

November 15, 2007

Ms. Phyllis Beaulieu  
Manager of Licensing  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, Nunavut  
Canada, X0B 1J0

**Re: Type B Water License #2BB-MRY0710**  
**Mary River Project – Exploration, Geotechnical Drilling and Bulk Sampling**

Dear Ms. Beaulieu:

The above license allows for the use of water and the deposit of wastes required in support of activities at the Mary River project site associated with exploration and geotechnical drilling, and the completion of a bulk sample program. Water License 2BB-MRY0710 currently expires on February 28, 2009 and allows for a maximum use of 535 m<sup>3</sup>/d of water, of which 455 m<sup>3</sup>/d is allocated for drilling purposes, and 60 m<sup>3</sup>/d for domestic uses.

Baffinland Iron Mines Corporation (Baffinland) proposes to increase the efficiency and effectiveness of its exploration and geotechnical programs by introducing additional drills to the program, providing camp facilities along the potential future railway alignment and increasing camp capabilities at the potential Steensby Inlet port location. Increasing camp capabilities in closer proximity to field work locations is expected to increase productivity while reducing fuel demand and helicopter use for every metre drilled under these programs. Baffinland proposes to increase the potential number of drills used in support of these programs from the previously identified seven (7) to up to ten (10). Increasing productivity will enable the timely collection of the information required to support the exploration and mine planning processes.

More specifically, Baffinland proposes the following additions to the current scope of activity which are discussed in further detail below:

- Establishment of a new temporary tent camp for approximately 40 people part way along the potential future railway alignment (referred to as the Rail Camp).
- Expansion of the originally identified approximate 8-12 person temporary tent camp at the potential future port site at Steensby Inlet to an approximate 40 person temporary tent or trailer camp in 2008. It is further proposed that materials and supplies required for camp and drilling operations conducted along the potential railway alignment would be provided via an annual sealift to Steensby Inlet.

In proposing these program additions, Baffinland has reviewed its actual water consumption in 2007 and determined that sufficient water is available under the current license for both future drilling purposes and camp operations based on site specific operating experience. As such, Baffinland is not requesting an increase in the total amount of water the company is currently permitted to use.

An extension of the term of the license to December 31<sup>st</sup>, 2010 is also requested of the Nunavut Water Board (NWB). This term will facilitate three full (3) years of geotechnical data collection considered necessary to further support the mine planning process as well as facilitating continued exploration activities.

In addition to the above, Baffinland is also requesting the NWB consider through this submission the following changes to the existing water license to address the following:

- Removal of Part F, Item 5 prohibiting on-ice drilling. Prior to the amendment of MRY-0708 to permit activities associated with execution of a bulk sample program on-ice geotechnical investigations were an approved activity. Baffinland requests that this restriction be removed from the water license on the basis that the bulk sample program did not contemplate a change to this previously approved activity.
- Removal of Part H, Items 8, 10, 12 and 14 stipulating specific Abandonment and Restoration procedures on the basis that they are not accurately reflective of the "Bulk Sample Abandonment and Restoration Plan", as prepared as part of the Nunavut Impact Review Board (NIRB) Environmental Screening and subsequently submitted to the NWB for approval. Baffinland requests that the license stipulate adherence to an approved Abandonment and Restoration Plan.

The following documents are appended to this letter, in accordance with the application requirements, as follows:

- Attachment 1 - Water Licence Application Form
- Attachment 2 - Exploration/Remote Camp Supplementary Questionnaire
- Attachment 3 - Non-Technical Project Summary (Inuktitut and English)

Baffinland notes, that in addition to this submission to the NWB, Baffinland is seeking parallel changes, as necessary to its INAC Class 'A' Land Use Permit N2006C0036 and the land use approvals secured through the Qikiqtani Inuit Association (QIA).

### **Application Fees**

Annual water license fees calculated as follows:

Application Fee	\$30.00
<u>Water Use Fee</u>	<u>\$30.00</u>
<b>Total Application Fee</b>	<b>\$60.00</b>

Baffinland understands that it has a credit in place with the NWB due to previous overpayment of fees and will be allocated to account for the above.

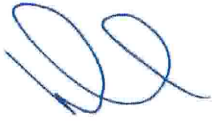
### **Closure**

We trust the enclosed information is sufficient for the NWB to consider the requested changes to Baffinland's water license in support of the continued Bulk Sample Program and Exploration and Geotechnical Investigation Programs. Upon approval, existing monitoring and management plans required under terms of the existing water license will be updated and resubmitted to the NWB as necessary to reflect these proposed changes.

Please do not hesitate to contact the undersigned at 416-814-3171 or [Derek.chubb@baffinland.com](mailto:Derek.chubb@baffinland.com).

Best Regards,

**Baffinland Iron Mines Corporation**



Derek Chubb  
VP, Sustainable Development

Attachments:

- Figure 1 - Regional Plan (1 page)
- Figure 2 - Rail Camp and Steensby Area (1 page)
- Figure 3 - Rail Camp - Proposed Camp Layout (1 page)
- Figure 4 - Steensby Inlet Area - Proposed Camp Layout (1 page)
- Figure 5 - Direction and Distance to Communities (1 page)
- Attachment 1 - Water Licence Application Form - Completed (4 pages)
- Attachment 2 - Exploration/Remote Camp Supplementary Questionnaire (11 pages)
- Attachment 3 - Non-Technical Project Summary (Inuktitut and English) (4 pages)

Cc: Cheryl Wray, Baffinland Iron Mines Corporation