Nunavut Tunngavik Inc.

RESOURCE REVENUE POLICY

Approved by the Members in November 2011

*Last amended in October 2024**
*(*Approved to take effect on April 1, 2025)*

I. PURPOSE

To establish clear, efficient and consensus-based arrangements to govern the shared and sustainable use of a portion of the economic benefits derived from mineral resource development in the Nunavut Settlement Area.

II. DEFINITIONS

2.1 Except as defined in the Policy or as required by the context, a term or phrase used in this Policy has the same meaning as set forth in the *Nunavut Agreement*.

2.2 For the purpose of this Policy:

"Inuit Enrolment List" means the list maintained by NTI in accordance with Article 35 of the *Nunavut Agreement*;

"Mineral Resource Development" means exploration for and exploitation of minerals.

"*per capita*" means based on the number of Inuit associated with each region proportional to the total number of Inuit on the most recent Inuit Enrolment List.

"Regional Revenue" has the same meaning defined in Section 4.3A of this Policy;

"Resource Revenue" has the same meaning defined in Section 4.2 of this Policy;

"Retained Revenue" has the same meaning defined in Section 4.3 of this Policy;

"Trust" means the Resource Revenue Trust established by NTI pursuant to this Policy;

III. APPLICATION

3.1 This Policy applies to all Resource Revenue paid to NTI.

3.2 This Policy does not apply to lands described in Article 41 and Schedule 41-1 of the *Nunavut Agreement*.

3.3 This Policy also applies to all revenue paid to NTI and the Regional Inuit Associations (RIAs) as a result of oil and gas development, unless and until a separate policy is approved by the Board of Directors or the membership for oil and gas revenue.

IV. RESOURCE REVENUE

4.1 Repealed.

4.2 Resource Revenue means monies, shares, warrants, options and any other assets that are of monetary value paid to NTI as a result of Mineral Resource Development pursuant to IOL mineral exploration agreements or otherwise as a result of IOL mineral title (including mineral title under Section 19.2.3 of the *Nunavut Agreement* subject to "grandfathered" Crown mineral leases). For greater certainty, Resource Revenue does not include payments to the Nunavut Trust pursuant to Article 25 of the *Nunavut Agreement*.

4.2A NTI shall maintain a segregated bank account (the "Segregated Account") to receive and manage the Resource Revenue. Resource Revenue from each region shall be accounted for separately for the purpose of implementing Section 4.3A below.

4.3 NTI may retain a portion of the fees, other revenue and royalties each fiscal year (the "Retained Revenue") to wholly or partially offset its costs of holding, managing and administering the mineral title to IOL. Unless otherwise directed by NTI Board of Directors, the amount of the Retained Revenue shall be based on the total budget of NTI Department of Lands and Resources as of April 1, 2021, with annual adjustments based on the Consumer Price Index published by the Bank of Canada.

4.3A Each RIA is entitled to receive 7.5% of Resource Revenue from its region (the "Regional Revenue), plus a one-time additional payment pursuant to a resolution of the NTI membership before November 30, 2021 in accordance with Section 6.1(b). If a Mineral Resource Development project covers more than one regions, the affected RIAs will negotiate the appropriate percentage for each region.

4.3B Resource Revenue shall be paid in the following order on at least an annual basis:

(a) the Regional Revenue,
(b) the Retained Revenue, and
(c) the remaining amount to the Trust.

4.4 For greater certainty, the Resource Revenue does not include monies, shares, warrants, options and any other assets that are of monetary value paid to a RIA in connection with Mineral Resource Development and pursuant to an agreement entered directly by a RIA, whether associated with a surface or mineral exploration agreement, Inuit Impact and Benefit Agreement, land tenure agreement, water compensation agreement, partnership agreement, equity participation agreement or otherwise.

4.5 Repealed.

V. RESOURCE REVENUE TRUST

5.1 NTI shall cause the Trust to be established by trust deed to receive Resource Revenue.

5.2 The Trust shall be structured and operated to minimize income tax liability and to ensure that rights of the beneficiaries under the Trust are vested indefeasibly such that the 21-Year Deemed Disposition Rule under the Income Tax Act does not apply.

5.3 The trust deed shall be consistent with and provide further detail as necessary in relation to the following:

a) the Trust shall have seven trustees consisting of the Presidents of NTI and the RIAs and three independent trustees selected by the Presidents from a list of candidates nominated by a Resource Revenue Committee consisting of members of the Senior Management and Directors of Finances of NTI and the RIAs (the “Resource Revenue Committee”);

b) all material decisions of the Trust shall be approved by at least five of the seven trustees;

c) the independent trustees shall have demonstrable interest, professional knowledge and experience related to a trustee’s responsibilities;

d) the trustees shall be assisted by an independent Investment Advisor or Advisory Committee consisting of no more than five individuals with relevant professional knowledge, experience and expertise;

e) NTI and the RIAs shall be the sole beneficiaries of the Trust;

f) amendments to the trust deed shall be approved by a vote of at least two-thirds of the members of NTI; and

g) the Trust shall provide its audited financial statements to NTI and the RIAs on an annual basis and all other financial information upon request.

VI. TRUST FUNDS AND DISTRIBUTION

6.1 The trust deed shall be consistent with and provide further detail as necessary in relation to the following:

a) the trust funds shall be managed separately in an operating fund and an endowment fund.

b) Resource Revenue paid into the Trust shall be allocated in the following ratio: 50% to the operating fund and 50% to the endowment fund. Based on a unanimous recommendation of the Board of Directors, the membership of NTI, by a vote of at least two-thirds of the members present an Annual General Meeting or Special Meeting before November 30, 2021, temporarily suspend deposits into the endowment fund to enable a one-time additional payment of the Regional Revenue.

c) after deducting the operating costs of the Trust, the income from the operating fund shall be distributed annually in accordance with the following formula: 30% to NTI, 10% to each RIA, and 40% to the RIAs on a *per capita* basis (the "Distribution Formula"), or other arrangements as agreed by NTI and the RIAs.

d) the capital of the operating fund, after deducting

   (i) the operating costs of the Trust if the income of the operating fund is insufficient to cover such costs; and
   (ii) a reasonable amount of the capital of the operating fund as determined by the trustees to cover future operating costs, material valuation declines and contingencies;

   shall be distributed annually in accordance with the Distribution Formula, unless NTI and the RIAs agree otherwise.

e) loans may be made from the income or capital of the operating fund to a beneficiary of the Trust on terms and conditions agreed by NTI and the RIAs in consultation with the trustees.

f) except as otherwise provided in h) below, unless the trust deed and this Policy are otherwise amended in accordance with the provisions of the trust deed and this Policy, the capital of the endowment fund shall not be distributed under any circumstances. No loans shall be made from the capital of the endowment fund.

g) the income from the endowment fund shall be distributed annually in accordance with the Distribution Formula, or other arrangements as agreed by NTI and the RIAs, only if the value of the endowment fund exceeds a minimum sustainability threshold of one hundred million dollars ($100 million) (the "Minimum Sustainability Threshold"). However, only the portion of the income that exceeds one hundred and ten percent (110%) of the Minimum Sustainability Threshold as of the last day of the preceding fiscal year may be distributed. The Minimum Sustainability Threshold shall be adjusted on January 1 of each year based on the change in the total consumer price index published by the Bank of Canada as of September 30 of the previous year.

h) the capital of the endowment fund may be distributed annually in accordance with the Distribution Formula, or other arrangements as agreed by NTI and the RIAs, only if

   a. the value of the endowment fund exceeds the Minimum Sustainability; and
   b. the total amount of distribution to the Trust Beneficiaries in the fiscal year (i.e., distribution from the operating fund plus distribution of income of the endowment fund that is above the Minimum Sustainability Threshold, the "Combined Distributions") would otherwise be less than $10 Million Dollars (the "Minimum Total Distribution Target").

However, the distribution shall be made only to the extent to ensure the Minimum Total Distribution Target is met. For greater certainty, only the portion of the capital that exceeds one hundred and ten percent (110%) of the Minimum Sustainability Threshold as of the last day of the preceding fiscal year may be distributed to bridge any gap between the Combined Distributions and Minimum Total Distribution Target. The Minimum Total Distribution Target may be reviewed for increase every five (5) years.

VII. EXPENDITURE OF DISTRIBUTIONS

7.1 Subject to Sections 7.2 to 7.6, each RIA shall be the main decision-maker in its region on the expenditure of distributions from the trust fund to each RIA pursuant to Part VI of this Policy.

7.2 Each RIA shall design and implement allocations and expenditures with a goal of maximizing uniformity and consistency of decisions and programs across regions. The Resource Revenue Committee shall convene regularly to review the allocations and expenditures for this purpose.

7.3 Allocations and expenditures shall be for the purpose of providing both near-term and long-term sustainable benefits primarily for the current generation, and may be for economic, social, cultural, environmental or other purposes. Each organization shall endeavour to establish and maintain formal policies to guide its allocations and spending of the distributions from the Trust. For greater certainty, (1) investment of fund for the primary purpose of producing income is not considered spending for the current generation; and (2) "economic" purposes are not limited to programs that provide economic benefits to the current generation directly, and include spending on economic development projects and investment activities (e.g., Elders' facilities) with a primary and direct purpose of providing benefits to the current generation.

7.4 Except as approved by NTI's membership in exceptional circumstances, allocations and expenditures shall not be made by NTI or an RIA in areas where government has primary responsibility. Constraints or conditions shall be attached to such allocations and expenditures in order to ensure that Inuit benefit to the fullest extent possible, and that such allocations and expenditures augment rather than duplicate or replace government expenditures or programs.

7.5 Any form of direct, monetary distribution (or equivalent) by NTI or an RIA to all Inuit enrolled in the NLCA, or to any sub-classes of Inuit defined by age, occupation, income level, or any other criteria, on a Canada, Nunavut, regional, or community basis, must be approved by a vote of at least three-quarters of NTI's membership. In making such a decision, NTI's membership shall consider all relevant factors, such as the costs of administering the distribution, the relative benefit to each individual, the income tax implications to the Trust, income tax and financial implications to individuals, and any potential benefits that alternative programs may provide.

7.6 NTI shall administer any direct, monetary distribution (or equivalent) by NTI or an RIA to Inuit individuals, whether on a Canada, Nunavut, regional or community basis.

7.7 As of March 31 of any given fiscal year, at least 50% of the accumulated distributions from the Trust as of March 31 of the previous fiscal year should be spent (the "Minimum Spending Target") in accordance with this Policy. If an organization fails to meet the Minimum Spending Target in any given fiscal year, the failure and the underlying reasons shall be reported in the organization's annual report and to the NTI Board of Directors. This Section will take effect on a date set by the Board of Directors.