

Karén Kharatyan  
Director of Technical Services  
Nunavut Water Board

March 11, 2022

**Re: Modification to the Commercial Lease Timeline for the Annual Adjustment to Reclamation Security for 2022 & Request to Revise Type 'A' Water Licence 2AM-MRY1325 ASR Timeline**

Dear Karén,

Baffinland Iron Mines (Baffinland) and the Qikiqtani Inuit Association (QIA) have been in discussions through January and February on a modified Commercial Lease timeline to accommodate the updated 2022 reclamation security amendment package for the Mary River Project submitted by Baffinland on December 31, 2021. QIA and Baffinland have jointly agreed to a modified review timeline lasting 14 weeks, as shown below in Table 1.

**Table 1: Updated Timeline for Modified Baffinland-QIA 2022 Annual Security Review**

| Task   | Responsible Party | Timeline |        |        |        |        |        |        |        |           |            |
|--|-------------------|----------|--------|--------|--------|--------|--------|--------|--------|-----------|------------|
|  |                   | Week 1   | Week 2 | Week 3 | Week 4 | Week 5 | Week 6 | Week 7 | Week 8 | Week 9-12 | Week 12-14 |
| 2022 Security Workshop   | QIA/Baffinland    |          |        |        |        |        |        |        |        |           |            |
| Review of 2021 Draft Equipment Audit & 2021 Disturbed Areas Analysis   | QIA               |          |        |        |        |        |        |        |        |           |            |
| Develop Revised 2022 Security Report                                   | QIA               |          |        |        |        |        |        |        |        |           |            |
| QIA Internal review  | QIA               |          |        |        |        |        |        |        |        |           |            |
| Update and Submit Draft Revised 2022 Security Report to Baffinland     | QIA               |          |        |        |        |        |        |        |        |           |            |
| 2022 Follow-up Security Workshop                                       | QIA/Baffinland    |          |        |        |        |        |        |        |        |           |            |
| Finalize and Submit Revised 2022 Determination of Reclamation Security | QIA               |          |        |        |        |        |        |        |        |           |            |

Considering Week 1 to be the week of February 28, 2022, Baffinland and QIA expect the review process to conclude no later than June 3, 2022, by which date the reclamation security amounts for 2022 shall be finalized and reconciled.

The following components of Baffinland's December 31, 2021 submission of Rev. 1 of the 2022 Work Plan will be considered by QIA through this review:

- 2021 Work Plan Addendum, Tranche 1 and Tranche 2

- 2021 Equipment Audit Inventories
- 2021 Disturbed Areas Analysis
- Revised Quarry Q1 Boundary (Baffinland notes that a revised Quarry Management Plan was submitted to QIA on February 25, 2022, to be reviewed per the conditions of the Quarry Concession Agreement).

The parties have agreed that this modified review process will be collaborative and Baffinland and QIA will meet to review the additional components identified above.

This modified Commercial Lease timeline is necessary for QIA and Baffinland to determine the appropriate quantum of security for Inuit Owned Lands. Both parties acknowledge that this change will have implications on the concurrent ASR process and the determination of security to be held by the Crown. QIA and Baffinland are available to discuss how the modified Commercial Lease timeline can be incorporated into the ASR process to best accommodate the interests of all parties.

Should Baffinland and QIA progress through the modified timeline faster than expected, the Parties will ensure this is communicated to the NWB in a timely manner, as well any other updates that may be relevant.

For any questions or clarifications please do not hesitate to contact the undersigned for further information.

Best Regards,



Lou Kamermans  
Senior Director – Sustainable Development  
Baffinland Iron Mines



Jared Ottenhof  
Director – Lands & Resource Management  
Qikiqtani Inuit Association