



February 13, 2011

Richard Dwyer
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Dear Richard:

Re: Application for Renewal for Water Licence NWB2BE TAH0611

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.

However, at this time it is our intention not to conduct further exploration in the Kagloryuak River and Burns Lake areas of Victoria Island in the near future.

Having said that we do still have equipment at our main base camp (Tuktu/Northern camp), 3 wood tent frames at a secondary camp (Skinny/Southern camp) as well as minor equipment, salt and fuel at an area we refer to as Mud strip located approximately 5 kilometres south of the Tuktu camp that we are planning to decommission and remove in 2011. The equipment, fuel and salt at Mud Strip is planned to be removed in the spring of 2011 via cat train while the 2 camps will be removed during the summer months once the strip has dried up sufficiently to allow us to land a Twin Otter aircraft. At this time we have a current Land Use Permit (N2008C0012 expiring on June 23, 2012) which allows us to conduct the cat train on Crown Land. An application to the KIA has recently been submitted to allow access of the cat train over Inuit Owned surface land as well. Please note that entire route (IOL and Crown Land portions) has been screened previously by NIRB in both 2003 and 2008 and approved (NIRB file # 08EN18). At this time our current Water Licence, NWB 2BE-TAH0611 will expire on March 31, 2011.

We are therefore requesting a renewal to this permit for a period of 2 years to allow us to safely and efficiently remove our camps, fuel salt and equipment. The requested time period of 2 years is due to the fact that insufficient sea and lake ice may have developed this winter and if so the operation will need to be conducted in 2012 and not in 2011.

Water use-age during this abandonment and restoration portion of our exploration program will only involve domestic use and the need to utilize the cat train over frozen sea and lakes. It is anticipated that the cat train operation will take approximately 2 weeks to complete and that the dismantling of the 2 camps in the summer months will last only one week.

Operations will be based from the 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.). It should also be noted that our Fuel Spill Contingency Plan is still active and has been screened and approved by NIRB as noted above. 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.

I have included the \$30 application fee, the application for renewal form, our Fuel Spill Contingency Plan, pictures of all sites to be remediated, our approved Abandonment and Restoration Plan, Safety manual, maps showing our planned areas of operations and old campsite locations and a translation of the non-technical summary from English to Inuktitut for your reference. These are all also included on the CD included with this renewal application. As I may need to complete an NPC Compliance Form for this renewal could you please send the new file number to NPC ASAP?

Yours truly,

D. Graham Gill, P.Geo
V.P. Operations
Diamonds North Resources Ltd.