

JOINT SUBMISSION TO THE NUNAVUT WATER BOARD

23 February 2018

Subsequent to the 15 February 2018 conference call hosted by the Nunavut Water Board (NWB) regarding the 2018 Annual Security Review (ASR), Baffinland Iron Mines Corporation (Baffinland) and the Qikiqtani Inuit Association (QIA) have had further discussions and meetings respecting estimates, including the proposed 2018 Work Plan. Revised security assessments have been provided under separate cover.

The current security (as conditionally agreed upon during the 2017 ASR and 2017 ASR Addendum) posted pursuant to the Commercial Lease is \$61,641,771 in respect of Inuit Owned Lands (IOL) held by the QIA.

Baffinland and the QIA have reached an agreement, subject to further process for discussions between the parties referred to below, for Baffinland to post an additional \$22,067,500 to the QIA related to Baffinland's 2018 Work Plan. This agreement would result in the QIA holding total security in the amount of \$83,709,271, 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 will be posted as an amendment to the irrevocable current letter of credit with the QIA consistent with the requirements of the Q13C301. Once submitted to the QIA a copy of the security amendment will be provided to the NWB for their own records upon receipt by the QIA.

It is understood that Baffinland will post this additional security with the QIA no later than 9 April 2018 (the date established by the NWB).

Continued discussions regarding the calculation of security under the Commercial Lease are anticipated in 2018, including the anticipated 2018 Work Plan Addendum submission, which may result in changes and refinements to future positions of the QIA and Baffinland. Any such changes that result from further joint efforts are anticipated to be applied in the context of the 2019 ASR process.

Baffinland and QIA look forward to working with NWB when parties embark on future ASR processes.