December 5, 2003

Rita Becker
Manager of Finance, Licensing and Administration
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Dear Rita:

Re: Application for Renewal for Water Licence NWB2TAH0103

Recent diamond exploration on Victoria Island by Diamonds North Resources Ltd. during the summers of 2002 and 2003 has resulted in the discovery of several new diamondiferous kimberlite occurrences and has also generated several new magnetic anomalies that require follow-up testing to determine if they are indeed sourced by kimberlite.

At this time it is our intention to conduct further exploration in the Kagloryuak River and Burns Lake areas of Victoria Island in 2004 and likely in 2005. This proposed exploration program is a direct continuation of the programs already conducted during the 2002-2003 field seasons and no changes to our exploration plans or conduct of operations are being considered. The proposed program involves limited airborne and ground magnetic surveying, till sampling, prospecting, small scale trenching and shallow diamond drilling (approximately 20 holes). Operations will be based from a 15-20 man camp on the west shore of the Tuktu River which is analogous to the programs conducted in the last two years. It should be noted that our Land Use Permits for Nunavut and the Northwest Territories as well as our Fuel Spill Contingency Plan are still active and have been screened and approved by both NIRB and the EIRB. All previous camp and drill site inspections have also been acceptable and no infringements to the Terms and Conditions annexed to our permits have occurred.

As our current Water Licence NWB2TAH0103 is due to expire on December 31, 2003 we are requesting that our licence be renewed for an additional period of two years.

I have included the $30 application fee, the application for renewal form, the supplemental questionnaire, our Fuel Spill Contingency Plan and a map showing our planned areas of operations and campsite location for your reference.

Yours truly,

D. Graham Gill, P.Geo
Exploration Manager,
Diamonds North Resources Ltd.

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NUNAVUT WATER BOARD
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WATER LICENCE APPLICATION FORM

Application for: (check one)

__ New __ Amendment _x__Renewal ___Assignment

LICENCE NO:
(for NWB use only)

1. NAME AND MAILING ADDRESS OF APPLICANT/LICENSEE

Diamonds North Resources Ltd
1550-409 Granville St.
Vancouver, B.C.
V6C 1T2

Phone:__604 689 2010_____
Fax: __604 685 2814_____
e-mail: __ggill@diamondsnorthresources.com ____

2. ADDRESS OF CORPORATE OFFICE IN CANADA (if applicable)

Same as #1.

Phone:_____
Fax: _____
e-mail: _____

3. LOCATION OF UNDERTAKING (describe and attach a topographical map, indicating the main components of the Undertaking)

Kagloryuak River and Burns Lake areas of Victoria Island, Nunavut
NTS Mapsheets 77F and 77G

Latitude:___70 degrees 30 min___ Longitude: 109 degrees 50 min___ NTS Map No. 77F and 77G_____
Scale_1:250,000

4. DESCRIPTION OF UNDERTAKING (attach plans and drawings)

The proposed exploration program is a **continuation** of Diamonds North's diamond exploration efforts that have been ongoing on Victoria Island during 2002-2003. This program consists of conventional mineral exploration techniques that are designed to locate and test certain rock types for their diamond potential only. The program will involve three main phases of exploration operated from a base camp housing up to 15-20 men the location of which is shown on the accompanying map. The first stage will involve regional till sampling and additional airborne magnetic surveying (majority of which was completed in 2003). Once the data from the stage one program has been interpreted only those areas meeting certain geophysical/geological criteria will be considered for additional follow-up work. Stage two will involve site specific work including ground magnetic surveying and prospecting. This will involve the daily shuttling, via helicopter, of a 2-4 man crew to each target to establish a wooden picketed grid which will be used as control for subsequent ground magnetometer surveying. As the results from the stage 1 and 2 work become available further interpretation of the data will provide the basis for stage 3 target delineation which involves small scale trenching and hand pitting as well as diamond drilling of select targets to collect sample material for diamond analysis.

The drill unit will be heli-portable and surface disturbance of the drilling phase will be very localized and minimal. Each drill site will cover approximately 10 square meters and drill pads will be returned as near as possible to their original state. All garbage and fuel drums will be backhauled to camp and then to the approved landfill site in Cambridge Bay.

5. TYPE OF UNDERTAKING (A supplementary questionnaire must be submitted with the application for undertakings listed in **"bold"**)

__ Industrial
__ **Mine Development**
__ **Advanced Exploration**
_X_ **Exploratory Drilling**
_X_ **Remote/Tourism Camps**
__ **Municipal**
__ Power
__ Other (describe): _____

6. WATER USE

X To obtain water
__ To modify the bed or bank of a watercourse
__ To alter the flow of , or store, water
__ To cross a watercourse
__ To divert a watercourse
__ Flood control
__ Other (describe): _____

7. QUANTITY OF WATER INVOLVED (litres per second**,** litres per day or cubic metres per year, including both quantity to be used and quality to be returned to source)

Camp Use: Water to be used for domestic purposes and sample washing only. Camp will house up to 20 people consuming on average 20 litres of water per day per person. Discharge of grey water will be confined to hand dug sumps (2x3x3 meters) so no water will be returned to source and located no nearer than 30 meters of the ordinary high water mark.
Diamond Drilling: Estimated consumption is 40 litres of water per minute which equates to 60 cubic meters per 24 hour shift. All drill water will be collected in hand dug sumps or natural depressions located 30 or more meters from the ordinary high water mark of any water body. No land based drilling will be conducted within 30 meters of the high water mark of any water body.

8. WASTE (for each type of waste describe: composition, quantity, methods of treatment and disposal, etc.)

_X_ Sewage
_X_ Solid Waste
_X_ Hazardous
__ Bulky Items/Scrap Metal
_X_ Waste oil
_X_ Greywater
X Sludges
___ Other (describe):_____

Sewage: (Sanitary and Grey water) To be contained in a latrine pit, treated with lime and buried at time of camp shutdown. Pit will be placed so that no sewage effluent will be discharged. Latrine located no less than 30 meters from any water body.
Garbage: Burnable solid waste will be burned in vented, base-fuel feed barrel; non-burnables , hazardous waste, waste oil and consumed camp equipment will be backhauled to an approved disposal site arranged by the expediting company hired to service camp.
Sludges: All sludges from drilling will be contained in a hand dug sump or natural depression located no less than 30 meters from the ordinary high water mark of any water body, allowed to settle and prevented from entering any water body.

9. PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach if necessary)

None. Work area is remote.

Land Use Permit

DIAND _X_ Yes __ No If no, date expected **Current permit N2001J0021**

Regional Inuit Association _X_ Yes __ No If no, date expected **Current permit KTL302F015**

Commissioner __ Yes __ No If no, date expected__N/A_____

10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES (direct, indirect, cumulative impacts, etc.)

Cumulative environmental effects result from the combination of environmental effects from a number of different developments/activities. As the proposed program represents a continuation of Diamonds North's exploration activities on Victoria Island and no other projects are being carried out no cumulative effects are expected.

Potential localized impacts include effects on caribou, harvesting activities, waterfowl and effects of drilling waste disposal.

Mitigation measures to be undertaken to reduce, control or eliminate potential environmental effects include;

1) Adhering to the Caribou Protection Measures; specifically not working in the core calving areas which are located some 100 kms to the south west of the exploration program.
2) Avoiding low level flights over areas known for waterfowl nesting
3) Adhering to the Recommended Environmentally Acceptable Minimum Flight Altitudes
4) Avoiding areas of documented harvesting activities which are located primarily around the shoreline of Prince Albert Sound, some 50-70 kms away from the exploration areas
5) Equipping all water intake hoses with an appropriate screen mesh size to ensure no entrapment of fish
6) Provide necessary controls to prevent sedimentation and/or erosion of water bodies or adjacent land
7) Using only lake water for drilling operations
8) All drill waste will be disposed of and contained in natural depressions or hand dug sumps located at least 30 meters from any high water mark such that the waste does not enter any water bodies. As virtually 95% of the rock cored is brought to the surface and transported to camp and the laboratory the volume of drill waste created for a 100 meter long hole is only 0.24 cubic meters.
9) All trenches/pits will be backfilled and contoured when operations are complete
10) Only environmentally acceptable and approved muds and additives (as per DIAND regulations) to be used during drilling operations
11) Drill holes to be plugged and permanently sealed if artesian flow is encountered
12) All fuel caches will be located a minimum of 30 meters from the normal high water mark. Spill kits will be present at all fuel caches, drilling operations and at camp
13) Diamonds North possesses and maintains a current Emergency Response Plan including a Fuel Spill Contingency Plan (previously accepted) that all employees and contractors are required to adhere to. These policies also include safety, emergency, fire and medivac procedures
14) Diamonds North also maintains a progressive reclamation policy which effectively restores, as near as possible, any disturbance at any site to its original state before operations begin at the next site.

NIRB Screening _X_ Yes __ No If no, date expected _____

NIRB has previously screened and accepted both the original Land Use application and Water Licence application as well as all amendment requests. Also, as the program is transborder in nature the project has been screened, reviewed and approved by both the EISC and EIRB for the work involved on the NWT portion of Victoria Island. As this renewal application covers a continuation of the original work program rather than a change in work type it is anticipated that no additional screening will be necessary.

11. INUIT WATER RIGHTS

Will the project or activity substantially affect the quality, quantity, or flow of water flowing through Inuit Owned Lands and the rights of Inuit under Article 20 of the Nunavut Land Claims Agreement?

No. All work to be conducted in a professional and environmentally sound manner to ensure no impact to local water bodies occurs and that water quality is not compromised.

11. (Continued)

If yes, has the applicant entered into an agreement with the Designated Inuit organization to pay compensation for any loss or damage that may be caused by the alteration. If no compensation agreement has been made, how will compensation be determined?

12. CONTRACTORS AND SUB-CONTRACTORS (name, address and functions)

Although bids have not been tendered for the work at this time it is anticipated that most of the contractors utilized in 2003 will be contracted for the upcoming program. These include the following:

Charter Aircraft:
1) Adlair Aviation – Cambridge Bay
2) Kitikmeot Helicopters/Great Slave Helicopters – Cambridge Bay/Yellowknife
3) First Air – Yellowknife
4) Canadian North – Yellowknife
5) Nunasi Helicopters - Yellowknife

Expediting:
1) Kitnuna Expediting – Cambridge Bay
2) Wilf MacDonald Expediting – Cambridge Bay
3) Discovery Mining Services – Yellowknife

Suppliers:
1) Kitnuna Construction – Cambridge Bay
2) Kitikmeot Supplies – Cambridge Bay
3) Fred Ross and Associates
4) Ikaluktutiak Co-op
5) Northern Store

Drilling:
1) Peak Drilling – Yellowknife
2) Major Midwest – Yellowknife

Airborne:
1) Fugro - Toronto

Geological/Geophysical work to be conducted by in-house personnel.

13. STUDIES UNDERTAKEN TO DATE (list and attach copies of studies, reports, research, etc.)

Water tests taken in 2002 as part of on-ice drilling program previously submitted to NWB in compliance with PART B: GENERAL CONDITIONS of Water Licence No. NWB2TAH0103.

14. THE FOLLOWING DOCUMENTS MUST BE INCLUDED WITH THE APPLICATION FOR THE REGULATORY PROCESS TO BEGIN

Supplementary Questionnaire (where applicable: see section 5) _X_ Yes __ No If no, date expected _____

Inuktitut/English Summary of Project __ Yes _X_ No If no, date expected **ASAP** _____

Application fee $30.00 (c/o of Receiver General for Canada) __ Yes _X_No If no, date expected **mid December**

15. PROPOSED TIME SCHEDULE

__ Annual (or) _X_ Multi Year **(Seasonal Activity)**

Start Date: January 1, 2003 Completion Date: December 31, 2005

Graham Gill	**Exploration Manager**		**December 4, 2003**
Name (Print)	**Title (Print)**	**Signature**	**Date**

For Nunavut Water Board use only

APPLICATION FEE **Amount: $_____** **Receipt No.:**

WATER USE DEPOSIT **Amount: $_____** **Receipt No.:**

P.O. BOX 119
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EXPLORATION/ REMOTE CAMP SUPPLEMENTARY QUESTIONNAIRE

Applicant: _Diamonds North Resources Ltd___Licence No: _____
(For NWB Use Only)

ADMINISTRATIVE INFORMATION

1. Environment Manager: **Graham Gill** Tel:**604 689 2010** Fax: **604 685 2814** E-mail:**ggill@diamondsnorthresources.**com

2. Project Manager: **as above** Tel: **as above** Fax: **as above** E-mail: **as above**
3. Does the applicant hold the necessary property rights? **Yes. All claims currently in the name of Diamonds North Resources Ltd or being transferred from Commander Resources to Diamonds North.**

4. Is the applicant an 'operator' for another company (i.e., the holder of the property rights)? If so, please provide letter of authorization. **No.**

5. Duration of the Project
   - [ ] Annual
   - [x] Multi Year:

   If Multi-Year indicate proposed schedule of on site activities
   Start: **April 2004** Completion: **December 2005**

CAMP CLASSIFICATION

6. Type of Camp
   - [ ] Mobile (self-propelled)
   - [x] Temporary
   - [x] Seasonally Occupied: **3-5 months per year**
   - [ ] Permanent
   - [ ] Other:_____

7. What is the design population of the camp and the maximum population expected on site at one time? What will be the fluctuations in personnel?

   Camp will be designed to accommodate 12-15 people comfortably but have the capacity to house 20 in the case of crew overlap and visitors.

8. Provide history of the site if it has been used in the past.

   Camp site (along the Tuktu River) was used during the 2002 and 2003 field seasons by Diamonds North personnel. Site not used by others previously.

CAMP LOCATION

9. Please describe proposed camp location in relation to biogeographical and geomorphological features, and water bodies.

Camp location is situated on the western shores of the north flowing Tuktu River along a north-south trending esker. This area is not located in an area designated as a special habitat zone.

10. How was the location of the camp selected? Was the site previously used? Was assistance from the Regional Inuit Association Land Manager sought? Include maps and/or aerial photographs.

Camp location was selected based on proximity to potable water, vicinity of esker for landing strip use to move people, gear and for safety reasons. No obvious signs that this site was previously used. Advice was not solicited from the Regional Inuit Association Manager. Site marked on map(s) provided.

11. Is the camp or any aspect of the project located on:

[x] Crown Lands Permit Number (s)/Expiry Date: **N2001J0021/July 4, 2004**___
[ ] Commissioners Lands Permit Number (s)/Expiry Date: _____
[ ] Inuit Owned Lands Permit Number (s)/Expiry Date: _____

12. Closest Communities (distance in km):

Cambridge Bay, Nunavut is located approximately 240 kms to the southeast of camp.

13. Has the proponent notified and consulted the nearby communities and potentially interested parties about the proposed work?

Diamonds North recently presented our 2003 project results and proposed 2004 program to the Hamlet Council, the public and a representative of NIRB in Cambridge Bay on November 17 and 18, 2003. As this program is a continuation of several years of work all contractor companies are well aware of our upcoming work program.

14. Will the project have impacts on traditional water use areas used by the nearby communities? Will the project have impacts on local fish and wildlife habitats?

No. The remoteness of the area is such that there will be no effect on traditional water use areas used by the local community. As stated in the Water Licence Renewal application the company has various mitigation measures in place that will minimize and/or negate any impacts to local fish or wildlife habitats.

PURPOSE OF THE CAMP

15. **X**○ Mining **Mining Exploration NOT Mining**
○ Tourism (hunting, fishing, wildlife observation, adventure/expedition, etc.)
(Omit questions # 16 to 21)
○Other _____ (Omit questions # 16 to 22)

16. ○ Preliminary site visit
X○ Prospecting
X○ Geological mapping

X○ Geophysical survey
X○ Diamond drilling
○ Reverse circulation drilling
○ Evaluation Drilling/Bulk Sampling (also complete separate questionnaire)
X○ Other: **Regional till sampling/airborne magnetic surveying**

17. Type of deposit:

○ Lead Zinc
X○ Diamond
○ Gold
○ Uranium
○ Other: _____

DRILLING INFORMATION

18. Drilling Activities

X○ Land Based drilling
X○ Drilling on ice (**Minimal as per current Water Licence)**

19. Describe what will be done with drill cuttings?
Cuttings will be directed/pumped into a topographic low and contained in a manner to prevent transport into any water body. A typical 100 meter long hole will only create 0.14 cubic meters of cuttings. Any cuttings returned while drilling on-ice will not be left on ice but will also be pumped to shore with the use of a Poly-drill system.

20. Describe what will be done with drill water?
Drill water will be contained in a hand dug sump or natural depression whereby particulate matter can settle out or be filtered as necessary to prevent transport into any water body.

21. List the brand names and constituents of the drill additives to be used? Includes MSDS sheets and provide confirmation that the additives are non-toxic and biodegradable.
MSDS sheets are provided as attachments.

22. Will any core testing be done on site? Describe.
No.

SPILL CONTINGENCY PLANNING

23. Does the proponent have a spill contingency plan in place? Please include for review.
Yes. Plan provided as attachment. Previously screened and accepted by NWB/NIRB.

24. How many spill kits will be on site and where will they be located?
Spill kits are placed at each fuel cache, at the drill and at camp.

25. Please describe the types, quantities, and method of storage of fuel and chemicals on site, and provide MSDS sheets.

Types of fuel: Diesel, Jet-A, Gasoline, Propane
Quantity: 100, 250, 2, 12
Fuel stored in 45 gallon drums lying flat on the ground in areas of higher relief (eskers) and at least 30 meters from high water mark of any water body. All caches are temporary as per our current Registration of Storage Tank Systems for Petroleum Products and Allied Petroleum Products on Federal Land attached to our current Land Use Permit.

WATER SUPPLY AND TREATMENT

26. Describe the location of water sources.

Precise drill locations not known as this time. All drill water will be drawn from lakes. Camp water use from Tuktu River.

27. Estimated demand (in L/day * person):

- ○ Domestic Use: **20 liters per person per day** Water Source: **Tuktu River**
- ○ Drilling Units: **40 liters per minute** Water Source: **Lakes**
- ○ Other: _____ Water Source: _____

28. Describe water intake for camp operations? Is the water intake equipped with a mesh screen to prevent entrapment of fish? Describe:

Small Honda water pump. Water intake equipped with screen of sufficient fine mesh as to not allow the entry of fish.

29. Will drinking water quality be monitored? What parameters will be analyzed and at what frequency?

Drinking water quality will not be monitored. Water source has been used for 2 years of operations with-incident.

30. Will drinking water be treated? How?

Unnecessary.

31. Will water be stored on site?

Only in a 250 gallon tank to prevent freezing.

WASTE TREATMENT AND DISPOSAL

32. Describe the characteristics, quantities, treatment and disposal methods for:

- ○ Camp Sewage (blackwater)

Latrine to be limed regularly and buried when program is complete.

- ○ Camp Greywater

Water consumption estimated to be 20 liters per person per day. Greywater to be confined to pits/sumps to prevent runoff into original source.

- ○ Solid Waste

Burnable solid waste will be burned in a vented, base-fuel feed barrel; non-burnables and any hazardous waste and used oil will be backhauled to an approved disposal site arranged by the contracted expediting company. All materials will be removed upon camp shutdown.

- ○ Bulky Items/Scrap Metal

All materials to be backhauled to Cambridge Bay.

- ○ Waste Oil/Hazardous Waste

Backhauled to an approved disposal site arranged by the contracted expediting company.

- ○ Empty Barrels/Fuel Drums

Backhauled to Cambridge Bay for re-use or disposal at an approved disposal site.

- ○ Other:

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33. Please describe incineration system if used on site. What types of wastes will be incinerated?
Vented, base-fuel feed barrel to be used to incinerate burnable solid waste.

34. Where and how will non-combustible waste be disposed of? If in a municipality in Nunavut, has authorization been granted?
Non-combustible waste to be backhauled to Cambridge Bay and disposed of in an approved disposal site arranged by the contracted expediting company.

35. Describe location (relative to water bodies and camp facilities) dimensions and volume, and freeboard for sumps (if applicable).
Camp sump constructed near to the kitchen and dry tents. Hand dug sump dimensions usually 2 x 2 x 2 meters which is more than capable of containing all of the daily greywater used by a 20 man camp. Sumps constructed in sandy substrate no closer than 30 meters from any water body.

36. Will leachate monitoring be done? What parameters will be sampled and analyzed, and at what frequency? **Not applicable to seasonal exploration camp.**

OPERATION AND MAINTENANCE

37. Have the water supply and waste treatment and disposal methods been used and proven in cold climate? What known O&M problems may occur? What contingency plans are in place?

Water supply and disposal methods have been employed in the past by a multitude of different exploration companies and are considered common practice. No operation and maintenance problems are anticipated.

ABANDONMENT AND RESTORATION

38. Provide a detailed description of progressive and final abandonment and restoration activities at the site.

Progressive reclamation of drill sites is conducted as the program evolves. As all equipment is needed for the subsequent drill hole each site is completely cleaned up prior to and during each drill move. Drill pads are typically only 10 square meters and comprise laying timbers on the tundra to support the lightweight drill and its components. All garbage, fuel drums and gear are removed at the end of each hole which takes only 2-3 days to complete. Drill hole collars are cut to ground level once the hole is complete. All sites returned to as close to natural as possible at hole completion.

Camp sites are kept clean on a daily basis. Garbage is burned daily and any non-combustible material is backhauled to Cambridge Bay on all of the many scheduled Twin Otter flights (2-3) per week. At end of season all material is backhauled to town except for the plywood and 2 x 4 constructed tent frames which remain standing for the subsequent years program. Upon final abandonment these wooden frames will be burned.

BASELINE DATA

39. Has or will any baseline information be collected as part of this project? Provide bibliography.

- ○ Physical Environment (Landscape and Terrain, Air, Water, etc.)
- **X**○ Biological Environment (Vegetation, Wildlife, Birds, Fish and Other Aquatic
- ○ Organisms, etc.)
- **X**○ Socio-Economic Environment (Archaeology, Land and Resources Use,
- ○ Demographics, Social and Culture Patterns, etc.)
- ○ Other: **No formal baseline studies have been initiated as project is only early stage exploration. However several other data is collected before and during all work phases as outlined below.**

1) Water samples are collected and analyzed before and after any on-ice drilling.
2) Crew is requested to report and log wildlife sitings and locations.
3) Any and all archeological sites are noted and reported and not disturbed.
4) Prince of Wales Northern Heritage Centre notified prior to program commencement regarding documented heritage/culturally significant sites.
5) Wildlife specialists contacted prior to commencement such as RWED, CWS and DFO.

REGULATORY INFORMATION

40. Do you have a copy of?

- X○ Article 13 - Nunavut Land Claims Agreement
- X○ NWB - Water Licensing in Nunavut - Interim Procedures and Information Guide for Applicants
- X○ NWB - Interim Rules of Practice and Procedure for Public Hearings
- X○ NWTWB - Guidelines for the Discharge of Treated Municipal Wastewater in the NWT
- X○ NWTWB - Guidelines for Contingency Planning
- X○ DFO - Freshwater Intake End of Pipe Fish Screen Guideline
- ○ Fisheries Act - s.35
- X○ RWED - Environment Protection- Spill Contingency Regulations
- X○ Canadian Drinking Water Quality Guidelines
- X○ Public Health Act Camp Sanitation Regulations
- X○ Public Health Act Water Supply Regulations
- X○ Territorial Land Use Act and Regulations

You should consult the above document, guidelines, and legislation for compliance with existing regulatory requirements.