



November 17, 2006

Mr. Salamonie Shoo
Acting Director of Lands
Qikiqtani Inuit Association
PO Box 1340
Iqaluit, Nunavut
Canada, X0A 0H0

Dear Salamonie:

Subject: Request for Quarry Concession and Amendments to Inuit Land Use License #Q05L2C14, Mary River Project - Bulk Sampling Program

Introduction

Recently Baffinland Iron Mines Corporation (Baffinland) submitted a request for a renewal with amendments to the above Inuit land use license, 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 license to conduct a bulk sampling program at Mary River in 2007-2008. In addition, a quarry concession is requested to support the program. 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 Document, prepared by Knight Piésold Ltd. A completed application for a land use license, applicable topographic maps, and non-technical project summaries in Inuktitut and English are also attached.

Most aspects of the proposed bulk sampling program will be undertaken on Inuit Owned Land, including the following:

- Extraction of sand and gravel from portions of three general borrow areas along the existing Milne Inlet tote road
- Upgrade of the existing Milne Inlet tote road to allow all-weather use, including the placement of fill on the road bed and the replacement/installation of a large number of

culverts at watercourses; Barrels and debris left from historical activities in the 1960's will be removed to a landfill site near Mary River camp;

- Construction of a 100-person all-weather tent camp at Mary River, next to Baffinland's existing seasonal exploration camp;
- Establishment of temporary trailer camps at Milne Inlet and part-way along the Milne Inlet tote road;
- Establishment of temporary fuel storage facilities at Milne Inlet, the roadside (Midway) camp and at Mary River;
- Delivery of contractor mining and crushing equipment, camp materials and fuel in 2 or 3 ship voyages to Milne Inlet in August 2007, in accordance with standard northeast arctic sealift procedures, using standard sealift ships based in the vicinity of Montreal;
- Drilling, blasting and storing of 169,300 tonnes (dry) of weathered surface rock on the top of Deposit No. 1 at Mary River over one or two months in late 2007;
- Drilling, blasting, hauling and crushing of 250,000 tonnes (dry) of iron ore bulk sample from Deposit No. 1 at Mary River over three-to-five months, in late 2007 and early 2008;
- Temporary stockpiling of the iron ore bulk sample at Milne Inlet in the first half of 2007;
- Removal of barrels and debris at Mary River and Milne Inlet, left from historical exploration activities in the 1960's, to an inert landfill site near Mary River camp; and
- Loading the iron ore bulk sample onto ships at Milne Inlet in August-September 2008; a total of five voyages will be required.

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

Details regarding borrow development for sand and gravel extraction, as required according to Appendix A of the Inuit Land Use License Application, has been included in the Environmental Screening Report by Knight Piésold.

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

- Nunavut Water Board (Water License)
- Department of Indian and Northern Affairs (Land Use Permit)
- 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.

Application Fees

Enclosed with the original signed application to the Qikiqtani Inuit Association is payment for application fees calculated as follows:

Land Use Application Fee (Land Use License III)	\$500.00
Land Use Fees (146 - 95 = 51 hectares)	\$2,550.00
Water Application Fee (Land Use License III)	\$500.00
Water Use Fee (21,435 m ³ /year)	\$564.81
Total Application Fee	\$4,114.81

Notes on how the above fees were calculated for 2007:

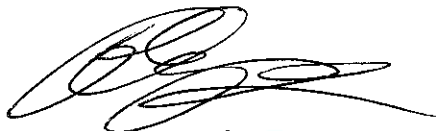
- In our recently submitted license renewal package, 2007 land use fees were paid on 95 ha, the amount of land that will be used by the ongoing exploration drilling. The bulk sampling program will use a total of 146 ha. The incremental additional land use is 51 ha, and fees have been calculated based on the incremental land use.
- Quarry concession fees have not been included, as we expect to negotiate this in the near future.

Closure

We trust the enclosed information is sufficient for the Qikiqtani Inuit Association to consider the renewal of Baffinland's land use license and establishment of a quarry concession. Please do not hesitate to contact the undersigned at (416) 364-8820, ext. 34.

Yours very truly,

BAFFINLAND IRON MINES CORPORATION



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

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

Attachments

- Attachment 1 – Application for Access to Inuit Owned Land
- Attachment 2 – Bulk Sampling Program Environmental Screening Report by Knight Piésold
- Attachment 3 – Non-technical Project Summary (Inuktitut)
- Attachment 4 – Non-technical Project Summary (English)
- Attachment 5 – Topographic Maps 37G and 47H
- Attachment 6 – Cheque in the Amount of \$4,114.81