



October 10, 2013

Mr. Damien Côté  
Executive Director  
Nunavut Water Board  
PO Box 119  
Gjoa Haven, NU X0B 1J0

Dear Mr. Côté,

**Re: Cancellation of Type B Water Licence (8BC-MRY1314)**

This letter is to inform you of Baffinland's request to cancel Water Licence 8BC-MRY1314. Enclosed is the completed Nunavut Water Board (NWB) Application for Water Licence Cancellation.

As you are aware, licence 8BC-MRY1314 was issued for one year only to allow for specific site preparation activities to get underway in the absence of the Type A licence which was still under review. On June 10, 2013 Baffinland Iron Mines was issued Type A Water Licence 2AM-MRY1325. With this licence and the allocation of security for the construction and operation of the Mary River project as documented in the scope, including the structures and activities proposed under 8BC-MRY1314, the Type B is no longer required.

We have reviewed the various sections of Type B Water Licence 8BC-MRY1314 carefully and believe there are no outstanding items.

Condition Part B-3 states, "The Licensee shall maintain the security deposit until such time as the Minister is satisfied that the Licensee has complied with all provisions of the approved Abandonment and Restoration Plan. This clause shall survive the expiry of the Licence." As noted in the Application for Cancellation, the cancellation of this license is not the result of closure or abandonment of the project sites and all provisions for such an event are now reflected in Type A Water Licence 2AM-MRY1325 and the Interim Abandonment and Reclamation Plan.

To avoid repetition of security bonding, Baffinland is requesting that security allocated for 8BC-MRY1314 be returned to Baffinland in the amount of \$122,019.00. Since the security is maintained with the Minister of Aboriginal Affairs and Northern Development Canada as per condition Part B-1, Karen Costello and Andrew Keim have been included below.

In regards to the fee for cancellation, Phyllis Beaulieu, Manager of Licensing, is in possession of two cheques presently, one of which applies to this application and another, which is to be set aside for the forthcoming renewal of water licence 2BB-MRY114.

We look forward to your response regarding this matter; please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read 'Erik Madsen', with a stylized, flowing script.

Erik Madsen, Vice President  
Sustainable Development, Health, Safety & Environment

cc: David Hohnstein – Nunavut Water Board  
Sean Joseph – Nunavut Water Board  
Phyllis Beaulieu – Nunavut Water Board  
Karen Costello, Aboriginal Affairs and Northern Development Canada (AANDC)  
Andrew Keim, Aboriginal Affairs and Northern Development Canada (AANDC)