

WATER LICENCE APPLICATION

Executive Summary

De Beers Canada Inc. - Exploration Division currently holds a NWB Licence #2BE-BKL0607 for the purpose of taking water for drilling. De Beers Canada Inc. is seeking an amendment to that Licence in order to include taking water for the purpose of servicing camp. De Beers Canada Inc. intends to conduct exploration activities based out of a temporary fly camp located at 64°06' 40" N by 97° 52' 30" E.

The duration of the program will be from approximately July 22 to August 31, 2007 with geological sampling, prospecting and ground geophysical techniques on Crown land using a helicopter based at the camp. The purpose of work in the area is exploration for uranium mineralization and kimberlites which are the host rock for diamonds. De Beers has a number of exploration permits in the area surrounding where it would like to conduct kimberlite exploration.

With respect to Inuit Owned Lands (IOL's) administered by the community of Baker Lake, the De Beers exploration program will affect the following, RI-31, BL-15, BL-16, BL-17, BL-26, BL-28, BL-29 and BL-31. A Licence for access to this land has been received from the KIA.

Geological sampling and prospecting will take place from approximately July 22 to August 15th with follow up sampling, airborne and ground geophysics taking place from approximately August 15th to August 31st.

It is anticipated that this should be completed by the end of August 2007.

Drilling activities may proceed in future field seasons.

At the end of the field season the all fuel caches and empty drums will be removed.