



03 November 2005

Spencer Dewar, Lands Administrator Specialist  
Lands Administration  
Indian and Northern Affairs Canada  
Box 100  
Iqaluit, NU X0A 0H0

**RE: REQUEST FOR RENEWAL: “CLASS A” LAND-USE PERMIT  
#N2003C0037 – KIKERK/KNIFE LAKE PROJECT**

Please accept this letter as a formal request to renew for one year the above-noted Class A Land-Use Permit, which covers continuing exploration/evaluation of the Kikerk/Knife Lake property, specifically the area of the Knife Lake kimberlite body, NTS Mapsheet 86P/03, West Kitikmeot. The current permit expires 01 February 2006. An extension to 01 February 2007 is sought to cover potential drilling and trenching activity in May 2006. (A separate application for renewal of the existing water licence will be made to the Nunavut Water Board).

The landholding (11 320.76 acres) is located at co-ordinates 66° 40' – 67° 30' N. lat. and 113° 04' – 113° 20' W. long. – collectively, claims *KL-08*, *-KL-09*, *KL-10*, *KL-11*, *KL-12* and *TREE 1*, which are now leases held 100% by De Beers Canada Exploration (DBCE). The 1.5km long shallow lake lies SW-NE across the boundaries of *KL-12* and *TREE 1*.

The current land-use permit covers establishment of a base camp, diamond drilling, geophysics and extraction of sample by means of trenching. No changes in scope are anticipated. It should be noted that no camp has yet been established, and encampment may be confined to temporary survival tents on the shore of Knife Lake, as was the case in 2004, the last programme year. In April-May 2004, a drill programme comprising 11 holes and 2 124.0m was conducted in the NE corner of Knife Lake and on the adjacent shore; a programme presentation was made to regulators in Kugluktuk in February 2004. Support services were provided in Kugluktuk, where the programme crew was based.

DBCE activity in the Kikerk Lake (*Kikkikhtalik*) area has been ongoing since the early 1990s. DBCE discovered the “Knife Lake” kimberlite in 2000, the year it concluded an Option Agreement with Rhonda Corporation. Currently, DBCE is project operator under the joint-venture. Although further work was anticipated in spring 2005, comprising delineation drilling and trenching at the north end of Knife Lake, no programme was possible this year, due to matters related to the joint venture – hence, our request for a one-year extension.

Thank you for the opportunity to make this renewal request. Please contact me if you have any questions. Specific programme details will be provided as available.

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attach.

cc: INAC regional office – Kugluktuk, NU



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