



KENNECOTT CANADA EXPLORATION INC.

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March 23, 2004

NUNAVUT WATER BOARD
P.O. Box 119
Gjoa Haven, Nunavut
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VIA email and FACSIMILE ONLY TO: 1-867-360-6369

Attention: License Administrator

Re: **Annual Report per Nunavut Water License NWB2TAK 0204**

Dear Sir:

The following is a summary of work carried out under the above noted water license between March 31, 2003 and today's date. Work carried out in 2003 at Kennecott Takijaq Camp consisted of diamond core drilling and crown claim surveying. Water use was carried out on the Rocking Horse property including the Takijaq Camp from approximately March 31 to April 16 and from August 1 to 12, 2003.

The Takijaq Camp is located on crown land in the Kitikmeot region, about 8 kilometers northwest of Napaktulik Lake. Coordinates for the camp are latitude 66°30' N and longitude 113°04'W. DIAND Land Use Permit # N2002J0022 covers the Takijaq camp. Drilling operations on crown land were authorized under LUP #N2003C004. Camp population ranged from 3 to 14 employees and contractors at any one time. Water usage in camp was limited to <25 cubic meters per day.

Four diamond drill holes, with a total combined depth of 757 meters, were drilled at coordinate 12W 413350E / 7382850N following the *Interim Guidelines for On-Ice Drilling*. The drill processed less than 50 cubic meters/day of lake water (recirculated) and a grey water sump on land was used for wastewater disposal. One lake water sample was collected from the on-ice drill site for baseline water quality analysis.

Progressive reclamation included removal of all materials from drill sites. The drilling process did not draw down lakes and there were no unauthorized discharges or material spills. Water usage in both the drilling and camp operations did not exceed allowed amounts. All grey water produced was discarded via sump. The Contingency plan submitted in the original application remains unchanged.

Kennecott has no plans for continued water use under the scope of this permit.

Yours truly,
KENNECOTT CANADA EXPLORATION INC.

Susan Ball
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