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File: 2BB-MRY0710/C1

October 18, 2007

Mr. Rod Cooper, P.Eng. Vice President, Operations Baffinland Iron Mines Corporation Suite 1016, 120 Adelaide Street West Toronto, ON M4H 1T1

email: rod.cooper@baffinland.com

Subject: Notification requesting water use for domestic camp use at Milne Camp; Licence 2BB-

MRY0710, Part C, Item 1

Dear Mr. Cooper;

The Nunavut Water Board ("NWB") would like to acknowledge receipt on October 10, 2007 of the above request for an alternative water source for the purposes of domestic water use for the Mary River Bulk Sampling Project at the Milne Camp. Part C, Item 1 of the Licence states that:

"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 or as otherwise approved by the Board. 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 and is not to exceed four hundred and fifty five (455) cubic metres per day."

The request was distributed for review and comment to interested persons with a deadline for response of October 17, 2007. A technical review was carried out of the written request and submissions received. No immediate concerns were identified by interested persons during this review period and the Board hereby approves, under Motion No. 2007-30, the addition of the unnamed lake (kilometer 32 lake) for domestic water use as identified in the request.

The Licensee is reminded that the conditions of the Licence 2BB-MRY0710 apply to this additional water source, with emphasis on the conditions of Part C, with respect to the immediate impacts of the use of water.

The Licensee shall include Kilometre 32 Lake and all water obtained from this location in the requirements of Part B, Item 5(i), recording volumes for the purposes of reporting within the Annual Report, the monthly and annual quantities of freshwater obtained for use under this Licence.

The requirements of this approval letter form an integral part of Licence 2BB-MRY0710.

Should you have any further questions, please feel free to contact the undersigned at (780) 443-4406, at your earliest convenience.

Yours truly,

Original signed by:

David Hohnstein A/Director Technical Services Nunavut Water Board