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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

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File: 2BB-MRY0710/H1

February 14, 2008

By Email and Regular Mail

Mr. Derek Chubb Vice President Baffinland Iron Mines Corporation Suite 1016, 120 Adelaide Street West Toronto, ON M4H 1T1

Subject: Baffinland Iron Mines Corporation; Submission of a "Bulk Sampling Program,

Abandonment and Restoration Plan" for the Mary River Project; Licence 2BB-

MRY0710

Dear Mr. Chubb;

The Nunavut Water Board ("NWB") would like to acknowledge the receipt on July 13, 2007 of the above document under Part H, Item 1 of Licence 2BB-MRY0710. The document was distributed for review to interested parties on August 8, 2007. Environment Canada provided expert advice with respect to several aspects of the plan. Taking into consideration the information submitted and the comments received by interested parties, the NWB hereby accepts and approves the Abandonment and Restoration Plan under **Motion 2007-19-15**, dated **February 13, 2008**.

The NWB has noted that the A&R Plan addressed the issue of providing a cost estimate for the restoration of the project property under Part B, Items 2 and 3, and acknowledges Baffinland's commitment to assuring the site is restored to suitable standards. Currently Indian and Northern Affairs Canada is having an independent closure cost estimate prepared and will be commenting further on this issue once the estimate has been completed.

As there is currently an application before the Board for an amendment to Licence No. 2BB-MRY0710, provision of an addendum or revised Plan is to be provided, either within sixty (60) days of this approval letter, or along with the requirement to provide a revision to the Plan upon issuance of the amendment, when and if approved by the Board, whichever occurs first.

The following items are to be addressed in the revision or addendum, as required, to the "Bulk Sampling Program Abandonment and Restoration Plan:

- i. Comments and recommendations provided during the review and comment period. See Environment Canada's submission dated September 10, 2007;
- ii. It was noted that the Plan indicated it supersedes the previous exploration A&R Plan, however all commitments have not been transferred to the new Plan. For example, closure for the camps does not include the camp at Steensby Inlet and exploration activities have been excluded;
- iii. Schedule and format for providing on-going results for On-site Field Kinetic testing as described in the Plan under Section 3.3.2.

- iv. Confirm liner installation for the explosives magazine (currently identified as berm area) Section 3.11:
- v. Proper handling of used (waste) oils and other materials classified as hazardous waste regarding storage, shipping and final disposal. Section 5.3 indicates waste oil and residual fuels are to be burned in the camp incinerator. If this is the case, proper characterization of the residue is to be carried out prior to final disposal;
- vi. Section 4.0 Temporary Suspension, this section should be inclusive of all activities, not just the Bulk Sampling Program as indicated;
- vii. Section 4.1 should identify frequency of inspections and how the monitoring and results will be reported to the NWB and Inspector;
- viii. Section 4.10 indicates that remaining sewage or sludge will be incinerated. The Plan should clearly indicate how the remaining ash will be characterized and disposed of;
- ix. Section 4.11 indicates that Baffinland will arrange bi-annual site visits. Clarification is requested as to whether this section intended the site visits to be semi-annually (twice per year) or once every two years;
- x. Section 5.2 should indicate the frequency of monitoring run-off water quality from the weathered ore stockpile. This can be a reference to the applicable monitoring Plan or Licence condition:
- xi. Section 5.3 should clarify whether the Licensee plans to incinerate all remaining wooden structures that are not removed from the site, or whether it was intended to burn the structures on-site. Where burning may be considered, the Licensee should consider the application of the GN DoE Guidance document and seeking approval prior to commencing any burning activities; and
- xii. Scope of the Plan should be expanded to include the assessment and long-term storage of drill core as well as the closure of drill sites (ongoing progressive reclamation).

Should you have any further questions, please feel free to contact the undersigned at (780) 443-4406, at your earliest convenience, or the Manager of Licensing at licensing@nunavutwaterboard.org.

Yours truly,

Original signed by:

David Hohnstein, C.E.T. A/Director Technical Services

Cc: Distribution list