

Nunavut Water Board
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Attention: Phyllis Beaulieu



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Re: NWB File No.: NWB2Rep0305/B1, NWB2Rep0507/B2

Qilaugaq Project: Abandonment and Restoration Plan

Dear Ms. Beaulieu,

Thank you for your correspondence of October 24, 2005 dealing with the Annual Report 2004 for the above indicated project. The requested clarifications will be incorporated into the Annual Report 2005, to be in your office no later than March 31, 2006 as required.

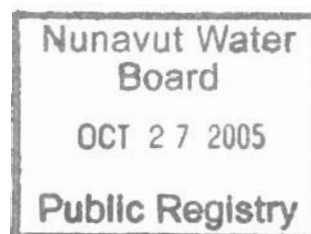
Attached please find the Abandonment & Restoration Plan that was to have been provided to you as part of the previous water and exploration license. I do apologize for the oversight on our part.

Should you have any questions re the attached report or require amendments, additional information or clarifications, please feel free to contact me as per contact details provided in my email that this report is attached to.

With kind regards

"Sig Weidner"

Sig Weidner
Project Manager
Qilalugaq Project



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Qilalugaq Project

Abandonment & Restoration Plan

October 2005

**REPORT
TO
NUNAVUT WATER BOARD**

NWB File No.:
NWB2REP0305/B1
NWB2REP0305/B2

S. Weidner
October 27, 2005

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APPENDICES

1. Introduction

1.1 *Purpose of the project abandonment and restoration plan*

This ARP (Abandonment and Restoration Plan) provides a summary of project objectives and planned implementation methodology for the abandonment of the project and associated restoration of affected areas on the Qilalugaq project claim group. It is intended for use by the field and office based exploration management team on the project, its contractors and temporary personnel in order to complete the exploration programme in such a way as to adhere to BHP Billiton policies and standards, regulatory agencies legal and reporting requirements as well as exploration permit requirements.

At the same time the ARP intends to ensure that the methodology of the project closure, it's intend and end result is well understood and communicated to all.

The plan will indicate to management that objectives are set and the associated planned implementation methods are followed to the best of everyone's abilities.

1.2 *Project overview and description*

The objective of the abandonment and restoration project is to complete the exploration project as per the PEP (Project Execution Plan – internal BHPB document) for the project that commenced in 2000 with the earliest reconnaissance exploration in the area. The ARP addresses the remediation required for all exploration activities that were conducted by BHPB on project specific claims during the period 2003 – 2005 and that had an effect on the environment of the claim group.

The ARP follows guidelines that are internal to BHPB and that are intended to address the Standard Operating Procedures (SOP's) for camp closure as well as all HSEC (Health, Safety, Environment, Community Relation) aspects of the exploration activities.

The ARP describes execution strategies that directly relate to the camp infrastructure and associated demobilization of such, planned abandonment of materials currently stored on site, remediation of diamond drill sites, remediation of reverse circulation drilling sites and remediation of any spill sites (hydrocarbon and drill cuttings). The plan also discusses and describes monitoring and reporting of these exploration closure activities.

All abandonment and rehabilitation plans are to be complete by June 30, 2006 (end of Financial Year) with only monitoring of selected sites to be completed by September 30, 2006. All activities will be directed from Vancouver with field personnel to be based in Repulse Bay during the abandonment and restoration phase(s).

2 Guidelines

2.1 *BHPBilliton Guidelines*

The guidelines or Standard Operating Procedures (SOP's) that detail exploration project closures for BHPBilliton are located in Appendix I. These procedures detail the health, safety, environment and community relations aspects that are applied on a global basis on all exploration projects. In most instances, these procedures go beyond those regulations and requirements that are mandated by regulatory agencies in the jurisdictions exploration is or has taken place.

2.2 *NWB Guidelines*

Guidelines for abandonment and restoration of exploration projects that are associated with the exploration permit as awarded by the Nunavut Water Board are included in this plan for reference. The guidelines are located in Appendix II.

3 Execution Strategies

Execution strategies of the exploration closure and associated plans have mainly been outlined in the Project Execution Plan as well as in discussions with project management and field personnel and contractors. Health, Safety, Environment and Community Relations personnel of BHPB were involved and continue to be involved in the planning of the project. Formalization of the abandonment plan and associated remediation/rehabilitation /restoration activities have been outlined in individual incident reports as well as incidents that have dealt with hydrocarbon as well as drill cutting spills.

The following sections formalize the as yet largely theoretical approaches and individual steps for the various phases associated and applicable to project abandonment and restoration.

It should be noted that the existing budget funding is already in place with the budget available until the end June 30, 2006.

3.1 *Camp Infrastructure*

The camp infrastructure consists of Weatherhaven tents (sleepers, storage, kitchen, offices, generator, medical and survival tents etc.), a sewage treatment plant, storage containers, selected temporary structures (storage units, shelter) such as wood buildings or containers.

Part of the camp lay-out includes storage areas for core, fuel (diesel, propane, gasoline), non-flammable refuse such as metal containers, metal parts etc., contaminated materials in metal drums such as contaminated fuel, material from

cleaned up spill sites (hydrocarbon and drill cuttings) and exploration activity supplies dealing mainly with drill muds, salt and sand.

All materials at the camp site will be prepared (crated, stacked, wrapped) for airlift via Hercules transport aircraft during the winter months (February – May) from the winter airstrip located adjacent to the camp location.

3.2 *Heavy Equipment*

All heavy equipment (drill rigs and drill rig components, support equipment for drilling, dozers, loaders, etc.) will be moved and or mobilized to the hamlet of Repulse Bay for return transport via barge to Churchill, Manitoba. Only equipment that is required for the demobilization and loading of transport aircraft of the camp infrastructure will remain in the area of the hamlet or the camp location. This equipment will be removed from the exploration site as part of the final transport flight in the winter months.

It should be noted that all heavy equipment will be located at either the hamlet of Repulse Bay or the camp site. No heavy equipment is situated at the field work sites away from the hamlet or camp.

3.3 *Diamond Drilling Sites*

Diamond drill activities were completed in the summer of 2003, the winter and summer seasons of 2004 as well as the winter season of 2005. A total of 69 drill holes for a cumulative meterage of 9,367m were completed on the claim group.

All drill sites have been (2003, 2004) or will be (2005) visited during the summer months for a visual inspection with respect to compliance to the BHPB SOP's or the guidelines with respect to exploration permit or other territorial requirements. All refuse materials will be removed, a site inspection regarding possible residual spills (hydrocarbon and/or kimberlite cuttings) will be conducted and a photographic record will be made of all drill sites.

3.4 *Reverse Circulation Sites*

Reverse circulation (RC) drilling to collect a bulk sample of known kimberlite was conducted in the winter of 2004. A total of 18 RC holes were completed for a cumulative meterage of 2,725m to collect a final tonnage of 225T. All but 4 drill holes were completed on top of lakes.

Drill sites have been cleaned immediately following the termination of the drilling if and when these were located on lakes. Drill sites that were located on land were inspected, all materials (refuse etc.) have been removed and a photographic record has been taken.

3.5 *Spill Sites*

A comprehensive system of incident reporting (including hydrocarbon and kimberlite cuttings) has been active during all phases of the exploration program. In addition BHPB applies a comprehensive policy on “Product Stewardship” that includes procedures and guidelines for all products that are used or produced by exploration programs.

All spills have been reported to the relevant territorial agencies as documented in the 2004 Annual Report to the Nunavut Water Board and all spills have been remediated immediately following the occurrence of a spill. In at least one case a comprehensive study was undertaken following a spill of drill cuttings. The study examined the root cause of the spill as well as any required remediation efforts that will ensure no repeat spill in this working environment. An ICAM (Incident Cause and Analysis Method) was used to analyse the incidents and derive at relevant improvements. The 2005 Annual Report to NWB will include a listing of relevant learnings as well as actions taken to ensure that the potential for future spills is mitigated.

All spill sites will be inspected as a part of the abandonment and restoration project. Where required additional remediation efforts will be completed to ensure full compliance with BHPB SOP’s as well as regulatory requirements of territorial, provincial and federal agencies.

Contaminated materials collected from spill sites have been transported to the camp site and have been or will be flown to appropriate handling facilities in Churchill, Manitoba.

3.6 *Community*

A comprehensive policy of “Sustainability and Community Relations” within BHPB has been followed throughout the exploration project in the Repulse Bay area. This is supported by a minimum of two public consultations that included an overview of the exploration activities, attendance by BHPB representatives in hamlet meetings and the employment of numerous individuals from Repulse Bay during the exploration activities.

A comprehensive environmental baseline study that included the evaluation, monitoring and studying of water quality, fish population and lake sediment composition before, during and post exploration activities has been provided to the community for their information.

BHPB intends to continue with the excellent community relations they have enjoyed on the project by advising the community of closure plans and activities, advising the community of the results obtained during the exploration activities and providing data

that may be helpful to the community in attracting other exploration companies should they wish to do so.

In addition, plans are formulated that will allow a certain number of individuals from the hamlet of Repulse Bay to work on other exploration programs in the area (Pelly Bay), provided that other communities are not able to support BHPB's exploration effort and requirements in the form of personnel.

4 Monitoring

As part of the exploration programme a rigorous system of incident reporting in the field with respect to potential or "near miss" incidents in the areas of health, safety, environment and community relations formed the basis for monitoring all exploration activities and their compliance to all relevant guidelines. Numerous audits e.g. camps, diamond drilling, hygiene, aviation etc. were conducted during the exploration programme. Shortfalls were immediately addressed and improvements as a result of the "near miss" situation were monitored during exploration activities for their effectiveness.

As part of the "Closure" SOP, monitoring of abandonment and restoration activities and their results is mandated by BHPB. Specific areas where audits and inspections will be undertaken are as follows:

- Previous spill sites and the effectiveness of remedial action taken
- Camp location and immediate surrounding areas (lakes)
- Storage areas such as fuel storage (empty, full, contaminated) areas

Currently these monitoring activities are scheduled for the summer of 2006 following the completed demobilization of all exploration infrastructure, equipment and all materials in the winter of 2006.

5 Reporting

Results of the abandonment and restoration project will be incorporated into the 2005 Annual Report for the NWB and DIAND. As well a project summary report that will include the abandonment and restoration project will be completed for BHP Billiton as part of the Project Execution Plan.

Appendix I

BHPBilliton

Standard Operating Procedure for Exploration Camp Closure



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Document



Issued by: HSEC Manager	Variations, which may have regional or locational significance, are contained in SOP Documents as specific appendices.		
HSEC	Pages 1 of 7	Issue No. 001 Date August, 2004	Global SOP BHPB Exploration

Standard Operating Procedure for Project Environmental Planning and Closure.

1. DEFINITION AND INTRODUCTION Exploration project properties, land holdings, and other legal instruments associated with exploration projects must be handled responsibly in a “cradle-to-grave” manner. Any project which BHP Billiton (BHPB) controls, or is associated with by means of joint venture agreement or other form of legal agreement, must have arrangements in place in accordance with this SOP to ensure no liabilities or environmental damages arise, from neglect, omission, or deliberate actions at any stage, including closure. Careful planning and a concern for the environment are essential for good project management, and this extends to the closure or divestment stage. All BHP Billiton Mineral Exploration and contractors’ employees must understand and affirm the following principles in all aspects of their work:	Project: Location: Date: Reviewer:	Comments
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
<ul style="list-style-type: none"> ▪ All environmental damage should be avoided or remediated in a manner that complies with legislation and the principles of the BHP Billiton Charter, HSEC Policy and HSEC management standards (Std 4). ▪ Regard must be had to the Exploration Global Standard for Environment. ▪ All projects from the outset shall consider and plan appropriately for closure, decommissioning, remediation and rehabilitation. ▪ Budgets, funding and other resources shall be considered appropriately. ▪ BHPB may be implicated in liability for environmental harm on a project even when BHPB is not the operator, but may be a J/V or other agreement partner. Project responsible persons shall apply the provisions of the SOP to limit or avoid such risks. ▪ Project management is accountable for environmental performance. ▪ Project employees and contractors shall receive sufficient training to comply with environmental standards. 	<input type="checkbox"/>	<input type="checkbox"/>

Standard Operating Procedure for Project Environmental Planning and Closure.

<ul style="list-style-type: none"> Everyone has the right to challenge and refuse work which contravenes Environmental Standards. 	<input type="checkbox"/>
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2. PROJECT DEFINITION		Comments
Prior to commencement of any project, and/or the acquisition of land rights, a preliminary review of the environmental risks associated with the project will be undertaken, by the project team. Specialist advisors and site visits may be required for any technical aspects of these assessments, which may consider:		
<ul style="list-style-type: none"> Is the project in an area subject to special environmental restriction, consideration or sensitivity.(i.e. can mining rights be acquired?) 	<input type="checkbox"/>	
<ul style="list-style-type: none"> Is there a legal requirement for any baseline environmental assessment or impact study 	<input type="checkbox"/>	
<ul style="list-style-type: none"> Do the Statutory requirements for the project meet or exceed BHPB standards. 	<input type="checkbox"/>	
<ul style="list-style-type: none"> Are there any legacies from previous use of the land or flora and fauna which will impact on the project activities (i.e. previous exploration, traditional land use etc.) 	<input type="checkbox"/>	
<ul style="list-style-type: none"> Do local communities, individuals, or indigenous groups have any rights or aspirations to the area, legal or otherwise, which may give rise to conflict. Are there further stakeholders to be considered. 	<input type="checkbox"/>	
<ul style="list-style-type: none"> Is there an expectation of compensation payment likely to arise from project activities which affect the area (e.g.loss of crops.) 	<input type="checkbox"/>	
<ul style="list-style-type: none"> Has budgetary provision been made for this. 		
<ul style="list-style-type: none"> Is there any likelihood of removal of peoples and settlement from the land, and will this be voluntary (see Agreement to involuntary resettlement Principles) 	<input type="checkbox"/>	
<ul style="list-style-type: none"> Have all final records and documents related to project definition been posted appropriately (i.e. DCFS) 	<input type="checkbox"/>	

Standard Operating Procedure for Project Environmental Planning and Closure.

3. PROJECT PLANNING, SUBMITTAL AND PERMITTING		Comments
<p>All project submissions should address principle Environmental issues and provide controls and mitigation for risks, with appropriate budget. At this stage any known rehabilitation measures shall be included in the Project submittal with appropriate budget.</p>		
<ul style="list-style-type: none"> Each project shall apply for the necessary legal permits and licences, in compliance with Statutory procedures. 		
<ul style="list-style-type: none"> Bonds may require posting in respect of permitting with the relevant authorities. These must be recorded for future management 		
<ul style="list-style-type: none"> Resourcing provisions and funding should be provided to meet bond management and reclamation issues through to completion and reconciliation. 		
<ul style="list-style-type: none"> The risk assessment shall be reviewed and if necessary revised following a site visit, by the responsible person or a suitable third party. Baseline information must be collected including photographic evidence of existing conditions, dated and notated, local information should be sought, and factual evidence collated. 		
<ul style="list-style-type: none"> The risk assessment shall be updated regularly as required, together with any mitigation plans and budget. 		
<ul style="list-style-type: none"> Have all final records and documents related to project planning been posted appropriately (i.e. DCFS) 		

Standard Operating Procedure for Project Environmental Planning and Closure.

4. PROJECT EXECUTION. This is the active work phase of the project. All environmental aspects of the project shall be made clear to all operators and site personnel, including contractors and partners. Audit and review via the responsible persons should be carried out through the project life, appropriate to risk. The closure and rehabilitation plans and costs must be updated through the project life.	<ul style="list-style-type: none">▪ Project orientations should be in place to ensure all environmental requirements are known and understood by project personnel.▪ Incident reporting and HSEC meetings to include environmental issues should be a part of the project management process.▪ Monthly reporting to include environmental activities, contraventions and highlights (PTS).▪ Any changes to permits, or regulatory notifications, bond updates etc. shall be tracked, managed and documented by the responsible persons with appropriate support.▪ Notated records, including photographic records should be kept of the area, specifically any environmental impacts or changes which will impact upon remediation in the future.▪ Have all final records and documents related to project execution been posted appropriately (i.e. DCFS)	<div>Comments</div> <div><input type="checkbox"/></div> <div><input type="checkbox"/></div> <div><input type="checkbox"/></div> <div><input type="checkbox"/></div> <div><input type="checkbox"/></div> <div><input type="checkbox"/></div>	
5. PROJECT COMPLETION All relevant notifications, statutory or other, shall be made in accordance with the requirements of the region or Country. Before BHPB withdraw from any project assurances must be made That no liabilities have been incurred or will ensue from BHPB activities.	<ul style="list-style-type: none">▪ Refer to all required permits. Ensure that the requirements of the permits are clearly understood in order to plan and complete for compliance and closure of permit, or transfer to another party clear of liability, wherever possible.	<div>Comments</div> <div><input type="checkbox"/></div>	
HSEC	Pages 5 of 7	Issue No. 001 – Date August 2004	Global SOP BHPB Exploration

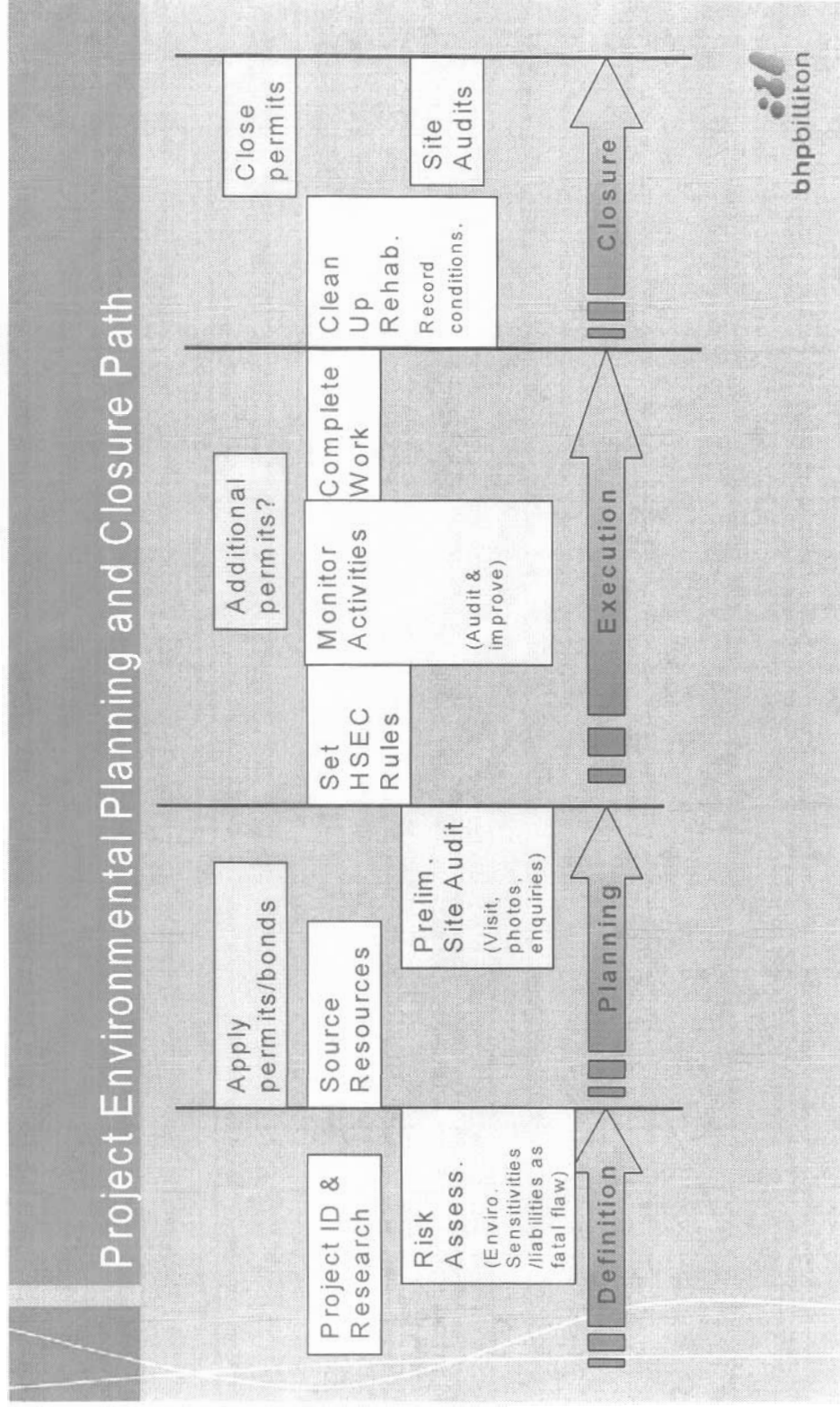


Standard Operating Procedure for Project Environmental Planning and Closure.

<ul style="list-style-type: none">▪ Carry out site assessment to ensure closure and rehabilitation plans are sufficient. In the event that little work is required this may be quite acceptable, provided all reasonable enquiries and standards have been met.	<input type="checkbox"/>
<ul style="list-style-type: none">▪ Ensure adequate resources and funding is available to complete closure and rehabilitation successfully.	<input type="checkbox"/>
<ul style="list-style-type: none">▪ If possible, consult with stakeholders to identify potential problems and confirm suitability of closure plans.	<input type="checkbox"/>
<ul style="list-style-type: none">▪ Utilise any specialist advisors or other agents where technical solutions to rehabilitation are necessary.	<input type="checkbox"/>
<ul style="list-style-type: none">▪ Carry out all work in accordance with the foregoing.	<input type="checkbox"/>
<ul style="list-style-type: none">▪ Prior to BHPB withdrawal, ensure inspection of the site, agreement with standards of work, and obtain all consents, legal and other.	<input type="checkbox"/>
<ul style="list-style-type: none">▪ Ensure all stakeholders are in general agreement with actions taken and rehabilitation carried out. Liabilities should be legally discounted.	<input type="checkbox"/>
<ul style="list-style-type: none">▪ Management for any outstanding legacy issues (i.e. land tenure) must be put in place	<input type="checkbox"/>
<ul style="list-style-type: none">▪ Final inspection notes or confirmations, including notated records, photographs etc., and those required by legislated authorities must be recorded, and all bonds etc, closed..	<input type="checkbox"/>
<ul style="list-style-type: none">▪ Have all final records and documents related to project execution been posted appropriately (i.e. DCFS)	<input type="checkbox"/>

Save As:

Standard Operating Procedure for Project Environmental Planning and Closure.



Appendix II

Nunavut Water Board

Guidelines for Abandonment and Restoration Plan



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Document