

March 28, 2006

SENT VIA EMAIL

Joe Murdock
Technical Advisor
Nunavut Water Board
P.O. Box 119
Gjoa Haven, Nunavut
X0B 1J0

Phone: (867) 360-6338
Fax: (867) 360-6369

Dear Mr. Murdock:

**RE: RESPONSE TO DEFICIENCIES, #NWB2PER0305 RENEWAL
APPLICATION – PEREGRINE PROPERTY, NUNAVUT**

We received your letter dated February 15th, 2006 regarding deficiencies in the water licence renewal application for NWB2PER0305, Peregrine Property. Thank you for the opportunity to provide further clarification to address these deficiencies. We have also reviewed the letters you provided from Environment Canada and the Government of Nunavut – Environmental Division. Our response is as follows:

Community Consultation

Diamondex Resources Ltd. conducted a community consultation in Kugluktuk on Friday, November 18, 2005. During the afternoon, Caroline Harke, (senior project geologist for Diamondex) met at the office of the KIA with Jack Kaniak, Lands Manager, Stanley Anablak, Lands Officer, Jimmy Ross (JR) Miyok, Employment & Training Coordinator and then with Paul Waye, Settlement Administrative Officer, at the office of the Hamlet of Kugluktuk to provide a description of work completed to date by Diamondex on the Peregrine Property.

During the evening a meeting was held for the public at the community hall where a poster display was used to convey to the public the work conducted on the Peregrine Property. In attendance were Mona Tiktalek, Paul Wayne, John Morrison (Government of Nunavut – Environment), Edward Havioyak, Garry Kellogok, Jason Taptuna, Dennis Kokak, Charlie Evaglok, Millie Aklok, Mathiew Dumond, and Amanda Niptanatiak.

Environmental Procedure Plan

The Environmental Procedure Plan is attached.

Waste Disposal

Non-combustible, non-hazardous waste is taken off site to the Yellowknife landfill. Empty and partial fuel drums are taken back to Yellowknife and returned to the fuel dealer.

Visual Inspections of Sumps

Sumps will be visually inspected to ensure there is no run-off and that there is adequate storage capacity. The greywater and latrine sumps will be inspected daily. Drill sumps will be inspected once the hole is completed. Rehabilitation of drill sumps will be done as required. Inspections are documented and kept on site in the office during the field season. Following the field season all inspection records are kept at the Diamondex office in Vancouver.

Documentation and Reporting

Before and after photos will be taken of all drill sites and sumps. These photos will be attached as an appendix and submitted with the annual report to both the Nunavut Water Board and the Nunavut Impact Review Board. GPS coordinates are submitted as required as part of the annual report.

Drill Sites – Inspection for Soil Contamination

Visual inspections will be conducted of all drill sites during drilling and again once the drill has been dismantled and moved. If there appears to be an area that may have been contaminated (either visually or by odour), a soil sample will be collected for analysis and the location (GPS coordinates) recorded for future reference. Follow up actions would be dependent on results and advice from the DIAND Water Resource Officer.

Drill Sites – Locations

Drill site targets are not finalised until the data collected from the previous year's field season is fully interpreted. These proposed drill targets are provided to the DIAND Water Resource Officer prior to mobilization.

Attached you will find a copy of our Environmental Protection Plan. This plan should provide additional clarification for some of the above points.

In response to the comments provided by Environment Canada and the Government of Nunavut – Environment Division the following amendments have been made:

The Abandonment and Reclamation Plan

- A map has been added to Appendix A of the plan showing the location of the camp and fuel caches in relation to drainage patterns and water bodies. A figure has also been added to Appendix A depicting the layout of the camp with labels.
- Emergency contact information has been included in the plan. See page 7 of the plan.
- Non-combustible, non-hazardous waste is taken to the Yellowknife landfill and deposited in their landfill. Empty fuel drums are returned to the fuel dealer.

The Spill Contingency Plan

- The description of the site has been amended to include more detail with regard to the fuel caches. See page 1, section 2.2 Petroleum Storage and Transport. The main fuel cache is located at the camp. If any other satellite fuel caches are established, they will contain fewer than 20 fuel drums.
- A map has been added to Appendix C of the plan showing the location of fuel caches in relation to drainage patterns and water bodies and is referenced on page 2, section 2.2 Petroleum Storage and Transport, of the Spill Contingency Plan.
- Waste manifests – we are awaiting information from Discovery Mining as they handle camp mobilization and demobilization including waste removal. Once we have received this information we will pass it on to you.

These amended plans are attached for your review.

Should you require additional information or have any questions, please do not hesitate to contact me.

Sincerely,

DIAMONDEX RESOURCES LTD.

A handwritten signature in black ink, appearing to read "Janet M. Stritychuk". The signature is fluid and cursive, with a large loop at the end.

Janet M. Stritychuk
Land Manager
S06-038