



Indian and Northern  
Affairs Canada

Affaires indiennes  
et du Nord Canada

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

File: 2BE-PER0610  
CIDM #387249

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](mailto:dritcey@diamondex.net)

**Re: Diamondex Resources Ltd (Peregrine Project) Water Licence 2BE-PER0610 Inspection on July 13, 2009**

Dear Mr. Ritcey:

Please find enclosed the inspection report for Water Licence 2BE-PER0610 conducted on July 13<sup>th</sup>, 2009.

Site observations with respect to issues of non-compliance with the water licence issued by the Nunavut Water Board (NWB) under the Nunavut Water and Nunavut Surface Rights Tribunal Act have been identified and require the attention of your company before this licence can be approved for closure.

The inspection also included a review of the documents pertaining to this water license, located on the NWB's FTP site.

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](mailto:Melissa.Joy@inac.gc.ca)  
Ph: (867) 975-4548  
Fx: (867) 979-6445

Enclosed: Inspection report/Inspection photographs (July 13, 2009)

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

<b>Date:</b> July 13, 2009	<b>Licensee Rep. (Name/Title):</b> David Ritcey
<b>Licensee:</b> Diamondex Resources Ltd	<b>Water Licence No.:</b> 2BE-PER0610 <b>Land Use Permit:</b> N2005C0021

On July 13, 2009 an inspection of the camp area was completed by Water Resource Officer, Melissa Joy.

### Background Review

The Peregrine Property is contained between general latitudes 67°4'N and 67°25'N, and general longitudes 113°21'W and 113°51'W. The Peregrine base camp is located at 67°08.460'N and 113°35.580'W.

According to Annual Reports (2003-2006), the camp was used during the 2003 field season; no activity was reported at the camp site from 2004 to present.

As per the Final Restoration Plan (FRP) submitted (May 2009), property activity consisted of till sample collection and airborne geophysical surveys –no drill program was reported.

While it is reported in the FRP that the site was cleaned up by Discovery Mining Services in late 2008, no confirmation was provided for specific requirements listed under Part H (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

- Outhouse location was not immediately noticeable and appeared to have been re-levelled appropriately; however, there has been no confirmation from the Licensee that lime had been used prior to abandonment.

As per section 5: Latrine pits are to be treated with lime and covered with native material prior to abandonment.

Licensee is to confirm whether lime has been used prior to decommissioning.

### Part H: Conditions Applying to Abandonment and Restoration

The following terms and conditions have not been fulfilled and are to be completed by the Licensee. The Licensee is to acquire appropriate professional consultation in carrying out these activities and demonstrate this to the Inspector.

- Seven tent/building locations and generator shack location were immediately visible during the aerial survey. Vegetation in former tent frame locations has not yet recovered; it did not appear that any methods had been used, such as scarification, to promote re-growth of these areas.



- Flagstones used for pathways were left in place; some of these rock slabs had been placed inside the sump as fill material.
- Sump area has not been restored properly; material used for backfill is too large for proper contouring and compaction.
- Some woody debris near shore was found (appeared to be part of a pallet); no other debris was visible in the immediate area.

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 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 provide a plan which will address how and when the issues identified will be completed, to be submitted to the Inspector and NWB for comment, no later than Apr 30, 2010.

A final report is also to be submitted (as per Part B) on completion of abandonment and restoration activities.

M. Joy

**Inspector's Name**

Sent by E-mail

**Inspector's Signature**

### List of Photographic References

Photograph 1: Aerial survey of former Peregrine camp location.

Photograph 2: Aerial survey showing flagstone pathway, tent frame areas and sump.

Photograph 3: View showing flagstone pathway and several former tent frame locations.

Photograph 4: Sump location.

Photograph 5: Closer view of former tent frame area; vegetation has not yet recovered.



**2BE-PER0610 Inspection Photographs taken July 13, 2009  
by Water Resource Officer, Melissa Joy**



Photograph 1: Aerial survey of former Peregrine camp location. Seven former tent frame locations and sump area are visible in this view.



Photograph 2: Aerial survey showing flagstone pathway, several tent frame areas and sump.





Photograph 3: View showing flagstone pathway and several former tent frame locations.



Photograph 4: Sump location. Sump has not been restored properly; material used for backfill is too large for proper contouring and compaction.





Photograph 5: Closer view of former tent frame area. Vegetation has not yet recovered; there are no signs of methods used, such as scarification, to encourage re-growth.