

NIRB File No: 05EN045

April 15, 2005

Kennecott Canada Exploration Inc. Granville Square 354-200 Grandville Street Vancouver, BC V6C 1S4

GH BRD CXT Nunavut Water Board APR 2 2 2005 Public Registry

Dear Ms. Ball:

RE: Project proposal Acknowledgement for the Exploration, Laughland Project

The Nunavut Impact Review Board (NIRB) acknowledges receipt on March 23, 2005 of receipt of your exploration application, for the Laughland Project. All documents received, and pertaining to the application, can be obtained from out ftp site (http://ftp.nunavut.ca/nirb) in "Screenings/05EN045". They include the following:

- NIRB application Part 1in English and Inuktitut
- Supplemental questionnaire
- Maps
- Summary in English and Inuktitut
- Project documents from Authorizing Agency

We undertook a preliminary review of your application and concluded that NIRB's information requirements are meet at this time. This said, I must inform you that the NIRB reserves the right to request additional information at any time.

Finally, by copy of this letter to the distribution list including municipalities and groups most affected by your application, and the enclosed comment form, we invite interested persons to comment directly to the NIRB by May 6th, 2005.

Sincerely,

Original signed by:

Gladys Joudrey Manager of Environmental Administration

Encl: Comment Form



Cc: Distribution List

Kennecott Canada Exploration Inc.

Exploration Operations Document
Northwest Territories and Nunavut
LAUGHLAND LAKE PROJECT

CONTINGENCY PLAN

for Material Spills,

in Exploration Camps & Remote Sites,

and Drilling Operations

December 2004

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Preamble

This Contingency Plan is effective from date of entry to date of closing for all field locations and drilling operations in the Northwest Territories and Nunavut. The Plan is submitted as an attachment to Kennecott's Nunavut Water Board Application for water use on the Laughland Lake Project.

The Plan is intended to cover all exploration activities and camps to be operated by Kennecott Exploration in the Northwest Territories and Nunavut. The Plan covers all operations, including drilling, if applicable, and aircraft operations, wherein the handling of substances able to be spilt are involved.

This Plan will be distributed to Kennecott site managers and site contractors working within the permit area. Regular site safety meetings are held whilst exploration sites are occupied, and include reviews of this Plan and other safety/environmental issues. The Plan will remain posted and available at site, and will be posted at any future camps.

This Plan was prepared and approved by Kennecott Canada Exploration Inc. Additional information or copies are available from Kennecott Canada Exploration Inc. at (604) 669-1880, Susan Ball.

1.0 INTRODUCTION

1.1 Plan Purpose

The purpose of Kennecott Canada Exploration Inc's Contingency Plan is to provide a plan of action for potential spill events that might occur at Exploration sites of activity. The Plan addresses any unintentional releases of petroleum products and other hazardous chemicals. It defines the responsibilities of key response personnel and outlines procedures to be taken to minimise the impact of a spill. The Plan has been prepared to provide to management and field staff the necessary information to deal with a spill.

1.2 Kennecott Policy on Cleanup

It is Kennecott Canada Exploration Inc. policy to comply with all existing laws and regulations for the areas in which the company operates and to ensure protection of the environment in these areas. This Contingency Plan has been developed to comply with the Company's policy statement and to fulfil specific Canadian and Northwest Territories/ Nunavut regulatory requirements.

1.3 Facility Description

A 20 man camp with 10-12 tents will be established for the spring and summer season within the property. The camp will be removed immediately after the completion of the field work. A fuel cache of about 100 drums of Jet B, 100 drums of diesel, 2 drums of gasoline and 50 tanks of propane will be established.

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1.4 Petroleum Product Transport and Storage

The petroleum products required for project work on site will be transported by air from Baker Lake where available, will be purchased from Nunavut communities.

Helicopters using fuel slings affect fuel movement once delivered by fixed wing aircraft. All fuel on site remains in standard fuel drums, and is stored in designated areas appropriate for the refuelling of aircraft and generator.

Where applicable, petroleum storage areas at the camp and drill sites are visually inspected on a daily basis to check for leakage or damage to any of the containers. Spill kits are available on site.

All fuel is stored a minimum of 30 metres from any high water mark, and transfer of fuel from supply vehicles to tanks and from tanks to vehicular equipment is performed with the aid of fuel pumps. Material Safety Data Sheets (MSDS) for all fuels and chemicals are kept on site for reference, should they be required.

If any fuel products are required in other areas within the permit area appropriate amendments to the Land Use License will be applied for and fuel products will be stored and handled at the specific site in accordance with applicable Land Use Permit conditions.

2.0 SPILL RISK ASSESSMENT

2.1 Petroleum Products

Potential sources of petroleum product spills could involve the following:

- Leaking or ruptured fuel drums.
- Fuel transfer operations between storage drums, and mobile equipment including aircraft.
 This could include broken supply pipes, hoses, and associated valves during fuel transfer operations.
- 3. Aircraft, snow-vehicles or equipment involved in accidents.
- 4. Leaks and drips from machinery, pumps, motors, and other equipment

The potential for spills to occur directly on a watercourse is low at project sites because fuel storage and transfer points are located away from watercourses. However, if a spill occurred during the winter on lake ice, it will be contained and cleaned up without contaminating the under – ice lake waters.

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3.0 RESPONSE ORGANIZATION

The members of the spill response team and their duties are listed below:

Response Team Member	Title/Company
On-scene Co-ordinator	Troy Gill Project Geologist Kennecott Canada Exploration Inc.
Exploration Manager	Ian Graham Exploration Manager, Diamonds Kennecott Canada Exploration Inc.
Project Personnel	There will be between 2 and 30 people on site(s) to aid in any spill response activities.

The responsibilities of the On-Scene Co-ordinator include the following:

- ✓ Assume complete authority over the spill scene and personnel involved.
- ✓ Activate the Contingency Plan.
- Evaluate the initial situation and assesses the magnitude of the spill.
- Report the spill to the Project Manager or an Environmental Advisor, who in turn will report it to NWT 24-hour Spill Report Line at (867) 920-8130 and DIAND Water Resources Inspector at (867) 975-4298.
- Develop an overall plan of action.
- Report to the Project Manager and provide recommendations on resource requirements (additional manpower, equipment, material, etc.) to complete the cleanup effort. The responsibility of the coordinator is to mobilise personnel and equipment to implement the cleanup.

The Responsibilities of the Project Manager include the following:

- ✓ Provide liaison with Kennecott Exploration management to keep them informed of cleanup activities.
- ✓ Obtain additional required resources not available on-site for spill response and cleanup.
- ✓ Act as the spokesperson with government agencies as well as the public and the media as appropriate.
- Document the cause of the spill and effectiveness of the cleanup effort, and implement the appropriate measures to prevent a recurrence of the spill.
- Prepare and submit follow-up documentation required by appropriate regulators.
- Ensure that the spill is cleaned up and all follow-up communication and reports are filed with the DIAND Water Resources and Environment Canada offices in Igaluit.

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The Environmental Advisors' duties include the following:

- ✓ Provide technical advice on probable environmental impacts of the spill.
- Advise the On-Scene Co-ordinator on spill countermeasures and recommend the most appropriate options.
- Assist in developing any required sampling, testing, or monitoring program associated with the spill.
- As required, assist the Project Manager in dealing with appropriate government agencies as well as public and the media.
- Provide recommendations on spill prevention.

4.0 INITIAL ACTIONS

In the event of a spill, the first person on the scene is responsible for the following actions:

- Maintain alertness and ensure personal safety and that of others who are on the scene prior to the arrival of the Spill Response On-Scene Co-ordinator.
- 2. Assess the hazard to persons in the vicinity of the spill.
- 3. If possible, without further assistance, control any danger to human health.
- 4. Assess whether the spill can be readily stopped or brought under control.
- 5. Where safe to do so, stop the flow of the spilled product.
- 6. Report the spill without delay to the Spill Response On-Scene Co-ordinator.
- Resume any action to contain, clean up, or stop the flow of spilled product until the On-Scene Co-ordinator takes control of the scene.

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5.0 REPORTING PROCEDURE

The On-Scene Co-ordinator must be notified immediately of any spill. The following chain of command must be followed in the reporting process. Immediately contact:

Reporting Hierarchy On-Scene Co-ordinator	Title/Company/Phone/Fax Troy Gill Project Geologist Kennecott Canada Exploration Inc. Phone: 604-696-3400 Fax: 604-696-3401
DIAND Water Resources Inspector	(867) 975-4298
Government 24 Hour Spill Reporting Line (To be contacted by the Environmental Advisor, On-Scene Co-ordinator, Project Manager or his designee) phone fax	(867) 920-8130 (867) 873-6924

NOTE: A "Spill Report" form should be filled out, including the GPS location of each occurrence, no later than 30 days after initially reporting the event. The report should be filed with DIAND Water Resources Inspector in Igaluit.

6.0 ACTION PLAN

The following actions have been incorporated to minimise the potential for spills to occur during fuel handling, transfer, or storage operations:

- Immediately cleanup minor spills.
- Conduct regular inspections of fuel barrel storage areas and hoses for evidence of leaks.
- Use drip pans and/or olephilic environmental blanket at all petroleum transfer sites and under stationary machinery.
- Train personnel in proper fuel handling and spill response procedures.

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6.1 Spills on Land

Response to spills on land will include the Initial Actions listed in Section 4.0 and the following specific steps:

- 1) Identify the source of the leak or spill.
- 2) Contain the spill at the source if possible.
- 3) Stop a leak from a barrel by:
 - i. Ceasing filling operations if leaking vessel is receiving fuel
 - ii. Checking valves and seals, and ceasing use of these valves if leaking
 - iii. Transfer all fuels from leaking barrels
 - Placing plastic sheeting at the foot of the leak to minimise seepage of the spilled material to the environment.

Spills on land (gravel, rock, vegetation) can be contained and cleaned up by the following methods:

- 1) Place a soil berm down slope of the running or seeping fuel. Plastic tarps can be placed at the foot of and over the berm to permit the fuel to pool on the plastic for easy capture. Berms can be made of snow and lined with plastic in the winter. Absorbent sheeting can be used to soak up the fuel. The fuel can be squeezed from the pads into drums or plastic pails, and the pads can then be re-used. Larger pools of fuel can be pumped into empty drums. It will be especially important to prevent fuel from entering a body of water where it will have a greater environmental impact.
- 2) Absorbent sheeting can be used to soak up petroleum products from rocks. The sheeting should be placed in the empty drums for eventual disposal by incineration.
- 3) A light covering of Sphag SorbTM or alternate absorbent material can be used to absorb films of petroleum products from arctic vegetation.
- 4) Contaminated soil and vegetation may have to be removed for disposal. Kennecott will contact the appropriate DIAND regional office for approval before undertaking this action.
- 5) Snow can work well as natural absorbent, and it can be compacted and used as a berm. Plastic sheeting then can be placed over the snow berm.

6.2 Spills on Water

The likelihood of a spill on or over water is remote however in the event it does occur the following steps will be implemented to control spills of petroleum products on water:

- 1) Floating 'boom(s)' can be deployed to contain the floating product.
- 2) Absorbent pads and similar materials can be used to capture small spills on water. Absorbent booms can be drawn in slowly to encircle spilled fuel and then absorb it. These materials are hydrophobic, and therefore, absorb hydrocarbons but repel water. Absorbent booms are often relied on to recover any hydrocarbons that escape containment booms.

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- 3) A skimmer may be deployed once a boom has been secured to capture the spilled product, and then pump it through hoses to empty fuel drums.
- 4) In the event of a larger spill on water, it will be necessary to limit the extent of the spill by using booms and it may be necessary to seek the assistance of the Mobil Environmental Response Unit. The 24-Hour Spill Report Line should be used to keep government agencies informed of the situation.

6.3 Spills on Snow and Ice

Where a spill occurs on ice, snow should be compacted around the edge of the spill and lined with plastic sheeting to serve as a berm. The ice will prevent seepage of fuel into the water, but contaminated snow and ice must be scraped up immediately. The contaminated snow can then be placed in drums or on plastic and within plastic lined berms on land. Permission may be granted from appropriate Government departments to burn off pools of fuel (contact the 24 hour Spill Reporting Line). Should fuel get below the ice, assistance may be requested from the Canadian Northern Oil Distributors Ltd. Mobil Environmental Response Unit.

Kennecott Canada Exploration Inc. and Diavik Diamond Mines Inc. have agreements in principal with Canadian Northern Oil Distributors, to access their resources 24 - hours per day, should these services be required.

7.0 SEWAGE DISCHARGE

Type of treatment: At a Kennecott exploration camp, domestic sewage is not treated except by direct application of lime solution to permafrost contained sewage pits

Should other smaller exploration camps be required within the permit area, appropriate amendments to current Land Use Permits would be applied for and all applicable clauses dealing with sewage disposal in the Land Use Permits would be adhered too.

8.0 RESOURCE INVENTORY

A. Personnel

In addition to the Spill Response Co-ordinator, at least two persons are available on site to assist in spill response and clean up activities. During helicopter refuelling operations, at least three people are at site. At least two people are stationed at drill sites during drilling operations.

B. General Equipment

Rotary and fixed wing aircraft can be flown to the sites from Baker Lake. Heavy earth moving equipment, hand tools, and miscellaneous equipment, such as plastic sheeting, are available from competitors' exploration sites and from Baker Lake, and are available for use in the event of a spill.

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C. Spill Kits

One portable spill kit will be located near the helicopter fuelling station and at another one at the camp site.

D. Mobil Environmental Response Unit

Canadian Northern Oil Distributors, Ltd. in Yellowknife will make the Mobil Environmental Response Unit available to Diavik upon immediate notice. This unit could be transported to the site from Yellowknife, though mobilisation is potentially dependent on weather.

E. Environmental Advisors

Advisors from the Diavik Diamond Mines Inc. Environmental Division are available to site personnel to address environmental issues related to a spill.

As well, additional Information or assistance is available from the following sources:

Organisation/Location	Name/Phone/Fax
Canadian Northern Oil	Matthew Wasserman
Distributors, Ltd.	(867) 873-3337
Mobil equipment Response Unit	[Not available after hours]
Yellowknife	
Government of the NWT	(867) 873-7654
Environmental Protection Division	fax: (867) 873-0221
Yellowknife	
Dept. of Indian Affairs	(867) 669-2760
& Northern Development	fax: (867) 669-2720
Yellowknife	
Environment Canada	(867) 920-6060
Yellowknife	fax: (867) 873-8185
G &G Expediting	Glen McCara / Greg Works
Yellowknife	(867) 669-9705
RCMP Yellowknife	(867) 920-8311
BHP Ekati Diamond Mine	(867) 669-0213
	fax: (867) 669-0714

9.0 TRAINING

All persons in camp are familiarised with procedures in this document upon arrival in camp. Drilling contractors are familiarised with the contents of this document in camp, and details of the Contingency Plan are posted at the drill. The nominated on-site co-ordinators are responsible for the updating of the contents of the Contingency Plan, including specified reporting requirements.

Camp managers are employed at most camps, and form an integral part of spill response planning. The camp manager will be the primary person responsible for physical clean up at the direction of the on-site co-ordinator. In the event the co-ordinator is absent from site, the camp manager will act as the cleanup co-ordinator.

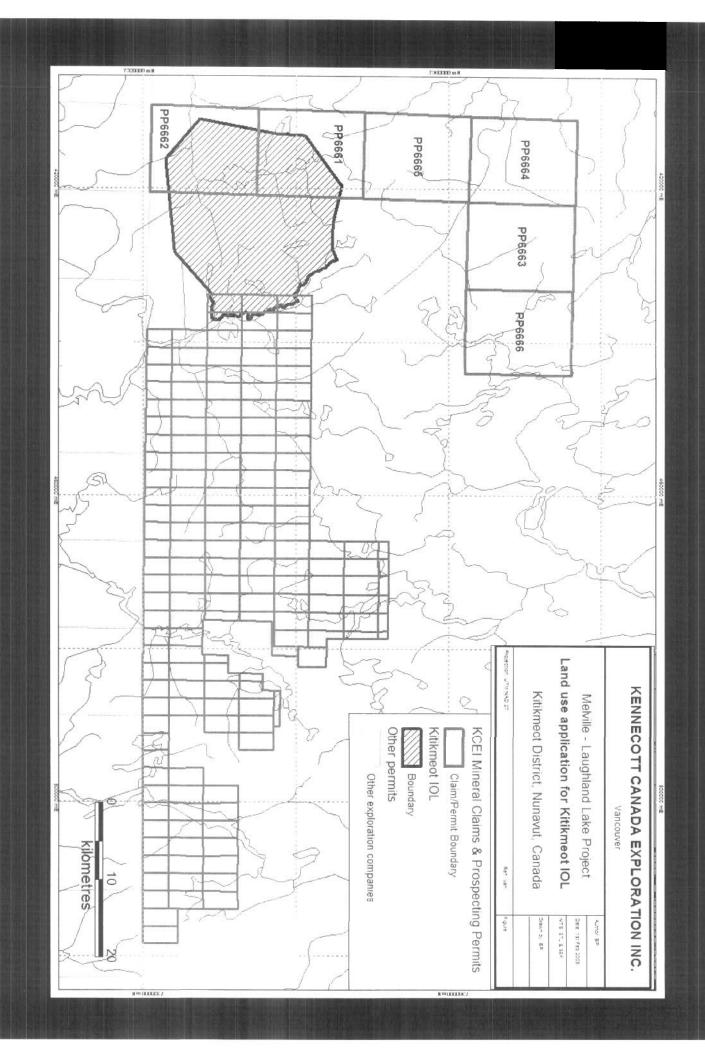
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KITIKMEOT INUIT ASSOCIATION LANDS DIVISION APPLICATION FOR ACCESS TO INUIT OWNED LAND

Office use only			
Category	Application No:	Accepted By:	Date Accepted:
To be completed by all a	applicants		
abbreviatione)	and mailing address (Full r		Fax no 604-696-3401
	ANVILLE STREET R, BRITISH COLUMBIA	V6C 1S4	Telephone no. 604-696-3400
. Head Office address			Fax no.
As above			As above
			Telephone no.
			As above
. Field supervisor and ad	dress if different from above		Telephone no.
Troy Gill			As above
Other personnel list (St	abcontractors or contractors to be	used)	
Midwest or Peak	HELICOPTERS Drilling ctors to be determined		
Total no. of personnel	+/-22 No. of	person days: 800	
5. Location of activities b	y map coordinates. Attach ORIG	INAL maps and sketches.	
MAX Lat Min 30	MIN Lat Deg 94	MIN Lat Min 21	MAX Lat Deg94
MAX Long Min 14	MIN Long Deg 66	MIN Long Min 00	MAX Long Deg66
Map Sheet No: 056L	/01 Inuit Land Par	cel No: GH-01	
Coordinate of camp (if app	plicable) Lat. 94	42 " Long.	66 ° 09, 50 "
Camp yet to be established	ed, but permitted under N2004J00	024 (INAC)	

March to November		
Period of access required (up to o depending on license level, residential/recreational leases and leases, and up to forty years for lev	up to five years for level I and II commercial	e Completion Date
	0 3	0 1 2005 0 3 0 1 0
Other rights, licenses, permits or lea of applying for rights.	ses related to this application. Provide p NONE	proof of rights or indicate if in the process
NTI Subsurface Right DIAND Subsurface Right NWB Water License (application)	 □ NRI Research License □ RWED Tourism License □ Explosives Permit 	☐ CWS Permit ☐ Other – Please Specify N2004J0024_ KTL204C023
	Construction:	Tourism:
staking and prospecting exploration (geophys-grd/air) drilling (diamond/ice, etc.) bulk sampling mine (open pit, undergrd, etc.) bulk fuel storage	Construction: camp building winter road all-season road quarrying other:	Tourism: □ tourism facility □ outfitting □ other:
exploration (geophys-grd/air) drilling (diamond/ice, etc.) bulk sampling mine (open pit, undergrd, etc.) bulk fuel storage	□ camp □ building □ winter road □ all-season road □ quarrying	□ tourism facility□ outfitting

12. Application Fees:	Land use license I -	☐ Commercial Lease I - \$ 500
	Inuit - \$ 0	☐ Commercial Lease II - \$1000
	Non-Inuit - \$100 Land use license II - \$250	☐ Commercial Lease III - \$5000
	x Land use license III- \$500	
	☐ Residential/Recreational Lease	Inuit - \$ 0
	☐ Exemption Certificate	Non-Inuit - \$250
Land use fees: # of hectares		
Note: The land use fee is for the	amount of land used on an annual basis.	
13. a) The Applicant request	ts a Certificate of Exemption	
OR		
		To see I do do I al I a
b) The Applicant agree Lease.	es to be bound by terms and conditions t	to be attached to the Inuit Land Use License or
Deute.		
Sign name in full:		
Sign name in tun.	Signature	Date



KENNECOTT CANADA EXPLORATION INC.

Year 2005 Laughland Lake Property Exploration Program

Kitikmeot Inuit Association

APPENDIX A

1. Kennecott Canada Exploration Inc. (Kennecott) plans to conduct surface mineral exploration for diamonds on their Laughland Lake Property in Nunavut. The project area includes crown mineral claims, K1-162 and prospecting permits 6661, 6662, 6663, 6664, 6665, and 6666. The program involves obtaining 12 - 20 liter volume esker, beach and till samples at approximately 2 to 10 km spacing; prospecting; airborne and ground geophysics; drilling, and possibly additional staking.

It is estimated that between 300 to 1500 samples may be collected during the entire helicopter-supported program. The company may also plan airborne and ground geophysical surveys following the result of such surface exploration. A portion of the work may take place on IOL GH-01, where five crown mineral claims are located.

- 2. Planned surface exploration may begin as early as March 15, and is anticipated to be complete prior to November 30, 2004, and from March to November in any subsequent years.
- 3. The planned program may affect Inuit owned land parcel GH-01.

No construction of structures or facilities is planned on IOL GH-01 at this time. However, an exploration camp to host up to 25 staff is to be established on crown surface lands. Logistical support for the programs is anticipated to be provided from Nunavut communities, in particular, Taloyoak, Baker Lake, and Kugaaruk.

Kennecott is not aware of the location of areas of biological or archeological interest, but will plan our programs accordingly when advised regarding such sites.

- 4. No structures will be erected on IOL.
- 5. Samples will be collected manually.
- Jet-B or Jet-A fuel shall be used in the operations of helicopter-supported sampling.
 Fuel transfer shall be by means of electrical pumps. It is expected to use fuel
 available from Nunavut communities and fuel caches on crown land once permits are
 in place.
- 7. A fuel spill contingency plan is included with application.
- 8. Any garbage generated would be backhauled to the applicable waste disposal facilities within base communities of Nunavut.
- 9. The program will be both helicopter (primarily) and fixed wing supported.
- 10. Kennecott is not aware of important habitat, or critical time periods regarding such habitats. Nor is it aware of historical/archeological sites within the proposed exploration area. However, Kennecott will plan our programs accordingly when advised of the locations of such sites.

- 11. Estimated time at each sample site is expected to last between 15-30 minutes, with little disruption of vegetation or wildlife. Airborne geophysics is collected at a terrain clearance that does not have a discernable impact on wildlife. Diamond drilling at any one site may be between 1 day to 2 weeks
- 12. No advanced exploration activities will take place under this permit
- 13. Regional surface exploration is expected to cause little or no impact to surface areas. Any garbage generated by the project will be backhauled and disposed of at the appropriate facility
- 14. It is Kennecott's intent to employ residents of Nunavut on exploration field crews, as we have on other exploration programs within Nunavut.

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COMMENT FORM FOR NIRB SCREENINGS

The Nunavut Impact Review Board has a mandate to protect the integrity of the ecosystem for the existing and future residents of Nunavut. In order to assess the environmental and scioeconomic impacts of the project proposals, NIRB would like to hear your concerns, comments and suggestions about the following project application:

		roject	
rioponent: Susan	Ball, Kenncott Canad		
Location: East Kit	tikmeot		
Comments Due By:	May 6 th , 2005	NIRB #:	05EN045
Indicate your concer	ns about the project p	roposal below:	
□ no concerns		traditional uses of land	
□ water quality		Inuit harvesting activities	
□ terrain		community involvement and co	nsultation
□ air quality		local development in the area	
☐ wildlife and their habita	t	tourism in the area	
☐ marine mammals and th	eir habitat	human health issues	
☐ birds and their habitat		other:	
fish and their habitat			
☐ heritage resources in are	ea		
	oncerns indicated abo	ve:	
		dations for this application ☐ No ☐ Any additional	
Do you support the part of person com	project proposal? Yes	□ No □ Any additional	
Do you support the J	project proposal? Yes	□ No □ Any additional	