

DE BEERS CANADA EXPLORATION ROCKINGHORSE (KOAMAOGAKTOK) PROJECT DESCRIPTION

INTRODUCTION

De Beers Canada Exploration Inc. (DBCE - formerly Monopros Limited), a Canadian company with a regional office in Yellowknife, has prospected and explored for diamonds in the Rockinghorse Lake/Hood River area of the Slave Geological Province from the 1990s until the present day. DBCE would like to continue that activity, and by means of the accompanying application, requests continued permission to access the surface-rights Inuit-Owned Lands (IOLs) that lie on or within its exploration area - that being up to 38 claims within Inuit Parcel #CO-40 (*cf. Map 1, Map 2 and Map 3*). The DBCE base camp located at 65°58'48" (lat.) and 111°45'00" (long.) is within the IOL portion, or southeast corner, of the project area.

STATUS OF PERMITS AND AUTHORISATIONS

DBCE maintains an Indian and Northern Affairs (INAC) "Class A" Land Use Permit (#N20000021) for exploration on mineral claims it holds on Crown Land in the Kitikmeot ("Rockinghorse property") and a separate "Class 3" Land-Use Licence (#KTL399C026) issued by the Kitikmeot Inuit Association (KIA) on those claims which lie on Inuit surface-rights lands south of the IOL boundary. #KTL399C026 - valid between 01 March, 2000 and 28 February, 2002 - replaced KIA permit #I96C096, which expired on 09 October, 1999. In addition, DBCE holds an active water-use authorisation from the Nunavut Water Board (#NWB2ROC0002) in order to use water for camp domestic activities and for drilling. This NWB licence is valid until 01 November, 2002; DBCE will seek a new authorisation in advance of this date.

In addition to exploration on our own claims (TAK 1 and the TL claims), DBCE also explores under an option agreement certain mineral claims within the same area held by Inmet Minerals; these claims (the TK and MOR claims) are collectively known as the "Hood River property" and are located entirely on Crown Land. In total, there currently are 120 active claims: 88 on the Rockinghorse property and 32 on the Hood River property.

PROPOSED ACTIVITIES AND THEIR NECESSITY

In order to determine if the claims area holds economic potential, active exploration comprised of surficial sediment sampling, airborne and ground geophysical surveying and exploratory drilling of numerous targets over a number of years is necessary; without this level of care and effort, the three kimberlites of interest - *Troll* (Crown land), *Voyageur* (Crown land) and *Muskox* (IOL) -- would not have been discovered. Without further prospecting and exploration, additional kimberlites cannot be discovered and the economics of the area remains unproven.

Furthermore, the remote location of the property, harsh weather conditions, a highly variable winter drilling season and short summers mean that many more field seasons are required to find and understand resources than would be required in southern Canada. Oftentimes, a claim life of 10 years is insufficient to "source" subtle mineral trains across a large claims area, and thus exploration may continue on claims after they are taken to lease. Class 3 Land-Use Licence #KTL399C026 authorises work on up to 38 claims on IOL; 10 of those claims will be surveyed in summer, 2002, by a Canada Land Surveyor and application will be made to the Crown to take the claims to lease. In addition, 32 surrounding claims which lie exclusively on Crown land also will be surveyed and taken to lease. The purpose of taking the claims to lease is so that exploration

for and evaluation of resources may continue past the 10-year life of the claims.

In winter-early spring of 2002 (March to May), a diamond drill programme consisting of two LF-70 core rigs will be deployed concurrently to recover 10t each from the *Troll* and *Voyageur* kimberlites (PQ casing), after which one of the drills will be refitted for small-diameter NQ casing to drill up to 5 holes one small core rig drilling a maximum of 15 lake-based holes in five areas of the property is planned; all drilling will occur on Crown Land. No drilling is planned to occur on IOLs in the coming year. Either Midwest or Peak will be used as the drilling contractor, extracting NQ-sized core, which will be logged on site and flown out for analysis. A followup till sampling programme is scheduled for 2001 on selected areas of the property and further drilling in 2002, under a programme similar in scope to that of 2000.

DURATION OF PROJECT

As the Rockinghorse project is ongoing, the maximum length of time for land access is requested - that being two years (from 2000 to 2002), plus the option to extend the access for an additional year.

The year 2000 programme is planned to commence in March and conclude in May, while sufficient ice cover remains. At seasonal closure, the Rockinghorse camp will be completely shut down and secured.

METHOD OF TRANSPORTATION

The drill, equipment, fuel drums and personnel will be moved from site to site by helicopter; it is expected that Great Slave Helicopters of Yellowknife will provide this service, as in the past. A single helicopter (Hughes 500D) will be based at the Rockinghorse camp and deployed to drillsites during the programme. Fixed-wing service will be required to mobilise, supply and demobilise the Rockinghorse camp and to transport core samples; it is expected that Air Tindi of Yellowknife will provide this service. A Twin Otter will be deployed on a regular basis.

Around camp, transportation will be by snowmobile; two Bravo snow machines will be flown into camp for this purpose.

As this is a fly-in drill programme, there are no viable alternatives to these modes of transportation.

CAMP AND STRUCTURES

The Rockinghorse camp (*see accompanying maps, application form and the Introduction to this document*) is a small fly-in tent camp located at the east end of a small, unnamed lake within claim TL 91. It consists of 13 structures: An office, kitchen, dry (for washing and laundry), storage tent, core shack, generator shed, lavatory/outhouse and seven sleep tents. The generator shed contains two Lombardini generators, of 16 and 20kw capacity. A bear fence is maintained around the campsite for safety; however, the camp is kept in a clean and tidy condition during operations, so as not to attract bears. A survival tent for weather-safety purposes is maintained in the vicinity of Muskox Lake southwest of camp.

FUEL STORAGE

A fuel storage area (drums of diesel and Jet-B fuel) is located within the camp and is sited the required distance from shore. There is no other fuel cache on the property. Current fuels on site are 150 drums of diesel (standard 200L size), 25 drums of Jet-B and 12 cylinders of propane (standard 100lb or 45kg size). It is anticipated that 50 additional drums each of diesel and Jet-B will be required and 20 additional cylinders of propane. Oils required for the generator and snow machines are stored in the generator shed. Oils and greases required in the drilling operation are stored and secured at drillsites. Spill kits and pads are present where fuel is transferred, and transfer is by means of hand wobble or electric pump.

POTABLE WATER, GREYWATER AND WASTES

Potable water is stored in the dry in a 1,136.5L (250gal) holding tank, supplied by self-insulated 5cm (2in) line. Greywater line is insulated within a plywood utilidor and outfalls to an authorised sump (1mX1mX1.5m) covered with a plywood top.

There are two Pacto toilets in the outhouse. Bagged toilet wastes are incinerated, as are all combustible wastes. Combustibles are burned in a diesel-fired incinerator (45gal/200L sized drum). Non-combustible garbage, including used oils and metal waste, is flown out.

POTENTIAL PROJECT IMPACTS

Potential impacts of this exploration project locally, regionally and to the hamlet of Kugluktuk approximately 220km away, are minimal. The closest "settlement" is Echo Bay's Lupin Mine, not currently in operation, which lies 25km from the southeastern edge of the property. Together, the camp and drillsites amount to only a few hectares, and the period of activity during any one year is limited. As per best practice, guided by the long-standing Monopros Environmental Policy, areas used are reclaimed when use ceases. In sampling, for example, overburden is replaced over hand-dug holes immediately after till is extracted, so that there is no chance that grazing animals, such as caribou, may trip and fall. In the case of drillholes, holes are grouted and the small amount of water and sediment and oil that collects on ice during lake-based drilling is soaked up with absorbent pads or heat-steamed. Cleanup materials are flown out and properly disposed of. Both the Rockinghorse camp and drillsites are regularly inspected by federal and KIA land use inspectors.

The health and wellbeing of wildlife is of great concern to Monopros in all our operations. If caribou enter an area where work is proceeding, all work will cease until the caribou move on. Although the project area offers limited esker habitat, Monopros is aware of the importance of this habitat to bears, wolves, foxes and prey mammals, and limits habitat disruption wherever possible. Favourable esker habitat is located further south, off the property, at the south end of Rockinghorse Lake.

In regard to heritage sites, there are no known archaeological sites on the property and no known deposits of carving stone.

SPILL CONTINGENCY PLAN

The Monopros spill contingency plan is contained within its Environmental Policy (see Appendix I); the plan is informed by our commitment to avoiding spills where possible, prompt action when spills occur and utmost concern for human health and safety, and the environment. The Monopros Environmental Policy is contained within an Environmental and Safety Policies and Procedures Guide, which is kept on site for reference by the Rockinghorse project manager and all staff and visitors, and has been made available to all regulators.

BENEFITS TO INUIT

In all its projects, Monopros hires locally to the extent possible. As the Rockinghorse project is still at the exploration stage, there are fewer opportunities for non-technical employment than with a more advanced project. Currently, it is planned that up to two individuals from Kugluktuk will be hired during the programme of March-May, 2000. Monopros also plans to visit Kugluktuk in advance of the programme to discuss what is planned. If and when the project expands, the opportunities for direct employment, service provision and other benefits also will expand. Whatever the project outcome, Monopros looks forward to a co-operative relationship with the citizens of the Kitikmeot.