



November 17, 2006

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Manager, Land Administration
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Indian and Northern Affairs Canada
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**Subject: Request for Amendments to Land Use Permit N2004C0017
Mary River Project - Bulk Sampling Program**

Introduction

Recently Baffinland Iron Mines Corporation (Baffinland) submitted a request for a renewal with amendments to the above Class A Land Use Permit, to allow for a continuation of its exploration and feasibility study-related work at the Mary River Project.

Baffinland herein is requesting a subsequent amendment to the same land use permit to conduct a bulk sampling program at Mary River in 2007-2008. The bulk sampling program will include the mobilization of equipment, upgrades to roads and camp facilities, and the mining of a 250,000 tonne sample of iron ore. The bulk sample will be crushed at Mary River, transported to Milne Inlet, and loaded onto ships for delivery to potential customers. The bulk sampling program is an important step in establishing the viability of the project.

Project Description

Details of the proposed bulk sampling program are provided in the attached Environmental Screening Report, prepared by Knight Piésold Ltd. A completed application for a land use permit is also attached.

Most aspects of the proposed bulk sampling program will be undertaken on Inuit Owned Land. The bulk sampling program will involve the following activities on Crown land:

- Upgrade of the 5 km section of the existing Milne Inlet Tote Road on Crown land
- Establishment of a 12-person capacity temporary roadside camp (referred to as the "Midway Camp") at Katiktok Lake

In addition, the exploration and feasibility study-related geotechnical drilling on Crown land, described in the renewal application submitted several weeks ago, will be undertaken concurrently as described in that submission.

Applications for various authorizations, accompanied by the Environmental Screening Document, are being forwarded to the following agencies.

- Nunavut Water Board (Water License)
- Qikiqtani Inuit Association (Inuit Land Use License and Quarry Concession)
- Department of Fisheries and Oceans (Fish Habitat)
- Transportation Canada (Navigable Waters)

In addition, we expect the project proposal will be forwarded to the Nunavut Planning Commission to determine if the proposal conforms with the regional land use plan, and then to the Nunavut Impact Review Board for environmental screening.

Land Use Fees

Land use fees have been calculated as follows:

Midway camp – 2.0 hectares

Existing Milne Inlet Road on Crown land – 5,000 m x 10 m width (5.0 hectares)

The total estimated area of Crown land to be used by the Project is 7.0 hectares. The total land use fees are calculated as follows:

Application Fee	\$ 150
Land Use Fees (\$50/hectare)	<u>\$ 350</u>
Total Amount	\$ 500

A cheque in the amount of \$500 accompanies the mailed copy of this letter.

Closure

We trust the enclosed information provides sufficient detail to process our application. Please do not hesitate to contact the undersigned at (416) 364-8820, ext. 34 with any questions.

Yours very truly,
BAFFINLAND IRON MINES CORPORATION



Rodney (Rod) Cooper, P.Eng.
Vice-President, Operations

c.c. Michael Zurowski, P.Eng., Baffinland
Steve Aiken, P.Eng., Knight Piésold Ltd.

Attached:

- Bulk Sampling Program Environmental Screening Report, by Knight Piésold
- Application for a Land Use Permit
- Cheque in the Amount of \$500