



KENNECOTT CANADA EXPLORATION INC.

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November 7, 2001

NUNAVUT WATER BOARD
P.O. Box 119
Gjoa Haven, Nunavut
X0B 1J0

VIA FACSIMILE to: 1-867-360-6369 original to follow via mail 5 pages

Attention: Rita Becker, Licensing Administrator

Re: NWB2TAK: Water Licence for Rocking Horse/Takajuak Project, Nunavut

Dear Rita:

We have, this week, submitted an application to KIA for a Level III licence to cover a new camp on the Rocking Horse Property, called the Anuri Camp. Under our current water licence, the existing Tak Camp and core drilling are already covered, so we would like to amend this licence to cover the proposed Anuri Camp. I am attaching a copy of the project description, with the camp details, as well as a location map of the camp site, as submitted to KIA. If there are further details you require, please let me know.

Under our current KIA Level III (KTL301C002) and DIAND LUP (N2000C0004) drilling licences, we are also planning up to 80 core drill holes in and around the Anuri pipe. These holes should not require amendment to the current water licence as the drill rigs have contained water systems, and the initial water drawn from the lake is minimal.

We would also like to request a modification to the water licence regarding the '30m' exclusion of drilling near any water body. Most of our drilling will be in winter and on the lake ice, however, it is possible that the definition drilling to prove this diamond pipe may involve land based drilling near the shore of Napaktulik Lake or within a 30m proximity of a stream or smaller lake in the area.

Yours truly,
KENNECOTT CANADA EXPLORATION INC


Diane J. Gregory
Land and Contracts Manager

cc. Susan Ball, Project Geologist

anurinwbamend.doc

KENNECOTT CANADA EXPLORATION INC.

KITIKMEOT INUIT ASSOCIATION ADMINISTRATIVE DISTRICT

APPENDIX A

1. Kennecott Canada Exploration Inc. (Kennecott) plans to construct an exploration camp on IOL CO-45. The camp would be located at 66° 33 ' 8.5 " and 112° 55' 3.87" on a low-relief esker on the edge of Napaktulik Lake, and cover an area of roughly 150 square meters, including the fuel cache. The purpose of the camp is to pursue more advanced exploration drilling on the Anuri Kimberlite located within 5 km of the proposed camp site. If the camp activity extends beyond February 2004, new permits will be applied for.

2. Camp construction could begin as soon as early as February 1, 2002. The camp may be occupied year-round, with the maximum capacity of +/- 70 persons expected to occur seasonally from February to September. Complete or partial shutdowns of the camp would be most likely to occur between October to January.

3. The proposed camp will be accessed by floatplane in summer and by an ice strip (currently being permitted through DIAND) on Napaktulik Lake in winter. Wood-frame buildings and tents to accommodate 70 persons will be erected. Sewage will likely be handled using a digester. Garbage will be incinerated at site and/or removed from the site via aircraft. A short road (<700 meters in length) may be constructed leading from the fuel cache to the camp site and heavy equipment letdown, with access to the lake ice.

Kennecott is not aware of areas of biological or archeological interest at the proposed site, but will plan our construction accordingly when advised regarding such sites.

4. Construction would consist of:

- 20, 12x14' or similar sized tents for accommodation of crews
- 1 wood-frame kitchen facility
- 1-2 wood-frame Dry, showers and washroom facilities
- 1 wood-frame or tent-frame core facility
- 1 wood-frame or tent-frame office facility
- 2 wood-frame generator sheds
- 3 wood-frame storage sheds
- Several plywood helicopter pads may be constructed.

5. Equipment to be used would include:

- 5 snow machines used for transportation and hauling around camp
- 2-4, 4x4 ¾ ton or one-ton pick-up trucks to carry cargo and persons between camp, drill sites, and airstrip.
- Snow removal equipment for cleaning off ice strips. This would include hand operated snow blowers and bobcat type small vehicles, and/or a small cat (D-6 or D-5 see below). All equipment would be limited in size and weight by the necessity of air transport.
- Earth moving and snow removal will be done by a small cat, a D-5 or D-6, or a skidder or like vehicle (rubber tired front end loader) with a snow blower attachment as well as a blade and/or a bucket.
- A water truck will be required at site to supply drills with water and to build ice on drill pads and roads (Drilling is covered by KIA License KTL301C002 and DIAND LUP#N2001C004).
- A fuel truck will be required at site to supply drills with fuel

6/7. A fuel spill contingency plan is included with the application. Jet-B or Jet-A fuel shall be used in the operations for helicopter support. Fuel transfer shall be by means of electrical pumps. Drip pans and/or absorbent mats shall be available at refueling sites. Up to 400, 205-liter drums each of jet-B and diesel; 100, 100-LB propane cylinders and 25 205-liter gasoline drums would be cached at site.

8. Any garbage generated would be incinerated at site and /or transported to waste disposal facilities within base communities of Nunavut and NWT. Backhauled waste will likely go to Yellowknife. Large diesel fuelled atomizer type incinerators will accommodate incineration. These will be equipped with spark arresters and be adequately protected against fuel spills.

Sewage will be treated using a large digester type processor. This will be housed and maintained in a tent that is a sufficient distance from any water. Grey water will be drained into a sump where it will percolate naturally into the ground. The sump will be located a greater than 31 meters from any stream, lake or swamp.

All fuel will be stored in drums on site in a natural depression or they will be bermed to prevent any large spills. Fuel transfer will take place in a designated area supplied with a spill kit. Drill fluids will be stored on site a sufficient distance from water in a heated storage tent.

9. The program will be both helicopter (primarily) and fixed wing supported. A short road may be constructed between the fuel cache, camp, and docks. A quarry license is included as part of the application in the event that any road fill is needed.

10. Kennecott is not aware of important wildlife habitat at the site, or critical time periods regarding such habitats. However, Kennecott will plan our programs accordingly when advised of the locations of such sites. The camp will be located along a low relief esker. There is no known archeological significance to the site.

11. Environmental and wildlife impact is expected to be minimal. Water is likely to be drawn from Napaktulik Lake in order to service the camp. The camp is expected to use a maximum of 7000-liters/ day, not enough to impact a large water body like Napaktulik. Grey water will be digested or filtered through a sump dug into the esker or within a natural topographic depression. Animal human interactions will be avoided where possible.

12. Advanced exploration activities are not planned on at this time. Reclamation costs for camp removal would range from \$60 000– \$90, 000.

13. Reclamation would involve dismantling and removal of all tents. All non-combustibles, metals, and large equipment would be transported from site by air or by winter road if possible. Combustibles could be incinerated at site. Sumps, if any, would be backfilled. Roads, if any, would be reclaimed and revegetated. Removal of non-combustible garbage and scrap metals, including empty fuel drums would be on going throughout the life of the camp.

14. Kennecott Canada is committed to directly employing seasonal personnel from Inuit communities when working in Nunavut. Inuit firms will be invited to bid on work, where applicable. Construction and maintenance of the camp, including supplies is anticipated to cost \$75 to \$100K. A five to 10 person construction crew would be required to build the camp. Kennecott Canada anticipates hiring one to two persons from Inuit communities to assist with the construction project. On the job training may be provided for candidates interested in seasonal camp maintenance work.

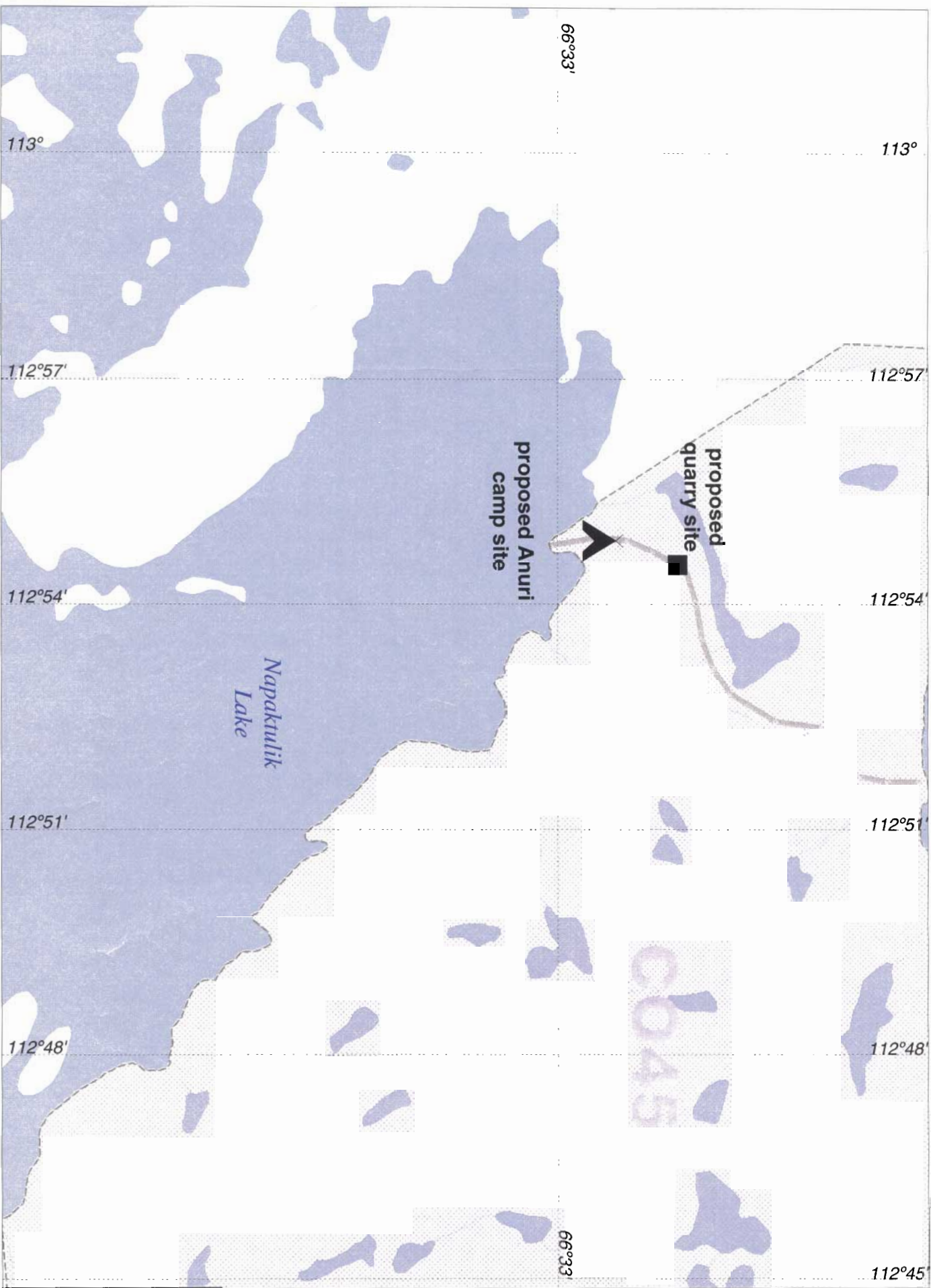
KENNECOTT CANADA EXPLORATION INC.

KITIKMEOT INUIT ASSOCIATION ADMINISTRATIVE DISTRICT

Quarry License Application Appendix A

Kennecott Canada Exploration Inc. (Kennecott) is applying for a quarry license adjacent to the proposed Anuri Camp on IOL CO-45. The quarry would be located at 66° 33 ' 41.25 " and 112° 54' 25.83" on a low-relief esker on the edge of Napaktulik Lake, and cover an area of roughly 50 x 25 meters. The purpose of the quarry is to provide esker road fill material (sand and gravel) for the roads leading to and away from the proposed Anuri camp site. Earth moving will be done by either a small cat, a D-5 or D-6, or a skidder or like vehicle (rubber tired front end loader. The quarry will not be used for commercial purposes.

Kennecott is not aware of areas of biological or archeological interest at the proposed quarry site, but will plan our construction accordingly when advised regarding such sites.



Scale: 1:50,000

0 1 2

kilometres

 KENNECOTT CANADA EXPLORATION INC.
VANCOUVER

Rocking Horse Property

Anuri Camp Site

NTS 86/10

Nunavut, Canada

Date: 2/11/01	Author: DG	Ref: van.00204.1
File: TAKpermitNov2001	Figure:	