

JOINT SUBMISSION TO THE NUNAVUT WATER BOARD

20 JULY 2018

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, as it relates to additional works planned for 2018. These discussions were the result of the submission of the 2018 Work Plan Addendum dated June 28, 2018, which outlines works planned for 2018 that are currently under regulatory review or planned for submission for regulatory review. It is understood that the entirety of the works outlined in the 2018 Work Plan Addendum fall within the limits of Inuit Owned Land (IOL).

The current security (as conditionally agreed upon during the 2018 Annual Security Review (ASR) and subsequent revised 2018 ASR for the Work Plan Amendment) posted pursuant to the Commercial Lease is \$71,969,771 in respect of 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 marginal increase of \$1,860,000 to the QIA related to Baffinland's 2018 Work Plan Addendum dated June 28, 2018. This agreement would result in the QIA holding total security in the amount of \$73,829,771, satisfying the requirements for the posting of security under the provisions of the signed Commercial Lease (Q13C301) between Baffinland and the QIA. A copy of the 2018 Work Plan Addendum will be provided to the NWB for its records. The QIA will provide confirmation to the NWB on receipt of the marginal increase to reclamation security from Baffinland.

It should be noted that as this minor differential assessment was conducted by QIA and Baffinland, following completion of the 2017 – 2018 Annual Security Review (ASR), to address urgent and moderate changes in the Project's operational requirements on IOL, it is expected that opportunities will be provided for interested parties to ultimately consider the materials associated with the above-mentioned assessment in the context of the 2018 – 2019 ASR process, scheduled to commence in October/November 2018.

Separate from the above, continued discussions regarding the calculation of security under the Commercial Lease are not anticipated in 2018. However, any further changes to the 2018 reclamation security estimate prior to the 2018 – 2019 ASR will be reported to the NWB.

Baffinland and QIA look forward to working with NWB and other stakeholders with respect to future ASR processes.