DIAMONDS NORTH
RESOURCES LTD.

Annual Report

Date	March 24, 2009
Year being reported	2008
Land Use Permit Number	N2005C0012
Licensee	Diamonds North Resources Ltd.
Mailing Address	510-510 Burrard St. Vancouver, BC, V6C 3A8
Location of undertaking **Coordinates of permit area**	South of Kugaaruk Min. Lat 67° 13" Min. Long 87° 25" Max. Lat 69° 22" Max. Long 93° 59"
Name of undertaking	Amaruk Project
Amaruk Camp Coordinates	Lat 68° 7" 35' Long 90° 4" 23'
Siku Camp Coordinates	Lat 67° 36" 08' Long 92° 27" 24'

Overview:

Operations at Amaruk/Siku Camps commenced on March 21, 2008 with the opening of Amaruk camp. Operations ended in September and the camp was closed on September 11th. The Amaruk camp was expanded to accommodate up to 30-40 people with locations for fuel and sample storage and four helicopters. The camp consists of:

Ten-twelve 14' x 16' wooden/Weatherhaven sleep tents
One 32' x 14' kitchen tent
One 14' x 16" core shack
Two 14' x 16' drys
One 8' x 10' first aid tent
One 28' x 14' office tent
Three outhouses plus Pacto facilities for winter/spring use
One generator shack
Four heli-pads
One incinerator
One recreational shack
One 12' x 14' storage shack
One fuel cache with Spill Kit per camp site, fuel cache and drill site

The Siku Camp is comprised of the following but will be dismantled and the site restored in 2009;

One 14’ x 16’ weatherhaven office/first aid tent
One 14’ x 16’ weatherhaven kitchen aid tent
Three 14’ x 16’ weatherhaven sleep tents
One 14’ x 16’ dry tent
One generator shack
One latrine
One incinerator
One fuel cache with Spill Kit at the camp site, fuel cache and drill sites

At the end of the season all structures were left standing. Please refer to figures 1, 2 and 3 for the camp locations and layout.

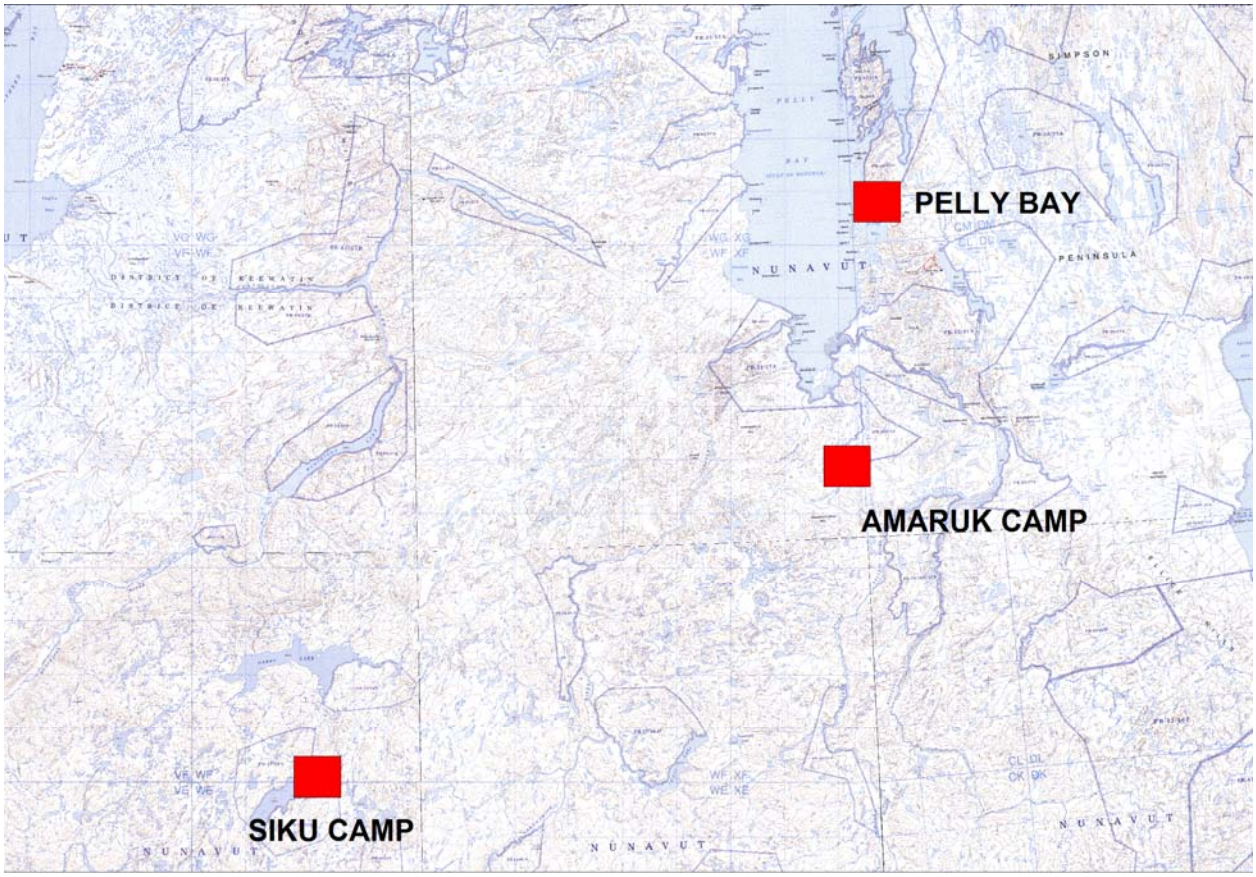


Figure 1. Location of Amaruk and Siku Camps

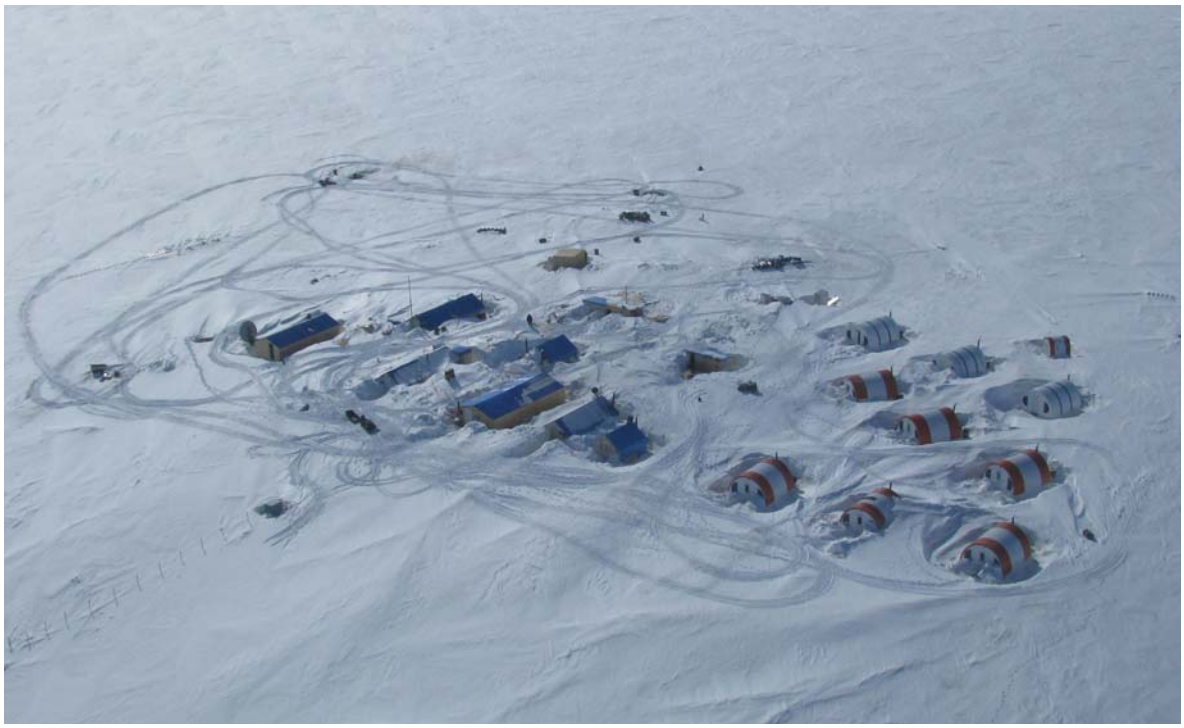


Figure 2. Aerial View of Amaruk Camp 2008

Figure 3. Aerial view of Siku camp 2008

Equipment Used On-Site

- One 10kVA diesel generator (Siku) and one 20kVA diesel generator (Amaruk)
- Two 5 kW gas generators (1 at Siku, 1 at Amaruk)
- 3 206LR and 1 BA2 Helicopters (Amaruk); I 206LR (Siku)
- 1 Honda water pump at beach camp
- 23 diesel heaters
- 1 water pump
- 2 Hornet RC drill rigs and 2 Boyles 25A diamond drills
- 1 ATV (Amaruk)
- Assorted camp appliances

Exploration Work Undertaken

During the period of March 21 – September 11th mineral exploration work took place in the sample area. All work was assisted by helicopter. The work program from the Amaruk Camp was comprised of till sampling (666 samples), the collection of ground magnetic data from 265 grids, gravity surveying over 4 grids, one electromagnetic survey, one induced polarization survey, the collection of over 21,759 line kilometers of aeromagnetic surveying and prospecting. As well 4616 metres of reverse circulation (air only, no water) drilling was completed and 6134 metres of diamond drilling was completed in 28 holes.

Pictures of the drills in operation are shown in Figures 4 and 5.

Figure 4. RC drill rig in operation.

Figure 5. Diamond drill in operation.

The work program conducted from the Siku camp involved prospecting of 57 magnetic anomalies, completion of ground magnetic surveying over 72 grids, 549.5 metres of reverse circulation drilling as well as fuel cache, staging areas and airstrip clean-up and removal of garbage and empty drums.

Operations at both Amaruk and Siku were conducted with the aid of Twin and Single Otters and helicopters.

During camp set-up at Amaruk, two tents (kitchen and Dry) caught fire and burnt to the ground. The fire occurred on Monday night (March 24) while the crew was in town (Kugaaruk) at the bunkhouse. No one was in camp at the time of the fire. Sixteen tents were not damaged.

The cause of the fire was not known, however, in both tents oil stove heaters were operating on low settings as well propane appliances may have been recently connected. Apparently the area had high winds overnight that may have assisted in the fire spreading

from one tent to the other. A detailed inspection by the field crew revealed that there was no evidence of any fuel spill occurrences.

The two tents were originally put in by BHP Billiton. They were about 4 feet apart. This was considered too close. The new structures were re-built further apart.

A formal incident report was filed with Mr. Baba Pederson of INAC on March 28, 2008.

As a course of normal practice, the Company will continue to inspect all stoves and appliances to ensure that they are in good working order. The Company has a fire prevention safety program in place which includes weekly inspection of smoke and CO detectors, fire extinguishers and other required supporting fire fighting equipment in the camp. Stoves are cleaned monthly to prevent soot build up.

The burnt and damaged structures and other material (appliances etc.) were removed to the landfill site in Kugaaruk after one of the Inuit employees was granted permission to do so by the Hamlet.

Work Plan for 2009

Depending on diamond results from newly discovered kimberlite bodies additional diamond drilling is expected to occur. Additional airborne and ground magnetic surveying as well as prospecting and reverse circulation drilling is contemplated. Work in 2009 will be conducted from the Amaruk camp only and the Siku camp will be dismantled and removed from site.

Wildlife Encounters

No significant wildlife encounters are being reported. All work crews were given bear repellant, 2 way radios, iridium satellite radios, safety bags including heat, food and shelter and worked with locally hired bear monitors. Crews and pilots were also instructed on the following mitigation actions.

1. Adhering to the Caribou Protection Measures; specifically not working in any core calving areas.
2. Avoiding low level flights over areas known for waterfowl nesting.
3. Adhering to the Recommended Environmentally Acceptable Minimum Flight Altitudes.
4. Equipping all water intake hoses with an appropriate screen mesh size to ensure no entrapment of fish.
5. All burnable garbage was systematically incinerated over the active season. Incinerated food tins and metal garbage were stored in sealed, empty fuel drums and removed as backhaul.

Local Employment

Over the field season, a crew of twenty-three local employees was trained and hired throughout the summer to assist with sampling, camp maintenance, cooking, bear monitoring and drilling. A list of local employees is given in the following table:

Table 1: Local hires, 2008 Amaruk Project

Name	Company	Position
Johnny Qilluniq	DDN Contracort	Camp Manager
Johnny Siverantok	DDN Contractor	Assistant Camp Manager
Debbie Siusangnark	DDN Contractor	Cooks Assistant
Norman Qavvik	DDN Contractor	Till Sampler, Prospector, Camp Assistant
Roland Tuniglik	DDN Contractor	Till Sampler Prospector Camp Maintenance
Paul Inutuinaq	DDN Contractor	Expeditor
Lena Sigguk	DDN Contractor	Cooks Assistant
Maggie Iqquiyuituq	DDN Contractor	Cooks Assistant
Paul Illuitok	DDN Contractor	Monitor/ Camp Maintenance
Marcel Naslik	DDN Contractor	Monitor/ Camp Maintenance
Brian Kukkuvak	DDN Contractor	Camp Maintenance
Abel Mablik	DDN Contractor	Cooks Assistant
Marianno Uqqarluk	DDN Contractor	Camp Maintenance
Mark Jr. Kutsiutikku	DDN Contractor	Monitor/ Camp Maintenance
Cedrick Anguti	DDN Contractor	Monitor/ Camp Maintenance
Lucian Sigguk	DDN Contractor	Monitor/ Camp Maintenance
Mark Kutsiutikku	DDN Contractor	Monitor/ Camp Maintenance
James Jacob (JJ) Naslik	DDN Contractor	Monitor/ Camp Maintenance
Robert Sigguk	DDN Contractor	drill helper
Jimmy Oleekatalik	DDN Contractor	drill helper
Ross Krikort	DDN Contractor	drill helper
Ray Kakkianian	DDN Contractor	Camp Maintenance
Liedrik Illuitok	DDN Contractor	drill helper

Community Consultation

No formal community consultation was performed in 2008, however a representative of Diamonds North was invited and did attend a KIA Board meeting in Kugaaruk on October 1, 2008 in which members of the public were in attendance. The meeting was comprised of a 45 minute presentation by Diamonds North outlining the 2008 work and

the plans for 2009 followed by a question and answer period. Most concerns expressed were regarding future employment. The representative also stayed in the community for 3 days and held informal talks with Hamlet and Co-op representatives as well as with members of the public.

Site Visits

Two members of the KIA, Stanley Anablak and Kevin Tweedle, along with 2 Elders from the community of Kugaaruk inspected the camp and surrounding area on July 12, 2008. All operating conditions listed on the Environmental Inspection Report were found to be acceptable including the clean up after the fire.

On August 7 and 8, 2008 Martin Van Rooy, Engineer/Mines Inspector for WCB inspected the first aid facility, one diamond drill and the reverse circulation drill with only minor recommendations being made. These included;
1) Having a pre-operating inspection conducted by the drillers at the start of all shifts. This was initiated immediately.
2) Advised to cut and remove a damaged section of cable from the main capable on the diamond drill. Completed.
3) Advised to make sure that all high pressure hydraulic hoses are equipped with back-up sleeves to contain oil leaks. Completed.
4) Advised to install a cover over the rotating drill rod on the reverse circulation drill. Parts ordered.
5) Instructed the reverse circulation crew to store the propane tank at the safety shack outside the structure. Done.

Take-offs and Landings

Refer to Appendix 4 for this information. Amaruk strip at 68° 07’ 56N 90° 04’ 52W. Siku strip at 67° 18’ 51N 92° 57’ 17W.

Reporting Plans

At the time of writing the wildlife monitoring reports were not able to be located as the 2 project geologists involved with the 2008 program are no longer employed by the company. If and when found these reports will be made available to NIRB.
In terms of water use and waste disposal, domestic water was pumped from a small lake next to camp at 90 04 23W, 68 07 35N. The camp sump is located at 90 04' 33" W 68 07' 42"N while latrines are located at 90 04' 38"W 68 07' 44"N. Water for drilling was obtained at 2 locations; 68° 13’ 40”N 91° 04’ 07”W and at 68° 17’ 18”N 90° 56’ 49”W. Volume of water for domestic use was recorded each time the tanks were filled. A total of 166 cubic metres were consumed over 134 days for a daily rate of 1.24 cubic metres/day. Daily reports supplied by the drilling contractor indicate that 1868.5 hours of diamond drilling took place over the drilling season which was 78 days long. At a flow rate of 38 litres per minute for the pumps this equates to 4260 cubic metres of water used during the drilling program which equals 54.6 cubic metres per day.

Abandonment and Restoration

No revisions or request for revisions to the A & R Plan were made or received.

Progressive Reclamation Work Undertaken:

All garbage was incinerated (where possible) and backhauled with empty drums to the landfill site in Kugaaruk. Empty drums and other non-combustible garbage and or oils or hazardous wastes were backhauled to Yellowknife for proper disposal. Upon completion of the exploration program the campsite was cleaned and all equipment stored in the secured drys, office and kitchen buildings. During operations progressive reclamation took place such as cleaning each drill site prior to work beginning at the next site. Before and after pictures of each site were taken and are available for the public record. All sumps were backfilled.

A rotating biological circulator was installed to provide waste water treatment via microbial breakdown before discharge.

Appendix I – AMARUK RC Drill Hole Location Photographs

AMK-17

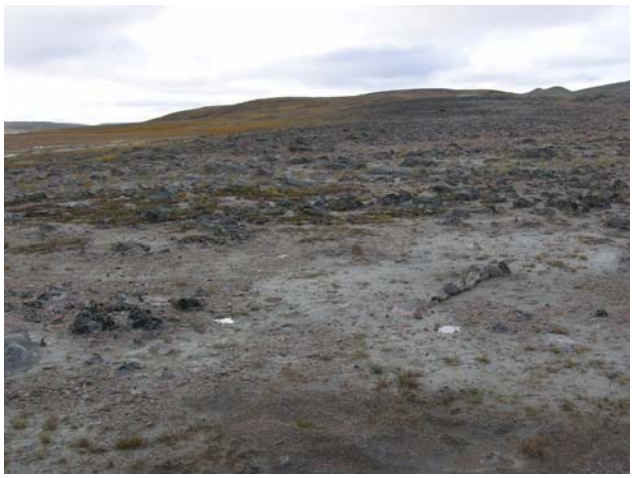
AMKPB-68

AMKPB-93

AMKPBE-17

AMKPBE-25

BL4-2



BL4-2b

BL4-2c

BL4-15

BL4-18

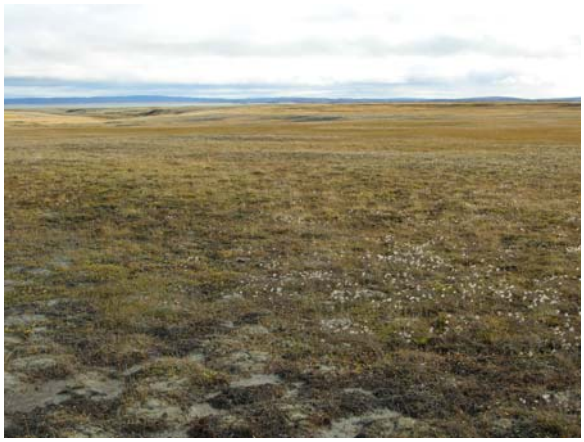
BL4-35

BL4-41

BL4-43

BL4-49

BL4-52



BL4-53

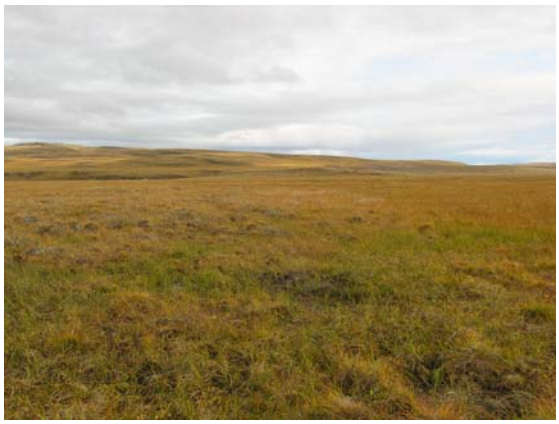
BL4-57

BL4-60

BL4-101

BL7-39

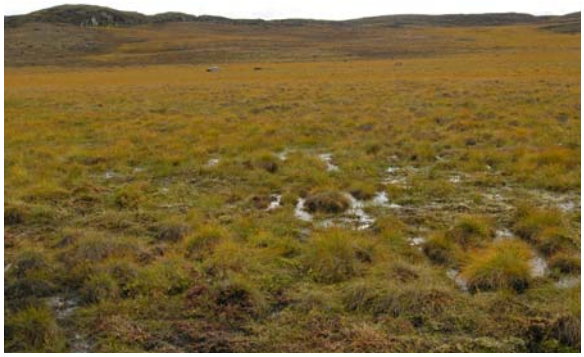
BL4-16



CB-10

CB-11a

CB-11b



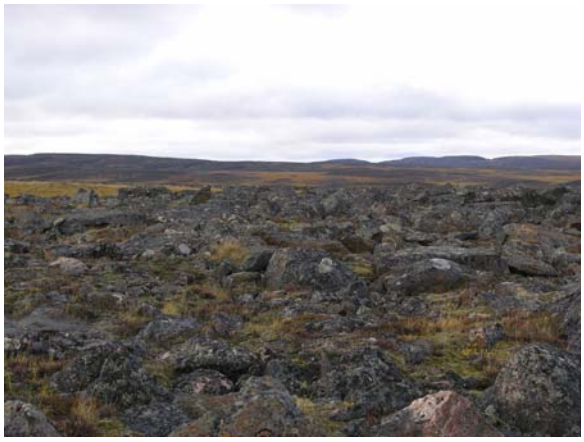
CB-25

CB-26

CB-27

CB-42

GA-2



GA-5

GA-9

PB105NW

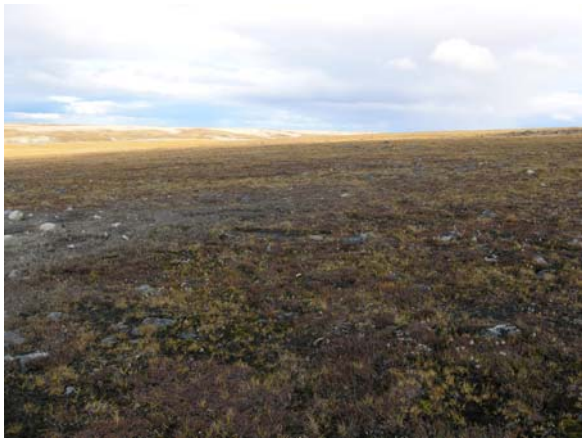
PB-77

PB-78

PB-90

PB-95

PELLY-72



PELLY-154

PELLY-169

PELLY-184

PELLY-226

SBW-27

SBW-34

ULQ2-2

ULQ2-11

TUN-1

TUN-2

TUN-3

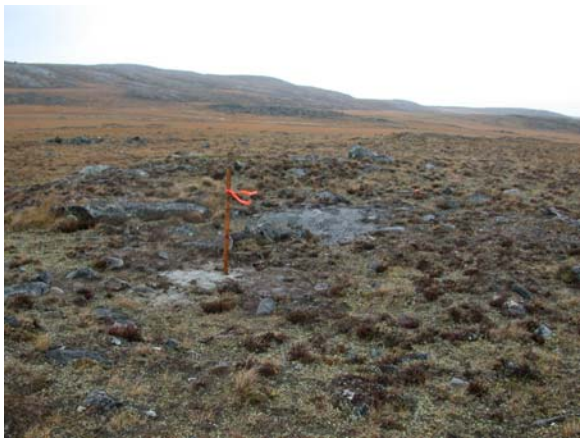
TUN-4

TUN-5

TUN-6

TUN-7

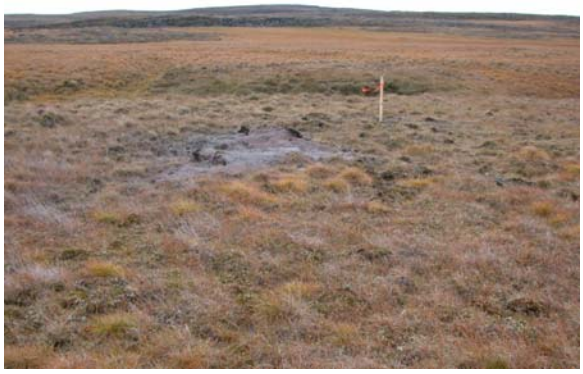
RCT-001



RCT-003

RCT-004

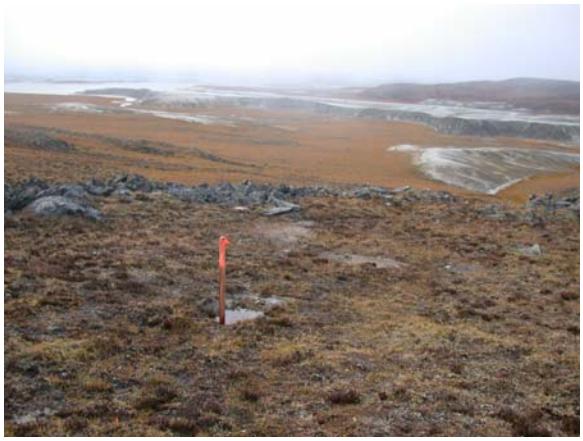
RCT-006



RCT-007

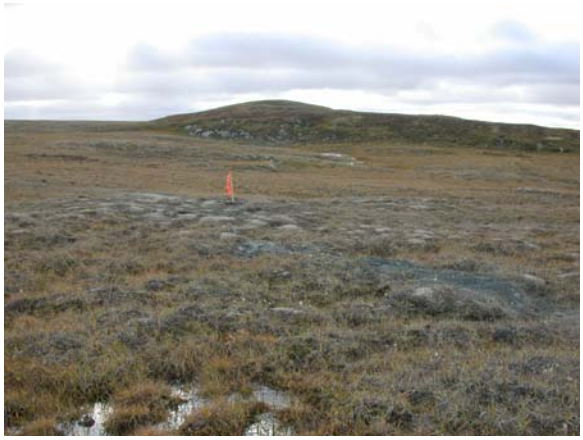
RCT-009

RCT-011



RCT-012

RCT-013



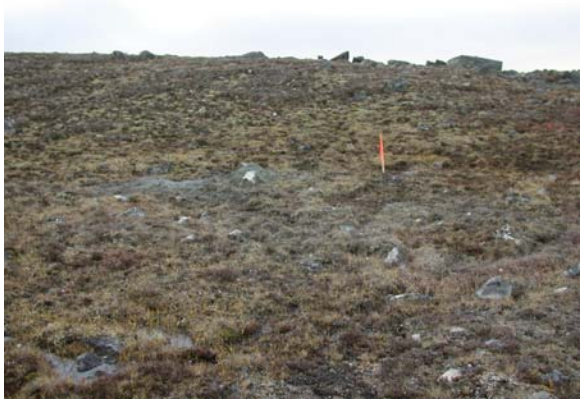
RCT-014

RCT-015

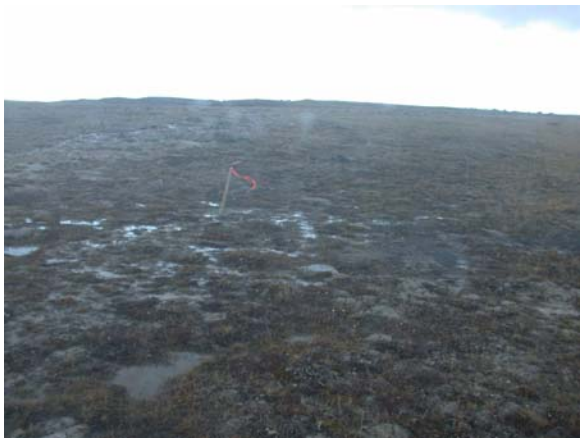
RCT-017

RCT-018

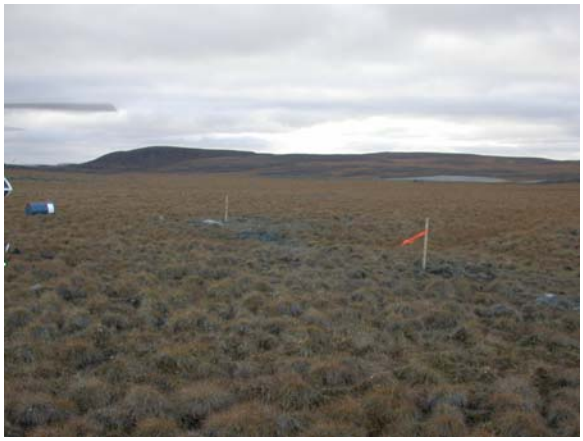
WD 25



RCQ-001

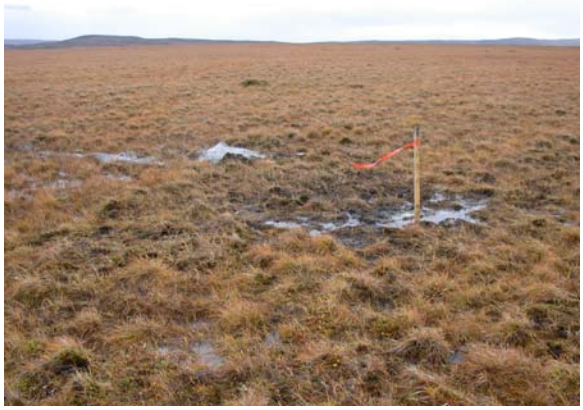


RCQ-002



RCQ-003

RCQ-004

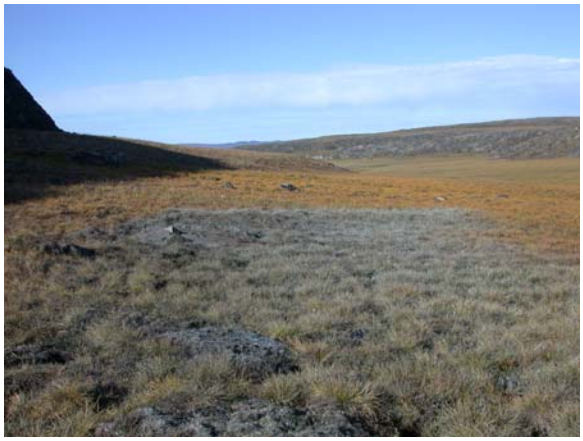


RCQ-005

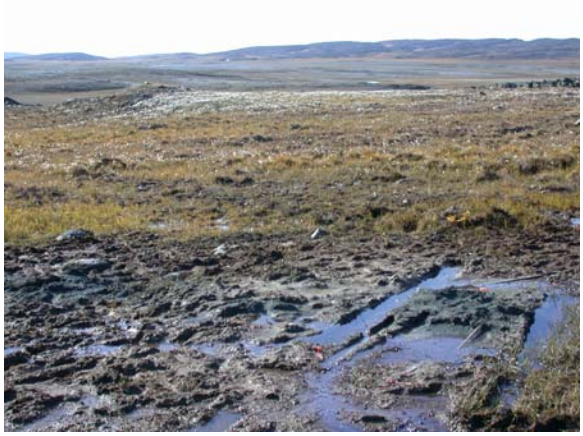
RCQ-006

RCQ-007

RCQ-008

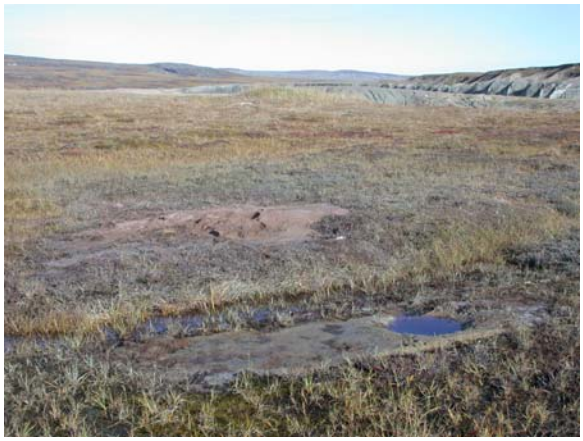


AMKPB-83



ULQ2-49

ULQ2-256



ULQ2-290

ULQ2-120

ULQ2-90

ULQ2-48

ULQ2-37

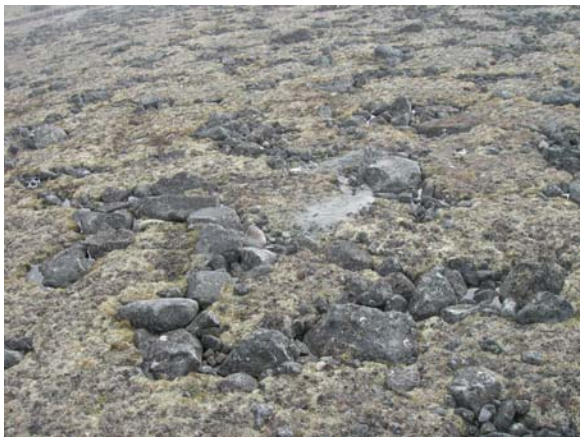
ULQ3-13

Appendix II – SIKU AREA RC Drill Hole Location Photographs

SAK-15

SAK-18

SAK-52



SIKU-110

SIKU-118

SIKU-121

SIKU-129

SIKU-145

SIKU-151

SIKU-167

SIKU-177

SIKU-243

SIKU-247

SIKU-260

SIKU-287

SIKU-293

SIKU-33

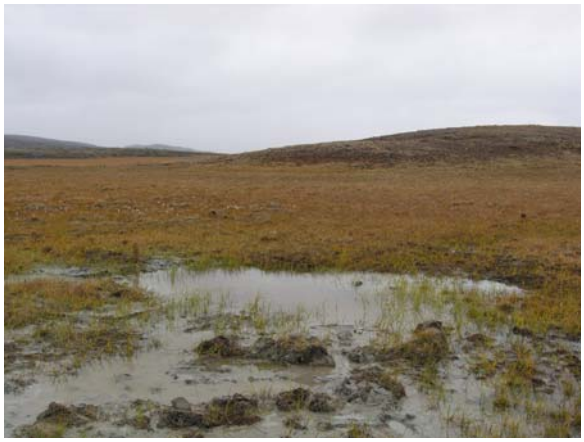
Appendix III – AMARUK AREA Diamond Drill Hole Location Photographs

Note that casing will be cut to ground level in 2009

QAVVIK-1

QAVVIK-2

QAVVIK-3



QAVVIK-4

QAVVIK-5 AND 6

QAVVIK-7 AND 8

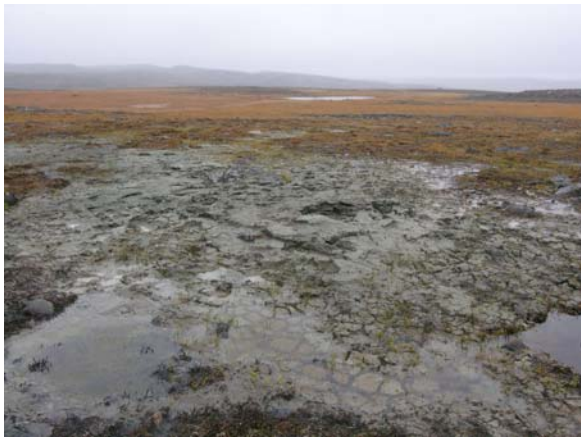
QAVVIK-9 AND 10

QAVVIK-11 AND 12

QAVVIK-13

TUKTU-1

TUKTU-2



TUKTU-3

TUKTU-4

TUKTU-5

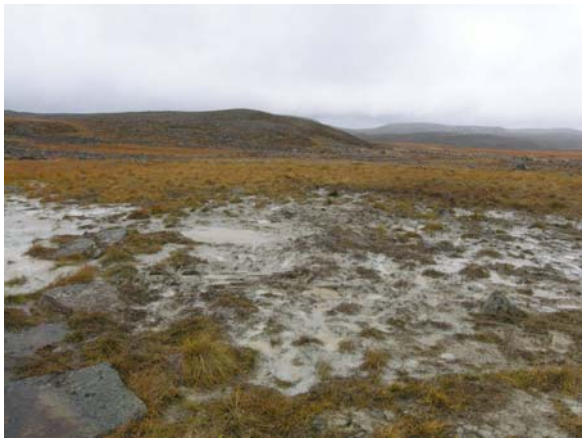
TUKTU-6

TUKTU-7

TUKTU-8 AND 9

TUKTU-10 AND 11

TUKTU-12, 13 AND 14



TUKTU-15

Appendix 4
Take-offs and Landings

	OTTERS	
Date	**Amaruk**	**Siku**
6-Apr		YZF-CYBB
7-Apr	3	
8-Apr	1	4
9-Apr	1	1
10-Apr		3
11-Apr	4	
12-Apr		3
13-Apr	1	
14-Apr		
15-Apr		2
16-Apr		1
12-May	YZF-AMK + 1	
13-May	10	
14-May	4	
15-May		
16-May		
17-May	4	
24-May	2	1
25-May	4	1
26-May	2	
27-May		
28-May	6	
29-May	8	
30-May	3	
31-May	1	
1-Jun	1	
2-Jun	8	
3-Jun	3 + CYBB-YZF	
1-Jul	YZF-Amk	
2-Jul	7	
3-Jul	8	
4-Jul	2	2
5-Jul	1	1
6-Jul	8	
7-Jul	2	
8-Jul	9	
9-Jul	Amk-YZF	

20-Jul	BK-Amk + 6	
21-Jul	3	
22-Jul	4	
23-Jul	4	
24-Jul	4	
25-Jul	2	
6-Aug	YZF-Amk	
7-Aug	11	
8-Aug	12	
9-Aug	9	
10-Aug	11	
11-Aug	9	
12-Aug	1	1
13-Aug		6
14-Aug	4	2
15-Aug	9	
16-Aug	1	
17-Aug	CYBB-YZF	