

File No: 2AM-MRY1325

October 24, 2013

Christine Kowbel, Partner Lawsen Lundell LLP 1600 – 925 West Georgia Street Vancouver, BC V6C 3L2

Email: ckowbel@lawsonlundell.com erik.madsen@baffinland.com

Subject: Nunavut Water Board Acknowledgement of Request and Confirmation Regarding

Proposed Temporary Ice Strip at David Lake

Dear Ms. Kowbel:

By this letter, the Nunavut Water Board (NWB or Board) acknowledges receipt of Baffinland Iron Mines Corporation's (BIMC or the Proponent) October 1, 2013 correspondence to the Board requesting approval for the construction and operation of a proposed 7000-ft (approximately), temporary ice strip and also includes simultaneously upgrades of the permanent all-weather airstrip at the Mary River Project (Project) Mine (Mary River) Site.

Based on the description of this activity provided by the Proponent, it is the Board's understanding that the temporary, ice strip will be constructed at David Lake, which is located approximately seven (7) kilometres northwest of the Mine Site. The ice strip is intended to provide general access to the Mine Site project area, support ongoing construction activities for the wider Project, and maintain short-term emergency evacuation capabilities during the period January – April 2014, while the permanent allweather airstrip is being upgraded. The Proponent has indicated that BIMC does not anticipate that the ice strip will be reconstructed or required following upgrades to the permanent, all-weather air strip for the Project, which is expected to be completed in 2014.

The NWB has reviewed the request and supporting information provided by BIMC and has determined that the construction of the temporary ice strip is included, by implication, within the scope of activities for the Project in terms of the overall mobilization and resupply strategy projected. In addition, the expansion and upgrades to the permanent airstrip are explicitly included in the scope of undertakings and activities captured in the Final Environmental Impact Statement² (FEIS) and supported by the Type "A" Water Licence³ for the Project. The Board therefore confirms that the temporary airstrip is an activity

¹ Baffinland Iron Mines Corporation, Mary River Project, Final Environmental Impact Statement (FEIS), Volume 3, Project Description, s. 2.1.2, p. 13; s.2.4, p. 36-41, February 2012.

Baffinland Iron Mines Corporation, Mary River Project, Final Environmental Impact Statement (FEIS), Volume 3, Project Description, s. 2.4.7, p. 41, February 2012.

Type "A" Water Licence for the Mary River Project, Issued by the NWB, June 10, 2013.

already included in the scope of the existing Type "A" Water Licence. As such, no additional activity-specific authorization or licence is required from the Board in order for the Licensee to undertake the activities and undertakings outlined in the request.

However, the Board appreciates being kept informed regarding the undertakings and activities associated with the temporary airstrip, and the NWB requests that BIMC provide the following information as it becomes available, or as may be added to the annual report for the Project in connection with BIMC's general reporting under Licence 2AM-MRY1325:

- a. The actual start and completion dates for the construction of the ice strip;
- b. The actual start and completion dates for the expansion and upgrades to the permanent allweather airstrip; and
- c. The amount of water used for constructing the temporary ice strip and the source(s) from which the water is withdrawn.

The Licensee should note that the Board expects the construction of the temporary ice strip would be carried out in accordance with all applicable guidelines and regulations. Further, the Licensee should understand that the water used for the construction of the temporary ice strip, which is estimated at 50 cubic metres per day, must be included in the water use volumes authorized under the Type "A" Water Licence, 2AM-MRY1325.

Should you have any questions or require additional information, please contact David Hohnstein, Director of Technical Services by e-mail to dts@nunavutwaterboard.org, Sean Joseph, Technical Advisor by email to sjoseph@nunavutwaterboard.org for any technical inquiries, or Phyllis Beaulieu, Manager of Licensing at 867-360-6338 or by e-mail at licensing@nunavutwaterboard.org for any procedural inquiries.

Sincerely,

Original Signed By:

Phyllis Beaulieu Manager of Licensing Nunavut Water Board

Cc: Mary River Distribution List

PB/si