

January 30, 2007

Richard Dwyer
Licensing Trainee
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

**RE: De Beers Canada Inc. – Annual Nunavut Water Board Report for
Licence Number 2BE-BKL/GA**

Dear Mr. Dwyer,

In June of 2006 De Beers Canada Inc. – Exploration Division applied for a Licence to take water for the Baker Lake Project.

The purpose of the application was to obtain water for drilling.

A Licence was obtained on August 9, 2006.

Due to a change in the project plans, drilling was not carried out during the 2006 field season. Thus, there was no water taken or discharged for the season.

If you require any additional information, please do not hesitate to contact me.

Thank you,

Teresa Gillespie, CCEP