

August 8, 2007

Ms. Janet Stritychuk,
Land Manager
Diamondex Resources Ltd.
P.O. Box 11584, 1410 – 650 W. Georgia Street
Vancouver, BC V6B 4N8

Via email: JStritychuk@diamondex.net

**Re: Application Acknowledgement for Diamondex Resources Ltd's Camp Location
Amendment Request with INAC for Brodeur Property Project**

Dear Ms. Janet Stritychuk:

On July 31, 2007, the Nunavut Impact Review Board (NIRB or Board) received an application from Indian and Northern Affairs Canada (INAC) for a camp location amendment to Diamondex Resources Ltd.'s "**Brodeur Property**" project.

The original application (submitted by Kennecott Canada Exploration Inc.) for the above project was received by the NIRB on June 29, 2005 from INAC. The project proposal was screened in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On July 29, 2005 the NIRB issued a 12.4.4(a) screening decision to INAC allowing the proposed project to proceed subject to specific recommended terms and conditions. Project components/activities included the following:

- Continuing operation of mineral exploration camp located on Brodeur peninsula

In this application, Diamondex Resources Ltd is proposing to amend their camp location. Related additional components/activities planned for prior to the close of this field season include:

- 1-14x16 floor with sump for grey water (if possible a wooden structure this year where we could keep all our appliances over the winter).
- 1-32x14 floor for a kitchen with sump for grey water.
- 7-sleep tent floors 14x16.
- 2-sleep tent floors 10x12.

The INAC application and the original NIRB screening file, 05EN014 are available from NIRB's ftp site at the following link:

http://ftp.nunavut.ca/nirb/NIRB_SCREENINGS/ACTIVE_SCREENINGS/2007_AMENDMENT_S_RENEWALS/05EN104-Diamondex%20Resources%20Inc/

The NIRB is of the opinion that the request for the relocation of the camp does not significantly change the general scope of the original project activities. Therefore the NIRB is *proposing* to re-issue the same terms and conditions as those in the attached July 29, 2005 Screening Decision (**Appendix A**), along with any new terms and conditions the NIRB feels are appropriate. The NIRB is copying interested Parties and municipalities most affected by this project and we invite interested persons to comment directly to the NIRB by **August 15, 2007**.

In addition to the terms and conditions imposed by NIRB in July 29, 2005 screening decision, NIRB notes the following legislation is imposed upon the Proponent through all relevant legislation should the project proceed:

1. The *Migratory Birds Convention Act* (<http://laws.justice.gc.ca/en/showtdm/cs/M-7.01>) which states that no person disturb or destroy the nests or eggs of migratory birds. If nests containing eggs or young are encountered, the Proponent shall avoid these areas until nesting is complete and the young have left the nest.
2. The *Species at Risk Act* (<http://laws.justice.gc.ca/en/showtdm/cs/S-15.3>). Attached in **Appendix B** is a list of Species at Risk in Nunavut. The Proponent should consult the Species at Risk Public Registry (<http://www.sararegistry.gc.ca/>) to identify any Species at Risk within the project location including in project region. Further, the Proponent shall develop monitoring plans for each relevant Species at Risk in accordance with any applicable status reports, recovery strategies, action plans, and management plans posted on the Species at Risk Public Registry and in consultation with the Government Organization with Primary Management Responsibility. Monitoring plans should record the locations and frequency of observing species of special concern and note any actions taken to avoid contact or cause disturbance to the species, its residence, or its critical habitat.

The NIRB would like Parties to provide comments regarding:

- whether the proposed component or activity was a part of the original proposal;
- whether its inclusion would significantly modify the project;
- any additional mitigation measures that are appropriate; and
- any other matter of importance to the Party related to the project proposal.

Please send your comments to the attention of the NIRB's Manager of Environmental Administration Leslie Payette at lpayette@nirb.nunavut.ca or via fax to (867) 983-2594.

If you have any questions or concerns, please do not hesitate to contact the NIRB's Technical Advisor Li Wan at lwan@nirb.nunavut.ca or by phone 967-983-4608.

Sincerely,



Nunavut Impact Review Board

Cc: Kivalliq distribution list
Jeffery Holwell, INAC

Attachment: NIRB July 29, 2005 Screening Decision
Comment Form

Appendix A

SCREENING DECISION

July 29, 2005

Hon. Andy Scott
Minister Indian and Northern Affairs Canada
Ottawa, ON

Dear Minister:

**RE: Screening Decision of the Nunavut Impact Review Board(NIRB):
NIRB: # 05EN104 DIAND: # N2005J0032
Mineral Exploration Campsite – Kennecott Canada Exploration Inc.**

Authority:

Section 12.4.4 of the Nunavut Land Claim Agreement states:

Upon receipt of a project proposal, NIRB shall screen the proposal and indicate to the Minister in writing that:

- a) the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5;
- b) the proposal requires review under Part 5 or 6; NIRB shall identify particular issues or concerns which should be considered in such a review;
- c) the proposal is insufficiently developed to permit proper screening, and should be returned to the proponent for clarification; or
- d) the potential adverse impacts of the proposal are so unacceptable that it should be modified or abandoned.

Primary Objectives:

The primary objectives of the Nunavut Land Claims Agreement is referenced in the screening section 12.4.4 (a) are set out in section 12.2.5 of the Land Claims Agreement. This section reads:

In carrying out its functions, the primary objectives of NIRB shall be at all times to protect and promote the existing and future well-being of the residents and communities

of the Nunavut Settlement Area, and to protect the ecosystemic integrity of the Nunavut Settlement Area. NIRB shall take into account the well-being of the residents of Canada outside the Nunavut Settlement Area.

The decision of the Board in this case is 12.4.4 (a) **the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5;**

Reasons for Decision

NIRB's decision is based on specific considerations that reflect the primary objectives of the Land Claims Agreement. Our considerations in making this decision included:

- the impact of activities on the ecosystem;
- the impact of activities on the Ivory Gull which is currently under consideration by COSEWIC for designation as an 'Endangered' species;
- impact to water quality, aquatic habitat and wildlife and fish populations from chemicals, drill waste, drill fluids and potential fuel spills;
- storage and disposal of chemicals, fuel, garbage, sewage, and gray water, and impact of these on the ecosystem;
- the impact of noise from exploration activities and their disturbance to wildlife and traditional users of area;
- the potential impact of aircraft/helicopter on wildlife;
- the impact of campsite and equipment on terrain;
- the impact of exploration activities on archaeological sites or cultural landmarks in the area; and
- clean up/restoration of the camp site and sample locations upon abandonment.

Terms and Conditions:

That the terms and conditions attached to this screening report will apply.

General

1. The Permittee shall maintain a copy of the Project Terms and Conditions at the sites of operation at all times.
2. The Permittee shall immediately report **all** spills of petroleum and hazardous chemicals to the twenty-four (24) hour spill report line at (867) 920-8130.
3. The NIRB shall be notified of any changes in operating plans or conditions associated with this project prior to any such change.
4. The Permittee shall submit to Board, at the end of the field season, a map showing the

approximate location of drill sites. The map should also be forwarded to Colette Spagnuolo at Environment Canada, ph. (867) 975-4639, email colette.spagnuolo@ec.gc.ca.

5. The Permittee shall file a report with the Board no later than March 31 of the year following the year the work was completed, which shall contain but not be limited to the following information:
 - a. A summary of activities undertaken for the year, including but not limited to the amount of drilling;
 - b. A work plan for the following year;
 - c. The results of environmental studies undertaken (if undertaken) and plans for future studies;
 - d. Wildlife encounters and actions/mitigation taken;
 - e. A summary of local hires and initiatives;
 - f. A summary of community consultations undertaken and the results;
 - g. A summary of site-visits by inspectors with results and follow-up actions;
 - h. A summary of site-visits with community members (if conducted);
 - i. The number of take-offs & landings from an airstrip with approved flight path with date and location;
 - j. The number of helicopter touch-downs on the land with date, location and reason (provide reason unless confidential);
 - k. Site photos;
 - l. Revisions to the Abandonment and Restoration Plan;
 - m. Progressive reclamation work undertaken;
 - n. A summary of how it has complied with all project terms and conditions and how the terms and conditions are achieving their purpose; and
 - o. A list with coordinates of any Ivory Gull colonies and/or nests encountered during the field season.
6. The Permittee shall submit to the Board a report, as mentioned above, each year until the complete abandonment and reclamation of the site.

Drill Sites

1. The Permittee shall not conduct any land based drilling within thirty (30) metres of the normal high water mark of a water body.
2. The Permittee shall conduct lake-based winter drilling, in accordance with the Interim Guidelines for On-Ice drilling.
3. The Permittee shall ensure that all drill cuttings are removed from ice surfaces.
4. The Permittee shall not use drilling muds or additives in connection with drill holes unless they are recirculated or contained such that they do not enter the water, or are certified to be non-toxic. Further, the Permittee is hereby informed that the Canadian Environmental Protection Act has recently listed CaCl as a toxic substance. If CaCl is to be used as a drill additive, the proponent shall ensure that all sumps containing CaCl are properly

constructed and located in such a manner as to ensure that the contents will not enter any waterbody.

5. The Permittee shall ensure that when “on-ice drilling”, the return water released must be non-toxic, and not result in an increase in total suspended solids in the immediate receiving waters above the Canadian Council of Ministers for the Environment (CCME) Guidelines for the Protection of Freshwater Aquatic Life (i.e. 10 mg/L for lakes with background levels under 100 mg/L, or 10% for those above 100 mg/L).
6. The Permittee shall ensure that any drill cuttings and waste water that cannot be re-circulated be disposed of in a properly constructed sump or an appropriate natural depression that does not drain into a waterbody. The use of biodegradable, salt free drill additives is encouraged over non-biodegradable types.
7. The Permittee shall ensure that the sump/depression capacity is sufficient to accommodate the volume of waste water and any fines that are produced so that there will be no additional impacts.
8. The Permittee shall not locate any sump within thirty (30) metres of the normal high water mark of any water body.
9. The Permittee shall ensure that disturbance of vegetation from deposit of drill fluids/cuttings is restricted to the area of the sump and the ground prepared for revegetation upon abandonment.
10. The Permittee shall not use mechanized clearing within 30 meters of the normal high water mark of a watercourse in order to maintain a vegetative mat for bank stabilization.
11. The Permittee shall, where flowing water from bore holes is encountered, plug the bore hole in such a manner as to permanently prevent any further outflow of water. The occurrence shall be reported to the Nunavut Water Board and Land Use Inspector within 48 hours.

Water

1. The Permittee shall ensure that all water intake hoses are equipped with a screen with an appropriate mesh size to ensure that there is no entrapment of fish.
2. The Permittee shall only use water from sources approved by the Nunavut Water Board.

Fuel and Chemical Storage

1. The Permittee shall have an Emergency Response & Spill Contingency Plan approved by the Nunavut Water Board prior to commencing on-site activities. The Plan should include a map

outlining the location of fuel caches on site, and related spill kits. The approved plan shall be submitted to NIRB.

2. The Permittee shall locate fuel caches and other hazardous materials in such a manner as to prevent their release into the environment.
3. The Permittee shall ensure that fuel storage containers are not located below, or within thirty (30) metres of the ordinary high water mark of any body of water. Further, secondary containment such as self supporting insta-berms shall be used when storing barrel fuel on location, rather than relying on natural depressions.
4. Fuel storage containers in excess of 4,000 litres capacity shall either be double-walled, self bermed construction, or diked with adequate storage capacity. An impermeable liner shall be used to ensure that no fuel escapes. The Permittee shall take all reasonable precautions to prevent the possibility of migration of spilled petroleum fuel or chemicals over the ground surface.
5. The Permittee shall examine all fuel and chemical storage containers daily for leaks. All leaks should be repaired immediately.
6. The Permittee shall seal all container outlets except the outlet currently in use.
7. The Permittee shall mark all fuel containers with the Permittee's name.
8. The Permittee shall dispose of all combustible waste petroleum products by incineration and/or removal from the site.
9. The Permittee shall ensure that all activities, including maintenance procedures and refueling, are controlled to prevent the entry of petroleum products or other deleterious substances into the water or onto the land.
10. The Permittee shall ensure that all on site personnel are properly trained in fuel and hazardous waste handling procedures as well as spill response procedures.
11. The Permittee shall maintain a supply of spill kits, shovels, barrels, sorbents, and pumps on-site.
12. The Permittee shall use drip pans when refueling equipment.
13. Chemicals containing salts, which may attract wildlife to the site, should be stored so that they are inaccessible to wildlife.

Wildlife

1. The Permittee shall ensure that there is no damage to wildlife habitat in conducting this operation.

2. The Permittee shall ensure that there is minimal disturbance to any nesting birds and wildlife in the area. Harassment of wildlife is prohibited. This includes persistently worrying or chasing animals, or disturbing large groups of animals.
3. Pursuant to the Migratory Bird Convention Act Regulations the Permittee shall not disturb or destroy the nests or eggs of migratory birds. The period from **June 1 to August 1** is the general migratory bird breeding season, it is recommended that activities be conducted outside of these dates, particularly in the vicinity of known migratory bird colonies (i.e. Ivory Gull colonies)
4. The Permittee shall confirm there are no active nests (i.e. nests containing eggs or young) in the vicinity before activities commence. If active nests of Ivory Gulls or other migratory birds are encountered, the Permittee shall avoid these areas until nesting is complete and the young have left the nest.
5. The Permittee shall minimize contact with or disturbance to any colonies of Ivory Gulls. In order to mitigate potential effects and minimize disturbance, any aircraft used in conducting project activities should maintain a horizontal distance of 2 km and a vertical distance of 610 m from any observed groups (colonies) of Ivory Gulls or other groups/flocks of birds. The coordinates of any Ivory Gull colonies observed should be forwarded to Mark Mallory, Canadian Wildlife Service Seabird Biologist, at (867) 975-4637 or by email at mark.mallory@ec.gc.ca.
6. The Permittee shall ensure that aircraft pilots adhere to flight altitudes of greater than 300 m above ground level, unless there is a specific need for low-level-flying which does not to disturb wildlife.
7. The Permittee shall not feed wildlife.
8. The Permittee shall follow procedures outlined in the "Safety in Bear Country Manual", and should contact the Regional Biologist or the Wildlife manager for information and advice on measures which should be taken to minimize the possibility of conflicts/interactions with bears.
9. The Permittee shall ensure that the drill sites avoid known environmentally sensitive areas (denning, nesting etc.) by a minimum of 250 metres.
10. The Permittee shall not locate any operation so as to block or cause substantial diversion to migration of caribou.
11. The Permittee shall not construct any camp, cache any fuel or conduct blasting within 10 km, or conduct any drilling operation within 5 km, of any "designated caribou crossing". The Regional/Area Biologist should be contacted for known crossings.

12. From **May 15 to July 15**, the Permittee shall cease activities that interfere with caribou migration or calving, such as the movement of equipment, drilling activities and ATV or snowmobile use until the caribou and their calves have vacated the area.
13. From **May 15 to July 15**, the Permittee shall not conduct flights below 300m and airborne geophysics surveys if caribou are present in the area. These activities may interfere with migration and/or calving.
14. The Permittee shall ensure that during the presence of caribou and muskox within sight and sound of a camp that all personnel will remain quietly in camp.
15. The Permittee shall not conduct any activity associated with the land use operation if critical periods of wildlife cycles are observed (e.g. caribou migration, calving, fish spawning or raptor nesting).
16. That the Permittee shall ensure that there is no hunting by employees of the company or any contractors hired unless proper Nunavut authorizations have been obtained.
17. The Permittee shall ensure that there is no fishing by employees of the company or any contractors hired unless proper permits are obtained.
18. The Permittee shall contact the Regional Biologist to identify areas which should be avoided. Raptor nesting sites and concentrations of nesting or molting waterfowl should be avoided by aircraft at all times.
19. The Permittee shall avoid cliffs and bluffs as they are likely to contain nesting Peregrine Falcons and Rough-legged hawks.
20. The Permittee shall ensure compliance with Section 36 of the Fisheries Act which requires that no person shall deposit or permit the deposit of a deleterious substance on any type in water frequented by fish or in any place under any conditions where the deleterious substance may enter such a water body.
21. The harmful alteration, disruption or destruction of fish habitat is prohibited under Section 35 of the Fisheries Act. No construction or disturbance of any stream/lake bed or banks of any definable watercourse is permitted unless authorized by DFO.
22. The Permittee shall not detonate explosives within fifteen (15) metres of any body of water which is not completely frozen to the bottom.

Waste Disposal

1. The Permittee shall not discharge or deposit any refuse substances or other waste materials in any body of water, or on the banks thereof, which will impair the quality of the waters of the natural environment.
2. The Permittee shall not locate any sumps or areas designated for waste disposal within thirty (30) metres of the ordinary high water mark of any body of water. Sumps and areas designated for waste disposal shall be sufficiently bermed or otherwise contained to ensure that substances do not enter a waterway unless otherwise authorized.
3. The Permittee shall backfill and recontour all sumps to match the natural environment prior to the expiry date of the license.
4. The Permittee shall use an approved incinerator for the disposal of combustible camp wastes. Non-combustible wastes shall be disposed of properly at an approved facility.
5. The Permittee shall incinerate all combustible and food wastes daily.
6. The Permittee shall keep all ash in a covered metal container until it is disposed of at an approved facility.
7. The Permittee shall keep all non-combustible garbage and debris in a covered metal container until disposed of at an approved facility.
8. The Permittee shall deposit all scrap metal, discarded machinery and parts, barrels and kegs, at an approved disposal site.
9. The Permittee shall ensure that any hazardous materials, including waste fuel and oil, receive proper treatment and are backhauled for disposal at an approved facility.

Physical Environmental

1. The Permittee shall ensure that the land use area is kept clean and tidy at all times.
2. The Permittee shall maintain the site in such a manner as to prevent rutting of the ground surface.
3. The Permittee shall not do anything that will cause erosion of the banks of any body of water on or adjacent to the land and shall provide necessary controls to prevent such erosion.
4. The Permittee shall be required to undertake corrective measures in the event of any damage to the land or water as a result of the Permittee's operation.
5. The Permittee shall not remove any material from below the ordinary high water mark of any waterbody.

6. The Permittee shall adopt such measures as required to control erosion by surface disturbance. Sediment and erosion control measures should be implemented prior to, and maintained during the work to prevent sediment entry into the water during a spring thaw.
7. The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging.
8. The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs.

Structure & Storage Facilities

1. The Permittee shall not erect structures or store material on the surface ice of lakes or streams.
2. The Permittee shall locate all structures and storage facilities on gravel, sand or other durable land.

Camps

1. The Permittee shall locate all camps on gravel, sand, or other durable land.
2. The Permittee shall not erect camps on the surface ice of lakes or streams.
3. The Permittee shall keep the camp clean and tidy at all times so as not to attract carnivores.

Archaeological Sites

1. The Permittee shall not disturb any archaeological or palaeontological site.
2. The Permittee shall immediately contact the Government of Nunavut Department of Culture, Language, Elders and Youths (CLEY) if any archaeological or palaeontological site is encountered or disturbed. The Permittee shall follow all terms and conditions for the protection and restoration of archaeological and palaeontological resources as outlined by CLEY in the attached letter.

Reclamation

1. The Permittee shall advise NIRB and the Land Use Inspector in writing at least 15 days prior to the completion of activities.
2. The Permittee shall remove all scrap metal, discarded machinery and parts, barrels and kegs, buildings and building material upon abandonment.
3. The Permittee shall remove all empty barrels from its exploration sites as soon as possible in a progressive manner and shall ensure that all barrels are removed from the land by the end of each field season. Empty barrels shall be disposed of at an approved facility.

4. The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of the permit.
5. The Permittee shall undertake ongoing restoration for any land which is no longer required for the Permittee's operation on the land.
6. The Permittee shall plug or cap all bore holes and cut off any drill casings that remain above ground to ground level upon abandonment of the operation.

Other Recommendations

1. NIRB would like to encourage the proponent to hire local people and services, to the extent possible.
2. NIRB strongly advises proponents to consult with local residents regarding their activities in the region, and to keep the communities informed.
3. Any activity related to this application (INAC Land Use Permit application N2005J0032), and outside the original scope of the project as described in the application, will be considered a new project and will need to be submitted to NIRB for screening.

Validity of Land Claims Agreement

Section 2.12.2

Where there is any inconsistency or conflict between any federal, territorial and local government laws, and the Agreement, the Agreement shall prevail to the extent of the inconsistency or conflict.

Dated _____ at Cambridge Bay, NU

Albert Ehaloak, A/Chairperson

Appendix B

Species at Risk in Nunavut

This list includes species listed on one of the Schedules of SARA (*Species at Risk Act*) and under consideration for listing on Schedule 1 of SARA. These species have been designated as at risk by COSEWIC (Committee on the Status of Endangered Wildlife in Canada). This list may not include all species identified as at risk by the Territorial Government.

- Schedule 1 is the official legal list of Species at Risk for SARA. SARA applies to all species on Schedule 1. The term “listed” species refers to species on Schedule 1.
- Schedule 2 and 3 of SARA identify species that were designated at risk by the COSEWIC prior to October 1999 and must be reassessed using revised criteria before they can be considered for addition to Schedule 1.
- Some species identified at risk by COSEWIC are “pending” addition to Schedule 1 of SARA. These species are under consideration for addition to Schedule 1, subject to further consultation or assessment.

Schedules of SARA are amended on a regular basis so it is important to periodically check the SARA registry (www.sararegistry.gc.ca) to get the current status of a species.

Updated: October 17, 2006

Species at Risk	Category of Concern	Schedule of SARA	Government Organization with Primary Management Responsibility ¹
Peregrine Falcon (subspecies tundrius)	Special Concern	Schedule 3	Government of Nunavut
Short-eared Owl	Special Concern	Schedule 3	Government of Nunavut
Barren-ground Caribou (Dolphin and Union population)	Special Concern	Pending	Government of Nunavut
Grizzly Bear	Special Concern	Pending	Government of Nunavut
Polar Bear	Special Concern	Pending	Government of Nunavut
Wolverine (Western Population)	Special Concern	Pending	Government of Nunavut

¹ Environment Canada is the competent Minister under SARA for terrestrial species and as such, has a national role in the conservation and recovery of these species in Canada. However, day to day management of terrestrial species except migratory birds is primarily under the responsibility of the Territorial Government. Populations that exist in National Parks are also managed under the authority of the Parks Canada Agency.