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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: 2BB-MRY0710/C1

June 11, 2008

By Email and Regular Mail

Derek Chubb
VP Sustainable Development
Baffinland Iron Mines Corporation
Suite 1016 120 Adelaide Street West
Toronto, ON, Canada M5H 1T1

Email: derek.chubb@baffinland.com

Subject: Notification of camp coordinates and water source, Part B, Item 5 and Part C, Item 1 of Water Licence 2BB-MRY0710, Amendment No.2; Mary River Project, Nunavut

Dear Mr. Chubb;

The Nunavut Water Board ("NWB") would like to acknowledge the receipt on May 6, 2008, of the above notification with supporting information with respect to the approximate coordinates of the proposed Rail Camp and water source, identified within the application for amendment (issued as Amendment No.2).

In summary, the licence conditions applicable to this request include the following:

Part B, Item 5(i), Annual reporting requirements of Amendment No.2, of Licence 2BE-MRY0710 states (emphasis added):

The monthly and annual quantities in cubic metres of all freshwater obtained from Camp Lake at Monitoring Station MRY-1, Phillips Creek at Monitoring Station MRY-2, km99 Lake at Monitoring Station MRY-3 and the additional freshwater sources identified for Camp use under Part C, Item 1.

Part C, Item 1 states that:

The Licensee shall obtain all water for domestic purposes from Camp Lake at Monitoring Station MRY-1, Phillips Creek at Monitoring Station MRY-2, Km 99 Lake at Monitoring Station MRY-3, the unnamed lake located adjacent to Rail Camp and an unnamed lake nearby Steensby Inlet or the alternate source for freshwater identified in the Application. Total water use for all 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.

The proposed original location included in the amendment application was selected as an approximate mid-point between the Mary River and Steensby Camps, adjacent to a lake intended for potable water use and float plane access. Baffinland Iron Mines Corporation (BIM) has determined that the current planned location is not conducive to float plane access and an adjustment to the camp location is required. The

new proposed camp coordinates were determined to be at approximately 70° 58' 20"N Latitude and 78° 22' 15"W Longitude, with the camp located on the northeast shore of an unnamed lake, a location more suitable for float plane access and water source for the camp. This lake, according to recent bathymetric surveys, has an estimated volume of approximately 4.1 million cubic metres. A final field fit for the camp is expected to take place following a final archaeological and ground condition assessment.

The NWB's technical review of the information provided¹ and the current conditions of the Licence, indicates that the minor change in camp coordinates does not significantly affect the intent of the conditions. The NWB acknowledges confirmation of the camp location and reminds BIM that, reporting information, with respect to the camp, water use and waste disposal activities, be provided in accordance with Part B, Item 5 of Licence 2BB-MRY0710.

In addition, the Licensee is reminded that the appropriate revisions to the approved Spill Contingency Plan under Part G, Item 4 and the Closure and Restoration Plan under Part H, Item 3 are required. The NWB further recommends that the Spill Contingency Plan be updated immediately for BIM's use to reflect the new information in order to provide appropriate response information during operations.

Should you have any further questions, please feel free to contact the NWB Licensing department at 867-360-6338 or myself at (780) 443-4406, at your earliest convenience.

Yours truly,

Original signed by:

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

Cc: Qikiqtani Distribution list

¹ Letter received May 6, 2008 from Baffinland Iron Mines Corporation re: Mary River Project Land Use Permit #N2006C0036 Operational Update