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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

NWB File No.: 2AM-MRY---

March 1, 2013

Erik Madsen
Vice-President Sustainable Development,
Health, Safety & Environment
Baffinland Iron Mines Corporation
120 Adelaide Street West, Suite 1016
Toronto, Ontario M5H 1T1
Email: erik.madsen@baffinland.com

Re: Baffinland Iron Mines Corporation, Work Plan for 2013 and Update of Management Plans Related to Type “A” Water Licence Application

Dear Mr. Madsen:

Baffinland Iron Mines Corporation (BIMC or the Proponent) submitted to the Nunavut Water Board (“NWB” or “Board”), on February 13, 2013, correspondence for information purposes containing details on BIMC’s 2013 Work Plan for the Mary River Project as well as information on timelines for submitting updated Management Plans related to the Type “A” Water Licence Application and the potential bulk sampling program contemplated for 2014.

The NWB acknowledges the receipt of this correspondence with respect to an update on activities planned for the 2013-2014 period and has placed the document on the NWB’s ftp site, which can be accessed at the following link, with the username “**public**” and password “**registry**”, without the quotes:

<ftp://nunavutwaterboard.org/1%20PRUC/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-MRY----%20BIMC/3%20TECH/12%20C%20A%20I%20O/>

The NWB has reviewed the correspondence and recognizes that the activities and facilities proposed under the 2013 Work Plan are generally supported by the scope of the Project Certificate¹ issued by the NIRB for the Mary River Project and/or previously granted permits and authorizations. However, it should be noted that, the NWB has identified that some of the facilities and/or activities included under the 2013 Work Plan, while captured through the scope of the Type “A” water and associated exceptions granted under the NIRB’s 12.10.2(b) Decision

¹ NIRB Project Certificate (No.: 005), Dated December 28, 2012.

Report², do not appear to be captured under the scope of the current Type “B” water licence, 2BB-MRY1114.

The NWB would like to take this opportunity to remind BIMC, that should BIMC wish to undertake such activities and/or construct such facilities prior to the NWB and Minister’s decisions regarding the Type “A” water licence application for the project,³ BIMC would need authorization from the NWB through formal process and application for a new Type “B” water licence prior to proceeding. On the other hand, should BIMC undertake a substantive variation in the scope of any activity that is currently authorized under Licence No. 2BB-MRY1114, a formal amendment application would be required. As BIMC may recall, last year when a decision was made not to proceed with the activities included in the NIRB’s 12.10.2(b) exception report, BIMC withdrew the associated water licence applications and the NWB has not reviewed or considered those applications any further.

With respect to the potential 2014 Bulk Sampling Program being contemplated that would involve the mining and shipment of 500,000 tonnes of ore via the Milne Port to potential customers during the 2014 open water season, the NWB encourages the Proponent to keep the NWB informed of the outcome of the feasibility study being undertaken to ensure that the Board has the information required in order to understand how BIMC envisions the potential expansion of the bulk sampling program will fit into the current scope of the existing Type “B” water licence and any prospective Type “A” water licence governing the activities of the overall project.

Should you have any inquiries on technical matters related to the above, please contact Sean Joseph, Technical Advisor, at (604) 321-8185 or by email to sjoseph@nunavutwaterboard.org , or the undersigned at (780) 443-4406 or by email to dts@nunavutwaterboard.org. For inquiries on procedural matters and/or information requests, please contact Phyllis Beaulieu, Manager of Licensing, at (867) 360-6338 or by email to licensing@nunavutwaterboard.org.

Sincerely,

Original signed by:

David Hohnstein, CET,
Director of Technical Services
Nunavut Water Board

Cc: Mary River Distribution

² 12.10.2 (b) Determination Report NIRB File No.: 08MN053, dated March 5, 2012.

³ If the NWB and Minister do, at the conclusion of the licensing process, grant BIMC’s Type “A” Water Licence Application, the projected timeline in the Workplan for issuance of a prospective Type “A” Water Licence would be mid-June 2013. However, the Board notes that this projected timeline is subject to change to reflect the progression of the Type “A” licensing process, and developments at the Public Hearing of the Application and/or changes to the timelines for the NWB and Minister may affect these projections.