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*g*  
*4/1/02*

January 18, 2002

Ms. Rita Becker  
Licensing Administrator  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU  
X0B 1J0



Dear Ms. Becker:

At the end of each year we summarize our activities at the Meadowbank Gold Project, located north of Baker Lake. The resulting report is a non-technical overview of the year's events and accomplishments.

I am pleased to forward you a copy of this report and I hope it provides you with useful information on this project.

Yours sincerely,

CUMBERLAND RESOURCES LTD.

*Kerry M. Curtis*

Kerry M. Curtis, B.Sc., P. Geo.  
Senior Vice President

KMC/bg

attachment

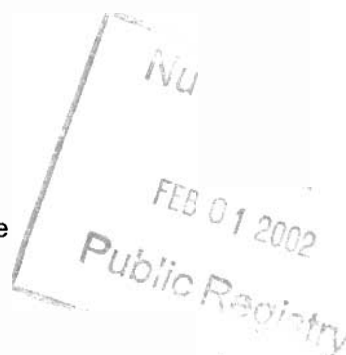
## 2001 YEAR END REPORT MEADOWBANK PROJECT



DECEMBER, 2001

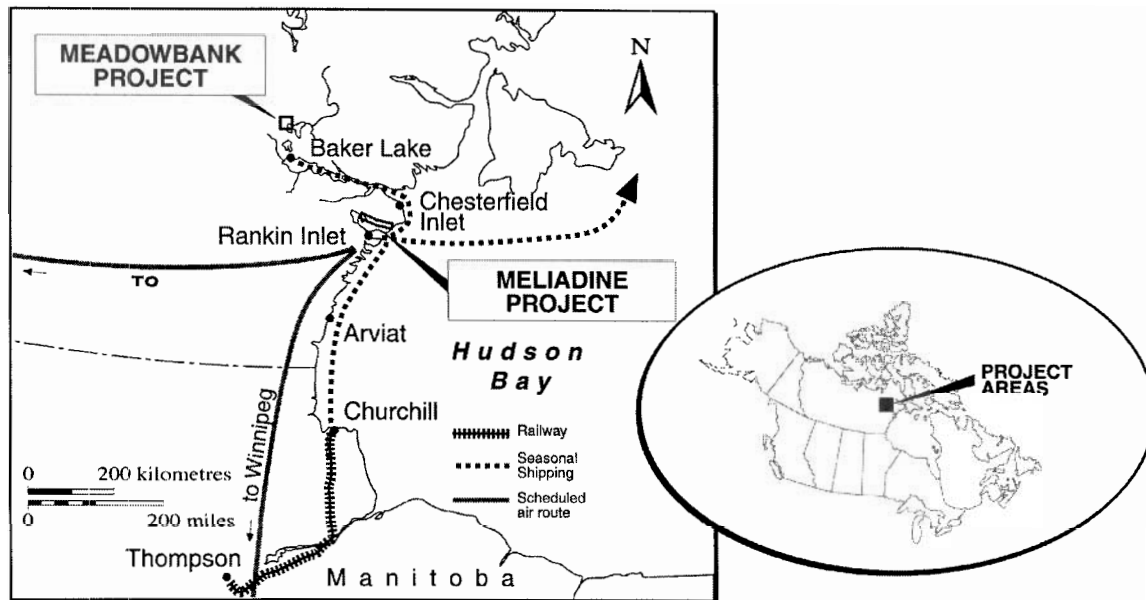
### *DISTRIBUTION:*

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Nunavut Water Board - Gjoa Haven  
Nunavut Impact Review Board - Cambridge Bay  
Nunavut Tunngavik Inc. - Cambridge Bay



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Tel. (604) 608-2557

Project Manager: R. Brian Alexander, P.Geol.  
Senior Project Geologist: Roger March, P.Geo.



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## **Executive Summary**

Cumberland Resources Ltd. has been operating exploration activities at the Meadowbank Gold Project, located 70 km north of Baker Lake, since 1995. The project is located on Inuit owned surface lands and as such access is subject to licensing and permit approval by the Kivalliq Inuit Association and the Nunavut Water Board. The project has seen steady advancement with over \$17 million invested since 1995. Pre-feasibility studies were completed in 2000, which focused on the economics of potential development of four closely spaced gold deposits located near Third Portage Lake. The results of this study indicated that increased resources or improved gold prices were required to advance the project.

Subsequent to the completion of the pre-feasibility study a new deposit, named the Vault, was discovered approximately 5km north of the existing deposits at Meadowbank. Independent resource estimates indicate that the Vault is host to an inferred resource of 936,700 ounces gold. The addition of the Vault increases the total project resource base to over 3 million ounces gold. Scoping level studies are currently underway to assess the economic impact of the additional resources discovered at Vault and it is anticipated that activity levels on the project will increase in 2002.

The 2001 exploration program included over 4,000m of diamond drilling. Diamond drilling was targeted on the newly discovered Vault Deposit, located on NTI exploration concessions acquired in late 1999. No further field work was done on the four gold deposits in the Third Portage Lake area.

Safety records were near perfect for the season. No medi-vac flights were necessary and only minor cuts and bruises were realized and treated by on-site first aid technicians. On April 28, 2001 an incident occurred which caused the emergency landing of a helicopter owned and operated by Helimax Ltd. and contracted to the Meadowbank Project. The pilot was the only person in the aircraft at the time, and no injuries resulted from the incident.

Total expenditures on the Meadowbank project for 2001 approximated \$1.29 million of which \$264,000.00 (20%) was expended directly in Baker Lake and/or Kivalliq. Local employment levels averaged 20-30% of total on-site personnel during the 2001 season. All local employees were residents of Baker Lake.

Over the past 5 years significant improvements to camp facilities and transportation systems have been completed. Fuel storage systems include 50,000-l double walled tanks and transportation systems have been upgraded to bulk transportation systems effectively negating the use of diesel fuel barrels. In addition, a diesel-fired refuse incinerator has been installed on site. Total cost of these systems approximates \$250,000.

In August of 1999 Cumberland applied to the K.I.A for a Commercial Lease III status for the Meadowbank exploration camp. At the time it was understood that exploration activities outside the camp area would continue to be administered under the current Land Use license structure. At present the terms and conditions of the commercial lease is still under review by the K.I.A.

# **2001 Year End Report**

## **Meadowbank Gold Project**

### **Introduction**

The Meadowbank Gold project is located 70km north of the Hamlet of Baker Lake, Nunavut. The project is currently host to five closely spaced deposits containing a total resource of 3.01 million ounces gold, making it one of the largest undeveloped gold projects in Canada. Four of the deposits are closely spaced in the vicinity of Second – Third Portage Lakes and are hosted by magnetite rich iron formations. The fifth deposit, named the Vault, is located approximately five kilometers to the north of Second Portage Lake and is hosted by volcanoclastic rocks. All rock units are part of the Archean aged Woodburn Lake Group. Resource calculations incorporate data from over 54,000 m of diamond drilling in 351 holes.

Exploration initiatives during 2001 focused on expansion of the Vault Deposit, where over 4000 m of diamond drilling was completed. Independent resource estimates conducted by MRDI Canada, a division of AMEC E&C Services Ltd., in the fall of 2001 indicated that the Vault is currently host to an inferred resource of 7,470,000 tonnes grading 3.90 g/t (936,700 oz.).

Exploration since 1995 has included over 60,000 m of definition and exploratory drilling. Project expenditures have exceeded \$16.5 million during this time and include \$1.29 million expended in 2001 making the project one of the largest exploration initiatives in Canada.

In early 1999 significant improvements to the camp facilities were achieved. These included installation of bulk fuel systems and a large incinerator. Fuel transportation systems were upgraded to provide fuel storage and transportation system similar to those used in other advanced exploration sites in Kivalliq.

Pre-feasibility studies were conducted during 1999 and 2000 to identify mining, metallurgical, and infrastructure parameters necessary to support economic production at Meadowbank. Cumberland is considering the economics of combined open pit and underground production at the site with winter road access and staff rotated on a 3-week basis. These studies were completed early in 2000. Results indicated that an improved gold price or additional open pit resources would be required to meet a minimum ten-year mine life. The addition of the Vault deposit, found subsequent to the completion of these studies, should have a positive impact on the economics of the project. Scoping level studies are currently underway to assess the economic impact of the additional resources discovered at Vault.

Cumberland increased the Meadowbank exploration lands by 26,840 Ha under an agreement with N.T.I., dated Dec.31<sup>st</sup>, 1999. The area covered by these exploration agreements was subsequently reduced to 21,517 Ha in December 2000. Exploration expenditures on the Meadowbank Project in 2001 were directed entirely toward these newly acquired exploration concessions.

On April 17<sup>th</sup>, 2000, an irrevocable letter of credit (\$35,000) was issued as a security deposit on Cumberland's KIA Licenses # KVL300C183, KVL300C184 and KVL300C190. The security deposit shall be returned, together with any interest earned, following final inspection approval by KIA.

The following document summarizes the project events for 2001.

## **Fuel Transport**

Diesel fuel transportation from Baker Lake to site is via bulk tanker designed for Delta transport that is locally owned and operated by Peters Expediting Ltd. of Baker Lake. The winter haulage route has been successfully used for fuel and bulk supply transport, without incident, over the past six years. During March and April 2001 30,000 liters of diesel fuel and 100 drums of Jet-B was transported to the camp from Baker Lake. Approximately 200 empty fuel drums, along with non-combustible refuse, was backhauled from the camp during the spring 2001 for disposal in Baker Lake.

## **Surface Survey Grids Established for Ground Control and Related Surface Work**

Groundwork during 2001 was focused on the Vault Deposit area. A total of 30 line kilometers of grid was established during the spring program to control the ground geophysical survey and placement of drill collars.

The summer exploration program consisted of an airborne geophysical survey conducted in September, which covered 1590 line kilometers focusing on the area between the Vault deposit and the existing deposits at Meadowbank near Third Portage Lake.

## **Drilling Program**

The 2001 exploration program incorporated 4044 meters (19 drill holes) of diamond drilling which was completed between April 10<sup>th</sup> and May 15<sup>th</sup>. Boart Longyear of Saskatoon, Saskatchewan was contracted to provide drilling services.

All of the 2001 drill holes were collared in the Vault area and directed at the expansion of the newly discovered deposit. The program returned favorable results and added an inferred 514,700 ounces of gold to the Meadowbank Project's total resource.

## **Safety**

The Meadowbank project achieved a remarkable safety record during project activities in 2001. No medi-vac flights were necessary and incidents were limited to minor cuts and bruises and treated by on site first-aid attendants for the last two years. The company is very pleased with the resulting perfect safety record.



On April 28, 2001 an incident occurred on a flight from camp to Baker Lake, resulting in the emergency landing of a helicopter owned and operated by Helimax Ltd. of Trois-Rivieres, Quebec. The pilot was the only person on board the aircraft at the time, and no injuries resulted from the incident. Volunteer Search and Rescue personnel from Baker Lake aided in the rescue of the pilot.

## **Local Employment**

Six local employees from Baker Lake supplemented project staff in 2001. Including indirect employment provided by contractors this total increased to 8 local personal working on site. Duties ranged from cook's helper to geological and survey technicians to heavy equipment (D-6) operators.

See attached table for cumulative local employment and expenditures on the Meadowbank Gold Project from 1995 to present.

## **Environmental Programs**

In 2001, work commitments continued to focus on mineral exploration and budget restrictions would not allow for further collection of environmental data. Continuous weather data was collected from an automated weather station located at the campsite.

### **Previous Environmental Studies (1995-2001)**

1996 – Preliminary aquatic baseline study

1997 – Aquatic baseline studies for water and sediment quality, and lower trophic level populations

1998 – Reconnaissance survey for hydrology studies

- Aquatic baseline studies for water and sediment quality, and lower trophic level populations

- Review of wildlife literature

- Collection of traditional use information

- Reconnaissance survey for waste characterization studies

1999 – Collection of seasonal snow and lake level data in support of hydrological studies

- Continued aquatic baseline studies for water and sediment quality, and lower trophic level populations

- Acquired important spring fisheries baseline data in study lakes and reference lakes.

- Observed typical vegetation communities in the areas around the mine site.

- Began gathering seasonal baseline data for wildlife within the local and regional area.

- Undertook limited analyses in 1999 related to potential acid rock drainage issues if full-scale mining is to take place.

1999 – Completed a baseline archaeology field program.

2000 – Collection of Climate data.

2001 – Collection of Climate data.

## Public Meetings

One meeting was held in Baker Lake in late April 2001. The meeting was held in the Town Hall and included the mayor, councilors, HTO representation and members of the general public.

### PUBLIC MEETING HAMLET CHAMBERS Baker Lake, April 20<sup>th</sup>, 2001

#### List of Attendees

- 1) Edwin Evo, KIA Representative
- 2) David Toolooktook Sr., H.T.O. Baker Lake, NU
- 3) Reuben Ukpaga, Baker Lake, NU
- 4) Andy Andy, Prospector, Baker Lake, NU
- 5) Lucy Andy, Prospector, Baker Lake, NU
- 6) Glenn McLean, MLA
- 7) Robert Seeteenak, Asst. SAO, Hamlet of Baker Lake, NU
- 8) Mary Kreelak
- 9) Frank Tootoo, Councillor, Hamlet of Baker Lake
- 10) Susan Toolooktook – Hamlet Councilor
- 11) Jacob Ikinilik, Mayor of Baker Lake
- 12) Joe Niego, Deputy Mayor and Wildlife Officer
- 13) Patrick Tagoona, Councilor, Hamlet of Baker Lake
- 14) Thomas Iksiraq, Councilor, Hamlet of Baker Lake
- 15) Tom N. Mannik
- 16) Peter Tapatai

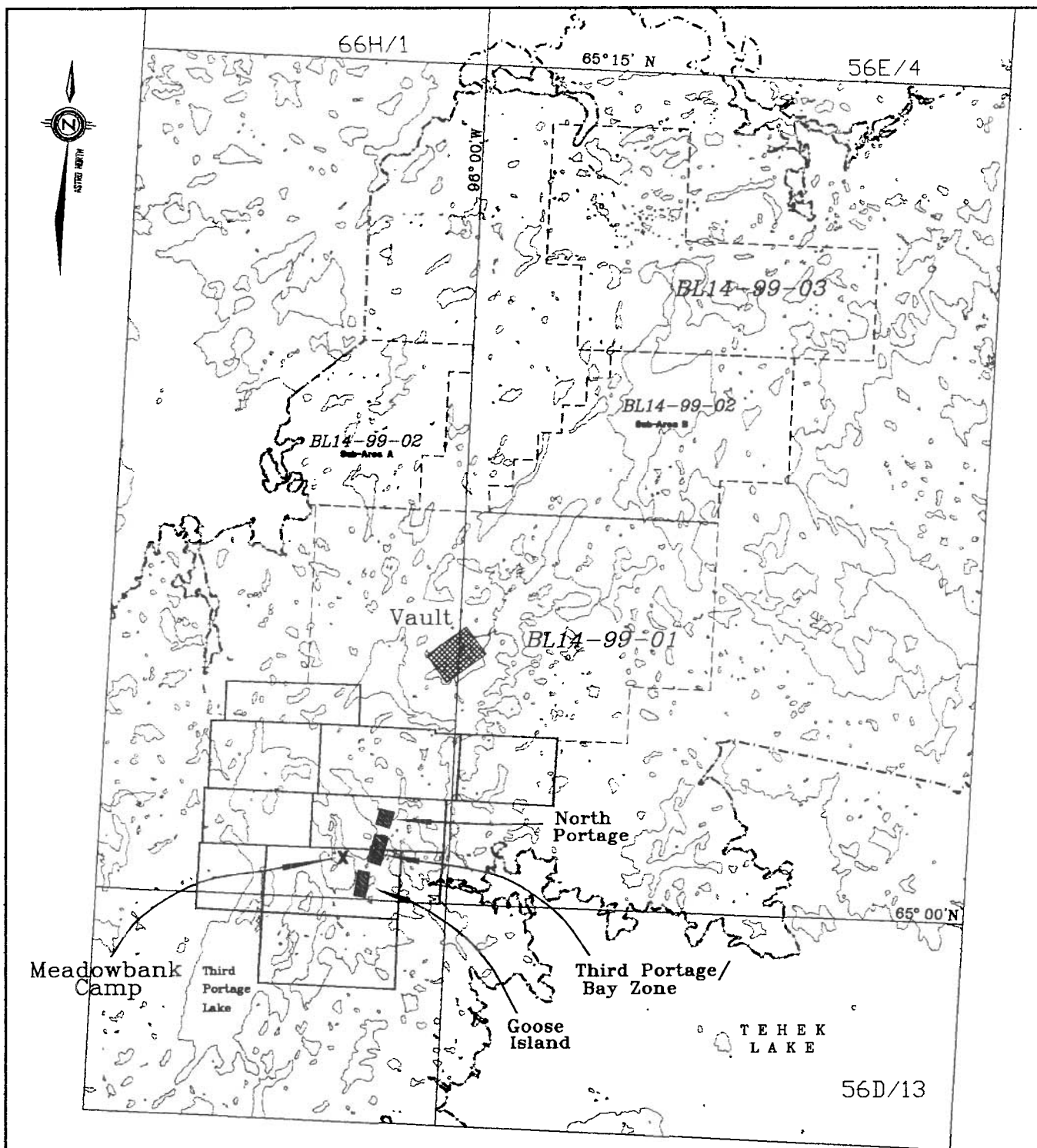
Questions may be directed by telephone (604) 608-2557 or fax (604) 608-2559 to Cumberland's office in Vancouver. Information may be obtained from Glen Dickson, Kerry Curtis, Brian Alexander or Roger March.

## Meadowbank Project

1995 to 2001 Expenditures

## Meadowbank Gold Project, Cumulative Local Expenditures

Activity	2001	2000	1999	1998	1997	1996	1995
Local Persons Employed	6	6	8	15	7	4	3
Wages	\$ 38,204.14	\$ 45,152.00	\$ 66,332.00	\$ 121,933.00	\$ 89,300.00	\$ 63,339.00	\$ 25,499.00
Expediting and Transport	\$ 69,189.53	\$ 44,700.00	\$ 192,472.00	\$ 285,195.00	\$ 233,752.00	\$ 156,200.00	\$ 110,000.00
Fuel	\$ 52,137.75	\$ 21,300.00	\$ 188,711.00	\$ 300,464.00	\$ 113,855.00	\$ 58,000.00	\$ 23,000.00
Equipment	\$ 66,819.03	\$ 104,800.00	\$ 46,323.00	\$ 8,246.00			
Food and Accommodation	\$ 37,315.61	\$ 77,450.00	\$ 95,768.00	\$ 132,400.00	\$ 100,071.00	\$ 93,500.00	\$ 22,000.00
Construction							
Drilling				\$ 24,798.00	\$ 2,310.00		
Aircraft			\$ 17,165.00	\$ 11,500.00	\$ 18,420.00	\$ 11,700.00	\$ 4,700.00
Community							
Environment				\$ 35,033.00	\$ 11,200.00		
Other	\$	\$ 59,000.00	\$ 113,690.00	\$	\$ 12,507.00	\$ 36,000.00	
<b>Total (Kivalliq)</b>	\$ 263,666.06	\$ 352,402.00	\$ 720,451.00	\$ 919,569.00	\$ 581,415.00	\$ 418,739.00	\$ 185,199.00
<b>Total (Program)</b>	\$ 1,285,959.50	\$ 1,793,922.00	\$ 3,253,183.00	\$ 3,969,095.00	\$ 2,883,792.00	\$ 2,281,000.00	\$ 910,420.00
<b>Cumulative(Kivalliq)</b>	\$ 3,441,441.06	\$ 3,177,775.00	\$ 2,825,373.00	\$ 2,104,922.00	\$ 1,185,353.00	\$ 603,938.00	\$ 185,199.00
<b>Cumulative(Program)</b>	\$ 16,577,368.50	\$ 15,291,409.00	\$ 13,497,487.00	\$ 10,044,307.00	\$ 6,075,212.00	\$ 3,191,420.00	\$ 910,420.00



**CUMBERLAND**  
RESOURCES LTD

**Meadowbank Region  
2001  
Exploration Permits**

Scale 1:125,000  
Author J. Kellner  
Date 2001  
Title BL14  
UTM 56D 83

### LEGEND

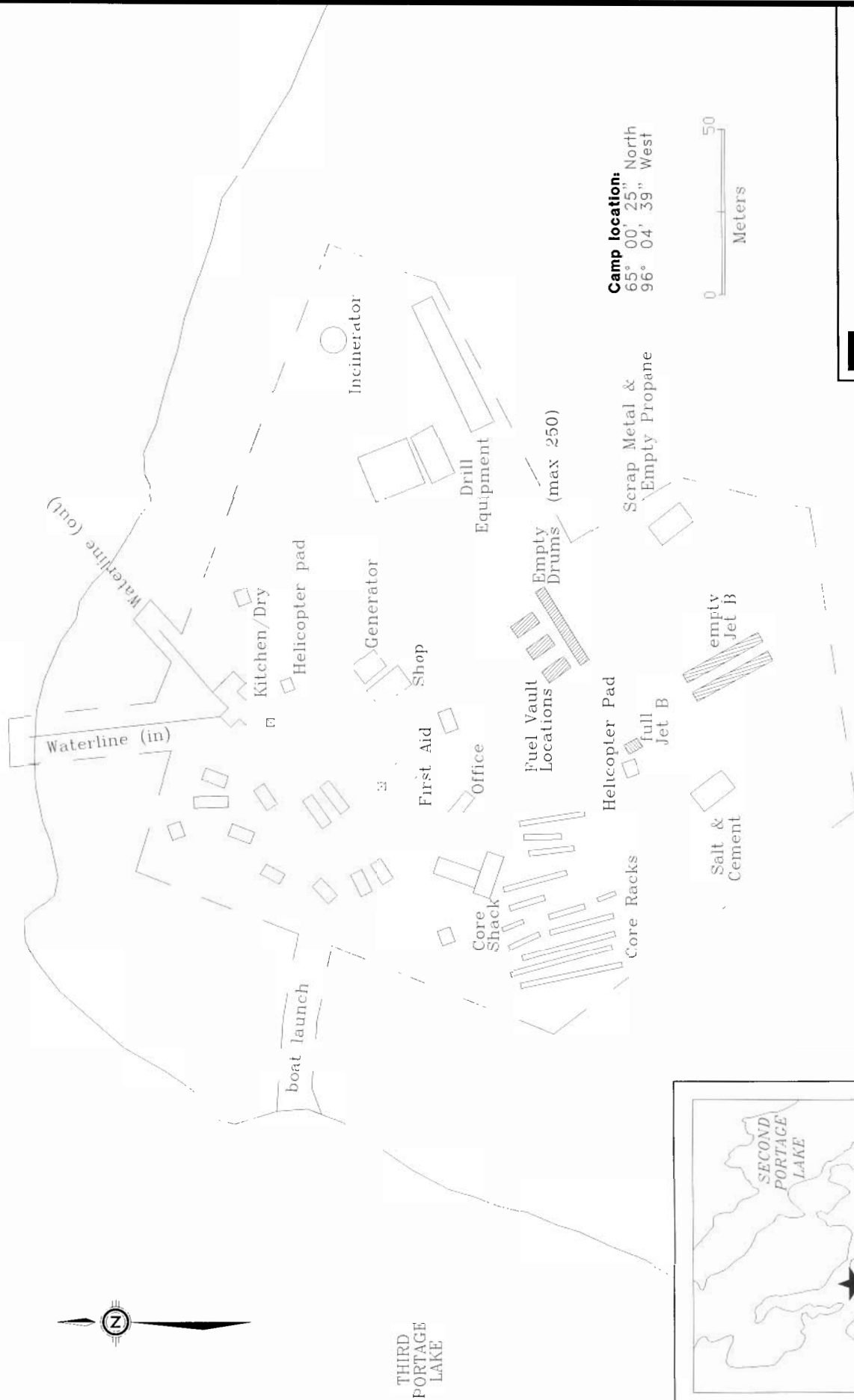
- EXPLORATION PERMITS
- GRANDFATHERED CLAIMS

N71 BL14 BOUNDARY

- LAKESHORE
- WORK AREAS

**SCALE**  
0 1 2 4  
kilometers

THIRD  
PORTAGE  
LAKE



**Camp location:**  
65° 00' 25" North  
96° 04' 39" West



- Wooden Structure
- Tent
- Fuel Cache
- Current Land use area

Cumberland Resources Ltd.

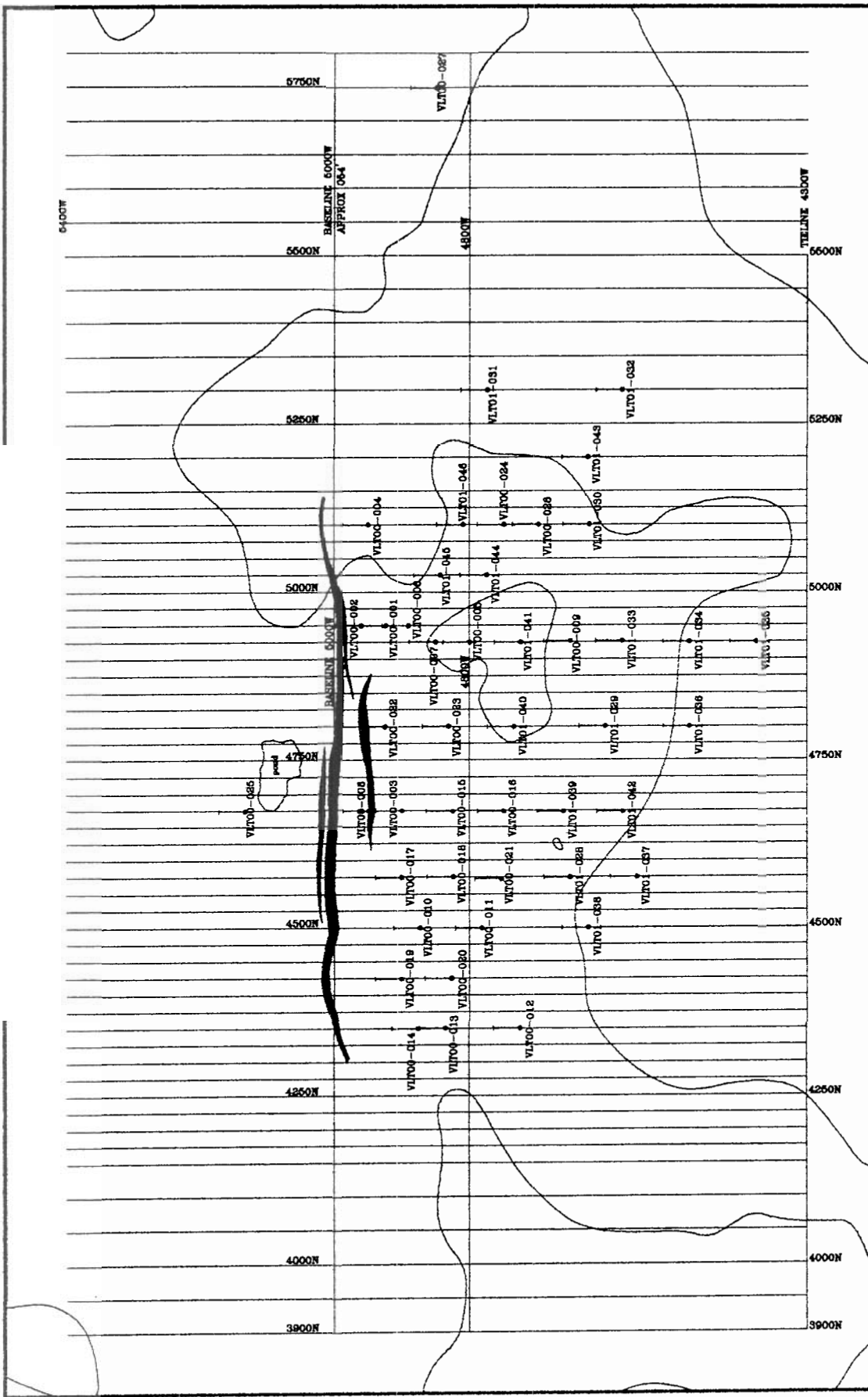
## MEADOWBANK PROJECT

### CAMP MAP

January 2001

2000camp.dwg





**CUMBERLAND**  
MEADOWBANK PROJECT  
RESOURCES LTD. Nunavut / NWT

**VAULT DEPOSIT**  
2001  
**DIAMOND DRILL**  
**HOLE LOCATIONS**

Scale: 1:50,000  
Map Date: 2001  
Map No. 1001  
Revision: V. 001  
Author: [Name]  
Checked by: JTK  
Date: 2001

**LEGEND**

- VLT00-001 (Symbol)
- VLT01-001 (Symbol)
- EXISTING DRILL HOLES
- 2001 DIAMOND DRILL HOLES
- SURFACE ORE TRACE

SCALE  
0 50 100 200 METERS

MAP DATE: 2001  
MAP NO: 1001  
REVISION: V. 001