

Kikerk Lake Land-Use Permit Application: Project Description (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. [DBCE]), has prospected and explored in the Kikerk Lake (Kikkiktalik) 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 DBCE for the Rockinghorse/Hood activity).

Land-Use Permit #N97C753 has now expired. This Project Description is provided to accompany a new application for land-use authorisation to continue exploration on the Kikkiktalik mineral property (*cf. Map 3*). The requisite applications to INAC and the Nunavut Impact Review Board (NIRB) are attached.

Authorisations

There are no Inuit-Owned Lands (IOLs) within the exploration area, and all activity in respect of this project has occurred and will continue to occur 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 NIRB file number for this permit was #97E015N045.

The Workers' Compensation Board (WCB) granted permission for the current-year programme to proceed on 22 March, 2000. WCB permission to drill remains in effect until 31 December, 2002.

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, 130km southeast of Kugluktuk. The water licence was renewed in April, 2000, and is in effect until 01 July, 2002.

PROJECT LOCATION

The Kikerk Lake (Kikkiktalik) property - originally comprised of 111 mineral claims and now comprised of four claims - is located 86km northwest of the DBCE claimblocks collectively known as the Rockinghorse Lake/Hood River Project. The current area of interest (as described in the accompanying permit applications) 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, approximately 75km north, and Kikerk Lake; by the Tree River at the immediate south and

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

Kugluktuk is located approximately 130km northwest, Bathurst Inlet (Kinggauk), 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 size of the property is

8 738.26 acres. (With the addition of the adjoining Tree 01 claim of Rhonda Corporation to the project last year, the total acreage is now 11 269.11.)

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 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 Attachment 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 forms part of Attachment 1).

PROJECT LOGISTICS AND COMPOSITION - PAST AND PRESENT

There will be few changes from the 2000 drill programme to that proposed for 2001.

In spring, 2000, up to 12 persons, including a camp attendant from Kugluktuk and two-man drill crews working in 12-hour shifts, commuted from Kugluktuk. A Hughes 500D helicopter supplied by Great Slave Helicopters of Yellowknife was used to move the Peak Exploration

Hydracore P-1000 drill and transport workers. Fixed-wing air support from Air Tindi was used to haul fuel drums and core.

In spring, 2001, a similar programme comprised of up to 14 persons and helicopter and occasional fixed-wing support is planned, commencing on or about 01 April, 2001. Geologists, local camp attendant and drill crews will again commute from Kugluktuk for the four weeks or less of the programme. The only change will be use of a more powerful (hydraulic head) drill, an LF-70 to be supplied by Boart Longyear (*cf. Attachment 2*), employing HQ rods. At 3 000kg, the LF-70 is light, heli-portable and easy to set up/dismantle.

As was the case in 2000, only a temporary survival tent, heli-pad, drill shack and related (including spillkit equipment and Poly-Drill backup system for return) will be set up in the field, and will be removed at the end of the programme. A land-based sump site will be selected, and any returned water and fines likely can be piped directly to this land sump, which will be sited the requisite distance from OHWM. A Poly-Drill tank system also will be on site, as a backup system to the piping. Water use will be minimal and restricted to drilling; total depth per each of five holes planned is 200m-300m. All drilling is anticipated to be into kimberlite; therefore, it is likely that the programme will be completed in much less than four weeks.

A fuel cache of nine drums of Jet-B currently is sited at the southeast end of Knife Lake; co-ordinates, in UTM's, are: 406383mE - 7434203mN.

CONSULTATION

Representatives of DBCE 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 DBCE representative also discussed this project with several community leaders in Cambridge Bay in late August, 2000, during a visit there related to another project.

Elders from Kugluktuk toured "Muskox Camp" on the Rockinghorse/Hood property in May, 2000, but did not visit Kikerk (Kikkiktalik), due to lack of camp facilities. A site visit to Kikerk is a possibility during the 2001 programme, but due to absence of a camp, logistics may be problematic.

An information meeting with regulators in Kugluktuk was held on 17 January, 2001, and with the project manager for the Naonayaotit Traditional Knowledge GIS Project (*cf. Attachment 3*). DBCE has committed to support financially the TK Project and awaits information on Inuit heritage sites in the Kikerk and other relevant areas, to incorporate into archaeological and exploration planning.

The next visit to Kugluktuk is planned to precede the drill programme in March, 2001.

FUTURE PLANS

If the 2001 drill programme is successful, it is expected that followup geophysics, till sampling, prospecting and further exploratory and delineation drilling will continue through the life of the permit; evaluation or LDDH drilling is a possibility in future, if warranted. Abandonment and restoration activities will continue to occur seasonally

for seasonal shutdowns; final restoration would occur before final closure of the project.

WILDLIFE AND ARCHAEOLOGICAL OBSERVATIONS

DBCE has protocols in place for wildlife sightings and potential finds of archaeological artefacts. No wildlife sightings of interest or discovery of possible archaeological sites have been reported to date.

PROJECT TIMETABLE AND STATUS OF CLEANUP (IF REQUIRED)

As noted above, the initial drill programme is now complete. Permission for further drilling is sought through INAC and NIRB applications for a new land-use permit. This remains a fly-in, fly-out drill programme, with drillsites cleaned up as drilling proceeds and no camp established; seasonal cleanup will continue to occur following activity. 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 will continue to be flown out on regular backhauls during the programme for proper disposal in the Kugluktuk landfill.

AREA OF LAND USE

Please refer to the three accompanying maps (*cf. Map 1, Map 2 and Map 3*) for the location and boundaries of the Kikerk Lake (Kikkikhtalik) Project. Project activities in the area - consisting mainly of drillholes and a fuel cache - are anticipated to be well within the three hectares applied for under the current permit application.