

## **SUMMARY**

### **WHALE TAIL PROJECT INUIT IMPACT & BENEFIT AGREEMENT**

*Note: This summary has been prepared as a guide to understanding the Whale Tail 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 Whale Tail Project (the 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 and 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 is not confidential but information exchanged by KIA and AEM may be identified as confidential.

#### **Press Releases**

Either Party may issue a press release concerning the IIBA but must make Best Efforts to give the other Party advance notice. Nothing prevents KIA or AEM from speaking publicly about the Project (subject to the confidentiality provisions).

#### **Accident Reports**

AEM must report to KIA within twelve hours of a major incident accident suffered by Inuit.

#### **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 took effect on July 24, 2017 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 of 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 (with the first review to commence June 15, 2020), 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. The royalty rate (net smelter return or NSR) will only be reviewed as set out in Schedule E. AEM pays the cost of reviews (capped at \$250,000, adjusted for CPI after 2015) and, if the IIBA is re-negotiated, a budget for KIA's renegotiation costs will be agreed upon. If the Parties are unable to agree on an amendment, it will be resolved by arbitration.

## **Dispute Resolution**

KIA and AEM will work together to resolve disagreements before going to arbitration, and the Committees will deal with disputes that arise on issues before them. If a Committee cannot resolve a dispute then it goes to the Implementation Committee for resolution. Failing resolution by the Implementation Committee, the dispute may be referred to the Presidents of AEM and KIA and if they cannot 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.

## **Inuit Qaujimajatuqangit (IQ)**

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

## **Overlap With Meliadine and Meadowbank IIBAs**

In order to avoid duplication, all three projects will share the same Committees, Labour Pool List, Labour Pool Coordinator, elders, peer counselors and staff in community offices. There will be only one Strategy to Overcome Workforce Barriers, Labour Market Analysis, Socio-economic Inuit Impact and Benefit Review, Labour Pool Process, Skills Assessment Process, Inuit Firm pre-qualification process, materials for contractors, suppliers and workers. Information sessions and family days will include all three projects.

## **Additional Mining Activities**

If AEM undertakes Additional Mining Activities, the same IIBA provisions will apply.

## **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 Baker Lake 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 Incorporated [NTI] 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 Contractor 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 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 \$525,000 directly to Inuit Firms. AEM must tailor Contracts (break large Contracts down into smaller Contracts) where possible, to support Inuit Firms' ability to bid.

The Tendering Process will be done in a way that does not delay the Project.

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 workers, 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 an Inuit Firm in which Sakku has an ownership interest. 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 qualified Inuit. AEM maintains management rights and makes the final selection in the hiring of Inuit.

The ECC will set annual Inuit Employment Goals (IEGs), 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 IEGs will be reviewed annually by the ECC. If any of the IEGs have not been met, a determination will be made by the ECC as to whether AEM used Best Efforts to meet the IEGs. If the ECC cannot agree, the issue goes to the Implementation Committee and may ultimately be decided by arbitration. Consequences for AEM not meeting the IEGs may include 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 for qualifications 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 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 assessment of qualifications for the jobs Inuit 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.

As between Inuit and other workers with equal qualifications and within a similar Job Category, Inuit will be the last to be laid off, subject to 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 twelve months, and for other Contracts as decided by the ECC, contractors must offer a career path development plan and training program, 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 no more than once 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.

If Inuit employment at the Whale Tail, Meliadine and Meadowbank Projects (including the 9,330 hectare area known as the Amaruq Area) combined is less than 50%, in addition to the \$3,682,000 each year AEM already spends, AEM must spend \$500,000 and must pay KIA an additional \$500,000, to be spent on initiatives to help achieve 50% Inuit employment.

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.

The ECC will oversee training and employment to ensure the IIBA is implemented as intended.

## **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 Baker Lake, with a Community Liaison Officer to act as a resource for workers and community members. AEM will offer the services of elders, peer counselors and staff to provide counselling on work/life balance challenges in relation to the Meadowbank, Meliadine and Whale Tail Projects. 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 workers 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. A Language Policy will be developed, designed to increase the use of Inuktitut at the Project, along with annual reporting on the use of Inuktitut.

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 workers 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 Inuit Impact and Benefit Review will be undertaken and updated no more than once 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 provide compensation to Inuit for the direct and indirect impacts of the Project.

At the signing of the IIBA, AEM paid KIA \$3,500,000, plus \$3,000,000 which KIA placed in a community initiatives fund.

Royalty payments, calculated as a 1.4% 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. The NSR Agreement includes a map identifying the area which is subject to the NSR Agreement (Whale Tail plus the Additional Mining Activities).

AEM must provide full reporting and forecasting on its calculation of NSR payments and KIA may audit. Some information provided by AEM must be treated as confidential by KIA.

Disputes concerning payment of the NSR will be decided by a referee process or arbitration.

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

The NSR will not change if there is an amendment to the Project Description within the Amaruq Area or a new IIBA for Additional Mining Activities.

## **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 (OSWG), a BOC, an ECC and an Implementation Committee (IC). Other committees may be created if needed. Minutes of Committee meetings may be disclosed, upon request, to an Inuk or an Inuit Firm, except for commercially sensitive or private information which will remain confidential.

An Administration Officer provides administrative support to the Committees. KIA and AEM will each have an IIBA Implementation Coordinator. Elders will provide advice and assistance to the OSWG.

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 the Nunavut Water Board 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 IC. 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 (OSWG) and KIA's Director of Implementation.

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

KIA is entitled to request additional information related to any of the reports which AEM is to deliver under the IIBA, to ensure KIA has all relevant information.

## **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 Baker Lake, 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 IC. 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, subject to specific rules set out in the IIBA.

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. An arbitration hearing is held in Rankin Inlet, unless the parties otherwise agree.

Arbitration decisions are final and binding but may be reviewed by a court if there is an error in law.

Arbitration proceedings are not 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 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 Final Environmental Impact Statement (FEIS). Where feasible, salvageable parts of wildlife will, unless otherwise ordered by a conservation officer, be delivered to the designated HTO.

AEM must comply with all management plans contained in the FEIS for the Project, and with caribou and muskox protection measures.

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.

AEM must report to KIA and others, during the pre-calving, calving, post-calving and fall migration periods, when caribou or muskox are observed within ten kilometers of the Project, or are expected to migrate through the Project area. AEM shall not, unless necessary to protect human health or safety, conduct activities that interfere with the migration of caribou or muskoxen. When AEM becomes aware of the migration of fifty or more caribou, or ten or more muskox, AEM must suspend activities that have the potential to disturb wildlife, within five kilometers of the animals.