



Indian and Northern
Affairs Canada

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et du Nord Canada

INAC Field Operations
P.O. Box 100, Building 918
Iqaluit, NU X0A 0H0

File: 2BE-HEE0712
CIDM # 387276

Jan 26, 2010

VIA EMAIL

David Ritcey
Senior Project Geologist
Diamondex Resources Ltd.
PO Box 11584
1410-650 West Georgia Street
Vancouver, BC V6B 4N8
E-mail: dritcey@diamondex.net

Re: Water Licence 2BE-HEE0712 (Heequo Property) Request for Licence Cancellation

Dear Mr. Ritcey:

Due to a logistical discrepancy INAC was unable to inspect the property in question this year, and will undertake an inspection during the 2010 season of the Heequo camp location, identified at 65°59'3"N and 112°44'40"W.

Water licence inspection activities are conducted under the Nunavut Water and Nunavut Surface Rights Tribunal Act. Pending a final field inspection of the property, a document review of this licence has been conducted and several items requiring the attention of your company have been identified. These items must be addressed before this licence can be considered for closure.

Should you require more information or clarification please contact the undersigned. If you have any questions please do not hesitate to contact our office.

Sincerely,



Water Inspector

Melissa Joy
Water Resource Officer, Kitikmeot Region
Indian & Northern Affairs Canada
E-mail: Melissa.Joy@inac.gc.ca
Ph: (867) 975-4548
Fx: (867) 979-6445

Cc: Peter Kusugak – Manager of Field Operations, Indian & Northern Affairs Canada
Lou-Ann Cornacchio – Manager of Water Resources, Indian & Northern Affairs Canada
Phyllis Beaulieu – Manager Licensing, Nunavut Water Board



WATER USE INSPECTION REPORT

Date: July 25, 2009	Licensee Rep. (Name/Title): David Ritcey
Licensee: Diamondex Resources Ltd	Water Licence No.: 2BE-HEE0712

Comment: Unable to attend site on July 25/09 (logistical discrepancy); reschedule for 2010 field season

Records Review:

During a review of the Final Restoration Plan (FRP) submitted (May 2009), several discrepancies were identified between the activities reported in the FRP and those listed within the Annual Reports (located on the NWB ftp site). The Licensee is to provide clarification on the following:

- i) The 2003 Annual Report indicates that the Heequo Camp was not utilized during the 2003 field season; the FRP says it was.
- ii) The 2005 Annual Report states that the Camp was used during the 2005 field season; the FRP does not mention activity after 2004.
- iii) No Annual Report was found for 2002; FRP indicates that the camp site was used in 2002 for an exploration program.

As per the FRP, no drill programs have been reported on the property. Licensee is to confirm this is accurate.

It is reported in the FRP that the site was cleaned up by Discovery Mining Services in late 2008; however, no confirmation was provided for specific requirements listed under Part I (Conditions Applying to Abandonment and Restoration) of the water licence.

Part B: General Conditions

The description of final clean-up activities submitted by the Licensee does not provide sufficient detail to confirm the Licensee has met the licence requirements with respect to abandonment and restoration of the property. As per section 2 (iv), the Licensee is to provide a description of all final reclamation work undertaken.

Part D: Conditions Applying to Waste Disposal

As per section 5 and 6: Licensee shall maintain records of all wastes disposed of and records of confirmation of proper disposal of backhauled waste. Licensee is to provide copies of these records from 2005 to 2008 to the Inspector for review.

As per section 8: Latrine pits are to be treated with lime and covered with native material prior to abandonment. Licensee is to confirm if lime had been used prior to decommissioning.

Part I: Conditions Applying to Abandonment and Restoration

The Licensee to confirm/demonstrate that each applicable section of Part I has been met. Several specific sections are brought to your attention, based on the 2009 inspection findings of water licence 2BE-PER0610, also held by Diamondex Resources in the Kitikmeot region.



As per section 3: Licensee shall backfill and restore, to the satisfaction of an Inspector, all sumps to the pre-existing natural contours of the land.

As per section 4: Licensee shall remove from the site infrastructures and site material.

As per section 7: In order to promote natural growth of vegetation...all disturbed surfaces shall be prepared by ripping, grading, or scarifying the surface to conform to the natural topography.

As per section 11: All disturbed areas shall be contoured and stabilized upon completion of work and restored to a pre-disturbed state.

Summary

Licensee's request for file closure is denied at this time, until it can be demonstrated that the requirements for abandonment and restoration under the water licence have been fulfilled to the satisfaction of the Inspector.

The Licensee is to submit the required information and documentation to the Inspector and NWB, no later than Apr 30, 2010.

An inspection is anticipated to occur during the 2010 summer field season.

M. Joy

Inspector's Name

Sent by E-mail

Inspector's Signature