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Wednesday, 19 January 2005

Nanuvut Water Board
c/o Manager of Licensing
PO Box 119
Gjoa Haven, NU
X0B 1J0

RE: License No.: NWB2REP0305

Dear Sir or Madame:

In response to the Board's letter dated October 25, 2004, please find enclosed a copy of BHP Billiton's Annual Report pertaining to License no. **NWB2REP0305**.

A separate annual report was submitted to DIAND with respect to our land use permit. A copy of this report is shown as an appendix to the NWB Annual Report. We trust that the following is satisfatory and if you have any questions please do not hesitate to contact me at 1 (604) 632 - 1450.

Yours truly,

SIEGFRIED WEIDNER
Project Leader
Quillalugaq Project
BHP Billiton World Exploration Inc.

ANNUAL REPORT

LICENSE NUMBER
NWB2REP0305 TYPE "B"

BHP BILLITON DIAMONDS INC.
2300 - 1111 WEST GEORGIA STREET
VANCOUVER
BC, V6E 4M3
CANADA

19 January 2005

License Number:	NWB2REP0305 Type "B"
Licensee:	BHP Billiton World Exploration Inc.
Mailing Address:	1111 West Georgia Street, Suite 2300 Vancouver, BC V6E 4M3
Location of Undertaking:	Repulse Bay Property, Kivalliq Region Nunavut General Latitudes: 66° 38'57"N General Longitudes: 88° 22'30" E NTS Map No. 56K,M, N, O; 57A-G; 67A,D

Nunavut Water Board (NWB) issued a permit on May 12, 2003 which was then amended on April 2, 2004, and further amended to alter the discharge location of treated sewage effluent from that previously approved by the Nunavut Water Board, and to increase the allowable water usage for drilling operations on the Qilalugaq project site (66°38'57" N; 88°22'3"W).

1.0 Introduction

This annual report is prepared pursuant to BHPBilliton's License NWB2REP0305.

The Qilalugaq campsite is located at Latitude 66° 38'57"N and Longitude 88° 22'30" E, approximately 15 km NW of the Hamlet of Repulse Bay. The 2004 activities by BHPBilliton on this exploration program focused on a Reverse Circulation drilling bulk sampling program, a diamond drilling program and geophysical aeromagnetic surveys and a till sampling program. The initial camp start-up crew moved into camp during the third week of April. Exploration activities commenced in early April. The camp remained operational until mid September when a small crew remained to complete close-up on September 24, 2004.

A number of reportable spills occurred during the drilling programs and camp activities. These are summarized in Table 7.

Annual Water and Waste Report

a) Estimate of the monthly and annual water pumped from Fresh Water Supply Lake
In accordance with Amendment 1 to NWB2REP0305, dated April 2 2004, the license was amended to undertake a 50 man camp operation activities on the Qilalugaq site, at 66° 38'57"N, 88° 22'30" E. Construction of the Camp and water intake was commissioned on April 16, 2004. The water intake line was not metered.

Supply water for the camp was withdrawn from a lake sited immediately north of the main camp complex. A submersible pump and screen assembly was anchored above the lake bottom. Average water withdrawal was estimated to be 2.9 m^3/day. Table 1 reflects the camp monthly water intake from April to September.

Table 1: Camp Water Consumption Estimate [1]
UTM NAD 83; E 527901, N7392432

Period	Monthly Water Intake (cubic meters)	Average Daily Water Intake (cubic meters/d)	Permit Limit (cubic meters/d)
April	33.32	2.38	**10**
May	82.46	2.66	
June	90.43	3.01	
July	101.99	3.29	
August	106.33	3.43	
September	47.04	1.96	
Totals	**461.4**		
Average		**2.9**	

Note:
(1) Based on occupancy rate at camp, 70 L/d per occupant

b) Estimate of Water Withdrawal for Drilling Activities

In accordance with Amendment 2 to NWB2REP0305, dated July 23,2004, the license was amended to allow the increase of water withdrawal from 25 m^3/day to 60 m^3/day for drilling activities.

During the 2004 exploration season two independent drilling programs were conducted:
1. Bulk Sampling utilizing a Reverse Circulation Drill
2. Conventional Diamond Drilling Program utilizing NQ coring techniques (2 rigs)

Table 2: Reverse Circulation Drill Water Consumption Estimate

Period	Total Drill Water Usage (cu. meters/d)	Average Monthly Water Intake (cu. meters)	Permit Limit (cu meters/d)
April	4.5	49.5	**25**
May	4.5	108	
June	27	594	
July	NO [2]		60 [1]
August	NO		
September	NO		
Totals		752	
Average	**13.2**		

Note:
(1) Permit Amendment
(2) NO – Not operational

Table 3: DD Drill (LF38) Drill Water Consumption Estimate

Period	Total Drill Water Usage (cu. meters/d)	Average Monthly Water Intake (cu. meters)	Permit Limit (cu meters/d)
April	44.15 (1)	235.5	**25**
May	4.41	1.8	
June	4.41	7.9	
July	4.41	53.7	**60** (2)
August	22.07	63.5	
September	NO (3)		
Totals		426.4	
Average	**11.5**		

Note:
(1) Cold temperature prevented operation of re-circulations system
(2) Permit Amendment
(3) NO – Not operational

Table 4: DD Drill (LF70) Drill Water Consumption Estimate

Period	Total Drill Water Usage (cu. meters/d)	Average Monthly Water Intake (cu. meters)	Permit Limit (cu meters/d)
April	NO (1)		**25**
May	NO		
June	NO		
July	4.41	23.7	**60** (2)
August	22.07	288.8	
September	22.07	96.1	
Totals		408.7	
Average	**17.9**		

Note:
(1) NO – Not operational
(2) Permit Amendment

c) Performance of the RBC Rotodisc Sewage Treatment Plant

The sewage treatment plant was commissioned on April 16 and operated for 161 days. Figure 1 is a typical schematic of the RBC plant. All greywater reports to the RBC unit. It was difficult to meter the sewage discharge due to the time of year of the construction of this facility. It is estimated that approximately 2.9 m^3 /day was treated by the RBC unit. The plant was temporarily shutdown on Sept 24, 2004 for the season. Total sludge production was estimated to be approximately 3075 L. The sludge was transported by drums via helicopter to an approved sewage lagoon operated under license by the Hamlet of Repulse Bay. Empty drums were returned to site for cleaning and storage. Figure 2 is picture of the RBC plant.

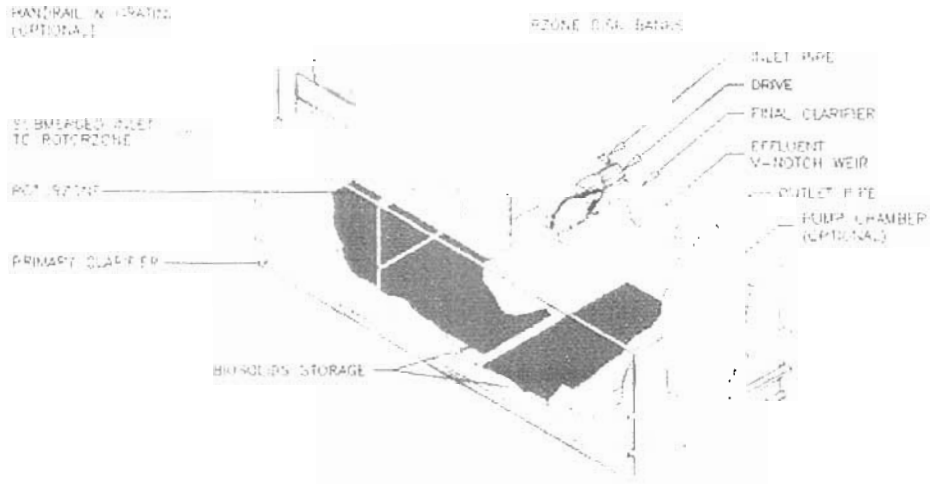

Figure 1: Typical Schematic of the components of the RBC Rotodisc

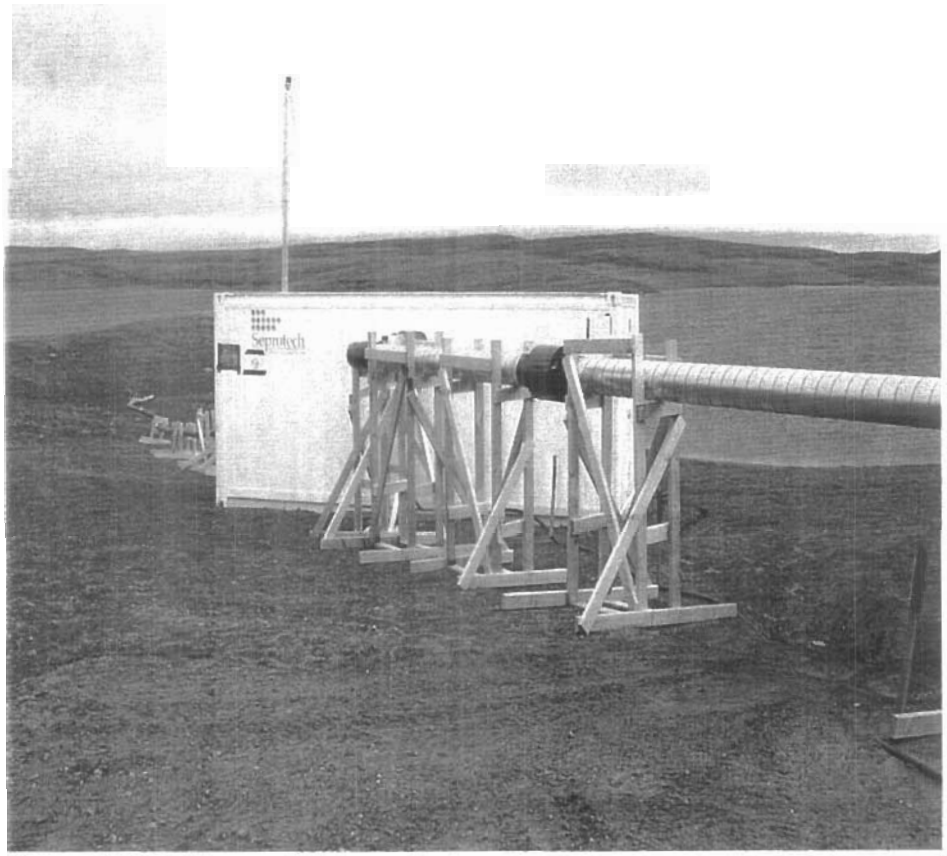

Figure 2 RBC Plant – Qilalugaq Project

Amendment 2 to NWB2REP0305 was approved on July 23, 2004 by NWB for an increase in water withdrawal and the relocation of the waste discharge from the RBC. Figure 3 depicts the revised discharged location.

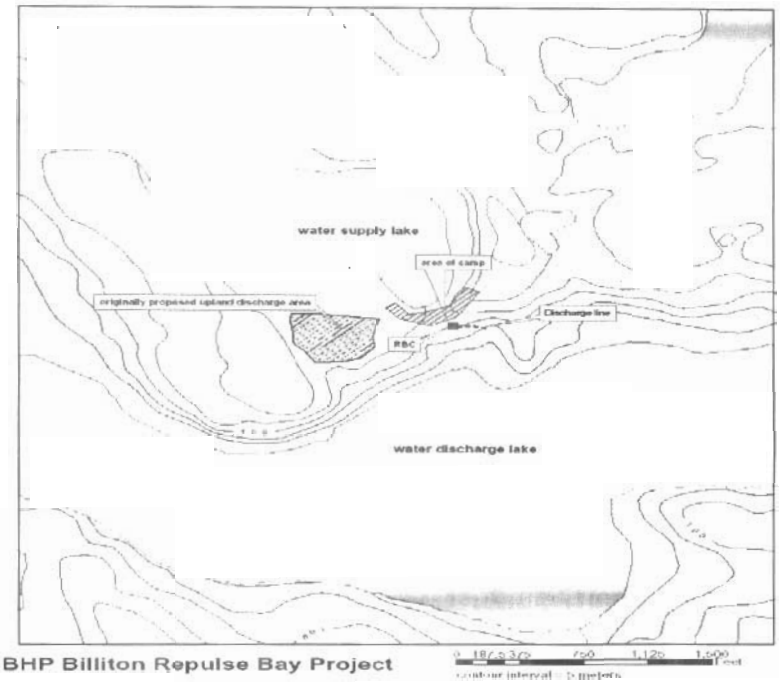

Figure 3: Revised RBC Discharge Location at E527988, N7392334

Table 5: Discharge and Receiving Water Quality

Parameters	**Units**	**6/30/04**	**7/22/04**	**8/10/04** [1][9]
End of Pipe -RBC				
BOD [1]	mg /L	8.5	18	14
TSS [1]	mg /L	15	20	17
pH [1]	s.u. [2]	7.49	7.51	7.38
Coli form –Fecal [3][6]	CFU/100mL [4]	NA [5]	NA	NA
Grease & Oil [8]	Visual	None	None	None
Receiving Water				
BOD [1]	mg /L	<1	3	3
TSS [1]	mg /L	<5	<5	7
pH [1]	s.u.	7.86	8.01	7.95
Coli form –Fecal [3][6]	CFU/100mL	<1	3	ND [6]
Coli form –Total [3][6]	CFU/100mL	62	860	ND [6]
Grease & Oil	Visual	None	None	None

Note:

(1) Samples taken at different time intervals and analysis performed by different labs
(2) s.u. - Standard Units
(3) Samples taken at different time intervals and analysis performed by different labs
(4) Coli form Fecal- Colony Forming Units (CFU/ 100 mL)
(5) NA – Not Sample taken
(6) Fecal and total coliform assessment analysed > 12 hours after sampling
(7) No Data
(8) Grease & Oil –visual measurement
(9) No sample in September

d) Inventory of Materials Storage at Camp

Table 6 is a summary of residual fuels and waste stored at the campsite at the time of shutdown on September 20, 2004.

Table 6 Summary of Materials Temporarily Stored at Site

Material	Type	Capacity	No. of Drums
Fuels/Oils	Diesel	205L	199
	Aviation – JET B	205L	227
	Empty Drums	205L	1228
Waste	Oil	136L	15
	Waste	136L	272
	Metal	136L	32

Data: As of Sept. 21, 2004

e) Summary of Unauthorized Discharges

There were eight reportable spills during the 2004-drilling season. A summary of unauthorized spills is summarized in Table 7 below. The table summarizes the descriptions of the unauthorized releases, their causes and the remedial measures to control, mitigate or recover the material that was spilled.

BHPBilliton conducted a very detailed investigation into the May 7, 2004 sump failure. Initial delineation of the extent of the fines migration was conducted in early May by Rescan Environmental Services. The findings of this assessment report were discussed verbally with the management staff and work commenced on a remedial action plan. The management staff initiated remedial measures. A detailed spill report was submitted to the Water Resources Inspector for the Department of Indian and Northern Affairs and also shared with Environment Canada and the Nunavut Water Board. Appendix 1 is a copy of the detailed report filed with the government.

As part of this investigation a bioassay was conducted which resulted in 100% survival of the species tested and TSS concentration of 32.7 mg/L measurements taken on the drainage water discharging to the ice surface of the lake.

f) Progressive Reclamation Work Undertaken

Diamond drilling commenced on April 11, 2004 and was terminated on September 12. A total of 24 holes were completed; 7 lake holes and 17 land based holes. Table 8 summarizes the hole identification, collar location and dip of hole.

The drill sumps were sited within 100 m of the drill collar. Drill cuttings were deposited into low depressions or on upland plains where the cuttings were dispersed.

No reclamation of the drill sites was done in 2003, although visual monitoring of these historical sites continues and it is evident that natural rehabilitation is working well. In late September 2004, all 2003 and 2004 drill sites were inspected. Any debris from the site was collected and disposed of at the campsite. Drilling collars and sumps were rehabilitated. Final site inspection and remediation will be completed in 2005.

A reverse circulation drill was used to extract a 233 tonnes bulk sample of mineralized material. The 45-day bulk sampling program commenced in mid April 2004 and terminated in early June.

A detailed report (Appendix 1) was submitted to the regulatory agencies pertaining to an unauthorized spill from the RC sump. The report discusses the mitigation measures implemented to initially contain and reclaim the sump. Final reclamation of this sump site will be completed in 2005.

g) Updates or Revisions to Spill Contingency and Control Plan.
Revisions to the 2003 Spill Contingency and Control Plan were submitted and approved by the Board on October 12, 2004.

h) Inspection and Compliance Report
No inspections by either DIAND or KIA Lands were conducted during this drilling season. The WCB Mines Inspector conducted a site inspection of the drill sites and the camp on May 10, 2004 and all deficiencies were addressed and corrected. A number of supervisors completed advanced supervisory certification.

Discussions were held with DIAND and Environment Canada (EC) with respect to the RC Sump incident. Verbal approval of the mitigation action taken was proved. In August EC requested a sample of the drainage water for flocculant testing. BHPBilliton advised EC that no water was available for testing.

Table 7: Unauthorized Releases

Date of Occurrence	Description	Cause	Remedial Action
May 1, 2004	Release of hydraulic fluid to top of ice surface	Drill seal broke while setting casing, spewing water and overfilled a hydraulic oil drip pan, spreading the oil & water solution on the ice.	Drill was shutdown and crew contained the spill using spill clothes and shovelled. The ice was chipped and contaminated material placed into clearly marked empty barrels. Area was scarified with dozer and additional material placed in drums.
May 7, 2004	Release of drill cuttings from sump	Erosion of berm and the undercutting of the permafrost resulted in colloidal material being flushed down slope to an ice covered lake	Additional berms were constructed of PVC, sandbags and Aqua berms to prevent further migration by the melting snow. Material in the sump was removed and placed in low depressions. Peat was used for rehabilitation.
May 19, 2004	Release of 25 L of diesel fuel	Drum breached when operator was transferring diesel fuel	Absorbent material used to wick fluid. Contaminated snow excavated and placed in drums for offsite disposal
May 23, 2004	Release of 1 L of antifreeze from mobile equipment	During maintenance antifreeze was released to lake ice	Contaminated snow and ice removed and placed in drums for offsite disposal
May 27, 2004	Release of 0.5 L of hydraulic oil	Mechanical failure contaminated snow	Contaminated snow placed in drums for offsite disposal
June 11, 2004	Release of diesel fuel (<3 L) from secondary berm adjacent to Camp	Down slope side of secondary berm failed allowing fuel to escape	Recovery residual material and excavate top layer of contaminated sand & peat layer; placed material in sealed drums and reclaimed area with peat and sand mixture.
June 11, 2004	Release of diesel fuel from secondary berm area at the RC fuel cache	Snow melting allowed the berm walls to move allowing the release of residual fuel	Contaminated hydrocarbons were absorbed and the peat mat excavated and placed in drums. Booms were placed in local area to prevent migration of fuel to lake
July 27, 2004	Release of drill cutting water from recirculation tubs	Drill cuttings and water undercutting the permafrost resulted in colloidal material being flushed down slope	Sandbag berms constructed to control migration. Reclaimed site after drill

Table 8: Summary of Diamond Drill Holes

HOLE ID	COLLAR LOCATION			
	E	N	AZ	DIP
A-88-d1	538595	7386038	230	-69
A-88-d2	538595	7386038	146.0	-50
A-48-d7	538582	7386081	270.0	-58
A-48-d6	538540	7386185	270	-55
A-48-d8	538540	7386185	225.0	-50
A-28-D3	538930	7386262	185.0	-55
A-61-D2	538709	7385886	331.0	-50
A-28-d1(a)	538893	7386086	296	-55
A-28-d1	538893	7386086	307	-45
A-61-d4	538710	7385875	333	-45
A-88-d4	538475	7385810	043	-45
2004-8-01	532164	7397632	240	-50
2004-8-02	532092	7397536	n/a	-90
2004-8-03	532950	7401026	n/a	-90
2004-8-04	547576	7378408	n/a	-90
2004-8-05	541145	7385276	n/a	-90
2004-8-06	538250	7383010	n/a	-90
2004-8-07	532939	7387082	n/a	-90
2004-8-08	538063	7387648	n/a	-90
2004-8-09	538524	7386410	332	-45
2004-8-10	534883	7391564	180.0	-45
2004-8-11	533883	7393564	20	-55
2004-8-12	531945	7389269	126	-45
2004-8-13	540448	7378791	330	-65
2004-8-14	540636	7382960	268	-45
2004-8-15	529089	7384619	305	-45
2004-8-16	533867	7393535	20	-45

i) Public Consultation

The public consultation process involved the community of interest (Hamlet of Repulse Bay). The community of Repulse Bay will be the area of primary focus for potential jobs and business opportunities. Other northern communities like Rankin Inlet, Taloyoak, Pelly Bay have also benefited from this project.

A community informational meeting was held on January 20, 2004 to review and discuss BHPBilliton's planned activities for the 2004 exploration season. Appendix 2 and Appendix 3 provide summaries of these trip report filed with Nunavut Water Board on outcomes or issued raised during the meeting. During the Q&A session the focus was on hiring, training and traditional hunting areas. A second briefing was provided to Mayor Kopak on Jan.21, 2004.

A supplemental public announcement was made in early May where the status of our exploration activities was provided to the Hamlet of Repulse Bay. Appendix 4 is a copy of this notice. A visit to the campsite and a fly over of the drill sites was conducted on June 5, 2004 for the mayor, council, elders and family members of local hires. A total of 30 people from Repulse Bay participated in the tour and presentation on activities.

The Camp Manager and the Environment and Community Advisor made numerous informal updates on the project status to the Hamlet Council. Again the major issues related to local hiring, training and hunting activities.

MLA Steve Mapsalak participated in a tour of the campsite facilities and was provided a detail update on project status, number of local hires and BHPBilliton's commitment to providing on-the-job training to the local hires.

The Hunters and Trappers Organization (HTO) filed a complaint on June 15, 2004 with the Land Use Inspector and the Kivalliq Inuit Association (KIA) relating to adherence to permit requirements relating to the Helicopter flight elevation. A meeting was requested by BHPB with the Wildlife Officer and others as noted in Appendix 6 to better understand the concerns and to better be able to address the issues.

A second compliant was also filed with respect to staking activities south of Repulse Bay regarding low flying helicopters. BHPBilliton investigated the matter and advised KIA that another company was conducting the staking activity.
Appendix 6 is a copy of the minutes and the action taken by BHPBilliton regarding this complaint.

j) Summary of Baseline Environmental Studies

The Qilalugaq Project is in the early exploratory phases as BHPBilliton investigates potential diamond reserves near Repulse Bay, Nunavut. The following is a brief summary of the initial environmental sampling and describes water quality monitoring, hydrology, sediment quality, physical limnology, fish community and habitat.

Water Quality Monitoring

Water quality monitoring for baseline and post exploration drilling was conducted to assess the potential impact to the lake water as a result of our lake drilling activities.

Rescan Environmental Services conducted a baseline water quality survey in March prior to drilling and a follow-up survey in May while exploration equipment was operating on ice. Results from the pre-drilling and post drilling surveys are summarized below. Figures 4 and 5 depict location of the monitoring stations.

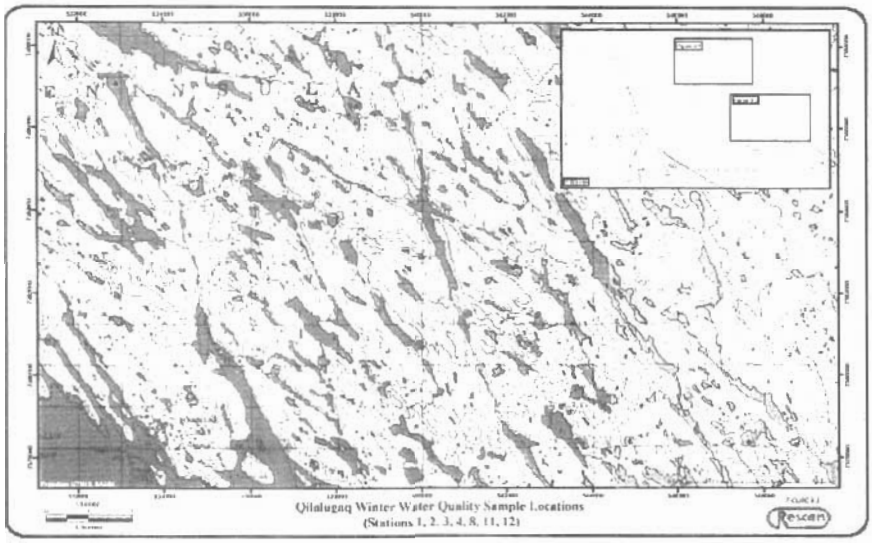

Figure 4: Water Sampling Locations

Source: Rescan Water Quality Report

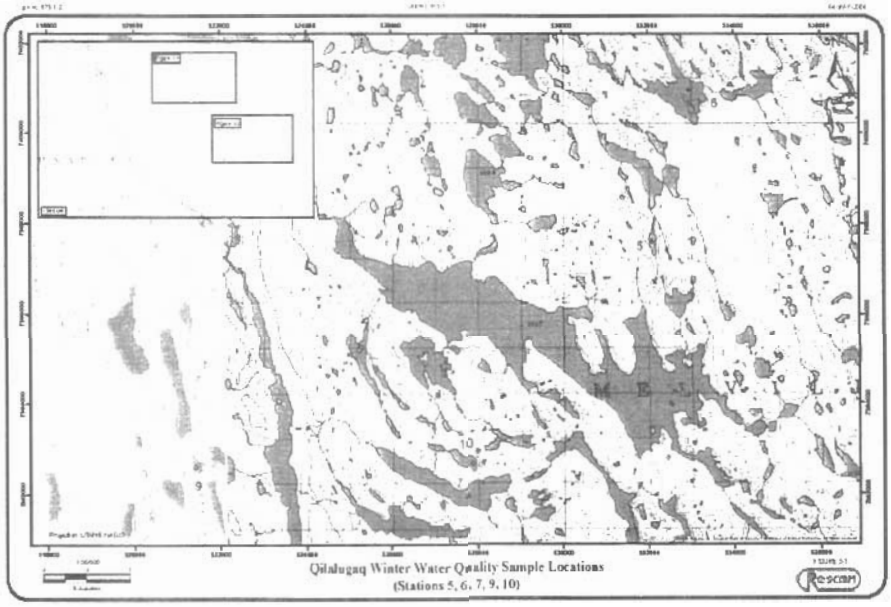

Figure 5: Water Sampling Locations

Source: Rescan Water Quality Report

Pre-drilling Water Quality Survey

The pre-drilling water quality survey took place between March 16 and March 25, 2004. Field conditions were typical of the Artic for that time of year, with air temperatures ranging from –30°C to –60°C (including wind chill), and lake ice thickness ranging from 1.5 to 2.0 meters. A total of 10 lakes stations were sampled, including a reference lake (See Figures 4 and 5). Discrete water quality samples were collected from one or two depths per station. Water quality in the area was characterized by soft to medium water (average hardness of 66 mg/L $CaCO_3$) having slightly basic pH (average pH 8). Metal concentrations were low.

Post Drilling Water Quality Survey

Comparatively the post-drilling water quality survey took place between May 12 and 14, 2004. Field conditions were typical for the time of year, with air temperatures ranging from –1°C to –12°C (including wind chill), and lake ice thickness ranging from 1.55 to 2.4 meters. A total of 7 stations were sampled during the May 2004 survey. The lake waters remained slightly basic (pH 8), soft to medium hardness (average hardness of 68 mg/L $CaCO_3$).

Effects of drilling were observed at the two stations where the RC drilling was taking place at the time of sampling. These effects were expected, as drilling suspends fine lake bottom sediments into the water column, thereby altering water quality. Turbidity, total aluminum, total manganese, total nickel, total zinc, and probably total lead were all elevated above the pre-drilling results. Metal concentrations were typically low, with many values being below low-level analytical detection limits.

There did not appear to be any residual effects of drilling at the NQ drill sites, where drilling had ceased approximately 10 to 20 days prior to sampling.

Because of the lag between drilling activities and water quality monitoring it is expected that the effects on under-ice water quality appear to be very transient and short-term.

Water samples collected from the drinking water source for the camp indicated that the quality of water was good and well below Canadian Drinking Water Guidelines.

Hydrology

Four stream gauging stations were established in 3 different watersheds to assess seasonal flow events. Figure 6 depicts the various watersheds and the location of the hydrological stations. The stations were constructed during the week of June 28, 2004 to capture the freshet conditions. Stream water quality measurements were downloaded from data loggers at various intervals during of the season. Table 9 and 10 summarizes the location and flow for these stations.

Table 9: Hydrology Stations

Gauging Station Location	Site No.	Easting	Northing	Watershed Area (km^2)
Outlet of Lake B	Site 1	534413	7383444	36.7
Outlet of Lake A	Site 2	538522	7386275	10.1
Outlet of Lake D	Site 3	541762	7379093	33.5
Outlet of Lake C	Site 4	531896	7400957	82.9

Source: Rescan 2004 Baseline Aquatic Survey

Table 10: Summary of Flow Results

Gauging Station Location	June Results (m^3/s)	July Results (m^3/s)	August Results (m^3/s)	September Results (m^3/s)
Outlet of Lake B	3.7	1.1	0.6	0.3
Outlet of Lake A	0.5	0.1	0.05	0.02
Outlet of Lake D	2.7	0.5	0.30	0.1
Outlet of Lake C	8.1	2.2	1.3	0.6

Source: Rescan 2004 Baseline Aquatic Survey

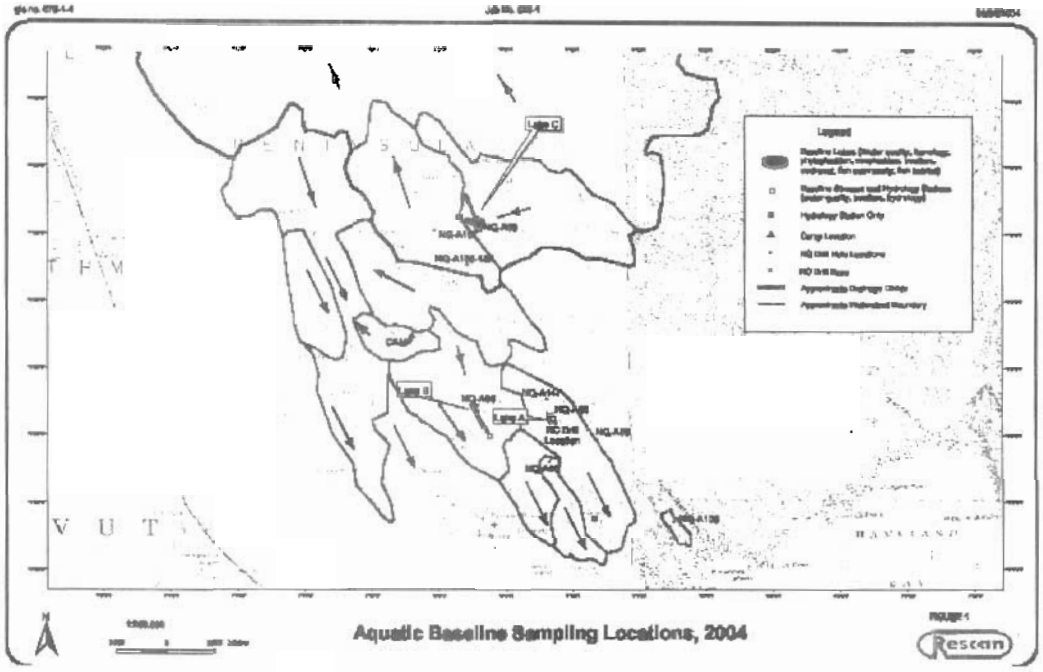

Figure 6 depicts the watersheds and the location of these stations.

Aquatic Baseline Studies

The lake fish communities were surveyed once in August during the open-water season. Fish survey methods were quantitative in nature and complied with Environmental Effects Monitoring (EEM) guidelines.

A combination of sinking gill nets and minnow traps were used to sample fish community. Gill nets were moved after each set, so that the majority of lake area was surveyed. Set times were short to reduce mortality rates. Nets were deployed for 1-hour sets. A total of 62 fish from three species (Artic char, lake trout, and ninespine sticklebacks) were captured. Total average catch per unit effort (CPUE) ranged from 33 to 48 fish/100 square meters of gillnet per 24 hours. All fish captured were identified to species, measured for fork length, and weighed. The sex, maturity, and reproductive status were determined for any mortalities. Sub-samples were collected for ageing (scales) while the stomach contents of any mortalities were preserved and sent to the invertebrate taxonomist. All released fish were tagged with a unique anchor tag.

A preliminary lake habitat survey was conducted during the same study period. Fish habitat was described using a combination of aerial surveys with a helicopter as well as walking along the shore. Emergent vegetation, where present, were also recorded on the map. Boulder was the most abundant substrate in the littoral zone of the three baseline lakes.

Deep and shallow sediment samples were collected from three baseline lakes

Lake Bathymetry

Lake bathymetry surveys were conducted on 24 lakes in the mineral claim area. Detail surveys were conducted on three lakes while the remaining lakes were surveyed by 4 transects at locations specified by BHPBilliton.

The bathymetry survey used differential GPS data logger for positioning and echo sounder to record the lake depths. The field data was post-processed using corrections from a GPS base station situated at the camp and operated by another contractor for positioning aerial geomagnetic surveys.

Vertical water quality profiles of the lakes were collected at approximately the deepest point in each surveyed lake. Dissolved oxygen, temperature, pH, conductivity and turbidity were logged at time intervals to determine the profile measurements for each lake.

2.0 Water Quality Results and Discussion

Water quality results from the pre-drilling survey (March 2004) were compared to the post drilling results for the RC drilling program and the diamond-drilling program. Comparative sampling results are depicted in Tables 11 to 16.

Sampling Locations & Drilling Activity

Table 11 presents information on the stations sampled. Water samples were collected from mid-depth in the water column and 1.5 m off the bottom at each station. The location of all sampling stations sampled during the pre-drilling survey (March 2004) and the post-drilling survey (May 2004) are provided in Figures 3 and 4 above.

Discussion of Results

The lake water quality in the area during May 2004 was characterized by soft to medium waters (average hardness of 68 mg/L calcium carbonate) having a slightly basic pH (average pH of 8).

Metal concentrations were generally low, with the following metals having concentrations near or below low analytical detection limits: antimony, arsenic, beryllium, bismuth, boron, cadmium, chromium, cobalt, iron, lithium, mercury, nickel, selenium, silver, thallium, tin, titanium, vanadium. Water quality values at mid- and bottom-depths were quite similar at any given station.

Tables 12 to 15 present comparisons between pre-drilling (March) and post-drilling (May) water quality. Data are presented for each drill site location that was sampled during the post-drilling survey.

RC Drill Site

Drilling was occurring in May 2004 at the same time as the water samples were being collected. The effects of RC drilling on under-ice water quality resulted in elevated levels of the following parameters: turbidity, total aluminum, total

manganese, total nickel, and total zinc at Station 2. Total lead was elevated near the lake bottom.

The changes in water quality are expected and illustrate that lake bottom sediments were being disturbed and mixed into the water column, resulting in changes to water quality.

Data also suggests the metal concentration reduce with time and sample distance from the drill activity.

NQ Drill Site

Weather delayed drilling activities during late April and early May and consequently water quality sampling lagged drilling activities by approximately 20 days. The results in Table 12 and 13 reflect a reasonable comparison in sample results for the pre-drilling and post drilling activities. This further supports the conclusion that metal concentrations reduce with time.

Tables 16 to 18 reflect the water quality results from the camp lake, water-supply lake and a reference lake sited west of the camp area. All water quality results indicated very low concentrations of metals with the exception of lead.

Water Quality Sampling Station Locations & Drilling Activity

Station	Description	Easting (m)	Northing (m)	Pre-Drilling Sample Date	Post-Drilling Sample Date[1]	Time Since Drilling (days)[3]	Ice Thickness (m)	Water Column Depth (m)	Lake Depth (m)
1	RC Site 1	538917	7386318	17 Mar 04	NS	-	-	-	-
2	RC Site 2	538462	7386120	17 Mar 04	12 May 04	0 days[4]	2.15	8.20	10.35
3[2]	RC Site 3	538320	7386350	17 Mar 04	12 May 04	0 days[4]	2.00	14.25	16.25
4	RC Site 4	538487	7386515	18 Mar 04	NS	-	-	-	-
5[2]	NQ Drill Site (A158)	532117	7397582	19 Mar 04	13 May 04	Approx. 20 days	2.10	4.40	6.50
6[2]	NQ Drill Site (A98)	532948	7401002	19 Mar 04	13 May 04	Approx. 10 days	2.20	12.50	14.70
7	Camp Lake	527780	7391923	19 Mar 04	13 May 04	-	1.85	17.15	19.00
8	Potential NQ Drill Site (A100)	547638	7378358	20 Mar 04	NS	-	-	-	-
9	Reference Lake	521430	7392586	20 Mar 04	14 May 04	-	1.55	5.45	7.00
10[2]	Water Source Lake	527907	7392588	20 Mar 04	13 May 04	-	2.40	7.40	9.80
11	Potential NQ Drill Site	543521	7381260	21 Mar 04	NS	-	-	-	-
12	Potential NQ Drill Site (A86)	532909	7387057	21 Mar 04	NS	-	-	-	-

Notes:
1: NS – Station not re-sampled during May 2004 survey
2: Stations 3, 5, 6 and 10 were relocated during the post-drilling sampling survey. The stations were from the same lake, but were relocated closer to the site of the exploration drilling (or water source).
3: Time since drilling is the approximate number of days since drilling activity ceased on the sampled lake relative to the date of sampling
4: RC drilling was taking place during the May water quality survey

Table 11: Water Quality Sampling Locations

Table 12
Station 2, RC Drill Site
Comparison of Pre- and Post-Drilling Conditions

Parameter	Units	Pre-Drilling (March 2004)		Post-Drilling (May 2004)	
		Mid-depth	Bottom	Mid Depth [1]	Bottom [1]
Physical Tests					
Conductivity	µS/cm	112	113	120	121
Total Dissolved Solids	mg/L	62	64	65	65
Hardness ($CaCO_3$)	mg/L	52.3	52.1	52.7	53.8
pH	pH units	7.96	7.96	7.99	7.96
Turbidity	NTU	0.43	0.33	1.14	1.16
Total Metals					
Aluminium	mg/L	0.0029	0.0037	0.0161	0.0158
Copper	mg/L	0.00215	0.00286	0.00311	0.00111
Iron	mg/L	<0.030	<0.030	0.037	0.036
Lead	mg/L	0.00020	0.00039	0.00086	0.00466
Manganese	mg/L	0.000802	0.000779	0.001345	0.001285
Molybdenum	mg/L	0.000151	0.000148	0.000172	0.000153
Nickel	mg/L	0.00057	<0.00050	0.00751	0.00348
Zinc	mg/L	0.0028	0.0025	0.0049	0.0045

Notes
1: Average values are presented where replicate samples were taken
Highlighted values indicate significant increases during the May survey compared to the March survey

Table 13
Station 3, RC Drill Site
Comparison of Pre- and Post-Drilling Conditions

Parameter	Units	Pre-Drilling (March 2004)		Post-Drilling (May 2004)	
		Mid-depth [a]	Bottom	Mid-depth [1]	Bottom [1]
Physical Tests					
Conductivity	µS/cm	112	112	120	126
Total Dissolved Solids	mg/L	59	54	60	65
Hardness ($CaCO_3$)	mg/L	52	52.6	52.7	53.05
pH	pH units	7.98	7.96	8.02	8.02
Turbidity	NTU	0.33	0.43	0.54	0.62
Total Metals					
Aluminium	mg/L	0.0023	0.0022	0.0134	0.0126
Copper	mg/L	0.00186	0.00093	0.00072	0.00075
Iron	mg/L	<0.030	<0.030	0.036	0.031
Lead	mg/L	0.00007	<0.00005	0.00136	0.00249
Manganese	mg/L	0.000696	0.000775	0.001235	0.001140
Molybdenum	mg/L	0.000137	0.000148	0.000161	0.000154
Nickel	mg/L	<0.00050	<0.00050	<0.00050	<0.00050
Zinc	mg/L	<0.0010	<0.0010	<0.0010	0.0089

Notes
1: Average values are presented where replicate samples were taken
Highlighted values indicate significant increases during the May survey compared to the March survey

Table 14
Station 5, NQ Drill Site (A158)
Comparison of Pre- and Post-Drilling Conditions

Parameter	Units	Pre-Drilling (March 2004)		Post-Drilling (May 2004)	
		Mid-depth	Bottom	Mid-depth [1]	Bottom [1]
Physical Tests					
Conductivity	µS/cm	181	188	206	209
Total Dissolved Solids	mg/L	98	102	110	111
Hardness CaCO3	mg/L	86.5	88	91.8	91.6
pH	pH units	8.09	8.12	8.18	8.17
Turbidity	NTU	0.38	0.60	0.46	0.29
Total Metals					
Aluminium	mg/L	0.0020	0.0032	0.0021	0.0022
Copper	mg/L	0.00112	0.00242	0.00156	0.00112
Iron	mg/L	0.043	0.043	<0.030	<0.030
Lead	mg/L	0.00059	0.00021	0.01690	0.01565
Manganese	mg/L	0.001820	0.002270	0.001145	0.001115
Molybdenum	mg/L	0.000327	0.000292	0.000195	0.000201
Nickel	mg/L	0.00543	0.00847	<0.00050	<0.00050
Zinc	mg/L	<0.0010	0.0025	0.0029	0.0023

Notes
1: Average values are presented where replicate samples were taken
Highlighted values indicate significant increases during the May survey compared to the March survey

Table 15
Station 6, NQ Drill Site (A98)
Comparison of Pre- and Post-Drilling Conditions

Parameter	Units	Pre-Drilling (March 2004)		Post-Drilling (May 2004)	
		Mid-depth	Bottom	Mid-depth [1]	Bottom [1]
Physical Tests					
Conductivity	µS/cm	93	93	94	94
Total Dissolved Solids	mg/L	46	45	48	50
Hardness ($CaCO_3$)	mg/L	40.4	42.7	41.2	41.8
pH	pH units	7.94	7.94	7.83	7.89
Turbidity	NTU	0.42	0.47	0.62	0.40
Total Metals					
Aluminium	mg/L	0.0043	0.0050	0.0025	0.0018
Copper	mg/L	0.01320	0.01090	0.00088	0.00058
Iron	mg/L	0.051	0.035	<0.030	<0.030
Lead	mg/L	0.00016	0.00025	0.00433	0.00038
Manganese	mg/L	0.001250	0.001090	0.000805	0.000752
Molybdenum	mg/L	0.000327	0.000217	0.000140	0.000124
Nickel	mg/L	0.00625	0.00359	<0.00050	<0.00050
Zinc	mg/L	0.0074	0.0105	0.0015	<0.0010

Notes
1: Average values are presented where replicate samples were taken
Highlighted values indicate significant increases during the May survey compared to the March survey

Table 16
Station 7, Camp Lake
Comparison of March and May Conditions

Parameter	Units	Pre-Drilling (March 2004)		Post-Drilling (May 2004)	
		Mid-depth	Bottom	Mid-depth [a]	Bottom [a]
Physical Tests					
Conductivity	µS/cm	108	-	101	103
Total Dissolved Solids	mg/L	46	-	49	50
Hardness ($CaCO_3$)	mg/L	48.1	-	45.8	44.05
pH	pH units	7.99	-	7.79	7.98
Turbidity	NTU	0.38	-	0.34	0.37
Total Metals					
Aluminium	mg/L	0.0055	-	<0.0010	<0.0010
Copper	mg/L	0.00276	-	<0.00050	<0.00050
Iron	mg/L	0.030	-	<0.030	<0.030
Lead	mg/L	0.00018	-	0.00428	0.00055
Manganese	mg/L	0.001680	-	0.000651	0.000629
Molybdenum	mg/L	0.000242	-	0.000102	0.000095
Nickel	mg/L	0.00050	-	<0.00050	<0.00050
Zinc	mg/L	0.0081	-	<0.0010	<0.0010

Notes [a] Average values are presented where replicate samples were taken
[b] No bottom sample was collected in March 2004 and the mid-depth sample was collected 0.5 m from the surface

Table 17
Station 10, Water Source Lake
Comparison of March and May Conditions

Parameter	Units	Pre-Drilling (March 2004)		Post-Drilling (May 2004)	
		Mid-depth	Bottom	Mid-depth [a]	Bottom [a]
Physical Tests					
Conductivity	µS/cm	142	-	145	142
Total Dissolved Solids	mg/L	71	-	73	72
Hardness ($CaCO_3$)	mg/L	65.9	-	64	61.95
pH	pH units	8.02	-	8.09	8.11
Turbidity	NTU	0.27	-	0.21	0.18
Total Metals					
Aluminium	mg/L	0.0032	-	0.0011	<0.0010
Copper	mg/L	0.00039	-	0.00051	0.00076
Iron	mg/L	<0.030	-	<0.030	<0.030
Lead	mg/L	<0.00005	-	0.00711	0.00198
Manganese	mg/L	0.000735	-	0.000798	0.002035
Molybdenum	mg/L	0.000130	-	0.000121	0.000106
Nickel	mg/L	<0.00050	-	<0.00050	<0.00050
Zinc	mg/L	<0.0010	-	0.0012	<0.0010

Notes [a] Average values are presented where replicate samples were taken
[b] No bottom sample was collected in March 2004 and the mid-depth sample was collected 0.5 m from the surface

Table 18
Station 9, Reference Lake
Comparison of March and May Conditions

Parameter	Units	Pre-Drilling (March 2004)		Post-Drilling (May 2004)	
		Mid-depth	Bottom	Mid-depth [a]	Bottom [a]
Physical Tests					
Conductivity	µS/cm	263	265	303	302
Total Dissolved Solids	mg/L	160	154	177	175
Hardness ($CaCO_3$)	mg/L	121	119	127	127.5
pH	pH units	8.15	8.12	8.18	8.14
Turbidity	NTU	0.35	0.36	0.16	0.16
Total Metals					
Aluminium	mg/L	0.0023	0.0082	0.0012	0.0011
Copper	mg/L	0.00048	0.00047	0.00058	0.00053
Iron	mg/L	0.058	0.058	0.053	0.053
Lead	mg/L	<0.00005	<0.00005	0.00033	0.00045
Manganese	mg/L	0.004500	0.006480	0.002725	0.003735
Molybdenum	mg/L	0.000210	0.000203	0.000206	0.000214
Nickel	mg/L	<0.00050	<0.00050	<0.00050	<0.00050
Zinc	mg/L	<0.0010	<0.0010	0.0014	<0.0010

Notes a Average values are presented where replicate samples were taken

Appendix 1

Unauthorized Spill at RC Drill Site

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Qilalugaq Project

bhpbilliton

8 July, 2004

Mr. Constantine Bodykevich
Water Resources Inspector
Indian and Northern Affairs Canada
PO Box 100, Building 918
Iqaluit, NU
X0A 0H0

e-mail: bodykevichc@inac.gc.ca

Dear Mr. Bodykevich:

Please find enclosed a more detailed report on the discharge of sediments from the RC Sump. The initial report was submitted to the 24-hour report line on June 8, 2004.

Yours truly,

K. Black

Kenneth Black, P. Eng
Environmental and Community Advisor
Qilalugaq Project
BHPBilliton World Exploration Inc.

Incident: Waste from the RC drilling program was deposited in a depression, on top of snow. The snows melted and melt water mixed with the waste material and transported down slope. Additional melting resulted in sediment migration of colloidal matter onto the top of the ice surface of the down slope lake.

Date & Time of Spill: May 7, 2004, time not known

Reported Date & Time: June 8, 2004,verbally reported at 2:30pm

Responsible Department: BHP Billiton Diamonds Inc., Qilalugaq Project, Repulse Bay, NU

Product Spilled: Drilling waste from sump area (clay and soil fraction from kimberlite drilling program)

Estimated Quantities:
VOLUME SPILLED: 40 cu. meters of solids
CONTAMINATED AREA: 200 meters by 20 meters
Actual volume of wastewater and solids is not known. Estimate of solids based on 10 mm deposited over the entire area; actual volume is believed to be far less.

Location of Spill: Qilalugaq Project, Repulse Bay, Nunavut
RC Sump (see Figure 1)
Zone 16W 0538694E, 7386073N, 96m EL

Contractor responsible:

SDS Drilling	Nuna Logistics
4025 96 Avenue SE	9839 31st Avenue
Calgary, AB	Edmonton AB
403-287-1460	780-434-9112

Cause of Spill: Waste from the RC Drilling program was deposited in a low depression. Solids were deposited on top of the snow in this sump area. Warmer temperatures increased the amount of snowmelt resulting in the re-suspension of colloidal matter to migrate down-slope from the sump to a nearby ice covered lake. Figure 2 depicts the sump and lake locations and estimated affected area.

Events of the spill: Friday May 7, 2004 the sump was seen to be seeping towards the downward slope to the northeast by Nuna Logistics (subcontractor to SDS Drilling). Increased seepage attributed to warmer temperatures.

Monday May 10, 2004 - Ken Black and Sara Harrison inspected waste sump and noted progressed seepage. The site inspectors dug under seemingly clean snow and found channeling under snow along ice and tundra contact. Immediately stopped placing fines at the old sump.

May 11, 2004 - Marc Wen and Sally Stewart of Rescan inspected the site, delineated the extent of channeling and devised an action plan for two silt berms (one upper and one lower) of PVC woven (geotextile) filter cloth filled with bricked sandbags. (see Figure 3)

May 16, 2004 – Constructed berms at stakes marked by RESCAN. (See Figure 4 and 5)

May 23, 2004 – Warmer temperatures causing increased snowmelt. Nuna Logistics attempted to use the dozer blade to cut the tundra in order to key in the upslope leading edge of the geotextile. Reconstructed the upper berm to conform to the design in the Rescan report. This proved to be futile, so we placed sand on the edge to allow snow melt water to flow onto the filter cloth rather than beneath.

May 27, 2004 – A third berm was built at the lower edge of the sump and placed more sand on the leading edge on the main filter berm. (see Figure 6)

May 30, 2004 – Ken Black conducted an aerial reconnaissance upon arrival to Repulse Bay. No visible silt on lake although staining was evident in the boulder field upstream from lake.

May 31, 2004 – Conducted field inspection of all control structures; minor repairs conducted on silt fences. Upslope snow on north side of valley continues to melt. Channeling was occurring at the interface of ice and snow was evident.

June 2, 2004 – Assessment conducted to determine the feasibility of separating freshwater snowmelt waters from the waters in contact with down slope sediments. Repairs made to the silt berms and retention berm as colloidal material was migrating along the ice and tundra contact and around the north edge where the berm was still in contact with snow. Efforts were made to remove snow but operations were discontinued because of damage to the tundra.

June 4, 2004 – Installed two 30 m Aqua Berms at both silt fences. (see Figure 7)

June 8, 2004 – Bioassay sample and TSS sample shipped to Rescan for analysis. Nunavut Water Board and INAC notified. Spill incident report and pictures submitted on control structures. Bioassay results indicate 100% survival. A grab sample for total suspended solids (TSS) measured 23.4 mg/L.

June 11, 2004 – Area inspected to determine the amount of waste remaining in the sump and the feasibility of source control. Discussion held with Craig Broome of Environment Canada. Craig Broome was seeking clarification of the quantity of material spilled, location of the site and control features that have been established. Requested data on maps and aerial picture were submitted.

Action taken to clean up spill:	Sediments deposited on the lake ice surface were pumped into drums and removed from site. (see Figure 8 a & b). Material from the sump was excavated and placed in drums for disposal in an upland depression. (see Figure 9 a & b)
Action to be taken:	Final site grading and re-vegetation will be completed this summer after all waste sites have dried and access is possible for site grading with additional disturbances.

Reported by:
Ken Black
Environment and Community Advisor,
BHP Billiton World Exploration Inc.
Camp: 604-759-0633
Cell: 902-740-3787

Reported to:
Siegfried Weidner
Qilalugaq Project Manager
BHP Billiton World Exploration Inc.
Office: 604-632-1450

Figure 1: Area of RC Sump

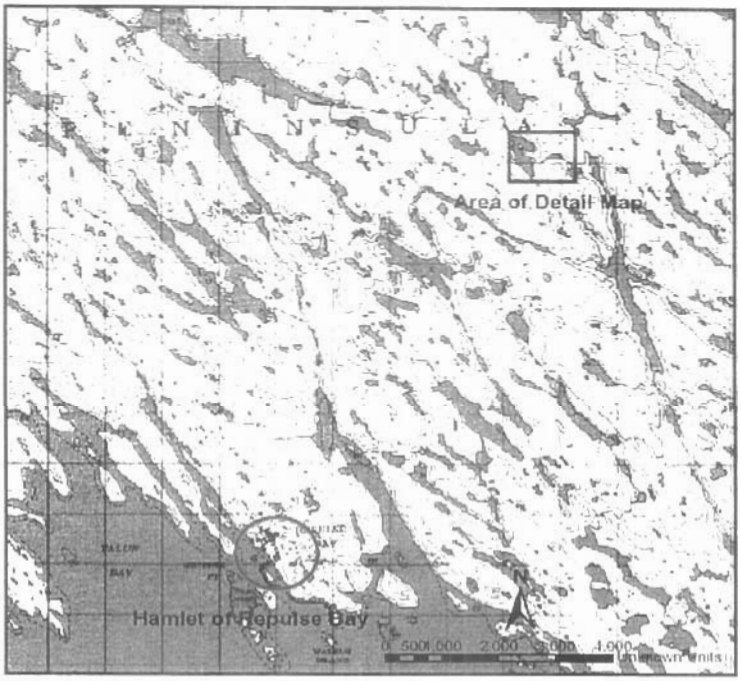


Figure 2: Schematic of Sump Region

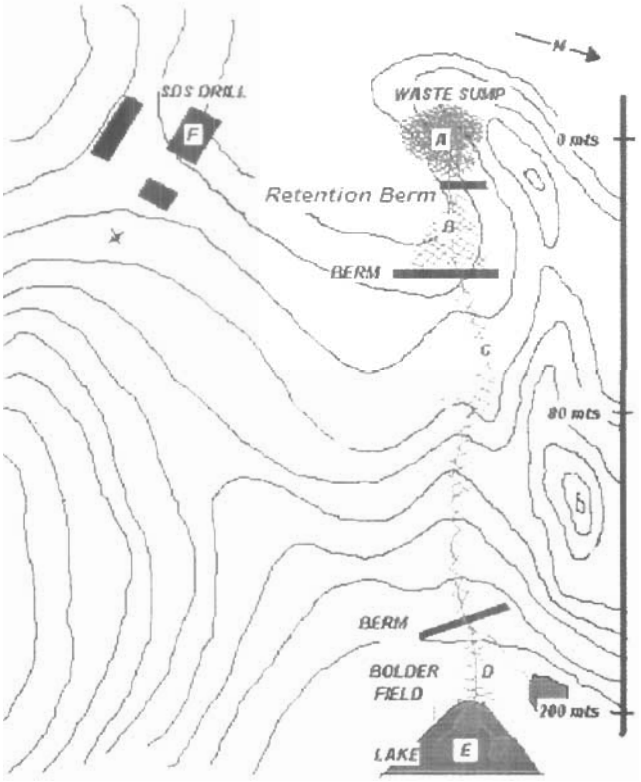


Figure 3: Schematic of Silt Berm

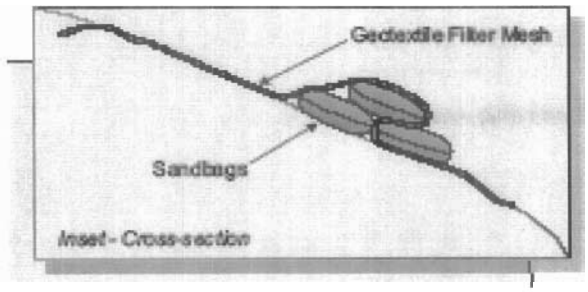


Figure 4 & 5 Silt Berm 1 and 2

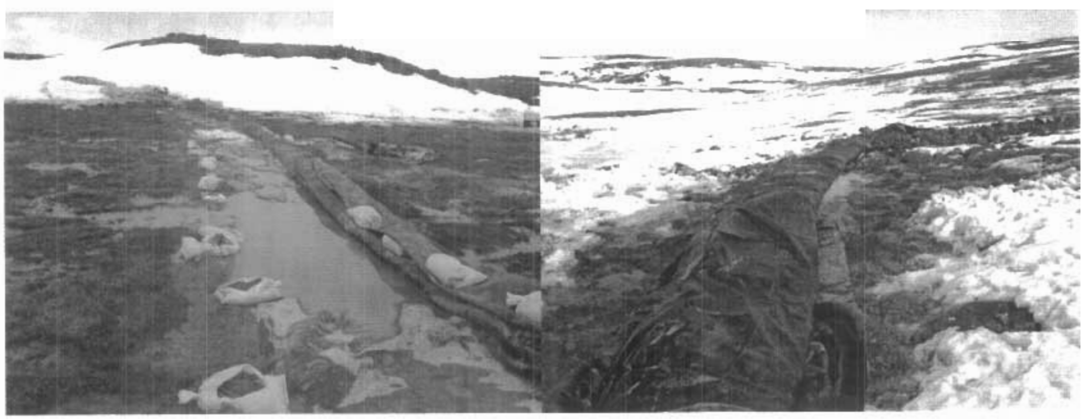


Figure 6: Retention Berm

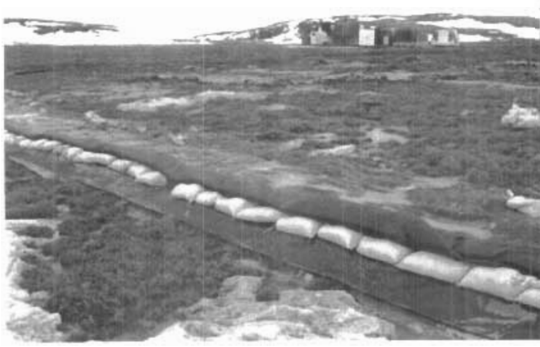


Figure 7: Aqua Berm

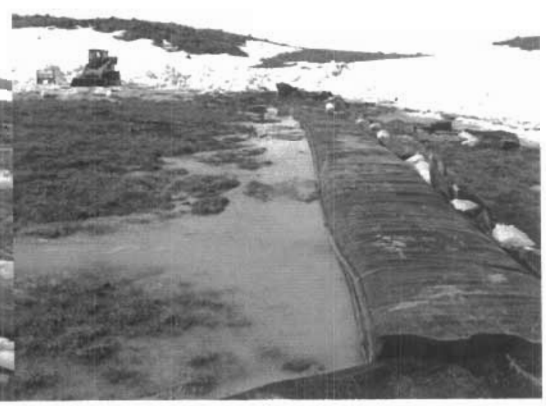


Figure 8a: Sediment Removal from Ice Surface of Lake

Figure 8b: Sediment Removal from Ice Surface of Lake

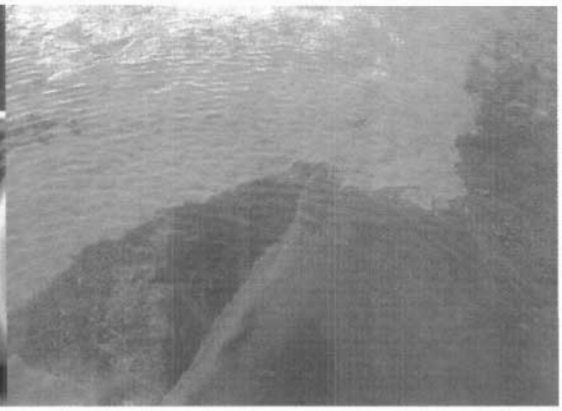
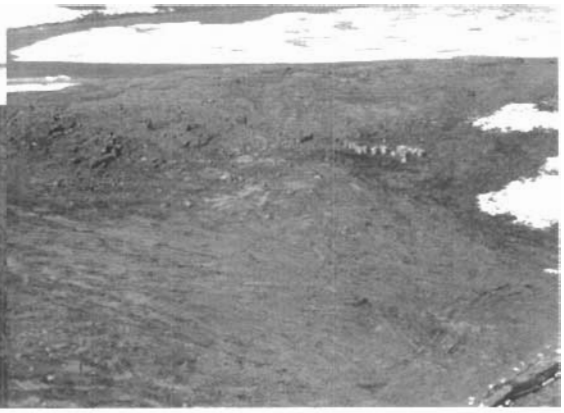


Figure 9a: Waste Removal from Sump Before

Figure 9b: Waste Removal from Sump After



Appendix 2: Notice of Community Meeting

BHP Billiton World Exploration

Invites

The Community of Repulse Bay

To Attend a

Community Information Meeting
Tuesday, January 20
7:00 pm
Arctic College

A summary of previous geological exploration work will be presented, as well as plans for exploration in 2004. Input and questions from the community are welcome.

Refreshments will be served.

BHP Billiton World Exploration Inc.

February 01, 2004

Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
Attn: Phyllis Beaulieu

Dear Madam

BHPBilliton Community Consultation in Repulse Bay (File No: NWB2REP0305)

Please be advised that a team of four BHPB employees visited the hamlet of Repulse Bay on January 20, 2004 to present the history and 2004 exploration plans for the Qilalugaq Project, located immediately north of the hamlet. The employees present included Johnny Qiluniq (Project Expeditor/Community Relations), Kim Scully (Project Geologist), Denise Burlingame (External Affairs, EKATI Diamond Mine) and Sig Weidner (Project Leader).

The intention of the visit was to advise the community of results of the previous summers exploration program as well as to notify, consult and solicit opinions and concerns regarding the upcoming exploration program as noted in the above indicated file.

The attached trip report is included for your information. Should you have any question or concerns, please may I ask you to contact me at the above indicated numbers.

Yours sincerely,

Sig Weidner

Team Leader

Qilalugaq Project

Appendix 3 Summary Notes on Community Meeting

Qilalugaq Project

Trip Report
Tuesday, January, 20, 2004, 7:00 p.m.
Repulse Bay, NU
Arctic College Classroom

BHPB Representatives:
Sig Weidner
Kim Scully
Denise Burlingame
Johnny Qiluniq

Community Attendees

Name	Affiliation
David Akka	
Solomon Malliki	
Nicky Ivalutanar	
Laurent Kringayark	
John Kanuka	
Simeonie Kringayark	
Jackie Milortok	
Leo Akkuuldjuk	
Tony Sexton	[spouse of Hamlet social worker]
Roland Tungilik	[running for MLA in current election]
Dale Smutylo	
Bill Crawford	[Crawford Enterprises]
Agatha Crawford	[wife of Bill Crawford]
Philip Kringayark	
Earl Dean	[Nunavut Arctic College]
Lizie Nakoolak	
Robert Kopak	
Rosie Kopak	
Jerry Nuluk	
Laimiki Malliki	
Pio (?) Kopak	
Robert Junior Kopak	
Randy Kopak	
John Ell (?) Tinashlu	
Christopher Kringayark	
Linda Milortok	
Romeo Kopak	
Philip Kringayark	
Sato Kiplapik (may be Kidlapik)	
John Mane (?) Tyahtanar (?)	
Brian McQuarrie	Hamlet
Agnes Oksokitok (?)	

BHPB Project Presentation

Kim Scully:	team introduction and project power point presentation of project history and 2004 exploration plans

Questions & Answers:

Question (Elder):	Will you have a bear watcher?
Sig:	We had bear watchers last time, and we expect we will this time also.
Question (Louise):	Regarding hiring "qualified" people. There are not a lot of "qualified" people here. Will there be training?
Kim:	People don't necessarily need to be "qualified". We will train people.
Question:	In general, what kind of jobs will be available?
Kim:	Held around the camp, maintenance, kitchen, different environmental surveys. We don't have a defined set of jobs. We will let Johnny know and he will be the community contact.
Sig:	Last year Boart Longyear hired people to help out on the drills. There is "on-the-job training". Safety comes first. We don't want people hurt. Safety is our main priority.
Question:	Clarification on reference to three months? Does that include set up?
Sig:	There will be a 40 person camp and two drills and requirements for plane services. Exploration is not mining. Minimum program will be three months. If there are good results we could be working until October.
Question (Elder):	How many people will you hire?
Sig:	Don't know exact number. Some will work with BHPB and some will work with the drill contractors.
Question(2nd elder):	The helicopters here these days? Why are they here now?
Sig:	Other companies are exploring in the area also.
Question(2nd elder):	Sometimes people get lost out on the tundra. Can BHPB help us if this happens?
Sig:	If there is a problem. We can be available to help. Johnny is going to join the Search & Rescue team. Helicopters are available to help.
Question(2nd elder):	Some of the stakes are on the road and get hit by sleds. What are we to do?
Kim:	The stakes can be moved aside. The Government knows that we have put them in the right place, so if they are in the way, it is okay to move them.
Question(2nd elder):	Where you will be working, is an area that we hunt in. Is that okay?

Denise:	BHPB has respect for the safety of our employees and contractors and for the environment. Can hunt but please do not shoot employees or contractors.

Question(Earl Dean): Have gem quality diamonds been found?

Sig:	Kimberlites have been found. Weak to moderately diamondiferous. Still waiting for the results.
Kim:	We have found some microdiamonds.

Question:	Can we help you by dragging some of the equipment you need to the camp by skidoo?
Sig:	Equipment is too heavy. Some equipment weighs 3200 lbs. Need a snowcat. bombardier on a freight sleigh.

Question(2nd elder):	Really unhappy about flying near the ocean in the summertime because of the whales.
Sig:	We changed the direction of the place if whales or caribou are in the area. If there are whales in the area – please advise Johnny and Kim. It is important that we communicate both ways.

Question(2nd elder):	Where the drills are, there are bags torn apart and they are attracting ravens.
Sig:	We will make sure that the drills are left clean and make sure that it doesn't happen again

Question:	What is in those bags?
Kim:	There were three spots that we were working at. 2 buildings and one with a tower. Bags have sand in them working as a dam. No garbage – just sand.

Wednesday, January , 21, 2004, 9:00 a.m.
Repulse Bay, NU
Hotel coffee shop

In attendance;
Sig Weider
Kim Scully
Denise Burlingame

As the mayor was unable to participate in the community meeting the evening before, Kim walked him through the power point presentation.

Comments:

- herc can land at the airstrip but with only a half load and only during winter.
- Bombardier available for transporting equipment but the operator does not have a licence. Can possible get a licence through Bill Crawford.
- " we hope there will be something. Jobs"
- If you build an airstrip on the sea ice in order to land the herc, please ensure that it is covered up afterwards so that the youth do not break their necks using the cleared area with their snowmobiles
- Last year there were three complaints:
  - Helicopters. You cannot hear the whales due to the helicopter noise.
  - Bags – thought they were chemicals
  - Caribou – do not scare the caribou

Here are the comments from the elders in Repulse.

"I went hunting one day I saw some caribou and started chasing them. The caribou fled from the sound of the skidoo to the drill site. The caribou stopped near the drill despite the noise and stayed there. The caribou watched me and was afraid but did not appear to fear the drill. I waited until the caribou started moving away from the drill then resumed my chase."

"I think it is good to have exploration with the possibility of a mine. It could provide hope and work for the young people. It is an opportunity for the young people to get some training and work experience as there are so few opportunities for our young people. We have heard of exploration in other communities and I am glad there is some going on around here."

"I hope the helicopters do not disturb us while we are hunting in our favourite hunting grounds."

"It would be a benefit to our community having help from the company in matters such as search and rescue as we would have access to a helicopter."

"I hope they are going to make sure that when they work near lakes where we hunt and fish it will be left clean and unpolluted."

" When I go hunting I don't like too see the stakes and markers that have been left behind. It looks like garbage that has been left on the tundra."

Appendix 4: Community Project Update – May, 2004

Qilalugaq Project

Community Project Update and Notification
Date: May 9, 2004

During the past month BHPBilliton has started exploration activity in and around Repulse Bay including exploratory drilling involving two drill rigs.

Work is progressing on the construction of the campsite. The camp facilities will house BHPBilliton employees and contractors. The camp has 12 tents and can sleep up to 48 people. The complex also has a kitchen, dining area, first aid centre and office. A total of eight 18 full and part time employees who are local residence of Repulse Bay have been hired for construction, maintenance and camp support staff as *well* as bear watchers for safety of all work crews on the various exploration sites and support services

Direct employment of local hires from Repulse Bay is at 18 people See note above. Our contractors have also been encouraged to hire qualified people from Repulse Bay. Local hires are progressively learning new skills on the operation and maintenance of camp equipment as well as:

- Water and treatment systems
- Electrical generators
- Mobile equipment
- Camp equipment and facilities
- Slinging of equipment and materials with helicopters
- Camp cleaning

Future job advancement/training may occur in the area of office administration, translation, soil and water sampling.

The drill sites and the campsite are designated under Nunavut Mining Law as workplaces and unauthorized public access to these sites is not permitted by law. Safe work procedures, signage and other controls are in place to provide protection to our employees and contractors.

While BHPBilliton intends of being transparent and open in their exploration efforts towards the community of Repulse Bay, we are responsible directly or indirectly for the safety of all concerned. As indicated in the Community Consultation meeting of January 20, 2004, BHPB fully intends of inviting members of the community to visit the working areas for a first hand view of the exploration effort. This, however, needs to be managed in a way to minimize the risk to any visitors and those working on the project sites.

Public visits will be scheduled through Ken Black - BHPBilliton's community representative. We will be arranging visits in early June. If you are interested in visiting the site please contact Ken Black at 462-4280. We thank you for your understanding in this regard and look forward to welcoming members of the Repulse Bay community to our exploration areas in June.

Appendix 5: Minutes of Meeting with Hunters and Trappers Association

BHP Billiton World Exploration Inc
#1400-1111 West Georgia St
Vancouver, BC
Canada, V6E 4M3
Tel: (604) 632-1450 Fax: (604) 683-4125
Web: www.bhpbilliton.com

bhpbilliton

BHP Billiton World Exploration Vancouver

Memorandum

Date	June 23, 2004
To	Luis Manzo (via email)
CC	John Kaunak, Paul Mablik
From	Sig Weidner
Our Ref	**Qilalugaq Project (Repulse Bay) – Caribou Protection Measures**

The following are meeting notes pertaining to discussions held at the HTO office in Repulse Bay in respect to concerns raised by the President of the Arviq Hunters and Trappers Organization on June 23, 2004 at 1300hrs.

In attendance:

For HTO: Mr. John Kaunak (President), Mr. Laimmiki Malliki (Member of the Board)

For BHPB: Sig Weidner (Project Manager), Ken Black (Environment and Community Relations Advisor), Johnny Qilluniq (Camp Manager)

Wildlife Officer: Mr. Paul Mablik (Repulse Region)

Meeting commenced: 1310 hrs.

Meeting finished: 135 hrs.

Minutes:

BHPB expressed concerns that issues as they are represented in the letter of June 15, 2004 by HTO to the Land Use Inspector and the Kivalliq Inuit Association suggest that the company is not adhering to permit requirements, especially as it pertains to the Caribou Protection Measures. The meeting was requested by BHPB to better understand the concerns and to better be able to address the issues.

HTO indicates that although no specific instances are indicated (except a previous warning issued to Great Slave Helicopters earlier this year regarding low flying helicopters – this issue has been addressed and clarified) a concern exists that BHPB activities may disturb the migration and calving of caribou that are presently located in the hamlet of Repulse Bay area. The anticipation is that the caribou will migrate north easterly through BHPB operating areas. Low flying helicopters and survey aircraft may have the potential to disturb this migration and/or calving activities of the herd.

BHPB acknowledged that helicopters, survey aircraft and diamond drill rigs are operating in the area and asked if a map could be supplied to them detailing the "caribou protection areas" as well as the "designated crossings" that are included in the specific areas. A map could not be supplied at the time of the meeting, but the Mr. Mablik committed to obtaining such map(s) to be provided to BHPB.

BHPB also indicated that a renewed initiative will be addressed with the helicopter pilots that will ensure that a) any flying will be done on a direct routing basis between points of travel, b) that during flights an elevation of 1000' will be maintained (other than on approach or take-off) and that c) we will make every attempt to divert around areas where caribou are roaming.

BHPB also indicated that we will have a survey helicopter arriving in camp that will begin low level flying (altitude of 300') within a couple of days and that these surveys will be done mainly north of the present camp location. BHPB will divert around and/or select different areas of flying should BHPB note large accumulations of caribou. Although BHPB anticipates selected flying near the shore, any disruption to the upcoming whale hunt can be eliminated by careful selection and timing of any surveying. Assistance in form of communication is requested from the HTO in this matter.

HTO indicated that during slinging operations with heavy equipment over relatively short distances that they do not have objections to low level flying provided that the activity is delayed in the presence of a large number of caribou in the immediate operating area. In addition there was no objection to the survey flights provided the commitments by BHPB as indicated above are adhered to.

HTO also committed to stay in open communication with BHPB should additional concerns be raised in the future or if HTO would like to advise BHPB of any significant caribou movements.