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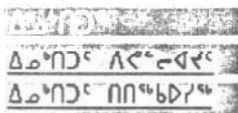
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Columns
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April 26, 2002



Kitikmeot diamond season heats up

Nearly 30 companies have grabbed land near Coronation Gulf in their hunt for diamonds

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A crucial season of exploration, which will help determine whether the Coronation Gulf region hosts profitable diamond deposits, is now underway.

Preliminary results from the region are comparable to early diamond counts from the Lac de Gras area of the Northwest Territories, where diamond mines are now in production or under development.

But the next level of exploration, mini-bulk sampling, will allow experts to make predictions of diamond potential with greater confidence.

Meanwhile, the promising results have touched off a staking rush. More than 2,500 claims covering about 5.9-million acres have been staked south of Coronation Gulf, says Anna Cook, the deputy mining recorder at DIAND's Nunavut regional office.

Leading the search are Kennecott Canada (in partnership with Tahera Corporation), Ashton Mining, and Rhonda Corporation, which all made significant diamond discoveries on their properties last year before winter weather closed in on the region. Collectively, the trio is expected to spend an estimated \$10 million in 2002.

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Kennecott, a division of multinational Rio Tinto, is already drilling the diamond-bearing Anuri kimberlites on Tahera's Rockinghorse property and will test another 15-20 kimberlites as part of a \$1.5-million program.

Discussion
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Meanwhile, the partners will continue work on the more advanced Jericho diamond project, which — although too small at this stage — could develop into Nunavut's first diamond mine if more resources can be found.

Further north, Ashton is taking five- to 10-tonne bulk samples on the Potentilla and Artemisia pipes to follow up on encouraging microdiamond results. The company, which has joint ventures with several juniors, will also investigate at least 10 unexplained mineral trains indicative of diamonds, using an airborne geophysical survey.

Nearby, Rhonda is awaiting results of a nine-tonne sample taken from the Knife pipe last spring by joint-venture partner De Beers. The junior recently raised \$1.8 million to explore the adjoining Inulik property, where it is currently flying a geophysical survey to generate kimberlite targets for drilling.

New rules will benefit Inuit-owned lands

Up to 30 other companies have staked ground in the area, including Diamondex Resources, which has budgeted \$2.5 million for exploration on various diamond projects, and Stornoway Ventures, which will be ground-checking geophysical targets identified within a vast, 1.2-million-acre land-package this spring.

But despite the frantic land grab, a patchwork of about 1.7 million acres of ground within the Coronation Gulf remains untouched: This is Inuit-owned land, 36 distinct parcels on which Inuit hold mineral rights.

Nunavut Tunngavik Inc. (NTI) is currently revamping its standard agreement for companies that want to explore there.

"Our ground is sitting like islands in the middle of a sea of staking," says Wayne Johnson, senior advisor on minerals and oil and gas for NTI's lands and resources department. "We may have missed some of the fever, but people who are serious about finding diamonds will be talking to us."

The standard agreement for companies exploring Inuit-owned lands includes small payments and work

commitments plus a 12 per cent net profit royalty on any future production.

In the Coronation Gulf region, where the demand for ground is high, NTI will revise the agreement so that the Inuit corporation retains a carried interest in the properties.

(This means that under an agreement with a diamond explorer, NTI retains an interest in the property without having to make financial contributions to the exploration or development.)

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