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Qikiqtani Inuit Association



JOINT SUBMISSION TO THE NUNAVUT WATER BOARD

January 29, 2021

Subsequent to the January 21, 2021 conference call hosted by the Nunavut Water Board (NWB) regarding the 2021 Annual Security Review (ASR), Baffinland Iron Mines Corporation (Baffinland) and the Qikiqtani Inuit Association (QIA) have had further discussions respecting estimates, including the proposed 2021 Work Plan.

The current security value posted pursuant to the Commercial Lease is \$113,371,000 in respect of Inuit Owned Lands (IOL) held by the QIA.

Baffinland and the QIA have identified a way forward, subject to the process to resolve outstanding differences referred to below, for Baffinland to post an additional \$7,628,500 to the QIA related to Baffinland's 2021 Work Plan. This interim measure will result in the QIA holding total security in the amount of \$120,999,500. These additional monies will be posted in a form consistent with the requirements of the Commercial Lease, on or before February 12, 2021. A copy of the security amendment will be provided to the NWB for their own records upon receipt by the QIA. Baffinland and QIA agree that the joint submission value of \$7,628,500 is an interim value without prejudice to either parties' rights under the Commercial Lease.

Baffinland and QIA have agreed to work together throughout 2021 to resolve outstanding items of discrepancy between the respective estimates. This includes, but is not limited to, execution of an audit to verify equipment inventories, and development of a standard methodology for interpreting land disturbance using satellite imagery. In the event that resolution cannot be achieved between parties, Baffinland will post the full value of QIA's 2021 estimate on or before December 31, 2021, at which time Baffinland may initiate arbitration under its rights in the Commercial Lease. Baffinland and QIA hope for a successful resolution of these outstanding items, and will provide updates to the NWB on the outcome of these discussions in future reclamation security estimates.

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