



March 3, 2008

Phyllis Beaulieu
Manager of Licensing
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-BKL0609**

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 2007 field season. A planned camp for the 2007 field season was not occupied and there are no plans to proceed with uranium exploration. A small sampling project took place during the 2007 field season. This program was based out of the community of Baker Lake. 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,

A handwritten signature in blue ink, appearing to read "T. Gillespie".

Teresa Gillespie, CCEP