



December 15, 2005  
Revised: January 31<sup>st</sup>, 2006

Phyllis Beaulieu  
Manager Licensing  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU  
X0B 1J0

Dear Phyllis:

**Re: Application for Renewal for Water Licence NWB2TAH0406**

Recent diamond exploration on Victoria Island by Diamonds North Resources Ltd. during the summers of 2002 through 2005 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 2006 and 2007 and possibly through 2011. This proposed exploration program is a direct continuation of the programs already conducted during the 2002-2005 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 per year). Operations will be based from two, 15-25 man camps; one on the west shore of the Tuktu River (70° 48.5' N Lat. 109° 10' W Long.) and at a second camp location (70° 17' N Lat. 109° 05' W Long.); the latter of which will only be used for the spring time portion of the program. It is not anticipated that these camps will be used concurrently. This is analogous to the programs conducted in the last four 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 NWB2TAH0406 is due to expire on March 31<sup>st</sup>, 2006, we are requesting that our licence be renewed for an additional period of five years.

I have included the \$30 application fee, the application for renewal form, the supplemental questionnaire, our Fuel Spill Contingency Plan, a map showing our planned areas of operations and campsite location for your reference, MSDS sheets, a cheque in the amount of \$30, and a translation of the non-technical summary from English to Inuktitut.

Yours truly,

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