Plan, the Adaptive Management Plan and associated sub-plans with adaptive management thresholds and responses.
- (d) A methodology of effects characterization and significance estimation on CRLU as agreed upon by the parties.
- (e) Discussion between QIA and Baffinland, with input from the Inuit Committee, of CRLU mitigation and monitoring, prior to finalizing any reconsideration of effects on CRLU, and establishment of specific mitigation and monitoring commitments in relation to the Mary River Project including necessary amendments to the Adaptive Management Plan and related sub-plans.

6.2 Specific Tasks Required

- 6.2.1. The parties agree to the Joint Phase 2 CRLU Assessment Work Plan and associated Milestone Tasks. A detailed work plan defining process steps, party responsibilities, and, timelines will be further defined by the parties involved in accordance with task 5 of the Joint Phase 2 CRLU Assessment Work Plan.
- 6.2.2. The parties agree to jointly approve the Major Construction Activities associated with each Milestone Task not later than July 31st, 2020. Baffinland further agrees to supply QIA with any and all information necessary to verify and define Major Construction Activities.

6.3 Resourcing Implications

- 6.3.1. Baffinland is responsible for resourcing the planning and completion of the Phase 2 CRLU Assessment and all future CRLU Assessments, as described under the ICA. For the Phase 2 CRLU Assessment, resources will be required immediately by QIA following the signing of the ICA. Baffinland and QIA will confirm the required resourcing no later than 15 days after the signing of the Inuit Certainty Agreement. Payment plans for QIA resources required are addressed in this Inuit Certainty Agreement. Resourcing for future CRLU Assessments as described under the ICA will be addressed through the amendments to the IIBA that implement this Inuit Certainty Agreement and will be in addition to the fixed annual implementation amount.

6.4 Legal Agreement Amendments

- 6.4.1. The Phase 2 CRLU Assessment will be added to the IIBA (and possibly the Commercial Lease), and the IIBA (and possibly the Commercial Lease) will be amended to revise and expand upon how the parties have agreed to develop and conduct project impact monitoring in accordance with this Inuit Certainty Agreement. This includes not limiting project impact monitoring and mitigation to considerations only of the FEIS as approved by NIRB and/or Project Certificate Conditions and/or existing project impact monitoring provisions of the IIBA or Commercial Lease. This specifically includes amending the IIBA and possibly the Commercial Lease to reflect that the parties having already agreed to the following topics:
 - (a) Article 3, including Section 3.2 of the IIBA which describes the “Initial Project”, shall be amended to also include descriptions of the “revised project”. The “Amended Project” shall describe the amendments of the Mary River Project that have occurred as a result of the Phase 2 Proposal and this Inuit Certainty Agreement;
 - (b) Incorporating the Phase 2 CRLU Assessment into the IIBA (and possibly the Commercial Lease) to be relied on and used as an extension of the body of information that adds to FEIS and NIRB determinations, and which will be used to provide a basis from which the

project will be monitored in the future to comply with the agreements of the parties. This requires amendments to Article 3, 14, 15, 16 and 17 of the IIBA;

- (c) Agreement that the FEIS is not the exclusive source of information guiding project monitoring and mitigation. This requires redrafting IIBA Article 15 accordingly. Emphasis will be placed on first amending Article 15.1 and 15.2, 15.3, 15.6 and 15.7 followed by the remainder of the Article;
- (d) Agreement that following completion of the Phase 2 CRLU Assessment, amendments to the final Adaptive Management Plan, including a requirement that joint QIA and Baffinland approval of the Adaptive Management Plan and all sub-plans will occur;
- (e) Agreement that the Phase 2 CRLU Assessment supports the development of, and basis from which the Inuit Stewardship Plan will monitor and report on Mary River Project impacts; and
- (f) Agreement that following completion of the Phase 2 CRLU Assessment, amendments will be made to increase the amount of compensation, and types of programs committed to under the Wildlife Compensation Fund.

6.4.2. Incorporating provisions to address future CRLU Assessments into the IIBA will require amendments and revisions to the existing IIBA. It is foreseeable that the following Articles of the IIBA will require amendments: Article 3, Article 14, Article 15, Article 16 and Article 17. It is possible that provisions to address future CRLU Assessments will require its own schedule and/or section within the IIBA. Provisions for future CRLU Assessments will require changes, revisions and enhancements to:

- (a) Project mitigation and monitoring measures;
- (b) Project Adaptive Management Plan and sub-plans; and
- (c) Wildlife compensation, i.e. the number, type and value of funds provided.

6.4.3. The parties will amend the IIBA to enact items outlined in this schedule.

6.5 Timeline to Fully Implement Change

6.5.1. The timelines for tasks listed will be agreed to in the Implementation Plan for the Inuit Certainty Agreement.

6.5.2. It is expected the parties will convene on the findings of the Phase 2 CRLU Assessment and come to agreement on the application of the Phase 2 CRLU Assessment within 60 days of the final Phase 2 CRLU Assessment report.

6.6 Relationship to Other Components

6.6.1. The findings of the Phase 2 CRLU Assessment are directly relevant to the creation and execution of mitigation, monitoring, and management plans including (but not limited to): Project Scope (ID. 9B), the Inuit Stewardship Plan (ID. 1) and its associated Inuit Committee and CRLU Monitoring Program; the Pond Inlet Country Food Baseline (ID. 7); the Adaptive Management Plan (ID. 2), the Water Compensation Agreement (ID. 17) and Wildlife Compensation Fund (ID. 5), among others. The Phase 2 CRLU Assessment shall commence immediately following approval of the Inuit Certainty Agreement.

Appendix ID 6(1)
Joint Phase 2 CRLU Assessment Work Plan

JOINT PHASE 2 CRLU ASSESSMENT WORK PLAN

This is a conceptual outline only for discussion purposes. Final process steps, timelines, and funding requirements will need to be further defined by the parties involved (QIA, impacted Inuit communities and Baffinland/BIMC).

A Gantt chart version of this material is provided under separate cover.

All steps identified below as “QIA” are recognized to be QIA working with and in support of the impacted Inuit communities.

1. BIMC to provide for QIA consideration of all previous information collected both prior to TSD-25 and in summer 2019 CRLU Assessment activities.

PROPOSED END DATE: June 15th, 2020

Note: Understanding how much information was collected and what it adds to this exercise is important.

2. QIA to conduct gap analysis on Baffinland information and available Inuit information.

Note: This task onward presumes CRLU resourcing commitments are in place.

3. QIA and BIMC develop a working group to conduct and oversee the CRLU Assessment (may include staff and oversight members). (Meeting #1 – via remote means)
4. QIA to provide gap analysis of existing CRLU materials and methods. (Meeting #2 – via remote means)
5. BIMC to develop a draft work plan, including an engagement and data collection plan, for review by QIA.
6. QIA to engage the Inuit communities on Inuit CRLU Objectives, Valued Components, and Indicators (methods TBD).

Note: This and all community engagement work will need to be sensitive to issues related to COVID-19 and travel restrictions.

7. BIMC and QIA to reach agreement with the impacted Inuit communities via Inuit members appointed to participate in the CRLU Assessment and QIA on the CRLU Assessment work plan (including objectives, Valued Components, indicators, engagement and data collection plans), and the roles to be played by QIA and

impacted Inuit communities (i.e., community representative selection). (Meeting #3 – via remote means)

8. QIA and BIMC to conduct additional targeted data collection, including any required expansion to Tusaqtavut studies, ongoing Pond Inlet Food Baseline Study, and any other data requirements identified in gap analysis. Joint or separate work activities to be determined in CRLU Assessment Work Plan. It is expected that this work will continue for five to six months.

Note: The Pond Inlet Country Food Baseline work will be the exception, continuing for 12 months from Project start-up; the parties will need to discuss how to integrate those results into the CRLU Assessment and AMP.

9. QIA and BIMC to agree on milestone decision points as described in the work plan (i.e., milestones could include a finalized scope of assessment, effects determination criteria/methodology, effects determination, etc.). (Meeting #4 – via remote means)
10. QIA and BIMC to identify impact pathways (e.g., both parties to bring their draft impact pathway identification to meeting #5 for joint discussion and agreement).

Note: If desired by the parties, this process could occur collaboratively in advance as well but this will be logistically more difficult.

11. ONGOING THROUGHOUT CRLU:

QIA to lead Community/IQ Sessions (BIMC to observe sessions). There will likely be several QIA-led sessions occurring throughout the process.

Note: Methods TBD in COVID-19 context.

12. QIA and BIMC to conduct midway review of preliminary draft CRLU materials and/or formal effect characterization and significance estimation workshop (Meeting #5 – meeting location and nature TBD). Parties may choose to draft their own materials in advance and present.
13. QIA to draft, BIM to review and responds to the CRLU Assessment.

Impacted communities receive the Draft CRLU Assessment

NOTE: Given our understanding that only BIMC, QIA and the impacted Inuit communities will be privy to the draft, this is an administrative step only.

ACHIEVEMENT: MILESTONE STEP NO. 1

14. QIA to conduct verification of CRLU Assessment with impacted Inuit community participants. BIMC to observe. *Requires one or more community meetings; location and nature TBD.*
15. QIA and BIMC to meet and begin discussions related to mitigation, monitoring, and compensation implications based on draft CRLU Assessment. (Meeting #6 – meeting location and nature TBD)
16. QIA to draft, BIM to review and responds to the proposed Final CRLU Assessment. Final editorial decisions on CRLU Assessment at QIA’s sole discretion. (Meeting #7 – meeting location and nature TBD).
17. QIA and BIMC to jointly approve and release final CRLU Assessment.

Note: Distribution of this report TBD.

ACHIEVEMENT: MILESTONE STEP NO. 2

18. QIA and BIMC to integrate Phase 2 CRLU Assessment results into the Adaptive Management Plan and related sub-plans, via the AMP Working Group.
19. BIMC to issue a revised final Adaptive Management Plan and related sub-plans.
20. QIA reviews and responds to the revised final Adaptive Management Plan.
21. Parties jointly approve the final Adaptive Management Plan.

PROPOSED END DATE: AUGUST 31, 2021

ACHIEVEMENT: MILESTONE STEP NO. 3

This working process and associated excel work plan presume on-going working group at a frequency required to sustain execution of the overall project goals and timelines.

ESTIMATED TIMELINES

Notes: Timelines are “optimistic” (i.e., tight);

QIA’s original estimate was that it would take at least 340 and as much as 370 days to complete the CRLU assessment, with additional time of at least two months (60 days) to integrate those results into the Adaptive Management Plan. 400 to 430 days (approximately 13 to 14 months) total.

In addition, the realities of travel during the COVID-19 period need to be recognized and incorporated into the final timelines. To mitigate against the challenges that travel and other public health restrictions in Nunavut will pose to engagement for the CRLU assessment, the parties agree to investigate and implement alternative forms of engagement to in-person meetings, which satisfies communities’ requirement for engagement.

Total elapsed time below is based on an assumption that the work begins on the week of June 15, 2020. Should that timetable slip, total elapsed time would need to be adjusted. QIA is prepared to begin work the week of June 15th, provided resourcing is provided by Baffinland in advance of such work.

Dates shown in column 2 represent the week the step is estimated to begin. Notice that some steps occur while previous steps are ongoing. If a step is completed within the total elapsed time of an earlier step then “N/A” is used as total elapsed time is not affected.

STEP	ESTIMATED TIMELINE (beginning week of June 15th, 2020)	TIME ELAPSED
1. BIMC provides QIA all previous information	June 15, 2020 – START DATE	21 days
2. QIA conducts gap analysis	June 29, 2020	35 days
3. CRLU working group formed (meeting #1)	June 29, 2020	35 days
4. QIA provides gap analysis (meeting #2)	July 20, 2020	42 days
5. BIMC provides draft CRLU assessment work plan	July 20, 2020	56 days
6. Inuit community engagement (QIA)	ONGOING THROUGHOUT	N/A
7. Parties agree on work plan (meeting #3)	August 24, 2020	84 days
8. Additional data collection (QIA and BMC)	September 7, 2020 (completed by week of February 1, 2021)	238 days
9. Parties agree on milestone decision points (meeting #4)	November 23, 2020	N/A
10. Identify impact pathways (QIA and BIMC)	January 25, 2021 (completed by week of February 22, 2021)	259 days
11. Community/IQ sessions (QIA with BIMC observing)	September 21, 2020 (ongoing until at least February 15, 2021)	N/A
12. Midway review of draft CLRU materials (QIA and BIMC) (meeting #5)	February 22, 2021	273 days
13. Draft CRLU assessment (QIA and BIMC)	March 8, 2021	308 days
MILESTONE STEP No. 1		
14. Release draft CRLU assessment to impacted communities and conduct verification.	April 19, 2021	315 days
15. Discuss mitigation, monitoring, and compensation (QIA and BIMC) (meeting #6)	May 3, 2021	329 days
16. Revise draft CRLU assessment (QIA and BMC) (meeting #7)	May 31, 2021	378 days
17. Release final jointly approved CRLU assessment (QIA and BIM)	June 28, 2021	385 days
MILESTONE STEP NO. 2		
18. Integration into Adaptive Management Plan and sub-plans (QIA and BIMC)	July 5, 2021	441 days
19. BIMC to issue a revised final Adaptive Management Plan and related sub-plans.		
20. QIA reviews and responds to the revised final Adaptive Management Plan.		
21. Parties jointly approve the final Adaptive Management Plan. (QIA and BIMC)	August 30, 2021 – END DATE	448 days
MILESTONE STEP NO.3		

ID 7.
POND INLET COUNTRY FOOD BASELINE

7.1 Description

- 7.1.1. There is an identified need for a baseline country food study in Mittimatalik. The study will provide baseline data on community country food consumption and country food quality (specifically toxin and heavy metal loads in country foods). This data is important to monitoring the impacts that Mary River Project may be having on the use of country foods by the community of Pond Inlet. Phase 2 activities will have the most impact on this community, particularly marine mammals in Milne Inlet and Eclipse Sound.
- 7.1.2. The information could also be used to support development of Baffinland's food security initiatives, and can be tied into the Project management system and inform existing food security enhancements and mitigations, as described in Section 7.4 of Baffinland's Food Security Report (October 2019), such as sponsoring lunches etc., as well as the Adaptive Management Plan, the Wildlife Compensation Fund, and other mechanisms designed to protect and promote Inuit culture, resources and land use.
- 7.1.3. A project will be developed and executed to assess and report on country food baseline in the community of Pond Inlet. Baffinland will provide the necessary funding but this work will be Inuit-led. This work will be done in collaboration with QIA and Inuit-chosen researchers through a defined project plan for which there is already a basic conceptual vision for the project, developed by Pond Inlet community representatives. Baffinland will have the ability to review the design to ensure baseline information is consistent with monitoring requirements or to suggest where additional information could help to inform Baffinland's management systems and/or food security initiatives. This information will inform long-term project monitoring consistent with the vision and principles of the Inuit Stewardship Plan and the Adaptive Management Plan. This project will also provide a basis against which the Wildlife Compensation Fund can be assessed over time.

7.2 Specific Tasks Required

- 7.2.1. The following specific tasks are required of QIA:
- (a) Development of a detailed project plan and budget between QIA and Pond Inlet representatives. A detailed project plan will be presented to Baffinland for awareness and feedback.
 - (b) Completion of the Pond Inlet Country Food Baseline Study according to project timelines established between QIA and the community. Upon completion of the Pond Inlet Country Food Baseline Study, a final written report will be provided to QIA, Pond Inlet institutions, the Inuit Committee and Inuit Social Oversight Committee, NIRB and Baffinland.
 - (c) Development of the detailed project plan.
 - (d) Engagement with Pond Inlet to plan out project and select project participants.
 - (e) Development of project engagement materials.
- 7.2.2. The following specific tasks are required of Baffinland:
- (a) Review for awareness and understanding of the detailed project plan. A budget will be appended to this document.

- (b) Review and comment on the Pond Inlet Country Food Baseline Study within 30 days of receiving such plan.
- (c) Provision of required resources to QIA for administration of the project, within 30 days of the approval of the Inuit Certainty Agreement. For greater clarity, Baffinland is responsible for funding all aspects of the study.

7.3 Resourcing Implications

- 7.3.1. Baffinland is responsible for resourcing the development and execution of the Pond Inlet Country Food Baseline. Resources will be required immediately following the signing of the ICA to begin development of the detailed project plan.

7.4 Legal Agreement Amendments

- 7.4.1. No revisions to the IIBA are required for this schedule.

7.5 Timeline to Fully Implement Change

- 7.5.1. The timelines for tasks listed will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

7.6 Relationship to Other Components

- 7.6.1. This project would relate to the Inuit Stewardship Plan (schedule 1), the Wildlife Compensation Fund (schedule 5), and potentially specific Adaptive Management Plans (see schedule 2) with thresholds and actions related to harvesting and country food access.

ID 8.
RAIL ALIGNMENT

8.1 **Description**

- 8.1.1. Inuit are not prepared to support the rail route as proposed in the Phase 2 Proposal (Route 1).
- 8.1.2. Baffinland has agreed to adopt Route 3 and is committed to bearing the costs of transitioning to this alternative route. Baffinland agrees that technical issues associated with Route 3 will be addressed at the cost and risk of Baffinland and will not be used as the basis for reverting to Route 1.
- 8.1.3. Inuit input to finalize wildlife crossings, land user crossings (subject to Transport Canada regulations and acceptance), slope designs, and adaptive management (i.e. future rail improvements or mitigation measures) is desired. Additionally, agreement is also required on railway monitoring. A multi-dimensional approach to monitoring is proposed which would involve Inuit staff working under the Inuit Stewardship Plan monitoring according to Inuit interests as informed by the Inuit Committee, and, QIA technical staff. These discussions can take place in a workshop format with Inuit, QIA and Baffinland.
- 8.1.4. It is fully acknowledged that the commitments listed under this schedule and the other portions of the Inuit Certainty Agreement will be brought forward to Pond Inlet by QIA for consideration and feedback. Following these discussions QIA will report the outcomes to Baffinland including any additional topics that may require consideration under this schedule.
- 8.1.5. QIA construction inspectors will monitor the railway construction and operation for adherence to approved rail design, and resulting effects on the environment and wildlife, at all times during railway construction. QIA construction inspectors will also monitor compliance with the Commercial Lease with a focus on quantification of specified substances and general compliance with regulatory requirements, and perform incidental wildlife monitoring in the vicinity of the railway.
- 8.1.6. AMP thresholds will trigger adaptive management practices by Baffinland, which may include (but are not limited to, and in no specific order and are subject to regulatory approvals as required):
- (a) Temporary halting of construction of the railroad;
 - (b) Further community consultation with impacted communities;
 - (c) Relocation of railroad crossings. This includes land user or wildlife crossings;
 - (d) Improving the grade and materials of the embankments;
 - (e) Adding caribou and land user crossings;
 - (f) Allowing Inuit to safely harvest in proximity to the railway; and
 - (g) Ensuring all ore cars have covers to reduce the amount of iron ore dust along the railway corridor (in accordance with item 8.2.2(c) below).
- 8.1.7. As the railway is also located on Inuit Owned Lands, revisions to the Commercial Lease are required to address the construction, operation and reclamation of the railway. This is understood to include, as a minimum, the following:

- (a) Adequate resourcing for QIA inspection and monitoring of construction activity that does not already fall under the ISP;
- (b) Adequate resourcing for QIA to monitor and inspect rail construction, and verify the use of specified substances (e.g., deployment of QIA construction inspectors to site);
- (c) Adequate resourcing for QIA to respond to regulatory submissions associated with rail design, construction and monitoring as per Article 15.10.8;
- (d) Agreement on policies and protocols relating to the safety and ability for Inuit to continue to travel and hunt in the project area. Agreement cannot be unreasonably withheld;
- (e) Agreement on how financial security and closure planning will be addressed, consistent with QIA's policies and procedures. Agreement cannot be unreasonably withheld;
- (f) Agreement that Baffinland will be solely responsible for all railway and rail feature construction costs, and all associated maintenance, should Adaptive Management Plan measures be triggered and identify that a modification to the rail must be made in accordance with adaptive management principles. QIA will not be responsible for any costs associated with modification or re-alignment or maintenance of the rail system.

8.2 Specific Tasks Required

8.2.1. The following QIA specific tasks are required:

- (a) QIA to engage Pond Inlet on this schedule and the Inuit Certainty Agreement.
- (b) Integration of rail considerations in the Inuit Stewardship Plan.

8.2.2. The following Baffinland-specific tasks are required:

- (a) Engagement with Pond Inlet and QIA on rail route selection to determine whether there is agreement upon a rail route prior to NIRB Final Hearings.
- (b) Agreement with QIA on technical matters related to railway design, operation and monitoring (including during construction) prior to NIRB Final Hearings. Where alignment cannot be achieved the parties respect the ability to make independent representations before NIRB on outstanding matters.
- (c) Agreement that railcar coverings will be considered as an adaptive management response, whether this is a Moderate or a High Level Response will be determined in the context of approving the draft Adaptive Management Plan and shall be confirmed prior to NIRB Final Hearings. Adaptive management thresholds and responses for dust will be established consistent with the process outlined in Schedule 2.
- (d) Baffinland to provide QIA with provisional estimates of the required Specified Substances for every 10km of Rail, including and indication of when and where material taken is from a cut in the existing landscape. Provided by August 1, 2020 and updated on the first day of each quarter thereafter until completion of railway construction. Provisional estimates will be updated as more accurate information is obtained with updates provided quarterly. It is acknowledged that an estimate of Specified Substances will not be available for the deviation alignment referred to as Route 3 until requisite geotechnical field work and analysis has been completed. This will be provided by August 1, 2021 and subject to subsequent quarterly updates.

- (e) Agreement with QIA upon material quantification system and associated protocols for use of specified substances consistent with the Tote Road Agreement, unless otherwise agreed upon. All costs associated with developing and implementing the protocol shall be borne by BIM. This protocol is considered specific to the development and operation of the rail route. The quantification system and all protocols will be added as a schedule to the Commercial Lease. The quantification system and protocols are in addition to and separate from all other quarrying activities associated with the Mary River Project. The quantification system and protocols will also address the requirement for quarry management plans and reclamation.
- (f) Complete evaluation of the Railway Operation and Maintenance Plan against the Adaptive Management Plan and Checklist, and subsequent updates, consistent with the Specific Tasks outlined in Schedule 2.
- (g) Confirmation that the route selected will not be abandoned in favor of another route (i.e. Route No. 1) Inuit due to economic preferences. Also, a commitment that Inuit will not bear the risks of geological or engineering uncertainty associated with the rail route selected.
- (h) Agreement with QIA upon all unit costs, material quantities, assumptions and variables required to develop financial security estimates for the rail line, and associated infrastructure. Baffinland and QIA agreement upon financial security costing for the rail line and associated infrastructure (including inputs for unit costs, material quantities, assumptions and variables required to develop such financial security) prior to the construction of any portion of the rail route.
- (i) Agreement with QIA on the Interim Closure and Reclamation Plan (ICRP) prior to the NWB Public Hearing for Phase 2 Water Licence amendments, recognizing that certain additions may be requested during the NWB process or required by the NWB and that these changes will be integrated into the ICRP and subject to QIA review and approval. Baffinland will be responsible for resourcing QIA's participation in ICRP development and approval. Parties recognize that community engagement will further inform future development of the ICRP.
- (j) Agreement to resource QIA construction monitors until the railway is operational and used to transport of iron ore for 60 consecutive days.

8.3 Resourcing Implications

- 8.3.1. All resources required to facilitate QIA participation and completion of tasks associated with this schedule are the responsibility of Baffinland. Resources for QIA construction inspectors are a stand-alone cost subject to final definition as parties confirm the terms of technical matters related to railway design, operation and monitoring. Payment plans for QIA resources required to be agreed to by the parties, unless otherwise identified under Schedule 28 and 31 or under the Inuit Certainty Agreement.

8.4 Legal Agreement Amendments

- 8.4.1. The commercial lease will be amended to reflect the commitments made in this schedule.

8.5 Timeline to Fully Implement Change

- 8.5.1. The timelines for tasks listed without dates will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

8.6 Relationship to other Components

- 8.6.1. This component is related to Inuit Stewardship Plan, Adaptive Management, IIBA Implementation, CRLU Assessment, CRLU Monitoring, Project Scope Change and Certificate Amendments, Water Compensation Agreement, IIBA Positions.

ID 9A.
REVISED NIRB PROJECT CERTIFICATE

9A.1 Description

- 9A.1.1 Throughout the NIRB impact assessment process, QIA has brought forward and updated technical concerns by way of formal NIRB submissions and associated proposed modifications to NIRB Project Certificate 005. These modifications were proposed as a path to resolve some of the issues QIA has raised in front of NIRB and other intervenors. Since the initiation of the impact assessment process, QIA and Baffinland have also engaged in bi-lateral meetings. There has been some agreement on specific technical issues, but many remain unresolved. It is critical that QIA and Baffinland reach agreement on each and all of the unresolved issues. Much of this can be achieved through agreed-on amendments to specific project certificate terms or conditions.
- 9A.1.2 Schedule B of the Inuit Certainty Agreement contains a summary of technical issues submitted to the NIRB by QIA that are considered resolved upon signing and planned implementation of the Agreement. The contents of Schedule B will guide QIA's first monthly submission to the NIRB on June 15th, 2020, conveying efforts and rationale for items considered resolved by the successful implementation of this ICA.
- 9A.1.3 Baffinland and QIA will continue to meet with the intention of agreeing upon proposed modifications to existing, and new modifications to NIRB Project Certificate 005 to address QIA's technical issues currently before NIRB in the impact assessment process. This work will also consider Baffinland's need to operate in a safe manner respectful of Inuit cultural values and on-going land use.
- 9A.1.4 The following are the specific tasks required of the parties:
- (a) Within one week of agreement upon the Inuit Certainty Agreement QIA and BIM will convene a meeting to discuss a work plan that will lay out steps for further engagement upon remaining matters.
 - (b) Parties will also plan to exchange drafts of a revised NIRB Project Certificate and Commitments List to determine where alignment can be achieved. Determination of what commitments in the ICA require modified or new Project Certificate Terms and Conditions will occur at the first meeting between QIA and BIM. The exchange of drafts should occur no later than July 1st, 2020. For clarity, exchanging this information will follow approval of the Inuit Certainty Agreement.
 - (c) Where alignment cannot be achieved the parties respect the ability to make independent representations before NIRB on outstanding matters.
 - (d) QIA will provide a monthly submission to NIRB on the status of outstanding matters including discussion on any matters resolved on a monthly basis with the first such submission occurring on June 15th, 2020 (Schedule B).
- 9A.1.5 Should additional outstanding matters be resolved between QIA and Baffinland before the Public Hearing, the parties agree to file agreed upon PCC and/or Commitment List wording on the NIRB public registry. This document will be filed not later than the date established by NIRB for final submissions prior to final hearings.
- 9A.1.6 Should NIRB recommend the project be approved and the NIRB Project Certificate is amended, the parties will convene a meeting within 30 days to review plans to effectively implement the NIRB Project Certificate with special attention given to the Inuit Stewardship Plan and the Adaptive Management Plan.

9A.2 Legal Agreement Amendments

9A.2.1 This applies to the ICA itself.

9A.3 Timeline to Fully Implement

9A.3.1 As stated above.

ID 9B.
PROJECT SCOPE

9B.1 Description

9B.1.1 The Mary River Project has gone through three Project Scope changes, being the Early Revenue Phase, the Production Increase, and Phase 2. Currently, Article 3.3.1 of the current IIBA states that an environmental assessment under Article 12 of the NA (i.e. Part 5 or 6), except for project amendments to Project Certificates or other licenses or permits, is deemed to be a Change in Scope. To complicate matters further, environmental assessments for project amendments have been cumulative in nature, often referring to a previous document for assessment or methodology. Sections of the environmental assessment have considered the whole Project where others have relied solely on the changes to the Project. This has given rise to confusion as to when a Change in Project Scope leads to a review and renegotiation (3.4) and complicating and prolonging assessment.

9B.1.2 To remove uncertainty QIA is seeking the following amendments to Article 3 of the IIBA. Any changes in project scope listed at 9B.1.4, which could reasonably require amendment of the Project Certificate would result in the following obligations being initiated prior to the filing of a formal proposal to amend the project certificate:

- (a) Baffinland commits to carry out a Culture Resource and Land Use assessment conducted with QIA and Impacted communities, prior to the submission of an FEIS or FEIS Addendum.
- (b) Baffinland commits to carry out a Cumulative Effects Assessment conducted with QIA and Impacted communities, prior to the submission of an FEIS or FEIS Addendum.
- (c) Baffinland commits to review and renegotiation of the IIBA consistent with IIBA Article 22.4.
- (d) Parties come to agreement on increases to IIBA Implementation Costs.

For greater certainty, the parties may agree to waive these requirements where parties agree proposed amendments to the Project Certificate are insignificant.

9B.1.3 Prior to the submission of an application to NPC or NIRB, associated with change in project scope identified in 9B.1.4, which may require a conformity decision and/or amendment to the applicable land use plan, Baffinland commits to carry out an Alternatives Assessment to accurately convey Inuit preferences to inform the Alternatives Assessment, with QIA and Impacted Inuit communities. Prior to conducting such work, the parties agree to jointly develop and approve a methodology and work plan associated with the Alternatives Assessment, including provisions related to the role of the Inuit Committee and impacted communities.

9B.1.4 For greater clarity, the IIBA will specifically identify that proposals which seek to change the Project in the following ways shall be considered a change in Project Scope and subject to items a-d in section 1.2 above, unless otherwise agreed by the Parties.

- (a) An application to transport more than 14.4MT, inclusive of accommodations for operational flexibility, of iron ore per year through the Milne Port as approved by NIRB.
- (b) Any and all icebreaking activities beyond what is approved by the NIRB for Milne Port for Phase 2.
- (c) Significant modification of marine and/or terrestrial transportation routes and/or infrastructure (e.g. increasing the physical footprint, zone of influence, and scale of

transportation routes and infrastructure beyond what is approved under the Commercial Lease and/or NIRB and/or NWB). This includes, but is not limited to, proposals to modify current shipping routes or utilize different shipping routes.

- (d) Increasing the number and/or frequency of transportation transits (i.e. a single ship passing) beyond what is approved by NIRB.
- (e) Changes to the existing Project Development Area (PDA) including but not limited to the PDA for Milne Port, Milne stockpiles, laydown areas and camps, the Northern Transportation Corridor, the Mine Site, the Southern Transportation Corridor, Steensby stockpiles, laydown areas and camps, and Steensby Port.
- (f) Mining of iron ore other than Deposit No. 1.

For greater certainty, the parties may agree to waive these requirements where parties agree that is appropriate.

For clarity, the parties agree that any project changes that proceed as a modification to a water license, for which QIA will be provided 30 days advanced notice of the application, that do not require any further regulatory approvals are not required to comply with the requirements of section 9B1.4 and 9B1.5 (but are required to continue to comply with all IIBA and Commercial Lease requirements applicable to that activity), provided such modifications do not impact an area of special importance (not limited to Inuit Owned Lands) as identified through the Phase 2 CRLU Assessment, subsequent CRLU assessments, or in relation to studies associated with the Water Compensation Agreement.

9B.1.5 Processing and transportation of more than 30MT of iron ore per year, inclusive of accommodations for operational flexibility, requires parties to:

- (a) Jointly carry out a carry out a Culture Resource and Land Use assessment and Cumulative Effects Assessment.
- (b) Come to Agreement and jointly approve revisions to the Adaptive Management Plan.
- (c) Come to agreement upon increases to IIBA Implementation Costs.
- (d) Come to agreement upon changes to Wildlife Compensation.

9B.1.6 The IIBA will be reviewed to ensure consistency with the Nunavut Planning and Project Assessment Act with language updated accordingly.

9B.2 Specific Tasks Required

9B.2.1 The following are the specific tasks required by both parties:

- (a) Develop and jointly approve a Project Scope Change Procedure not later than September 30th, 2020.
 - (i) Procedure will define terms and methods implied in activities related to a Change in Project Scope (i.e. "audit", "significant modification", "work with").
 - (ii) Agree upon what constitutes a significant modification to transportation routes and/or infrastructure.
 - (iii) Agreement upon what constitutes "operational flexibility".

- (b) Agree upon amendment of IIBA Article 3 and Article 22, and development of required IIBA Implementation Guides, to enact the changes listed in this schedule.

9B.3 Legal Agreement Amendments

9B.3.1 IIBA Article 3 and 22 will be amended.

9B.4 Timeline to Fully Implement Change

9B.4.1 The IIBA will be amended to reflect these changes.

9B.5 Relationship to Other Components

9B.5.1 This project improvement does not relate to any components but will be further informed by:

- (a) The Inuit Stewardship Plan.
- (b) Any Improvements to Baffinland's monitoring program committed to during the Mary River Phase 2 EA.

ID 10.
MEASURABLE OBJECTIVES

10.1 **Description**

- 10.1.1. A trigger-based remedial measure mechanism would automate and simplify the current remedial measures and dispute resolution processes.
- 10.1.2. These trigger-based remedial measure mechanisms would be based upon Measurable Objectives that would be associated with defined IIBA benefits, linked to the appropriate IIBA Articles and Implementation Guide procedures. Measurable Objectives will be agreed upon in the IIBA Annual Work Plan. In the event the IIBA Annual Work Plan is not approved as a result of a dispute related to remedial measures, the parties agree QIA's values of Measurable Objectives will be applied and used as the basis of calculating remedial measures until such as time as the dispute has been resolved. In the event a dispute extends until the end of the year in which the Measureable Objectives were set QIA's Measurable Objectives will stand as the basis from which remedial measures will be calculated.
- 10.1.3. For each Measurable Objective, defined goals would be established and reviewed annually, and, every three years. These Goals would be one of the following:
- (a) **Outcome** – Was the benefit delivered? Yes or no.
 - (b) **Thresholds** – Did the Measurable Objective meet the established Goal? Is there a minimum acceptable goal in this circumstance? By how much did implementation efforts fail?

For example:

A Measurable Objective defined as “advancement opportunities for skilled Inuit workers” would have a goal of an expected number of outcomes. If these outcomes are not achieved a cost associated with loss of opportunity would be assigned.

A Measurable Objective defined as “hours of semi-skilled Inuit employment” would have a goal of an expected outcome (i.e. total hours and/or overall percentage of all hours). If the defined outcome is not achieved a cost associated with loss of opportunity would be assigned.

- 10.1.4. The value of remedial measures associated with a Measureable Objective shall be specified within the IIBA, Implementation Guide or IIBA Implementation Budget.
- (a) For outcome goals, the cost would be a calculated dollar value associated with the benefit (e.g., the cost for Adult Education defined in the IIBA Implementation Budget).
 - (b) For threshold goals this would be determined by the percentage or amount of benefit that was not delivered to Inuit (e.g., the number of hours by which Baffinland failed to achieve the Minimum Inuit Employment Goal and the associated hourly wages factored by the benefit of work experience).
 - (c) An added penalty will be applied for failure to deliver on multiple goals (e.g., % of the total value of the lost benefit).
 - (d) An added penalty will be applied for any administration costs for QIA or a third party to administer the money to impacted communities.

- 10.1.5. Remedial measures may be collected through the Project Bond. The bond would need replenishment after being drawn upon. This may occur annually and/or every three years.
- 10.1.6. The remedial measures collected from the Project Bond will be directed to communities via the Community Direct Benefits model.
- 10.1.7. On an annual basis, QIA will evaluate implementation performance for the purpose of confirming whether or not Measurable Objectives were achieved.
- 10.1.8. QIA will assess achievement for Measurable Objectives on a three-year basis, or if there is a change in project scope. In addition to assessing the value of remedial measures, this assessment will also inform whether the IIBA should be renegotiated according to Article 22.

10.2 Specific Tasks Required

- 10.2.1. The following specific tasks are required:
 - (a) QIA proposes topics for which Measurable Objectives are required.
 - (b) Baffinland confirm ability to measure the objectives based on current capabilities, including proposing alternative solutions and timelines for obtaining the required capabilities.
 - (c) QIA provide a response regarding the deficiencies in desired reporting, if any.
 - (d) Parties agree on terms of the thresholds and values associated with meeting those thresholds.
 - (e) Agreement to all Measurable Objectives not later than August 31st, 2020 for prior to implementation of Remedial Measures on January 1st, 2021.
 - (f) Parties amend the IIBA Implementation Guide accordingly.
 - (g) Parties amend IIBA Reporting Templates accordingly.
 - (h) Baffinland provides reporting data, as defined by the Reporting Templates monthly, starting one-month prior to the beginning of formal implementation of these provisions, December 1st, 2020. This is to ensure that access to data, quality of data and templates will not in anyway hinder the effective implementation of Measureable Objectives.
 - (i) QIA evaluates implementation performance annually based whether or not Measure Objectives and associated thresholds have been achieved.
 - (j) Baffinland compensates QIA, using the Project Bond, for any Measure Objectives and associated thresholds not achieved.

10.3 Resourcing Implications

- 10.3.1. Resourcing for Measurable Objectives will be linked to the Project Bond which will require estimation using initiative and program costs in the IIBA and line items in the Annual Implementation Budgets. All costs associated with developing and implementing Measureable Objectives are the responsibility of Baffinland. Resources required to be agreed to by the parties, unless otherwise identified under Schedule 28 and 31.

10.4 Legal Agreement Amendments

- 10.4.1. The requirement for Measurable Objectives, for topics agreed to by the Parties, will be incorporated into the IIBA Articles where the provisions to which they are linked are located. Until the Measurable Objectives are agreed upon and developed, there should be no limitation on the IIBA Articles to which they apply.
- 10.4.2. Each Measurable Objective will require the parties to agree on the following to be amended in the IIBA:
- (a) Baffinland will furnish all necessary information it is able to provide to support the discussions regarding Measurable Objectives consistent with Article 2.1.2 (b).
 - (b) The provisions of the IIBA to which the Measurable Objective is linked; these provisions may be but are not limited to descriptions of the benefit which is being measured or a provision required to achieve the Measurable Objective.
 - (c) The type of Measurable Objective (i.e., categorical or threshold).
 - (d) The schedule for establishing and evaluating the Goal for the Measurable Objective.
 - (e) The process for establishing and evaluating the Goal for the Measurable Objective.
 - (f) Financing details for the Measurable Objective including the cost associated with failed Goals and the method for collection.
 - (g) Measurable Objectives will be to be included in the amended IIBA.

10.5 Timeline to Fully Implement Change

- 10.5.1. It is expected that all Measurable Objectives would come into effect by January 1, 2021. Immediate commitments will be made to execute on this schedule, should Phase 2 not be approved, Baffinland reserves the right to stop all works associated with the Inuit Certainty Agreement.

10.6 Relationship to Other Components

- 10.6.1. This will be explicitly determined through the development of Measurable Objectives. It is anticipated the following topics will be addressed:
- (a) Employment
 - (b) Training
 - (c) Contracting
 - (d) Inuit Travel and Access

ID 11.
MULTI-YEAR INUIT EMPLOYMENT GOALS

11.1 Description

- 11.1.1. The Minimum Inuit Employment Goals (MIEGs) will transition to a system based on three-year goals, defined by Measurable Objectives agreed upon by both parties and linked to enforcement provisions that result in enhanced community direct benefits in the event goals are not achieved.
- 11.1.2. This concept is intended to reduce workload during annual work planning, such that the Parties can focus efforts on IIBA implementation.
- 11.1.3. Establishing annual MIEGs is administrative for both Parties with large amounts of information inputs to complete the calculation. Furthermore, it may not be necessary, as Baffinland and contractor workforce needs do not always shift drastically on a year to year basis.
- 11.1.4. Three-year MIEGs would be defined by pre-established Measurable Objectives, which will be used to support monitoring of the MIEGs.
- 11.1.5. As an example, to assist in explaining this concept, Measurable Objectives could include the following:
- (a) Hours of Inuit work, consistent with the current 5 Category National Occupancy Classification (NOC) model under the current IIBA.
 - (b) Wages to Inuit, whereby the MIEGs will be converted into a total anticipated Inuit wage bill for the project.
 - (c) Training effort measured according to number of Inuit who participated in Baffinland training, training under the Mary River Project Inuit Training Program (e.g., QSTEP), number of graduates, number of Inuit offered employment, number of Inuit retained, number of Inuit advanced.
- 11.1.6. On an annual basis QIA and BIM will convene at a predetermined Employment Committee special meeting to review the results of employment monitoring data and reporting. During these meetings parties will evaluate whether the MIEGs are being achieved, relative to the Measurable Objectives. During these meetings, improvements and modifications to annual work plans may be considered. Remedial actions will be agreed upon by the JEC within 45-days of the completion of this special meeting. Alternatively, implementation failures will trigger actions as described in the Measurable Objectives and Project Bond Term Sheets.
- 11.1.7. Every third year, in the year prior to the MIEGs expiring, the results of MIEGs achievement will be formally evaluated. The evaluation will consist of a) Baffinland and contractor workforce needs and b) application of the triennially conducted Qikiqtani specific labour market analysis results (IIBA 7.23.3). The first such evaluation will occur by April 30th, 2024, for the first three-year MIEGs set by March 1, 2021.. In the event Baffinland has failed to achieve the MIEGs, as defined by Measurable Objectives, remedial actions will be triggered.
- 11.1.8. All payments received from Baffinland for failures to achieve the MIEGs will be processed through the Community Direct Benefits model.
- 11.1.9. See Figure 1 for an illustrative version of this system.

11.2 Specific Tasks Required

11.2.1. The following specific tasks are required:

- (a) Agreement on the Measurable Objectives (i.e. list of objectives). To be agreed to within 90 days of the signing of the ICA.
- (b) Agreement on values for each measurable objective. To be agreed to within 90 days of the signing of the ICA.
- (c) Development of the first 3-year MIEGs. Not later than March 1st, 2021.
- (d) The first evaluation of the first 3-year MIEG will occur not later than April 30th, 2024.

11.3 Resourcing Implications

11.3.1. Baffinland is responsible for resourcing QIA to complete all tasks listed in this schedule, after which activities will fall under the IIBA Implementation Budget.

11.4 Legal Agreement Amendments

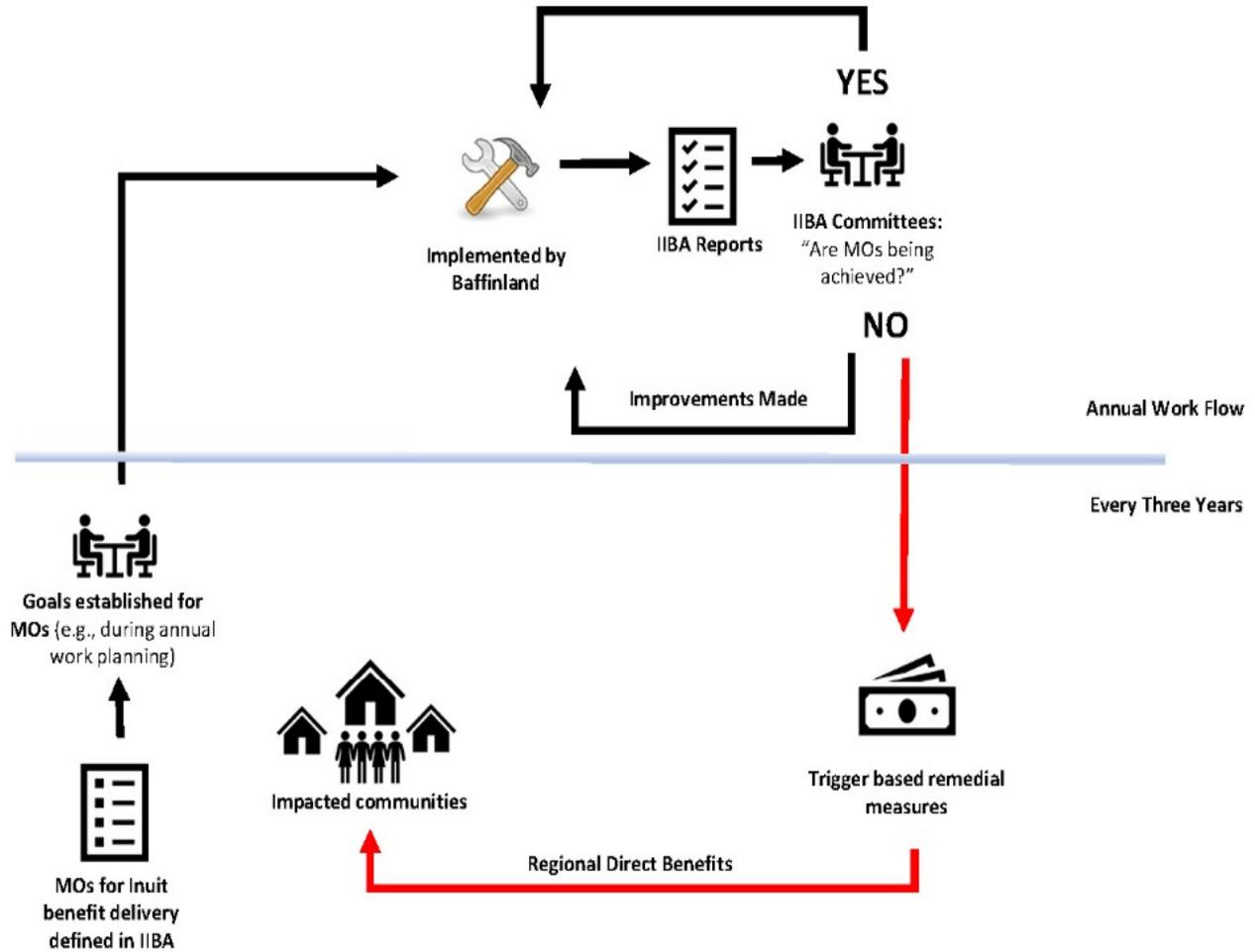
11.4.1. The parties will develop and agree upon proposed IIBA amendments to enact items agreed upon in this schedule.

11.5 Timeline to Fully Implement Change

11.5.1. Timelines presented are subject to modification upon agreement of the parties.

11.6 Relationship to Other Components

11.6.1. This project improvement relates directly to Project Bond, Measurable Objects, and Community Direct Benefits.



ID 12.
PROJECT BOND

12.1 **Description**

- 12.1.1. A Project Bond is an Irrevocable Letter of Credit, or other instrument as agreed upon between the parties, posted with QIA and held for the purpose of drawing- upon in the event remedial measures are required specifically related to project implementation goals with Measurable Objectives.
- 12.1.2. QIA will draw upon the Project Bond under one of the following conditions:
- (a) An “implementation failure” occurs, which is a failure to achieve a minimum standard for a Measurable Objective in a single year.
- OR
- (b) Upon completion of a formal assessment scheduled every-three years where Measurable Objectives have not been achieved.
- 12.1.3. The Project Bond would be withdrawn from within 45-days of the date a reconciliation or remedial measures takes place.
- 12.1.4. Specific details of how to calculate the value of the remedial measure will need to be added to Article 10 of the IIBA and the IIBA Implementation Guide. However, generally, the value drawn from the Project Bond will be determined according to the following:
- (a) Lost Inuit Benefit would be calculated using the following method, unless otherwise previously agreed to:
- (i) The cost specified within the IIBA, Implementation Guide or IIBA Implementation Budget.
- (ii) An added penalty for failure to deliver upon multiple goals (e.g., % of the total value of the lost benefit).
- (iii) Any administration costs for QIA or a third party to administer the money to impacted communities.
- 12.1.5. The value drawn down would be administered by QIA and dispersed through Community Direct Benefits.
- 12.1.6. Costs associated with failed Measurable Objective(s) would be tabulated and reported to the Joint Executive Committee prior to QIA withdrawal. Any disagreement between the parties would be resolved through a meeting of the Presidents. The meeting of the President’s may take best efforts to into consideration. In the event of a formal dispute over the value remedial measures QIA will still withdraw the amount calculated within 45-days. The results of dispute resolution would then apply to future assessments of remedial measures.
- 12.1.7. Once the Project Bond is drawn upon, there is a requirement to ensure that the value of the Project Bond is restored within 90 business days.
- 12.1.8. All withdrawals from the Project Bond will be directed to the Community Direct Benefits.

- 12.1.9. Should assessment of remedial measures and draw down of the Project Bond suggest the initial value of \$10,000,000 is inadequate to serve its intended purpose; the Project Bond will be increased to the satisfaction of QIA.

12.2 Specific Tasks Required

- 12.2.1. The following specific tasks are required:
- (a) Parties would establish the terms of the project bond.
 - (b) The project bond would be posted to QIA.

12.3 Resourcing Implications

- 12.3.1. Baffinland is responsible for any ongoing resourcing implications related to Baffinland's duties and obligations to the Project Bond. The value of the Project Bond has been mutually agreed to under Schedule 28.

12.4 Legal Agreement Amendments

- 12.4.1. The project bond will require amendments and revisions to the IIBA. The amendments may apply to Article 4, 10 or a new article in the IIBA.
- 12.4.2. The parties will develop and agree upon proposed IIBA amendments to enact items agreed upon in this schedule.

12.5 Timeline to Fully Implement Change

- 12.5.1. It is expected that QIA would generally only withdrawal from the Project Bond one per annum, 45-days following the end of the fiscal year. The first possible withdrawal could occur in May 2021 (i.e. to address remedial measures associated with an effective date of January 1st, 2021 – March 31st, 2021).

12.6 Relationship to Other Components

- 12.6.1. This project improvement relates directly to:
- (a) Minimum Inuit Employment Goals
 - (b) Measurable Objectives
 - (c) Inuit Content Plans
 - (d) Other forms or remedial measures as agreed upon under the Inuit Certainty Agreement

ID 13.
FAILURE TO ESTABLISH AND ENFORCE
INUIT CONTENT REQUIREMENTS

13.1 Description

- 13.1.1. Under the current IIBA, Article 10 “Enforcement of Inuit Content Requirements” is designed to enforce Baffinland performance with respect to Inuit content. This article presumes that Baffinland will comply with the requirements to establish a variety of Inuit Content Requirements in the contracting practices starting with bid evaluation through to inclusion in formal contracts with selected contractors. When a contract is signed the IIBA requires that it include Inuit Content Requirements against which the contract will be managed and penalties applied.
- 13.1.2. Many major contractors on-site only have Inuit employment requirements without Inuit Content Requirements.
- 13.1.3. To address this the IIBA should require the establishment of certain Inuit Content Requirements for contracts. Baffinland would be required to disclose to QIA contract bid and contract award provisions specific to Inuit Content Requirements. For example, purchasing from communities, subcontracting, or training are all forms of Inuit Content Requirements. Subcontracting means Inuit firms realize contracting opportunities and develop greater capacity for future contracts. Purchasing from communities represents a tangible project benefit stream related to contracting. Training is a means to allow all contractors to participate in the development of the Inuit workforce. Here emphasis is given to factors other than Minimum Inuit Employment Goals, as this is addressed through other mechanisms.
- 13.1.4. The IIBA should include a process which addresses remedial measures for Baffinland’s failure to establish Inuit Content Requirements for its contractors. Baffinland is responsible for collection of data, monitoring of contractor compliance with Inuit Content Requirements and reporting this information to QIA through reporting to the Contracting Committee.
- 13.1.5. A number of legacy contracts do not currently contain provisions relating to Inuit Content Requirements. To address this issue, Baffinland will pay QIA \$400,000. Payment will be made prior to April 1st, 2021, according to an agreed upon schedule.
- 13.1.6. All existing contracts that do not have established Inuit Content Requirements as of the date of the signing of the Inuit Certainty Agreement shall have Inuit Content Requirements approved by QIA within 90-days of the signing of the Inuit Certainty Agreement.
- 13.1.7. QIA and Baffinland will agree upon the list of contracts that require Inuit Content Requirements not later than July 24th, 2020.
- 13.1.8. Any existing contracts which do not have approved Inuit Content Requirements within 90-days will result in a financial penalty. Financial penalties will occur on a per contract basis, meaning a penalty will be paid for each contract without approved Inuit Content Requirements. The penalty will be ongoing for all existing contracts. Baffinland will pay \$50,000 applied every 90-days for each contract that does not have approved Inuit Content Requirements.
- 13.1.9. Remedial measures owed as a result of not establishing Inuit Content Requirements within 90-days will be tabulated and paid to QIA on the 95th day following the approval of the Inuit Certainty Agreement. This process will re-start every 90-days until all existing contracts have approved Inuit Content Plans.
- 13.1.10. All payments made to QIA in relation to remedial measures for existing contracts will be received and directed by QIA to Preferred Inuit Firms in a manner deemed most equitable by QIA.

- 13.1.11. For existing and future contracts there would be incremental fines. Fines will be calculated on an individual contract basis according to the following methodology:
- (a) % of the highest contract value signed with Non-Inuit Firm in that contract category if the Inuit Content Requirements are not submitted to QIA, unless fines have been addressed under 13.1.7 and 13.1.8.
 - (b) % of the highest contract value signed with Non-Inuit Firm in that contract category if the Inuit Content Requirements are not achieved.
 - (c) Unless other remedial actions are agreed upon by the JEC within 45- days, the default trigger for not achieving compliance with Inuit Content Requirements would be monetary remedial measures of fines.
 - (d) As an alternative remedial measure, Baffinland may remove the contractor from bidders lists for future contracts, for a time period agreed upon by the JEC, if such measures are deemed appropriate and necessary by the JEC.
- 13.1.12. All fines will be drawn from the Project Bond. Fines will be tabulated and presented to the Contracting committee within 30-days of the last quarter of each year. All fines drawn from the Project Bond will be processed through the Community Direct Benefits model. In the event of a dispute as to the total value of fines to be drawn from the Project Bond QIA will draw 75% of the value it has tabulated as due with the remaining 25% to be determined through the appropriate mechanism of the IIBA. In the event QIA has drawn more money from the Project Bond than entitled the parties will come to an agreement on how to best address this issue in the context of Baffinland's duty to replenish the Project Bond.

13.2 Specific Tasks Required

- 13.2.1. The following specific tasks are required of QIA:
- (a) Come to agreement with Baffinland upon the list of contracts that require Inuit Content Requirements by July 24th, 2020.
 - (b) Receives reviews and responds to Inuit Content Requirements for existing contracts.
 - (c) 90-days following the signing of the Inuit Certainty Agreement tabulate remedial measures for all contracts without Inuit Content Requirements.
 - (d) Receives, reviews and responds to Inuit Content Requirements for future contracts.
- 13.2.2. The following are the specific tasks of Baffinland:
- (a) Come to agreement with Baffinland upon the list of contracts that require Inuit Content Requirements by July 24th, 2020.
 - (b) Baffinland to pay QIA in one lump sum \$400,000, not later than April 1st, 2021. A payment schedule will be agreed upon not later than June 15th, 2020.
 - (c) Within 90-days the signing of the Inuit Certainty Agreement request, receive and forward to QIA for joint approval Inuit Content Requirements for all existing contracts.
 - (d) Within 5-days of receiving a tabulation of remedial measures for all contracts without Inuit Content Requirements pay the amount tabulated to QIA in one-lump sum.

- (e) Request, receive and forward to QIA for joint approval Inuit Content Requirements for all future contracts.

13.3 Resourcing Implications

- 13.3.1. Resources will be required immediately following the signing of the ICA for QIA to effectively participate in the review and approval of Inuit Content Requirements and other tasks listed for existing contracts. Payment plans for QIA resources required to be agreed to by the parties, unless otherwise identified under Schedule 28 and 31.

13.4 Legal Agreement Amendments

- (a) Parties amend Article 6 of the IIBA to include these requirements.
- (b) Parties amend Article 10 of the IIBA to include these requirements.
- (c) Parties amend the IIBA Implementation Guide to reflect these requirements.

13.5 Timeline to Fully Implement Change

- 13.5.1. The timelines for tasks listed without dates will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

ID 14.
MONTHLY REPORTING

14.1 **Description**

14.1.1. Reporting period would increase from quarterly to monthly to promote transparency in Baffinland reporting on the IIBA and information exchange between the Parties. The goal of this concept would be to provide additional raw data to QIA to increase awareness of benefits, and to provide meaningful feedback to Baffinland. Monthly reports could be submitted three weeks following the end of the previous month. Ideally, the increased information flow would allow the IIBA committees to not meet as frequently and would be better equipped to handle implementation issues through more direct engagement (i.e. calls, emails) as opposed for formal meetings (i.e. in-person meetings with travel requirements).

14.1.2. The IIBA amendment would require the following:

- (a) **Reporting templates** – A reporting template for both QIA and Baffinland would be included as a requirement of the IIBA and developed as a schedule in the IIBA Implementation Guide. The template would include inputs for raw data, reporting formats (i.e. graphs/tables). This template could be:
 - (i) Finalized during the time amendments to the IIBA are being completed;
 - (ii) The monthly report would contain limited narrative to reduce administrative burden on Baffinland and QIA. Quarterly reports would be used to report on trends and relationship to Measurable Objectives, including operational adjustments. Annual reports would summarize data and presented narrative on results achieved relative to the annual work plan.

- (b) **IIBA Adaptive management** – The IIBA would require monthly reports to drive decision making at the IIBA Committees and be guided by qualitative and quantitative Measurable Objectives. Where Measurable Objectives are downward trending or not meeting Goals, QIA and Baffinland would refer to the IIBA Implementation Guide Procedures to which the goals are linked and ask the following questions:
 - (i) Is the IIBA and Implementation Guide being followed?
 - (ii) If so and implementation still is unsuccessful, should there be an adjustment made to the corresponding Implementation Guide procedure?
 - (iii) Can the parties agree upon what adjustments are needed and when adjustments will be implemented?

- (c) **Link to Measurable Objectives** – The IIBA should institute that Measurable Objectives reporting data included in monthly reports would be used to evaluate and trigger remedial measures on an annual basis.

14.2 **Specific Task Required**

14.2.1. The following specific tasks are required:

- (a) Baffinland provide a template. This to be completed by July 2, 2020.
- (b) QIA provide a response regarding the deficiencies in desired reporting. This to be completed by July 20, 2020.

- (c) The Parties come to agreement upon a template (this may require internal changes to Baffinland's current processes).

14.2.2. This work is completed not later than August 31, 2020.

14.3 Resourcing Implications

14.3.1. Baffinland will be responsible for funding any additional resourcing required for monthly report preparation and review.

14.4 Legal Agreement Amendments

14.4.1. A shift to monthly reporting will require amendments and revisions to the existing IIBA. Amendment is expected but not limited to IIBA Article 6, Article 7, Article 8, and Article 20.

14.4.2. Use of the agreed monthly reporting template will be compulsory for both parties and will be reflected in Article 6.9, Article 7.23, Article 20.1 and wherever else applicable.

14.4.3. Monthly reporting will be linked to Measurable Objectives and used to assess Goal achievement and when to enact remedial measures.

14.4.4. The parties will develop and agree upon proposed IIBA amendments to enact items agreed upon in this schedule by September 15, 2020, unless otherwise agreed.

14.5 Timeline to Fully Implement Change

14.5.1. It is expected that December 2020 would be the first month reported on under the new Monthly Reporting template.

14.6 Relationship to Other Components

14.6.1. This project improvement relates directly to Measurable Objectives.

ID 15.
EARLY CHILDHOOD CARE SUBSIDY

15.1 Description

- 15.1.1. Affordability of early childhood care is a known barrier for Inuit employees and prospective Inuit candidates, especially women. The 2019 Workplace Conditions Review and the recent Inuit Labour Force Barriers Analysis confirmed that it is a challenge for Inuit employees at the Mary River Project.
- 15.1.2. For Baffinland to access a wider section of the Inuit labour market, especially women, it could provide a childcare allowance to help subsidize the cost of childcare. This allowance would be provided for both regulated and unregulated childcare. The majority of childcare services in Nunavut are unregulated. This allowance would be specific to Inuit employees who are Nunavut residents and are employed at the Mary River Project, with children under the age of 14.
- 15.1.3. Employees who are Nunavut residents and are employed at the Mary River Project, with children under the age of 14 will be provided a fixed allowance on a per child per day basis. QIA would work with Baffinland to seek matching subsidies from the Government of Nunavut and Federal Government to enhance this allowance. This would provide government with the opportunity to support broader access to mining sector employment. QIA and Baffinland would develop a standard calculation for determining the subsidy for each eligible Inuit employee.
- 15.1.4. The fixed allowance per child per day shall not be lower than \$19/day. This rate will be indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada. The base period for the indexation will be the month in which the Phase 2 Effective Date occurs.
- 15.1.5. The Employment Committee will amend the IIBA Implementation Guide to address how to effectively provide this allowance in a manner that recognizes Inuit family structures.
- 15.1.6. As part of the triennial labour market analysis, the IIBA could also require the Parties to conduct an assessment determining the current childcare costs and challenges across the Qikiqtani Region. The results from this assessment may result in an update to the subsidy calculation and initiatives in the IIBA Annual Work Plan.

15.2 Specific Tasks Required

- 15.2.1. The following are the specific tasks of Baffinland:
- (a) Revise Human Resource practices to include childcare allowance.
 - (b) Train BIM staff on how to enroll Inuit in the childcare allowance.
 - (c) Advertise on-site and through direct interaction with Inuit staff on childcare allowance.
 - (d) Develop communications tools to inform current and potential employees of this allowance.

15.3 Legal Agreement Amendments

- 15.3.1. Amend IIBA Article 7 and or 11 to include this is a defined allowance for Inuit employees.

15.4 Timeline to Fully Implement Change

- 15.4.1. Timelines presented are subject to modification upon agreement of the parties.

15.5 **Relationship to Other Components**

15.5.1. This project improvement relates directly to:

- (a) Minimum Inuit Employment Goals
- (b) Measurable Objectives

ID 16.
EARLY CHILDHOOD CARE INFRASTRUCTURE

16.1 **Description**

- 16.1.1. Affordability and access to early childhood care is a known barrier for Inuit employees and prospective Inuit candidates, especially women. The 2019 Workplace Conditions Review and the recent Inuit Labour Force Barriers Analysis confirmed that it is a challenge for Inuit employees at the Mary River Project.
- 16.1.2. To address this topic Baffinland will collaborate with QIA and other parties (e.g. the Government of Nunavut, and, Government of Canada) with the intention to establish childcare facilities and workers in each impacted community.
- 16.1.3. After ratifying the new IIBA, Baffinland and QIA would develop and engage Government for the purposes of signing a Memorandum of Understanding (MOU) committing parties to constructing or expansion of childcare facilities, development of governance and administrative structures, and, training for daycare facility employees in all impacted communities. Construction of daycares will occur according to a schedule agreed upon by parties to the MOU.
- 16.1.4. Baffinland will contribute to costs for the construction of these facilities, working with Preferred Inuit Owned Firms to the greatest extent possible. QIA agrees that working with Baffinland to seek Government investment to support the construction and operation of these facilities. For greater clarity, Baffinland pledges to pay up to \$3M per daycare facility per impacted community (i.e. \$15M) out of a total estimated infrastructure fund of \$25M. The total costs of building all daycares will be clarified through formal facility design processes which could either increase or decrease the total cost of daycare development.
- 16.1.5. It is understood that successful funding in support of daycare construction brought in from joint lobbying efforts will be deducted from Baffinland's obligation of up to \$15M, provided there remains enough capital to build all 5 daycares. For example, the total cost of constructing all 5 daycares is proven to be \$25M and parties are able to jointly raise \$10M then Baffinland will fund the remaining \$15M. However, should parties raise \$25M and the total cost of call daycares is \$35M then Baffinland will contribute \$10M. The maximum contribution by Baffinland will not exceed \$15M.
- 16.1.6. As part of the Annual IIBA Implementation Plan QIA will deliver to Baffinland its annual development plan and construction budget for Childcare Infrastructure for the upcoming year. Not later than April 30th each year, BIM shall advance such budgeted amount for the upcoming year (to the extent that it is required over and above amounts so advanced in respect of the prior year(s) which have not yet been spent).
- 16.1.7. Baffinland will also assume responsibility for all costs associated with facility design in respect of Childcare Infrastructure which will include:
- (a) Appointment of a qualified project manager to manage the design component of each project. For clarity, this does not include project management for construction;
 - (b) Use procurement processes acceptable to both QIA and Baffinland to ensure best value, prudence, probity and sound contract management;
 - (c) Ensure the project is designed to meet all the applicable federal and territorial codes and standards for the design, construction and operation of comparable physical assets;
 - (d) Ensure the design of the project is approved and certified by a professional engineer or architect licensed to practice in Nunavut; and

- (e) Ensure the project is inspected and certified for compliance with applicable regulatory requirements by qualified inspectors at the various stages of the construction.
- 16.1.8. Baffinland will not realize a reduction in its contributions towards daycare construction until all daycares have been committed to with fully certainty of construction. For example, if funding has been raised to support full construction of all 5 daycares, Baffinland is not relieved of any financial obligations to fund such daycare until parties are mutually satisfied that sufficient alternative resources are committed and secured for these facilities.
 - 16.1.9. Additionally, Baffinland will contribute funding and in-kind support toward the training and development of staff hired to operate these facilities. These contributions will contribute towards Baffinland's training objectives as otherwise defined under the IIBA.
 - 16.1.10. If and when construction begins for the Steensby Inlet portion of the project, Baffinland will commit to pay up to an additional \$6M for the construction of Childcare Infrastructure for the Kimmirut and Kinngait communities (up to \$3M each).
 - 16.1.11. Baffinland will work directly with project contractors to seek additional financial and in-kind contributions toward daycare construction costs and effective execution and completion of each daycare facility.
 - 16.1.12. Facility operation and ownership will be addressed in the MOU. Baffinland will not be responsible for daycare operation and ownership unless otherwise agreed.
 - 16.1.13. Communities will be engaged in all decisions related to need, facility location, final design, operation and ownership.
 - 16.1.14. Given that Baffinland is the largest private employer in the region, possibly Nunavut, the company will benefit both directly and in-directly by supporting families and early childhood education in impacted communities.
 - 16.1.15. QIA will provide resources and in-kind support consistent with its organizational mandate and access to resources in areas such as development of training programs for Inuit daycare staff, development of early childhood development materials and daycare fee subsidies.
 - 16.1.16. For the purposes of this IIBA benefit, impacted communities are understood to be Pond Inlet, Arctic Bay, Clyde River, Igloolik, Sanirajak.
 - 16.1.17. If and when construction begins on Steensby Inlet, this benefit will also include Kimmirut and Kinngait.
 - 16.1.18. All financial commitments listed shall be indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada. The base period for the indexation will be the month in which the Phase 2 Effective Date occurs.

16.2 Specific Tasks Required

- 16.2.1. The following are the specific tasks of Baffinland:
 - (a) Develop a draft MOU for review by QIA.
 - (b) Along with QIA engage in discussions with Government to finalize the MOU.
 - (c) Along with QIA engage communities in facility planning.

- (d) Along with QIA develop a training program for Inuit staff to manage, operate and maintain each facility.

16.3 Legal Agreement Amendments

- 16.3.1. Amend IIBA to reflect this benefit.

16.4 Timeline to Fully Implement Change

- 16.4.1. Timelines presented are subject to modification upon agreement of the parties.

16.5 Relationship to Other Components

- 16.5.1. This project improvement relates directly to:
 - (a) Minimum Inuit Employment Goals
 - (b) Measurable Objectives

ID 17.
WATER COMPENSATION AGREEMENT

17.1 **Description**

- 17.1.1. A Water Compensation Agreement is a requirement of Article 20 of the Nunavut Agreement. The current Water Compensation Agreement does not address the Phase 2 Proposal. The Nunavut Water Board (NWB) cannot issue a water licence without a) evidence that a Water Compensation Agreement is in place or b) making its own determination on water compensation under the Nunavut Agreement.
- 17.1.2. As per Term and Condition 7 of the current Water Compensation Agreement, the parties agree a new Water Compensation Agreement should be drafted prior to the filing of final technical comments on the Type-A Water Licence Amendment. The goal will be to have a signed Water Compensation Agreement prior to Public Hearings with the NWB.
- 17.1.3. The WCA will connect Baffinland's environmental effects monitoring including the Aquatic Effects Monitoring Program (AEMP), the Adaptive Management Plan (AMP) and Inuit Stewardship Plan (ISP). It will also integrate Baffinland's commitment, made through the Mary River Project Phase 2 environmental assessment, to work with QIA in the development of an Inuit-based, IQ-enriched water quality monitoring program. The AMP and/or the AEMP and the new Inuit-based water quality monitoring program, which will be part of the CRLU Monitoring Program, will incorporate thresholds that indicate substantial effects to water quality, quantity and flow, and trigger corresponding mitigative and remedial measures. These thresholds will be based on inputs from both scientific sources and IQ.
- 17.1.4. QIA has indicated to BIMC that both the wording and implementation of the Water Compensation Agreement can be substantially improved in a number of areas to increase the integration of IQ and the role Inuit perspectives play in the implementation of a Water Compensation Agreement that has meaning to - and is fair for - Inuit, and to increase both the protective and compensatory role that implementation of the Water Compensation Agreement can provide for Inuit water values. Avenues to accomplish these goals will be explored during the ongoing renegotiation period for the Water Compensation Agreement.
- 17.1.5. The parties agree a revised Water Compensation Agreement will include, at a minimum, amendments to address:
- (a) Funding for QIA and Inuit's participation in the implementation of the Water Compensation Agreement.
 - (b) Requirements for initial and occasional revisiting of Inuit data collection to identify "waterbodies of heightened importance" and related topics relevant to Water Compensation Agreement implementation.
 - (c) A revisiting of the definition of "substantial effects", and development of a more detailed understanding of what constitutes a "substantial effect" on water or a waterbody, or at least define a process through which this will be determined in the Water Compensation Agreement. This will include inputs from both IQ and western science and will take into account Article 20 of the Nunavut Agreement.
 - (d) Building necessary ties between the Water Compensation Agreement and the Inuit-led CRLU Monitoring Program and Inuit Committee under the Inuit Stewardship Plan.
 - (e) Adjustments of triggers/thresholds for enhanced compensation under the Water Compensation Agreement, including the need for a "tiered" system of compensation where compensation levels will increase based on the importance associated with the particular water body.

- (f) The adequacy of the current “per unit” water use compensation funding.
- (g) Retention of the QIA Water Coordinator position and incorporation of this role into the overall CRLU Monitoring Program under the Inuit Stewardship Plan.

17.2 Specific Tasks Required

17.2.1. The following specific tasks are required of QIA:

- (a) Meet with Baffinland representatives to negotiate terms of a revised Water Compensation Agreement, including the terms identified in 17.1.5 above. The parties will meet (in person or by phone or electronic means), effective immediately upon signing of the ICA with meetings commencing not later than June 30, 2020. Any such agreement should include blank schedules that can be populated by lists of waterbodies of heightened importance once the CRLU Monitoring Program is up and running, and identify necessary resources to implement the revised WCA.
- (b) Report progress to the Presidents monthly on development of the Water Compensation Agreement, until the agreement is signed.
- (c) Conduct verification with impacted Inuit communities on the adequacy of the compensation schedule for use of and substantial effects on water, prior to the signing of the new water compensation agreement.
- (d) Development with Baffinland of specific terms and conditions for the Baffinland committed-to Inuit-based water quality monitoring program, within 6 months of the signing of the Inuit Certainty Agreement.
- (e) Conduct, within the first year of the CRLU Monitoring Program (see Schedule 4), research with impact Inuit communities, to populate the WCA Schedule related to waterbodies of heightened importance in the Project affected area and better understand natural and changed conditions of those waterbodies, through direct data collection with Inuit knowledge holders. This work will be priority work under the CRLU Monitoring Program and data collection and analysis should be completed as soon as practicable.
- (f) Given the importance of the work outlined in 17.2.1(e) to inform the development and implementation of the WCA, the parties agree this work will be resourced immediately upon signing of the ICA to facilitate research with Inuit prior to the development of the CRLU Monitoring Program. This work will be completed prior to August 15th, 2020. It is agreed that the timelines for this work may be deferred due to reasons outside the control of QIA in which case this information will be integrated into the Water Compensation Agreement at a later time as agreed by the parties.
- (g) Work with Baffinland to populate the “waterbodies of heightened importance” (or it may be called the “waterbodies of unique value and/or cultural significance”) schedule of the new Water Compensation Agreement.

17.2.2. The parties agree to complete the negotiation of a revised Water Compensation Agreement by September 15th, 2020.

17.2.3. The following specific tasks are required of Baffinland:

- (a) Commit to resourcing the Water Compensation Agreement and Inuit-based water quality monitoring program plan development processes, in the signed Inuit Certainty Agreement.

- (b) Meet with QIA representatives to negotiate terms of a revised Water Compensation Agreement, including the terms identified in 17.1.5 above, effective immediately upon signing of the ICA (beginning no later than June 30, 2020).
- (c) Report progress to the Presidents monthly on development of the Water Compensation Agreement, until the agreement is signed.
- (d) Development with QIA of specific terms and conditions for the Baffinland committed-to Inuit-based water quality monitoring program, within 6 months of the signing of the Inuit Certainty Agreement.
- (e) Work with QIA to populate the “waterbodies of heightened importance” (or it may be called the “waterbodies of unique value and/or cultural significance”) schedule of the new Water Compensation Agreement.

17.3 Resourcing Implications

- 17.3.1. Baffinland is responsible for resourcing the negotiation (including all required work to permit the creation of an agreement such as community engagement) and implementation of the Water Compensation Agreement, including provision of compensation for use and substantial effects on water, for the life of the Project. Resources will be required immediately following the signing of the ICA to continue the WCA negotiations and to develop the Inuit water quality monitoring program parameters. Payment plans for QIA resources required to be agreed to by the parties, unless otherwise identified under Schedule 28 and 31.

17.4 Legal Agreement Amendments

- 17.4.1. A Water Compensation Agreement is a requirement of Article 20 of the Nunavut Agreement. The current Water Compensation Agreement does not address the Phase 2 Proposal. The Nunavut Water Board (NWB) cannot issue a water licence without a) evidence that a Water Compensation Agreement is in place or b) making its own determination on water compensation under the Nunavut Agreement.

17.5 Timeline to Fully Implement Change

- 17.5.1. The timelines for tasks listed will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement. Immediate commitments will be made to execute on this schedule, should Phase 2 not be approved, Baffinland reserves the right to stop all works associated with the Inuit Certainty Agreement.

17.6 Relationship to Other Components

- 17.6.1. This project improvement will relate to specific elements of the Inuit Certainty Agreement, including the Inuit Stewardship Plan (ISP), the Inuit Committee and Culture, Resource and Land Use Program housed within the ISP, as well as the Adaptive Management Plan.

ID 18.
CAPACITY DEVELOPMENT FOR PREFERRED INUIT FIRMS AND
REGIONAL CONTRACTING BENEFITS

18.1 Description

- 18.1.1. The majority of Inuit Firm Contracts at Baffinland have been awarded to large firms that typically have low Inuit content and where the flow of benefit to Inuit is not well demonstrated or understood. Smaller Inuit firms have struggled to compete, and unbundling contracts has had minimal success. The concept of requiring firms that gain contracting and subcontracting opportunities to engage with Preferred Inuit Firms stems from the premise that engagement of Inuit Firms develops capacity to take on larger contracts.
- 18.1.2. A revised Article 6 of the IIBA would define Preferred Inuit Firm status and contract tailoring. The IIBA would encourage Preferred Inuit Firm participation through tailored contracting and subcontracting opportunities. The conceptual definition for Preferred Inuit Firm is:
- (a) Registered with Nunavut Tunngavik Incorporated (NTI).
 - (b) Located and operating within the Qikiqtani Region of Nunavut.
 - (c) Wholly owned and operated by Inuit - not a joint venture with a larger organization.
 - (d) Community presence beyond a Post Office Box and ability to demonstrate such presence.
- 18.1.3. Baffinland shall identify Preferred Inuit Firms during their pre-qualification processes. The Preferred Inuit Firm List will be verified through the Contracting Committee. The Preferred Inuit Firm List will be updated based on changes and update to the Annual Contract Planning Report and the Pre-Qualification Register. A procedure for these processes shall be developed and approved by the Contracting Committee and included in the IIBA Implementation Guide.
- 18.1.4. Preferred Inuit Firm status would be managed and communicated by Baffinland to current and potential, future contractors. Baffinland will include materials on Preferred Inuit Firms in all contracting materials related to its tender and award process. Baffinland will actively promote Preferred Inuit Firms in general communications. Efforts to obtain Preferred Inuit Firm status will not be used as a barrier for any and all other Inuit firm participation in the project, i.e. not achieving Preferred Inuit Firm status does not prohibit the participation of pre-qualified Inuit firms in all other aspects of project contracting.
- 18.1.5. A definition of contract tailoring includes:
- (a) Baffinland designing contracting opportunities, at the point of bidding, for Preferred Inuit Firm participation; and/or,
 - (b) Separating larger value and sized contracts into two or more smaller contracts designed for Preferred Inuit Firm participation (i.e. a formal process for contract tailoring).
- 18.1.6. Contract tailoring could occur via contracts directly procured and managed by Baffinland or via subcontracting opportunities. In either case, Baffinland would demonstrate and report on contract tailoring efforts using the following indicators:
- (a) The number of contracts unbundled for Preferred Inuit Firms;
 - (b) The number of subcontracts unbundled for Preferred Inuit Firms;
 - (c) The number of Preferred Inuit Firms targeted through contract tailoring;

- (d) The number of Preferred Inuit Firms that bid on tailored contracts; and,
 - (e) The number of successful Preferred Inuit Firms.
- 18.1.7. Measurable Objectives would be established to focus solely upon Preferred Inuit Firm participation at the Project to prevent any confusion with other types of reporting upon project contracting.
- 18.1.8. On an annual basis the Contracting Committee will establish a Minimum Preferred Inuit Firm Goal(s) by identifying contract and subcontract tailoring opportunities using the List of Planned Contracts and the Inuit Contracting Database. It would then be Baffinland's responsibility to meet and exceed the Minimum Preferred Inuit Firm Goal(s) using a combination of contracting and subcontracting. To inform the Minimum Preferred Inuit Firm Goal, QIA and Baffinland would exchange lists of possible Preferred Inuit Firms.
- 18.1.9. The contracting process related to unplanned contracts will require additional consideration. A procedure for these events shall be developed and approved by the Contracting Committee.
- 18.1.10. It is acknowledged that Baffinland may prefer to develop subcontracting opportunities for Preferred Inuit Firms rather than contracting directly given the administrative burden of managing several small tailored contracts. It also cannot be reasonably expected for subcontracting to occur under each contract. For contracts above a specified value and workforce requirements, best efforts to subcontract Preferred Inuit Firms should be compulsory. This can be determined on a case-by-case basis at the Contracting Committee. Updates to existing IIBA contracting procedures will address these activities. Here parties would focus their attention upon events where Preferred Inuit Firms are subcontracted by the Inuit or Non-Inuit Firm who has been awarded a contract.
- 18.1.11. Management of benefits for Preferred Inuit Firms shall be subject to remedial measures should the Measurable Objectives not be met. Unless other remedial measures are agreed to, by the JEC within 45-days of determining that measureable Objectives for Preferred Inuit Firms have not been met, the remedy trigger for not achieving compliance with Inuit Content Requirements under Article 10 of the IIBA shall default to monetary remedial measures. Remedial measures that result in payments to QIA will be directed to Community Direct Benefits.
- 18.1.12. Additionally, 6.12 of the current IIBA will be amended to apply to Preferred Inuit Firms. Specifically, under Article 6.12.2 b) and c) "Preferred Inuit Firms" would replace "Qikiqtaaluk Corporation".
- 18.1.13. Additionally, 6.12.2 would be amended to read "contracts under CAD \$3 Million".

18.2 Specific Tasks Required

- 18.2.1. The following specific tasks are required of QIA:
- (a) Support Baffinland in promoting the Preferred Inuit Firm status.
 - (b) Engage with Baffinland to approve Measurable Objectives for contracting with a focus upon Preferred Inuit Firms.
 - (c) Come to agreement with Baffinland on required amendments to Article 6 of the IIBA to include these processes and obligations.
- 18.2.2. The following are the specific tasks of Baffinland:

- (a) Engage Inuit Firms to register them as Preferred Inuit Firms. This should occur using approaches and methods as determined by the Contracting Committee.
- (b) Create a Preferred Inuit Firm Register as a component of the Pre-Qualification Register under the existing IIBA.
- (c) Engage with QIA to approve Measurable Objectives for contracting with a focus upon Preferred Inuit Firms.
- (d) Come to agreement with QIA on required amendments to Article 6 of the IIBA to include these processes and obligations.

18.3 Resourcing Implications

- 18.3.1. Resources will be required by QIA immediately following the signing of the ICA for QIA to effectively participate in tasks listed. Payment plans for QIA resources are required to be agreed to by the parties, unless otherwise identified under ID 28 and 31.

18.4 Legal Agreement Amendments

- 18.4.1. Parties amend Article 6 of the IIBA to include these requirements.
- 18.4.2. Parties amend Article 10 of the IIBA to include these requirements.
- 18.4.3. Parties amend the IIBA Implementation Guide to reflect these requirements.

18.5 Timeline to Fully Implement Change

- 18.5.1. The timelines for tasks listed without dates will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

ID 19.
INUIT AND NON-INUIT FIRM SPEND

19.1 **Description**

- 19.1.1. Changes to Contracting Firm spend reporting are important for QIA's understanding of the Project; it would summarize which Inuit and Non-Inuit Firms are successful, and potential gaps for capacity building. It would also enhance understanding of contract award versus spend for different pre-qualification categories. Moreover, it demonstrates transparency from Baffinland thereby promoting trust.
- 19.1.2. IIBA 6.9.6 should be amended to have explicit requirements for Inuit and Non-Inuit Firm spend such that QIA would receive Inuit and Non-Inuit Firm spend to the cent, organized according to contracting category. This presumes that contracting categories used are identical to the categories used for pre-qualification and contract bidding processes. Contracting categories will remain consistent such that it is possible to accurately assess all contracting information in a consistent manner across different contracting activities undertaken by Baffinland under Article 6 of the IIBA. This information would be reported in the quarterly for long-term contracts (i.e. contracts of a duration greater than 24 months) otherwise monthly for contracts that are not long-term.
- 19.1.3. Any and all changes to contracting categories will require approval of Contracting Committee, including agreement upon how to best transition to revised categories such that implementation of the IIBA is not impeded.
- 19.1.4. This change would enshrine this commitment within the IIBA with more prescriptive wording.

19.2 **Specific Tasks Required**

- 19.2.1. The following are the specific tasks of QIA:
- (a) Within 30-days of the signing of the Inuit Certainty Agreement come to agreement with Baffinland upon the contracting categories that will govern the implementation of the IIBA.
 - (b) Come to agreement with Baffinland on required amendments to Article 6 of the IIBA to include these processes and obligations within the IIBA.
- 19.2.2. The following are the specific tasks of Baffinland:
- (a) Within 30-days of the signing of the Inuit Certainty Agreement come to agreement with QIA upon the contracting categories that will govern the implementation of the IIBA and begin reporting under the IIBA starting in the next IIBA reporting quarter.
 - (b) Within 30-days of the signing of the Inuit Certainty Agreement engage with QIA for the purpose of enacting the commitments described herein.
 - (c) Come to agreement with QIA on required amendments to Article 6 of the IIBA to include these processes and obligations within the IIBA.

19.3 **Resourcing Implications**

- 19.3.1. Resources will be required by QIA following the signing of the ICA for QIA to effectively participate developing appropriate reporting templates and descriptions to enact these changes to the IIBA. Payment plans for QIA resources required to be agreed to by the parties, unless otherwise identified under Schedule 28 and 31.

19.4 Legal Agreement Amendments

- (a) Parties amend Article 6 of the IIBA to include these requirements.
- (b) Parties amend the IIBA Implementation Guide to reflect these requirements.

19.5 Timeline to Fully Implement Change

- 19.5.1. The timelines for tasks listed without dates will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

ID 20.
CONTRACTOR INUIT CONTENT PLANS (CICP) TEMPLATE AND
NEGOTIATION PROCESS

20.1 Description

20.1.1. In the current IIBA, for a given contract over \$500K, a successful contractor provides a detailed plan on how Inuit Content Requirements (ICR) would be achieved through Contractor Inuit Content Plans (CICP). A CICP is a proposal negotiated during the tendering process. QIA is not privy to these processes. Currently there are three issues with respect to CICPs resulting from this process:

- (a) Many contractors, including legacy contractors, do not have CICPs; and, this means these contracts are not compliant with the IIBA. This heritage of non-compliance results in chronic lost opportunity for Inuit firms.
- (b) Many existing CICPs do not have ICRs or a clear plan for achieving them. This means that there is no means for accountability which renders enforcement provisions difficult if not impossible to apply. This results in chronic lost opportunity for Inuit firms.
- (c) QIA has not participated in creating the current CICP template, and QIA is not satisfied with the current CICP template. QIA believes that a jointly approved template, tailored to each contracting category, will improve ICRs in contracts.

20.1.2. The following commitments would assist in mitigating against continued loss of opportunity for Inuit Firms:

- (a) A CICP template be developed and included as a schedule within the IIBA, rather than the Implementation Guide, with opportunity for tailoring for each contract. This ensures the document is publicly known and stable for all parties.
- (b) Baffinland will submit CICPs for existing contracts which do not currently have CICPs to QIA for review within 90 calendar days of the signing of this ICA.

20.2 Specific Tasks Required

20.2.1. The following are the specific tasks of QIA:

- (a) Not later than July 30th, jointly approve a revised CICP Template.
- (b) Come to agreement with Baffinland on required amendments to Article 6 of the IIBA to include these obligations within the IIBA.

20.2.2. The following are the specific tasks of Baffinland:

- (a) Not later than July 30th, jointly approve a revised CICP Template.
- (b) Come to agreement with QIA on required amendments to Article 6 of the IIBA to include these obligations within the IIBA.

20.3 Resourcing Implications

20.3.1. Resources will be required by QIA following the signing of the ICA for QIA to effectively participate developing appropriate reporting templates and descriptions to enact these changes to the IIBA. Payment plans for QIA resources required to be agreed to by the parties, unless otherwise identified under Schedule 28 and 31.

20.4 Legal Agreement Amendments

- (a) Parties amend Article 6 of the IIBA to include these requirements.
- (b) Parties amend the IIBA Implementation Guide to reflect these requirements.

20.5 Timeline to Fully Implement Change

- 20.5.1. The timelines for tasks listed without dates will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

ID 21.
REPORTING ON PROGRESS OF ACHIEVING INUIT CONTENT REQUIREMENTS (ICR)
IN CONTRACTOR INUIT CONTENT PLANS

21.1 **Description**

- 21.1.1. This concept was developed through experience reviewing the limited Contractor Inuit Content Plans (CICPs) QIA has seen to date, and the lack of insight into the contractors' adherence to these plans.
- 21.1.2. Per 6.11.2, CICPs are directly linked to Inuit Content Requirements (ICRs) which are established prior the bidding process. Per IIBA 6.13, Contractors are to express explicitly how they will achieve the ICRs of their contract in the CICIP. Furthermore, per Schedule 20.1, Baffinland is to provide progress reports on achievement and maintenance of ICRs through the application of the CICIP of each contractor.
- 21.1.3. Given the lack of reporting on progress of CICPs to date in a meaningful way and the lack of evidence of any contractor enforcement by Baffinland, a reporting template shall be established as a Schedule of the IIBA to ensure simplified and consistent reporting.
- 21.1.4. Furthermore, given that contracts can have variable lengths, Baffinland should report on achievement of ICRs and CICIP progress on a monthly basis. Increased monitoring by Baffinland for these provisions would enable Baffinland and the Contracting Committee to intervene when a contractor and their CICIP is failing before the contract is finished.

21.2 **Specific Tasks Required**

- 21.2.1. The following are the specific tasks of QIA:
- (a) Not later than July 30th, jointly approve a revised monthly reporting template.
 - (b) Come to agreement with Baffinland on required amendments to Article 6 of the IIBA to include this obligation within the IIBA.
- 21.2.2. The following are the specific tasks of Baffinland:
- (a) Not later than July 30th, jointly approve a revised monthly reporting template.
 - (b) Come to agreement with QIA on required amendments to Article 6 of the IIBA to include this obligation within the IIBA.

21.3 **Resourcing Implications**

- 21.3.1. Resources will be required by QIA following the signing of the ICA for QIA to effectively participate developing appropriate reporting templates and descriptions to enact these changes to the IIBA. Payment plans for QIA resources required to be agreed to by the parties, unless otherwise identified under Schedule 28 and 31.

21.4 **Legal Agreement Amendments**

- (a) Parties amend Article 6 of the IIBA to include these requirements.
- (b) Parties amend the IIBA Implementation Guide to reflect these requirements.

21.5 Timeline to Fully Implement Change

- 21.5.1. The timelines for tasks listed will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

ID 22.
**REQUIREMENT FOR CONTRACTOR PARTICIPATION IN
EMPLOYMENT AND TRAINING INFORMATION SESSIONS**

22.1 **Description**

- 22.1.1. This practice is currently taking place however an amendment to the IIBA ensures these activities will continue to occur.
- 22.1.2. Given contractor Inuit employment has a large effect on the Project Minimum Inuit Employment Goals contractors' participation in the Employment and Training Information Sessions should be mandatory if one of the following applies:
- (a) The contractor is not meeting their Inuit employment ICR;
 - (b) The contractor's Inuit employment does not meet or exceed the Project MIEGs, if an ICR has not been established; or,
 - (c) The contractor is responsible for greater than 10% of the annual firm spend (project spend and actual reported spend as determined through monthly reports).
- 22.1.3. This requirement could be established within IIBA Section 7.8.

22.2 **Specific Tasks Required**

- 22.2.1. Revise IIBA Article 6 accordingly.

22.3 **Resourcing Implications**

- 22.3.1. Resources will be required by QIA following the signing of the ICA for QIA to effectively participate implementation of these provisions. Payment plans for QIA resources required to be agreed to by the parties, unless otherwise identified under Schedule 28 and 31.

22.4 **Legal Agreement Amendments**

- (a) Parties amend Article 6 of the IIBA to include these requirements.
- (b) Parties amend the IIBA Implementation Guide to reflect these requirements.

ID 23.
CONTRACTORS' FAILURES

23.1 Description

23.1.1. QIA would like to work with Baffinland's procurement team to build standard clauses that would be included in the IIBA and used in each Baffinland contract. QIA respects that Baffinland holds contracts as confidential documents. On an annual basis QIA will appoint an independent auditor to perform a "spot-check" on a select number of contracts. The auditor shall be selected by QIA at its sole discretion. QIA shall be required to disclose the identity of the contractor to Baffinland prior to the "spot check". The purpose of the "spot check" shall be to verify that these contracts in fact have terms that include Inuit content provisions and provisions allowing for enforcing these provisions consistent with the IIBA and there are not terms in the contract that otherwise render these provisions null and void or subject to other conditions. The contracts selected will be based upon a list of contracts provided by QIA to the auditor. Contracts from each contracting category are subject to "spot check". The Company shall co-operate with the examination or review by the auditor appointed by QIA and shall provide to the auditor full access to the records and individuals as reasonably requested by the auditor.

23.2 Specific Tasks Required

23.2.1. The following are the specific tasks of QIA:

- (a) Come to agreement with Baffinland on required amendments to Article 6 of the IIBA to include these obligations within the IIBA.

23.2.2. The following are the specific tasks of Baffinland:

- (a) Not later than July 30th, jointly approve a revised monthly reporting template.
- (b) Come to agreement with QIA on required amendments to Article 6 of the IIBA to include these obligations within the IIBA.

23.3 Resourcing Implications

23.3.1. Resources will be required to enact "spot checks". Payment plans for QIA resources required to be agreed to by the parties, unless otherwise identified under Schedule 28 and 31.

23.4 Legal Agreement Amendments

- (a) Parties amend Article 6 of the IIBA to include these requirements.
- (b) Parties amend the IIBA Implementation Guide to reflect these requirements.

23.5 Timeline to Fully Implement Change

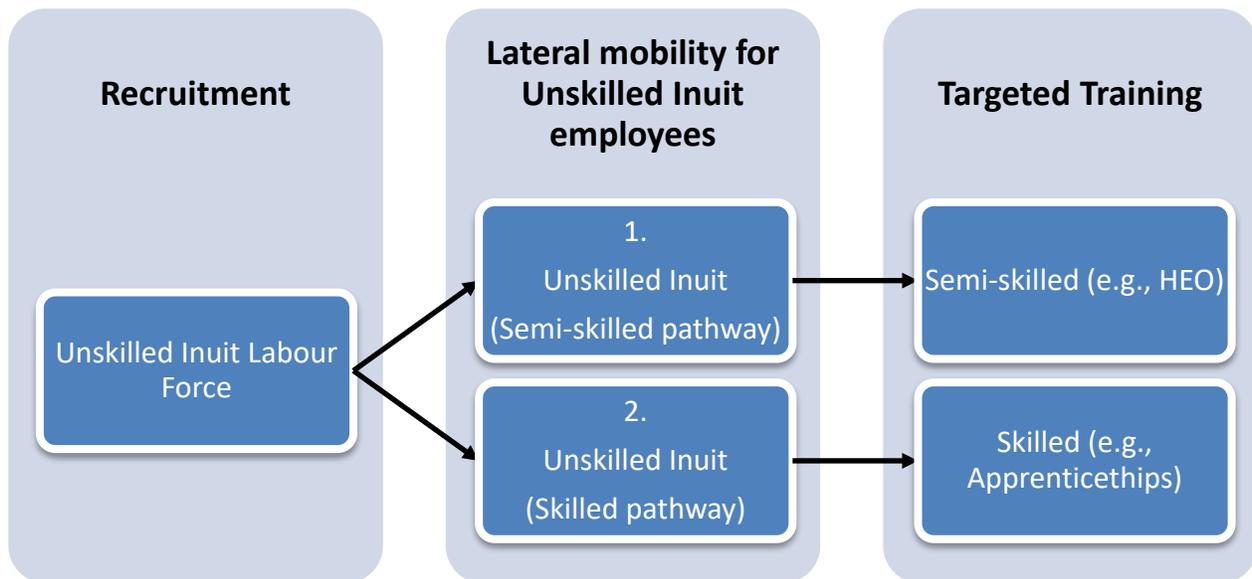
23.5.1. The timelines for tasks listed will be agreed upon in the Implementation Plan for the Inuit Certainty Agreement.

ID 24.
[INTENTIONALLY DELETED]

ID 25.
INUIT CAREER MOBILITY

25.1 **Description**

- 25.1.1. The Inuit Labour Market has a large unskilled labour force, while the Mary River Project requires primarily semi-skilled and skilled workers. Baffinland and its contractors provide education and training opportunities in order to train unskilled Inuit to fill these semi-skilled and skilled positions as they become available; this is a central benefit of the current IIBA and critical for long-term achievement of the Inuit Employment Target. Broadly, there are two pathways, lateral mobility and targeted training that promote and support achieving and improving the Inuit Employment Targets:



- 25.1.2. Lateral mobility implies the ability to gain skills and experience that allows Inuit to move into other positions within the project which might be positioned at a similar pay level. This represents diversity in opportunity for Inuit. For Inuit at the unskilled level, this represents a critical and highly valued benefit. This is distinct from targeted training whereby Inuit are trained with a focus on a specific role or to obtain a higher classification within a defined occupation.
- 25.1.3. In 2020 Baffinland introduced career paths progression plan and will further define an unskilled Inuit employee's trajectory into semi-skilled and skilled jobs. Amending the IIBA would create a clear conduit for unskilled Inuit workers at the Project to prepare for semi-skilled and skilled jobs creating incentive and opportunity. For example, a dishwasher or labourer may improve basic literacy and numeracy, and complete pre-trades programming in preparation for an apprenticeship.
- 25.1.4. Through amending the IIBA to include an "Inuit Career Mobility Strategy", Baffinland would enhance its existing "career paths progression plan" for all Inuit workers, including a focus upon unskilled workers, which would detail how employees would become prepared and qualified for semi-skilled and skilled training opportunities and future positions with Baffinland or its contractors. This targeted training such as, but not limited to:
- (a) On-site Work Ready Program (if not previously completed);

- (b) On-site Adult Basic Education;
- (c) Mandatory training; and,
- (d) Any additional training determined to be beneficial for candidates (e.g., pre-trades programming).

25.1.5. Baffinland and contractors would cover the training expenses of unskilled workers who are interested in advancing towards semi-skilled and skilled positions. Once completed, these participants would enter a pool of candidates for upcoming semi-skilled and skilled targeted training offered by Baffinland or its contractors.

25.1.6. Baffinland would develop and implement a project wide “Inuit Career Mobility Strategy”, with emphasis on unskilled workers.

25.1.7. This career path would be available for all Inuit employees at the Mary River Project and would be included as a Schedule of the amended IIBA.

25.2 Specific Tasks Required

25.2.1. The following specific tasks are required of QIA:

- (a) Come to agreement with Baffinland on how to amend the IIBA to include these changes.

25.2.2. The following specific tasks are required of Baffinland:

- (a) Come to agreement with Baffinland on how to amend the IIBA to include these changes.
- (b) Develop and present for QIA review and approval an “Inuit Career Mobility Strategy” and begin implementation of the strategy.

25.3 Resourcing Implications

25.3.1. Baffinland is responsible for resourcing the development and implementation of this strategy.

25.4 Legal Agreement Amendments

25.4.1. The IIBA and IIBA Implementation Guide shall be amended to address these commitments.

25.5 Timeline to Fully Implement Change

25.5.1. Timelines presented are subject to modification upon agreement of the parties.

25.6 Relationship to Other Components

25.6.1. This project improvement relates to Measurable Objectives and the Multi-Year Inuit Employment Goal.

ID 26.
QIA IIBA POSITIONS

26.1 **Description**

26.1.1. Article 4 of the IIBA shall be amended to grant QIA:

- (a) Organizational Flexibility; and,
- (b) Stable resourcing to support IIBA execution and benefit delivery.

26.1.2. Under the redefined terms in the IIBA, QIA will reserve the right to organize and allocate resources to ensure the most effective and efficient execution of the IIBA and delivery of benefits. This would include defining job titles, and assignment of roles and responsibilities for staff responsible for implementation of the IIBA. It would also reserve the right for allocation of staffing and resources as necessary. This work would all be undertaken through QIA policies and procedures.

26.1.3. QIA will report annually on positions hired under the IIBA. Positions staffed by Inuit, will contribute towards Baffinland's Inuit employment reporting.

26.1.4. The only positions specifically defined which will remain in the IIBA will be the IIBA Manager and the IIBA Administration Officer. As per the current IIBA, the role of the IIBA Administration Officer will continue to have its responsibilities agreed to by the IIBA Employment Committee. The other positions will be defined as QIA sees fit. QIA will also ensure it fulfills its membership requirements at the IIBA committees and Inuit Committee.

26.1.5. QIA will also maintain IIBA program and benefit delivery, including delivery of Community Direct Benefits.

26.1.6. QIA will maintain its duty to fulfill its obligations under the IIBA for the Mary River Project.

26.2 **Specific Tasks Required**

26.2.1. The following are the specific tasks required of the parties:

- (a) Come to agreement upon how to amend the IIBA to reflect this improvement in QIA's administration and implementation of the IIBA.

26.3 **Resourcing Implications**

26.3.1. No additional funds will be requested or required of Baffinland to resource positions under the IIBA unless otherwise agreed to.

26.4 **Legal Agreement Amendments**

26.4.1. IIBA will be amended for these purposes.

26.5 **Timeline to Fully Implement Change**

26.5.1. As of the effective date of Schedule 31.

ID 27.
COMMUNITY DIRECT BENEFITS

27.1 **Description**

27.1.1. Under the Inuit Impact and Benefit Agreement, QIA commits to developing an Inuit governance structure for delivering benefits received by QIA under the IIBA as Community Direct Benefits for impacted communities. QIA, working with communities, shall determine the governance structure for Community Direct Benefits.

27.2 **Specific Tasks Required**

27.2.1. The following are the specific tasks required of QIA:

- (a) QIA will work with communities to develop a management structure that delivers direct benefits to impacted communities. QIA will formally establish a Community Direct Benefits through means deemed most effective according to QIA's governance systems.

27.3 **Legal Agreement Amendments**

27.3.1. IIBA will be amended for these purposes.

27.4 **Timeline to Fully Implement Change**

27.4.1. To be determined by QIA and impacted communities.

ID 28.
ROYALTY AMENDMENT

The later of (a) the date on which a Construction Decision is made after the issuance by NIRB to BIM of an amended Mary River Project Certificate which would allow the Phase 2 Project to proceed as contemplated by BIM; and (b) the date on which the parties sign an amended IIBA and such amended IIBA becomes effective in accordance with Article 26 of the Nunavut Agreement, is referred to as the “Phase 2 Effective Date”.

All of the following provisions shall be effective only and as and from the Phase 2 Effective Date, and subject to and conditional upon the Phase 2 Effective Date occurring, unless otherwise stated.

NOTE: Parties agree to review this schedule against the current IIBA Article 5 to confirm where amendments to the IIBA may be required.

IIBA Royalty	Key Terms
IIBA Article 5	All financial terms will be addressed through amendments to the IIBA. There will be no “side-agreements” outside the IIBA. QIA is responsible for discussions with impacted communities on these topics including management of these benefits. The foregoing however is subject to the existing arrangements and agreements regarding shipping that are in place with the community of Pond Inlet.
Revenue Base for calculating royalty	<p>The revenue base and method for calculating the Royalty Payments shall remain unchanged from the current IIBA.</p> <p>Article 5.8 of the existing IIBA will be edited to include the following enhancements:</p> <p>Together with the annual statement of royalty payments BIM shall also, at its own expense, cause its own auditor to audit the calculation of the Royalty Payments for such calendar year to verify that the correct amounts were paid during the year and will provide to BIM a written statement to BIM, which BIM will share with QIA. QIA will retain all existing rights related to conducting annual audits.</p> <p>Additionally, after the end of each five calendar year period, BIM shall, at its own expense, allow QIA to appoint an independent qualified auditor (who is acceptable to BIM, acting reasonably) to verify that BIM paid the correct amount in respect of the previous five year period. This is understood as a “5-Year Audit” which can be performed in addition to an annual audit. The 5-Year Audit will be limited to a five-year period starting from the date the previous 5-year audit took place. The first 5-Year Audit is schedule to occur not before in 2026 for royalty payments received between 2020-21 and 2025-26.</p>
Royalty Percentage – 2020	On the date of the Phase 2 Effective Date, the “Royalty Percentage” shall increase from 1.19% to 1.50% provided that royalty payments that are made by BIM to QIA in respect of the period prior to the Phase 2 Effective Date will be retroactively adjusted from June 15th, 2020 in the next following royalty payment after the Phase 2 Effective Date to reflect a “Royalty Percentage” of 1.5% applicable as of June 15, 2020 (rather than 1.19%).

Royalty Percentage – Post Phase 2 Approval	<p>At the end of 36 months after the Phase 2 Effective Date, the “Royalty Percentage” shall increase from 1.50% to 1.75%</p> <p>At the end of 54 months after the Phase 2 Effective Date, the “Royalty Percentage” shall increase from 1.75% to 2.25%</p> <p>At the end of 72 months after the Phase 2 Effective Date, the “Royalty Percentage” shall increase from 2.25% to 3.00%</p>
Milestone payments	<p>BIM will pay the following one-time payments to QIA:</p> <ul style="list-style-type: none"> • \$5 million on the Phase 2 Effective Date and an additional \$1.25 million for the next following 8 consecutive quarters following the Phase 2 Effective Date • \$15 million at the end of 54 months after the Phase 2 Effective Date • \$15 million at the end of 72 months after the Phase 2 Effective Date <p>All the above milestone payments will be indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada. The base period for the indexation will be the month in which the Phase 2 Effective Date occurs.</p> <p>The above milestone payments will not be considered Advance Payments or Extension Payments and will not be repayable in the future.</p>
Advance Payments	<p>After the Phase 2 Effective Date, there shall be no further deductions against Royalty Payments of Advance Payments and Extension Payments made to QIA prior to the Phase 2 Effective Date, pursuant to s. 5.6.6 of the IIBA, but only to the extent that such Royalty Payments are made in respect of iron ore extracted from Deposit #1 and Deposit #2. Deductions against Royalty Payments (excluding Deposit #1 and Deposit #2) will be limited to \$2 million per annum.</p> <p>No further Advance Payments or Extension Payments shall be payable or recorded.</p>
Upside sharing	<p>When the Average Platts IODEX 62% Fe CFR North China Midpoint (US\$/dmt) is over US\$90/dmt for any calendar quarter (i.e. January 1 to March 31, April 1 to June 30, July 1 to September 30 and October 1 to December 31) the Royalty Percentage for “Final Sales” during that calendar quarter will be adjusted (based on a 75 basis point increase over and above the percentage specified for that calendar quarter as set out under the heading “Royalty Percentage” above).</p> <p>“Final Sales” means all product deliveries to customers in respect of which the price has been finalized, whether shipped during the quarter in which price is settled or delivered and priced provisionally in the prior quarters; and it being further understood that (i) for shipments from Milne Inlet port, “Final Sales” will primarily happen in the July 1 to September 30 and October 1 to December 31 quarters.</p> <p>For example, if the Average Platts IODEX 62% Fe CFR North China Midpoint (US\$/dmt) for the 3rd quarter (October 1st to December 31st) in year 3 after the Phase 2 Effective Date is over US\$90, the Royalty Percentage for that quarter will be set at 2.50% (1.75%+0.75%) and applied to the Final Sales of that quarter.</p> <p>If the Average Platts IODEX 62% Fe CFR North China Midpoint (US\$/dmt) is over US\$90/dmt for the calendar year during which the Phase 2 Effective Date occurs, the retroactive adjustment payment for the respective calendar year shall be prorated based on the number of days in the calendar year after the Phase 2 Effective Date. The manner in which the Average Platts IODEX 62% Fe CFR North China Midpoint (US\$/dmt) will be calculated will be described in the IIBA.</p>

Minimum royalties	In each calendar year QIA will receive the higher of the calculated Royalty Payment amount and 50% of the Royalty Payment amount paid in the previous calendar year (but when considering the Royalty Payment amount for the previous calendar year, excluding that portion of such Royalty Payment amount that may be attributable to the 0.75% increase as described under the heading "Upside sharing" if applicable).
Collection method of royalties	Royalty Payment in relation to Net Sales Revenues in respect of a particular month will be paid by the 15th day of the subsequent month. The Royalty Payments will continue to be calculated in USD and then converted to CAD based on the average exchange rate for the period (based on Bank of Canada data). Note that this method is consistent with converting foreign currency denominated transactions under IFRS.
Selling of Inuit royalty rights to a third party	QIA will have the right to sell or assign its interest in its IIBA royalties or a portion of it to a 3rd party with notice provided to BIM. Following such sale, BIM will continue to fulfill all of its obligations under the amended IIBA including, but not limited to royalty payments to such third party and non-royalty payments to QIA.
Selling Mary River to a third party	BIM will have the right to sell or transfer all or part of the Mary River project, or any interest in the Mary River Project, to a 3rd party. BIM will ensure that a 3rd party purchaser assumes (to the extent applicable in respect of the interest acquired) all of BIM's obligations under the IIBA and all other agreements with QIA (if applicable). QIA's rights under the IIBA and all other agreements with BIM will continue, and such sale or acquisition will not detrimentally impact in any way any of the past and future obligations to QIA. The IIBA provisions will be considered to ensure conformity with continuity of rights in relation to any party acquiring an ownership interest in the Mary River Project.
Financial distress	In a bankruptcy/insolvency of BIM, no third party purchaser can continue operations without agreeing to bring all obligations under the IIBA and other agreements with the QIA (if applicable) current and rectifying all defaults, in each case to the extent applicable in respect of the interest acquired. BIM will allow QIA a reasonable opportunity to participate in any insolvency planning by BIM, specifically in relation to plans to rectify defaults and maintain the IIBA and other agreements to allow continued operations. The IIBA and other agreements will be considered and if necessary will be amended to ensure conformity with this understanding.
IPO	As of June 15th, 2020 in the event that BIM makes an initial offering of its shares to the public (IPO), it will pay to the QIA the lesser of 5% of the amount of the initial public offering or \$10M as an IPO Facilitation Fee. For certainty, this shall be a one-time payment only.
Transparency	<p>BIM will supply QIA the following reports:</p> <ol style="list-style-type: none"> 1. Quarterly financial statements 2. Annual audited financial statements 3. MD&A 4. Corporate social responsibility and/or sustainability report and/or a similar type report 5. Life of mine plan 6. 5 year plan <p>On an annual basis, all such reports shall be provided by BIM to QIA. In 2020, this will commence after the closing of Q3. In addition, the CEO of BIM will have a formal</p>

	<p>meeting with the QIA each year detailing operating performance and the 5-year plan for BIM.</p> <p>Financial information provided by BIM to QIA under the headings “Revenue Base for calculating royalty”, “Selling Mary River to a Third Party”, “Financial Distress”, and “Transparency” shall be treated as confidential information by QIA (unless publicly disseminated through no fault of QIA) and will not be disclosed by QIA to any third party except QIA’s professional advisors without Baffinland’s consent. Disclosure of confidential financial information within QIA will be limited to a “need to know” basis. Article 5 of the IIBA will be modified to adopt the foregoing confidentiality obligations in respect of financial information provided by BIM to QIA.</p>
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Non-Royalty Items	The following items require resources separate from the above IIBA Financial Amendments. These are considered “non-financial benefits”.
IIBA Implementation Costs	<p>Fixed Annual Amount – Paid Quarterly.</p> <p>\$2,250,000 / quarter for three years plus two quarters (14 quarters), starting on the later of October 1st, 2020 and the Phase 2 Effective Date, and \$2,000,000 / quarter thereafter.</p> <p>All IIBA Implementation Costs will be indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada. The base period for the indexation will be the month in which the IIBA is amended.</p> <p>The fixed annual amount for a particular year shall be increased if and when construction begins for the Steensby Inlet portion of the project; and if and when operational flexibility is exercised with respect to the Project.</p> <p>The mechanism and quantum of the increase will be further detailed in the IIBA and will be based upon the following formula:</p> $\text{Total MT Iron Ore (when greater than 12MT)} \times \frac{\text{Fixed Annual Implementation Amount}}{12 \text{ MT Iron Ore}}$ <p>Increases in implementation costs will not exceed double the annual fixed amount listed here unless as a result of a Change in Scope.</p> <p>In the event a quarterly payment is not made this shall be considered an event of default under the Lease.</p> <p>These costs are further described under Inuit Certainty Agreement Schedule 31.</p>
Project Costs Review	<p>On an annual basis Baffinland and QIA will review Baffinland Mary River Project operational costs, exclusive of monies paid to QIA, with a view to identifying potential opportunities for Baffinland operational efficiencies and cost savings. These efficiencies and cost savings could become possible through advances in technologies, development of regional infrastructure, or increases in Nunavut based technical capacities. As the Mary River Project operations become more efficient over time, there may be opportunities for Baffinland to consider more targeted operational improvements within the overall Mary River Project.</p>
Project Bond	<p>A Project Bond of \$10M will be in place not later than (a) after the Phase 2 Effective Date and (b), provided (a) has occurred, May 1st, 2021. Fair and effective governance, as described and agreed upon under Schedule 12 of the ICA,</p>

	<p>addresses the draw down process.</p> <p>For further clarity, the parties agree that the Project Bond will be increased should remedial measures exceed the value of the Project Bond. The process for increasing the project bond will be detailed in the IIBA agreement. This commitment shall be subject to negotiation if/when construction begins for the Steensby Inlet portion of the project, whereby a large project is expected to increase the potential amount of remedial measures required and therefore the value of the Project Bond.</p> <p>If the Phase 2 Effective Date does not occur and the Project Bond is not established, Baffinland and QIA shall agree upon a payment method and schedule in the event amounts are owed by Baffinland in relation to remedial measures that would otherwise have been secured by the Project Bond provided all payments are made prior to the start of the next IIBA Implementation year (i.e. before March 31st).</p>
IIBA Existing Funds	<p>Illagiiktunut Fund and Business Capacity Fund contributions are considered part of IIBA Implementation Costs. The amounts associated with each fund are described in Inuit Certainty Agreement Schedule 29.</p> <p>All Illagiiktunut Fund and Business Capacity Fund contributions noted above will be indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada. The base period for the indexation will be the month in which the Phase 2 Effective Date occurs.</p>
Childcare Infrastructure	<p>These payments are separate and in addition to all other payments, as defined in Inuit Certainty Agreement Schedule 16 and existing IIBA Article 8. As per Schedule 16 language, BIM will commit to pay a maximum of \$15M period starting at the Phase 2 Effective Date.</p> <p>If and when construction begins for the Steensby Inlet portion of the project, BIM will commit to pay up to an additional \$6M for the construction of Childcare Infrastructure for the Kimmirut and Kinngait communities (up to \$3M each).</p> <p>Baffinland will also assume responsibility for all costs associated with facility design and permitting in respect of Childcare Infrastructure.</p> <p>All Childcare Infrastructure amounts noted above will be indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada. The base period for the indexation will be the month in which the Phase 2 Effective Date occurs.</p> <p>All other details are as agreed in Schedule 16 of the Inuit Certainty Agreement.</p>
Wildlife Compensation Article	<p>These payments are separate and in addition to all other payments, as defined in Inuit Certainty Agreement Schedule 5 and existing IIBA Article 17.</p> <p>All Wildlife Compensation amounts noted above will be indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada. The base period for the indexation will be the month in which the Phase 2 Effective Date occurs.</p>
Water Compensation Agreement	<p>These payments are separate and in addition to all other payments, as defined in Inuit Certainty Agreement Schedule 17.</p> <p>All Water Compensation amounts noted above will be indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada.</p>

The base period for the indexation will be the month in which the Phase 2 Effective Date occurs.

Details respecting Inuit monitoring, data collection and other process matters, the definition of “substantial effects”, and the adjustment of triggers/thresholds for enhanced compensation following project commencement relating to the revised Water Compensation Agreement are subject to further negotiation and agreement as set out in Schedule ID 17 “Water Compensation Agreement”, but total annual financial payments from Baffinland to QIA under the revised Water Compensation Agreement will be \$225,000 to be allocated for annual compensation except in the event the Phase 2 Proposal causes significant effects to waterbodies, as defined under a revised Water Compensation Agreement, with emphasis upon the unique value and/or cultural significance of water consistent with Nunavut Agreement Article 20. The current annual consumptive fee of approximately \$30,000 will be reviewed during the development of a revised Water Compensation Agreement as stated in Schedule 17. For greater clarity, there will be additional costs related to the revised Water Compensation Agreement, as described under Section 17.1.5 of the Inuit Certainty Agreement as follows:

- (a) Funding for QIA and Inuit’s participation in the implementation of the revised Water Compensation Agreement; and
- (g) Retention of the QIA Water Coordinator position and incorporation of this role into overall CRLU Monitoring Program under the Inuit Stewardship Plan.

These costs are also separate from and in addition to the fixed annual implementation budget, ID 28.

For clarity while the revised Water Compensation Agreement is subject to further negotiation between the parties as set out above, once finalized its terms will be effective as of the execution and approval date of the ICA, and the first annual compensation payment of \$225,000 due under the revised Water Compensation Agreement will be pro-rated for 2020 based on an ICA execution and approval date of June 15, 2020. The current consumptive fee (estimated to be \$30,000) will remain unchanged until amended under a revised Water Compensation Agreement.

ID 29.
EXISTING PROJECT FUNDS

29.1 Description

- 29.1.1. The current Mary River Project (“the Project”) Inuit Impacts and Benefits Agreement establishes a number of funds providing benefits linked to specific themes. This schedule does not address additional programs proposed under the Wildlife Compensation Fund. Schedule No. 5 addresses these topics.

<u>Title</u>	<u>Amount</u>	<u>Beneficiary</u>
Illagiiktunnut Fund	\$1,100,000/Year	Impacted Communities
Business Capacity Startup Fund	\$275,000/Year	Inuit Firms
Mary River Inuit Training Project	\$1,500,000/Year	Inuit Workers
Harvesters Enabling Fund	\$400,000/Year	Pond Inlet
Wildlife Monitoring Program	\$200,000/Year	Pond Inlet

29.2 Illagiiktunnut Fund

- 29.2.1. QIA matches Baffinland’s annual contribution to the Illagiiktunnut Fund meaning Baffinland and QIA each contribute \$550,000 annually. However, QIA pays to administer this program, which means in addition to matching Baffinland’s contribution, QIA is also self-funding a person year to deliver this fund on behalf of the IIBA.
- 29.2.2. QIA accepts Baffinland’s offer that this program will continue for life of the project.
- 29.2.3. QIA requests the ability to adjust the annual value of the Illagiiktunnut Fund at its discretion in conjunction with the development and advancement of Community Direct Benefits, which could entail reducing QIA’s contributions to the Illagiiktunnut Fund.
- 29.2.4. QIA will amend the IIBA to allow for the option of providing these resources directly to communities, which would be a modification to the current operating framework for the fund. This would remove the necessity of an applications based process, which would reduce time an effort for all parties. QIA would work out administrative details directly with communities, meaning contribution agreements would be established.

29.3 Business Capacity Startup Fund

- 29.3.1. Baffinland contributes \$275,000 per year to the Business Capacity Startup Fund (BCSF) which Kakivak Association administers.
- 29.3.2. QIA accepts Baffinland’s offer that this program will continue for life of the project. QIA will update the operating framework to include a dedicate focus upon Preferred Inuit Firms.

29.4 Mary River Inuit Training Project

- 29.4.1. Training and employment opportunities are the largest direct benefit the project offers to directly to individual Inuit. Wages gained from employment therefore represent a critical component of the overall benefit package for Inuit. As a multi-generational project, a comprehensive and sustained approach to training and development should result in direct, measurable improvements of the skills of Inuit, increased annual average income of Inuit in the region, and, improvements to standards of living in communities.
- 29.4.2. Section IIBA 8.6 comprises three funding components.

- (a) The unexpended balance of the Company's initial \$2 Million funding commitment towards an Inuit training fund that was to have been fully contributed between 2013 and 2015.
- (b) \$2.25 Million per year until 2021 to further fund Inuit training programs.
- (c) 1.5 Million per year from 2021 to 2031 for the continued delivery of Inuit training program.

29.4.3. QIA accepts Baffinland's offer that this program will continue for life of the project.

29.4.4. In addition to providing remedial measures associated with Measureable Objectives for loss of project related training Baffinland is also required to provide additional payments to support general skill development of Inuit for the purpose of ensuring loss of project related employment and training opportunities does not also result in a loss of enthusiasm and commitment by Inuit to otherwise pursue training. This is also in recognition that the ability for Inuit to gain employment and training to further skill development is intrinsically linked to improvements in personal, family, and community health and wellbeing.

29.4.5. In addition to remedial measures based upon Measurable Objectives, each year agreed upon employment and training objectives are not achieved Baffinland will provide an additional \$500,000 per year for three consecutive years directly to QIA, plus equivalent funding for QIA to employ two full-time staff, to supplement and augment regional training for Inuit. Payments to QIA will commence in the quarter following confirmation of failure to achieve agreed upon training and employment objectives. Amounts listed are indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada. The base period for the indexation will be the month in which the Phase 2 Effective Date occurs.

29.4.6. Should employment and training objectives not be achieved for two consecutive years Baffinland will provide an additional \$750,000 a year for five consecutive years. Payments to QIA will commence in the quarter following confirmation of failure to achieve agreed upon training objectives for a second consecutive year. QIA will report upon the administration and use of these monies to the Employment Committee. QIA's use of these monies will focus upon improving skills of Inuit within impacted communities. Amounts listed are indexed to Nunavut Consumer Price Index all-items, not seasonally adjusted, as published by Statistics Canada. The base period for the indexation will be the month in which the Phase 2 Effective Date occurs.

29.5 Harvesters Enabling Program

29.5.1. IIBA 17.7.2 allows for provision of 300L of gas to support harvesting activities during the year to Pond Inlet residents. The maximum budget for this is \$400,000 (2018 dollars) plus an annual inflation adjustment. This program will operate for the life of the Project.

29.5.2. QIA accepts Baffinland's offer that this program will continue for the life of the Project and that when/if Steensby Inlet is developed this program would expand to include the communities located along the southern shipping corridor, namely Igloodik, Sanirajak, Kimmirut and Kinngait, which would be calculated on the same principles as 29.5.1 on a per capita basis, allowing for the provision of 300L of gas for Inuit community residents over the age of 12.

29.6 Wildlife Monitoring Program

29.6.1. The annual budget for the Wildlife Monitoring Program is \$200,000 (2018 dollars) plus an annual inflation adjustment. It will also operate for the life of the Mary River Project and is specific to Pond Inlet.

29.6.2. QIA accepts Baffinland's offer that this program continues for the life of the Project and that when/if Steensby Inlet is developed this would expand to include the community of Igloodik.

Baffinland has offered to make these permanent funds under the IIBA, i.e. reduce any timelines on when such funding would expire.

29.7 Specific Tasks Required

29.7.1. The following are the specific tasks required of QIA and Baffinland:

- (a) Parties will agree upon where amendments to the IIBA are needed to facilitate these commitments.

29.8 Legal Agreement Amendments

29.8.1. The IIBA will be amended to reflect these changes.

29.9 Timeline to Fully Implement Change

29.9.1. As described above unless otherwise agreed upon.

29.10 Relationship to Other Components

29.10.1. This project improvement relates to:

- (a) IIBA Implementation Budget
- (b) Wildlife Compensation Fund
- (c) Minimum Inuit Employment Goals
- (d) Measurable Objectives

ID 30.
POND INLET RESEARCH AND TRAINING FACILITY

30.1 **Description**

- 30.1.1. Article 8 of the IIBA commits Baffinland to providing \$10,000,000 (2018 dollars) toward the construction of a training facility in Pond Inlet.
- 30.1.2. QIA is requesting to receive regular quarterly payments to ensure this project has access to capital on a stable and predictable timeline. QIA requires a payment schedule that provides QIA with all Baffinland financial commitments not later than December 31st, 2022.
- 30.1.3. Starting end of Q3 2020, Baffinland will make 10 equal payments of \$1,000,000. Should a Phase 2 Public Hearing not have occurred by the end of Q3 2020, payments will be delayed, with gaps to be made up in future quarters by increasing the payments. All payments will be made by December 31st, 2022.
- 30.1.4. Upon request of QIA, Baffinland will collaborate with QIA to lobby Government to invest in the development and creation of this facility.
- 30.1.5. Baffinland will work directly with project contractors to seek additional financial and in-kind contributions toward facility development and construction costs.
- 30.1.6. Given that Baffinland is the largest private employer in the region, possibly Nunavut, the company will benefit both directly and in-directly by supporting the development and expanded commitment toward this facility.
- 30.1.7. QIA will provide resources and in-kind support consistent with its organizational mandate and access to resources.

30.2 **Specific Tasks Required**

- 30.2.1. The following are the specific tasks of Baffinland:
 - (a) Come to agreement with QIA upon a payment schedule not later than July 9th, 2020.

30.3 **Legal Agreement Amendments**

- 30.3.1. Amend IIBA Article 8 to reflect this payment schedule.

30.4 **Timeline to Fully Implement Change**

- 30.4.1. Timelines presented are subject to modification upon agreement of the parties.

ID 31.
IIBA IMPLEMENTATION COSTS

31.1 Description – IIBA Implementation Costs

- 31.1.1. The current structure for managing QIA's costs related to IIBA implementation will transition to a stable financial allocation system that reduces administrative burden for all parties. Section 4.10 of the IIBA addresses the Annual IIBA Implementation Budget. The parties will revise this section of the IIBA to include the following changes, as agreed upon per Schedule ID.28:
- (a) A fixed annual implementation budget
 - (i) In accordance with Schedule ID.28, "IIBA Implementation Costs" heading, a fixed amount of \$2,250,000/ quarter will be set for the first three years plus two quarters (14 quarters), starting on the later of October 1st, 2020 and the Phase 2 Effective Date, and \$2,000,000/ quarter thereafter.
 - (ii) The fixed annual amount will be adjusted based on a Change in Scope of the project or a Notice of Intent as described in section 31.1.1 (g) taking into account additional activities and duties of QIA associated with a Change in Scope.
 - (iii) The fixed annual amount will otherwise be adjusted in the event of considerable changes in the activities of QIA associated with the project.
 - (b) A fixed annual payment schedule
 - (i) Baffinland will pay equal quarterly payments based on QIA's fixed annual implementation budget.
 - (ii) Any delay in payments will require the pre-agreement of parties as to mutually acceptable terms, failing which a failure to pay will constitute breach of the IIBA and will be considered an event of default under the Commercial Lease.
 - (c) A fixed annual implementation budget implies budgets will not be developed, presented, discussed and approval on an annual basis as currently stated under IIBA 4.10.1, 4.10.2, 4.10.3. Rather parties will focus their efforts upon the development and implementation of the Annual IIBA Work Plan recognizing discussions on resources requirements and allocations need only occur in the context Additional Activity Costs, Change in Scope or as otherwise agreed between the parties. The existing IIBA will be amended to remove such references in order to simplify and clarify the implementation of a fixed annual implementation budget taking the foregoing into consideration. Furthermore, parties agree that when approving the IIBA Annual Work Plan parties will both confirm they are committed to allocating sufficient resources to effectively implement all activities listed under an IIBA Annual Work Plan.
 - (d) As the overall Mary River Project and implementation of the IIBA stabilizes, it is possible that efficiencies in IIBA implementation will occur. Any fixed annual payments received by QIA will be allocated by QIA for purposes related to the IIBA itself.
 - (e) The fixed annual implementation budget will be revised based upon the formula and in the manner set out under the Schedule ID.28, "IIBA Implementation Costs" heading.
 - (f) This formula will apply in the context of operational flexibility associated with Phase 2 under which annual iron or production, transportation and sales will increase up to an annual maximum of 14.4 million tonnes.

- (g) This formula will apply upon QIA receipt of a “Notice of Intent”, which shall be issued by Baffinland upon the procurement of a vessel for the first sealift to Steensby to commence construction of the Steensby Inlet Port Site and/or rail from Mary River Mine Site to Steensby Inlet Port Site.¹ A “Notice of Intent” will result in an increase in fixed annual budget resulting from an expansion of the IIBA to include a greater focus upon the communities of Igloolik, Sanirajak, Kinngait and Kimmirut. For clarity, the funding transition would occur as of the start of the next quarter following the quarter in which the Notice of Intent is issued.
- (h) This formula will also apply up to a maximum of 30 million tonnes of iron ore per year, inclusive of operational flexibility. This amount is understood as including 12 million tonnes of iron ore through Milne Inlet and 18 million tonnes of iron ore through Steensby Inlet. For further clarity, 18 million tonnes will apply to “Total MT Iron Ore” for the purposes of calculating the fixed annual implementation budget in section 31.1.1.d), upon issuance of the Notice of Intent in accordance with section 31.1.1.g). Additional iron ore production, transportation or sales above these amounts or through other locations requires parties to revisit the terms of this formula.
- (i) Increases in implementation costs will not exceed double the annual fixed amount listed here unless as a result of a Change in Scope or unless otherwise agreed.
- (j) The fixed annual implementation budget will be augmented to provide QIA with additional resources to participate in and address actions or unique or unanticipated activities resulting from the Mary River Project. These additional costs are referred to as “Additional Activity Costs”. Additional Activity Costs are the direct result of requirements for QIA to expend resources beyond what would otherwise be considered “normal” or “expected” with respect to implementation of QIA’s obligations in the IIBA. Examples of activities that would be considered above and beyond normal implementation of the IIBA, for which Additional Activity Costs are required, include:
- (i) Annual Work Plan Amendments, i.e. changes to work plans following the submission and approval of annual work plans.
 - (ii) Participation in workshops, meetings and working groups other than what would normally be required by routine regulatory processes or commitments associated with the permitted project and contained within a jointly approved Annual Work Plans. In other words this is to address costs associated with events beyond what is normally required through implementation of the IIBA.
 - (iii) Investigations of environmental impacts and monitoring that require dedicated resources, attention and effort beyond what is contemplated under regular operation of the Inuit Stewardship Plan, Wildlife Compensation, or, Water Compensation Agreement. Where parties agree an investigation would potentially duplicate a monitoring program already in place by Baffinland, QIA will work with Baffinland to interpret or modify the program to achieve the objectives of the investigation, otherwise QIA will be resourced to conduct its own investigations.

Additional Activity Costs require payment by Baffinland of \$50,000 prior to support QIA immediate engagement in additional activities. QIA will use Additional Activity Cost payments to perform QIA duties associated with an additional project activity, including reasonable costs associated with community participation and engagement. Any Additional Activity Costs not expended by QIA will be returned to Baffinland following completion of the activity. Should additional resources be required for QIA participation in the activity, QIA will inform Baffinland and a subsequent payment will be made prior to QIA continuation

¹ The requirement for a formal notice will be included in an amendment to the IIBA. A notice is required 90-days prior to construction of the Steensby Inlet portion of the project.

in the activity. The nature of the activity itself will determine the number of Additional Activity Cost payments required. Additional Activity Costs beyond the initial payment of \$50,000 will be agreed upon between the parties in a timely manner. Baffinland will not unreasonably withhold approval of Additional Activity Costs. QIA will provide reporting on expenses to Baffinland on a quarterly basis.

31.2 Responding to Changes in Project Scope

- 31.2.1. All costs associated with a Change in Scope, as defined under Schedule 9B will require an initial payment by Baffinland of \$100,000 prior to QIA engagement in Change of Scope activities. Following the initial payment, parties will also confirm a stable monthly payment schedule associated with costs of QIA participation in a Change in Scope. Payments made to QIA for a Change in Scope not expended by QIA will be returned to Baffinland following completion of the activities related to a Change in Scope. Costs associated with a Change in Scope beyond the initial \$100,000 will be agreed upon between the parties in a timely manner. Baffinland will not unreasonably withhold approval of Change in Scope Costs. QIA will provide reporting on expenses to Baffinland on a quarterly basis. Monthly payments will continue until all activities with the Change in Scope are completed and QIA no longer has responsibilities associated with the Change in Scope.

31.3 Inuit Certainty Agreement (ICA) Implementation Costs

- 31.3.1. QIA costs associated with implementation of the ICA, for which Baffinland is responsible for, will be provided through a stable monthly payment. The monthly payment will be agreed upon in the ICA. This fixed value presumes a transition to the fixed annual implementation budget upon ratification of the IIBA. QIA will provide reporting on expenses to Baffinland on a quarterly basis for these costs. These costs are separate from all other costs listed in this Schedule. The ICA Implementation Plan will serve as the work plan for these activities and costs.

31.4 Specific Tasks Required

- 31.4.1. Agreement on the ICA implementation plan including timelines.

31.5 Legal Agreement Amendments

- 31.5.1. IIBA will be amended for these purposes.

31.6 Timeline to Fully Implement Change

- 31.6.1. As stated unless otherwise agreed upon by the parties.

ID 32.
ANNUAL RECLAMATION SECURITY REVIEW

32.1 **Description**

- 32.1.1. This schedule is provided without prejudice. Every year under the Commercial Lease, QIA and Baffinland conduct a review of reclamation security to be held by QIA to support reclamation activities. Baffinland currently disagrees with the reclamation security estimate for the Mary River Project.
- 32.1.2. The Lease will be amended to reflect that in the event that the QIA's annual adjustment to reclamation security identifies an increase in security for the project and either party refers a dispute in the annual adjustment to arbitration under Section 9.13.a, Baffinland shall make a payment to the landlord within 30 days of delivery of the Notice of Arbitration, in the full amount of QIA's reclamation security. This payment will be reconciled based upon the decision resulting from the Arbitration process.
- 32.1.3. Nothing in this schedule will have any effect or influence on the arbitration related to the 2019 Annual Reclamation Security review currently underway, and will be in effect for resolution of future disagreements or disputes related to reclamation security.

32.2 **Specific Tasks Required**

- 32.2.1. The following specific tasks are required of the parties:
- (a) Confirmation of resources required to complete the tasks.
 - (b) QIA to provide draft legal text for Baffinland's consideration by June 30, 2020.
 - (c) Baffinland to review and respond to (b) by July 15, 2020.
 - (d) Amend the Commercial Lease to reflect new procedure for payment of adjustments to reclamation security.

32.3 **Resourcing Implications**

- 32.3.1. The parties will be responsible for the development of the final text of the Lease. This will involve staff input and legal review.

32.4 **Legal Agreement Amendments**

- 32.4.1. Amendment to the Commercial Lease, no other agreements are impacted.

32.5 **Timeline to Fully Implement Change**

- 32.5.1. The Lease will be amended to reflect this change.

32.6 **Relationship to Other Components**

- 32.6.1. None.

ID 33.
EVENTS OF DEFAULT

33.1 **Description**

- 33.1.1. Inuit expect the project to be accountable for its commitments and actions towards those commitments. This is especially true with respect to this Inuit Certainty Agreement whereby a significant number of commitments are being made by Baffinland and QIA.
- 33.1.2. Inuit own the surface rights for the vast majority of the land upon which the Mary River Project is located. This requires authorization such as pursuant to a Commercial Lease granting access and use of Inuit Owned Lands for the construction, operation, closure and monitoring of the Mary River Project. The Commercial Lease dated September 6, 2013 (the "Commercial Lease") is legally linked to the Inuit Impact and Benefit Agreement through a cross-default clause, whereby certain defaults under the Inuit Impact and Benefit Agreement may be considered an "Event of Default" under the Commercial Lease.
- 33.1.3. Through this Inuit Certainty Agreement QIA is seeking to redefine an "Event of Default" in the Commercial Lease for the purpose of focusing Baffinland to deliver upon the commitments made under this Inuit Certainty Agreement as agreed.
- 33.1.4. The list of additional circumstances for which an "Event of Default" as defined in the Commercial Lease will be deemed to occur will be expanded to also include the following:
- (a) Failure by BIM to fulfill all of its non-financial obligations pursuant to this Inuit Certainty Agreement by the dates agreed upon, including as set out in the Inuit Certainty Agreement Implementation Plan, unless otherwise agreed between the parties, following 15 days written notice of non-fulfilment or such longer period as is reasonable in the circumstances, except where such non-fulfilment is caused by QIA's failure to fully or partially fulfill a QIA obligation under this Inuit Certainty Agreement;
 - (b) Failure by BIM to comply with any of its financial obligations when due, following 15 days written notice of non-payment, pursuant to this Inuit Certainty Agreement, including failure to provide agreed financial resources to QIA when due to implement its commitments under this Inuit Certainty Agreement;
 - (c) Failure by BIM to comply with any of its financial obligations when due, following 15 days written notice of non-payment, pursuant to the IIBA (whether or not QIA has terminated the IIBA), the Water Compensation Agreement and the Quarry Concession Agreement;
 - (d) Where the value of remedial measures secured by the Project Bond as calculated and due to QIA pursuant to this Inuit Certainty Agreement exceeds the amount of the Project Bond held by QIA, if Baffinland does not remedy the short-fall in amounts owing to QIA within 60 days of written notice by QIA requiring the additional amount to be provided;
 - (e) If the Project Bond is not restored within 90 days by Baffinland to its full agreed amount following a draw down by QIA to pay for a remedial measure; and,
 - (f) Failure by BIM to implement an arbitrator's decision in relation to the approval or implementation of the Final Adaptive Management Plan or relating to its interpretation and/or implementation.

33.2 **The following specific tasks are required of the parties:**

- 33.2.1. Amendment of the Commercial Lease to reflect 33.1.4 above.

33.3 Resourcing Implications

- 33.3.1. The parties will be responsible for the development of the final text of the Commercial Lease amendments. This will involve staff input and legal review. QIA's costs for this resourcing will be paid by BIM as provided for in this Inuit Certainty Agreement.

33.4 Legal Agreement Amendments

- 33.4.1. Amendment to the Commercial Lease, no other agreements are impacted.

33.5 Timeline to Fully Implement Change

- 33.5.1. The Parties will amend the Commercial Lease in accordance with the commitments and timelines agreed to in the Inuit Certainty Agreement Implementation Plan. Should the Phase 2 Proposal not be approved or should Baffinland otherwise not proceed with the Phase 2 Proposal, Baffinland reserves the right to stop all works and activities associated with this Inuit Certainty Agreement unless otherwise expressly stated herein.

33.6 Relationship to Other Components

- 33.6.1. None.

ID 34.
EXPEDITED ARBITRATION

34.1 **Description**

- 34.1.1. In furtherance of the provisions set out in ID.2 – Adaptive Management Plans Approval, as of the date of this Agreement the parties have agreed to a Draft Adaptive Management Plan which includes agreed revisions up to the date of this Agreement following QIA’s review and comment. The Draft Adaptive Management Plan agreed by the parties is attached to ID 2. as Appendix 1.
- 34.1.2. In accordance with section 2.2.5 of ID.2 Adaptive Management Plans Approval, the parties have further agreed to prioritize the development of an initial set of objectives, indicators, thresholds and responses under the Marine Monitoring Plan and Aquatic Effects Monitoring Plan, and to make a focused and concerted effort to come to agreement on an initial set of objectives, indicators, thresholds and responses under the Surface Water Aquatic Ecosystem Management Plan, Waste Management Plan, Borrow Pit and Quarry Management Plan, Snow Management Plan and Road Management Plan. If the NIRB Public Hearing is scheduled within the 90 day period set out in section 2.2.5 of ID.2 Adaptive Management Plans Approval and the initial adaptive management objectives, indicators, thresholds and responses for one or more of the plans are not agreed despite best efforts, then QIA will consider its views on the outstanding plan aspects accordingly and provide an update to the Board with respect to their assessment of the parties’ then current achievement of goals as set out in the agreed work plan, reserving all applicable QIA rights under this ICA including section 5.6 (c). If the forgoing occurs, then QIA and BIMC will continue to use best efforts to complete the work required under section 2.2.5 of ID.2 Adaptive Management Plans Approval following the NIRB Public Hearing in accordance with and subject to all other applicable ICA requirements.
- 34.1.3. The parties agree that ID.2 – Adaptive Management Plans Approval sets out the terms and procedures for obtaining the agreement of the parties on the Final Adaptive Management Plan and all other management plans required or to be developed thereunder. ID.6 – Culture, Resources and Land Use (CRLU) Assessment sets out the terms and procedures for obtaining the agreement of the parties on the Phase 2 CRLU Assessment, including the requirements for integrating the Phase 2 CRLU Assessment into the Final Adaptive Management Plan and other project management mechanisms. The parties recognize that the Final Phase 2 CRLU Assessment Report and the jointly approved Final Adaptive Management Plan will likely not be completed until after the completion of the NIRB and NWB Phase 2 process.
- 34.1.4. The parties further agree that any dispute or disagreement on the terms of the Draft or Final Phase 2 CRLU Assessment and Final Adaptive Management Plan, or the adaptive management aspects of any management plan or sub-plans thereunder, and disputes or disagreement on the interpretation or implementation of all such documents, that cannot be resolved shall be resolved pursuant to the expedited arbitration procedures set out below.
- 34.1.5. The parties also intend to resolve other disputes or disagreements pursuant to the expedited arbitration procedures set out below if expressly provided for in this Inuit Certainty Agreement or when otherwise mutually agreed by the parties.
- 34.1.6. In conformity with page 17, section 2 of BIMC’s initial draft AMP referred to in 34.1.1 above, it is understood and acknowledged that BIMC may be required by specific regulatory authority direction to make further changes to agreed plans (or plans that have been subject to an arbitrator’s determination) following submission to regulatory authorities and that final approval of the AMP, Marine Monitoring Plan, Aquatic Effects Monitoring Plan, Surface Water Aquatic Ecosystem Management Plan, Waste Management Plan, Borrow Pit and Quarry Management Plan, Snow Management Plan and Road Management Plan will be issued by the relevant regulatory body (i.e. NIRB, NWB, etc.). Furthermore, in the event of a conflict between agreed upon objectives, including Inuit objectives, and requirements related to various regulatory processes and approvals, the parties will work together to determine if it is possible to identify

reasonable revisions to adaptive management plans to reconcile such conflict in conformity with section 2.1.8 of ID.2 - Adaptive Management Plans Approval. For greater certainty, requirements of plans agreed by the parties or determined by arbitration will continue to apply and be implemented even if such requirements agreed or determined by arbitration are more stringent than the regulatory requirement.

34.2 Circumstances Requiring Expedited Arbitration

34.2.1. Notwithstanding the existing provisions of the IIBA, Commercial Lease and the Water Compensation Agreement except as expressly stated in Section 34.3.1, the parties agree that the expedited arbitration procedures set out in 34.3.1 shall apply as of 30 days after the events described in (a) to (d) below, if a Notice of Arbitration as described in Section 34.3.1 (b) has been issued by QIA to BIM:

- (a) A teleconference meeting of the respective Presidents of the parties has occurred for the purpose of resolving a disputed or unresolved issue or decision related to the Phase 2 CRLU Assessment, or any subsequent CRLU Assessment, and QIA or BIMC is of the opinion, in its discretion, that the dispute or issue has not been fully resolved;
- (b) Agreed dates set out in the Inuit Certainty Agreement Implementation Plan for QIA and BIMC to jointly approve the Final Adaptive Management Plan, including any management plan or subplans thereunder or aspects of such plans, as specified in the ICA including section 3 of the Draft Adaptive Management Plan, have passed without agreement to extend the dates and disputed or unresolved issues continue to be outstanding and are preventing QIA and BIMC joint approval of the Final Adaptive Management Plan;
- (c) Agreed dates set out in the Inuit Certainty Agreement Implementation Plan for integration of the Phase 2 CRLU Assessment into the Final Adaptive Management Plan, including subplans thereunder or aspects of such plans, as specified in the ICA including section 3 of the Draft Adaptive Management Plan, or integration into any other project management mechanisms as specified in the ICA, have passed without agreement to extend the dates and disputed or unresolved issues continue to be outstanding and are preventing completion of this work; and
- (d) A teleconference meeting of the respective Presidents of the parties has occurred for the purpose of resolving a disputed or unresolved issue or decision related to the interpretation or implementation of the Phase 2 CRLU Assessment, or any subsequent CRLU Assessment, or the Final Adaptive Management Plan, including any management plan or subplans thereunder or aspects of such plans, as specified in the ICA including section 3 of the Draft Adaptive Management Plan, and QIA or BIMC is of the opinion, in its discretion, that the disputed issue or decision has not been fully resolved.

34.2.2. The expedited arbitration procedures set out in Section 34.3.1 shall also apply in respect of any other disputed or unresolved matter where expressly provided for in this Inuit Certainty Agreement or when mutually agreed by the parties.

34.3 Expedited Arbitration Procedures

34.3.1. The expedited arbitration shall be carried out in the following manner:

- (a) A single arbitrator shall be selected by QIA, based on availability, from a mutually pre-agreed standing list of arbitrators who have indicated in advance they would be willing to conduct such an arbitration, and confirming that they are impartial and have no conflict of interest;
- (b) By Notice of Arbitration QIA will notify BIM of the single arbitrator who will conduct the arbitration and describe the specific matters preventing QIA approval or that are otherwise

in dispute and within 14 days of such notice, QIA and BIM will provide each other and the arbitrator a written statement (which may include schedules of technical information or other information relevant to the issue, including Inuit Qaujimanituqangit developed in affected communities) giving its view of all disputed or unresolved matters;

- (c) QIA and BIM may, if either of them wishes, provide a written reply (which may include schedules of technical information or other information relevant to the issue) to the other party's written statement, within 10 days of receiving the other party's written statement;
- (d) No further documents will be exchanged unless mutually agreed by the parties, or as directed by the arbitrator, and subject to the arbitrator's availability, an arbitration hearing shall be conducted in Iqaluit, unless otherwise agreed, at a mutually agreed time and place not later than 40 days after the date of QIA's Notice of Arbitration to BIM. Unless the Parties otherwise agree, the proceedings and all decisions and orders of the Arbitration Panel will be made public provided that all information that by the terms of this Agreement is confidential shall remain confidential and will not be made available to the public and to the extent necessary to preserve such confidentiality the arbitration proceedings shall be closed to the public;
- (e) The arbitrator will make all procedural orders to conduct the hearing that he or she considers reasonable to ensure that the arbitration occurs on an expedited basis and that time is of the essence, provided such procedure is consistent with the Agreement and that both Parties shall have equal opportunities to file any pleadings, present any evidence (including expert evidence and Inuit Qaujimanituqangit) and make such submissions to the arbitrator as the Party considers necessary or desirable but within the timeframes provided for herein;
- (f) In considering arbitration issues related to the Phase 2 CRLU Assessment, or any subsequent CRLU Assessment, and the Final Adaptive Management Plan, or any management plan or subplans thereunder, or other project management mechanisms, the arbitrator will give full, fair and impartial, and balanced consideration to all of the following factors: Inuit Qaujimanituqangit, scientific knowledge, the precautionary principle, economic and technical feasibility based on the assessment of alternatives that is supported by detailed technical information and financial estimates, evaluation of monitoring results and requirements, ongoing assessment of applicable management practices and mitigation measures, identification of appropriate responses such as adjusting mitigation measures in order to improve their effectiveness, establishment of reasonable and appropriate thresholds, objectives, and responses, reasonable and appropriate assessment of whether or not any material ecosystemic changes or trends may or have been caused by the Project or by natural causes, an incremental or phased approach to adaptive management to address any material adverse environmental effects of the Project, and any potential socio-economic effects;
- (g) Parties may make settlement offers which may be taken into consideration by the arbitrator in a manner consistent with Section 21.11 of the IIBA;
- (h) Confidential matters will be addressed in a manner consistent with Section 21.5.4 of the IIBA;
- (i) The written decision of the arbitrator to resolve all disputed or unresolved matters must be delivered by the arbitrator to the parties within 60 days of the date of QIA's Notice of Arbitration;
- (j) Either Party may provide written notice within seven days of receiving the written decision of the arbitrator requiring the arbitrator to provide written clarification of the decision or any part of the decision that it considers necessary and the arbitrator shall provide the requested clarification, in writing, within seven days of receiving such notice;

- (k) All reasonable costs of the arbitration proceeding shall be borne by BIM, including costs incurred by parties to resource and develop all information submitted to the arbitrator, including Inuit Qaujimanituqangit developed in affected communities;
- (l) The parties will immediately implement the arbitration decision, which is final and binding and not subject to appeal, but is subject to judicial review by a justice of the superior court having jurisdiction in Nunavut pursuant to the laws of Nunavut;
- (m) Except as set forth above or otherwise agreed by the parties, the provisions of the *Arbitration Act* of Nunavut shall apply; and
- (n) Time shall be of the essence of all matters pertaining to an expedited arbitration, and no party shall be deemed to have waived, condoned or otherwise accepted that time is not of the essence in respect of any matter, unless explicitly stated in writing to the other party and the arbitrator and only in relation to that specific issue.

SCHEDULE B
Summary of Resolution of QIA Issues Raised in
NIRB Phase 2 Project Proposal Reconsideration Process

QIA NIRB Technical Comment Tracking Number	Resolution Status as of Signing of ICA	Reference to Schedule/ ICA Terms Which Resolves QIA NIRB Technical Comment (where applicable)
1	Resolved, Contingent on ICA Implementation	2
2	Resolved, Contingent on ICA Implementation	1, 2, 4
3	Resolved, Contingent on ICA Implementation	1, 2, 4, 6
4	Resolved, Contingent on ICA Implementation	1, 2, 4
5	Resolved, Contingent on ICA Implementation	1, 2, 4, 6
6	Resolved, Contingent on ICA Implementation	2, 8
7	Resolved	1, 2, 3, 4
8	Resolved, Contingent on ICA Implementation	1, 3, 4, 5, 7
9	Resolved, Contingent on ICA Implementation	1, 3, 4
10	Resolved	1, 2, 3, 4, 6
11	Resolved	1, 3, 4, 6
12	Resolved Prior to ICA	N/A
13	Resolved	1, 2, 4, 6
14	Resolved	1, 2, 4, 6
15	Resolved	1, 2, 4, 6
16	Resolved	1, 2, 4, 6
17	Resolved Prior to ICA	N/A
18	Resolved Prior to ICA	N/A
19	Resolved Prior to ICA	N/A
20	Resolved	8, 17
21	Resolved	17
22	Resolved	9B
23	Resolved Prior to ICA	N/A
24	Resolved Prior to ICA	N/A
25	Resolved Prior to ICA	N/A
26	Resolved Prior to ICA	N/A
27	Resolved Prior to ICA	N/A
28	Resolved Prior to ICA	N/A
29	Resolved Prior to ICA	N/A
30	Resolved	2, 9B
31	Resolved Prior to ICA	N/A
32	Resolved Prior to ICA	N/A
33	Resolved Prior to ICA	N/A
34	Resolved Prior to ICA	N/A
35	Resolved Prior to ICA	N/A
36	Resolved Prior to ICA	N/A
37	Resolved Prior to ICA	N/A
38	Resolved	1, 2, 3, 7

39	Resolved Prior to ICA	N/A
40	Resolved Prior to ICA	N/A
41	Outstanding	N/A
42	Outstanding	N/A
43	Outstanding	N/A
44	Outstanding	N/A
45	Partially Resolved	N/A
46	Resolved	1, 2, 4
47	Resolved	N/A
48	Partially Resolved	N/A
49	Resolved	1, 2, 4
50	Resolved	N/A
51	Outstanding	N/A
52	Resolved Prior to ICA	N/A
53	Resolved, Contingent on ICA Implementation	9B

SCHEDULE C
Summary of BIMC Surviving Obligations to QIA
in Event of ICA Termination (Section 1.6)

SCHEDULE C			
Number	Title	Survives ICA Termination	Note
1	Inuit Committee and Inuit Stewardship Program	No	
2	Adaptive Management Plan	No	<p><i>In the event of ICA termination, no Schedule ID2 obligations would remain.</i></p> <p><i>Baffinland and QIA would take the Draft Adaptive Management Plan and Sub-plans developed as of termination into consideration for the current project, and in the development of future adaptive management, should it be required, but Baffinland would not be obligated to incorporate any items in the Draft Adaptive Management Plan and Sub-plans.</i></p> <p><i>The draft Adaptive Management Plan would still be part of the body of information that parties take into account in determining appropriate implementation of adaptive management of the Mary River Project.</i></p>
3	Social Monitoring Framework	No	
4	Culture, Resources and Land Use Monitoring	No	
5	Wildlife Compensation Fund	Partial	<p><i>In the event of ICA termination, no Schedule ID5 obligations would remain but for the following.</i></p> <p><i>Payments of \$1,300,000 to the MHTO and revisions to the existing Wildlife</i></p>

			<p><i>Compensation Fund would occur. For clarity, funding for the administrative position and the expansion of the Harvesters Enabling Program would not occur.</i></p> <p><i>Baffinland and QIA would continue to implement the existing IIBA.</i></p>
6	Culture, Resources and Land Use (CRLU) Assessment	<i>Partial</i>	<p><i>In the event of ICA termination, no Schedule ID6 obligations would remain but for the following.</i></p> <p><i>If termination occurs prior to the completion of Milestone 1 or Milestone 2 specified in Schedule 6, work towards the next milestones can be finalized. For clarity, this does not apply to Milestone 3 or any other obligations in Schedule 2.</i></p>
7	Pond Country Food Baseline	Yes	
8	Rail Alignment	No	
9A	Revised NIRB Project Certificate	No	
9B	Project Scope	No	<p><i>In the event of ICA termination, no Schedule ID9B obligations would remain.</i></p> <p><i>Should Baffinland propose a project modification following a rejection of Phase 2, Baffinland would engage with QIA with respect to applications for future proposals and would consider undertaking one or more of the activities specified in Schedule 9B in order to support such application, but would not be obligated to undertake any of the actions specified in Schedule 9B.</i></p> <p><i>Baffinland and QIA would continue to implement the existing IIBA.</i></p>

10	Measurable Objectives	Yes	
11	Multi-Year Inuit Employment Goals (MIEG)	Yes	
12	Project Bond	No	<p><i>In the event of ICA termination, no Schedule ID12 obligations would remain) but:</i></p> <p><i>12.1.3 obligations would not apply but rather Baffinland would make payment to QIA for remedial measures within 45-days of the date a reconciliation of remedial measures takes place.</i></p> <p><i>12.1.4, 12.1.5 (to the extent they describe the value of remedial measures and that remedial measures paid by Baffinland will be administered by QIA and dispersed through Community Direct Benefits).</i></p> <p><i>With respect to 12.1.6 the following line which reads “In the event of a formal dispute over the value remedial measures QIA will still withdraw the amount calculated within 45-days.” is replaced, for the purposes of Schedule C, with: “In the event of a formal dispute over the value of remedial measures BIM will still make payment in the amount calculated within 45-days. The results of dispute resolution would then apply to future assessments of remedial measures”.</i></p> <p><i>In the event of ICA termination, provision for alternative payment schedule agreed to in Schedule ID28 would apply.</i></p>
13	Failure to establish and enforce Inuit Content Requirements	Yes	

14	Monthly Reporting	Yes	
15	Early Childhood Care Subsidy	No	
16	Early Childhood Care Infrastructure	No	
17	Water Compensation Agreement	No	<i>In the event of ICA termination, no Schedule ID17 obligations would remain.</i> <i>Baffinland and QIA would implement the existing WCA.</i>
18	Capacity Development for Preferred Inuit Firms and Regional Contracting Benefits	Yes	
19	Inuit and Non-Inuit Firm Spend	Yes	
20	Contractor Inuit Content Plans (CICP) Template and Negotiation process	Yes	
21	Reporting on progress of achieving Inuit Content Requirements (ICRs) in CICPs	Yes	
22	Requirement for Contractor Participation in Employment and Training Information Sessions	Yes	
23	Contractor Failures	Yes	
24	QIA Inuit Training Support	REMOVED	
25	Inuit Career Mobility	Yes	

26	QIA IIBA Positions	Yes	
27	Community Direct Benefits	No	
28	Royalty Amendments	Partial	<p><i>In the event of ICA termination, no Schedule ID28 obligations would remain but for the following.</i></p> <p><i>Baffinland would only carry out the following obligations under Schedule ID28:</i></p> <p><i>Together with the annual statement of royalty payments BIM shall also, at its own expense, cause its own auditor to audit the calculation of the Royalty Payments for such calendar year to verify that the correct amounts were paid during the year and will provide to BIM a written statement to BIM, which BIM will share with QIA. QIA will retain all existing rights related to conducting annual audits.</i></p> <p><i>All obligations specified under the headings “Selling Mary River to a Third Party”, Financial Distress, and “Transparency”. QIA agrees that any financial information supplied under this heading would be treated as confidential information by QIA and not be disclosed by QIA to any third party without Baffinland’s consent.</i></p> <p><i>The following obligation under the heading “Project Bond”: If the Phase 2 Effective Date does not occur and the Project Bond is not established, Baffinland and QIA shall agree upon a payment method and schedule in the event amounts are owed by Baffinland in relation to remedial measures that would otherwise have been secured by the Project Bond provided all payments are made prior to the start</i></p>

			<i>of the next IIBA Implementation year (i.e. before March 31st)</i>
29	Existing Project Funds	Partial	<p><i>In the event of ICA termination, no Schedule ID29 obligations would remain but for the following.</i></p> <p><i>Existing IIBA commitments would remain.</i></p> <p><i>Extensions to existing project funds and additional performance penalties under 28.4.5 and 28.4.6 would not survive.</i></p>
30	Pond Inlet Research and Training Facility	Partial	<p><i>In the event of ICA termination, no Schedule ID30 obligations would remain but for the following.</i></p> <p><i>The Payment schedule as described under ICA 30.1.2 and 30.1.3 survives.</i></p>
31	IIBA Implementation Costs	No	<p><i>In the event of ICA termination, no Schedule ID31 obligations would remain.</i></p> <p><i>Baffinland and QIA would commit to working together to agree to a revised budget for quarterly fixed payments. QIA would be responsible for providing reporting costs and returning surplus funds to Baffinland.</i></p> <p><i>The revised budget would be agreed upon as soon as practical but in no case later than the first day in the forthcoming quarter (i.e. not later than October 1st if ICA termination occurs August 31st).</i></p>
32	Annual Reclamation Security Review	No	
33	Events of Default	No	
34	Expedited Arbitration	No	