

PLAIN LANGUAGE GUIDE

(INITIAL DRAFT)

Inuit Impact and Benefit Agreement (IIBA)

Between

Qikiqtani Inuit Association

and

Baffinland Iron Mines Corporation

In Regards to the

Mary River Project

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Disclaimer

The purpose of this Guide is to provide a detailed plain language overview of the Inuit Impact and Benefit Agreement (IIBA) that has been prepared for the Mary River Project. It is meant to provide QIA staff, Inuit community members and stakeholders with an accessible reference source for the contents contained in the IIBA.

This Guide is not a legally binding document and is not meant to stand in place of the actual IIBA for formal research or legal reference purposes. Readers are directed to the relevant articles in the IIBA for such purposes.

This Guide may be updated by QIA as required.

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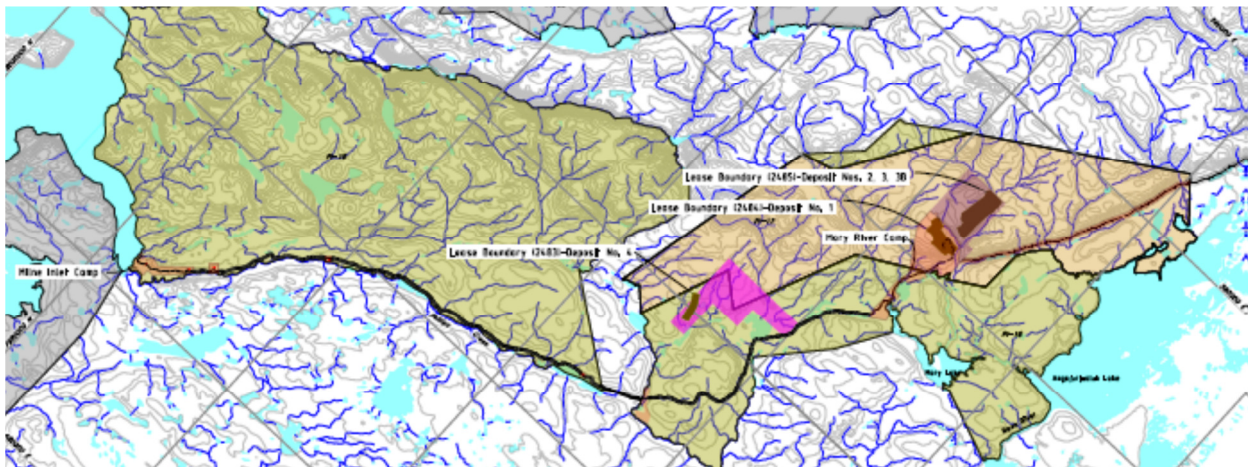
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Introduction to the Plain Language Guide

Article 26 of the Nunavut Land Claims Agreement (NLCA) requires that an IIBA be negotiated between a developer and the Inuit, through a Designated Inuit Organization (DIO), before a major development project can proceed. In the case of the Mary River Project (the Project), the developer is Baffinland Iron Mines Corporation (BIMC) and the DIO is the Qikiqtani Inuit Association (QIA).

The Mary River Project is an iron ore exploration and mining project in the North Baffin region of Nunavut with a proposed lifespan of 21 years¹ beginning in 2013. The Project is initially expected to produce approximately 3.5 million tonnes of iron ore each year (but may expand to a nominal rate of 18 million tons per year, and possibly as high as 30 million tons per year, over the course of the Project). Shipments of iron ore are initially planned via the Milne Inlet Tote Road to ore carriers, and on to European smelters. Should the production rate increase, shipments of iron ore would occur via a railway and port at Steensby Inlet, and on to European smelters.

The Project is initially focused on production at Deposit Number 1 and exploration at Deposits Numbers 2 through 9. Production of other Deposits is aligned with future plans of the Company. The number of Deposits that could be mined is currently unknown.



An Agreement in Principle on the IIBA was concluded July 15th, 2013. This Plain Language Guide has been prepared to assist in explaining each of the 25 Articles that make up the IIBA to Inuit in impacted communities, in the Baffin Region, and throughout Nunavut. The intention of this Guide is to clearly and concisely outline what BIMC and QIA have declared and agreed to in the

¹ Estimated lifespan of Deposit No. 1.

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IIBA, including but not limited to environmental, social, cultural, and financial rights and responsibilities².

The IIBA is only considered a final document once it has been ratified by the QIA Board of Directors and signed by Baffinland Iron Mines Corporation.

Preamble of the IIBA

The Preamble introduces QIA and BIMC as Parties to the IIBA and summarizes the purpose of the negotiation. As the Designated Inuit Organization pursuant to the NLCA, QIA has undertaken to negotiate benefits that could arise from resource development. The negotiations were undertaken on behalf of QIA's membership; Inuit from potentially impacted communities in the Qikiqtaaluk.

The Preamble clearly states that the purpose of negotiating an IIBA is to ensure that QIA and BIMC address impacts of the Project on Inuit and that Inuit are able to fully enjoy the benefits and opportunities that arise from all phases of the Project.

Here it is important to note that Inuit rights related to Inuit Owned Lands (IOL) are not addressed within the IIBA, rather rights of access to IOL are addressed through a Commercial Production Lease.



² Financial responsibilities for various components of the IIBA are summarized throughout this Guide, but are not meant to comprise an exhaustive account of all such obligations. Questions regarding financial responsibilities not noted in this Guide should be referred to the IIBA.

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Article One: Definitions and Interpretation

This Article provides definitions for many of the terms used in the IIBA, to ensure that both QIA and BIMC understand and agree to what the terms mean. Rather than duplicate the definitions here, where useful this Guide will include in footnotes the definitions of key terms as they arise. In addition, a Glossary is provided at the end of this Guide.

Nothing in the IIBA will negate, diminish or otherwise contradict the NLCA, or the rights and interests of Inuit and Inuit organizations set out in it.

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Article Two: Principles and Objectives

This Article describes in general terms what the IIBA is seeking to achieve and the principles that underlie the relationship between QIA and BIMC. The following principles and objectives have been identified as areas on which to focus efforts to realize these goals: Mutual Benefit, Inuit Participation and Workplace Preparedness.

Mutual Benefit

The IIBA is founded on the principle of mutual benefit for Inuit and BIMC through collaboration and consultation. The Project will provide considerable benefits to Inuit, including financial participation, training, employment and business opportunities, as well as support for Inuit communities. In turn, the success of the Inuit communities in the Baffin region, particularly the North Baffin region, benefits BIMC as it will provide a stable, high quality and well-trained workforce from which it can draw to support the Project.

The IIBA refers to many aspects of the work between BIMC and QIA as collaborative. Where the Parties agree in the IIBA to collaborate or consult with each other, they are obligated to:

- Act in good faith in all dealings they have with one another;
- Take reasonable measures to provide all necessary documents, materials and information that are required for collaborative work;
- Address the concerns of either Party in order to minimize impacts and achieve IIBA objectives;
- Ensure that communication between parties occurs in a timely manner; and
- Make every reasonable effort to reach consensus on issues that arise during collaborative work.

Inuit Participation

QIA and BIMC agree that Inuit must have the opportunity to have equal and meaningful participation in all economic activity associated with the Project. This applies in particular to Inuit from the communities of Pond Inlet, Igloolik, Clyde River, Hall Beach and Arctic Bay, which together are referred to as “North Baffin Inuit” in the IIBA, as well as to all Baffin Inuit represented by QIA and its subsidiary organizations; Qikiqtaaluk Corporation and Kakivak Association.

As the DIO, QIA has the sole authority to negotiate the IIBA on behalf of Inuit in the Qikiqtani region of Nunavut. As such, BIMC does not need to enter into any agreements with municipalities or other Inuit organizations, unless it wishes to and to further the goals of the IIBA.

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QIA and BIMC will work together to maximize the benefits to Inuit resulting from the Project, including contracting and other employment opportunities, training and education³. This may eventually include other benefits that are recognized as a means to maximize gain for Inuit.

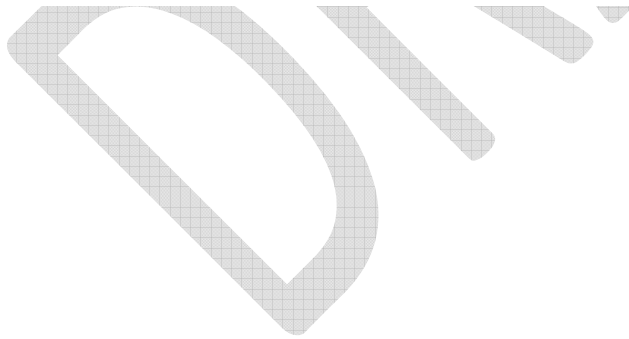
One such potential benefit to Inuit is housing assistance. BIMC is not obligated to provide housing assistance to its employees. However, it may look for ways to address housing issues, if they arise, by offering support as part of an employee benefit package.

Maximization of Inuit Participation Over Time

QIA and BIMC will look to maximize the participation of Inuit over the life of the Project, recognizing that the current availability of people and skills may not be at the desired level. Initial targets for Inuit participation will be set to reflect the current situation and will increase as the Project progresses. Measurements of the growth of Inuit employment, contracting and management will be made at least annually, and adjustments may be made by mutual agreement.

Workplace Preparedness

BIMC will encourage Inuit participation in the Project by working to create “Inuit friendly” and culturally appropriate working conditions, including cross-cultural training for Inuit and non-Inuit managers and workers. QIA and BIMC also commit to using their best efforts to create a work environment designed to encourage, attract, and support Inuit contractors, sub-contractors, and firms for both large and small contracts.



³ Schedule 2.1 of the IIBA contains text from Schedule 26.1 of the NLCA, which lists the things that could be considered as Inuit benefits in an IIBA. In addition, other benefits can be added if the Parties agree.

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Article Three: Project Description

Mary River Project Definition

“The Mary River Project” includes all of the following activities:

- The project as described in the Final Environmental Impact Statement (EIS)⁴, and as may be amended or be subject to future modifications, including the construction, operation, modification, maintenance, decommissioning, abandonment or other activities at Milne Inlet, the Milne Inlet Tote Road, Mary River Mine Site, the railway, the Steensby Inlet Port, year round marine shipping, air traffic, ongoing exploration and geotechnical exploration;
- Discovery, development and mining of additional mineral deposits, and the increased use of infrastructure and facilities;
- Exploration activities, such as surface drilling, advanced exploration, bulk sampling, and building roads for that purpose; and
- Physical activities in Nunavut that support BIMC’s activities in the Project Area.

Changes in Project Scope

If BIMC wants to make any major changes to Project activities (such as increase mining production, or move into a new area completely) that would require an environmental assessment under the NLCA⁵, it is considered a Change in Scope⁶. In such cases, BIMC will provide the Executive Committee⁷ with a description of the proposed changes before they are formally submitted.

Changes of Scope will trigger a review and possible renegotiation of specific IIBA provisions as described in Article 22⁸ of the IIBA. However, a new IIBA will not be required.

Each Party is responsible for their costs associated with participating in a Change of Scope, though BIMC will cover any reasonable costs that QIA incurs during the formal assessment of a Change in Scope.

Project Area Definition

The “Project Area” means all of the Inuit Owned Lands and Crown lands identified in Schedule 3.1 of the IIBA⁹. The Project area may be amended by written agreement between QIA and

⁴ The Final EIS is subject to approval by the Nunavut Impact Review Board (NIRB)

⁵ Refer to Article 12 of the NLCA: Development Impact.

⁶ A major change to Project activities that requires an environmental assessment under the NLCA, review of the IIBA and potential renegotiation of IIBA provisions.

⁷ Refer to Article 4 of the IIBA: Implementation and Management.

⁸ Refer to Article 22 of the IIBA: IIBA Review and Renegotiation

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BIMC. Additional surface rights or mineral rights obtained by BIMC from time to time over the course of the Project will be added to the Project Area, and areas surrendered by BIMC or subject to termination or expiry, will be deleted from the Project Area. In all such cases, the IIBA continues to apply.

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⁹ A map of the Project Area is provided in Appendix A of this document.

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Article Four: Implementation and Management

This Article establishes the structures and processes needed to successfully implement and manage the IIBA, to provide for ongoing advice about Inuit concerns, and to allow for effective dispute resolution.

This Article establishes a senior Executive Committee to oversee the implementation of the IIBA, and a working Management Committee to continually monitor the progress of the Project, particularly as it relates to the implementation of the IIBA.

Executive Committee

The Executive Committee will be made up of three senior representatives from QIA and three senior representatives from BIMC. QIA and BIMC will each have a Co-chair for the Committee. The QIA Co-chair will hold a position on QIA's Executive Committee and the BIMC Co-chair will hold a position within BIMC of Vice-President or higher.

In addition to the Co-chairs, QIA and BIMC will each have an IIBA Coordinator on the Executive Committee, as well as one other individual, appointed at their discretion. Further, QIA will be able to have Technical Advisors¹⁰ attend Executive Committee meetings if they are required to provide specific or expert advice. BIMC will cover the costs for Technical Advisors to attend and participate in meetings.

For the first two years that the IIBA is in effect, the Executive Committee will meet at least four times a year. Afterwards, in consultation with QIA and BIMC, members will decide how often the Executive Committee needs to meet. QIA members (and Technical Advisors) will be given the agenda and meeting details at least 15 days in advance, except in cases of emergency. If they are unable to attend, they will be given meeting minutes within 15 days following the meeting.

The Executive Committee will attempt to reach consensus on formal decisions, but will require at least five of the six members to agree to any decision.

The proceedings of the Executive Committee meetings are non-confidential but open only to Executive Committee members and technical advisors. If any confidential subjects are discussed by one party, the other party and any Technical Advisors in attendance will need to sign a Confidentiality Agreement¹¹.

¹⁰ Experts in a particular field of knowledge associated with the Project that can provide detailed information to QIA as required.

¹¹ A legal document that requires the person(s) signing it to keep the subject matter involved secret and to not discuss or share it with anyone else.

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Management Committee

The Management Committee will be more involved in operational aspects of the Project as they relate to the IIBA. It will be made up of four representatives from QIA and four from BIMC. The IIBA Coordinators and Inuit Employment and Training Officers from QIA and BIMC will be members and each will appoint two additional members at their discretion. At least one member from BIMC must hold a senior position within the mine's operations. The Management Committee will report to the Executive Committee, who will in turn provide information to QIA and BIMC.

For the first two years that the IIBA is in effect, the Management Committee will meet at least every month, as there will be many details and issues to work through at the beginning of the Project. Changes to the frequency of meetings will require approval from the Executive Committee. As with the Executive Committee, QIA will be allowed to have Technical Advisors attend Management Committee meetings.

The Management Committee will operate by consensus and will report to the Executive Committee four times a year with a summary of its activities. An annual report will also be submitted to the Executive Committee.

Executive Committee and Management Committee: Cost of Operation

BIMC will be responsible for the operational costs of the Executive and Management Committees. A budget for the Management Committee will be developed by BIMC and QIA for the first year of its operation. The budgets for subsequent years will be developed by the IIBA Coordinators for BIMC and QIA. This budget will be submitted to the Executive Committee each year.

Decision Making and Dispute Resolution Process

If the Management Committee or Executive Committee cannot reach consensus or majority decision on a particular issue, the Presidents of QIA and BIMC will be asked to meet to make a decision. If this meeting still does not resolve the issue, the matter will be referred to mediation¹² and if necessary, to arbitration¹³ as agreed to in the IIBA¹⁴.

Executive Committee and Management Committee Roles

The Executive Committee reviews and responds to various reports and initiatives as outlined in the IIBA. In general terms, the Executive Committee makes sure that BIMC and QIA are

¹² A legal method of resolving a misunderstanding where an impartial third party is brought in to help the differing two parties come to an agreement.

¹³ A legal process where two disputing parties allow a jointly approved impartial third party to provide a resolution.

¹⁴ Refer to Article 21 of the IIBA: Mediation and Arbitration.

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accountable to their respective commitments to maximize Inuit participation in all aspects of the Project.

The Executive Committee:

- Assess expected Project workforce requirements and projected availability of Inuit seeking employment on the Project;
- Establish Minimum Inuit Employment Goal (MIEG)
- Review the extent to which the annual Minimum Inuit Employment Goal (MIEG) for the Project has been met and assess actions taken or needed to meet the MIEG;
- Review and approve quarterly and annual reports of the Management Committee;
- Review the list of education and training opportunities for Inuit
- Review contract award issues;
- Maintain a list of Designated Baffin Inuit Firms
- Review the list of Designated Inuit Firms and Designated Baffin Inuit Firms
- Review annually the list of contracts awarded by the Company in the previous Year to assess Inuit content in contracting;
- Review the list of potential positions for Inuit employees
- Review, at the beginning of each Year, the list of contracts the Company anticipates awarding in the coming Year, to identify contracts for which Designated Baffin Inuit Firms or Designated Inuit Firms may be eligible;
- Make recommendations to the Company and QIA on appropriate actions to enhance the results of Inuit participation and other objectives of this Agreement;
- Consider other items of mutual concern related to the implementation of this Agreement raised by either Party;
- Respond to any direct requests made from time to time by the most directly affected communities.

The Management Committee:

- Share information regarding the progress of training initiatives, employment targets and contract awards;
- Regularly update the Executive Committee
- Communicate any operational concerns of the Company and QIA as they relate to implementation of the IIBA;
- Bring forward items of concern from either Party to the Executive Committee to review and to attempt to resolve the concern;
- Make recommendations to the Executive Committee on appropriate actions to enhance results of Inuit participation and other objectives of the IIBA;

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- Consider other items of mutual concern related to the implementation of this Agreement, raised by either Party; and
- Other items as directed by the Executive Committee from time to time.

Annual IIBA Implementation Budget

The Executive Committee, with the assistance of the Management Committee, will approve an annual Implementation Budget¹⁵. The Implementation Budget will contain all costs that both BIMC and QIA anticipate over the coming year are needed to continue to implement the IIBA, including various salaries, fees, and operating costs¹⁶.

The costs for the continuing performance of the following funds and programs will also be part of the Implementation Budget:

- Business Capacity and Start-Up Fund;
- Ilagiiktunut Nunalinnullu Pivalliajutsait Kiinaujat Fund;
- The Education and Training Fund;
- A scholarship fund;
- Workplace orientation programs; and
- Costs associated with implementation of any rights, obligation or requirements of the IIBA.

The Annual Implementation Budget will be regularly reviewed to ensure it is meeting the requirements of the Project. Costs associated with the implementation of the IIBA will require modification throughout the term of the Project and not all costs related to the implementation are explicitly accounted for in the IIBA.

Technical Advisors that attend Executive or Management Committee meetings are not to perform the functions outlined in the IIBA, but rather to act as trainers or assistants for Inuit, who will in turn assume the advisory role. This is intended to reduce the need for technical support, within the first three years that the IIBA is in effect.

Beginning in the fourth year, QIA's cost of implementation will be 25% of QIA's own direct costs associated with implementing the obligations contained in the IIBA.

QIA will only contribute to implementation costs for years where there is a Royalty Payment¹⁷.

Furthermore, QIA's contributions to its own implementation costs will be limited to a maximum 10% of its annual Royalty Payment.

¹⁵ Schedule 4.1 of the IIBA contains the Implementation Budget Framework.

¹⁶ Refer to Section 4.10.4 of the IIBA for a list of salaries, fees and operating costs.

¹⁷ The Royalty Payment refers to the regular payment that BIMC makes to QIA during the commercial production phase of the Project, calculated as the net sales revenue for a period multiplied by a factor agreed to by the Parties in the IIBA.

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Implementation costs for QIA will not include any costs associated with QIA positions identified in the IIBA.

All of the roles and functions of positions identified in the IIBA will be reviewed every three years to determine if there is a need for modification, revision or reduction in capacity. The roles to be reviewed include:

- BIMC IIBA Coordinator;
- BIMC Employment and Training Coordinator;
- Inuit Ship Monitors;
- Elder in Residence;
- QIA IIBA Coordinator;
- QIA Employment and Training Coordinator; and
- QIA Environment Monitors

It is anticipated that roles and responsibilities of the positions identified in the IIBA will evolve along with the project and the implementation of the IIBA.

BIMC will prepare an Annual IIBA Implementation Report, which will summarize all of the various reports generated by Project activities¹⁸.

IIBA Coordinators

BIMC will hire an IIBA Coordinator¹⁹ and will also provide QIA with the funding to hire and train another. The QIA IIBA Coordinator will be responsible for coordinating IIBA reporting and monitoring for QIA, and for acting as a liaison with BIMC's IIBA Coordinator. It is expected that both positions will be filled by Inuit.

Support Function

BIMC and QIA agree that QIA or the Management Committee may require additional technical or professional support to do their jobs effectively. Through the Implementation Budget, BIMC will provide for QIA to access support for performing the functions of the IIBA competently, for managing and analysing reports, and for advising the QIA members of the Management and Executive Committees.

The Executive Committee will allocate a reasonable amount of money in the annual Implementation Budget for support services, recognizing that they will be used more extensively during the first three years that the IIBA is in effect.

¹⁸ Refer to Article 20 of the IIBA: Reporting and Results.

¹⁹ Schedule 4.2 of the IIBA contains proposed job descriptions for the BIMC and QIA IIBA Coordinator positions.

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Article Five: Financial Participation

This Article establishes the structure whereby QIA will receive direct financial benefits from the project.

Within the IIBA direct financial benefits are structured into Advanced Payments, Extension Payments and Royalty Payments.

Advanced Payments

These are payments that are made by the Company to QIA in advance of project operations.

- A payment upon the date the IIBA is signed
- A payment upon the date the Nunavut Water Board type-A water licence is approved
- A payment upon a positive construction decision by the Company
- A payment each quarter starting one-year after the construction decision is made and continuing until commercial production begins.

Extension Payments

These are payments that are made by BIMC to QIA in the event that a construction decision is not made by Company following the approval of the Nunavut Water Board type-A water licence. Payments are made until a construction decision is made, or, until the Company issues QIA a letter of Termination or a notice indicating the Company is resuming development, construction or operation of the project.

Both Advance Payments and Extension Payments are credited against future Royalty Payments using the following formula:

- Up to 25% of the Royalty Payments otherwise payable for each of the first 36 calendar quarters after Commercial Production begins may be deducted
- Up to 50% of the Royalty Payments otherwise payable for each calendar quarter after the first 36 calendar quarters after Commercial Production begins may be deducted

There is no “claw back” of Advance Payments and Extension Payments should the project not proceed.

Royalty Payment

These are payments that are made by BIMC to QIA during commercial operations based upon an agreed upon royalty structure.

Payment Reporting

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QIA will report to Beneficiaries on the value of payments received at each Annual General Meeting.

Annual Planning

In the final quarter of each year in which a Royalty Payment is anticipated, the Company will deliver to QIA a forecast of the anticipated payments that will be made to QIA in the forthcoming year.

These forecasts will be presented to QIA with the understanding that the Company assumes no responsibility in the event the forecast is wrong. QIA is required to keep the forecast presented by the Company confidential.

Annual Statements

Within 90 days after the end of the Year, starting when Commercial Production begins and every year until project termination, the Company will deliver a statement of the royalty payments due and payable to QIA for the previous year.

Upon receiving such information QIA will have the ability to audit the statement provided by the Company using an independent auditor. The auditor will have the ability to report back to QIA as to whether payments made by the Company were prepared in accordance with the IIBA. The Company shall be required give the auditor full access to accounting records and any individuals requested by the auditor. Information received by the auditor is confidential and cannot be shared.

If the audit demonstrates that there is a deficiency or excess in the Royalty Payment the Company will have right to seek an arbitration decision using the dispute resolution mechanisms contained in the IIBA. Following an arbitration decision the Royalty Payment will be adjusted.

QIA is required to cover the costs associated with an independent auditor, unless an arbitrator identifies a deficiency of more than 5%, which case the Company will bear the costs.

In the event QIA does not hire an independent auditor within 90 days following the presentation of an annual statement, QIA will be deemed to have accepted the annual statement.

Interest and Payment of Royalty Payment Deficiency

If a deficiency in a Royalty Payment is agreed upon, or determined by an arbitrator, the amount of the deficiency will be paid back with interest. Such payments are required within 30 days of reaching an agreement or once determined by an arbitrator.

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Equitable Review

This provision allows QIA and the Company to renegotiate the Royalty Payment after either 30 years, or once one-billion tons of iron ore has been mined by the Company.

The purpose of this review is to determine if the financial benefits provided to QIA are considered “market”²⁰ in relation to other relevant impact and benefit agreements.

Such a review could result in the Royalty Payment being either increased, decreased or remaining the same. In association with such a review an arbitrator may order that the Royalty Payment be either increased, decreased or remain the same. An arbitrator cannot set a new Royalty Payment.

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²⁰ “Market” means the market place, or, in comparison to other impact and benefit agreements with financial provisions.

Article Six: Contracting Opportunities

This Article establishes that all of the economic activities associated with the Project will be available to qualified Inuit and Inuit companies, which in turn will be given assistance and preference in securing work in all phases of the Project. However, the Article makes clear that BIMC is only obligated to hire companies that it deems able to deliver the required products and services effectively and in a competitive fashion, and will have the final say in awarding contracts.

Inuit companies will be eligible for consideration for contracting opportunities in the following general areas:

- Recruitment;
- Training;
- Road and airstrip construction;
- Accommodation complex construction;
- Communications systems;
- Power plant;
- Water supply;
- Open pit and underground equipment;
- Site preparation at mine;
- Railway construction;
- Port construction and operation ;
- Ongoing remediation;
- Sea freight shipping;
- Air transportation fixed wing, helicopter;
- Catering, housekeeping, janitorial services;
- Security Services;
- Health and medical services;
- Road maintenance;
- Diamond drilling;
- Transportation of ore;
- Fuel storage, handling & distribution;
- Environmental research, monitoring, and baseline studies;
- Explosives; and
- Business Capacity and Start-Up Fund.

It is important to note that the list above is not specific to actual contracting needs of the project. On an annual basis an actual list of contracting opportunities will be developed through the Executive Committee of the IIBA.

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QIA and BIMC both recognize that many Inuit companies currently lack the finances and experience to bid on or carry out contracts. BIMC agrees to help Inuit companies to bid on contracts by providing assistance in the bidding process, by breaking down larger contracts into smaller ones, and by establishing a Business Capacity and Start-Up Fund through QIA or a subsidiary to assist companies in the Baffin region with financing and capacity building.

Between the time that the IIBA is signed and the beginning of commercial production, BIMC will provide \$250,000 each year to the Business Capacity and Start-Up Fund. Subsequent contributions will be established by the Executive Committee as part of the annual budget process. For the first three years that the IIBA is in effect, BIMC will also fund up to 50% of a staff position, at QIA or a subsidiary organization, to administer the fund.

The QIA Inuit Employment and Training Coordinator will be responsible for monitoring the Business Capacity and Start-Up Fund and will submit an annual report to the Executive Committee outlining how the fund has been used. Further, they will submit an annual budget and program proposal to the Executive Committee for approval at least three months before the start of the calendar year (i.e. October 1st). The Executive Committee will review the use and the usefulness of the Business Capacity and Start-Up Fund annually and may agree to amend, temporarily discontinue, or terminate it.

Designated Inuit Firms

Assistance and preference will be given to Designated Inuit Firms. An Inuit Firm is defined as a firm that:

- Complies with the definition of Inuit Firm in the NLCA²¹;
- Is registered with the Nunavut Tunngavik Inc. (NTI) Inuit Firm Registry; and
- Carries out a majority of its business in the Nunavut Settlement Area.

The Executive Committee will maintain an up-to-date list of all Inuit Firms that appear to be capable of providing goods and/or services to the Project; these shall be the Designated Inuit Firms. From this list, another list of Designated Baffin Inuit Firms will be made and kept up to date; these firms will be given first priority for contracts.

The lists will be reviewed and updated annually and as necessary, and will be made public. Finally, the Executive Committee will establish a process so that firms who are not on the Designated Inuit Firms List can apply for consideration.

²¹ Section 24.1.1 of the NLCA defines an Inuit Firm as being either a limited company with at least 51% of voting shares held by Inuit, a cooperative controlled by Inuit, or an Inuk sole proprietorship or partnership.

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Contract Award Procedures

BIMC commits to using its best efforts to maximize Inuit participation in contracts, and will consult with QIA on contracting processes and to evaluate the level of success in achieving Inuit content. On an annual basis, the Executive Committee will review the list of contracts awarded to assess Inuit content and will also review a list of contracts that BIMC anticipates being awarded in the coming year. This will be done to identify Designated Baffin Inuit Firms or Designated Inuit Firms which may be qualified and eligible.

BIMC will try to maximize Inuit subcontractors in all existing contracts and has informed each company with existing contracts related to the Project that they are required to follow the Inuit content processes in the IIBA.

The three main types of contracts that BIMC will use during the Project are negotiated contracts, requests for proposal and invitational tenders.

Negotiated Contracts

BIMC can negotiate directly with a contractor so long as Designated Baffin Inuit Firms are given priority when they are eligible and interested and BIMC can get fair value²² through direct negotiation. If such conditions are not met, eligible and interested Designated Inuit Firms must then be considered.

However, BIMC does not necessarily need to negotiate first with Designated Baffin Inuit or Designated Inuit Firms in situations where a certain contract calls for specialized experience or capabilities. This may happen if an extraordinary event occurs where there is no time to go through a request for proposal or invitational tender process, or in the case of an emergency.

BIMC will inform QIA and the Executive Committee at least 45 days before entering into direct negotiations for a contract and will allow 90 days for negotiations with a Designated Baffin Inuit or Designated Inuit Firm to be completed. However, in extraordinary or emergency situations as described above, BIMC will inform QIA and the Executive Committee immediately of the need to enter into direct negotiations with a non-Inuit firm.

BIMC will make every effort to ensure that negotiations with Designated Baffin Inuit or Designated Inuit Firms are done in a timely fashion and that the Firms are given ample opportunity to present proposals.

²² “Fair value” means the price that would be agreed upon under normal circumstances by knowledgeable parties who are not obligated to each other in any way.

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The Management Committee will establish a Minimum Inuit Employment Goal (MIEG)²³ for each negotiated contract and will further outline other required Inuit content (e.g. purchases from Inuit Firms) it feels are appropriate. Each contractor submitting a proposal will be required to identify how they intend to meet these requirements.

Requests for Proposals and Invitational Tenders²⁴

Where BIMC chooses to award a contract through a competitive process, it will still attempt to give preference to Inuit Firms. Where two or more Designated Baffin Inuit Firms are eligible and interested in a contract and BIMC can get fair value, it will limit the invitation to these firms or will give them the first right of proposal. The same will apply in situations where there are two or more Designated Inuit Firms eligible and interested in a contract or one Designated Baffin Inuit Firm and one or more Designated Inuit Firms. However, if BIMC cannot get fair value from a competitive process that is limited in some way to Inuit Firms, the process will be opened up to any interested firms.

As with direct negotiations, BIMC will inform QIA and the Executive Committee 45 days before requesting proposals or inviting bids. Further, MIEGs will be established for each contract.

BIMC and all contractors and subcontractors will provide the Management Committee with quarterly reports that demonstrate compliance with Inuit content requirements. The first report will be due 30 days after the contract is signed.

Company A has 100% Inuit content on a \$10,000,000 bid. As a result, the bid is adjusted down by the full 25% to become \$7,500,000.

Company B bids \$10,000,000 and is evaluated at 15% Inuit content. The bid is adjusted to \$8,500,000.

Company C bids \$10,000,000, but has 0% Inuit content and so gets no adjustment.

Company A is awarded the contract because its bid is the lowest. BIMC is still obliged to pay **Company A** the full \$10,000,000.

Example of Bid Evaluation

Bid Evaluation Criteria

Preference will be given to companies that maximize Inuit content in their proposals. BIMC will include provisions for Inuit content requirements in invitational tenders and will evaluate bids

²³ “Employment Goal” means the target level of Inuit employment, expressed as a percentage and calculated by dividing the projected hours to be worked by Inuit employees by the total number of hours projected for a contract.

²⁴ Requests for proposal are typically used when a company knows what it wants in a general sense, but may not be clear on the best solution or value proposition. In contrast, invitations to tender are used when a company knows exactly what it wants and is looking for the best bid according to price and/or other criteria. Further, there are legal protections afforded to bidders who have been invited to tender.

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based on a point system for Inuit content. The score given to the bid could adjust the total bid by up to 25% of the bid value (see example). Proposals must meet the MIEG and must contain an assessment of potential Inuit and Baffin Inuit content in order to be considered compliant with the bid criteria provisions.

When bids are reviewed, Inuit content will be evaluated on the following factors:

- Degree of Baffin ownership;
- Inuit employment targets;
- Proportion of wages paid to Inuit;
- Total purchases from Baffin Inuit Firms;
- Participation of Baffin Inuit/ Baffin Inuit Firms;
- Training of Inuit; and
- Location of head office in Nunavut.

Each of the above factors will be allocated a point value and the total will determine the adjustment that can be applied to the bid, in order to reward those bids that maximize Inuit content.

Contractor's Inuit Content Plan

All contract tenders or proposals over \$500,000 must contain a Contractor's Inuit Content Plan, containing details on the Inuit content and how the Contractor intends to achieve, maintain, and optimize Inuit content.

Explanation for Non-Award

If a Designated Baffin Inuit Firm or a Designated Inuit Firm submits a proposal and is not awarded the contract, BIMC will provide that Firm an explanation in writing.

Annual Review

The Executive Committee will review all contracts as well as the lists of Designated Inuit Firms and Designated Baffin Inuit Firms on an annual basis, in consultation with QIA and BIMC.

Mediation and Arbitration

In the event of a dispute regarding Inuit Content between QIA and BIMC that cannot be settled through good faith negotiations, both parties agree to submit the dispute to a mediator²⁵ as outlined in the IIBA²⁶. Further, both parties agree that mediation is the preferred avenue for

²⁵ Refers to the impartial third party that is brought in to provide mediation.

²⁶ Refer to Article 21 of the IIBA: Mediation and Arbitration.

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dispute resolution and will attempt mediation in good faith before demanding the arbitration process outlined in the IIBA.

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Article Seven: Employment

This Article sets out how Inuit will be given priority and support for employment on all levels of the Project, from entry level positions to senior management. This priority will apply to BIMC as well as all contractors and subcontractors.

All positions will be open to qualified Inuit and BIMC will create job descriptions for each position. Where appropriate, BIMC will consider skills and relevant experience as equal to formal education, and Inuit who are not fluent in English can qualify as long as safety is not compromised. Further, BIMC may offer Inuit applying for certain positions the chance to take a prior learning assessment to demonstrate that they are qualified. Finally, in situations where there is a temporary closure or layoffs, Inuit will be the last to be laid off, provided their skill levels meet or exceed job requirements.

Priority will be given to North Baffin Inuit. After these, priority will be given to Inuit from other Baffin Region communities, followed by the rest of Nunavut. The North Baffin Communities and Iqaluit will be the initial “points of hire”, meaning that air transportation will be provided at no cost to the employee from these locations to the Project sites²⁷.

BIMC will use its best efforts to establish offices in the Point of Hire communities and provide Inuit with related employment opportunities.

Posting

BIMC will make sure that the process for posting jobs includes posting in Baffin communities as well as at the Project site and in English as well as Inuktitut. If no candidates are found within 28 days, or if QIA and BIMC agree that qualified Inuit candidates are unlikely to be found, BIMC can recruit from anywhere that qualified candidates can be found.

Inuit Employment and Training Coordinators

BIMC will hire an Inuk to be an Employment and Training Coordinator. This position will have responsibilities that include skills assessments, training programs and orientation for all Inuit employees. In addition, BIMC will fund QIA to hire another Inuk Employment and Training Coordinator who will act as a liaison with the Company on employment-related issues and will monitor efforts to reduce barriers to employment and advancement. The two Coordinators will work closely together, with BIMC and QIA staff and with the Government of Nunavut to identify candidates in the communities identified above for Project jobs.

²⁷ If commercial shipping of iron ore occurs in the Hudson Strait, then Kimmirut and Cape Dorset will become points of hire as well.

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Human Resource Strategies

BIMC will develop and implement an overall human resources strategy for the Project, which will identify workforce requirements, job qualifications and responsibilities, and skills and performance management information. As a subset of this, BIMC and QIA will have a training and employment strategy for Inuit. The “Inuit Human Resources Strategy” will identify barriers to the employment and advancement of Inuit, particularly Inuit women, and BIMC will try to reduce them over the course of the Project.

In addition, the Inuit Human Resources Strategy will set out the following strategic initiatives:

- Recruitment and selection processes;
- Retention and advancement measures;
- Target levels of Inuit employment;
- Measures to attract female Inuit employees;
- Summer student programs; and
- Support for Inuit employee well-being.

The ultimate goal of the training and employment support provisions is to steadily increase the number of Inuit working at the mine and provide for career advancement.

Inuit Recruitment and Selection Program

BIMC and QIA will work to make sure that Inuit are aware of job opportunities and the skills, qualifications and application procedures required for these jobs. Further, they will provide Inuit with application assistance when necessary.

BIMC and QIA will create a recruitment database that lists all Inuit candidates and tracks those who are pursuing education and training to become job ready. This database will be administered by QIA or another company under QIA’s supervision.

Together with BIMC’s Human Resources department, the Inuit Employment and Training Coordinator will assist in the recruitment and hiring of qualified candidates.

Retention, Advancement and Career Development

BIMC will make a continuous effort to connect the training received by Inuit directly with employment opportunities and advancement, including into management positions. All Inuit employees will have career development plans and BIMC will offer various training programs, including:

- Technical training and ongoing skills development;
- Apprenticeship, leadership and management training to those interested;
- Orientation and cross-cultural training to reduce barriers to Inuit advancement;

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- Personal life management training;
- Retention counselling; and
- Employee assistance programs for issues such as violence, sexual harassment and substance abuse.

Retention programs will respect Inuit culture while also developing ways to reduce absenteeism and turnover, advance educational opportunities, and refine career development for employees.

As reflected in the NLCA²⁸, BIMC will plan employment rotations with the support of the QIA Inuit Employment and Training Coordinator and Inuit employees, to reflect the needs and preferences of Inuit, as long as the labour requirements of the Project are met.

Target Levels of Inuit Employment

Each contract will have a MIEG, in addition to an overall annual Project MIEG expressed as a percentage of the total number of work hours in a contract that are projected to be worked by Inuit employees. BIMC will submit quarterly reports to the Management and Executive Committees for each active contract with respect to the MIEG and will ensure that Contractors are achieving the minimum levels of Inuit content.

BIMC will provide an annual MIEG Plan describing how it intends to achieve the MIEG and an annual report showing the Plan's success, strengths and weaknesses and recommendations for improvements to the Human Resources Strategy.

Inuit Women's Access to Employment

BIMC's human resources policies will strive to ensure equal access to employment for Inuit men and women. In order to promote access to employment for Inuit women and increase the number of women working on the Project, BIMC may depart from the guidelines in other sections of this Article from time to time.

The Inuit Human Resources Strategy will have an Inuit women's employment component which will focus on identifying ways to help Inuit women prepare for and keep jobs on the Project and on creating a welcoming workplace environment.

Student Employment

BIMC will make summer employment opportunities available to Inuit students, directly or through contractors. First priority will be given to North Baffin students, followed by students from all other Baffin communities.

²⁸ Refer to Schedule 26-1 of the NLCA: Matters Considered Appropriate for Inuit Benefits.

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Enforcement and Reporting

BIMC will enforce Inuit content provisions and will provide reports to the Executive Committee on training, education, and employment pursuant to the requirements of the IIBA²⁹.

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²⁹ Refer to Article 20 of the IIBA: Reporting and Results.

Article Eight: Inuit Education and Training

BIMC will work with QIA to place a priority on helping Inuit develop the practical skills and qualifications necessary to gain employment in all positions with the Project, to do their jobs well, to advance in their careers, and to contribute to their communities. Well before the start of the construction and operations phases of the Project, the Executive Committee will work to support the school system in Inuit communities and will establish a number of training programs,³⁰ with the intent to prepare Inuit for work on the project and to provide career development opportunities.

Education and training efforts will require the cooperation of BIMC and QIA, as well as other groups, including the Government of Nunavut, training institutions, and North Baffin communities.

Linking Education and Training with Employment and Advancement

The education and training provisions of the IIBA will apply to the employment practices of BIMC and to all contractors and subcontractors. Further, BIMC will develop measures to link education and training to employment such as letters of intent to employ, co-op education and summer student employment programs, and mentoring.

The two Employment and Training Coordinators will maintain relationships with education and training institutions including Nunavut Arctic College, Kakivak Association, Human Resources and Social Development Canada, the Government of Nunavut Department of Education, the Government of Nunavut Municipal Training Organizations, and others as appropriate.

BIMC and QIA will review all Project operations and will create, maintain, and post a list of specific education and training opportunities for Inuit. This list will be reviewed annually by the Executive Committee.

BIMC will contribute \$1,000,000 each year for the first two years that the IIBA is in effect to an education and training fund. In following years, the Executive Committee will decide on the funding amount. BIMC will also sponsor competitions, prizes, and achievement awards within the school system to encourage Inuit students to continue with their education; and will provide a minimum of \$25,000 each year for an Inuit scholarship fund.

On-site training will be supported by hiring Inuit instructors, providing adequate training facilities and accommodations and providing training in Inuktitut when possible.

³⁰ A detailed list of training program categories can be found in Schedule 8.1. of the IIBA

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Inuit Human Resources Strategy – Education and Training

As part of the Inuit Human Resources Strategy, BIMC will work with QIA to develop and implement an education and employment component. This strategy will contain several plans and initiatives including: Pre-Employment Preparation, Adult Education Initiatives, Construction Training Programs, Operation Phase Training Programs, Training Programs for Contract and Subcontract Activities, Management and Advanced Skills Training, and Company Education Initiatives.

Pre-Employment Preparation

BIMC and QIA will develop a training plan for Inuit during all phases of the Project, which will assist with the following employment related subjects:

- Career searches;
- Personal management training;
- Adult basic education;
- Trades and technology training; and
- University training.

In addition, BIMC and QIA will develop co-op education work terms and “train the trainer” programs to train Inuit instructors.

Adult Education Initiatives

BIMC and QIA will support on-site or off-site adult basic education programs, and training to upgrade skills and/or increase job readiness for Inuit employees.

On-site training will be provided by BIMC in adequate facilities and classrooms. Dormitories will also be provided to on-site trainees.

Construction Training Program

BIMC will deliver a construction training program for Inuit who want to work during the construction phase of the Project, and prior to the start of commercial production. This program will also help Inuit develop the skills and qualifications to transfer into other positions during the operational phases of the Project.

Where possible, courses offered in communities will also be available to Inuit who are not BIMC employees.

Operation Phase Training Program

BIMC will deliver a training program for Inuit during the operations phase of the Project, which will include:

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- A fully funded worksite training component;
- A partially funded community-based training component; and
- An institutional training component.

Training Programs for Contract and Subcontract Activities

BIMC will work with QIA to develop on-site and community-based training programs in areas such as catering, expediting, and business management, to assist Inuit looking for employment with contractors or subcontractors on the Project.

Management and Advanced Skills Training

BIMC will commit to long-term training and education programs to develop Inuit managers and Inuit with advanced skills on the Project. On-site opportunities will include job shadowing and mentoring. Off-site opportunities will include diploma and degree programs, as well as work placements with contractors.

Company Education Initiatives

BIMC may support a variety of education initiatives, including career fairs, support for career counselling, co-op education opportunities and stay-in-school programs.



Article Nine: Maritime Shipping

BIMC and QIA agree that seasonal shipping is a key part of the Project and may expand to year-round shipping with the future development of the Project³¹. This Article sets out how Inuit will be provided the opportunity to participate in planning and implementation measures to ensure that the shipping is carried out in a way that respects and protects the relationship of Inuit to the sea, sea ice, and marine resources. It also addresses winter shipping issues of concern to Inuit, respects the operational needs of the project, and provides for employment and training opportunities related to shipping.

This Article clearly states that should year-round shipping be proposed through Milne Inlet, that another IIBA would be required.

Shipping-Related Relations between QIA and BIMC

BIMC will appoint a senior manager responsible for maritime shipping to implement the shipping provisions of the IIBA and liaise with QIA on shipping-related matters. In addition, there will be a communications protocol developed to provide QIA and the communities along the shipping route with 'real-time' information on routes, ship positions and ship traffic.

Communication of Shipping Requirements for the Project

BIMC will provide QIA with detailed information on all vessels and vessel operations, such as cargo, communications, ballast water management procedures, pollution controls, and safety and emergency protocols. Further, BIMC will provide QIA with information related to ports and port facilities, including storage and loading procedures. Additionally, information on the mitigation of environmental impacts, and protection for wildlife and the physical environment will be provided.

Shipping Monitoring

BIMC will hire and train Inuit ship monitors for voyages that are deemed to pose significant environmental risk, as agreed to with QIA³². The ship monitors will observe and report on how particular voyages meet the shipping requirements and other provisions of the IIBA. Their reports will be included in the Annual IIBA Implementation Report³³.

³¹ If BIMC applies for and receives approval for year-round shipping in Milne Inlet, the IIBA will be amended to address impacts and provide benefits as appropriate.

³² If Inuit monitors are not available, BIMC will make sure that ship monitors remain present on voyages that pose a significant environmental risk if required under the terms of the Project Certificate.

³³ Refer to Article 20 of the IIBA: Reporting and Results.

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Shipping Employment and Training

BIMC and QIA will work to assist Inuit in getting jobs and building careers in the shipping components of the Project, such as on arctic iron ore carriers and marine support vessels. BIMC will provide Inuit with training and employment opportunities for positions such as shipboard monitors, deck crew, catering, deck officers and marine engineers.

Shipping Safety

BIMC agrees not to ship through ice if it cannot be done safely. As established by the International Maritime Organization³⁴, the order of priority for shipping decisions and operations related to the Project shall be:

- Safety of life;
- Protection of the marine environment;
- Vessel safety; and
- Cargo security.

After these priorities are met, the next priority for shipping decisions and operations will be the protection of Inuit travel, hunting and traditional lifestyle.

BIMC will establish and implement appropriate safety and spill response plans and mitigation measures to ensure that shipping is carried out safely. All such measures will respect the relationship of Inuit to the land, sea, and marine resources; and the rights and limitations set out in the NLCA.

³⁴ The International Maritime Organization is the United Nations specialized agency with responsibility for the safety and security of shipping and the prevention of marine pollution by ships.

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Article Ten: Enforcement of Inuit Content Requirements

Inuit Content Reporting

Achievements on Inuit content will be reported on by BIMC to the Executive Committee as required in the IIBA, or as otherwise obligated. The format of these reports will be determined by the Executive Committee.

Non-Compliance

If BIMC or a contractor sees that they will not be able to meet Inuit content goals, they must notify the Executive Committee within 90 working days. They must further provide evidence that every effort was made to meet the Inuit content commitments and that the failure is not their responsibility. Unexpected costs or financial troubles cannot be used as a reasonable explanation for failing to meet commitments, though this does not rule out or negate being able to adjust Inuit content requirements as allowed for in the IIBA.

The Executive Committee will meet within 60 days of receiving a non-compliance notice, to determine if BIMC or the contractor has made all efforts to comply with their Inuit content commitments.

If the Executive Committee decides that BIMC or a contractor failed to meet their Inuit content commitments, it (or an Arbitrator³⁵, as they case may be) will make recommendations for remedial measures to correct the situation. In doing this, they will consider the value of the original bid adjustment, the extent of the failure to achieve Inuit content, and the opportunities lost by Inuit.

Remedial measures designed to correct the failure to achieve required Inuit content may include:

- Requiring BIMC or the contractor to take specific actions to achieve the commitments to Inuit content levels;
- Providing them with information about qualified Inuit employment sources;
- Withholding payments from contractors;
- Terminating the contract of a contractor, or
- Requiring compensatory measures to fund Inuit education, training and employment programs, or to meet another objective of the IIBA.

BIMC will report, as soon as possible, to Executive Committee on the results of any remedial measures taken.

³⁵ Refers to the impartial third party that is brought in to provide arbitration.

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Best Efforts and Amended Inuit Content

If the Executive Committee or an Arbitrator determines that best efforts were indeed made to meet Inuit content levels but were still not successful, these levels will be appropriately adjusted for the contract in question. BIMC will then continue to monitor and report on Project performance using the amended Inuit content requirements.

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Article Eleven: Workplace Conditions

This Article sets out how BIMC and QIA will strive to create a workplace culture that respects, values, and promotes the increasing involvement of Inuit in the Project.

Workplace Cross-cultural Recognition

All employees (Inuit and non-Inuit) will be given cross-cultural training programs to enhance positive interaction. These programs will be aimed primarily at providing non-Inuit employees with a better understanding of Inuit culture. Inuit will be provided with workplace orientation programs aimed at explaining the mining industry and what it means to work at a mine site. BIMC will cover the costs of such programs.

Inuktitut in the Workplace

BIMC and QIA support the use of Inuktitut in the workplace, and both parties agree that a lack of a fluency in English will not be a barrier to employment. It is understood that in general the working language of the mine will be English. However, efforts will be made to support the increased use of Inuktitut over the life of the Project.

To accomplish this, BIMC will consult with QIA to establish a policy to support the use of Inuktitut in the workplace. As part of this policy, BIMC will encourage the establishment of Inuktitut speaking workgroups and will also make Inuktitut and English language training programs available to all employees during regular working hours. Under no circumstances will use of Inuktitut be cause for any disciplinary action, except in a situation where the use of only Inuktitut would cause a clear safety issue and the employee is capable of speaking English.

BIMC will provide translation and interpretation services as necessary for employee safety. Specifically, all safety notices, materials, and policies will be translated into Inuktitut; as well as all staffing documents, application forms, and notices. BIMC will also make Inuktitut publications and media easily available to workers.

BIMC will make sure that workplace conditions comply with all laws that protect and promote Inuit language rights³⁶.

The Inuktitut in the workplace policy will be administered by the IIBA Coordinators, who will prepare an annual report to the Executive Committee that includes detailed information on the use of Inuktitut throughout the Project and progress toward increasing its use, and toward providing training and employment opportunities for those whose first language is Inuktitut.

³⁶ E.g. the *Inuit Language Protection Act* (Nunavut).

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Affirmative Steps for Attracting Female Employees

BIMC and QIA agree that Inuit women may face a number of barriers when seeking non-traditional jobs. To address these barriers and to attract Inuit women to work at the Project, BIMC will develop an affirmative action plan. This plan will monitor compliance with employment equity laws, develop policies and training programs to attract Inuit women to the Project, and provide gender sensitivity training. BIMC will also provide appropriate accommodations and facilities for female Inuit employees.

Counseling and Support Services

BIMC will provide Inuit employees with access to counselling and support services to assist them with career development as well as personal problems. Whenever possible the counselors will be Inuit.

Inuit elders will be hired to act as counsellors to Inuit employees and will live on-site at all times. Further, medical services will be available on-site and with Inuktitut interpretation if required. BIMC will also help support situations where Inuit employees must coordinate with community facilities to meet their medical needs.

Finally, BIMC will also provide advice on personal financial management when requested by an Inuit employee.

Availability of Country Food

BIMC will ensure that Country Food³⁷ is available to Inuit employees. In addition, government-inspected Country Food will be made available to non-Inuit employees from time to time, as a way of providing them more contact with Inuit culture. Adequate freezer space will be made available for Inuit employees to store Country Food for personal consumption.

Code of Conduct & Anti-Harassment/Discrimination Policy

BIMC will institute a code of conduct and a personal harassment and discrimination policy that will include a “zero tolerance policy”³⁸ for all employees regarding drugs and alcohol, harassment and any discrimination based on race or sex.

³⁷ “Country Food” refers to the traditional Inuit diet of food that is hunted, fished or gathered locally.

³⁸ Zero tolerance policies require automatic and usually severe penalties for any violation, regardless of intention or circumstances.

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NLCA Rights of Inuit Employees to Pursue Traditional Activities

BIMC recognizes Inuit rights of access for harvesting under the NLCA and will make sure that all employment contract terms do not limit those rights. BIMC and QIA will develop policies relating to traditional activities including harvesting and the secure storage of firearms that are compatible with the land use, safety and human resource policies of the Project and in compliance with the NLCA. Inuit employees will be allowed to have visitors who are engaged in traditional harvesting activities in and around the Project Area. Visitors to the Project Area, including Inuit visitors, will be required to follow BIMC's human resources, land use, and safety policies, provided they do not conflict with Inuit rights of access for harvesting purposes under the NLCA.

Inuit Employee Wildlife Harvesting and Firearms

In accordance with the NLCA³⁹, Inuit employees can access all Project Areas to harvest wildlife during their leisure time (subject to BIMC's policies), provided that they do not use any firearms within one mile of any building or facility (or greater if required by law or for safety)⁴⁰. Non-employee Inuit are not allowed to harvest at all within this one-mile boundary, but can access all other Project Areas for harvesting purposes. All Inuit will be permitted to pass through Project areas where harvesting is not allowed in order to get to lands where harvesting is allowed.

BIMC will produce and make available a map of areas where the use of firearms is not allowed (see below) and will update it periodically as the Project progresses.

Authorized individuals (e.g. polar bear monitors) can use firearms anywhere within the Project areas, including within the one-mile boundary, if necessary or in an emergency situation.

Under the NLCA⁴¹, QIA or any Inuk may challenge any BIMC policy or decision that limits free and unrestricted access by Inuit for harvesting. An Inuit employee making such a challenge will not face any discipline or harassment, or have anything added to his or her employment record.

Communications

BIMC will provide access to communications facilities such as telephone and computer supported technology (e.g. Skype) to help employees keep in touch with their families at home. Communication between BIMC, QIA and community members with regard to IIBA related matters will be a priority as well.

³⁹ Refer to Section 5.7 of the NLCA: Special Features of Inuit Harvesting.

⁴⁰ This does not include the rail line, though BIMC may develop a safety policy regarding the use of firearms near equipment or structures that on or near the rail line.

⁴¹ Refer to Section 5.7 of the NLCA: Special Features of Inuit Harvesting.

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Unionization of the Workplace

If the Project is ever unionized, BIMC will ensure to negotiate commitments in the IIBA into union agreements.

Monitoring and Intervention

The Inuit Employment and Training Coordinators and the IIBA Coordinators will work together to prepare workplace conditions reports four times a year for the Executive Committee. BIMC is also required to provide information on workplace conditions in the Annual IIBA Implementation Reports.

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Article Twelve: Support for Communities

BIMC and QIA recognize that the Project will provide significant opportunities for Inuit, but is also likely to create stresses on Inuit communities, families and individuals. Experience from other projects in northern Canada has shown that a sudden influx of money into communities and families can create social and cultural concerns.

BIMC and QIA agree to work in cooperation to reduce any such challenges created by the Project. They will also make use of the training and employment opportunities from the Project to build a solid foundation of skills and expertise in impacted communities, to enable them to continue benefiting after the Project is over.

The Ilagiiktunut Nunalinnullu Pivalliajutisait Kiinaujat Fund

BIMC and QIA will create the Ilagiiktunut Nunalinnullu Pivalliajutisait Kiinaujat Fund (the Fund) to support projects designed to build community capacity, to help distribute the benefits of the Project throughout the region, to offset any negative social or cultural impacts created by the Project and to promote mutual understanding and learning.

For the first six years BIMC and QIA will both contribute up to \$375,000 each year (for a total of up to \$750,000 each year) to the Fund⁴². After the first six years, The Executive Committee will review the performance of the Fund and discuss renewal for additional three-year terms for the life of the Project. BIMC and QIA agree to extend the Fund if there are unforeseen or greater than anticipated socio-economic impacts.

QIA will administer the Fund and will be responsible for:

- Developing and maintaining a program management database;
- Facilitating communications and collaboration;
- Preparing annual reports for the Executive Committee on the use of the Fund;
- Communicating opportunities the Fund provides;
- Developing partnerships with Governmental agencies to enhance the use of the fund;
- Assisting applicants with their submissions; and
- Preparing assessments of funding proposals.

The Fund will be used primarily to address needs at a local level. The types of projects and activities the Fund could be used for include:

- Participation in community projects;
- Youth and elder programs;

⁴² For the first three years of the IIBA, BIMC will pay an additional 30% to cover the cost of administering the Fund.

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- Hunter support activities;
- Programs for families and communities;
- Cultural learning and revitalization programs;
- Financial planning;
- Counseling and healing; and
- Seed funding for other social programs.

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Article Thirteen: Inuit Travel and Access

This Article sets out the processes necessary to ensure that BIMC's land use activities in marine areas are compatible and do not interfere with the rights of Inuit to free and unrestricted travel and access for harvesting to all lands, waters, and marine areas within the Nunavut Settlement Area as described in the NLCA⁴³.

BIMC and QIA agree that the Project will likely affect Inuit travel and land use by making it harder to get to or travel through areas traditionally used for harvesting. In an effort to mitigate such impacts to Inuit travel, as well as other cultural and social impacts, BIMC has created an Environmental, Health and Safety Management System (EHS System), as part of the Final EIS for the Project⁴⁴.

As part of the EHS System, BIMC will offset Project impacts to Inuit travel and access rights using the following measures:

- Providing fuel at Project facilities for detouring around Project infrastructure and the associated shipping route at Steensby Inlet in land fast ice;
- Providing food and shelter at Project facilities;
- Supporting Inuit in identifying, communicating and using safe routes of travel in or around the Project infrastructure and marine shipping routes; and
- Any other measures brought forward from the Annual Project Review Forum.⁴⁵

BIMC will also assist in maintaining safe travel routes identified by Inuit.

Within one year of the signing the IIBA, BIMC and QIA will create a working group to develop a plan for establishing monitoring stations, which will monitor shipping activities associated with the Project and will also function as emergency shelters. The plan will be reviewed and implemented by the Management Committee. All costs of implementing this plan will be covered by BIMC.

NLCA Inuit Rights of Travel and Access

Inuit will continue to have access to all land and marine areas for harvesting and related activities (except where Project activity is taking place and subject to the restrictions which apply to all Inuit as outlined in Article 11⁴⁶), provided that those policies are not in conflict with Inuit rights under the NLCA.

⁴³ Refer to Section 5.7 of the NLCA: Special Features of Inuit Harvesting.

⁴⁴ Refer to Article 15 of the IIBA: Project Monitoring and Mitigation.

⁴⁵ Refer to Section 14.3 of the IIBA: Annual Project Review Forum.

⁴⁶ Refer to Section 11.10 of the IIBA: Inuit Employee Wildlife Harvesting and Firearms.

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Should there be a disagreement between BIMC and QIA or any Inuk on a decision surrounding Inuit rights of access to the Project's property for harvesting purposes, the decision will be sent to arbitration as prescribed by the NLCA⁴⁷.

None of the restrictions in the IIBA will hinder any Inuit from enjoying free and unrestricted right of transit, as defined in the NLCA. This includes land, water, or marine areas where harvesting is not permitted, as long as the purpose of the transit is to obtain access to an adjacent area to harvest wildlife.

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⁴⁷ Refer to Article 38 of the NLCA: Arbitration.

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Article Fourteen: Inuit Engagement in Project Stewardship

The purpose of this Article is to promote a cooperative relationship between Inuit and BIMC in order to identify and address Project related matters that may affect Inuit through the life of the Project.

BIMC and QIA recognize that Inuit well-being and environmental integrity are deeply interconnected. Therefore, both parties agree to promptly identify and create means to mitigate negative impacts to Inuit and the environment.

In addition to identifying strategies to enhance the well-being of Inuit and the environment, QIA and BIMC agree to engage regional communities to help develop tactics for the responsible management of resources related to the Project, as well as to promote environmental sustainability.

This Article establishes mechanisms for communicating these tactics between BIMC, QIA and communities and to enable affected communities to voice their comments and concerns and contribute to BIMC's decision making process with respect to the operation and management of the Project.

Annual Project Review Forum

A key component of Inuit engagement and of identifying issues will be the Annual Project Review Forum (the Forum). This will be an opportunity for QIA and BIMC to discuss Project related issues directly with members of impacted communities. Costs associated with the Forum will be included in the Implementation Budget.

The Forum will compare the actual impacts of the Project against what BIMC projected in the Final EIS. The Forum will also provide an opportunity for the following activities:

- Providing advice to the Executive Committee and contributing to the Annual IIBA Implementation Report and Governmental monitoring reports;
- Sharing Project related information among BIMC, QIA and impacted communities;
- Reviewing management, monitoring and mitigation program effectiveness;
- Identifying and discussing impacts identified by Inuit as being of greater significance than as described in the Final EIS, or issues that were not originally identified;
- Discussing matters of non-compliance or issues related to the IIBA; and
- Developing recommendations for significant issues to be brought to the Executive Committee.

The Forum will be open to the public and will consist of the following participants:

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- Senior representatives of BIMC responsible for operations, compliance and management plans;
- Senior representatives of QIA responsible for environmental management and lands administration; and
- Representatives nominated by the affected communities and selected by the Management Committee based on the Forum agenda.

Both BIMC and QIA are required to bring certain information to the Forum, which they will share with each other within a reasonable time beforehand. There are also jointly prepared reports on activities of the Executive Committee, Management Committee and any activities that have taken place with respect to Inuit Qaujimagatuqangit (IQ)⁴⁸.

BIMC Required Information

BIMC is required to bring the following information to the Forum:

- A summary of the previous and current years' operations; including production, training, education, employment, contracting, environmental performance, major milestones and events and safety;
- A summary of monitoring reports from governmental authorities, including NIRB, for the previous year;
- Reports from community-based monitoring programs;
- Production targets, capital expenditures, contracting and environmental safety targets for the upcoming year;
- Identification of any proposed amendments to monitoring or management programs;
- A report on Project-related grievances, including any corrective actions taken;
- A report on any non-compliance issues related to the IIBA;
- Wildlife observation and incident reports; and
- Any other information BIMC considers useful.

QIA Required Information

QIA is required to bring the following information to the Forum:

- A report on the Business Capacity and Start-Up Fund;
- A report on the Ilagiiktunut Nunalinnullu Pivalliajutsait Kiinaujat Fund;
- A report on any wildlife compensation matters;

⁴⁸ Inuit Qaujimagatuqangit refers to the traditional, current and evolving body of Inuit values, beliefs, experience, perceptions and knowledge regarding the environment, including land, water, wildlife and people, to the extent that people are part of the environment.

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- A summary of QIA's participation in the previous year's operations, including the work of the QIA IIBA Coordinator, Employment and Training Coordinator and Environmental Monitor;
- Any information that may affect predictions of impact as described in the Final EIS, including previously unforeseen impacts; and
- A summary report by the Environmental Monitor(s).⁴⁹

Initial Forum

The first Forum will have some specific discussion topics, including:

- Outlining or revising any shipping routes;
- Plans for operations through land fast ice and open water;
- Ballast water management plans;
- Oil spill and response plans; and
- Safety protocols.

Community Presentations

Community representatives will be invited to present on any Project related concerns that they have had throughout the year.

Record of Proceedings and Recommendations

A record and report of the Forum will be jointly created within 90 days by one representative each from QIA and BIMC. This will include recommendations to go forward to the Management Committee and Executive Committee. If there are any disagreements on the content of the report, they will be forwarded to the Management Committee and/or the Executive Committee for resolution. Reports from the Forum will be made available to the affected communities, including a copy in Inuktitut.

The Executive Committee, with the Management Committee's assistance, will review the Forum report and address any unresolved issues, as appropriate. If an unresolved issue is not addressed, a reason will be made available in writing.

⁴⁹ Refer to Section 15.8 of the IIBA for more information on Environmental Monitors. These are full time positions to ensure proper implementation of environmental management and monitoring programs.

Article Fifteen: Project Monitoring and Mitigation

Reliance on Final EIS

The Final EIS represents the primary source of all information related to baseline assumptions surrounding the Initial Project⁵⁰ in terms of its environmental and socio-economic impacts. BIMC and QIA agree that the Final EIS submitted to and approved by the Nunavut Impact Review Board (NIRB) represents these facts and that the data, information and predictions contained in the Final EIS are accurate.

The predictions in the Final EIS conform to the requirements of NIRB from the Final Guidelines for the “Initial Project” from November 2009, and were reviewed by government agencies and others under NIRB’s environmental assessment process. This resulted in the NIRB’s Project Certificate 005 in January 2013.

BIMC acknowledges that QIA is relying on the accuracy of the data, information and predictions contained in the Final EIS, with the knowledge that BIMC may seek amendments to the Project Certificate.

If the Final EIS’s information or predictions should prove to be inaccurate, the Project monitoring and mitigation processes will come into effect. This will include the evaluation of BIMC’s EHS System for inaccuracies that it cannot confidently address.

Mitigation and Monitoring

BIMC will implement all mitigation and monitoring processes for the Project, including those identified in the Final EIS, those required by NIRB as part of the Project Certificate(s), as well as any additional mitigation and monitoring processes developed and implemented by BIMC through the EHS System.

These processes, as well as predicted impacts from the Final EIS, provide a reference point against which the actual impacts of the Project can be measured. They also serve as a measure of the effectiveness of any mitigation practices that have been put in place.

In accordance with the NLCA, none of the required mitigation and monitoring processes in this Article will necessarily overlap or duplicate requirements already set forth in the NLCA⁵¹, federal legislation, or conditions from BIMC’s own regulatory authorities or licenses.

⁵⁰ The “initial project” is as described in the Final EIS, subject to approval by NIRB as described in Project Certificate 005, for the construction, operation, closure and reclamation of the Project described in Article 3.1(a) of the IIBA.

⁵¹ Refer to Article 12 of the NLCA: Development Impact.

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Environmental, Health and Safety Management System (EHS System)

The EHS System is presented in Volume 10 of the Final EIS⁵². It provides the outline for all the management, mitigation, monitoring, and institutional measures required to reduce the impact of negative environmental and socio-economic influences resulting from the Project to the greatest extent possible.

Any matters for discussion related to the development, implementation, review, and modification of the EHS System will be brought to the Forum. A report based on these discussions will be provided by BIMC to the NIRB for review.

IQ will be applied to the EHS System, in accordance with the IIBA, as appropriate.⁵³

The EHS System has been designed to provide a continuous basis for monitoring by BIMC, in an effort to:

- Provide additional information that can be applied to baseline data;
- Comply with environmental, regulatory and contractual requirements;
- Validate the potential impact predictions made in the Final EIS;
- Enhance impact management plans;
- Support and improve impact management processes; and
- Address new or additional issues that are identified.

The activities that are implemented in an effort to manage or monitor the Project, including the EHS System, will be focused on the following issues:

- If potential effects are significant and either direct or indirect;
- If effects have immediate consequences;
- If effects can be directly measured and independently verified;
- The cumulative nature of the effects, if any;
- The cost-effectiveness of programs to address an effect;
- If programs are building Inuit capacity; and
- If adjustments should be considered to improve management and monitoring programs.

BIMC will produce technical reports on an ongoing basis as part of regulatory requirements or as part of the EHS System, in an effort to enhance or update existing data and information.

⁵² Refer to Volume 10 of Mary River Project Final Environmental Impact Statement: Environmental, Health and Safety Management.

⁵³ Refer to Article 16 of the IIBA: Inuit Qaujimagatuqangit.

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Working Groups

In order to address specific project monitoring activities, “Working Groups⁵⁴” will be established by QIA and BIMC in an effort to:

- Gather further information and data to develop new and modify existing monitoring and management plans;
- Develop an environmental monitoring program as required by governmental authorities, including the NIRB;
- Incorporate an ecosystem⁵⁵-based approach for monitoring and managing environmental effects resulting from the Project;
- Include participation of QIA and local Inuit in all aspects of the environmental monitoring program developed for the Project during all Construction, Operations and Decommissioning Phases;
- Incorporate IQ into project planning;
- Integrate IQ into the development and integration of all environmental and socio-economic monitoring programs;
- Coordinate aspects of the environmental monitoring programs;
- Report promptly and accurately on the methods and results of environmental monitoring programs that are meaningful to Inuit; and
- Promote and support adaptive management systems and processes.

The cost structure for the management and activity of the Working Groups will be included in an agreed to “Terms of Reference”⁵⁶. QIA’s costs associated with participating in Working Groups will be paid for by BIMC, provided that there is a mutual benefit for both Parties, and with approval of a scope of work, which will not be unreasonably withheld.

Final EIS Impact Projections

The collection and the use of IQ and the results of EHS System programs will be used to compare the predicted environmental and socio-economic impacts or residual negative effects in the Final EIS with actual observations. If any monitoring programs show different or greater impacts than those predicted, or any unforeseen impacts not addressed in the Final EIS, BIMC will respond with appropriate measures as contained in EHS System. These measures could include:

- Revisions to the management and mitigation plans;
- Initiating further technical studies; and

⁵⁴ Refers to a group of people who are appointed on a temporary basis to address a specific issue of topic and to report their findings and make recommendations.

⁵⁵ A biological community of interacting organisms and their physical environment.

⁵⁶ A description of the structure and purpose of the Working Groups.

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- Creating Working Groups to gather information and improve monitoring and management programs.

Suggested measures will be presented for review at the Forum and reviewed by the Executive Committee.

BIMC and QIA will also work together with regulatory agencies to assess and review significant adverse impacts identified by monitoring programs such as the EHS System and IQ.

If measures to reduce or eliminate significant negative effects cannot be found, alternative decisions may be made, including negotiating additional compensation based on recommendations to the Executive Committee, and reviewing regulatory requirements. Any additional compensation awarded would be in addition to rather than as a substitute for reparations provided to QIA or other Inuit for wildlife compensation claims under the NLCA.

If alternative decisions cannot be agreed upon, the issue may advance to mediation or arbitration in accordance with the IIBA⁵⁷. Additionally, QIA has the ability to apply to regulatory agencies if it disagrees with the proposed mitigation measures from BIMC.

Environmental Monitors

BIMC will provide funding for Environmental Monitors⁵⁸, who will be hired and appointed by QIA. They will provide a full-time, on-site presence at the Project site, to ensure among other things the proper and adequate implementation of all management and monitoring plans specific to environmental concerns. Environmental Monitors will produce written reports to QIA and BIMC on their activities. They will also organize and facilitate discussion of their findings during the Forum.

Socio-Economic Monitoring

The IIBA Coordinators from QIA and BIMC will jointly support socio-economic activities and organizations related to the Project and its predicted impacts, including socio-economic monitoring committees. Changes to the IIBA's socio-economic monitoring plans may be implemented within three years of the IIBA coming into effect, if it is determined by QIA and BIMC that the impacts are not being properly monitored.

⁵⁷ Refer to Article 21 of the IIBA: Mediation and Arbitration.

⁵⁸ A proposed job description for the Environmental Monitors is found in Schedule 15.1 of the IIBA.

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Regulatory Affairs

BIMC will comply with all regulatory requirements associated with the Project. This includes those requirements provided for in the NIRB Project Certificate and all Nunavut Water Board licenses related to the Project.

For the purposes of working together to improve relevant regulatory requirements that are otherwise impractical or unnecessarily restrictive, QIA and BIMC may jointly file applications seeking amendments to regulatory requirements, or undertake joint studies or investigations.

Finally, where QIA and BIMC identify a significant environmental or socio-economic risk associated with the Project, and for which there is no or limited regulations, they will work together to review mitigation measures, which may then addressed through the EHS System.

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Article Sixteen: Inuit Qaujimagatuqangit

BIMC and QIA agree that IQ will provide important environmental, ecological, cultural and socio-economic information to help with understanding and monitoring the effects of the Project. BIMC will use IQ to satisfy Project requirements as outlined in this IIBA.

Generally, BIMC will use IQ to decide if the anticipated impacts of Project activities have been accurate, to identify unanticipated impacts, and to evaluate any actions taken to mitigate or reduce environmental and social harms. Further, employing the principles of IQ will support communication and information sharing and will help build positive long-term relationships between Inuit and BIMC.

Collection and Use of IQ

The collection and use of IQ will not be limited to written data, but will include all forms of IQ accepted and shared by Inuit, such as spoken information. QIA and BIMC will select the IQ contributors, translators, elders, etc., that have the expertise required for a particular study where IQ is a component. The methods and formats (e.g. questionnaires, interviews, etc.) used to collect IQ will be developed by QIA and BIMC in cooperation.

Any Inuit who are asked to provide IQ will be told how BIMC intends to use it and will give written consent to BIMC for its use. The IQ collected will not be made public unless QIA and the contributor agree. Further, any IQ that is collected will be made available in both English and Inuktitut where possible, in a format (e.g. software) agreed to by all Parties. Finally, particularly sensitive information such as locations of sacred or spiritual sites, heritage sites, and burial sites will not be used in any reports or be otherwise shared if the contributor does not want it to be.

Any IQ reports generated will be summarized at the Forum and will be reported to the Management Committee.

Ownership of IQ

QIA and BIMC agree that the IQ contributors own the IQ provided and keep all legal rights to it (e.g. copyright, intellectual property). BIMC can simply use IQ to meet the requirements of Project management and monitoring, create and improve management plans, satisfy the requirements of the regulatory processes and develop or revise ways to avoid, reduce or respond to impacts of the Project on Inuit. After the Project is finished, BIMC will promptly turn over any IQ materials in its possession to QIA.

QIA has received a mandate from its members to establish a permanent IQ archive and will be the keeper of IQ throughout the life of the Project. BIMC will periodically transfer all of the IQ

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materials it has developed to QIA. BIMC will pay for all IQ collected and reported for the Project, while QIA is responsible for maintaining and operating the permanent IQ archive.

During the course of the project, BIMC may need to hire consultants or advisors to complete IQ projects and may establish Working Groups in cooperation with QIA to meet project objectives.

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Article Seventeen: Wildlife Compensation

This Article establishes a program for reporting wildlife killed by Project activities, a compensation mechanism for emergency or illegal kills of polar bears and a process for wildlife compensation for all other wildlife loss that can be attributed to the Project.

Wildlife Incident Reporting

BIMC will report all wildlife kills or accidents involving wildlife in the Project Area to QIA, the affected communities and the appropriate government authority within five days of an incident.

When QIA is notified that an animal has been killed, the QIA IIBA Co-ordinator or Environmental Monitor may send someone to prepare the carcass and have BIMC deliver any salvageable parts to the affected community. If this is not possible, BIMC will store the parts until transportation is available. BIMC will pay for the preparation, storage and/or transportation of any accidental or emergency wildlife kills.

Nothing in this Article negates, diminishes, or contradicts the rights to claim compensation with the Surface Rights Tribunal under Article 6 of the NLCA⁵⁹. However, if compensation for a wildlife kill is awarded under the processes in this IIBA, it would be deducted from any compensation made under the NLCA for the same kill, to avoid awarding double compensation for the same damages.

IIBA Wildlife Compensation – Not for “Major Events”

QIA and BIMC agree that this Article does not apply to claims that arise from a Major Event, which is a significant harm to the environment that is directly related to Project activities. Major Events would include:

- An incident or activity that is identified as a significant adverse impact as defined in the Final EIS⁶⁰;
- The introduction of invasive species⁶¹;
- A significant adverse impact to commercial fisheries;
- Long-term or catastrophic decline of wildlife populations; and

⁵⁹ Refer to Article 6 of the NLCA: Wildlife Compensation.

⁶⁰ Refer to the Mary River Project Final Environmental Impact Statement, particularly Volumes 4 through 8, for assessments of the impacts of Project activities.

⁶¹ Invasive species are organisms (plant, animal, fungus, bacteria) that are not native to an area and that when introduced cause harm to people or the environment.

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- Any other incident or activity that the Executive Committee considers a Major Event, based on information from the public, QIA or BIMC.

The Executive Committee will determine whether any incident or activity is serious enough to be considered a Major Event and so then should be dealt with under the processes outlined in the NLCA.

Compensation for Polar Bear Kills

If a BIMC employee, contractor, or subcontractor accidentally or in an emergency kills a polar bear within the Project Area, the Hunters and Trappers Organization⁶² (HTO) of the affected community can apply for compensation, in an amount determined by QIA. This amount will cover the cost of the tag for the bear killed, as well as the cost of the next year's tag if it must be given up by law. The amount will be at least \$20,000. However, compensation through the IIBA will not be available if the kill was made in the context of a Major Event as determined through the NLCA.

Wildlife Compensation through the Wildlife Compensation Fund

BIMC will establish a Wildlife Compensation Fund of \$750,000, to be administered and managed by QIA. An Inuk or Inuit can apply to the Wildlife Compensation Fund for any loss or damage related to wildlife that they have suffered as a result of Project activities.

QIA, with support from BIMC, will develop a standard set of procedures and policies for compensation claims made to the Wildlife Compensation Fund. All procedures and policies will be consistent with Article 6 of the NLCA and can be amended by QIA if necessary (in consultation with the Executive Committee).

For the first three years that the IIBA is in effect, BIMC will pay for administration of the Wildlife Compensation Fund, through the Implementation Budget.

If the Fund ever drops below \$50,000 BIMC will either replenish it, or may decide to terminate it with written reasons provided to QIA.

QIA will prepare a report for the Executive Committee every year on all wildlife compensation claims, including details of the applicant, any amounts awarded and the reasons for the decision.

BIMC and QIA can agree to terminate the Wildlife Compensation Fund at any time.

⁶² If there is a dispute over which HTO is the affected one, QIA will determine which is eligible to apply for compensation.

Article Eighteen: Archeology

Inuit rights to their archeological record are set out in Article 33 of the NLCA⁶³. Further, the conduct of archeological investigations and the protection and use of archeological resources are governed by laws of the Government of Nunavut⁶⁴ and the Federal Government⁶⁵.

BIMC will fully comply with the NLCA and the law. BIMC will also provide all of its employees and contractors with an orientation program to make sure they understand the rules, to help them to recognize archeological and other historic sites, and to report their locations to avoid disturbance.

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⁶³ Refer to Article 33 of the NLCA: Archeology.

⁶⁴ *Historical Resources Act*

⁶⁵ *Historic Sites and Monuments Act*

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Article Nineteen: Carving Stone⁶⁶

This Article provides a mechanism to preserve the rights of Inuit and QIA to carving stone in the Project Area and on Crown lands, as set out in Article 19 of the NLCA⁶⁷.

Rights to Significant Deposits on Crown Lands

BIMC acknowledges that QIA may get exclusive rights to any significant deposits of carving stone on Crown lands and will cooperate with QIA in getting such rights to deposits found within the Project Area. If there is ever a conflict between BIMC's rights on Crown lands and QIA's rights to carving stone on those lands, it will be resolved by the Surface Rights Tribunal, as outlined in the NLCA⁶⁸.

Discovery of New Deposits

If BIMC discovers a new deposit of carving stone, it will promptly notify QIA and will cooperate as QIA's rights to the carving stone are determined through provisions in the NLCA.

If Project requirements mean that Inuit would be denied their access rights to a newly discovered deposit of carving stone, BIMC will notify QIA, excavate the deposit and transport the stone to a mutually agreed upon location.



⁶⁶ Carving Stone includes serpentinite, argillite and soapstone where available and used for carving purposes.

⁶⁷ Refer to Section 19.9 of the NLCA: Rights to Carving Stone.

⁶⁸ Refer to Section 21.8 of the NLCA: Surface Rights Tribunal.

Article Twenty: Reporting and Results⁶⁹

Periodic Reports Required From BIMC

In order to monitor whether or not BIMC is fulfilling its obligations under the IIBA, it will be working with the Management Committee to provide quarterly reports to the Executive Committee⁷⁰. The quarterly reports will include the following :

- A list of all active positions with BIMC and contractors or subcontractors over the previous three months;
- A list of Inuit employed and their positions;
- The extent to which the MIEG has been met on all active contracts;
- A list of training activities and Inuit participation;
- A description of training activities planned for the following six months;
- A list of current contracts and the participation of Inuit Firms in those contracts;
- A list of current sub-contracts and the participation of Inuit Firms in those sub-contracts;
- A report of any enforcement issues;
- A report on any arbitration underway or coming up; and
- A report on education activities.

Periodic Reports Required from QIA

QIA will provide annual reports to the Executive Committee on the use of the Ilagiiktunut Nunalinnullu Pivalliajutsait Kiinaujat Fund.

Annual IIBA Implementation Report

BIMC will also have to prepare an Annual IIBA Implementation Report for the Executive Committee for submission by January 1 of each year. This report will include:

- An Inuit Participation Report containing details about the progress of each of the Inuit training, education and employment initiatives described in the IIBA;
- A Workplace Initiatives Report describing the progress and results of the initiatives put in place to support Inuit in the work environment, including the Inuktitut in the workplace policy;
- An Implementation Budget Report; and
- Any additional information requested by the Executive Committee.

⁶⁹ Refer to Schedule 20.1 of the IIBA for a complete list of reports required under the IIBA.

⁷⁰ All reports are to contain relevant gender-based data.

Article Twenty-One: Mediation and Arbitration

This Article provides a process for formal dispute resolution in the event that a dispute⁷¹ cannot be resolved through good faith negotiations between BIMC and QIA.

When a dispute arises, it is first brought to the Management Committee and if not settled, it goes to the Executive Committee. If a resolution still cannot be reached, the Presidents of the QIA and the Company will hold a special meeting to attempt to settle the dispute.

Mediation

If the above steps are unsuccessful, either BIMC or QIA may submit the dispute to mediation. The mediator will be agreed to by the parties, but if they cannot agree, the issue will be mediated according to the National Mediation Rules of the ADR⁷² Institute of Canada, including the selection of the mediator.

Mediation will always take place in Iqaluit. BIMC will pay for the mediation facilities and the mediator. Each party will be responsible for any other costs associated with participating in mediation.

Mediation settlements will be documented in writing and if any settlement has the effect of modifying the language of the IIBA, the changes will be signed off by both parties and attached to the IIBA.

If a dispute becomes a court case and involves the expiry of a statutory limitation⁷³ period, then the period when the dispute was in mediation cannot be used as part of the calculation of statutory limitation time period.

Arbitration

Arbitration is the final dispute mechanism, and is used:

- If mediation is not successful; or
- If one Party believes that mediation will not resolve a dispute effectively or quickly enough, in which case they may inform the other in writing that they are referring the dispute directly to Arbitration.

⁷¹ A “dispute” means any disagreement, difference of opinion, unresolved claim, demand, dispute or controversy, or any unresolved question or issue of any kind that is related to the IIBA.

⁷² ADR stands for Alternative Dispute Resolution.

⁷³ A limit of time for legal proceedings based on an incident to be able to proceed.

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Unless otherwise noted in the IIBA, arbitration will be conducted in accordance with the *Arbitration Act* (Nunavut).

If the parties cannot agree on a single arbitrator, then a three-person Arbitration Panel will be selected, made up of one arbitrator selected by QIA, one by BIMC, and a third person selected by these two arbitrators. If one party does not agree on an arbitrator proposed by the other and does not nominate its own within 15 days of receiving arbitration notice, then the dispute will be arbitrated by the nominated arbitrator. Further, if the QIA and BIMC appointed arbitrators cannot agree on a third within 15 days, it will be appointed by a superior court judge.

Unless otherwise agreed to by the parties, the arbitration hearing must take place in Iqaluit within 30 days of the Arbitration Panel being established. Further, the hearing must result in a decision based on a majority within three months.

If the dispute involves a claim by QIA that BIMC has breached Section 5.1.2⁷⁴, any information that QIA requests, and any information produced by BIMC in defense of the claim will be submitted not to QIA but directly to the Arbitration Panel. QIA acknowledges that this information is confidential and the exclusive property of BIMC, and that QIA will not get access to it through Arbitration. The Panel will use any such confidential information in making its decisions, but will preserve its confidentiality.

The Panel may approve an application from QIA or BIMC to allow another person to participate in the hearing as an intervener⁷⁵, if they will be directly affected by the decision. In addition, either party can make a settlement offer to the other during the course of the arbitration process. If a settlement offer is not accepted, it may be taken into consideration by the Panel in deciding on an award.

The Arbitration Panel has the authority to interpret and determine facts and to award compensation or relief. The decision of the Panel is final and binding and not subject to appeal. The Panel will provide written reasons for their decision and will provide clarification if requested.

The proceedings and decisions of the Arbitration Panel will be made public, unless BIMC and QIA agree to keep it private, and provided that any and all information deemed confidential by the IIBA is kept private.

⁷⁴ Refer to Article 5 of the IIBA: Financial Participation

⁷⁵ A third party permitted to join a court case if the judgment in that case may affect their rights and who, ideally, has the right to be heard.

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If either party fails to comply with any of the terms of a decision, it can be enforced by a court order.

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Article Twenty-Two – IIBA Review and Renegotiation

IIBA Review

QIA and the Company agree to regularly review several Articles of the IIBA, to determine if it is being successfully implemented. Reviews can occur whenever the parties agree that the IIBA could be improved, but will occur at any rate at least every three years, and at the time of a Change of Scope.⁷⁶ The following Articles are subject to review:

- Article Four: Implementation and Management;
- Article Six: Contracting Opportunities;
- Article Seven: Employment;
- Article Eight: Inuit Education and Training;
- Article Eleven: Workplace Conditions;
- Article Twelve: Support for Communities;
- Article Thirteen: Inuit Travel and Access;
- Article Fourteen: Inuit Engagement in Project Stewardship;

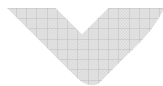
The purpose of each review shall be to determine whether performance evaluations⁷⁷ of IIBA implementation results indicate lack of success in achieving the objectives of this Agreement. This review is limited to the Articles listed above.

IIBA Renegotiation

After a review, if either QIA or BIMC concludes that an objective of the IIBA is not being met, then the parties will negotiate in good faith to make the amendments necessary to ensure that it can be achieved.

Each Party is responsible for their costs related to an IIBA review. However, if a review results in the need for an IIBA renegotiation, all costs related to the review will be paid for by BIMC.

If the parties cannot agree on a proposed amendment to the IIBA, then it will go to arbitration as described in Article 20 of the IIBA.



⁷⁶ Refer to Section 3.3 of the IIBA: Changes in Project Scope

⁷⁷ Performance evaluations suggest that there is evidence of a lack of success exists. In other words, lack of success is proven and not simply suggested.

Article Twenty-Three: Term and Termination

This Article establishes that the IIBA is binding on QIA and BIMC on the day it is signed. In accordance with the NLCA, the IIBA takes effect 30 days after it has been received by the federal Minister of Aboriginal Affairs and Northern Development Canada⁷⁸, or if it is a revised IIBA, seven days after the Minister receives it. It will remain in effect until the Project is terminated.

Option to Acquire Project Assets

If BIMC wants to sell any equipment, building, or material within the Project Area it will be offered first to QIA to purchase at fair market value. If the parties cannot come to an agreement on a purchase within 30 days, BIMC can accept offers from third parties. However, BIMC must offer QIA 30 days to match any offer that comes in from a third party.

Whenever possible, BIMC will construct buildings in a way that makes it easy to relocate them after the Project is complete.

Early Termination

The IIBA can be terminated before the Project is terminated if BIMC (or an authorized party) is in default of a provision in the IIBA or any other agreement with QIA, NTI or any applicable laws. The IIBA can also be terminated if BIMC goes bankrupt, into receivership or liquidation, or otherwise has its assets taken over, unless the Mary River Project Lender provides written notice to QIA that it is exercising its rights to assignment and change in control⁷⁹. QIA will provide BIMC with written notice of any default, after which it will have 30 days (unless otherwise agreed) to remedy or take all reasonable steps to prevent it from occurring. If it fails to do so, QIA can then terminate the IIBA by providing written notice to BIMC.

When the IIBA is terminated, all outstanding debts owed to QIA become immediately due. In the event of a disagreement, the amount owed can be determined through arbitration as described in the IIBA⁸⁰.

The IIBA can also be terminated before the end of the Project if QIA and BIMC agree in writing, after which they will negotiate a new IIBA.

Terminating the IIBA does not negate or void any of the other rights that QIA has in the IIBA and under the law to seek compensation for any defaults. Further, if BIMC has to pay QIA an

⁷⁸ Refer to Article 26 of the NLCA: Inuit Impact and Benefit Agreements

⁷⁹ Refer to Section 25.3 of the IIBA: Assignment and Change in Control.

⁸⁰ Refer to Article 21 of the IIBA: Mediation and Arbitration

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amount as a result of a default, it will not be considered a penalty, but rather as the approximate loss to QIA that has resulted from BIMC being in default.

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Article Twenty-Four: Acknowledgments

Representations and Warranties

QIA declares that it is the DIO with jurisdiction to negotiate the IIBA on behalf of Inuit. QIA also declares that:

- To the best of QIA's knowledge, no part of the Project Area is within the traditional lands of any other Aboriginal group that would assert rights to benefit from the Project;
- The economic, financial and other benefits that are provided under this IIBA constitute all of the benefits that BIMC is prepared and obligated to provide under the NLCA; and
- QIA will not take any measures to delay or block the Project or interfere with it being carried out. QIA reserves the right to make submissions to the NIRB, and to other regulatory agencies regarding Changes in Scope.

Further, BIMC and QIA formally declare to each other that:

- Meeting the obligations of the IIBA will not result in either party being in breach of another agreement that they are bound by;
- The IIBA is legally binding and has been negotiated and delivered as such;
- Each party has the legal authority to execute and deliver the IIBA and to meet the obligations contained in it; and
- The IIBA has been properly approved by each party's Board of Directors.

Suspension of Operations

BIMC is not obligated to continue operations of the Project and it can suspend or interrupt operations as it deems necessary by providing written notice to QIA within five business days of deciding to do so. This notice will contain the causes for the suspension and an estimate of how long it will be in effect. If the Project has been suspended, operations can resume one day following written notice from BIMC to QIA that it intends to resume.

As soon as a Suspension Notice is delivered, BIMC is relieved of all of its obligations under the IIBA as are reasonable under the circumstances, except from Extension Payments as described in Article 5. At BIMC's request, the Parties will review exactly which obligations will be relieved, and the duration of the period of relief. If there is disagreement, the matter may be referred to Arbitration under Article 21 of the IIBA. BIMC will continue to pay any amounts owed to QIA at the time of the delivery of the Suspension Notice.

If the Project has been suspended, operations can resume one day following written notice from BIMC to QIA that it intends to resume.

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QIA acknowledges that BIMC is the operator of the Project and nothing in the IIBA gives QIA any authority or responsibility for operations. Nothing in the IIBA requires that BIMC do anything that is against the law.

Force Majeure⁸¹

Whenever either QIA or BIMC is delayed or is unable, despite best efforts, to fulfill any of its obligations under the IIBA because of an unavoidable accident or incident, it will be relieved of the part of the obligation that is affected by the unavoidable accident or incident during that period, except for any financial obligations pursuant to the IIBA. The affected Party will continue to perform any and all parts of its obligations that are not affected by Force Majeure.

In the event of an occurrence of Force Majeure, BIMC will notify QIA in writing within five days to describe the event and to identify the obligations that are affected. BIMC will also notify QIA within five days of the end of the event that is has ended.

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⁸¹ A legal term meaning an unavoidable accident or incident.

Article Twenty-Five: General

Further Assurances

QIA and BIMC agree to cooperate with and provide assistance to each other to carry out the IIBA and the obligations described in it and neither will withhold such assistance when the other party makes a reasonable request.

Notices

Any notices required by the IIBA are to be written and can be delivered in person, by registered mail, by fax or by e-mail (with confirmation of receipt) to the following addresses, unless otherwise advised in writing:

Qikiqtani Inuit Association,
P.O. Box 1340
Iqaluit, Nunavut, X0A 0H0
Facsimile: 867-979-3238
Attention: Department of Major Projects
E-mail: Department of Major Projects



Baffinland Iron Mines Corporation
Suite 1016– 120 Adelaide Street West
Toronto, Ontario, M5H 1T1
Facsimile: 416-364-0193
Attention: Corporate Secretary
E-mail: Corporate Secretary

The record will show that a notice has been received on the day it is delivered in person or transmitted by fax, unless not a business day (or after 5:00 p.m. local time of the recipient for faxes), in which case it will be the next business day. If a notice is delivered by registered mail, it will be deemed to be received on the 10th day after it is mailed. If a postal strike is in effect or is imminent, notices must be delivered in person, fax or e-mail. Further, communications will not be delivered by e-mail if there is reason to believe that the recipient will not receive the message in a timely manner.

Assignment and Change in Control

BIMC may be reorganized, merged with or bought by another company, or may sell its interests and assets related to the Project to another company, which would then assume control in the Project. These transactions can happen without the consent of QIA, so long as BIMC ensures that the new entity is bound by the IIBA. Once the transaction is made public, BIMC will provide written notice to QIA of any such change in control, along with documentation that the new entity is assuming all of the BIMC's rights and obligations and responsibility for remedying any existing defaults under the IIBA. This would then formally release BIMC from the IIBA.

If QIA is replaced by another entity as the DIO with jurisdiction over the IIBA, then the IIBA is transferred in whole to this new entity and they assume all of QIA's rights and obligations. QIA will provide BIMC with written notice that it is being replaced or transferring its duties as DIO.

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BIMC can assign its stake in the Project to a bank or lending institution in order to secure financing needed for the Project itself. If BIMC goes into foreclosure, the lender can only sell BIMC's assets or interests in the Project to a third party if they assume the obligations of the IIBA. If requested by BIMC, QIA will provide an estoppel certificate⁸² within 15 days, confirming the existence of the IIBA and whether or not is in good standing, and any other information as may be reasonable requested.

If any change in control occurs, senior management of all parties will meet within 90 days for the purpose of continuing the implementation activities associated to the IIBA and to work through any new or outstanding implementation issues.

Severability

Each provision of the IIBA is separate and distinct from all of the others, so that if one provision is deemed unenforceable or void by a court, it does not impact the validity of any other, provided that the remaining provisions can still achieve their objectives or meet the obligations of the IIBA.

Business Day

Anything that requires completion or expires on a day that is not a business day in Nunavut, then it will be said to be completed or to expire on the next business day.

Confidentiality

At the request of either QIA or BIMC, the terms of the IIBA will remain confidential for up to 90 days, after which either party can share it with whomever they choose. However, either party can share the contents of the IIBA with any professional advisors, who in turn agree to keep it confidential for the 90 day period. Further, QIA can share general information and a summary of the IIBA to the Inuit it represents so that they may understand the anticipated impacts of the Project.

Non-Waiver

No amendments to the IIBA are binding unless they follow the process outlined in Article 22⁸³. Further, no waiver of any of the provisions of the IIBA shall be considered a waiver of any other provision, or even a permanent waiver of the provision in question unless clearly stated in writing. Finally, no delay in exercising a right given in the IIBA shall be considered a waiver of that right.

⁸² An estoppel certificate is a document designed to give a third party (e.g. a lender) critical information about a relationship between two other parties – in this case, between QIA and BIMC.

⁸³ Refer to Article 22 of the IIBA: Review and Renegotiation

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Governing Law & Attornment⁸⁴

The IIBA is governed by and must be executed according to the laws of Nunavut and Canada as applicable. QIA and BIMC agree that any legal action arising out of the IIBA must be heard in a court of jurisdiction in Nunavut.

Entire Agreement

The IIBA, including all schedules, forms the complete and final agreement between QIA and BIMC with respect to the subject matter and supersedes any other related agreements (formal or informal) that could exist between them.

Time of Essence

The deadlines, dates and time periods described in the IIBA are considered important by both QIA and BIMC. No waivers, extensions, amendments or other changes that may occur over the life of the Project will be considered a waiver of this provision.

Rights Cumulative

All of the rights and remedies provided in the IIBA are cumulative, meaning they are not exclusive of one another or of any other rights, obligations and remedies contained in other agreements or available under the law.

Enurement⁸⁵

The IIBA is binding on QIA and BIMC, as well as any successors or other authorized parties as described above.

Counterparts

The IIBA can be executed in multiple, identical copies, or by fax or electronic submission of Adobe Acrobat files. Taken together, any and all copies are considered the IIBA. This means that QIA and BIMC do not need to sign the same copy of a IIBA document in the same location to make the document binding and enforceable, provided both have signed a copy. The parties agree to create an original version of the IIBA, in multiple copies and bearing the original signatures of the Parties' proper signing officers, to be circulated after signing.

⁸⁴ A legal term meaning the acknowledgment of the existence of the relationship of landlord and tenant.

⁸⁵ A legal term meaning "taking effect."

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Glossary

The following section provides a listing of terms found in the document for easy reference.

Arbitration

A legal process where two disputing parties allow a jointly approved impartial third party to provide a resolution.

Arbitrator

The impartial third party that provides resolution during arbitration.

Attornment

A legal term meaning the acknowledgment of the existence of the relationship of landlord and tenant.

Carving Stone

Carving Stone includes serpentinite, argillite and soapstone where available and used for carving purposes.

Change in Scope

A major change to Project activities that requires an environmental assessment under the NLCA, review of the IIBA and potential renegotiation of IIBA provisions.

Confidentiality Agreement

A legal document that requires the person(s) signing it to keep the subject matter involved secret and to not discuss or share it with anyone else.

Country Food

“Country Food” refers to the traditional Inuit diet of food that is hunted, fished or gathered locally.

Dispute

Any disagreement, difference of opinion, unresolved claim, demand, dispute or controversy, or any unresolved question or issue of any kind that is related to the IIBA.

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Ecosystem

A biological community of interacting organisms and their physical environment.

Enurement

A legal term meaning “taking effect.”

Fair Value

“Fair value” means the price that would be agreed upon under normal circumstances by knowledgeable parties who are not obligated to each other in any way.

Force Majeure

A legal term meaning an unavoidable accident or incident.

International Maritime Organization

The International Maritime Organization is the United Nations specialized agency with responsibility for the safety and security of shipping and the prevention of marine pollution by ships.

Inuit Qaujimagatuqangit

Refers to the traditional, current and evolving body of Inuit values, beliefs, experience, perceptions and knowledge regarding the environment, including land, water, wildlife and people, to the extent that people are part of the environment.

Intervener

A third party permitted to join a court case if the judgment in that case may affect their rights and who, ideally, has the right to be heard.

Invasive Species

Invasive species are organisms (plant, animal, fungus, bacteria) that are not native to an area and that when introduced cause harm to people or the environment.

Mediation

A legal method of resolving a misunderstanding where an impartial third party is brought in to help the differing two parties come to an agreement.

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Mediator

Refers to the impartial third party that is brought in to provide mediation.

Minimum Inuit Employment Goal (MIEG)

The target level of Inuit employment, expressed as a percentage and calculated by dividing the projected hours to be worked by Inuit employees by the total number of hours projected for a contract.

Requests for Proposals and Invitational Tenders

Requests for proposal are typically used when a company knows what it wants in a general sense, but may not be clear on the best solution or value proposition. In contrast, invitations to tender are used when a company knows exactly what it wants and is looking for the best bid according to price and/or other criteria. Further, there are legal protections afforded to bidders who have been invited to tender.

Royalty Payment

A legal term referring to a payment to an owner for the use of property, such as natural resources. In this case, the Royalty Payment is the regular payment that BIMC makes to QIA during the commercial production phase of the Project, calculated as the net sales revenue for a period multiplied by a factor agreed to by the Parties in the IIBA.

Statutory Limitation

A limit of time for legal proceedings based on an incident to be able to proceed.

Technical Advisor

Experts in a particular field of knowledge associated with the Project that can provide detailed information to QIA as required.

Terms of Reference

A description of the structure and purpose of a committee or board, such as a Working Group.

Zero Tolerance Policy

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Zero tolerance policies require automatic and usually severe penalties for any violation, regardless of intention or circumstances.

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Appendix A – Map of Project Area

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