

## **SUMMARY**

### **MELIADINE PROJECT INUIT IMPACT & BENEFIT AGREEMENT**

*Note: This summary has been prepared as a guide to understanding the Meliadine Inuit Impact & Benefit Agreement (IIBA). The reader is cautioned that it may be necessary to review the IIBA for exact terms and conditions. Capitalized terms in this summary are defined terms in the IIBA.*

#### **Purpose**

The purpose of the IIBA is to provide benefits and address detrimental impacts on Inuit, and to ensure that the way in which the Meliadine Project is constructed and operates respects the Inuit traditional way of life, language and culture; and to promote and maintain Inuit economic and social development, in accordance with the Nunavut Land Claims Agreement.

#### **Compliance With Laws**

AEM must comply with all laws, licenses, permits and other authorizations for the Project.

#### **Assignment**

AEM may not assign the IIBA, unless the assignee is the purchaser of the Project, has obtained all regulatory approvals and KIA approval.

#### **Language of the Agreement**

There will be an English and an Inuktitut version of the IIBA. Documents intended for distribution to Inuit will be made available in both English and Inuktitut.

#### **Confidentiality**

The IIBA will not be confidential but information exchanged by KIA and AEM may be identified as confidential.

#### **Press Releases**

An initial press release concerning the IIBA will be issued jointly by KIA and AEM. After that, either Party may issue a press release but must give the other Party advance notice. Nothing prevents a Party from speaking publicly about the Project (subject to the confidentiality provisions).

#### **Accident Reports**

AEM must report major incidents and accidents to KIA within 12 hours.

#### **Interest & CPI**

Interest at prime plus 2% is payable on overdue amounts. All amounts payable under the IIBA are subject to adjustment for inflation.

## **Term of the IIBA**

The IIBA takes effect 30 days after it is received by the Minister of Aboriginal Affairs and Northern Development Canada (unless rejected by the Minister) and continues until reclamation and remediation of the Project is complete, unless earlier terminated by agreement or as a result of a default.

## **No Obligation to Operate**

AEM is not obligated to operate the Project.

## **Default**

The IIBA may be terminated if AEM or KIA is in material default of any provision of the IIBA or if the Production Lease for the Project; if AEM is in default under its Project Certificate or any other project license or permit; or if AEM becomes bankrupt. If either Party alleges a default, they must give notice and time to correct the default.

## **Post Operation Phase**

When operations are terminated, the Project moves into the Post Operation Phase and the IIBA will, after consulting with the Committees created under the IIBA, be amended to reflect Project needs during that Phase. AEM's obligations to pay implementation costs and to complete the Post Operation Phase will continue.

## **Review and Renegotiation**

The IIBA will be reviewed every three years to determine if there has been a material change in circumstances, requiring re-negotiation of the IIBA. It may also be reviewed if there is a material change to the Project or the impacts are materially different from what was expected when the Nunavut Impact Review Board (NIRB) reviewed the Project. AEM pays the cost of reviews (capped at \$250,000) and, if the IIBA is re-negotiated, a budget for KIA's renegotiation costs will be agreed upon.

## **Dispute Resolution**

KIA and AEM will work together to resolve disagreements, failing which Committees will deal with disputes. If a Committee can not resolve a dispute, it may be referred to the Presidents of AEM and KIA and if they can not resolve it, the dispute goes to arbitration.

## **Inuit Rights**

Nothing in the IIBA affects Inuit rights under the Nunavut Land Claims Agreement. Inuit may continue to harvest near the Project site, but can't discharge a firearm within one kilometer of any structure, or if restricted for health and safety reasons.

AEM must apply Inuit Qaujimajatuqangit (Inuit traditional knowledge) to all decision-making in assessing and monitoring impacts and mitigation measures for the Project.

## **SCHEDULE A**

### **DEFINITIONS**

This Schedule contains all of the defined terms used in the IIBA. It is important to refer to the definitions when considering each of the provisions of the IIBA.

## **SCHEDULE B**

### **BUSINESS OPPORTUNITIES**

The purpose of this Schedule is to promote and support economic development for Inuit, with priority given to Rankin Inlet and Chesterfield Inlet, and to promote the development of Inuit expertise and capacity and the development of Inuit business opportunities.

Contracts will be tendered to pre-qualified businesses and assessed on the basis of cost competitiveness, timely performance and past implementation of Inuit training programs. AEM will hold information sessions to explain the pre-qualification process.

Inuit Firms (listed on the Nunavut Tunngavik Inuit Firm Registry) interested in getting a contract will be placed on an Initial Contractors List. They will then be invited to pre-qualify in a pre-qualification category, based on: their experience; technical and financial capacity; health, safety and environmental performance history; human and physical resources; and past performance. Those who qualify will be placed on a Pre-qualification List. Pre-qualification will take place well in advance of any Contract tendering and can be re-considered at the request of an Inuit Firm.

The Initial Contractors List and the Pre-qualification List will be updated on an ongoing basis and the Pre-qualification List will be updated annually so Inuit Firms may still qualify at a later date.

Contracts will be tendered to all pre-qualified contractors but AEM must make Best Efforts to award Contracts to Inuit Firms. AEM will use its normal procurement policies but must use Best Efforts to award Contracts valued less than \$500,000 directly to Inuit Firms. AEM must tailor Contracts (break large contracts down into smaller Contracts) where possible, to support Inuit Firms' ability to bid.

All Contracts to be performed following delivery of goods in the Kivalliq Region, and all services Contracts where the majority of the work is performed within the Kivalliq Region, will be subject to the tendering process, except for certain specified Contracts.

A list of expected Contracts, including scope, schedule and duration for each Contract, will be provided well before tendering, to allow Inuit Firms to prepare for bidding. Contracts will not be tendered until Inuit employment goals have been established.

Preference points will be given to Inuit Firms, to help them compete with southern firms. Inuit Firms may receive up to 8 points for goods contracts (excluding fuel) and 15 points for service contracts, based on: registration on the NTI Inuit Firm Registry, percentage of profit payable to

Inuit, number of Inuit employees, and local presence (office). Fuel Contracts will be subject to 2.5 preference points.

Inuit Firms must submit a certificate certifying the percentage of net profits that will be paid to Inuit Firms assisting with the Contract work. Joint ventures must be listed as an NTI Inuit Firm to be eligible to receive preference points. An Inuit Firm may subcontract work to a non-Inuit Firm but full preference points will not be available.

Contractors must comply with AEM's obligations under the IIBA. (i.e. tendering, employment, certain training requirements, etc.). Bid packages sent to tenderers will specify Inuit employment requirements.

Bid bonds will not be required for Contracts under \$500,000 for Inuit Firms with experience, capacity and qualifications to perform the Contract.

Some Contracts may be negotiated directly with Sakku or one of its subsidiaries that is an Inuit Firm. If unsuccessful in direct negotiations, Sakku may still participate in the tendering process and compete for the Contract that was under discussion.

AEM must provide workshops for Inuit and Inuit Firms to assist with the tendering process.

The Business Opportunities Committee (BOC) will oversee the tendering process to ensure that it works as intended by the IIBA. AEM must report to the BOC.

If AEM fails to use its best efforts to implement the Business Opportunities Schedule, an arbitrator may require AEM to take specific steps to implement it and/or to provide financial compensation to KIA.

## **SCHEDULE C TRAINING & EMPLOYMENT**

The purpose of this Schedule is to provide for training, employment and retention of Inuit by ensuring that a maximum number of Inuit have access to training and employment; and to ensure a work environment that is respectful of Inuit culture, language and traditions.

A recruitment strategy will be developed by the Employment and Culture Committee (ECC), to reduce barriers to employment. AEM will offer employment information sessions and will publicize employment and training opportunities.

Priority in employment will be offered to Inuit.

The ECC will set annual employment goals, broken down by trade and job categories, based on AEM's annual work plan. Employment goals will include summer jobs, apprenticeships and internships. AEM will report Inuit employment statistics quarterly. AEM's achievement of employment goals will be reviewed annually by the ECC. If goals have not been met, a

determination will be made as to why not, and any consequences will be determined, such as improved employment practices and/or financial compensation to KIA.

Lack of fluency in English will not be a barrier to employment, except for health or safety reasons. Criminal records checks will not be required except for positions of trust. Equivalencies will be recognized, to the extent permitted by law.

AEM will take into account the number of Inuit in training and will hire other persons on term contracts to facilitate the availability of work for Inuit on completion of training.

A Labour Pool List, listing all Inuit who wish to work at the Project, will be created. Inuit on the Labour Pool List who might fill positions at the Project will go through AEM's pre-employment process which provides orientation and assesses applicants' qualifications for the jobs they are seeking. A Labour Pool Coordinator will be hired to administer the Labour Pool List.

Work schedules for Inuit must take into account Inuit needs and preferences, particularly relating to traditional activities, subject to AEM's need for effective arrangements for transporting Inuit from their points of hire. Each Kivalliq community will be a point of hire. Inuit workers will be transported to the Project site, without cost.

Inuit workers with equal qualifications and within a similar job category or position will be the last to be laid off, subject to the application of AEM's seniority policies.

AEM will promote the participation of women, challenged workers and youth in the workforce.

AEM will implement a code of conduct, and a harassment and discrimination policy.

AEM will have competitive compensation policies.

Training programs will include: work readiness, health and safety, work conditions, cross-cultural training, supervisory skills and management, personal financial management, entrepreneurial training and mentoring. Career path development plans will be available for workers with contracts longer than one year. Inuit are responsible for obtaining any certifications or licenses they wish to obtain, with AEM support and accommodation. AEM will report quarterly on its training programs.

For Contracts requiring the presence of Inuit for at least 12 months, and for other Contracts determined by the ECC, contractors must offer a career path development plan and training program for Inuit, as determined by AEM and approved by the ECC.

The ECC will identify barriers to Inuit advancement and will develop a strategy to overcome any barriers. The strategy will be up-dated every two years.

AEM will promote awareness and education about the mining industry at community meetings, schools and career awareness programs.

Inuit will be represented on AEM's labour collaboration and health and safety committees.

When operations end, AEM will provide job placement counselling. The Implementation Committee will recommend how the IIBA should be modified for the Post-Operation Phase.

AEM will contribute \$30,000 per year to a scholarship fund administered by KIA, to support post-secondary education for Inuit. High school and post-secondary students will be given opportunities to visit the Project site.

AEM must spend a minimum of \$750,000 each year if employment at all its Nunavut operations has less than 50% Inuit, in addition to the \$3,682,000.00 each year AEM already spends.

A Labour Market Analysis will be done each year to assist in understanding Inuit employment, with the objective of enhancing Inuit employment at the Project.

## **SCHEDULE D SOCIAL & CULTURAL WELLNESS**

The purpose of this Schedule is to promote the social and cultural wellness of Inuit in the Kivalliq Region, including cross cultural understanding, to achieve and maintain good morale for all workers at the Project.

AEM will have an office in Rankin Inlet, with a Community Liaison Officer to act as a resource for employees and community members. AEM will offer the services of elders, peer counselors and staff in community offices in the Kivalliq Region, to provide counselling on work/life balance challenges. AEM will hold annual meetings in the communities and will collaborate with the communities on the development and delivery of training programs based on cultural values, to assist Inuit to obtain and maintain employment.

AEM will participate in the development of a Family Network Program to assist families facing challenges because of the Project and to increase life skills and financial literacy of family members. AEM will offer an Employee Family Assistance Program to employees and their immediate families.

AEM arranges and pays for any medical examinations required for workers.

English is the working language, for safety reasons. AEM will ensure employees comply, otherwise discipline measures may be taken. AEM will hold public information sessions in English and Inuktitut and will translate recruitment and employment materials. They will have workers available to assist Inuit with translating and will offer an "English as a second language" program.

AEM will deliver cross-cultural training to all workers whose employment is expected to be greater than six months.

AEM will support Inuit family values by accommodating leaves for family functions and traditional activities, when possible. AEM will hold annual family days and IQ days at the mine site and family days in the communities.

AEM will support Inuit employees by: offering email, internet and telephone facilities; an on-site office for an elder or peer counsellor; recreation which includes cultural activities; offering country food, a freezer and eating area; incorporating IQ in its human resources policies; and having a “quiet room” for religious or spiritual functions.

AEM will comply with all laws and policies relating to archaeological sites.

AEM will support Inuit traditional economic activities by purchasing traditional goods, when possible.

A socio-economic impact and benefit review will be undertaken and updated every two years.

The ECC will determine what changes to this Schedule may be needed during the Post Operation Phase.

## **SCHEDULE E FINANCIAL COMPENSATION**

The purpose of this Schedule is to compensate Inuit for the direct and indirect impacts of the Project.

Milestone payments will be made by AEM: \$1,500,000 on signing the IIBA; \$500,000 within 10 days after getting a Type B Water License; and \$1,000,000 within 10 days after getting a Type A Water License.

Royalty payments, calculated as a 1.2% net smelter returns royalty (NSR), are payable by AEM to KIA based on Receipts received by AEM for all Product sold, less Allowable Deductions. Product includes gold, silver and any other metal AEM sells.

AEM may defer royalty payments for the first five years after commencement of Commercial Production. Deferred amounts will be paid in equal amounts during years six and seven (along with regular NSR payments). If AEM closes the mine or shuts it down for three months, any deferred amount will be immediately payable.

Stand-by payments may be required if commencement of Commercial Production occurs after September 30, 2020, at the rate of \$500,000 every 12 months after October 1, 2020.

AEM must provide full reporting and forecasting on its calculation of the royalty payments and KIA may audit.

Disputes concerning payment of royalties may be subject to a referee process or arbitration.

The NSR Agreement is not confidential but some information provided to KIA may be designated as confidential.

The NSR Agreement includes as a schedule a map identifying the area which is subject to the NSR Agreement.

The NSR will not be reviewed or renegotiated unless there is an amendment to the Project Certificate and the map which is a schedule to the NSR Agreement.

## **SCHEDULE F IMPLEMENTATION**

The purpose of this Schedule is to ensure effective IIBA implementation and to provide a process for addressing concerns.

There will be an On-site Working Group, a Business Opportunities Committee, an Employment and Culture Committee and an Implementation Committee. Other committees may be created if needed. An Administration Officer will provide administrative support to the Committees. KIA and AEM will each have an IIBA Implementation Coordinator. Elders will provide advice and assistance to the On-Site Working Group.

AEM and KIA will provide orientation training on the IIBA to their personnel and the Committees. An orientation manual is to be prepared in English and Inuktitut.

KIA will have an office at the Project site.

KIA will prepare an annual implementation budget to cover its implementation costs and AEM will pay KIA quarterly, in advance, with annual reconciliations. AEM will also pay KIA's costs for participation in regulatory reviews of the Project, according to agreed-upon budgets.

To facilitate KIA's participation in reviewing any changes to the Project, AEM will give KIA advance drafts of its proposed submissions to NIRB and NWB for KIA comment.

AEM must implement all reporting, monitoring and mitigation measures required by the Project Certificate and Water Licenses and provide copies to KIA. AEM must also implement other monitoring and mitigation measures required by the Implementation Committee. AEM and KIA will cooperate in developing future monitoring and mitigation measures.

AEM will prepare an annual IIBA Project Effects Monitoring Report which will describe how the Project operated, any variations from its projected effects, any new impacts, a summary of monitoring and mitigation and adaptive measures taken, and a description of the ways in which IQ was incorporated into monitoring and mitigation measures. The Report will include

information received from the Administration Officer, the Implementation Coordinators, the Committees, the On-Site Working Group and KIA's Director of Implementation.

AEM will hold annual information sessions in Rankin Inlet and Chesterfield Inlet to receive input on implementation of the IIBA.

## **SCHEDULE G MINE ASSETS**

The objective of this Schedule is to set out AEM's obligation regarding the sale of surplus Project assets.

If AEM decides that any equipment, buildings or significant quantities of materials are surplus to its requirements for the Project, it will offer them for sale to KIA or Sakku. If KIA/Sakku doesn't buy them, the assets will be offered to others, in the following priority: Inuit Firms in the Kivalliq Region, the Hamlet of Rankin Inlet, other Hamlets in the Kivalliq Region.

Similar requirements will be imposed on contractors who acquired assets for the purposes of the Project, which they no longer need.

## **SCHEDULE H ARBITRATION**

The purpose of this Schedule is to ensure the harmonious, equitable and efficient implementation of the IIBA.

A dispute which is not resolved by a Committee will be referred to the Implementation Committee. If it is still unresolved, it will be referred to the Presidents of AEM and KIA. If the Presidents can't resolve the dispute, it may be sent to arbitration. Arbitration will be conducted under Nunavut's Arbitration Act.

KIA and AEM will pay their own costs to participate in any arbitration, and will share the costs of the proceedings, unless the arbitrator orders otherwise.

Arbitration decisions are final, unless there is an error in law.

Arbitration proceedings will not be confidential, unless ordered by the arbitrator at the request of either AEM or KIA.

## **SCHEDULE I RESEARCH & DEVELOPMENT**

The purpose of this Schedule is to promote Inuit participation and increase the profitability of the Project, and to stimulate research and development which has commercial value.

If AEM undertakes any research and development related to the Project, AEM must provide KIA, Sakku or a Sakku subsidiary, an opportunity to participate. KIA and AEM will share the benefits of any research on the same basis as they share the costs of the research.

## **SCHEDULE J WILDLIFE**

The purpose of this Schedule is to set out AEM's obligations respecting wildlife and wildlife habitat.

AEM must comply with all management plans contained in the final environmental impact statement (FEIS) for the Project, and with caribou and muskox protection measures, and must suspend activities during migration, pre-calving, calving and post-calving periods.

AEM may not harass wildlife unless necessary to protect human health or safety, and must take all possible measures to avoid disturbing wildlife or Inuit who are harvesting wildlife. AEM will report wildlife sightings, interactions and incidents that result in killing, injuring or relocating wildlife.

Compensation will be paid to KIA for wildlife that is killed or relocated. Compensation for polar bear kills will be paid to the designated Hunters and Trappers Organization (HTO). Compensation will also be paid for interference with wildlife habitat that was not predicted in AEM's FEIS. Salvageable parts of wildlife will, unless otherwise ordered by a conservation officer, be delivered to the designated HTO.

If any of AEM's activities put the health or safety of wildlife or habitat at risk beyond what is contemplated by the Project Certificate, KIA may require AEM to suspend operations until the risk has been addressed.