



Nunavut District Office

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Via E-mail

Friday, October 5, 2007

CIDM : 175484

Cheryl Wray

Environnemental Division

Baffinland Iron Mines Corporation

Suite 1016, 120 Adelaide Street West

Toronto, ON M5H 1T1

Cheryl,

Thank you for your memo and request dated September 30th, 2007 and received here by e-mail. As you have noted there appears to be an issue with the location of the water source listed in the License (2BB-MRY0710) as it relates to the Milne Inlet Camp. You have stated in your e-mail that Phillips Creek is now freezing and from this I take it that it is no longer a viable option for use as a source of water for the Milne Inlet Camp.

The license reads;

PART C: CONDITIONS APPLYING TO WATER USE

1. The Licensee shall obtain all water for domestic purposes from Camp Lake at Monitoring Station MRY-1, Philips Creek at Monitoring Station MRY-2 and Km 99 Lake at Monitoring Station MRY-3. Total water use for domestic purposes shall not exceed sixty (60) cubic metres per day. Water for the purposes of drilling and other associated uses, shall be obtained from sources adjacent to drill targets or as otherwise approved by the Board and is not to exceed four hundred and fifty five (455) cubic metres per day.

I note that Phillips Creek, which according to your e-mail is freezing is listed specifically as the source for the domestic water and must have been in the application as the listed source for the Milne Inlet Camp. As such it was listed in the license.

This change or variation to the license is, while a minor one, not within the scope of the authority of the Inspector to grant. This change will require the licensee to submit a request for amendment to the license to the Nunavut Water Board. This amendment must be approved before either of the two options suggested in your e-mail are accessed.

If you have any questions or concerns, please do not hesitate to contact me at (867) 975-4289 or keima@inac.gc.ca

Sincerely,

APK

Andrew Keim

Water Resources Officer,

INAC - Nunavut District

P.O. Box 2200, Iqaluit, NU, X0A 0H0

cc. Nunavut Water Board, Gjoa Haven