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Your file - Votre référence
2BE-HEE0507

Our file - Notre référence
#80755 / 9545-1-2HEE

May 25, 2006

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Via Email

Re: 2BE-HEE - Diamondex Resources Ltd. - Heequo 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 water use and disposal of wastes associated with mining exploration activities in its Heequo Project for 2005. This Heequo Property is located near Takiyuak Lake, approximately 220 km south southeast of Kugluktuk, within latitudes of 65°54'N to 66°12'N and longitudes of 112°26'W to 113°W. Exploration activities are based from a camp situated in the vicinity of an unnamed lake, this camp has a coordinate of 65°59'3"N, 112°44'40"W.

The project's licence allows for the use of 30 m³ of freshwater per day. Of this amount, 5 m³ is allotted for domestic uses and 25 m³ for drilling operations. The Annual Report states that the camp was occupied from July 25 to August 3 by a crew of 9 to 12 people and that water was only consumed for domestic purposes (i.e., drilling operations were not performed). No hazardous material spills were reported and no revisions were made to the project's Spill Contingency and Abandonment and Restoration Plans.

INAC Comments

It is advised that the following comments be taken into consideration when reviewing the Heequo Project's 2005 Annual Report.

ABANDONMENT AND RECLAMATION

- INAC recommends that the project's Abandonment and Reclamation (A&R) Plan be revised to properly reflect the nature of the Heequo Project. This Plan should be project specific and include seasonal and final A&R procedures. The proponent is encouraged to review the Guidelines for Abandonment and Restoration Planning for Mines in the Northwest Territories

(1990) document posted on the NWB-administration link within the <http://ftp.nunavut.ca> website for information concerning the design of such plans. An A&R Plan should identify the time-frame that it is in effect/applicable.

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

If there are any changes in 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