



Nunavut Regional Office  
P.O. Box 100  
IQALUIT, NU X0A 0H0

December 8, 2013

*AANDC reference:*  
*CIDM 757279*

*NWB references:*  
*2BB-MRY1114*  
*2AM-MRY1325*

Erik Madsen  
Vice President Sustainable Development  
Baffinland Iron Mines Corporation

*Sent via email to: erik.madsen@baffinland.com*

**Re: Form of security related to amended water licence 2BB-MRY1114**

Dear Erik:

This letter is to provide clarity in accordance with Aboriginal Affairs and Northern Development Canada (AANDC) policy on the form of security acceptable for the recently amended water licence 2BB-MRY1114 Amendment No. 1. As you will be aware, under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and as required under Part B, Item 2 of Water Licence, Baffinland Iron Mines Corporation has 30 days following issuance of the licence amendment to post security. Noting that the \$6,738,216 irrevocable letter of credit (ILOC) that I currently hold for the 2BB-MRY1114 licence will now need to be split between the type B licence, and the type A licence, I request that you provide me with a separate ILOC for each licence. Based on the separation of activities described in the licences, and the amount of security set by the Nunavut Water Board, I will expect: 1) an ILOC for licence 2BB-MRY1114 in the amount of \$1,250,000; and 2) an ILOC for licence 2AM-MRY1325 in the amount of \$5,488,216. When I receive these ILOCs, I will return the ILOC currently held in the amount of \$6,738,216.

In addition to the transactions identified above, and as discussed, Baffinland is also required to amend the ILOC OSB1495TOR issued on August 13, 2013 for licence 2AM-MRY1325 in the amount of \$4,311,784 to show that it applies entirely to the type A licence, and does not apply to 2BB-MRY1114.

If you have any questions or concerns, please contact me at the number below.

Regards,

Murray Ball



**Aboriginal Affairs and  
Northern Development Canada**

**Affaires autochtones et  
Développement du Nord Canada**

**Manager Water Resources**

**Nunavut Regional Office**

**Aboriginal Affairs Northern Development Canada**

**Telephone: (867) 975-4550**

**Cc: Phyllis Beaulieu, Manager of Licensing, Nunavut Water Board  
Damien Cote, Executive Director Nunavut Water Board  
Karen Costello, Director Resource Management, Nunavut Regional Office**