



Inuit Impact and Benefit Agreement  
between the  
Kitikmeot Inuit Association  
and  
TMAC Resources Incorporated

A Plain Language Summary

January, 2016

## Disclosure

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This report is a plain language summary of the Inuit Impact and Benefit Agreement (IIBA) between the Kitikmeot Inuit Association (KIA) and TMAC Resources Inc. (TMAC) for the Hope Bay Belt Project (the Project). On March 12, 2015 KIA and TMAC signed the IIBA.

The Plain Language Summary document was written to help Kitikmeot Inuit better understand the IIBA and how it may benefit Kitikmeot Inuit.

The Plain Language Summary is not a legal document. It is not meant to replace the official IIBA.

## Contact

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For more information on the Inuit Impact and Benefit Agreement, or to receive a copy of the official IIBA, please contact the KIA's IIBA Manager at:

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## Key Terms Used in the IIBA

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**Advanced Exploration Agreement** – A permission given by KIA that allows a company the right to carry out significant exploration activities, typically where the construction of infrastructure is required.

**Commercial Lease** – A permission given by KIA that allows a company the right to build, operate and close a mine under pre-agreed conditions.

**Hope Bay Belt Area** – The lands in the Kitikmeot region that TMAC is interested in developing. These lands are covered by the Framework Agreement. They are shown as Figure 1 in the following section.

**Hope Bay Belt Project** - Current and future mineral exploration, development and production projects located within the Hope Bay Belt Area. This includes the Doris North Project, Madrid North and South, and Boston Camp.

**Kitikmeot Qualified Business** – Businesses that KIA has decided are eligible to be put on the Kitikmeot Qualified Business Registry.

**Kitikmeot Qualified Business Registry** – A list of Kitikmeot Qualified Businesses that KIA approves and manages. Listed businesses may submit bids to provide goods and services in ‘set aside categories’.

**Inuit Training Targets** – Annual and long term training goals for Inuit at the Project that are set by the IIBA Implementation Committee.

**Inuit Employment Targets** - Annual and long term employment goals for Inuit at the Project that are set by the IIBA Implementation Committee.

**Evaluation Report** – An annual report drafted by the IIBA Implementation Committee that describes the progress the Parties have made in implementing the IIBA.

**Inuit Content Components** – Information that KIA uses to determine whether a company should be placed on the Kitikmeot Qualified Business Registry.

**Training and Education Fund** – A fund, paid for by TMAC, that supports Inuit training and education to help maximize Inuit employment at the Project.

**Business Development Fund** – A fund, paid for by TMAC, that supports building Kitikmeot Inuit business capacity.

# Overview

## Hope Bay Belt Project

TMAC Resources Limited is a Canadian mining company. It is the operator and main owner of the Hope Bay Belt Project (the “Project”), a gold mining project located about 125 km southwest of Cambridge Bay. The Project occurs in a gold rich area or ‘belt’ that stretches about 80 km south from the Arctic coast and includes several major gold deposits.

The Project includes the Inuit Owned Land (IOL) that KIA has allowed TMAC to explore or mine. These lands include all of the following IOL parcels: BB-56, 57, 58, and 60 (See Figure 1). Most IOL will not be affected by TMAC activity although low-impact, early stage exploration may occur on IOL land. These low impact activities may include prospecting or airborne surveys. Where gold is present in amounts that might be worth mining, TMAC may carry out further exploration. This could include drilling or a taking a bulk sample. If such work is very successful, a mine might be developed.

Indeed, by early 2017, TMAC hopes to start gold mining at one of these deposits, Doris North. Mining at Doris North is expected to last for at least 6 years. The Project needs major infrastructure to be built. This includes airstrips, winter roads, all-weather roads, camps, storage areas for fuel and materials, as well as a larger port at Roberts Bay.

TMAC wants to develop at least two other major gold deposits in the belt. These are the Madrid and Boston deposits. Over a 15-year period, TMAC wishes to carry out underground and open pit mining at these deposits. Further, TMAC plans to explore the known deposits for more gold and other areas that could be mined.

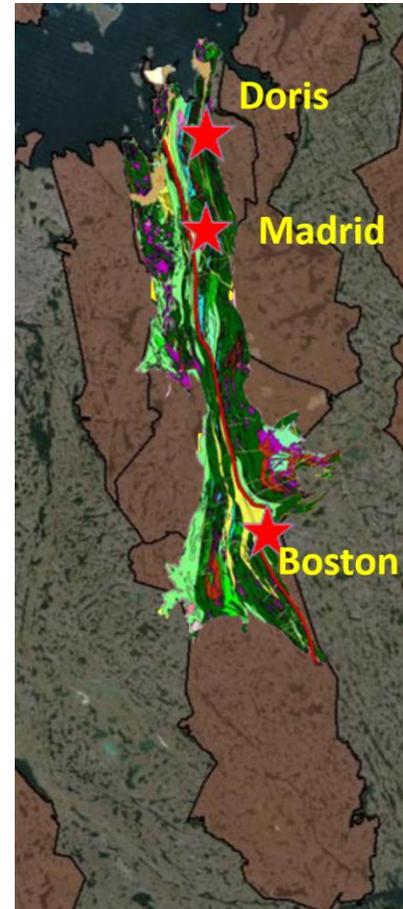


Figure 1 – Hope Bay Belt Area

Any work that TMAC does in the Project area must respect the land and follow rules about how to work on the land. KIA and environmental regulators, including the Nunavut Impact Review Board and the Nunavut Water Board, are involved in setting such rules.

## KIA/TMAC Framework Agreement (2015)

The *Nunavut Land Claims Agreement* requires an IIBA to be in place before any major development project can be undertaken on IOL.

On March 30, 2015, The Kitikmeot Inuit Association (KIA) and TMAC Resources Inc. (TMAC) signed a Framework Agreement. The agreement allows the Hope Bay Belt Project to move towards production.

The Framework Agreement covers all TMAC activity in the Hope Bay Belt Area for the next 20 years (i.e., until 2035).

The **Framework Agreement** is made up of four main parts:

1. A *Land Tenure Agreement* to give TMAC access to KIA surface lands in the Hope Bay Belt Area. This allows TMAC to carry out grassroots and advanced exploration, and mine development and production.
2. A *Net Smelter Royalty Agreement* that gives KIA a portion of the money that TMAC makes when it sells gold produced from the Project.
3. A *Water and Wildlife Compensation Agreement* to deal with future environmental claims.
4. An *Inuit Impact and Benefit Agreement* (IIBA) to deal with Kitikmeot Inuit social and economic interests. The IIBA is very focused on employment, training and contracting.

## KIA/TMAC IIBA Plain Language Summary

This **Plain Language Summary** deals with the KIA/TMAC IIBA (Part 4 of the Framework Agreement).

There are two major parts to the IIBA document:

- IIBA Articles, and
- IIBA Schedules

# Summary of IIBA Articles

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The IIBA Articles focus on legal matters that make the IIBA a binding contract.

Among other things, the Articles provide details on:

- The purpose and length of the IIBA
- KIA and TMAC IIBA duties under the IIBA
- The process for amending the IIBA

The following is a summary of the key information from the IIBA Articles:

- The IIBA is intended to:
  - Address potential impacts to Inuit caused by the Project.
  - Maximize benefits for Inuit, especially related to training, employment and business contracting opportunities.
  - Maintain and promote Inuit culture and land use.
  - Promote a good working relationship between KIA and TMAC.
- The IIBA replaces the previous Doris North IIBA (signed in September 2006).
  - The current IIBA is in effect from March 30, 2015 for a period of 20 years.
- KIA gives its consent to the Project.
  - KIA also notes that it has been adequately consulted about the Project's potential impacts on the environment, and on Inuit rights.
- Under certain limited situations, KIA can terminate the IIBA if TMAC fails in its duties.
- The IIBA will be reviewed on the 5<sup>th</sup>, 10<sup>th</sup> and 15<sup>th</sup> anniversaries of its signing.
- If both TMAC and KIA consent to it, the IIBA can be amended.
- The IIBA creates a process to resolve disputes between KIA and TMAC.

There are more details on IIBA Articles provided in the Appendix to this Summary.

# Summary of IIBA Schedules

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The KIA/TMAC IIBA **schedules** describe how Kitikmeot Inuit are supposed to benefit from TMAC Project activities. The schedules focus on how Kitikmeot Inuit can take advantage of employment, training, and business contract opportunities that the Project brings.

There is a Preamble to the Schedules that provides the purpose of the Schedules. Following the Preamble are ten schedules (A to J) that detail how the goals of the IIBA are to be achieved.

## Preamble

The IIBA Preamble identifies KIA and TMAC as the Parties who have negotiated the agreement. The reasons for negotiating the IIBA include, but are not limited to:

- TMAC's goal to develop the Project.
- KIA's duty to negotiate IIBAs for major development projects located in the Kitikmeot region.
- The fact that Inuit may be impacted by the Project.
- The fact Inuit should benefit from opportunities the Project offers.
- TMAC's need to gain long-term certainty of access to Inuit Owned Land.
- KIA's need to gain long-term certainty of Project benefits for Inuit.
- That both Parties want to have a helpful and respectful relationship throughout the Project's life.

## Schedule A: Implementation Committee

The IIBA creates an Implementation Committee. The committee is made up of two KIA appointees and two TMAC appointees. KIA and TMAC presidents also sit on the committee, but do not have voting rights. The Implementation Committee implements and manages the IIBA. The committee works by consensus.

KIA and TMAC Presidents must meet at least once a year to review IIBA implementation.

The committee meets in person at least four times a year. If the Project is in Care and Maintenance, fewer meetings are required.

Schedule A outlines Implementation Committee duties. The key ones include:

- Tracking IIBA implementation on issues such as Inuit employment, training and contracting opportunities.
- Serving as the main venue to discuss IIBA and other Project issues.
- Recommending ways that KIA and TMAC can better achieve IIBA goals.
- Setting and adjusting annual and long term Inuit Training Targets and Inuit Employment Targets.
- Finding ways to increase contracting opportunities for Inuit.
- Managing the Training and Education Fund.
- Maintaining a list of training and education opportunities for Inuit.

The Implementation Committee must also submit an annual report to KIA and TMAC. The report provides details on IIBA implementation and may include:

- An executive summary for the public.
- A report on how well were Inuit training and employment targets reached.
- Plans for improvement if training and employment targets were not met.
- A summary of TMAC donations and contributions made to the Training and Education Fund and Business Development Fund.
- The total amount of salaries and wages paid by TMAC to Kitikmeot Inuit employee and other TMAC employees.
- A summary of contracts awarded by TMAC.
- Suggestions to increase Inuit participation in contracting opportunities.

## Schedule B: TMAC Liaison

The IIBA creates a Liaison Officer (TMAC Liaison) position based in the Kitikmeot region. The TMAC Liaison is a TMAC employee whose key role is to implement the IIBA. The TMAC Liaison works closely with KIA's IIBA Implementation Manager (see Schedule C). This includes working together on matters such as dispute resolution, contracting, and Implementation Committee support. The TMAC Liaison reports to the Implementation Committee on the Project's benefits to Inuit and Inuit businesses.

The TMAC Liaison helps to maximize Inuit training, employment and business contracting with the Project by doing the following:

- Promoting employment opportunities for Kitikmeot Inuit.
- Promoting contracting opportunities for Kitikmeot Inuit Qualified Businesses.
- Monitoring TMAC training, employment and contracting commitments.

The TMAC Liaison also serves as a resource person for TMAC's Inuit employees. This includes helping them to access education, training, employee counselling, and wellness programs.

## Schedule C: IIBA Implementation Manager

Schedule C creates an IIBA Implementation Manager (the 'IIBA Manager') position. The IIBA Manager is a KIA employee who reports to KIA's senior management. The IIBA Manager monitors and reports on TMAC IIBA implementation record.

The IIBA Manager works closely with the TMAC Liaison, and includes working on matters such as dispute resolution, contracting, and Implementation Committee support.

The IIBA Manager helps to maximize Inuit training, employment and business contracting opportunities from the Project. This includes:

- Creating and maintaining the *Kitikmeot Qualified Business Registry* (see Schedule F).
- Promoting employment opportunities for Kitikmeot Inuit.
- Promoting contracting opportunities for Kitikmeot Inuit.
- Promoting contracting and capacity building opportunities for Kitikmeot Qualified Businesses.
- Reviewing and commenting on TMAC's training, employment and contracting policies and procedures.

The IIBA Manager is a point of contact for TMAC's Inuit employees. The IIBA Manager may travel to the Project site to discuss workplace issues with employees. This may include receiving confidential information from them.

## Schedule D: Training and Education Opportunities

Schedule D sets out TMAC duties related to training and education. This is a main feature of the IIBA. The Implementation Committee is responsible to set Inuit Training Targets. TMAC is expected to meet or exceed these targets. TMAC is also expected to help its Inuit employees advance their careers while working at the Project.

Schedule D identifies ways that TMAC must enhance training and education opportunities for Kitikmeot Inuit. These include:

- Providing onsite and on-the-job technical skills and trades training.
- Ensuring that career development plans are in place for all Inuit employees.
- Encouraging Inuit to advance to managerial positions through training and skills development.
- Encouraging Inuit to achieve the education and qualifications needed for employment and advancement at the Project.
- Sponsoring competitions and awards to encourage students to complete high school and pursue post-secondary education.
- Encouraging students to study areas important to the mining industry, such as science, technology, mathematics and professional services.

## Schedule E: Employment

Schedule E sets out TMAC's duties related to Inuit employment at the Project. Maximizing Inuit employment is a key IIBA objective.

TMAC is obliged to meet the Inuit Employment Target set by the Implementation Committee. The Implementation Committee can reduce this target by up to 5% in a given year when requested by KIA or TMAC. Otherwise, failure to meet the target can result in penalties.

Schedule E applies to TMAC's own employment practices and those of its contractors. When requested by TMAC or KIA, the Implementation Committee may adjust IIBA requirements for a particular contractor.

The IIBA does not limit TMAC's ability to hire, advance or dismiss any employee. Instead, the IIBA directs TMAC to maximize Kitikmeot Inuit employment through different approaches.

These include:

- Giving priority to Inuit candidates when Inuit and non-Inuit candidates are equally matched for employment.
- Recognizing Inuit skills and experience equivalencies where appropriate.

- Identifying jobs where formal educational requirements can be adjusted.
- Prioritizing hiring of Nunavut Inuit living in the Kitikmeot region before other groups.
- Promoting Inuit employees through career development plans.
- Having employment policies to engage Inuit who lack the education normally required for work at the Project.
- Promoting managerial opportunities for Inuit.
- Providing Inuit employees with access to an Inuk representative at the Project to help address human resource concerns.
- Annually reviewing recruitment and hiring practices.
- Employing Inuit college and university students as summer students.

### *Training and Education Fund*

TMAC will establish an Education and Training Fund. The Implementation Committee will manage and administer this fund. Once the Project is producing gold, TMAC will contribute up to \$100,000 per year to the fund.

If TMAC does not meet the Inuit Employment Targets, it must pay a cash amount to the fund. The amount will be based on the size of the gap between the employment target and the actual number of Inuit employed. This practice will start in the 2<sup>nd</sup> year of production.

### *Transportation to the Project*

TMAC will transport Inuit employees to the Project site who live in Kugluktuk, Cambridge Bay, Gjoa Haven, Taloyoak and Kugaaruk. TMAC will also consider transport for Inuit residents of Bathurst Inlet and Umingmaktok. TMAC will attempt to transport employees directly to and from their home communities without stopovers in other communities.

## *Language and Culture Issues*

The IIBA recognizes that support for Inuit language and culture at the Project help create a welcoming work place for Inuit. TMAC will make efforts to ensure that key written materials are translated into the Inuit Language at the Project. This includes signs, safety regulations, and job ads. Other written materials, may also be translated. When appropriate and not a safety concern, TMAC will have bilingual Inuit available to translate for unilingual Inuit.

The ability to read or speak English is required for certain Project jobs because of safety or performance concerns. Inuit who do not speak or read English well will be given opportunities to apply for, or train for jobs where English is not required. Inuit employees will not be disciplined or fired because they cannot write or speak English well. Inuit employees may be transferred to jobs requiring less English. They may also be offered training to take another position.

To support Inuit culture and language, TMAC will also:

- Give priority to vacation requests from Inuit employees who plan on doing traditional activities during their leave.
- Provide *Country Food* kitchens and cultural activities at the Project.
- Serve Country Food at the Project.
  - However, the food must be available at reasonable cost and quantity, and must meet government standards.

## *Employment Support*

To help retain Inuit employees and to keep them performing well at their jobs, TMAC will:

- Deliver orientation programs that deal with things such as company policies, safety, and support programs.
- Provide TMAC and contractor employees with Inuit cultural and cross-cultural orientation and training.
- Offer an *Employee and Family Assistance Program* to help employees deal with things such as personal and family problems, mental health and addictions.
- Have policies in place to prevent discrimination and harassment.
- Have a 'zero tolerance' drugs and alcohol policy at the Project.
- Allow Inuit employees to be in contact with their families by phone or computer.

## Schedule F: Business and Contracting Opportunities

Schedule F outlines TMAC responsibilities to provide opportunities for Kitikmeot Qualified Businesses at the Project.

Schedule F notes that the relationships TMAC has with its contractors are defined by the contracts they enter into. These relationships are not defined by the IIBA. TMAC and its contractors do not have to enter into contracts with any Kitikmeot or Inuit businesses that are unable to do what is required of them. Businesses that cannot complete a contract in a timely, effective, efficient, safe, environmentally responsible or competitive manner should not expect to get contracts.

However, TMAC does have a duty to support Inuit business and build their capacity. This includes:

- Working with KIA (and others) to create and promote opportunities for Inuit small business in the Kitikmeot Region. This may include helping them pursue larger contracts.
- Assisting Kitikmeot Qualified Businesses to better understand how goods and services are contracted at the Project.
- Working with KIA and other parties to train Inuit about how to prepare bids, manage businesses and be better entrepreneurs.
- Splitting or paring down the size of contracts to provide more opportunities for Kitikmeot Qualified Businesses.

### *Kitikmeot Qualified Business Registry*

To create opportunities for Kitikmeot businesses at the Project, KIA will develop a Kitikmeot Qualified Business Registry. TMAC will use the registry to identify contractors it may choose to hire. KIA is responsible for placing companies on the registry. To do this, KIA must ensure that the businesses meet an adequate level of 'Inuit content'. The IIBA identifies 'Inuit Content Components'<sup>1</sup> that helps KIA make this decision. This includes:

- If the business has a Head Office located in the Kitikmeot region.
- The amount that Inuit benefit from profits made by the business.
- How much involved are Inuit in the business's management and operations.
- The business's history of Inuit employment during the previous three years.
- Plans the business has to meet Inuit Employment Targets.
- The number of Inuit senior managers who are active in the business.

KIA may also consider other things when deciding if a company should be put on the registry.

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<sup>1</sup> These are presented in Appendix B of the official IIBA.

The Kitikmeot Qualified Business Registry also provides information on the listed companies. This includes things such as the business's name, contact details, the goods or services it provides, its experience, and whether the business is bondable. The IIBA Manager will update the registry at least once a year and may include new businesses.

### *Classification of Contracts*

Schedule F identifies two kinds of goods and service contracts that TMAC may enter into for the Project. These are *Kitikmeot Qualified Business Contracts* and *Open Contracts*:

#### 1) *Kitikmeot Qualified Business Contracts*

*Kitikmeot Qualified Business Contracts* are contracting opportunities set aside for Kitikmeot Qualified Businesses only. This type of contract is for the following kinds of goods and services:

1. Air Regional and Site Specific Services
2. Expediting
3. Freight Shipping
4. Infrastructure Planning, Financing, and related Advisory – other than Engineering, procurement and construction management services
5. Catering and Housekeeping
6. Drilling – Surface and Subsurface
7. Blasting Services
8. Earthworks and Earthworks Construction
9. Surface Mining
10. Underground Mining
11. Environmental Services
12. Tire Services – but not including supply of tires.
13. Medical/First Aid
14. Translation and Cultural Services
15. Heavy Equipment Maintenance

From time to time, KIA and TMAC will consider whether other goods or services should be included in this list.

Negotiations between TMAC and a Kitikmeot Qualified Businesses are to be done with the objective of achieving fair and commercially reasonable contract price. This also means that TMAC must share enough information for the business it to understand what is being requested of it.

## 2) *Open Contracts*

The other kind of contract for the Project are *Open Contracts*. These are contracts for goods and services that are not included on the Kitikmeot Qualified Business Contracts list. Any company, including Kitikmeot Qualified Businesses may bid for an Open Contract.

## *Contracting Process*

The way that TMAC selects contractors depends on whether it is a Kitikmeot Qualified Businesses Contract or Open Contract opportunity.

### 1) *Kitikmeot Qualified Business Contract Process*

In the case of a Kitikmeot Qualified Business Contract, TMAC will notify all eligible businesses listed in the Kitikmeot Qualified Business Registry. When TMAC notifies these companies, it will provide details about the opportunity. TMAC will let KIA know the names of the businesses that are contacted. TMAC will also post a notice about the opportunity in local newspapers to let others know.

If more than one business is interested in the opportunity, TMAC may directly negotiate with one or more of the interested businesses. These negotiations may include an 'Open Book' process. This is where TMAC and the contractors agree on the costs of providing the goods or services. They also will have to agree on a reasonable 'mark-up' to achieve a profit. The other option is for TMAC to hold a competitive bid process among the interested companies.

There may be reasons that prevent TMAC from negotiating a contract with a Kitikmeot Qualified Business despite using either of these approaches. This could include unreasonable pricing or timing concerns. In these cases, TMAC may move to an Open Contract process. TMAC can also hold an Open Contract process if no Kitikmeot Qualified Business responds to the opportunity. It is also allowed where there is no Kitikmeot Qualified Businesses on the Business Registry that is able to provide the goods or services that TMAC needs.

There may be time-sensitive situations when the Kitikmeot Qualified Business Contract process could delay and harm the Project. In these cases, TMAC can initiate a *Time Sensitive Contract* process. This is a kind of Open Contract process that runs at the same time as the Kitikmeot Qualified Business Contract process. However, TMAC will discount 2% off the cost of any bid submitted by Kitikmeot Qualified Businesses in these situations.

## 2) *Open Contract Processes*

For Open Contract processes, TMAC will discount 2% off the cost of any bids submitted by Inuit Firms<sup>2</sup> and Kitikmeot Qualified Businesses. TMAC will also consider Inuit Content Components and related factors when it evaluates bids received.

## 3) *Debriefing Contractors*

For any contracting process carried out, TMAC will communicate with any Kitikmeot Qualified Business or Inuit Firm that is not successful in getting the contract. If requested, TMAC will debrief the business. This may help the businesses be more successful for future Project contracting opportunities.

## *Business Development Fund*

There may be cases where TMAC is not able to negotiate a contract with a Kitikmeot Qualified Business despite having received bids from one or more eligible businesses. In these cases, TMAC must make a payment to a Business Development Fund. The Fund is managed and administered by the Implementation Committee. Money from the fund will be used to help the Kitikmeot region's Inuit businesses build capacity.

The amount of money TMAC pays to the Business Development Fund depends on the number of Kitikmeot Qualified Businesses that submitted bids for a specific opportunity. The amount will range between 7%-14% of the total value of the contract. If TMAC initiated a Time Sensitive Contract process, it must pay an extra 2% of the total contract value to the fund.

TMAC is not required to make payments to the Business Development Fund if the Implementation Committee decides that:

- There were significant concerns about the safety record and/or environmental record of the bidding businesses;
- The bidding businesses did not have the qualifications, expertise or capacity to deliver the contract within the required time; or
- The proposed bid was significantly higher<sup>3</sup> than what TMAC could obtain under an Open Contract process.

## *Reporting*

TMAC must report to the Implementation Committee on its contracting activities. The Implementation Committee is responsible for monitoring contracting at the Project. This includes monitoring the following:

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<sup>2</sup> As determined by Nunavut Tunngavik Inc.

<sup>3</sup> Based on comparable prices in the Kitikmeot region.

- TMAC's record in maximizing contract opportunities for Kitikmeot Qualified Business and other Inuit Firms.
- The amount of Inuit content in companies awarded contracts.
- Implementation of plans by contractors to meet Inuit Employment Targets.
- Awarding of new contracts.
- Reasons for Kitikmeot Qualified Businesses not being selected for a contract due to issues of qualifications, expertise or capacity to deliver.

TMAC will also require Contractors to report every three months to the IIBA Manager and Implementation Committee. These reports will help determine whether Inuit Content and Inuit Employment Target objectives are being met.

Based on the information it receives, the Implementation Committee may make recommendations to TMAC and KIA on ways to increase Inuit participation in Project contracting. Further, TMAC and KIA will review Schedule F every two and a half years. They may consider amending the schedule to improve contracting outcomes for Inuit businesses.

### *Business Opportunity Information*

Every year TMAC will provide KIA with an 'Annual Contract Forecast'. The Forecast contains details on expected contract opportunities for the upcoming calendar year. The opportunities outlined in the Forecast only reflect predicted needs. They are not guaranteed opportunities. Any changes to the Forecast will be shared with the IIBA Manager. However, some contracting opportunities may not be anticipated. As such, TMAC may not always be able to provide KIA with an updated Forecast prior to engaging a contractor.

## Schedule G: Access to Facilities and Roads

Schedule G confirms that Inuit are free to access Inuit Owned Land in the Project area. The exception is land covered by an Advanced Exploration Agreement or Commercial Lease. In these cases, Inuit may also access this affected land, but the access may be subject to certain conditions. The conditions may be in place to ensure safety and prevent interfering with the Project.

TMAC will allow third parties to use its transportation infrastructure (ex. all-weather roads) to access IOL in the Project area. The exception is IOL covered by a TMAC Advanced Exploration Agreement or Commercial Lease. TMAC may also charge reasonable access fees to third parties wanting to use its infrastructure.

## Schedule H: Right of First Refusal

Schedule H gives KIA the first opportunity to purchase any equipment, buildings or materials that TMAC no longer needs. KIA can designate this right to another organization. There may be cases where no agreement is reached between TMAC and KIA over a purchase. If TMAC then negotiates a price for the equipment, buildings or materials with another party, TMAC will provide KIA with another opportunity to purchase the items at that negotiated price.

## Schedule I: Inuit Environmental Advisory Committee Terms of Reference

TMAC is required to set up an Inuit Environmental Advisory Committee (the "IEA Committee") within 120 days of the start of the Commercial Lease. The IEA Committee is tasked with:

- Reviewing Project information related to wildlife and the environment.
- Providing input to TMAC and KIA about potential environmental impacts or concerns.
- Providing advice on how to reduce or prevent environment impacts or concerns.
- Listening to community concerns about environmental and wildlife issues related to the Project.
- Attempting to resolve community concerns about environmental and wildlife issues related to the Project.

The IEA Committee consists of seven Kitikmeot Inuit who have environmental and/or traditional knowledge of the Project area. The committee members are appointed by the Implementation Committee for three-year terms. A TMAC senior staff person with environment or community responsibilities will chair the IEA Committee. A KIA staff person will sit on the committee to support other committee members. The KIA staff person will not participate in making formal recommendations to either KIA or TMAC.

IEA Committee meetings are held at least twice a year in the Kitikmeot region. More may be held if KIA and TMAC agree to it. TMAC will cover all reasonable costs for the committee's meetings. TMAC will also arrange an annual site visit to the Project for the committee.

## Schedule J: Implementation Plan

Schedule J of the IIBA is a chart that shows when the actions are to be taken. It is intended to be a "living document" that is to be updated during the term of the IIBA. Persons who are interested in the Implementation Plan are advised to refer to the original IIBA document.

# Appendix: Plain Language Summary of IIBA Articles

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## Article 1: Definitions

Article 1 gives the definition to over 70 terms used in the IIBA. The definitions are given to ensure that both KIA and TMAC understand and agree to what the terms mean.

Article 1 also provides a statement saying that the IIBA does not have the authority to remove or reduce any rights that KIA or Inuit are granted from the *Nunavut Land Claims Agreement*. Also, the IIBA cannot remove or reduce any rights that TMAC gains from the *Nunavut Land Claims Agreement*.

## Article 2: Agreement Term

Article 2 confirms that the IIBA replaces the previous Doris North IIBA (signed in September 2006). The new IIBA comes into effect on **March 30, 2015** for a period of 20 years.

## Article 3: Purpose of the IIBA

Article 3 describes in general terms what the IIBA is supposed to achieve. Among other things, the IIBA is to:

- Address potential impacts to Inuit caused by the Project while maximizing benefits from it.
- Not undermine the viability of TMAC's operations.
- Ensure Inuit training, employment and business opportunities that result in community well-being and development, and improved living standards for Inuit.
- Promote good working relationships and effective communications between TMAC and KIA.
- Maintain and promote Inuit culture and land use.
- Allow other Canadians to benefit from the Project.

## *KIA Consent*

KIA consents to the Project. By giving its consent, KIA:

- Accepts that it has been consulted about the Project's potential impacts on the environment and on Inuit rights.
- Recognizes that TMAC's payments to KIA are considered full compensation for the Project's impacts on Inuit.
  - KIA will not seek additional compensation.
- Promises to not interfere with the Project's operations.
- Recognizes the regulatory approvals secured by TMAC for the Project.
- However, KIA retains the right to participate and raise issues concerning potential impacts of the Project with relevant authorities.

KIA's consent only extends to the Hope Bay Belt Area. The current IIBA does not apply if TMAC or a successor company wants to develop lands outside this area.

## Article 4: Conditions

Article 4 notes that TMAC must comply with IIBA and Framework Agreement obligations. TMAC must also comply with any laws or regulations that are applicable to the Project. It must provide KIA with evidence of its compliance when requested.

## Article 5: Default

Article 5 sets out the conditions that allow KIA to terminate the IIBA. This includes cases where:

- TMAC fails to meet a significant condition of the IIBA or Framework Agreement.
- TMAC is proven to have represented itself in a false or misleading way during IIBA negotiations.
- TMAC enters into extended bankruptcy proceedings.
- TMAC fails to meet the terms of NTI's Mineral Exploration Agreement or Production Lease.

### *Claims*

Article 5 also describes the way that KIA or a 3<sup>rd</sup> party can bring a claim against TMAC. This is for cases where TMAC has failed to, or seems to have failed to meet its IIBA duties. KIA and its representatives have the right to bring a claim against TMAC. This claim can be made without fear of being held liable for any loss, damage, or legal liability that may arise because of the claim. The exception to this is if a claim has been made in bad faith, or with 'gross negligence'.

TMAC must resolve any claim brought to it by KIA in a timely manner. If the Parties cannot resolve their dispute, it may go to arbitration.

In the cases where claims have been brought to TMAC by 3<sup>rd</sup> parties, TMAC has the right to assume control of the resolution process. KIA can participate in the process subject to TMAC's cooperation. If the 3<sup>rd</sup> party dispute isn't resolved in a timely manner, KIA can take over the process.

## Article 6: Review of Agreement

On the 5<sup>th</sup>, 10<sup>th</sup> and 15<sup>th</sup> anniversaries of the IIBA's signing, TMAC and KIA will review the IIBA. The review will focus on the Parties' record of implementing the IIBA and meeting its objectives. During these reviews, the Parties will consider if the IIBA and the Framework Agreement should be amended. Negotiations to amend the agreements may start during these reviews. If the negotiations are not complete within six months, either Party may request arbitration.

## Article 7: Assignment of IIBA

TMAC's IIBA duties may be assigned to another company. This could happen if TMAC is reorganized, or if it merges with, or is bought by another company. Assigning TMAC's IIBA duties to another company has to be done in a way that fits with the Framework Agreement.

## Article 8: Representations and Warranties

Article 8 confirms that TMAC and KIA are organizations with the legal rights and authority to enter into an IIBA for the Project. In Article 8 the Parties agree that:

- Meeting the IIBA obligations will not result in either Party being in breach of another agreement that they are bound by.
- They understand the IIBA to be legally binding.
- Each Party has the power and legal authority to meet their IIBA obligations.
- Key information shared between the Parties during negotiations was correct when the IIBA was signed. This includes financial information.

## Article 9: Dispute Resolution

Article 9 addresses the various ways that KIA and TMAC are to deal with disputes. The Parties will first attempt to resolve disputes through an *Informal Dispute Mechanism*. Mediation, and finally arbitration are the next steps to resolve disputes.

The Informal Dispute Mechanism is where KIA and TMAC staff first attempt to work out their differences. If they cannot, the Implementation Committee will examine the issue and find ways to resolve it. If the Implementation Committee cannot come to an agreement, the presidents of TMAC and KIA will meet to address the matter. If the presidents cannot find a timely solution, either Party may request a formal mediation process to occur. If mediation is unsuccessful, either Party may take the issue to a binding arbitration process. In that case, the decision of the arbitrator is final and there is no appeal.

## Article 10: Confidentiality

Article 10 confirms that the IIBA is not a confidential document. However, confidential information on matters such as operations, finance or technical designs may be shared between the Parties. A Party receiving confidential information must not share it with outside parties. However, the information may be shared with the Party's employees, directors, advisors, or in the case of KIA, NTI. Sharing confidential information with outside parties is a potentially serious matter. Legal action could occur because of it and financial compensation could be awarded.

## Article 11: Notices

Any notices or other formal communication between the Parties concerning the IIBA are to be in written form. The notices can be delivered in person, by registered mail, or by fax. Notices to KIA are to be provided to the attention of the KIA Executive Director. Notices to TMAC are to be provided to the attention of TMAC's President.

## Article 12: Miscellaneous

Article 12 addresses a variety of issues. The most relevant and important issues to Kitikmeot Inuit are likely the following:

### *Collective Bargaining*

It is possible that a collective agreement with a trade union might be imposed upon TMAC related to the Project. TMAC will attempt to negotiate any collective agreement to avoid conflict with the IIBA's employment objectives. However, there may be cases where a conflict between the collective agreement and the IIBA occurs. For legal reasons, the collective agreement would take precedent over the IIBA.

### *Consistency with Project Approval*

The IIBA must be consistent with the relevant Project approvals. This includes terms and conditions that the Nunavut Impact Review Board imposes on the Project.

### *Force Majeure*

Force Majeure is a legal term meaning an unavoidable accident or incident. It may be used to describe things such as war, riots, strikes, or 'Acts of God' (hurricane, floods, earthquakes etc). If TMAC is affected Force Majeure, it is temporarily free from Schedule E employment obligations. This is only for the period that Force Majeure is in effect. All other IIBA obligations and payments are to continue during Force Majeure. A Party affected by Force Majeure may request timelines extensions to deal with the issue(s). The affected Party must also provide regular updates on its efforts to address the cause of Force Majeure.

### *Modification and Waivers*

Requests to modify or amend the IIBA will not go into effect unless both Parties agree to it. The agreement must be made in writing, with both Parties signing off on the changes.

Similarly, no IIBA condition can be waived by a Party unless consent has been provided in writing and the other Party signing off.