



May 25, 2007

Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, Nunavut XD0B 1J0

**Re: Mary River Project  
Water License, Type "B"  
2BE-MRY0708**

Ms. Phyllis Beaulieu, Manager of Licensing

In accordance with the requirements under Part D, Item 3 of the above noted license (License), Baffinland Iron Mines Limited (Baffinland) submits the attached Design and Operations Report for a mechanical sewage treatment plant based system to be located at the Mary River Camp. With this submission, Baffinland seeks approval for the operation of the proposed facility.

The system layout proposed for the Mary River Camp consists of a pre-engineered biological treatment facility located adjacent to the exploration camp with its discharge pumped to a remote polishing pond. The polishing pond has been incorporated into the facility design as a means for further treatment and temporary (and total) storage of effluent, prior to discharge to Sheardown Lake. Due to the holding time of the polishing pond, it is expected that there will not be a discharge of treated effluent from this facility to the receiving environment until the summer of 2008.

To expedite its installation, and with intentions of transitioning from the use of latrines and/or incinerating based systems at the Mary River Camp in 2007, Baffinland mobilized the pre-engineered treatment facility to site in 2006. Civil works required to construct the polishing pond are scheduled to commence as soon as reasonably possible, likely in early June. It is currently expected that the new facility will be operational some time in July. In the interim, Baffinland will continue to manage sewage in the manner used in previous year's programs.

Best Regards,  
**Baffinland Iron Mines Corporation**

A handwritten signature in black ink, appearing to be "Derek Chubb", written over a horizontal line.

Derek Chubb  
VP, Sustainable Development

Cc: Andrew Keim, Water Resources Officer

Attachment

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