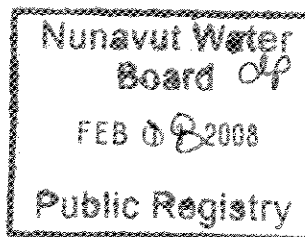


February 8, 2008

Ms. Leslie Payette  
Nunavut Impact Review Board  
P.O. Box 1360  
Cambridge Bay, NU., X0B 0C0  
Fax # 867 983 2574

Mr. Jeffery Howell  
Indian and Northern Affairs Canada - NU  
P.O. Box 100  
Iqaluit, NU., X0A 0H0  
Fax # 867 975 4286

Ms. Phyllis Beaulieu  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU.,  
Fax # 867 360 6369



Dear Ms. Payette, Mr. Howell and Ms. Beaulieu

**Re: Mary River Project - Baffinland / NWB 2BB-MRY0710 / INAC  
N2006C0036**

The NPC has completed its review of the above noted project proposal. It conforms to the North Baffin Regional Land Use Plan (NBRLUP) subject to the attached conformity requirements and conditions below.

For future reference the NBRLUP has specific terms regarding the development of a transportation corridor where a proposal for an amendment to the NBRLUP must be requested. These terms are:

s. 3.5.11 - All parties wishing to develop a transportation and/or a communications corridor shall submit to the NPC a detailed application for amendment. This application must include an assessment of alternative routes, plus the cumulative effects of the preferred route. It shall provide reasonable options for other identifiable transportation and utility facilities.

s.3.5.12 - The NPC, and either NIRB or a panel acting under 12.4.7 of the NLCA, shall publicly review the proposed corridor to determine whether the proposal adequately meets the guidelines set out in Appendices J and K. Once it is

determined that a proposal does meet the guidelines, the NPC may request the Ministers to amend the plan to include the new transportation corridor.

The project proposal submitted includes research on options relating to alternative transportation / communication routes. As a proposal to conduct research, it does not constitute a proposal to develop a transportation and / or communications corridor in the North Baffin Planning Region. This positive conformity determination for research activities does not constitute a positive conformity determination with respect to development of a corridor.

By this letter and additional enclosures, the NPC is forwarding the project proposals with this determination to NIRB for screening.

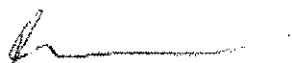
Should this project proposal advance beyond a proposal to conduct research as noted above or, as a result of the Nunavut Impact Review Board (NIRB) screening, trigger a review under 12.4.7 of the Nunavut Land Claims Agreement the above NBRLUP terms will be implemented as part of the NIRB review.

The applicant has undertaken to comply with the attached requirements. The authorizing agencies to which this letter is addressed are responsible under the *Nunavut Land Claims Agreement* to implement any of the attached requirements by incorporating the requirements directly, or otherwise ensuring that they must be met, in the terms and conditions of any authorizations issued.

My office would be pleased to discuss with these agencies how best to implement these requirements and to review any draft authorizations that the agencies wish to provide for that purpose.

This conformity determination applies only to the above noted applications as submitted. Therefore, the proponent must ensure other applications for a permit under this project proposal not listed above are forwarded to NPC for a conformity determination against the NBRLUP, and please notify the NPC immediately if any material change to the project proposal is made before authorizations are issued.

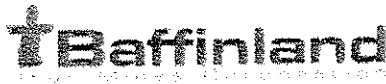
Thank You,



Brian Aglukark, NPC  
Arviat, NU

Encl.

CC Mr. Derek Chubbs, Baffinland Iron Mines Inc.



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
Water Use Fee	\$30.00
<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

A handwritten signature in black ink, appearing to be "Derek Chubb".

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



November 15, 2007

Mr. Spencer Dewar  
Manager, Land Administration  
Indian and Northern Affairs Canada  
P.O. Box 100, Building 918  
Iqaluit, Nunavut  
Canada, X0A 0H0

Re: Class A Land Use Permit #N2006C0036  
Mary River Project

Dear Mr. Dewar:

The above permit allows for activities on Crown lands associated with exploration and geotechnical investigation programs, as well as a bulk sample program at the Mary River Project site. Land Use Permit N2006C0036 currently expires on April 3, 2009. To 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, Baffinland Iron Mines Corporation (Baffinland) requests extension of the term to December 31, 2010.

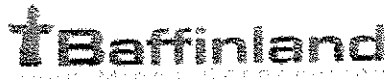
Baffinland proposes to increase the efficiency and effectiveness of its exploration and geotechnical programs by introducing additional drills to the program, and increasing camp capabilities along the potential future railway alignment and at the potential Steensby Inlet port location.

More specifically, Baffinland proposes the following additions to the current scope of permitted activity on Crown lands:

- 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.

Please refer to the figures attached to this letter along with the completed Application for Land Use Permit form for additional information.

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 investigations and mine planning processes.

Detailed geotechnical investigations (i.e. drilling and test pitting) will continue generally along the potential rail alignment between Mary River and Steensby, and for the mine site infrastructure, open pit overburden, potential wind and hydro-electric power sites, potential borrow pits, quarry sites and railway ballast, and port facilities at Steensby. Both land-based and on-ice drilling will be conducted. On-ice drilling will be limited to the Steensby Inlet and various other locations which will be drilled under frozen conditions. Locations of bridge abutments along the rail alignment will require on-ice drilling. Final drillhole locations have not yet been confirmed. Anticipated completion of a definitive feasibility study in 2007 requires continued geotechnical study to aid in mine planning process. Work to date has indicated the need for additional drillholes beyond original estimates.

The number of holes drilled in any one season will be dependent on realized program efficiency, with the ultimate number of holes required for mine planning purposes determined based on field results.

Baffinland notes that in addition to this submission to INAC, Baffinland is seeking parallel changes, as necessary to its Nunavut Water Board (NWB) Type B Water License 2BB-MRY0710 and the land use approvals secured through the Qikiqtani Inuit Association (QIA).

#### Land Use Fees

For the purposes of calculating land use fees for the updated scope of activities proposed on Crown Land under this land use permit, we have used the land use conversion of 10 drillholes and/or test pits per hectare as follows:

Transportation Route Drilling – estimated at 400 drillholes  
 Transportation Route Test Pitting – estimated at 100 test pits  
 Steensby Inlet Port Site Drilling – estimated at 40 drillholes  
 Hydro site drilling – estimated at 20 drillholes  
 Hydro site test pitting – estimated at 15 test pits  
 Wind power site drilling – estimated at 20 drillholes  
 Wind power site test pitting – estimated at 15 test pits  
 Steensby Inlet Camp site – estimated at 5.1 ha  
 Rail Camp site – estimated at 3.4 ha

The above noted estimates are exclusive of work conducted within the mineral leases held by Baffinland.

The total estimated amount of Crown land to be used for this work is approximately 70 ha. The total land use fees are calculated as follows:

Application Fee:	\$150.00
The first 2 ha:	\$50.00
Land Use Fees for remaining area (\$50 per hectare)	\$3,400.00
Total Application Fee	\$3,600.00

**Closure**

We trust the enclosed information is sufficient for INAC to consider the requested changes to Baffinland's land use permit, as required, and in support of the evolving Mary River Project.

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

A handwritten signature in black ink, appearing to be 'Derek Chubb', written over a light blue horizontal line.

Derek Chubb

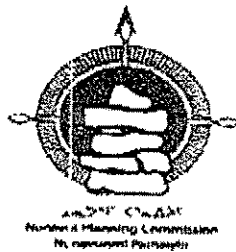
VP, Sustainable Development

**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)
- Attachment 1 - Application for Land Use Permit - Completed (5 pages)
- Attachment 2 - Cheque for Application Fee (Mailed Copy Only)

Cc: Cheryl Wray, Baffinland Iron Mines Corporation





February 5, 2008

Mr. Derek Chubb  
VP, Sustainable Development  
Baffinland Iron Mines Corporation  
Suite 1016, 120 Adelaide Street West  
Toronto, ON, M5H 1T1

Fax # 416 844 0903

Dear Mr. Derek Chubb

Re: Mary River Project - Baffinland / NWB 2BB-MRY0710 / INAC N2006C0036

The above-noted proposal has been forwarded to the Nunavut Planning Commission (NPC) for determination of its conformity with the North Baffin Regional Land Use Plan (NBRUP) under the Nunavut Land Claims Agreement and Nunavut Land Claims Agreement Act, S.C. 1993, c. 29. NPC is currently reviewing the proposal and in order to complete its review NPC requires that you undertake to comply with certain terms of the NBLUP.

All project proposals within the region in question are required to comply with the terms of the NBLUP. I am attaching the conformity requirements relevant to your project and with which it must comply. Also attached, is a copy of the Code of Good Conduct and the Caribou Protection Measures. These document forms part of the Plan.

Reply to each statement in the List of Relevant Conformity Requirements by circling either YES or NO, complete the signature block and fax the form back to us at the following number: (867) 857-2243.

If you would like more information, please contact NPC at the following number: (867) 857-2242.

Yours truly,

Brian Aglukark  
Director, Regional Planning

Attachment

Application: NWB 2BB-MRY0710 / INAC N2006C0036

**NUNAVUT PLANNING COMMISSION**  
**APPLICATION TO DETERMINE CONFORMITY**  
**WITH THE NORTH BAFFIN REGIONAL LAND USE PLAN**

NUNAVUT PLANNING COMMISSION  
BOX 419, Arviat, Nunavut  
X0C-0E0

*All applicants for a project proposal shall comply with the requirements listed below. The relevant sections of the plan are noted in each requirement.*

**GENERAL**

2. **Environmental Protection:** s3.13.8: The applicant undertakes to prevent any new occurrences of pollution, garbage and contamination at the site of the development.

Yes

No

3. **Removal of Fuel Drums:** s3.13.8: The applicant undertakes to remove all drums safely from the site and dispose of the drums in a safe manner.

Yes

No

4. **New Site Restoration and Clean Up:** s3.13.1 and Appendix H, s1: The applicant undertakes to clean up the site and restore the site to its natural condition to the greatest extent possible.

Yes

No

5. **Old Site Restoration and Clean Up:** s3.13.2: The applicant undertakes to clean up the site and restore the site to its original condition to the greatest extent possible, including any work required due to the applicant's action prior to this application.

Yes

No

6. **Low-Level Air Flights:** Appendix H, s3: Will the applicant avoid all low-level flights?

Yes

No

- i. If not, explain why such flights are or may be absolutely necessary.

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- ii. If such flights are or may be absolutely necessary, will they avoid disturbance to people and wildlife?

Yes

No

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- iii. If not, explain why it is not possible to avoid such disturbance.

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7. Caribou Protection Measures. *Appendix 1*: Will the applicant comply with the Caribou Protection Measures outlined in Appendix 1?

Yes

No

## HERITAGE RESOURCES

10. **Reporting of Archaeological Sites:** s3.11.3 and Appendix H, s2 and s8: Will the applicant immediately report the discovery of all suspected archaeological sites to the Department of Culture, Language, Elders and Youth (GN)?

☒ Yes

No

## MINING

11. **Mining Development:** s3.6.5: Is the proposal for mining development?

☒ Yes

No

If yes, include with the application a mine closure and restoration plan and the proof of complete financial guarantees for the abandonment and restoration of the site.

12. **Negative Effects:** s3.6.6: Has the applicant planned to minimize the negative effects of its activity on the environment?

☒ Yes

No

Include with the application the mitigative measures developed.

13. **Hunting Restrictions:** s3.6.9: The applicant is informed of any special hunting restrictions that may apply to the area and will strictly enforce them at its mine sites and along transportation routes.

☒ Yes

No

14. **Carving Stone Deposits:** Appendix H, s9: Will the applicant report any discoveries of carving stone deposits to the Qikiqtani Inuit Association?

☒ Yes

No

15. **Negative Effects:** s3.7.7: Has the applicant planned to minimize the negative effects of its activity on the environment?

☒ Yes

No

Include with the application the mitigative measures developed.

**MARINE AND TERRESTRIAL TRANSPORTATION**

21. Corridor: Appendix C.3.5.12: Does the proposal consider the development of a transportation and/or communications corridor?

Yes

No

If yes, include with the application an assessment of alternate routes, the cumulative effects of the preferred route and options for other identifiable transportation and utility facilities.

*Proposal is to continue to undertake research into a potential future rail line associated with full-scale mining development.*

22. Code of Good Conduct for Land Users: Appendix H: The applicant undertakes to adhere to the code of Good Conduct at all times.

Yes

No

I, \_\_\_\_\_ (name of applicant), certify that the information I have given in this application is true and correct and hereby make the above undertakings which form part of my application for a project proposal within the meaning of the Nunavut Land Claims Agreement.

Date: Feb. 4, 2007

Signature of Applicant: \_\_\_\_\_

**North Baffin Regional Land Use Plan  
Appendix H  
Code of Good Conduct for Land Users**

1. The landscape of each camp and other land use sites will be restored to its original condition to the greatest degree possible. Water quality will be preserved and no substances that will impair water quality will be dumped in water bodies. When possible and feasible, old sites will be restored to the natural state.
2. All land users shall assist communities and government(s) in identifying and protecting archaeological sites and carving-stone sites, as required by law.
3. Generally, low-level flights by aircraft at less than 300 metres should not occur where they will disturb wildlife or people. If such flights are necessary, they should only take place after consultation with the appropriate communities. All land users are responsible for reporting to the land managers any illegal or questionable low-level flight.
4. All activities on the land will be conducted in such a fashion that the renewable resources of the area in question are conserved.
5. Whenever practicable, and consistent with sound procurement management, land users will follow the practice of local purchase of supplies and services.
6. Land users will establish working relationships with local communities and respect the traditional users of the land.
7. During the caribou calving, post-calving and migrating seasons, land use activities should be restricted to avoid disturbing caribou, in general, and activities will be governed more specifically by caribou protection measures such as those contained in Appendix I.
8. Artifacts must be left where they are found. All land users are responsible for reporting the location of, or any removal or disturbance of artifacts, to CLEY.
9. The mining industry is encouraged to assist in identifying local carving-stone deposits and report any discoveries to the QIA. Industry is also encouraged to identify and report old waste sites that need to be cleaned up.
10. All land users shall obey the laws of general application applying to land use.

**North Baffin Regional Land Use Plan  
Appendix I  
DIAND Caribou Protection Measures**

1. (a) The Permittee shall not, without approval, conduct any activity between May 15 and July 15 within the Caribou Protection Areas depicted on the map certified by the Engineer as the "Caribou Protection Map" and annexed to this Land Use Permit.  
(b) A Permittee may, upon approval by the Land Use Inspector, operate within the said Caribou Protection Areas beyond the May 15 deadline set out in 1 (a), provided that, when monitoring information indicates that caribou cows are approaching the area of operation, the Permittee will implement 1 (c).  
(c) On cessation of activities pursuant to 1 (a) or 1 (b), the Permittee will remove from the zone all personnel who are not required for the maintenance and protection of the camp facilities and equipment, unless otherwise directed by the Land Use Inspector.  
(d) The Permittee may commence or resume activities prior to July 15 within those parts of the Caribou Protection Areas released by the Land Use Inspector for the reason that caribou cows are not expected to use those parts for calving or post-calving (note 1).
2. (a) In the event that caribou cows calve outside of the Caribou Protection Areas, the Permittee shall suspend operations within the area(s) occupied by cows and/or calves between May 15 and July 15.  
(b) In the event that caribou cows and calves are present, the permittee shall suspend:
  - (i) blasting;
  - (ii) overflights by aircraft at any altitude of less than 300 meters above ground level; and
  - (iii) the use of snowmobiles and ATVs (all-terrain vehicles) outside the immediate vicinity of the camp.
3. (a) During migration of caribou, the Permittee shall not locate any operation so as to block or cause substantial diversion to migration.  
(b) The Permittee shall cease activities that may interfere with migration, such as airborne geophysics surveys or movement of equipment, until the migrating caribou have passed.
4. (a) The Permittee shall not, between May 15 and September 1, construct any camp, cache any fuel, or conduct any blasting within 10 kilometres of any "Designated Crossing" as outlined on the map certified by the Engineer as the "Caribou Protection Map" and annexed to this Land Use Permit.  
(b) The Permittee shall not, between May 15 and September 1, conduct any diamond drilling operation within 5 kilometres of any "Designated Crossing" as outlined on the map certified by the Engineer as the "Caribou Protection Map" and annexed to this Land Use Permit.