

MARY RIVER SOCIO-ECONOMIC MONITORING WORKING GROUP

TERMS OF REFERENCE

1 PURPOSE

- 1.1 This document sets out the terms of reference (“Terms of Reference”) for the Mary River Socio-Economic Monitoring Working Group (the “Working Group”) in relation to the Socio-Economic Monitoring Program (the “Program”) for Baffinland Iron Mines Corporation’s (“Baffinland”) Mary River Project (the “Project”). It is a revision to a previous Terms of Reference developed for the Working Group, dated December 3, 2012. This Working Group aims to support the Qikiqtaaluk Socio-Economic Monitoring Committee (the “QSEMC”) in its regional monitoring initiatives, and to support the Program. The Working Group will identify and discuss areas of mutual interest to the Parties and socio-economic monitoring priorities of the QSEMC related to the Project.
- 1.2 The purpose of the Program, from a socio-economic point of view, is described in Section 135 of the *Nunavut Planning and Project Assessment Act* (“NuPPAA”) and Article 12, Part 7 of the *Nunavut Agreement* (“NA”), the relevant provisions of which provide as follows:

NuPPAA section 135(3):

(a) *measure the impact of the project on the ecosystemic and socio-economic environments of the designated area;*

...

(d) *assess the accuracy of the predictions contained in the project impact statement.*

NA section 12.7.2:

(a) *to measure the relevant effects of projects on the.... socio-economic environments of the Nunavut Settlement Area;*

...

(d) *to assess the accuracy of the predictions contained in the project impact statements.*

- 1.3 The establishment of the Working Group is meant to help satisfy and fulfil parts of the terms and conditions set out in the Mary River Project Certificate (No. 005) issued by the Nunavut Impact Review Board (the “NIRB”) to the extent that this Project Certificate addresses socio-economic monitoring.

2 QSEMC AND REGIONAL MONITORING BACKGROUND

- 2.1 The QSEMC is a forum for stakeholders to meet on an annual basis and present data, and to discuss and consider socio-economic impacts and benefits of mining and other projects in the Qikiqtaaluk region.
- 2.2 The QSEMC reviews the Program results annually, including the consideration of areas of mutual interest and socio-economic monitoring priorities as identified by the Working Group.
- 2.3 The QSEMC supports a collaborative monitoring framework by providing data to support socio-economic impacts monitoring, and providing recommendations related to socio-economic monitoring and mitigation.

3 WORKING GROUP MEMBERSHIP AND MEMBER ROLES AND RESPONSIBILITIES

- 3.1 The Working Group consists of:
 - a. At least one Baffinland representative (who is chair of a meeting if it relates to Project monitoring);
 - b. At least one Government of Nunavut representative (who is chair of a meeting if it relates to territorial monitoring);
 - c. At least one Government of Canada representative; and
 - d. At least one Qikiqtani Inuit Association representative.
- 3.2 Each member is responsible for the costs they incur to participate in activities of the Working Group.
- 3.3 Baffinland will:
 - a. identify indicators and share Project-specific data that relates to the Program, which will include preparing a socio-economic monitoring plan and methodology (to be presented in the annual Program Report or other relevant document);
 - b. participate in the collaborative analysis and interpretation of data for reporting purposes;
 - c. present for review the effectiveness of Baffinland's socio-economic mitigation measures; and
 - d. prepare and provide presentations summarizing annual Program report findings and conclusions for the QSEMC.
- 3.4 The Government of Nunavut will:
 - a. identify indicators and share government-sourced data that relates to the Program and other QSEMC reporting requirements;

- b. participate in the collaborative analysis and interpretation of data for reporting purposes; and
- c. review the effectiveness of Baffinland's socio-economic mitigation measures.

3.5 The Government of Canada will:

- a. identify indicators and share applicable socio-economic data from the Nunavut General Monitoring Plan;
- b. participate in the collaborative analysis and interpretation of data for reporting purposes; and
- c. review the effectiveness of Baffinland's socio-economic mitigation measures.

3.6 The Qikiqtani Inuit Association will:

- d. identify indicators and share applicable QIA-sourced socio-economic data that relate to the Program;
- e. participate in the collaborative analysis and interpretation of data for reporting purposes; and
- f. review the effectiveness of Baffinland's socio-economic mitigation measures.

3.7 Collection, use, and disclosure of information and data under these Terms of Reference, by each member of the Working Group, is subject to any rules governing the collection, use, and disclosure of personal and/or confidential information and data, applicable to each member respectively, in accordance with the provisions of any privacy legislation or corporate policies. This obligation survives the dissolution of the Working Group and the existence of the Project.

3.8 The Parties acknowledge that:

- a. Baffinland is best able to collect and provide data concerning workforce information, employment, training and procurement in relation to the Project;
- b. the Government of Nunavut and the Government of Canada are best able to collect and provide public statistics on general health and well-being, food security, demographics and other socio-economic indicators at the community and territorial level; and
- c. The Qikiqtani Inuit Association is best able to provide information and data relating to Inuit land use and culture at the community and regional level.

4 WORKING GROUP MANDATE

4.1 The Working Group aims to support the development and execution of the Program framework and to undertake collaborative monitoring in order to identify and access data in relation to the Program. This data may be useful for improving the socio-economic performance of the Project. Collaborative monitoring will involve combining Project-specific performance data with data generated or provided by other members of the Working Group (or other sources, as

appropriate) in order to support adaptive management measures implemented by the Working Group members, and to minimize adverse effects and maximize benefits from the Project. The Working Group will act as a forum for addressing technical aspects of the Program, with the objective that any issues raised on the Program will be dealt with directly by the Working Group itself. However, the NIRB will still function as an oversight body who may intervene when key issues cannot be resolved. For greater clarity, the Working Group will act in an advisory manner only and the decisions of it or its members will not be considered binding upon Baffinland.

- 4.2 The Working Group shall monitor the Program by analyzing the monitoring data in order to assess the accuracy of socio-economic impact predictions made in the Final Environmental Impact Statement (FEIS) of the Project; assess the effectiveness of current practices to mitigate adverse effects and enhance positive effects of the Project; obtain early warning should mitigation measures or measures to enhance positive effects not be achieving their intended outcome; and provide timely detection of unanticipated outcomes.
- 4.3 The Working Group aims to improve understanding of prioritized socio-economic issues in order to increase confidence in socio-economic assessment predictions.
- 4.4 The Working Group will provide monitoring data and objective analysis in a manner that is collaborative, focused, efficient and cost-effective.

5 REPORTING AND COMMUNICATION

- 5.1 Following Project Certificate issuance and Baffinland's decision to proceed with Project construction, Baffinland will prepare an annual socio-economic report for the Project (the "Program Report"), which will be attached to its Annual Report submission to the NIRB. Annual Program Reports are due for submission to NIRB on March 31 of each year, containing data with respect to the previous calendar year (January to December) and may be presented at the Project, community, and/or regional scale of operations. The Program Report will further describe Baffinland's participation on the QSEMC, other collaborative socio-economic monitoring processes, and other relevant activities related to understanding socio-economic processes.

6 MEETINGS

- 6.1 Following Project Certificate issuance and Baffinland's decision to proceed with Project construction, the Working Group will meet for as long as the Project remains in either its construction, operation, or closure phases.

6.2 The Working Group will attempt to meet at least once per year for the purposes of reviewing and providing direction on the development of the Program Report. This annual meeting is anticipated to occur generally the same time as QSEMC meetings. Additional meetings can occur in person or via teleconference if agreed to by all parties. Results and plans related to the annual Program Report will be discussed so that Working Group members have opportunities to provide feedback. Baffinland will endeavor to work collaboratively with Working Group members to address any issues that are raised.

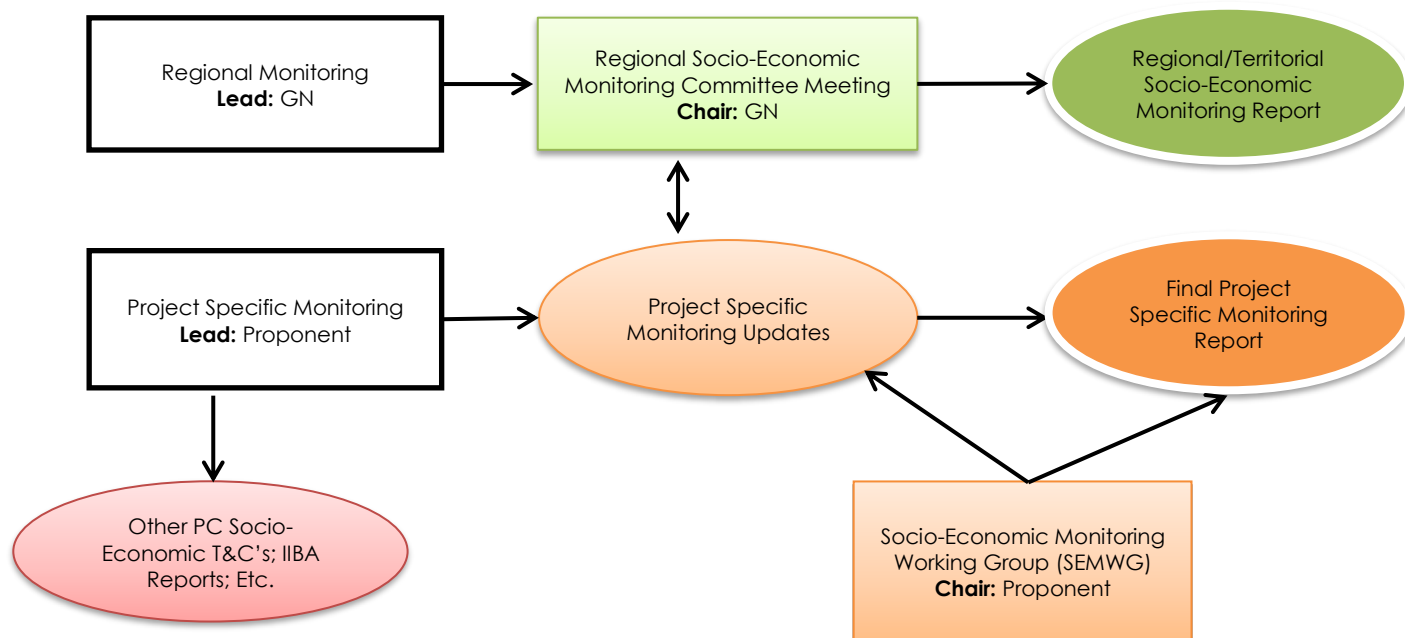
6.3 The Working Group will attempt to meet at least once a year for its members to engage in the analysis and interpretation of data to support the QSEMC Report. This meeting may occur concurrently with one of the meetings identified in Section 6.2.

6.4 The meeting schedule may be changed if agreed to in writing by all members of the Working Group.

6.5 The Working Group will endeavor to meet in-person whenever practical. However, recognizing Nunavut's unique logistical challenges and the competing deadlines involved in reporting, teleconferences and email circulation will also satisfy meeting requirements if agreed to in writing by all members.

7 RELATIONSHIP WITH REGIONAL AND TERRITORIAL MONITORING

7.1 The diagram below outlines the relationship between Project-specific monitoring and regional/territorial monitoring, and their respective reporting requirements:



8 PROJECT CLOSURE

8.1 Mine Closure

Baffinland will consult the Working Group and QSEMC two (2) years in advance of the expected date of closure for the Project in order to better inform Project-specific socio-economic closure planning, and to keep the Working Group and QSEMC informed of the progress of planning leading up to the submission of any required Project-specific socio-economic management/closure plans, submitted under the final closure plan. Planning will detail any specific measures that may mitigate, at least to some extent, the potential for negative effects as a result of Project closure.

8.2 Premature Mine Closure

In the event of premature (temporary or final) closure of the Project, Baffinland will consult with the Working Group and QSEMC before submitting any required Project-specific socio-economic management/closure plans.

9 RELATION TO IIBA OBLIGATIONS

9.1 The parties recognize that this Terms of Reference is separate from any obligations under the IIBA between Baffinland and the Qikiqtani Inuit Association and that the mandate of the Working Group shall not include monitoring of the IIBA.

9.2 Any sharing of confidential or commercially sensitive information with the Working Group related to the IIBA will be solely by agreement of the Qikiqtani Inuit Association and Baffinland.

10 REVIEW OF TORs

These Terms of Reference may be reviewed by the Working Group periodically and at least once every two years for any required changes that may be applicable as the Project evolves from construction, through operations and closure. Similarly, as any other exploration or mine development activities of Baffinland are approved within the Qikiqtaaluk Region, these Terms of Reference may be reviewed and amended as necessary to accommodate additional terms and conditions applicable to the Project that may be issued by NIRB as part of a Project Certificate(s). Any changes to the Terms of Reference will be agreed to by Working Group members in writing.

11 ENDORSEMENT

These Terms of Reference have been endorsed by the Working Group members:

For Baffinland Iron Mines Corporation:

Name_____

Signature_____ Date _____

For the Government of Nunavut:

Name_____

Signature_____ Date _____

For the Government of Canada:

Name_____

Signature_____ Date _____

For the Qikiqtani Inuit Association:

Name_____

Signature_____ Date _____