



March 9, 2012

Mr. Ryan Barry
Executive Director
Nunavut Impact Review Board
P.O. Box 1360
Cambridge Bay, NU X0B 0CO

RE: Update on Proposed 2012 Work Program

In September 2011, Baffinland applied for a Pre-Development Work (PDW) program which we believed would assist in completing the work needed to ensure project schedule integrity while respecting the intent and provisions of the Nunavut Land Claim Agreement (NLCA) and the Mary River environmental assessment process. Because of concerns expressed, among other aspects, over the "size of the proposed activities" (which in itself should not be a criterion for acceptance) Baffinland submitted a revised, scaled back, work plan in December 2011. The intent of this moderate program was to allow the company to begin certain temporary works and activities in anticipation of securing Project release in late 2012.

Your recent letter of March 5, 2012 approves a portion of the program. However, the prohibition on storage of fuel is a major impediment in achieving the full value of the 2012 summer plan. At a time when major mining and metals firms, like Baffinland's major shareholder ArcelorMittal, are facing the challenges of the global economic situation, the cost of undertaking a partial program that is constrained from delivering the plan's full value must be considered. In essence, the business case for undertaking the planned 2012 work program has been compromised. As a consequence, Baffinland will not be proceeding with its summer works program as outlined in the December submission and will not be mobilizing equipment, fuel and other supplies.

Work planned for 2012 will now consist of activities that are already approved in our existing Class B water licence, our land use permit at Steensby and as outlined in QIA lease for activities at Mary River and Milne Inlet.

Baffinland and its shareholders remain committed to the development of the Mary River Project. We therefore request that the focus of attention by communities and agencies now be on the scheduled review of the Final Environmental Impact Statement (FEIS) that was accepted by the NIRB Board on February 29th. Baffinland will continue to collect baseline information this spring and summer (i.e. marine, archaeological, geotechnical) as has been discussed during the review of the Draft Environmental Impact Statement.

Should you have any further questions please contact the undersigned at 416-996-5523 or by e-mail at erik.madsen@baffinland.com.

Sincerely,

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

Erik Madsen
Vice-President Sustainable Development

c.c. Honourable John Duncan – Minister of Aboriginal Affairs and Northern Development
 Honourable Joe Oliver – Minister of Natural Resources
 Honourable Keith Ashfield – Minister of Fisheries and Oceans
 Honourable Denis Lebel – Minister of Transport, Infrastructure and Communities
 Ms. Okalik Eegeesiak – President Qikiqtani Inuit Association
 Mr. Thomas Kabloona – Chairperson Nunavut Water Board
 Mr. Pauloosie Suvega – ADM, Sustainable Development Department of Executive and
 Intergovernmental Affairs – Government of Nunavut
 Ms. Dionne Filiatrault – Executive Director Nunavut Water Board
 Mr. Stephen Bathroy - Qikiqtani Inuit Association
 Mr. Jeff Mercer – Aboriginal Affairs and Northern Development
 Mr. Derrick Moggy – Fisheries and Oceans
 Mr. Robert Johnstone – Natural Resources Canada
 Mr. Doug Soloway – Transport Canada