



May 21, 2010

Phyllis Beaulieu, Manager of Licencing  
Richard Dwyer, Licencing Administrator  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU X0B 1J0  
Email: [licensing@nunavutwaterboard.org](mailto:licensing@nunavutwaterboard.org)

Dear Ms. Beaulieu / Mr. Dwyer:

**Re: *Mary River Project***  
***NWB License 2BB-MRY0710***  
***Summer 2010 Exploration Drilling Program***

By way of this letter, and in accordance with Part C of the above referenced Water Licence, Baffinland Iron Mines Corporation (Baffinland) provides a notice of commencement for its 2010 summer exploration drilling program.

The specific requirements of the Water Licence relating to the planning of the 2010 exploration drilling program included the following:

- Part C, Items 3 and 4, which state that streams cannot be used as water sources and that water use volumes can't be used such that draw down of the water source occurs;
- Part F, Item 1 which states that the Licensee shall not conduct any land based drilling within 30 metres of the ordinary high mark of any water body unless approved by the Board;
- Part F, Item 4 which states that drill wastes will be disposed to a sump or natural depression located at least 30 metres away from the high water mark of adjacent water bodies; and,
- Part I, Item 17 which requires submission of GPS locations of all water sources, prior to utilization.

The attached Figure 1 shows the location of currently planned summer exploration drill holes. Included on the figure for the information of the NWB and the INAC Inspector is the location of planned water sources for drilling in accordance with Part I, Item 17. The surface area of each water body to be used as a water source is also provided. A total of 30 drill holes are planned for Deposit No. 4, Deposit No. 5, and surrounding area with an average drill hole length of around 165 m, for a combined total of approximately 5.000 m. Please note that the exact number and locations of drill holes are subject to adjustment based on the information obtained through the course of this program.

In accordance with the intent of Part F, Item 1, drill holes for the open water season have been planned at locations greater than 30 metres away from the ordinary high water mark of adjacent water bodies.

**Baffinland Iron Mines Corporation**

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The average rate for estimated water use to support exploration drilling, based on historical data collected over the last several years is approximately 1.3 m<sup>3</sup> per linear metre drilled. Assuming, therefore a highly conservative water use of 2.0 m<sup>3</sup> per linear metre drilled, the total estimated water take for this activity is estimated at less than 10,000 m<sup>3</sup>. Water sources to support drilling operations have been selected in accordance with Part C, Items 3 and 4 of the water license. Streams have not been selected as water sources and a desktop threshold of 5% maximum water withdrawal has been used to guide water source selection. The location of water sources tabulated coordinates and surface water area are provided on attached Figure 1.

Additional measures will be taken to verify assumptions and monitor conditions that were predicted as part of the desktop water withdrawal review. Prior to commencement of drilling operations, a field reconnaissance study will be conducted by a fisheries biologist to verify that field conditions do not vary significantly from assumptions used as part of the desktop assessment of potential water withdrawal impacts. Also during the course of drilling and water withdrawal activities, water bodies will be monitored for fluctuations in water surface elevations.

Should you have any comments or concerns, please do not hesitate to contact the undersigned.

Yours sincerely,

**Baffinland Iron Mines Corporation**

A handwritten signature in black ink, appearing to read "J. Millard", written in a cursive style.

James Millard, M.Sc., P.Geo.  
Senior Environmental Superintendent

cc: Mr. Salamonie Shoo, Lands Administrator, QIA  
Mr. Andrew Keim, Mr. Bryan Rainer, INAC  
Greg Missal, BIM

Attach: Figure 1 - 2010 Summer Drill Program – Planned Water Sources

