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De Beers Canada Corporation

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Richard G. Molyneux

A DIAMOND IS FOREVER

DE BEERS TAKES FIRST STEPS INTO NUNAVUT

Interview by Lawrence Stephenson

A diamond is forever, and so it seems it will be with the world's premier diamond producing company, De Beers Inc. In the summer of 2000 the company's Canadian Subsidiary De Beers Canada Inc took the first steps to enter the Canadian production ranks in the Slave Craton of Nunavut Territory with its acquisition of Winspear Diamonds Inc. Winspear's resource base of 45.4 million carats of diamonds translates into over twenty years of mine life at the current Winspear directed scoping study. Other analysts suggest that a more realistic production rate for the under ground mining on the northwest striking, gently dipping narrow diamondiferous kimberlite dyke would produce in excess of 1 million carats per year for over forty years.

Regardless of the speculation, the commitment of over \$300 million Canadian for the purchase of the Winspear by De Beers, which is still just at the advance exploration and development stage, shows a respect for the potential of additional discoveries in this country is exceedingly positive.

"In South Africa," stated De Beers Canada's Chief Executive Officer Richard Molyneux, "diamond production from the number one producing craton has been extensive and the area has been subjected to diamond exploration for over a hundred years, yet they are still discovering kimberlites. The Canadian Slave Craton scale, of activity to date, suggests that the current known discoveries have only just scratched the surface."

The company should know since they have been the most prolific diamond exploring developing and mining company for the last century. No newcomer to Canada, their wholly owned subsidiary Monopros Inc., has been active in exploration here since 1961 and have been in the forefront of developing the exploration techniques in the difficult glaciated terrane of this country. That experience in Canadian exploration, coupled with the company's expertise in kimberlite mineral geochemistry and kimberlite indicator minerals, has resulted in the discovery of over 200 of the 300+ Canadian Kimberlites.

"The geological environment in South Africa and the Slave Craton of Canada have major parallels," said Mr Molyneux, "the most striking difference is the glaciation and glacial geology of Canada. However these Canadian problems have their counter parts in the South African Craton. For instance, Botswana, the number one country in diamond production in the world at 24%, has substantial cover of recent sediments and areas of high geophysical background to mask the presence of kimberlites and kimberlite indicator minerals."

This De Beers expertise has been diffused throughout the mineral exploration industry as some of these De Beers trained experts have joined other exploration companies. This proliferation of the De Beers expertise has contributed to the great expansion of diamond exploration worldwide and especially in Canada that has led to a phenomenal increase in worldwide, especially Canada, discovery and development of new diamond areas.

Their presence and activity in glacial geology in Canada has been documented as strange groups of mineral explorationists on the back roads of northern Manitoba digging in eskers and other glacial deposits at the side of the road! This outlandish exploration method of the eighties is now the accepted norm in the search for diamondiferous kimberlites.

"The main element in exploration in Canada and South Africa is the same," continued Mr. Molyneux with his obvious South African accent identifying his background as Resident Geologist at the Premier Mine - one of South Africa's richest diamond produc-

ers and the before coming to De Beers Canada, was General Manager of De Beers' South African Central Mines, "based on Kimberlite Indicator minerals, and their chemistry and airborne geophysics targeting the main prospects."

As to the future in diamond exploration in Slave Craton, Nunavut Canada, Mr. Molyneux summarized it succinctly, "For the Slave Craton, the results to date speak for themselves. The rich deposits at Ekati and Diavik make it one of the prime global targets for diamond exploration and development."

To that end De Beers Canada plans to spend \$20 million U.S. on the exploration for and evaluation of diamondiferous kimberlites. With the company's successful acquisition of Winspear Diamonds, it and the company's advanced evaluation projects at the Victor Kimberlite Pipe at Attawapiskat, Northern Ontario and the Hearne, Tuzo, 5034 and Tesla Pipe of Mountain Providence Mining, Northwest Territories, having most of the allotment.

The acquisition of Winspear fulfils the long term goal of De Beers Canada, to attempt to locate and develop Diamond Mines in Canada.

"Although we have discovered over 200 kimberlites to date, many are non-economic," said Mr. Molyneux, "we view it as the future area of diamond discoveries for fundamental geological reason, its history of results proven by major diamond discoveries, and therefore, De Beers has taken the opportunity to be a part of it."

Reiterating that the Winspear project is still only at the advanced exploration and development stage, the De Beers Canada CEO, looks forward to that development phase of the project which will be beneficial to their adjacent, 100 kilometres away, Mountain Providence Mining Joint Venture Property.

"Winspear has been a desirable prospect for number of reasons but a lot related to its more advance stage," stated Mr. Molyneux, "we hope to fast track the project to feasibility and permitting into production to gain mining experience in a difficult environment. This synergy of Canadian technology and South African mining specialization creates a unique opportunity for De Beers."

With most of the discovered kimberlites and economic kimberlites in the Slave Craton, that

area will remain as the prime exploration craton. However De Beers Canada is proceeding quickly to the feasibility stage on the Victor Kimberlite in the James Bay Lowlands area of the Superior Craton. To date only 18 kimberlites have been located in Northern Ontario with none proven to be economic yet. The Northern part of the Slave Craton seems to be the most prolific at this stage of exploration.

"Winspear's Prospect a narrow gently dipping dyke, offers some technical mining problems," said Mr. Molyneux, "but it will mostly be an underground operation and therefore create less of an environmental problem."

The open pit potential of the kimberlites on the Mountain Providence Mining Joint Venture Property is expected to encounter the same rigorous scrutiny that the Ekati project underwent. With the prospects of that deposit eventually becoming an underground operation, the underground experience learned at Winspear's Snap Lake Prospect will be very beneficial.

With his background in both the operation of mines and in their evaluation of prospects in both South Africa and Canada, Mr. Molyneux noted that some of the mining and geological aspects differences in the two countries have implications for the geotechnical perspective of mine design.

"The Canadian Kimberlites are fresher and less altered, due to the erosion level caused by glaciation" concluded Mr. Molyneux, "which should provide more competent hanging and foot walls."

De Beers is building on its successful Millennium Diamond Campaign of last year, to become more visible in the promotion of its product. With it supplier of choice structure including a direct involvement in the marketing of the best quality and ethically mined diamonds, the company is set to remain a significant factor in the world of jewellery. With De Beers Canada, actions and projects rapidly advancing to the feasibility and production stage, Winspear's Snap Lake is projected to be on line by 2004, "2005 is more likely" said Mr. Molyneux it will ensure a steady supply of both!



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Wishing our Nunavut neighbours continued success!

