



**#16 Yellowknife Airport
Yellowknife, N.W.T.
X1A 3T2**

**Telephone: (867) 669-2761
Facsimile: (867) 669-2720**

April 30, 1999

Your file / Votre référence
N1999C0046

Our file / Notre référence

District Consultation Distribution List

E.P. - YK

Water Resources - YK

Lands

GNWT - RWED - Policy, Legislation and Communications

Prince of Wales Northern Heritage Centre

Dogrib Treaty 11 Council

North Slave Metis Alliance

D.F.O. - YK

Dene Nation

Metis Association

Mining

Yellowknives Dene First Nation

Yellowknife HTA

Dear Sir or Madame:

**RE: Land Use Application N1999C0046
Mineral Exploration
Lac de Gras**

I am enclosing an application and related correspondence for a land use permit submitted by BHP Diamonds Inc. concerning mineral exploration in the above noted area. Your comments, based on local knowledge of the environment and your use of the area in which this proposed operation is to be conducted, would be of assistance in preparing environmental conditions for these operations.

We would appreciate any comments you can provide us which will help us fulfil our obligations under the Mackenzie Valley Resource Management Act.

Please send any concerns to this office by May 31, 1999. If you have any questions please contact our Assistant Land Use Administrator, Charlene Coe at (867) 669-2762.

Yours truly,

**Michelle Elford
South Mackenzie District**

cc: RMO, Yellowknife Sub District

ELFORD/



BHP Diamonds Inc.

28 April 1999

File #: 4.8.3.2

Ed Hornby, Land Administrator
South Mackenzie District
Department of Indian and Northern Affairs
#16 Yellowknife Airport
Yellowknife, NT, X1A 3T2

RE: Land Use Permit Application

Dear Mr.Hornby,

BHP Diamonds Inc. is providing additional detail to our Land Use Application of April 8th as requested in our meeting of April 16th. The changes you will note are more detail on the attached map showing the known location of activities under the land use permit as well as the outline of the land leases held by BHP for the EKATI™ Diamond Mine. There will likely be other activities as exploration progresses on the claim block and in each instant we will formally apply and await approval before undertaking any work.

One activity we would like to apply for in obtaining a new land use permit is the establishment of a temporary rock stockpile area near Paul Lake. This is shown on the small, attached map. This stockpile area will be used during the construction of the Misery Road and will be reclaimed upon completion. The construction of the road is to happen in two phases. BHP will build the section of road from EKATI™ to Paul Lake while a contractor will build the section from Paul Lake to Misery. BHP will haul the run-of-mine rock from the Panda pit and crushed rock from the crusher to the rock stockpile area using our large mine trucks. The contractor will then pick up the rock, cross the bridge to continue building the road. One of the reasons BHP is not building the entire road is that the Paul Lake bridge will not support our trucks necessitating the use of a contractor.

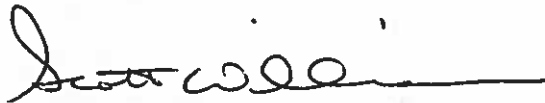
We are today on an opportunistic basis building the section of the road to Paul Lake. Whenever one of the shovels is down in the pit, the trucks are free to

make the long hauls in building the road. The pace of building the road is expected to increase in the coming months as we will be renting trucks from Nuna to expedite road construction. Using this approach, we expect to finish the road to Paul Lake by October – November of this year with the contractor beginning the next leg from Paul Lake to Misery in March 2000. The road is expected to be complete by mid summer 2000 with mining activities beginning shortly thereafter.

Because of concerns with the Misery Road, BHP will be building caribou crossings at select locations along the road. These locations will match areas frequented by caribou. Aboriginal elders have been invited to come to EKATI™ to view road construction and see a completed caribou crossing. They will at the same time be given a package outlining how the road is being built and where the caribou crossing ramps will be located. Their input will assist in minimizing the impact of the road on wildlife.

We trust the enclosed additional information is sufficient to allow you to proceed with the application but should more be required, please do not hesitate in contracting me or John Witteman.

Yours sincerely,



Scott Williams
Manager, Environment and Resource Planning

C.c. Jon Carlson, BHP Discovery, Kelowna
Independent Environmental Monitoring Agency (w/ maps, application)



Office use only

Application fee	Land use fee	General receipt no	Date	Class	Permit no

To be completed by all applicants

<input checked="" type="checkbox"/> New application	<input type="checkbox"/> Amendment
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1. Applicant's name and mailing address (Full name, no initials)

BHP Diamonds Inc.
#1102, 4920 - 52nd Street
Yellowknife, NT, X1A 3T1

Fax no.
867 880 4008
Telephone no.
867 880 2232

2. Head office address

BHP Diamonds Inc.
2650 Park Place, 666 Burraud Street
Vancouver, BC, V6C 2X8

Fax no.
604 605 8666
Telephone no.
604 681 5736

Field supervisor

(1) Darren Dyck or Grant (2) Env. Specialist - EKATI
Lockhart

Cell Telephone
867 880 5112

Telephone no.
(1) 867 880 5195 or 5196
(2) 867 880 2281

3. Other personnel (Subcontractor, contractors, company staff, etc.)

Various contractors may be on site throughout the year for exploration work.

TOTAL:

4. Qualifications - refer to Section 21 - Territories Land Use Regulations No (s) exploration permit mineral claims - if applicable

a(i) x a(ii) a(iii) b c BHP Lac de Gras claim block - 367 claims

5. a) Summary of operation (Describe purpose, nature and location of all activities - refer to Section 22 (2) (b) - Territorial Land Use Regulations).
(Use last page of form if additional room is required).

See Appendix 1

b) Please indicate if a camp is to be set up (Use last page to provide details).

Camps are and will be established at various locations on the claim block. See appendix 1 for further details.

6. Summary of potential environment and resource impacts (Describe the effects of the proposed program on land, water, flora & fauna and related socio-economic areas (Use separate pages if necessary).

An Environmental Impact Statement was completed in 1995. This was followed by regulatory permits: a water licence, 6 land leases, a fisheries authorization and an authorization under the Navigable Waters Protection Act.

The land use permit is for activities outside the developed area of the EKATI Diamond Mine. Procedures have been established to ensure the effects of the exploration, bulks sampling and related activities are minimized and mitigation measures are employed to correct any impacts on the environment.

Baseline studies are undertaken before major activities such as bulk sampling to ensure a record exists of baseline conditions.

7. Proposed restoration plans (please use last page if required)

The restoration activities to be undertaken following the completion of work will be of the same standard as set out in the Abandonment and Reclamation Plan filed with and approved the NWT Water Board. Progressive reclamation will be undertaken in all instances to ensure effected areas are returned to near natural conditions as soon as is practically feasible.

8. Other rights, licences or permits related to this permit application (mineral claims, timber permits, water licences, etc.)

Water Licence N7L2-1616: expires December 31, 2004

6

Land Leases expiring November 30, 2026

Fisheries Authorization for the work specified for 5 kimberlite pipes, Panda, Koala, Fox, Misery and Leslie

Navigable Waters Protection Act Authorization,

Environmental Agreement,

367 mineral claims kept in good standing

Roads: N/A Is this to be a pioneered road? Please provide details on back page

N/A Has the route been laid out or ground truthed?

N/A Has funding been applied for i.e. RTAP

9. Proposed disposal methods

a) Garbage: All combustible wastes are burned in an incinerator with the ash returned to the EKATI landfill. Other inert wastes are also placed in the EKATI landfill.

c) Brush & trees: N/A

b) Sewage Sewage is incinerated at Norm's camp, gray water to sump. At Boxcar, gray water and sewage undergoes land treatment. (See Appendix I)

d) Overburden (Organic soils, waste material, etc): Organic soils are saved for reclamation. Disturbance of overburden is kept to a minimum.

10. Equipment (includes drills, pumps, etc)(please use last page if required)

Type & Number	Size	Proposed use
see Appendix II		

11.	Fuels	T	Number of containers	Capacity of containers
	Diesel (300,000 litres/year)		400 barrels, self bermed tank	205 l/barrel, 76,000 litre tank
	Gasoline (2800 litres/year)		14 barrels	205 litres/barrel
	Aviation Fuel (200,000 litres/yr)		1000 barrels Jet-B	205 litres
	Propane - yearly		20 cylinders	100 pound

12. Containment fuel spill contingency plans (Please attach separate contingency plan if necessary)

Activities carried out under the land use permit will be covered by the Spill and General Contingency Plan for the EKATI Diamond Mine. Spill kits are nonetheless maintained at the camps and drill sites to ensure all spills are contained and cleaned up immediately after the occurrence of the event. Contaminated soil is transported to the EKATI land farm for treatment. Spill pads and the like are incinerated along with other wastes in the incinerators located in each camp.

13. Methods of fuel transfer (To other tanks, vehicles, etc)

Fuel transferred at Norm's camp using small hand or electric pumps. At Boxcar camp, fuel is transferred using an electric pump. The electric pump at Boxcar camp is bermed.

14. Method of operation (includes time to cover all phases of project work applied for, including restoration)
 Operations will largely be from January to end of September but could be year round. From Boxcar camp, bulk sampling of kimberlite pipes will take place early in the year when the ice is the thickest while ground exploration using NQ drilling will be in early spring and over the summer period. The summer program is largely run out of Norm's camp. Restoration is carried out on a continuing basis ensuring all drill sites are left without waste and all drill material removed from the ice and placed in sumps approved by the DIAND inspector. During seasonal shutdown the camps are secured with all food waste removed and all fuel stored as specified in the land use guidelines.

15. Period of permit (up to two years, with maximum of one year extension)	Start date	Completion date
Two years requested	30-Jul-99	29-Jul-01

16. Location of activities by map co-ordinates (attached maps and sketches)

MN Lat Deg	MN Lat Min	MAX Lat Deg	MAX Lat Min
MN Long Deg	MN Long Min	MAX Long Deg	MAX Long Min

Map Sheet No. 76 C 12, 76 D 9/10/11/14/15/16 (1:50,000)

76 D (1:250,000)

17. Applicant
 Print name in full

W. Scott Williams

W. Scott Williams Signature

8 APR 99 Date

18. Fees

Class A \$150.00 Class B \$150.00

Land use fees: 2 Hectare @ \$50.00 = \$100
 (Less than or equal to 2 ha)

38 Hectare @ \$50.00 = \$1,900
 (Each additional ha. or portion of a ha. in excess of 2 ha.)

Total Application and Land Use Fees = \$ 2,150.00

Office use only

19. Calculation of area involved (includes access, staging areas, airstrips, campsites, etc)

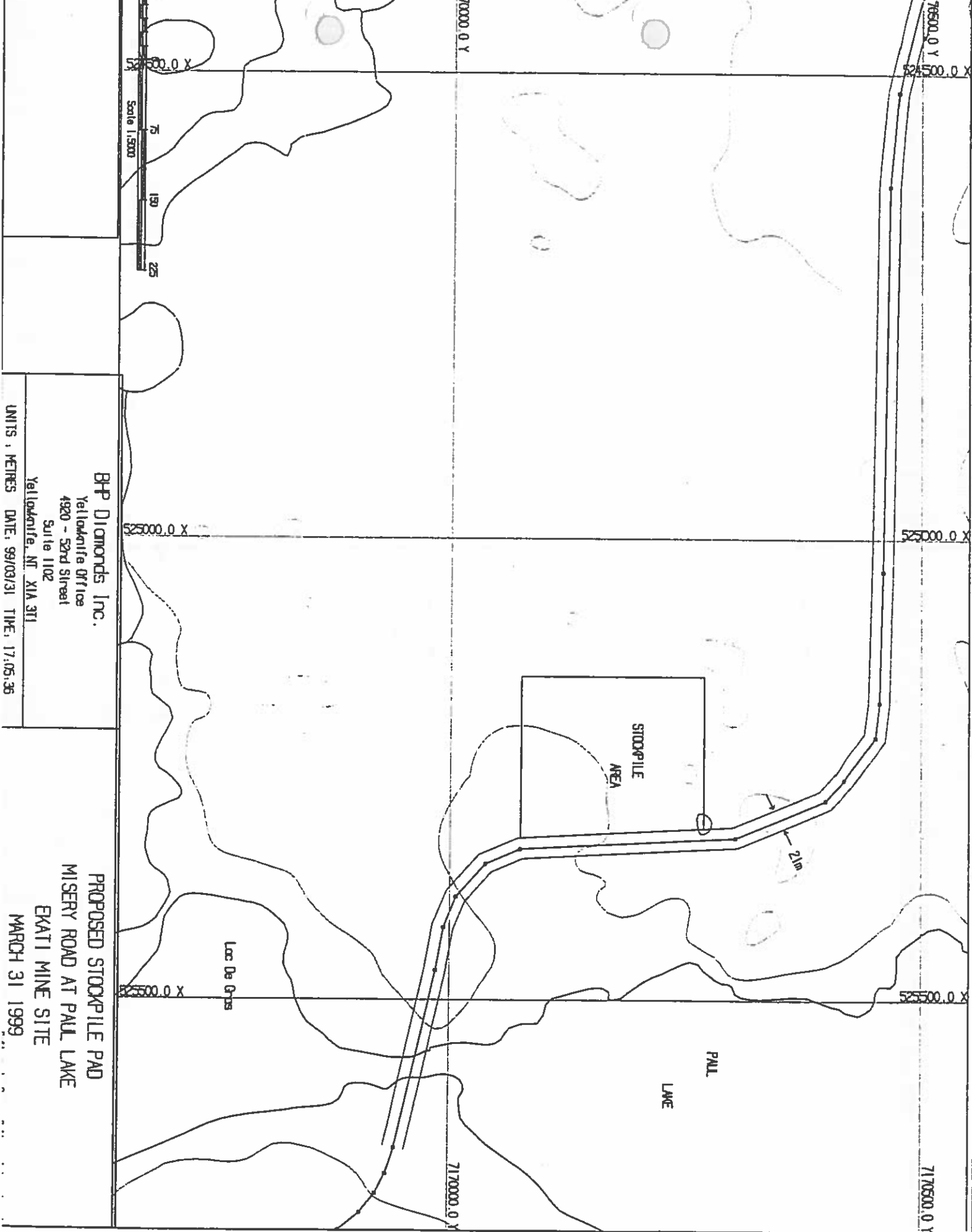
Total area (Ha)	TOTAL (for fee calculation)
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20. Application checklist

a) <input type="checkbox"/> Application signed and dated	f) <input type="checkbox"/> Timber permit applied for
b) <input type="checkbox"/> Fees attached	g) <input type="checkbox"/> Fees attached
c) <input type="checkbox"/> Map included	h) <input type="checkbox"/> Lease applied for
d) <input type="checkbox"/> Address and telephone number	
e) <input type="checkbox"/> Screening report	

Accepted by _____ Date _____

Remarks _____



BHP Diamonds Inc.
 Yellowknife Office
 4920 - 52nd Street
 Suite 1102
 Yellowknife, NT X1A 3T1

UNITS : METRES DATE: 99/03/31 TIME: 17:05:36

PROPOSED STOCKPILE PAD
MISERY ROAD AT PAUL LAKE
EKATI MINE SITE
MARCH 31 1999

APPENDIX 1

5(a) Summary of Operation (Describe purpose, nature and location of all activities)

Norm's and Boxcar Camps are located on Exeter Lake (64°47', 110°47'W) and the Duchess Esker (64°44.5', 110°07'W), respectively. Their location is shown on the attached map. Norm's camp is stationary and used during the summer months while Boxcar can be moved to areas actively under investigation for winter work. Norm's camp can accommodate 30 persons and Boxcar, 34.

These are self-contained camps that will be used for on-going exploration and bulk sampling. Potable water would be drawn from a nearby lake, Exeter Lake in the case of Norm's Camp. At Norm's Camp human waste is collected in Pacto bags and burned in an incinerator. Gray water is collected in a sump. At Boxcar gray water and sewage undergoes land treatment as permitted by DIAND. It collects in a natural depression behind the camp, away from any water course before flowing onto the tundra where it is naturally treated.

Norm's camp has an existing airstrip located on the Exeter esker that can accommodate a twin otter. There is an access trail to the airstrip from Norm's camp, an apron for loading and servicing the aircraft, and for the storage of drums of fuel. Norm's Camp is also float-plane accessible.

Winter roads may be built from the Ekati Mine site to Norm's Camp. The ice road will start from the North end of the road leading to cell B in the Long Lake Containment Area while Boxcar will be accessed by a short spur off the Echo Bay Winter Road at portage 8 (see attached map). Winter roads will continue to be built to kimberlite pipes that are to undergo bulk sampling during January to March of the year.

Exploration activities will include both diamond core and reverse circulation drilling, geophysical and geochemical surveys and field mapping within the Claim Block. Drilling will be both land-based and from lake ice. No cuttings will be left on the ice; they will be deposited in a sump approved by the Land Inspector.

Other activities will be associated with on-going development at the EKATI™ Diamond Mine. This may include such diverse land uses as geotechnical drillings and surveys, a temporary rock storage pad for building the Misery road, temporary explosives magazines, winter roads to EKATI™, placement of temporary radio beacons and installing caribou deterrents using traditional knowledge.

APPENDIX II

10. Equipment (includes drills, pumps, etc.)

Type & Number	Size	Proposed Use
Large Diameter Reverse Circulation Drill (1)	349 mm	bulk sampling of kimberlite
Longyear NQ drills (up to 3 units)	76 mm	sampling of exploration targets
Helicopters (up to 2)	A-star, Jet Ranger or Hughes 500	moving people, supplies and equipment
Vehicles (up to 3 trucks)	F 350	winter use only, Boxcar camp
ATV (1 only)	4 wheeler	pick up supplies from airstrip
Outboard motor and boat	15 hp	used on Exeter Lake
Kabota fork lift (1 only)		Norm's camp to load and unload planes
Snowmobiles (2 only)	Polaris	travel on snow & ice
CAT Loader	966 F	to build ice roads
Tractor Trailer (up to 2)		to move bulk samples and drills
CAT 777 & 793 trucks (up to 10) ¹		to stockpile mine rock
CAT dozer	D-10	to move mine rock
Other associated equipment to undertake drilling and temporary building activities.		

¹ The 777 and 793 trucks, and the Cat Dozer are to be used only in creating a temporary rock storage pad near Paul Lake. This pad will hold run-of-mine rock from the Panda pit to be used in building the Misery Road. The building of the rock storage pad is being applied for under this land use permit.



Indian and Northern Affairs Canada / Affaires indiennes et du Nord Canada

GENERAL RECEIPT / RÉCÉPISSÉ GÉNÉRAL

C 103285

Date		Nature and no. of remittance - Forme et n° de la remise		Invoice no. - N° de facture		Branch - Direction	
April 15/99		Cheque		25701731		N.W.T. - Region	
Received the sum of - Reçu la somme de				April 08/99		S.M. District	
		Two Thousand Three Hundred				100 Dollars \$ 2300.50	

From - De

(B.H.P. - Diamonds Inc.
 4920-52nd. Street, Suite 1102.
 Yellowknife, N.T. - X1A-3T1)

For - Pour

Land Use Fees.
 3-540-37100-2052-00060-5005.

D. Pittman
 Authorized officer - Fonctionnaire autorisé