

File No.: NB102-181/4-A.01
Cont. No.: NB07-00341

April 13, 2007

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Mr. Derek Chubb
Vice President, Sustainable Development
Baffinland Iron Mines Corporation
1016 - 120 Adelaide Street West
Toronto, Ontario
Canada, M5H 1T1

Dear Derek:

Re: Fuel Storage Review Required by NWB Water Licence

This letter reviews the fuel storage requirements for Baffinland Iron Mines Corp.'s Mary River Project. This review is required by Part G, Item 3 of the Nunavut Water Board (NWB) Licence No. 2BE-MRY0708. The text from the Water Licence is as follows: "The Licensee shall provide a report, to be approved by the Board, within ninety (90) days of issuance of the licence, appropriately qualified by an Engineer registered in Nunavut, which clearly details that the requirements of the CCME guidance document "Aboveground Storage Tank Systems for Petroleum and Allied Petroleum Products (2003)" have been met by the Licensee."

The document being referred to is: "Environmental Code of Practice for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products", Canadian Council of Ministers of the Environment (CCME), 2003.

After reviewing the CCME Code it appears as though it does not apply to the Mary River Project. Page 4 of the Code defines a Storage Tank as "... a closed container for the storage of petroleum or allied petroleum products with a capacity of more than 230 L that is designed to be installed in a fixed location." The barrels/drums used for fuel storage at the Mary River Project have a capacity of no greater than 210 litres (45 gallons).

We trust this information satisfies your request.

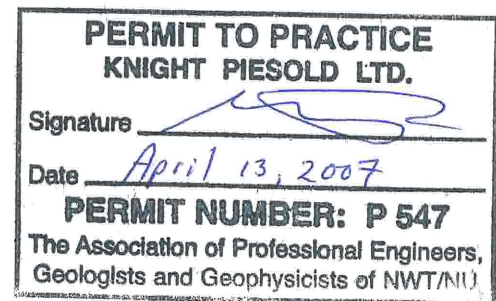
Yours very truly,
KNIGHT PIÉSOLD LTD.



Steve R. Aiken, P.Eng.
Manager Environmental Services

A handwritten signature in blue ink, likely belonging to Ken D. Embree.

Ken D. Embree, P.Eng.
Managing Director



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