

N97C753 - Kikerk Lake Land-Use Permit (Nunavut District - INAC)

PROJECT SUMMARY

Introduction

From 1992 until the present, Monopros Limited, a Canadian diamond exploration company (recently renamed De Beers Canada Exploration Inc.), has prospected and explored in the Kikerk Lake (Kikkikhtalik) area of Nunavut from our regional office in Yellowknife. A Class A land-use permit, #N97C753, was issued to Monopros by Indian and Northern Affairs Canada (INAC) in spring, 1997, to allow establishment of a camp and fuel cache and conduct of a drill programme; no camp was established, and drilling did not occur in the Kikerk area until late spring, 2000. A drill programme was then conducted over a 14-day period following the completion of the Rockinghorse Lake/Hood River drill programme. (Separate authorisations are held by Monopros for the Rockinghorse/Hood activity).

Land-Use Permit #N97C753 has now expired. This report represents the final accounting required under the terms of this permit. Information provided also would apply with respect to Nunavut Water Licence #NWT2KIK, which governed water use and waste disposal for the same project area.

Authorisations

There are no Inuit-Owned Lands (IOLs) within the exploration area, and all activity has occurred on Crown land.

In the early years of the project, exploration was carried out from the Inmet Mining field camp near Hanikahimajuk Lake, 130km to the south; later, further geophysical surveying and sediment sampling were conducted from the Monopros base camp near Rockinghorse Lake (Koamaogaktok) and from Kugluktuk. No land-use permit was required for the prospecting, sampling and airborne surveying, as the programmes did not meet threshold requirements established under the Territorial Land Use Regulations. In 1997, Monopros applied for and received Permit #N97C753 from INAC which authorised establishment of a base camp, core drilling of up to four targets and establishment of a fuel cache; this permit, with a one-year extension, was in effect from 19 June, 1997, until 30 August, 2000. The Nunavut Impact Review Board (NIRB) file number for this permit was #97E015N045.

Application for a new land-use permit shall be made to INAC and NIRB in the near future (*cf.* "Future Plans" section, Page 3).

The Workers' Compensation Board granted permission for the current-year programme to proceed on 22 March, 2000.

In 1997, Monopros obtained a Nunavut Water Licence, #NWB2KIK, but this licence lapsed in June, 1999, without any activity having occurred in this remote location, more than 110km southeast of Kugluktuk. Following a period of public comment, the water licence was renewed in spring, 2000 -- as #NWB2KIK0002 -- and is in effect from 15 April 2000 until 01 July, 2002.

PROJECT LOCATION

The Kikerk Lake (Kikkikhtalik) property - originally comprised of 111 mineral claims and now comprised of four claims - is located 86km northwest of the Monopros (De Beers Canada Exploration) claimblocks collectively known as the Rockinghorse Lake/Hood River Project. The current area of interest (as described in the #N97C753 permit

application) is situated in NTS 86P and 86 I, between 67° 00'N -- 67° 01'N and 113° 08'W - 113° 12'W, at the northwest edge of the Slave Structural Province. The area is delimited at the compass points by the Coronation Gulf, some 75km north, and Kikerk Lake; by the Tree River at the immediate south and east;

by Napaktulik (Takijug) Lake, 60km south; and the Coppermine River, at the west and northwest.

Kugluktuk is located approximately 110km northwest, Bathurst Inlet (Kinggaug), 220km east and Cambridge Bay (Ikaluktutiak) some 640km northeast.

PROJECT HISTORY

Following initial sampling in the area of Kikerk Lake (Kikkikhtalik) in 1992, Monopros conducted an airborne magnetic geophysical survey over the area in 1993 and subsequently staked a block of 111 claims (KL series) centred over Kikerk Lake in NTS 86 I/14-15, 86P/02-03 and 86P/06-07. Two outcropping kimberlites, Kikerk Lake-01 and Kikerk Lake-02, were discovered on Monopros ground in 1993 and 1994, respectively, by geophysics and prospecting. Glacial sediment sampling and further magnetic/electromagnetic geophysical surveys were conducted in 1996 and 1997. By 1997, when application was made for an INAC land-use permit (#N97C753), the number of KL claims held by Monopros had decreased to 71, only two of which - KL 11 and KL 12, at the south end of the property - were considered to have drill targets. As noted above, four claims currently remain active - KL 11 (situated partially in 86 I/14 and partially in 86P/03), KL 8 and KL 10 (in 86 I/14) and KL 12 (situated partially in 86 I/14 and partially in 86P/03). The property totals 8 738.26 acres.

Due to the expense of mobilising a drill programme to this remote claims area with so few identified targets, no drilling occurred during the first two years of land-use permit #N97C753, and a one-year extension was sought so that exploration could continue. Kikerk drilling was planned to occur in conjunction with a drill programme at the Rockinghorse/Hood River property to the southeast.

An airborne geophysical survey conducted over the remaining KL ground, and extending eastward onto the area adjoining claims KL 11 and KL 12, indicated that the probable source of mineral indicators lay within a narrow, shallow lake of 1.1km in length that straddles the border of KL 12 and Rhonda Mining Corporation's Tree 1 claim. This small lake has been informally named "Knife Lake". In spring, 2000, Monopros initiated discussions with Rhonda, which holds 100% of the Tree 1 claim; the claim was staked on 04 September, 1992, by former claimholder, Noranda Exploration Co. Ltd., then exploring for copper mineralisation. On the 03 May, 2000, Rhonda signed an Option Statement with Monopros, allowing Monopros to investigate a geophysical target located just 200m off Monopros property, on Tree 1 (86P/03). (See attached Appendix 1). The subsequent drill programme, utilising a Peak Exploration P-1000 Hydracore lightweight drill rig, was conducted between 28 May and 11 June, 2000; three inclined holes were drilled approximately 1km from the northernmost of two KL 11 targets which had been identified for regulators in March. Two holes were drilled from lake ice, with the third drilled from shore. The KL11 and KL12 targets were not drilled. A small amount of prospecting and till sampling also was conducted along Knife Lake. A kimberlite pipe, which was named the Knife Lake pipe, was intersected just east of the Monopros claim boundary, on the Tree 1 claim. (A copy of the Rhonda press release is attached with Appendix 1).

PROJECT LOGISTICS

Up to 12 persons, including a camp attendant from Kugluktuk and two-man drill crews working in 12-hour shifts, commuted from Kugluktuk. The small-diameter core rig (40mm core) was supplied by Peak Exploration of

Yellowknife; Peak moved to the Kikerk Project following completion of the Rockinghorse Lake/Hood River drill programme on 27 May. A Hughes 500D helicopter supplied by Great Slave Helicopters of Yellowknife was used to move the drill and transport workers. Fixed-wing air support from Air Tindi was used to haul fuel drums and core.

Room and board for the field crew were supplied in Kugluktuk; only a temporary survival tent, drill shack and related (including spillkit equipment) were set up in the field, and were removed

at the end of the programme; an individual with the required Level I First-Aid training was on site throughout the programme. A land-based sump site was selected, the requisite distance from OHWM, but was not required. Water use was minimal and restricted to drilling; total depth drilled was 497m.

A fuel cache was sited at the southeast end of Knife Lake; co-ordinates, in UTMs, are: 406383mE - 7434203mN. Nine drums of Jet-B (1 845 litres) currently are stored at this cache, the requisite distance from OHWM, in anticipation of a further programme in spring, 2001.

Consultation

Representatives of Monopros (De Beers Canada Exploration) visited Kugluktuk in May, 2000, prior to the programme, and again in October. Both the Rockinghorse/Hood and Kikerk projects were discussed. A total of two camp workers from Kugluktuk were hired to support the programme. A Monopros representative also discussed this project with several community leaders in Cambridge Bay in late August, during a visit there related to another project.

Elders from Kugluktuk toured "Muskox Camp" on the Rockinghorse/Hood property in May, but did not visit Kikerk, due to lack of camp facilities. A future site visit to Kikerk is a possibility, however.

FUTURE PLANS

It is planned to drill a series of delineation holes around the Knife Lake pipe to test the geology, using more substantial equipment, such as a Longyear F70 hydraulic drill; tentatively, this programme could occur in March, 2001. No field camp would be established, however.

As noted earlier in this report, a new land-use permit will be sought from INAC for this activity; there will be no access onto Inuit-Owned Lands.

The Tree 1 claim remains in good standing, with an expiry date of 04 September, 2002.

WILDLIFE AND ARCHAEOLOGICAL OBSERVATIONS

Although Monopros (De Beers Canada Exploration) has protocols in place for wildlife sightings and potential archaeological artifacts, no wildlife sightings of interest were reported during the period of permit #N97C753 nor were any archaeological sites found.

PROJECT TIMETABLE AND STATUS OF CLEANUP (IF REQUIRED)

As noted above, the initial drill programme is now complete. As this was a fly-in, fly-out drill programme, with drillsites cleaned up before programme closure, and no camp established, there is no further cleanup required. As stated above, a small fuel cache of nine 200L drums was left in place, properly marked and stored, beside Knife Lake, in anticipation of followup drilling in 2001. Both combustible and non-combustible garbage were flown out on regular backhauls during the two weeks of the programme for proper disposal in the Kugluktuk landfill.

AREA OF LAND USE

Please refer to the two accompanying maps for the location and boundaries of the Kikerk Lake (Kikkikhtalik) Project. Project activities

in the area - consisting of three drillholes only and a small fuel cache
-- were well within the two hectares authorised under INAC Land-Use
Permit #N97C753.

-- ssp (11 October, 2000)