



Indian and Northern
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www.inac.gc.ca

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Your file - Votre référence
2BE-PER0305

Our file - Notre référence
#80737 / 9545-1

May 25, 2006

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

Re: 2BE-PER0305 - Diamondex Resources Ltd. - Peregrine Project - 2005 Annual Report

On behalf of Indian and Northern Affairs Canada (INAC) I have reviewed the above-mentioned application. The following specialist advice has been provided pursuant to INAC's mandated responsibilities for the enforcement of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NW&NSRT), *Arctic Waters Pollution Prevention Act* (AWPPA), and the *Department of Indian Affairs and Northern Development Act* (DIAND Act).

Background Information

Diamondex Resources Ltd. (Diamondex) has submitted an Annual Report of freshwater use and disposal of wastes associated with domestic use and drilling operations in its Peregrine Project. The Peregrine Property is contained within general latitudes of 67°4'N and 67°25'N and longitudes of 113°21'W and 113°51'W. An exploration camp capable of accommodating 20 people has been established within the project area. This camp is situated to the east of Kikerk Lake, approximately 100 km southeast of Kugluktuk, and has a coordinate of 67°8'N, 113°36'W. The proponent uses this camp as base for diamond exploration activities. The project's licence allows the use of 5 m³ of freshwater for domestic purposes and 20 m³ to support drilling operations.

The proponent did not conduct any project activities in its Peregrine Property in 2005. Therefore, there was no freshwater consumption or waste disposal activities to report to the Nunavut Water Board. Copies of the project's revised Spill Contingency and Abandonment and Restoration Plans were submitted to the Board in September 2005 as part of a licence renewal application and will be revised based upon the comments that were received.

INAC Comments

INAC recommends that the following comments be taken into consideration when reviewing the Peregrine Project's 2005 Annual Report.

SPILL CONTINGENCY/HAZARDOUS MATERIALS

- All fuel caches shall be located above the high water mark of any water body. Furthermore, INAC recommends the use of secondary containment, such as self-supporting insta-berms, when storing barreled fuel on location rather than relying on natural depressions. The proponent is encouraged to provide a map(s) which identifies the camp layout, positioning of fuel caches, and location of spill response equipment.

- The proponent shall ensure that any hazardous materials, including waste oil, receive proper treatment and disposal at an approved treatment facility.

If there are any changes to the proposed project, INAC should be notified, as further review may be necessary. Please do not hesitate to contact me if you have any questions or comments with regards to the foregoing by telephone (867) 975-4555 or by email via abernethyd@inac-ainc.gc.ca.

Sincerely,

Original signed by

David W. Abernethy
Water Resources Coordinator

cc. Jim Rogers - Manager of Water Resources, Indian and Northern Affairs Canada, Iqaluit



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cc. Jim Rogers - Manager of Water Resources, Indian and Northern Affairs Canada, Iqaluit