

JOINT SUBMISSION TO THE NUNAVUT WATER BOARD

August 24, 2017

Subsequent to the submission of the 2017 Work Plan Addendum and the June 22, 2017 conference call regarding a proposed updated 2017 security review, Baffinland Iron Mines Corporation (BIM) and the Qikiqtani Inuit Association (QIA) have had further discussions and meetings respecting security estimates for the 2017 Work Plan Addendum.

The current security (as agreed upon during the 2017/18 Annual Security Review) posted pursuant to the Commercial Lease is \$51,384,000 in respect of Inuit Owned Lands (IOL) held by the QIA.

BIM and the QIA have reached an agreement, subject to further process for discussions between the parties referred to below, for BIM to post an additional \$10,257,771 to the QIA related to BIM's 2017 Work Plan Addendum. This agreement would result in the QIA holding total security in the amount of \$61,641,771, satisfying the requirements for the posting of security under the provisions of the signed Commercial Lease (Q13C301) between BIM and the QIA. These additional monies have been provided as a certified cheque to the QIA consistent with the requirements of the Q13C301.

BIM posted this additional security on August 7th, 2017. This security posting schedule was agreed to with QIA to ensure that security is in place prior to the arrival of the sea lift vessel at the Mary River site and strictly relates to security held for IOL under Q13C301.

The update to the 2017 security resulting from the 2017 Work Plan Addendum¹ has been completed outside of the scheduled Annual Security Review (ASR) process with the understanding that the additional security discussed above will be captured and reconciled during the 2018/19 ASR process that is scheduled to start in October 2017.

As previously discussed with the NWB, continued discussions regarding the calculation of security under the Commercial Lease are anticipated in 2017 and may result in changes and refinements to future positions of the QIA and BIM. Based on these discussions BIM may once again augment the security held by QIA. If this occurs, QIA and BIM will once again inform the NWB of any changes including the basis for any revised amount.

QIA and BIM have agreed that security for the entire 2017 Work Plan Addendum shall be posted to allow for materials and supplies to arrive on site during the 2017 sealift. BIM has pledged to not start any further activities identified in the 2017 Work Plan Addendum until the required approvals are in place under Type "A" Water Licence 2AM-MRY1325, or, through other required approvals.

Appended to this letter is a scanned copy of the securities posted by Baffinland and received by QIA for the 2017 Work Plan² (\$2,538,500) and the 2017 Work Plan Addendum (\$10,257,771). These amounts are held by QIA in addition to the amounts posted with QIA in association with the 2016 Annual Security Review (\$48,845,500).

¹ Baffinland (2017) submittal to QIA titled "2017 Work Plan Addendum". May 26, 2017

² Baffinland (2017) submittal to QIA titled "2017 Work Plan". November 4, 2016.

THIS DOCUMENT CONTAINS SECURITY FEATURES INCLUDING FLUORESCENT FIBRES AND A TRUE WATERMARK

CHEQUE NO.

100623

Baffinland
Iron Mines LP

300 - 2275 Upper Middle Road East, Oakville, ON L6H 0C3

The Bank of Nova Scotia 47696
www.scotiabank.com/businessservices
1-888-855-1234

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PAY TWO MILLION FIVE HUNDRED THIRTY-EIGHT THOUSAND FIVE HUNDRED &
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\$ *****2,538,500.00

TO
THE
ORDER
OF

Qikiqtani Inuit Association
PO Box 1340
Iqaluit NU X0A 0H0

BAFFINLAND IRON MINES LP

PER

PER

CERTIFIED CHEQUE

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THIS DOCUMENT CONTAINS SECURITY FEATURES INCLUDING FLUORESCENT FIBRES AND A TRUE WATERMARK

CHEQUE NO.

100649

Baffinland
Iron Mines LP

300 - 2275 Upper Middle Road East, Oakville, ON L6H 0C3

The Bank of Nova Scotia 47696
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DATE 0 7 2 4 2 0 1 7
M M D D Y Y Y Y

PAY TEN MILLION TWO HUNDRED FIFTY-SEVEN THOUSAND SEVEN HUNDRED
SEVENTY-ONE & 00/100

\$ *****10,257,771.00

TO
THE
ORDER
OF

Qikiqtani Inuit Association
PO Box 1340
Iqaluit NU X0A 0H0
73462-002

BAFFINLAND IRON MINES LP

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CERTIFIED CHEQUE
DO NOT DESTROY

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