

David McCann

To: Paul Ghaleb
Subject: RE: Baffinland Iron mines[AntiVir checked]

From: Paul Ghaleb [<mailto:pghaleb@nanuk.ca>]
Sent: Wednesday, February 09, 2011 2:14 PM
To: David Carson
Subject: RE: Baffinland Iron mines[AntiVir checked]

Hi Dave

So far so good how about you.

I'm happy to quote you your special rate of cnd \$ 305.00 per revenue ton from Valleyfield to on beach at Milne Inlet subject to a minimum of 250 revenue ton, your southbound rate from on beach at Milne Inlet to Valleyfield is cnd \$ 198.00 per revenue ton subject to be minimum of 300 revenue ton .

Full voyage lumpsum rate \$ 1950,000.00 for 15000m3 Northbound and 7000m3 Southbound

- Lumpsum rate is based on 5 days loading in Valleyfield and 6 days discharging and loading at Milne Inlet .

For the 2012 season as well the subsequent sealift seasons of the contract that will be awarded, each of the applicable rates will be based on the Base Rate plus adjustments based on:

- (i) the increase or decrease in the Consumer Price Index (CPI) All-items for the Montréal region exclusive of energy costs (fuel) as published by Statistics Canada or its successor entity at January 31st of every year of the contract;

and

- (ii) the increase or decrease in the lower price of the IFO cSt 180 bunker ("Bunker Oil") at Montreal as published in US dollars per ton under "World Spot Bunker Prices" of the Bloomberg Oil Buyer's Guide

(iii)

NEAS confirms that NINETY PERCENT (90%) of each Base Rate consists of all its expenses, except for Bunker Oil/diesel, incurred by it while the Bunker Oil/diesel component represents TEN PERCENT (10%) of each Base Rate.

Marine Fuel Adjustment FACTOR

PA= Price Adjustment Factor Percentage

A= Percentage of operating cost composed of fuel expenses

B= Actual price of fuel, blended by NEAS fleet use at January 18

C= Base blended starting price of marine fuel upon which original quotation was based.

$$PA = A\% \times (B - C) / C$$

The formula to be used for the determination of each of Revised Base Rate for 2012 and the following years

Paul Ghaleb, MBA Logistics & Transportation

Vice President Sales and Marketing

Nunavut Eastern Arctic Shipping inc.

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