

NEWS RELEASE



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Annual General Meeting Members Pass Resource Revenue Policy

(November 29, 2011 – Iqaluit, Nunavut) Nunavut Tunngavik President Cathy Towtongie today explained the Resource Revenue Policy adopted by resolution by members during the annual general meeting in Cambridge Bay.

“The objective of the policy is to establish a clear, efficient and consensus-based policy to govern the use of a portion of the economic benefits derived from mineral resource development in Nunavut. It is not a policy on mining in general. NTI already has mineral resource development policies in place including the Mining Policy, Uranium Policy, as well as Rules and Procedures on Inuit Owned Lands. These policies will continue to govern how NTI negotiates exploration agreements or what’s in them. The intent of the Resource Revenue Policy is not to change the existing process that is in place.

“This is a policy on resource revenue, and the focus is on how to manage, distribute and use royalties from Inuit Owned Lands and revenue from oil and gas development. Until Agnico-Eagle Mines Ltd.’s Meadowbank gold mine came into production, there was no mining in Nunavut on Inuit Owned Lands. Meadowbank is the first project from which Inuit are to receive royalties as a result of mineral title,” said Towtongie.

The policy will cover royalties from mines on IOLs, which include royalties negotiated directly between NTI and mining companies, and royalties collected by the federal government from grandfathered mining leases. It also makes the 12 per cent Net Profit Interest Royalty, which NTI has had in place since 1993, the minimum for the negotiated royalty.

The policy is effective April 1, 2011. This means resource revenue covered by the policy that falls under the current fiscal year will be paid into a separate account and eventually the Resource Revenue Trust.

The Resource Revenue Trust will be managed by seven trustees consisting of the presidents of NTI and the RIAs and three independent trustees. The three independent trustees will be professional persons with relevant experience and expertise appointed from a list nominated by NTI/RIA senior management.

Money in the trust will be managed separately in an operating fund and an endowment fund. Fifty per cent of resource revenue will go to the operating fund and 50 per cent to the endowment fund.

The distribution formula for all distribution is: 30 per cent to NTI; 10 per cent for each RIA; and 40 per cent to the RIAs on a per capita basis. Based on the current population in each region, the final result will be approximately NTI 30 per cent; QIA 30 per cent, Kivalliq 21 per cent; Kitikmeot 18 per cent.

Income from the operating fund, after deducting the operating costs, will be distributed annually based on the distribution formula. Capital may be distributed based on the distribution formula. Income from the endowment fund will be distributed annually after the value of the fund exceeds \$100 million. Capital will never be distributed and no loans will be made from its capital.

Each RIA will be the main decision-maker on expenditures of trust funds (based on the distribution formula) in its region. Expenditures shall be for the purpose of providing both near-term and long-term sustainable benefits, and may be for economic, social, cultural, environmental or other purposes.

Unless approved by NTI membership in exceptional circumstances, expenditures will not be made by NTI or an RIA in areas where government has primary responsibility.

Any form of direct, monetary distribution (or equivalent) by NTI or an RIA to all Inuit enrolled in the NLCA will need approval of 75 per cent of NTI's membership.

The policy also covers royalties administered and collected by the federal government under the NWT-Nunavut Mining Regulations, and transferred to NTI, for grandfathered mineral leases on IOL Parcels where NTI holds the title to the mineral rights.

A copy of the Resource Revenue Policy is available on NTI's website.

The policy is the final product of two years of collective efforts and continuous work by NTI/RIA senior management, lands, financial, legal staff and consultants.

-30-

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