From: Sean Joseph
To: Oliver Curran; Erik Madsen; Jim Millard
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Subject: Licence 2BB-MRY1114
Date: Thursday, August 01, 2013 5:15:30 PM
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Hi Oliver,

As mentioned to during yesterday's teleconference, confirmation/clarification is required for the items listed below irrespective of whether or not the Nunavut Water Board (NWB) decides to amend Licence 2BB-MRY1114 with or without an application from Baffinland Iron Mines Corporation (BIMC). It is understood based on the discussions that the preferred option would be one that includes an application from BIMC to amend Licence 2BB-MRY1114. With that in mind, the NWB has asked its legal counsel to examine that possibility taking into consideration the Type "A" water licence that has recently been issued to the project. A follow-up email will be provided on the possible approach(es) that can be taken to amend licence 2BB-MRY1114 under the current circumstances.

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1. Project Name
   The project's name under Licence 2BB-MRY1114 is the "Mary River Project". Now that that a Type "A" water licence has been issued to the same project name, confirmation is required from BIMC on whether it is considering renaming the project under Licence 2BB-MRY1114 to better reflect the type of activities being carried (for example renaming the project to the "Mary River Exploration Project" or a variation thereof).

2. Consistent with the reduced scope of activities identified in BIMC's October 31, 2012 correspondence, the Nunavut Water Board (NWB) is considering including the following scope of activities under any potential initial amendment to Licence 2BB-MRY1114:

   Milne Port Site
   - Geotechnical drilling to support future infrastructure development;

   Mine Site
   - On-going exploration drilling and geotechnical drilling activities on Baffinland's mineral claims and development areas for the life of the Project;
   - Use of existing camp infrastructure to house to service exploration and geotechnical drilling programs;
   - Drill water use to support ongoing exploration and geotechnical drilling for the life of the Project (specific sources identified prior to drilling);
   - Potential for establishing future satellite camps to support exploration and drilling activities (amendment of licence would be required);

   Steenby Port Site
   - Geotechnical drilling to support future infrastructure development;

   Railway Corridor
   - Geotechnical drilling to support future infrastructure development; and

   Water Crossings
   - New water crossings for the railway require a DFO authorization (letter of advice or specific authorization);

   a. Confirmation is required from BIMC on whether the activities and/or facilities mentioned above, excluding the ones that may be captured subsequent to any potential initial amendment, are the only ones that will be retained under any initially amended 2BB-MRY1114 Licence issued to the Project.

   b. Confirmation is required on whether the project extents under any amended 2BB-MRY1114 Licence are going to be the same as those currently contained in the licence.

   c. Confirmation is required with respect to the number of proposed and/or existing camps, including coordinates where currently possible, that will be associated with the project under the reduced scope of activities.

3. Water Use
   a. In accordance with Schedule 2 of the Regulations, water use allowed under any Type B licence must be under 300 cubic metres per/day. During the public hearing, BIMC indicated that it will reduce the water volume from 385 to under 300 cubic metres per day. Confirmation is required on the volume of water that would be allocated for domestic and drilling purposes?

   b. Although all of the potential water sources have not been identified as yet and that there are plans to

identify undetermined sources prior to use, for the known sources and where possible at this particular time, confirmation is required for the sources that are located on Inuit-own lands and Crown Lands?

4. Waste Deposit
   a. Confirmation is required on the types of waste anticipated to be generated under the reduced scope of activities for licence 2BB-MRY1114 as identified in BIMC's Octobers 31, 2012 correspondence.

   b. Confirmation is required with respect to the strategies that will be developed and implemented for managing any waste type identified in 4a.

5. Bulk-Sampling Program
   a. Potential future bulk sampling program(s) was/were not included under the scope of activities under BIMC's October 31, 2013 correspondence. Confirmation is required on whether future bulk-sampling program(s) will be carried out under any initially amended 2BB-MRY1114 licence, a separate licence or an amendment subsequent to any initial amendment.

6. Drilling
   a. Confirmation is required from BIMB on whether geotechnical drilling within 30 metres of the ordinary high water mark should be retained under any amended 2BB-MRY1114 Licence.

7. Security
   a. During BIMC's presentation at the Public Hearing for the Type "A" water licence, it was stated that $1,250,000 will remain under Type "B" licence 2BB-MRY1114 as reclamation security for relevant activities and/or facilities. Confirmation is required from BIMC on the percentage of the total amount of security under the Type "B" licence that would be allocated for potential land or water related reclamation.

In the interim, please do contact me at your earliest convenience if you have any questions.

Regards,
Sean

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