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Land Administration
P.O. Box 100
IQALUIT, NU, X0A 0H0
Phone: 867-975-4275
FAX: 867-975-4286

Your file - Votre référence

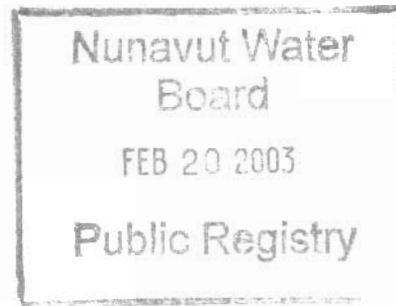
Our file - Notre référence

July 18, 2002

Diamondex Resources Ltd.
P.O. Box 11584
1410- 650 West Georgia Street
Vancouver, B.C. V6B 4N8

Dear Mr. Huard:

Re: Land Use Permit #N2002C0031
Type of Operation: Campsite and Mineral Exploration
Location: Atanigi Lake, Kitikmeot, NU



INTERNAL	
PC	JP
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EXT.	

Enclosed is your copy of Land Use permit number N2002C0031 authorizing your project as described in your application dated May 27, 2002.

Your application has received a wide distribution to other Federal departments, Government of NU departments, communities in the area of your operation and concerned native groups. In distributing your application the Nunavut Impact Review Board (NIRB) sought comments from these various agencies based on their area of expertise that will help ensure minimum negative impact on the environment. The issuance of this permit indicates that as a result of the NIRB environmental screening process it was decided that the potentially adverse environmental effects that may be caused by your proposal are mitigable with known technology and are not significant. The terms and conditions in the permit will, in our opinion, provide the necessary protection to the environment.

The Nunavut Impact Review Board has also recommended the following:

1. Any harmful alteration, disruption of fish habitat is prohibited under the Fisheries Act. No construction or disturbances of any stream/lake bed or banks of any definable water course is permitted unless authorized by Fisheries and Oceans.
2. Encourage you to hire local people and services to the extent possible and to continue to consult with local residents regarding activities in the Region.
3. Pilots adhere to recommendations regarding low level flights, as to not disturb wildlife. Known raptor nesting sites and concentrations of caribou should be avoided by aircraft at all times.

Canada

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4. Any amendment requests deemed by NIRB to be outside of the original scope of the project will be considered a new project.
5. NIRB strongly advises proponents to consult with local residents regarding their activities in the region, and do community consultation on the project to keep the communities informed.
6. The Environmental Protection Branch (DOE), Department of Fisheries and oceans (DFO), Nunavut Impact Review Board (NIRB) should be advised of any material changes to plans or operating conditions associated with the project.
7. The permittee shall have an approved emergency response and spill contingency plans in place prior to the commencement of the operation.
8. 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.
9. The permittee shall treat greywater and sewage according to the terms and conditions outlined in the NWB approval.
10. The permittee shall ensure that the drill sites avoid known environmentally sensitive areas (denning, nesting etc.) By a minimum of 250 metres.
11. The permittee shall not locate any operation so as to block or cause substantial diversion to migration of caribou.
12. The permittee shall cease activities that may interfere with migration or calving, such as airborne geophysics surveys or movement of equipment, drilling activities until the caribou and their calves have vacated the area.
13. The permittee shall not conduct any activity associated with the land use operation during critical periods of wildlife Cycles (eg. Caribou migration, calving, fish spawning or raptor nesting).
14. The permittee shall ensure that there is no hunting by employees of the company or any contractors hired.
15. 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.
16. 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.

17. The permittee shall follow the terms and conditions for the protection and restoration of archaeological resources as outlined by the Department of Culture, Language, Elders and Youths (CLEY).
18. 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.
19. The permittee shall not deposit nor permit the deposit of slash, debris or sediment into any water body. These materials shall be disposed of above the high water mark in such a fashion that they do not enter the water.
20. If the drilling requires water in sufficient volume that the source water body may be drawn down details must be submitted (volume required, size of water body, etc.) to DFO-FHM for review. DFO-FHM does not recommend the use of streams as a water source.
21. The permittee shall ensure that all activities, including maintenance procedures and refuelling, should be controlled to prevent the entry of petroleum products or other deleterious substances into the water.
22. The permittee, prior to the discharge of fluids from any sump, shall carry out an analysis of the fluid in a manner prescribed by the NWB.
23. The permittee shall not remove any material from below the ordinary high water mark of any water body.

Please ensure that you adhere to the operating conditions annexed to your permit, as well as the Terms and Conditions annexed to this permit as provided by the Department of Culture, Language, Elders and Youth (CLEY) and the Caribou Protection Measures. **Any questions pertaining to the recommended conditions listed in this letter should be directed to The Nunavut Impact Review Board office in Cambridge Bay, phone number (867) 983-2593.** Should you have any questions, regarding any conditions listed in the permit, please contact our District Manager in Iqaluit at phone number (867) 975-4295

Yours truly,



Michael Immaroito
Land Administration Specialist
Land Administration.

cc: RMO
NIRB

WATTS/tw

**CONDITIONS ANNEXED TO AND FORMING PART
OF LAND USE PERMIT NUMBER N2002C0031**

31(1)(a) - Location and Area

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| 1. | The Permittee shall not conduct this land use operation on any lands not designated in the accepted application, unless otherwise authorized in writing by the Engineer. | PLANS |
| 2. | The Permittee shall remove from Territorial Lands, all scrap metal, discarded machinery and parts, barrels and kegs, building and building material. | REMOVE WASTE MATERIAL |
| 3. | The Permittee shall not construct an adit or drillsite within 31 metres of the normal high water mark of a stream unless approval in writing is obtained from the Engineer. | LOCATION OF ADITS & DRILLSITES |
| 4. | The Permittee shall locate all camps on gravel, sand or other durable land. | CAMP LOCATION |

31(1)(b) - Time

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| 5. | The Permittee's Field Supervisor shall contact or meet with a Land Use Inspector at the Kugluktuk office of the Department of Indian Affairs and Northern Development, phone number (867) 982-4306, at least 48 hours prior to the commencement of this land use operation. | CONTACT INSPECTOR |
| 6. | The Permittee shall advise a Land Use Inspector at least 10 days prior to the completion of the land use operation of; | REPORTS BEFORE REMOVAL |
| a) | his plans for removal or storage of equipment and materials, and | |

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| b) | when final clean-up and restoration of the lands used will be completed. | |
| 7. | The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of this permit. | CLEAN-UP |
| 8. | The Engineer reserves the right to impose closure of any area to the Permittee in periods when dangers to natural resources are severe. | CLOSURE |

31(1)(c) - Equipment

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| 9. | The Permittee shall not use any equipment except of the type, size and number that is listed in the accepted application, unless otherwise authorized in writing by the Land Use Inspector. | ONLY APPROVED EQUIPMENT |
| 10. | The Permittee shall burn all combustible garbage and debris in a container acceptable to a Land Use Inspector. | INCINERATION |
| 11. | The Permittee shall keep all garbage and debris in a covered metal container until disposed of. | GARBAGE CONTAINERS |

31(1)(d) - Methods and Techniques

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| 12. | The Permittee shall plug all bore holes as the land use operation progresses. | PLUG HOLES |
| 13. | The Permittee shall not erect camps or store material on the surface ice of streams. | STORAGE ON ICE |

31(1)(e) - Type, Location, Capacity and Operation of Facilities

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| 14. | The Permittee shall not locate any sump within 31 metres of the normal high water mark of any stream. | SUMPS FROM WATER |
| 15. | The Permittee shall backfill and restore all sumps prior to the expiry date of this permit. | BACKFILL SUMPS |

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| 16. | The Permittee shall ensure that the land use area is kept clean and tidy at all times. | CLEAN WORK AREA |
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31(1)(f) - Control or Prevention of Flooding, Erosion and Subsidence of Land

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| 17. | A) 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. | PLUG ARTESIAN WELLS |
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| B) | The artesian occurrence shall be reported to the Engineer within forty-eight (48) hours. |
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| 18. | The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface. | PREVENTION OF RUTTING |
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| 19. | 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. | VEHICLE MOVEMENT FREEZE-UP |
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| 20. | The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs. | SUSPEND OVERLAND TRAVEL |
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31(1)(g) - Use, Storage, Handling and Disposal of Chemical or Toxic Material

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| 21. | The Permittee shall not use chemicals in connection with the land use operation without the prior approval of the Engineer. | APPROVAL OF CHEMICALS |
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| 22. | The Permittee shall deposit all sewage into a sump. | SEWAGE DISPOSAL |
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| 23. | The Permittee shall deposit all drill waste into a sump. | DRILL WASTE |
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| 24. | The Permittee shall not allow any drilling waste to spread to the surrounding lands or water bodies. | DRILL WASTE CONTAINMENT |
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| 25. | The Permittee shall burn all garbage and debris at least daily. | GARBAGE
DISPOSAL |
| 26. | The Permittee shall remove all non-combustible garbage and debris from the land use area to a disposal site approved in writing by a Land Use Inspector. | REMOVE
GARBAGE |
| 27. | The Permittee shall dispose of all combustible waste petroleum products by incineration or removal. | WASTE
PETROLEUM
DISPOSAL |
| 28. | The Permittee shall report all spills immediately in accordance with instructions contained in "Spill Report" form NWT 1752(05/93). Twenty four (24) hour spill report line (867)920-8130. | REPORT
CHEMICAL AND
PETROLEUM
SPILLS |
| 29. | The Permittee shall ensure that Drilling additives or mud are not used in connection with holes drilled through the lake ice unless they are re-circulated or contained such that they do not enter the water or are demonstrated to be non-toxic. | RE-CIRCULATE
DRILL FLUIDS |

31(1)(h) - Wildlife and Fisheries Habitat

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| 30. | The Permittee shall not unnecessarily damage wildlife habitat in conducting this land use operation. | HABITAT
DAMAGE |
| 31. | Your operation is in an area where bears may be encountered. Proper food handling and garbage disposal procedures will lessen the likelihood of bears being attracted to your operation. Information about the latest bear detection and deterrent techniques can be obtained from the Department of Sustainable Development. | BEAR/MAN
CONFLICT |

31(1)(i) - Objects and Places of Recreational, Scenic and Ecological Value

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| 32. | The Permittee shall not feed wildlife. | NO FEEDING
WILDLIFE |
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31(1)(k) - Petroleum Fuel Storage

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| 33. | The Permittee shall report in writing to a Land Use Inspector the location and quantity of all petroleum fuel caches within ten (10) days after the establishment. | REPORT FUEL
LOCATION |
| 34. | The Permittee shall not place any petroleum fuel storage containers within thirty one (31) metres of the normal high water mark of any stream. | FUEL BY STREAM |
| 35. | The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies. | FUEL
CONTAINMENT |
| 36. | The Permittee shall have one extra fuel storage container on site equal to, or greater than, the size of the largest fuel container. | FUEL EXTRA
CONTAINER |
| 37. | The Permittee shall:

a) examine all fuel storage containers for leaks a minimum of once every day.

b) repair all leaks immediately. | CHECK FOR
LEAKS |
| 38. | The Permittee shall mark all fuel containers with the Permittee's name. | MARK
CONTAINERS |

31(1)(m) - Matters Not Inconsistent with the Regulations

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| 39. | The Permittee shall keep on hand, at all times during this land use operation, a copy of the Land Use Permit. | COPY OF PERMIT |
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40. The Permittee shall provide in writing to the Engineer, IDENTIFY AGENT
at least forty-eight (48) hours prior to commencement of
this land use operation, the following information:

- c) person or persons, in charge of the field
operation to whom notices, orders, and reports
may be served;
- d) alternates;
- e) all the indirect methods for contacting the above
person(s).

41. Part 1 - In this Permit:

“Sump” means a man-made pit, trench hollow or cavity
in the earth’s surface used for the purpose of depositing
waste material therein.

“Drill waste” means all materials or chemicals, solid or
liquid, associated with the drilling of bore holes and
includes bore hole cuttings.

“Stream” means any lake, river, pond, swamp, marsh,
channel, gully, coulee or draw that continuously or
intermittently contains water.



**LAND USE PERMIT
NORTHERN AFFAIRS PROGRAM**

**PERMIS D'UTILISATION DES TERRES
PROGRAMME DES AFFAIRES DU NORD**

Permit Class - Permis Catégorie

A

Permit No - N° de permis

N2002C0031

Subject to the Territorial Land Use Regulations and the terms and conditions in this permit, authority is hereby granted to:

Sous réserve du Règlement sur l'utilisation des terres territoriales et des conditions de ce permis:

Diamondex Resources Ltd.

Permittee - Détenteur de permis

To proceed with the land use operation described in the application of:

Est autorisé à entreprendre les travaux d'exploitation des terres décrits dans la demande de permis du:

Signature Janet M. Strtychuk	Date June 4, 2002
Type of Land Use Operation - Genre de travaux d'exploitation des terres Campsite & Mineral Exploration	
Location - Emplacement Atanigilk Lake, Kitikmeot, NU, NTS Mapsheet Number 86P	

This permit may be assigned, extended, discontinued, suspended or cancelled pursuant to the Territorial Land Use Regulations.

Ce permis peut faire l'objet d'une cession, d'une prolongation d'une cessation d'une suspension ou d'une annulation, en vertu du Règlement sur l'utilisation des terres territoriales.

Dated at

Date à **Iqaluit, Nunavut**

Engineer

Ingénieur

This

Ce **18th** Day of **July**, 2002.

Day of

jour de

July

Expiry Date

Commencement Date

Date du début des travaux **July 18th, 2002**

Date d'achèvement **July 17th, 2004**

NOTE

REMARQUE

IT IS A CONDITION OF THIS PERMIT THAT THE PERMITTEE COMPLY WITH ANY OTHER APPLICABLE ACT, REGULATION, ORDINANCE BY-LAW OR ORDER. DEFAULT HEREOF MAY RESULT IN SUSPENSION OR CANCELLATION OF THIS PERMIT.

LE DÉTENTEUR DU PRÉSENT PERMIS DOIT SE CONFORMER À TOUT AUTRE RÈGLEMENT, LOI, DÉCRET, RÈGLEMENT MUNICIPAL OU ARRÊTÉ APPLICABLE. LE MANQUEMENT À CETTE OBLIGATION POURRAIT DONNER LIEU À LA SUSPENSION OU À L'ANNULATION DU PERMIS.