



KENNECOTT CANADA EXPLORATION INC.

Granville Square
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Vancouver, British Columbia
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August 16, 2001

NUNAVUT WATER BOARD
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VIA FACSIMILE ONLY to: 1-867-360-6369

1 page

Attention: Rita Becker, Licensing Administrator

Re: Land Use Permits and Licences for the Rocking Horse Project, Nunavut

Kennecott Canada Exploration Inc. (Kennecott) is planning an expanded exploration program on the Rocking Horse (Napaktulik/Takijuak Lake) property in 2002, based on the recent discovery of the Anuri diamond pipe in the bay at the northern end of the lake.

The decision to proceed with the following plans will be made once final data and results from the 2001 program have been received. However, due to season constraints and the time line required in the permitting process, we believe it is wise to request any amendments or changes that may be necessary to our existing land use permits and licences now. For instance, we would like to build the new camp before winter sets in.

2002 Program:

Drilling: approx. 60 exploration and delineation drill holes, both reverse circulation and large diameter; lake and land targets, the latter on crown and CO-45 lands; to begin February 1, 2002. Water use should not be a major factor as the drill rigs have contained water systems, and the initial water drawn from the lake is minimal.

Camps: the existing Tak Camp will remain as an exploration camp with little or no change in its current permit parameters. A new camp for approximately 70 persons will be established within 10km of the Anuri pipe. The possible choices for this new camp could be on IOL CO-45 or on crown land.

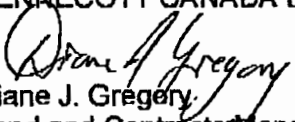
We currently have four permits covering the property:

- KTL301C002 for "Staking, Prospecting, Exploration and Drilling" (KIA)
- NWB2TAK for water use and drilling (NWB)
- N1999J0049 for the Tak Camp (DIAND)
- N2000C0004 for surface surveys and drilling on crown land (DIAND)

Permit letter, August 16, 2001, continued...../2

We would like to initiate the modification or amendments to these permits as soon as possible, so we are asking that you please let us know what information you will require from us, based on the above plans. We will submit any or all amendments at the same time with the hope that if NIRB is required to assess them, they can cover everything at the same time.

Yours truly,
KENNECOTT CANADA EXPLORATION INC.


Diane J. Gregory
Land and Contracts Manager

cc. DIAND Land Administration, Nunavut
Kitikmeot Inuit Association, Lands Division