* 11 pages * DE BEERS CANADA EXPLORATION INC. A DIAMOND IS FOREVER

TEL.: (867) 873-4530 FAX: (867) 873-4532

14 February, 2001

Ken Leishman Nunavut District Indian and Northern Affairs Canada

Box 1500 Yellowknife, NT X1A 2R3 Nunavut Water Board Public Registry P.O. Box 2520

Yellowknife, NT X1A 2P8

OM BRD

APPLICATION FOR RENEWAL: CLASS A LAND-USE PERMIT KIKERK LAKE (KIKKIKTALIK) PROJECT

Please find accompanying my completed applications, attachments and fees for renewal of the Kikerk Lake Class A Land Use Permit. The original Indian and Northen Affairs (INAC) permit -- #N97C753 -- expired on 30 August, 2000. Also enclosed is a completed Nunavut Impact Review Board (NIRB) application form. Fees totalling \$300.00 are attached with this letter.

As outlined in the applications, De Beers Canada Exploration Inc. (DBCE) is seeking permission to continue the core-drill programme initiated in May, 2000 in the area known informally as "Knife Lake", 130km southeast of Kugluktuk. The target area straddles the boundary line between DBCE's claim KL 12 and Rhonda Corporation's Tree I claim; in May, 2000, DBCE (formerly Monopros Limited) entered into an option agreement with Rhonda in order to drill-test a geophysical anomaly under Knife Lake in NTS 86 1/14. Because intervals of kimberlite were intersected in each of three holes, DBCE would like to renew its land-use permit and thus continue with active exploration in the Kikerk (Kikkiktalik) area at the soonest opportunity. The project area is entirely on Crown land.

Assuming availability of the Boart Longyear LF-70 (a heli-portable modular drill rig), and co-operative weather and ice conditions. DBCE intends to drill approximately five holes into the Knife Lake kimberlite. commencing on or about 01 April, 2001, and concluding on or before 01 May, 2001. No camp is associated with this project; geologists and drillers will commute by helicopter from Kugluktuk; the helicopter (a 206B or 500D) will be used to position fuel at the drillsites and ferry out empties.

I thank you for the opportunity to make this application and look forward to timely approval of the permit. This letter is being copied to the Nunavut Water Board, the INAC district officer in Kugluktuk and the Nunavut Impact Review Board, for their information. As a courtesy, the Kitikmeot Inuit Association also is being copied, although the project is entirely on Crown land.

Shirley Standafer Pfister Lands and Government Relations

cc: Rita Becker, Nunavut Water Board "I Jim McPherson, INAC District Office - Kugluktuk Gladys Joudrey, Environmental Screener, Nunavut Impact Review Board Jack Kaniak, Lands - Kitikmeot Inuit Association

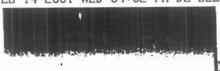
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Applicant's name and mailing address (Full name, no initial	ls) - Nom et adresse du ou d	es requérant (s) (N	om au complet,	_	4.4
SHIRLEY Standager Pfister DE BEERS CANADA EXPLORATION IN	ac.			rax no.	Nº de tálécopieur .
Box 3530				COOT	843-4532
JELLOWKIE, NT XIA 2/8				100000000000000000000000000000000000000	ne no Nº de téléphone
				(841)	873-4530
Head office address - Adresse du siège social Williams Morgan Drive				For no	- Nº de télécopleur
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PETER HolmES	100	provided.	9.700 20.74	(964)	873-4530
 Other personnel (Subcontractor, contractors, company st 	aff, etc.) - Autre personnel (Sous-traitants, entre	preneurs, pers	onnel de	société, atc.)
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7. Proposed restoration plans (please use last page USE areas restored to price c		SECOND CONTRACTOR OF THE PROPERTY OF THE PROPE	
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(See ablacted).			•
Other rights, licences or permits related to this p Autres droits, autorisations ou permis associés	permit app	olication (mineral claims, timber permits, water	or licences, etc.)
- Munavut Water License #1			coupe, permis d'exploitation hydraulique, etc.)
- WCB Authorisation to Drill	l (in	effect to 31 Secenters, 2002	.).
- Former INAC permit #N9			,
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20 - Aviation Fuel - Carburant aviation	1	11 11 17	2000 Soung
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PROJECT PROPOSAL INFORMATION REQUIRE	MENTS
SECTION 1: APPLICANT INFORMATION 1. Applicant's full name and mailing address: Shirty Standafer Prister De Beers canada Exploration Inc. Box 2520 Hellowkriff NT X/A 2P8	Fax: (867) 873-4532 Phone: (867) 873-4530 Email: SSPfister & debeus Capada.
2. Head office address: DE BEERS CANNON Exploration Inc.,) William Morpan Drive TORONED, ON MAH ING.	Fax: (416) 423-008) Phone: (416) 423-581) Beneral D Eubers Canada - COM Email:
3. Field Supervisor (address, if different from above): PELER HOUSES	Phone (radio or otherwise): Sat-phone # to be provided
4. Other Personnel list (name and position + subcontractors and contractors): Project Ecologist: Is istant peologist: cook; local camp attendent Boart & undyear Drilling (4 max, per shift). Cook only at Rocking. Total # of personnel: 14 Total # of person days: 42(Shift schedule: 12-11. Shift—Saill Crew; 10-11. Shift—others	Horse Camp, Not KiKERK. D- Maximum
SECTION 2: AUTHORISATION NEEDED 5. Indicate and circle the authorisations associated with the project proposal: Inuit: Regional Inuit Association (land use permits and licenses, lease-land, recreational, copermit) Regional Inuit Association (land use permits and licenses, lease-land, recreational, copermit) Co-Management Board: Nunavut Water Board (water license) Nunavut Planning Commission (amendment to the land use plan) Federal: Di DiAND (land use permit, land lease, quarry permit, water license-if transboundary) Department of Fisheries and Oceans (under Fisheries Act -Loss of fish habitat, fisher Protection Act authorisation) Department of Environment (Access to protected area, scientific research, ocean disposal and Community Affairs (land use permit, land lease, quarry permit) Nunavut Research Institute (research permit) Department Resources Wildlife and Economic Development (Fisheries/wildlife permother: Hamlet (development permit, lease, quarry permit) Canadian Launch Safety (launch authorisation)	ries research Navigable Water 100 JUN
6. List the active permits, licences or rights related to the project and their expire expire of sury 2002; UCB authorization, to Gill: 4	Munavut Water dicence) y date: #NWB2KIK0002; xpiny 31 december 2002 Page 1 of 5
NIRB Project Proposal Application	C 10 1 3gg4

SECTION 3: PROJECT PROPOS			The state of the s
	SAL DESCRIPTION	ECo. — 012	
7. Indicate and circle the activi	ities related to the project p	roposal:	
and the Third State of the Stat		Tourism:	Research:
Wexploration (geophys-grd/air)] camp	□ tourism facility	
Strilling (diamond/ice,etc)		☐ access to a prote	ected area urvey(grd/aerial/collars)
advanced exploration	☐ winter road	cruise ship	collection of species
		□ outfitting	☐ research station
mine (open pit, undergrd,etc)	Other:	Other:	Other:
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	farine:	Oth	100 March 100 Ma
	off-shore drilling		commercial harvest
	☐ ship movements	16	aircraft use (helicopter/airplane)
□ hydroelectric	construction (breakwater/b	ridge/dock)	rocket launch
	☐ obstruction (navigation/fisl		
☐ industrial activity	□ ocean disposal		<u> </u>
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			ore than 300 words, in English &
			ald outline the project activities and their
			spected duration of activity and velopments, please describe the projected
outcome of the development f			velopments, piease nestribe the projected
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SECTION 4: MATERIAL USE			
10. List equipment (including			
		ie.):	
Equipment type and number			Proposed use
Equipment type and number	drill wimset <30	00Kb:~400	DOMM Core Smill
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Hazardous Materials	Number of Containers/Concentration	Capacity of Containers (gal & litres)
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12. Do you have a spill contingency plan? 46-- part of "MONOPACS ENVironmental Policy"

Do you have an on-site staff training program in place for fuels and hazardous materials? 45

Please attach the spill contingency plan and Material Safety Data Sheets and other appropriate information about the hazardous materials associated with the proposed project. (See Spill Plans, Appendix & 3

MSDS Sheets, Appendices 4-5)

13. Describe method of fuel transfer:
grounded chorical pump or hand-wolle pumpo

SECTION 5: WASTE DISPOSAL AND TREATMENT FACILITIES

Type of waste	Projected amount generated	Method of disposal	Additional treatment procedures
Sewage	Prisou (pod asly - say use.	backfill of Dit private	Liminb
Grey water	NA	7 7/ 7	0
garbage	peckaped - floren out		Lisbaral-landfill
Overburden (organic soil, waste material,tailings)	repet asfore or Poly-Dul	I sump on show, if	-backfill seprephel seek
Hazardous waste:	fuels, lubricants - mine		disposal land till
Other:	SCASA, WOOK - flows		Sisposal- landfill

14. Describe the acid rock drainage potential of waste rock material and testing methods, if applicable:

NIA

SECTION 6: RESTORATION AND ABANDONMENT PLANS

15. Describe or attach the proposed restoration and abandonment plans. Please include information about on-going site remediation throughout the duration of the project.

No camp associated with this project. (See attached).

SECTION 7: ENVIRONMENTAL IMPACT

16. Indicate and describe the components of the environment that are near the project area, as applicable. Attach any relevant maps or information:

Type of species (common name, associated herd, etc.)	staging		at Area (ca migratory p , etc.)			time periods (calving, post- spawning, nesting, breeding,
Fish:	Knick	Laker	C small	Shello	N/A	4
Caribou:			thatit		calvind	7200 Km E
Muskox:	11	4	64	11	-	> 200 Km E
Raptor:	4/	/*	1,	/1	0	/
Migratory Birds:	40	10	"	4	1	
Waterfow!:	44	"	11	12		

SECTION 6: ABANDONMENT AND RESTORATION PLANS

There is no camp associated with the Kikerk (Kikkiktalik) exploration project; all project personnel, drill equipment, fuel, waste material (such as metal and wood scrap, empty containers, food scrap from lunches, and the like) will be flown out daily where practicable, with major components dismantled and flown out at the end of the exploration season. During the period of site operations, personnel serving the programme commute daily from local accommodation in Kugluktuk, some 130km NW of the project area. The only structures would consist of a heli-portable drill shack and survival tent.

Short-term shutdown occurs seasonally, when no programme is occurring on site. At such time, drillsites are cleaned up and secured, ensuring both public and wildlife safety. Fuels stored on land for future programme use are placed the requisite distance from OHWM and checked as to condition of barrels and bungs, prior to seasonal programme closure. All fuel and power sources are shut off, disconnected and, with the exception of some fuel drums remaining for aircraft needs at startup, all other fuels, drums, stationary and mobile equipment are removed off site. Although De Beers Canada Exploration (DBCE) has no control over unauthorised use of fuels or other supplies by passing land users, DBCE nevertheless is committed to active maintenance and cleanup of the exploration area throughout the life of its land-use permit and water licence.

<u>Permanent shutdown</u> would occur if the project were terminated. At such time, cleanup would occur as for short-term shutdown, except that no fuels or other supplies would remain on site. Any on-shore sumps utilised for relict drillwater and fines would be backfilled and recontoured, and any pit privvy utilised would be dismantled and the pit limed and backfilled to restore a level surface and present a neat appearance. The area utilised during the project would be restored as closely as possible to its former condition, and the final cleanup documented. Water-quality sampling (where lake-based drilling was carried out) and on-shore soil sampling (where fuels were stored) would occur, if necessary, with results provided to regulating authorities.

DBCE is committed to monitor the site after closure until such time as applicable regulators and local community representatives from Kugluktuk are satisfied that the abandonment and restoration programme has met its objective of environmental responsibility and that the site is securely abandoned for the use and enjoyment of others (e.g., regional land users or other business interests).

SECTION 6: IMPACT TO ENVIRONMENTAL COMPONENTS/USES IN THE KIKKIKTALIK PROJECT AREA

It must be stressed that the Kikerk or Kikkiktalik Project is early-stage exploration, with temporary presence on and minimal use of the identified project area. No camp is being established. Therefore, presence will be both restricted and seasonal (average of 2-4 weeks at a time, during shifts), for the sole purposes of prospecting, drilling, geophysics and sediment sampling. Project personnel will practise avoidance of archaeological sites, nest sites (e.g., of falcons nesting on boulders or outcrops) and endeavour at all times to cause the least disturbance possible to land and aquatic resources during periods of programme operation. In consonance with past Monopros policy. De Beers Canada Exploration (DBCE) recognises and supports Inuit use of their own lands, for their own purposes; there will be no interference with traditional Inuit use of land resources. Sport fishing and hunting do not occur by any project personnel. Ungulates have never been observed to calve in the area (see attached maps) and traditional calving grounds of caribou and muskox are located 160km or more to the east of the project area. Wildlife sightings, if they occur, are documented by project personnel on report forms. If large aggregations of muskox or caribou were to move through a site where drilling was to commence, activity would not proceed until the animals had progressed onward; similarly, DBCE follows the advice of territorial wildlife biologists with regard to grizzly bears and aircraft, so that no low-level flying would occur where bears were sighted. An absence of eskers in the immediate project area means that suitable denning and travel habitat (denning by canids and travel corridors for grizzly bears) is sparse.

SECTION 6: SUGGESTED MITIGATION MEASURES

Avoidance is the preferred method of mitigation, e.g., setback from any archaeological artefacts discovered and adjustment of footprint or timing of activities to avoid disturbance to critical wildlife activities. In all cases, DBCE practises compliance with relevant regulations and corporate environmental policies (including the corporate Spill Response Plan) and requires contractors to do likewise through their contractual agreements.

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22. Describe the level of involvement that the residents of Nunavut have had with respect to the proposed project:

De Beers Canada Exploration (DBCE) has been pleased to have the opportunity to consult with Kitikmiutit since 1996, in regard to its Rockinghorse Lake (Koamaogaktok) and Kikerk Lake (Kikkiktalik) diamond exploration projects.

In May, 2000, prior to any drill programme at Kikkiktalik, DBCE visited the closest community, Kugluktuk, made a presentation to Hamlet Council and met with several regulators and territorial government officials. Two local residents were hired as camp attendants, with one afforded the opportunity for on-the-job training as a geological sampling assistant. Services such as hotel accommodation and meals were purchased in Kugluktuk, as no camp was established at Kikkiktalik. Officials in Cambridge Bay (Ikaluktutiak) were separately informed of the Kikkiktalik programme during an informal visit with the Mayor, Economic Development Officer and Kitikmeot Inuit Corporation officer in August, 2000. In October, 2000, a community meeting in Kugluktuk, and meetings with the Mayor and regulators, were held. A further visit to Kugluktuk occurred in January, 2001, in which regulators were updated and informed of planned exploration activities for spring, 2001. Use of local workers and services will continue in 2001.

23. Describe the regional benefits of the project proposal to the residents of Nunavut:
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24. Describe and attach documentation regarding community concern or support for the proposed project:

De Beers Canada Exploration (DBCE) has been pleased to enjoy community support for its exploration activities in the Kitikmeot. Officials of NIRB who wish to do so, may contact the Kitikmeot Inuit Association (Jack Kaniak or Stanley Anablak, Charlie Evalik, Beatrice Bernhardt); Keith Peterson, Mayor of Cambridge Bay; Peter Taptuna of the HTA-Kugluktuk; Gerry Atatahak of the Naonayaotit Traditional Knowledge Project-Kugluktuk; or Sean Peterson of Kitikmeot Employment and Training Partners.

Attached are two letters which indicate support by DBCE for several important regional initiatives.

