

March 30, 2012

Phyllis Beaulieu, Manager of Licencing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0
Email: licensing@nunavutwaterboard.org

Dear Ms. Beaulieu:

Re: *Withdrawal of Application for New Type B Water License related to the proposed 2012 Work Plan*

In light of the recent determination decision by the Nunavut Impact Review Board (NIRB) regarding Baffinland Iron Mine Corporation's proposed 2012 work plan (dated and received March 5, 2012), the Company has decided to further downscale its activities at the Mary River site for 2012 and withdraw its application for a new Type B water licence as was requested by the Company on December 15, 2011.

Currently, it is anticipated that the 2012 field work program would include the following site activities:

- Continued occupation of the Mary River and Milne Inlet camps throughout 2012 and seasonal occupation of Steensby Inlet. Mid-Rail Camp will remain unoccupied throughout 2012.
- Fixed wing aircraft and helicopter to support general site activities including environmental monitoring and ongoing environmental/geotechnical drilling at Deposit No. 1, regional exploration for outlying areas, and scientific data collection to support ongoing integrity of baseline programs.
- Ongoing surface exploration on Baffinland's exploration lands including on Deposits Nos. 6 to 9, incl.
- Continue archaeological surveys at project component areas as required.
- Follow up on the requirements pursuant to the Fisheries Authorization for the Tote Road No Net Loss and Monitoring Program, QIA lease, and AANDC land permit and quarry permit requirements.
- Implementation of a freshet management plan for the Milne Inlet Tote Road to minimize associated environmental risks.
- Continued progressive reclamation of areas of current and past use in association with drilling, bulk sample, and historical exploration programs.
- Sealift resupply at Milne Port and possibly Steensby Port including supplies and equipment to support ongoing permitted activities.
- Transport of needed fuel and supplies stored at Milne Inlet to the Mary River Camp to support the existing permitted activities.
- Commencement of decommissioning of the Milne Inlet fuel bladder storage area that involves the commissioning of the new five million litre steel tank and ancillary facilities and the transfer of remaining P-50 diesel from the bladder farm to the steel tank. The Jet-A fuel currently stored in bladders will remain there for another year.
- Demobilization of equipment and supplies not required for near term activities, as well as the current inventory of hazardous waste and other materials by means of sealift from Milne Inlet and Steensby Inlet.
- Continued deposition of non-hazardous wastes into the constructed landfill in accordance with the landfill operations and maintenance manual.

- Continued implementation of treatment methodologies utilized for the separation of oil and waste from storm water that is resident in the engineered lined fuel storage containment and hazardous waste areas at Milne Inlet and Mary River.
- Discharge of treated sewage stored in PWSPs at Mary River Camp and Milne Inlet after treatment as required. Two periods of discharge are planned, the first corresponding to freshet (May-June), and the second later in the summer if required.
- Continue archaeological surveys at project component areas as required.
- Other scientific and engineering studies would be undertaken in support of ongoing baseline and engineering data collection as required from the Project FEIS. These studies could include:
 - Winter Marine mammal survey in Hudson Strait (currently underway);
 - Benthic work to support HADD determination;
 - Ongoing raptor surveys;
 - Shoreline bird nest surveys;
 - Support for GN's caribou winter survey by enabling GN personnel to stay at Mary River camp for several days in April and or May;
 - Lichen baseline work for determining metal concentrations;
 - Support for Environment Canada's marine bird work by purchasing transmitters;
 - Water and sediment sampling to support future Aquatic Effects Monitoring Program.
 - Marine benthic, fisheries, bathymetry, and geophysical bottom profiling studies that will be based out of a research vessel in Steensby Inlet,
 - Other baseline scientific and engineering programs as deemed necessary to support the Project.

As a result of the downsizing of the 2012 work plan, Baffinland notes that all the above proposed activities can be undertaken under the current Type B water licence 2BB-MRY1114 and the Company no longer has a need to advance its application for an additional water licence at this time.

Please do not hesitate to contact the undersigned at 416-996-5523 or by e-mail at erik.madsen@baffinland.com should you require additional clarification concerning the foregoing.

Yours truly,



Baffinland Iron Mines Corporation

Erik Madsen

Vice-President Sustainable Development, Health, Safety & Environment

cc: Mr. Ryan Barry, Executive Director, NIRB
Mr. Sean Joseph, Technical Advisor, NWB
Ms. Navarana Beveridge, Executive Director, QIA
Mr. Stephen Bathory, Director Major Projects, QIA
Mr. Jeff Mercer, Manager, Land Administration, Nunavut Regional Office, AANDC
Mr. Oliver Curran, BIM