



Water Resources Division
Nunavut Regional Office
Iqaluit, NU X0A 0H0

March 17, 2009

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

Your File: 2BE-HEE0712
Our File: IQA-N 9545-1-2HEE
CIDM's #: 315408

**Re: Diamondex Resources Ltd. – Heeqou Project – Cancellation Type ‘B’
Water Licence (Existing Licence#: 2BE-HEE0712)**

Indian and Northern Affairs Canada (INAC) has completed a review of Diamondex Resources Ltd. application to cancel the current Type ‘B’ water licence #: 2BE-HEE0712 for the Heeqou Project situated in the Kitikmeot Region of Nunavut. The proponent submitted their application to the Nunavut Water Board (NWB) on January 26th, 2009.

In conducting our review, INAC referred to the documents on the NWB's FTP-Site under 2BE-HEE0712. Attached is a Technical Review Memorandum for your consideration in the approval of the application.

Please feel free to contact me should you have any questions or comments. I can be reached at (867) 975-4568 or by email at Ian.Rumbolt@inac-ainc.gc.ca.

Sincerely,

Original signed by

Ian Rumbolt
Regional Coordinator



Technical Review Memo

To: Phyllis Beaulieu – Manager of Licensing, Nunavut Water Board

From: Ian Rumbolt – Regional Coordinator, Indian & Northern Affairs Canada

**Re: Diamondx Resources Ltd. – Heeqou Project – Cancellation Type ‘B’
Water Licence (Existing Licence#: 2BE-HEE0712)**

Background

Diamondx Resources Ltd. obtained a renewal of their Type ‘B’ Water licence on September 27th, 2007. The licence was issued for diamond exploration on the Heeqou Property located near Takiyuak Lake situated in the Kitikmeot Region of Nunavut.

On January 26th, 2009 Diamondx Resources submitted an application to the Nunavut Water Board (NWB) to cancel their current Type ‘B’ Water Licence #: 2BE-HEE0712.

Comments/Recommendations:

- 1) INAC recommends that the Board not cancel the current water licence until an inspection can be carried out by an INAC land and water inspector (scheduled for the summer of 2009).
- 2) Diamondx Resources Ltd should provide an updated Final Restoration Plan to the Board for the Heeqou Property. This plan should include, but not limited to; a final inventory of all infrastructure, quantities of all fuels and chemicals, hazardous materials stored on-site, as well as a schedule of activities for the abandonment and restoration of the site.
- 3) The proponent should be advised that all petroleum hydrocarbon contaminated soils must be excavated, packaged and backhauled to an approved facility for proper disposal.



- 4) During any restoration activity there should be no open burning of plastics, wood treated with preservatives, electrical wire, Styrofoam, asbestos or painted wood to prevent the deposition into any surrounding waters of waste materials from incomplete combustion and/or leachate from contaminated ash residues. This type of material must also be backhauled from the site and disposed of at an approved waste disposal site.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4568 or by email at Ian.Rumbolt@inac-ainc.gc.ca.

Sincerely,

Original signed by

Ian Rumbolt
Regional Coordinator

Cc. Kevin Buck, Manager of Water Resources – Indian and Northern Affairs
Canada, Nunavut Regional Office
Bernie MacIsaac, Manager of Field Ops – Indian and Northern Affairs
Canada, Nunavut Regional Office