



## **JOINT SUBMISSION TO THE NUNAVUT WATER BOARD**

**22 May 2018**

Subsequent to the 23 February 2018 joint submission to the Nunavut Water Board (NWB) and the NWB Direction issued 21 March 2018 regarding the 2018 Annual Security Review (ASR), Baffinland Iron Mines Corporation (Baffinland) and the Qikiqtani Inuit Association (QIA) have had further discussions and meetings with respect to the 2018 reclamation security estimate. These discussions were the result of a proposed reduction in equipment and materials to be mobilized to the Mary River Project via sealift in 2018.

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, for Baffinland to post a revised total of \$10,328,000 to the QIA related to Baffinland's 2018 Work Plan Amendment. This value replaces the previously agreed to joint submission of \$22,067,500. This agreement would result in the QIA holding total security in the amount of \$71,969,771, satisfying the requirements for the posting of security under the provisions of the signed Commercial Lease (Q13C301) between Baffinland and the QIA. These additional monies have been posted as cash via electronic transfer with the QIA consistent with the requirements of the Q13C301. A copy of the security amendment will be provided to the NWB for their own records by QIA.

Continued discussions regarding the calculation of security under the Commercial Lease are anticipated in 2018, including the 'Category 2' activities outlined in the 2018 Work Plan Rev. 1 currently pending approval through Water Licence Modification No. 7, which may result in changes and refinements to future positions of the QIA and Baffinland. Any further changes to 2018 reclamation security estimate will be reported to the NWB.

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