APPENDIX TO NUNAVUT WATER BOARD

WATER LICENCE APPLICATION

3. Main Components of Undertaking

De Beers Canada Inc. - Exploration Division intends to conduct exploration activities based out of a temporary fly camp located at 64º06' 40" N by 97º 52' 30" E.

The duration of the program will be from approximately July 22 to August 31, 2007 with geological sampling, prospecting and ground geophysical techniques on Crown land using a helicopter based at the camp. Diamond drilling may take place in future field seasons. The purpose of first reconnaisonce work in the area is exploration for uranium mineralization. The purpose of future drill programs is exploration for kimberlites which are the host rock for diamonds. De Beers has a number of exploration permits in the area surrounding where it would like to conduct kimberlite exploration.

With respect to Inuit Owned Lands (IOL's) administered by the community of Baker Lake, the De Beers exploration program will affect the following, RI-31, BL-15, BL-16, BL-17, BL-26, BL-28, BL-29 and BL-31. Applications for access to this land have been received from the KIA.

Geological sampling and prospecting will take place from approximately July 22 to August 15th with follow up sampling and ground geophysics taking place from approximately August 15th to August 31st.

At the end of the field season the all fuel caches and empty drums will be removed.

3a. Project Summary

De Beers Canada is continuing to explore for diamonds on its Baker Lake permits in 2007.

The proposed work program will begin July 22 and will last until August 31. De Beers will be using Inuit people from Baker Lake as sample assistants, geophysical assistants, prospectors.

Ground geophysics (hand held gamma radiation detectors) will be conducted by a geophysical crew. This should take approximately two weeks from approximately August 15th to August 31st.

Geological sampling and prospecting will be undertaken and will involve three crews supported by one helicopter. The crews will comprise 2 geologists and one Inuit assistant. The teams will move from site to site by helicopter in order to sample, and prospect. The helicopters will refuel from the camp or outlying fuel caches, and all empty fuel drums and samples will be removed from the area by aircraft.

Drilling selected targets may take place in future field seasons. This will test some targets from the geophysics done in previous field seasons.

The work program will be adjusted as required to minimize the disturbance to wildlife or to avoid cultural areas considered sensitive by the local communities. When the program is over fuel caches and empty drums will be removed.

A project summary has been translated into Inuktitut and has been attached to the appendices.

4. Detailed Description of Undertaking

De Beers Canada Inc. - Exploration Division (DBCE is a Canadian diamond exploration company, which has prospected and explored for diamonds in the N.W.T and Nunavut since the early 1990's. The vast majority of the prospecting permits are on Crown Land, with up to 8 Inuit owned lands (IOL's) overlapped by the prospecting permits: RI-31, BL-15, BL-16, BL-17, BL-26, BL-28, BL-29 and BL-31

The proposed 2007 field program will involve the set up of a small temporary fly camp that holds approximately 13 persons. The temporary camp location is 64º06' 40" N by 97º 52' 30" E.

The camp infrastructures will contain ten 14' x 16' canvas tents for sleeping, office, washing, and kitchen/dining. Water for the camp will be pumped up from a submersible pump located in the water body adjacent to the camp. Grey water from the kitchen and shower facilities will be collected in a gravel lined leach pit located well away (>31 metres) from the shore. Pit privies will be used for human waste collection. All kitchen garbage will be collected and flown to Baker Lake for final disposal in the municipal landfill. A 10 kW diesel generator will provide electrical power for the camp.

The proposed 2007-field programme will be conducted from the camp located at 64º06' 40" N by 97º 52' 30" E. The duration of the proposed fieldwork will be approximately 40 days from July 22 to August 31, with geophysics, sampling, and prospecting undertaken from this location using a helicopter.

Spill kits and contingency plans are in place to deal with fuel spills in the event that they might occur. All De Beers personnel and its aircraft and helicopter sub-contractors will have had specific training in dealing with fuel spills prior to beginning fieldwork on the project. All empty drums will be removed from the field by aircraft prior to the end of the field season for transport south via the sealift.

De Beers has agreed to provide the local HTO's and other wildlife officials with any information, which it might collect regarding the movements of wildlife in the work area during the field season. The locations of all archaeological sites noted will also be passed on to the relevant organizations.

Approximately 120, 45-gallon drums of Jet A/B helicopter fuel, may be stored at the camp fuel cache. Fuel transfer from 45-gallon drums to helicopters will make use of electric pumps that are stored on board the aircraft.

As part of De Beers spill emergency procedures, any and all fuel spills regardless of size must be reported as required to the relevant authorities and an internal report regarding the incident must be filed internally with the company. In order to ensure that spills are cleaned up in an efficient, environmentally responsible manner all De Beers personnel are given mandatory training in spill prevention and spill clean up procedures prior to entering the field. Spill kits containing absorbent material will also be located at helicopter refuelling stations and at any fuel caches. Should a spill occur, personnel are instructed to take action immediately to control the source of the spill and then begin remedial action to isolate and remove the spill contaminated material into containers which will be flown for disposal at an approved waste disposal facility.

Ground geophysics will be conducted by a geophysical crew. This should take approximately two weeks. All this work is on crown land. The ground geophysical teams will conduct surveys using hand held gamma radiation detectors.

The drill operation in future field seasons will test geophysical and geochemical targets and will be conducted with a portable core rig. The drill crew will consist of 3 people; a drill operator and 2 drill assistants. The drill rig will be helicopter supported. This will test some existing targets from previous surveys.

At least 2 Inuit persons will also be used to assist in sampling and prospect directly for kimberlite in some areas.

Should any wildlife such as caribou be seen while exploration activities are underway, geologists are instructed to note how many animals are present, their location and to leave the area immediately. De Beers strictly prohibits the harassment of any wildlife from any of its aircraft.

It is anticipated that 2 Inuit persons from Baker Lake will work on the project during the summer. Additional employment opportunities will also arise locally for expediting services and the provision of services such as groceries, fuel and hotel accommodation.

8. Waste Disposal

Disposal of grey water from the kitchen and shower facilities in the De Beers camp will be made in gravel-lined hand dug sumps located well back (>31 metres) from the shore. Human waste will be disposed of in pit privies. The guidelines adhered to for the waste disposal will be drawn from *Land Use Guidelines for Mineral Exploration, Yukon and N.W.T.* (Indian and Northern Affairs Publication, 1994).

Formal permission for De Beers to make use of the Baker Lake landfill will be obtained in writing prior to the start of camp activities in July, 2007.

De Beers has spill kits on hand in order to deal with potential spills from helicopter fuel stored in drums at small fuel caches. All De Beers personnel and its sub-contractors (helicopter and aircraft contractors) will have specific training in dealing with fuel spills. In the event that a fuel spill should occur, contaminated soil and absorbent material from the spill will be flown by aircraft to a landfill facility specifically designated for fuel contaminated material in Iqaluit or to a suitable location further south if required.

10. Environmental Impacts and Mitigation Measures

The overall impact of De Beers' activities on the land will be very low. Helicopters based at camp will be used to transport geology teams from site to site. Additional prospecting, geophysics and geological sampling will be completed using a helicopter.

Spill kits containing absorbent matting will be used to handle any potential spills from 45 gallon drums of Jet-A/B aircraft which will be stored at the camp and in small fuel caches during the field season. De Beers employees and its sub-contractors will be trained prior to the start of field work in the area on how to recognize spills and how to deal effectively with spills should they occur. It is also company policy to report all spills, as required to authorities, regardless of size.

De Beers has very strict policies for helicopters and aircraft regarding the harassment or chasing of any wildlife. The movements of migrating caribou in the work area will be monitored and reported to the local Hunter and Trappers Organizations and other wildlife officials. Up to 2 local Inuit sampling assistants working in the field will also be free to report on the impact on De Beers' activities regarding the environment or local wildlife at any time. We consider these local assistants to be the eyes and ears of the each community on our activities.

39. Baseline Data

During the summer field season all wildlife sightings will be recorded and forwarded to the Wildlife authorities.

An archaeological database of known sites for the area has been complied with the assistance of the Department of Culture, Language, Elders and Youth. All heritage and cultural sites will be avoided.