DIAMONDS NORTH
RESOURCES LTD.

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March 25, 2003

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

Dear Rita:

In compliance with PART B: GENERAL CONDITIONS of the NWB Licence No. NWB2TAH0103 issued to Major General Resources Ltd. on July 11, 2001, please find enclosed a summary report of water usage, discharge, Contingency Plan revisions, reclamation and waste disposal for the 2002 exploration program.

Please note that at the time of writing this Water Licence is currently being transferred from Major General Resources Ltd. to Diamonds North Resources Ltd.

Yours very truly

DIAMONDS NORTH RESOURCES LTD.

D. G. Gill

D. Graham Gill, P. Geo
Exploration Manager

DGG:mm

MM-DGGL-MAR28-02.doc

D030325NWB2TAH Annual Report - ILAE

1550-409 Granville Street, Vancouver, BC Canada V6C 1T2 Telephone 604.689.2010 Fax 604.685.2814
www.diamondsnorthresources.com DDN – TSX Venture Exchange

ANNUAL SUMMARY REPORT FOR 2002

AS PER PART B: GENERAL CONDITIONS

OF WATER LICENCE No. NWB2TAH0103

ANNUAL SUMMARY REPORT FOR 2002
AS PER PART B: GENERAL CONDITIONS
OF WATER LICENCE NO. NWB2TAH0103

From May through October, 2002 Diamonds North Resources Ltd. conducted airborne and ground magnetic surveying, prospecting, sampling and diamond drilling on several of our mineral claims located on Victoria Island, Nunavut. In order to facilitate this work crew accommodations (for up to 20 people) were established first at Commander Camp (70°17'N, 109°05'W) from May 30th to July 8, 2002 and from July 9th to September 30, 2002 at Tuktu Camp (70°48.5'N, 109°W).

The following table depicts the amount of each type of work conducted.

Work	Line Kms	# of Holes	# of Metres	# Samples
Airborne Magnetics	5939.5			
Ground Magnetics	818.56			
Drilling		27	2784.79	
Sampling				17

PART B: GENERAL CONDITIONS

i) Water for domestic use was drawn from a large unnamed lake at the Southern Camp while the Tuktu River served as the camp water supply at the more northerly camp. Grey water was disposed of in sumps established no closer than 30 metres of any high water mark. All combustible waste was incinerated while all other waste products were backhauled for disposal in the waste disposal site in Cambridge Bay. It is estimated that approximately between 20-30 gallons were used per person per day.

i.e. 20 men x 20 gallons = 400 gallons = 1.5 cubic metres
20 men x 30 gallons = 600 gallons = 2.27 cubic metres

The initial drill program (4 holes) was conducted on-ice during the month of June using a heli-portable Hagby Gopher Diamond Drill within thirty kilometres of Southern Camp. All lakes utilized were typically less than 1.5 metres deep. Calcium chloride salt was also added to the downhole drill water to reduce the freezing point. Casing was set into bedrock and drill water was recirculated whenever possible to avoid lake water contamination.

Drill cuttings and waste was pumped and transported to naturally occurring depressions on shore that were no closer than 30 metres from the high water mark.

No artesian flow was encountered throughout the entire drill program.

In compliance with the Nunavut Water Board Licence #NWB2TAH0103, each of the lakes which hosted a drill target were sampled. A baseline water sample was collected from the drill collar location prior to delivery of the drill equipment and another sample taken from the same collar location after the completion of the hole and removal of all drill equipment. The sampling procedures were those outlined by Taiga Environmental Laboratory (TEL) of Yellowknife, NT. TEL also performed the analyses which together with the results are attached to this report (Note that I16W-001 and 002 were drilled from the same lake).

The remaining drill holes (23) were all land based with the drill rig never closer than 30 metres to the nearest water body. All drill waste from this portion of the program was deposited in natural depressions. All garbage, drill equipment and fuel drums were transported back to the camp(s) and later to Cambridge Bay at the completion of the field season in October.

It is estimated that approximately 50 litres of water per minute was used while the drill was operating. This equates to approximately 72 cubic metres for a 24 hour period.

ii) On June 25, 2002 an oil spill occurred while drilling ice-based target A5 (drill hole A5-South-001). A hydraulic hose 'O' –ring feeding the return pump failed. The drill crew immediately shut down and commenced containment. The spill consisted of <9 litres of hydraulic oil and was collected using absorbent mats from the Spill Kits on site. The contaminated products were incinerated at camp. Refer to the attached detailed spill report filed with the government.

iii) All equipment, garbage and empty drums were removed from each drill site immediately upon completion of each drill hole. Wooden structures at each camp location still exist as it is anticipated that additional work will take place in 2003. Progressive reclamation will be ongoing throughout the upcoming year.

v) No other details on water use or waste disposal was requested by the Board by November 1, 2002.

D. G. Gill, P.Geo.
Exploration Manager
DIAMONDS NORTH RESOURCES LTD.

TAIGA
Environmental Laboratory
Laboratoire Environnemental

TAIGA ENVIRONMENTAL LABORATORY
4601 - 52nd Ave., P.O. Box 1500, Yellowknife, NT X1A 2R3
Tel: (867) 669-2788 • Fax: (867) 669-2718

Standards Council of Canada Accredited Laboratory
Conseil canadien des normes Laboratoire accrédité

Send Results & Invoice to:
(Please notify if results & invoices are to be sent to different locations)

Company/Agency: _____
Address: _____
_____
City/Town: _____ Territory _____
Postal Code: _____
Phone: ( ) _____
Fax: ( ) _____
E-mail: _____

Client Project No.: _____
Date / Time Sampled: _____
Sampler: _____
Location: _____
Sample Type: wastewater/sewage/potable/freshwater
(circle one)
Add'l Sample Info: _____
Date Received: _____ By: _____

- WATER SAMPLES -

Client Sample ID (As it should appear on final report)				
Taiga Sample ID				

Bottle Type Parameter

ROUTINE (GREEN) [√] PLEASE CHECK TESTS REQUIRED BELOW:

pH, Conductivity, Alkalinity	pH	Cond	Alk	pH	Cond	Alk	pH	Cond	Alk	pH	Cond	Alk
Calcium, Magnesium, Hardness												
Sodium, Potassium												
Fluoride												
Reactive Silica												
Chloride, Sulphate	Cl		SO4	Cl		SO4	Cl		SO4	Cl		SO4
Colour												

NUTRIENTS (BLACK)

Turbidity												
Total Suspended Solids, Dissolved Solids	TSS		TDS	TSS		TDS	TSS		TDS	TSS		TDS
Nitrate + Nitrite												
Ammonia												
Phosphorus: Total, Dissolved, Ortho	TP	DP	OP	TP	DP	OP	TP	DP	OP	TP	DP	OP
Carbon: Total, Dissolved	TOC		DOC	TOC		DOC	TOC		DOC	TOC		DOC
BOD												

MICROBIOLOGIGAL (STERILE CONTAINER)

Faecal Coliform (FC)								
Total Coliforms (TC), E. Coli. (EC)	TC	EC	TC	EC	TC	EC	TC	EC
Faecal Strep (FS)								
Standard Plate Count (SPC)								

METALS (RED)

Arsenic	Total	Diss.	Total	Diss.	Total	Diss.	Total	Diss.
ICP - MS(1): cd, cr, cu, co, Mn, Ni, Pb, Zn, Fe	Total	Diss.	Total	Diss.	Total	Diss.	Total	Diss.
ICP - MS(2): 25 element scan (not B or Sn)	Total	Diss.	Total	Diss.	Total	Diss.	Total	Diss.
Addn'l Metals (please circle) Ag, Al, Ba, Be, Bi, B, Cd, Co, Cr, Cs, Cu, Fe, Li, Mn, Mo, Ni, Pb, Rb, Sb, Se, Sn, Sr, Ti, Tl, U, V, Zn	Total	Diss.	Total	Diss.	Total	Diss.	Total	Diss.
Mercury (ORANGE)	Total	Diss.	Total	Diss.	Total	Diss.	Total	Diss.

ORGANIC

Cyanide (BLUE)	Total	WAD	Total	WAD	Total	WAD	Total	WAD
Phenol (YELLOW)								
Oil & Grease (YELLOW)	VIS.	EXT.	VIS.	EXT.	VIS.	EXT.	VIS.	EXT.
THM / BTEX (vial)	THM	BTEX	THM	BTEX	THM	BTEX	THM	BTEX

Other:				

SAMPLING INSTRUCTIONS

Parameter Group	Marking	Bottle Description	Preservative	Instructions
Routine	GREEN	500 or 750 mL plastic bottle	Keep cool at 4°C	**Rinse bottle 3 times with sample**, then fill to top and cap bottle.
Nutrients	BLACK	500 or 750 mL plastic bottle	Keep cool at 4°C	
Microbiological	STERILE	250 or 500 mL bottle containing sodium thiosulfate	Keep cool at 4°C	**DO NOT RINSE bottle.** Fill to near top and cap bottle.
Total Metals	RED	250 mL plastic bottle	5 mL of 1:3 nitric acid (<20% acid) in RED-dot vial	**Rinse bottle 3 times with sample**, then fill to near top. Add contents of preservative vial(s). Cap bottle and mix.
Mercury	ORANGE	150mL glass bottle with black top or 250 mL teflon bottle	2 mL 1:1 sulphuric acid + 1 mL 5% potassium dichromate (per 125 mL sample) in ORANGE-dot vials	
Dissolved Metals	RED	250 mL plastic bottle	SEE INSTRUCTIONS	**Rinse bottle 3 times with sample**, then fill to near top. Filter in the field through a pre-rinsed 0.45 µ membrane filter, collecting filtrate in another 250 mL RED-dot bottle. Add RED-DOT preservative, cap and mix. *If unable to filter sample in the field **DO NOT ADD PRESERVATIVE** and label as "dissolved metals--unfiltered, unpreserved."*
Oil & Grease	YELLOW	1 L brown glass **WIDE**-mouthed bottle	4 mL 1:1 sulphuric acid in YELLOW-dot vial	**DO NOT RINSE bottle.** ***Fill to shoulder of bottle.*** Add contents of preservative vial. Cap bottle and mix.
Phenol	YELLOW	1 L brown glass **NARROW**-mouthed bottle	4 mL 1:1 sulphuric acid in YELLOW-dot vial	**Rinse bottle 3 times with sample**, then fill to near top. Add contents of preservative vial(s). Cap bottle and mix.
Cyanide	BLUE	500 mL brown plastic bottle	5 mL 10% sodium hydroxide in BLUE-dot vial	
Sulphide	PURPLE	250 mL plastic bottle	1 mL 6N zinc acetate + 3 mL 10% sodium hydroxide in PURPLE-dot vials	
Chlorine	PINK	250 mL plastic bottle	Keep cool at 4°C	**Rinse bottle 3 times with sample**, then fill to top, **leaving NO air space/gap.**
BTEX/Volatile Organics	WHITE	40 mL clear glass vial with white lid	Keep cool at 4°C	**DO NOT rinse bottle.** Fill bottle completely, leaving **NO air space/gap.**

Taiga Environmental Laboratory
4601-52nd Ave., Box 1500, Yellowknife, NT. X1A 2R3
Tel: (867)-669-2788
Fax: (867)-669-2718

- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: A5 South before drilling **Taiga Sample ID: 221875**

Client Project: Victoria I 9821 **Sample Type:** freshwater **Received Date:** 05-Jul-02

Location: I16-001-Victoria Island **Sampling Date:** 21-Jun-02

Report Status: **Final** ***Approved by:***

Test Parameter	Result	Units	Detection Limit	Analysis Date	Data Qualifier
Physicals					
Colour	5		5	16-Jul-02	2
Conductivity, Specific	76.5	µS/cm	0.3	16-Jul-02	2
pH	7.34	pH units	0.05	16-Jul-02	2
Solids, Total Suspended	<3	mg/L	3	15-Jul-02	2
Turbidity	0.4	NTU	0.1	16-Jul-02	2
Nutrients					
Ammonia as N	0.027	mg/L	0.005	11-Jul-02	2
Chemical Oxygen Demand	<1	mg/L	1	09-Jul-02	2
Nitrate+Nitrite as N	<0.008	mg/L	0.008	10-Jul-02	2
Phosphorous, Total	0.025	mg/L	0.004	09-Jul-02	2
Major Ions					
Calcium	7.44	mg/L	0.05	18-Jul-02	2
Hardness as CaCO3	39.8	mg/L	0.17	18-Jul-02	2
Magnesium	5.16	mg/L	0.02	18-Jul-02	2
Organic					

Report Date: Thursday, August 01, 2002

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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: A5 South before drilling **Taiga Sample ID: 221875**

Oil and Grease (Visible)	non-vis	10-Jul-02	2

Data Qualifier Descriptions:

2 Holding time exceeded upon receipt of sample

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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: A5 South-001 after drilling **Taiga Sample ID:** 221876

Client Project: Victoria I 9821 **Sample Type:** freshwater **Received Date:** 05-Jul-02

Location: I16-001-Victoria Island **Sampling Date:** 27-Jun-02

Report Status: Final *Approved by:*

Test Parameter	Result	Units	Detection Limit	Analysis Date	Data Qualifier
Physicals					
Colour	20		5	16-Jul-02	2
Conductivity, Specific	107	µS/cm	0.3	16-Jul-02	2
pH	7.51	pH units	0.05	16-Jul-02	2
Solids, Total Suspended	5	mg/L	3	15-Jul-02	2
Turbidity	1.2	NTU	0.1	16-Jul-02	2
Nutrients					
Ammonia as N	0.014	mg/L	0.005	11-Jul-02	2
Chemical Oxygen Demand	10	mg/L	1	09-Jul-02	2
Nitrate+Nitrite as N	< 0.008	mg/L	0.008	10-Jul-02	2
Phosphorous, Total	0.033	mg/L	0.004	09-Jul-02	2
Major Ions					
Calcium	11.9	mg/L	0.05	12-Jul-02	2
Hardness as CaCO3	57.7	mg/L	0.17	12-Jul-02	2
Magnesium	6.81	mg/L	0.02	12-Jul-02	2
Organic					

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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: A5 South-001 after drilling **Taiga Sample ID: 221876**

Oil and Grease (Visible)	non-vis	10-Jul-02	2

Data Qualifier Descriptions:

2 Holding time exceeded upon receipt of sample

Report Date: Thursday, August 01, 2002

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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: I16W before drilling **Taiga Sample ID: 221877**

Client Project: Victoria I 9821 **Sample Type:** freshwater **Received Date:** 05-Jul-02

Location: I16-001-Victoria Island **Sampling Date:** 14-Jun-02

Report Status: **Final** *Approved by:*

Test Parameter	Result	Units	Detection Limit	Analysis Date	Data Qualifier
Physicals					
Colour	10		5	16-Jul-02	2
Conductivity, Specific	45.1	µS/cm	0.3	16-Jul-02	2
pH	6.99	pH units	0.05	16-Jul-02	2
Solids, Total Suspended	3	mg/L	3	15-Jul-02	2
Turbidity	0.4	NTU	0.1	16-Jul-02	2
Nutrients					
Ammonia as N	0.005	mg/L	0.005	11-Jul-02	2
Chemical Oxygen Demand	10	mg/L	1	09-Jul-02	2
Nitrate+Nitrite as N	0.014	mg/L	0.008	10-Jul-02	2
Phosphorous, Total	0.013	mg/L	0.004	09-Jul-02	2
Major Ions					
Calcium	3.57	mg/L	0.05	12-Jul-02	2
Hardness as CaCO3	21.4	mg/L	0.17	12-Jul-02	2
Magnesium	3.04	mg/L	0.02	12-Jul-02	2
Organic					

Report Date: Thursday, August 01, 2002

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- CERTIFICATE OF ANALYSIS -

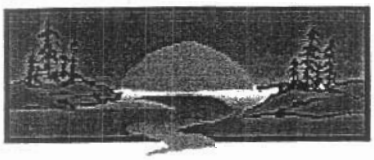
Prepared For: Commander Resources *Attn:*

Sample ID: I16W before drilling **Taiga Sample ID: 221877**

Oil and Grease (Visible)	non-vis	10-Jul-02	2

Data Qualifier Descriptions:

2 Holding time exceeded upon receipt of sample



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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: I16W-001 after drilling **Taiga Sample ID: 221873**

Client Project: Victoria I 9821 **Sample Type:** freshwater **Received Date:** 05-Jul-02

Location: I16-001-Victoria Island **Sampling Date:** 19-Jun-02

Report Status: **Final** *Approved by:*

Test Parameter	Result	Units	Detection Limit	Analysis Date	Data Qualifier
Physicals					
Colour	20		5	16-Jul-02	2
Conductivity, Specific	193	µS/cm	0.3	12-Jul-02	2
pH	8.16	pH units	0.05	12-Jul-02	2
Solids, Total Suspended	<3	mg/L	3	15-Jul-02	2
Turbidity	0.5	NTU	0.1	16-Jul-02	2
Nutrients					
Ammonia as N	0.029	mg/L	0.005	11-Jul-02	2
Chemical Oxygen Demand	15	mg/L	1	09-Jul-02	2
Nitrate+Nitrite as N	<0.008	mg/L	0.008	10-Jul-02	2
Phosphorous, Total	0.031	mg/L	0.004	09-Jul-02	2
Major Ions					
Calcium	20.0	mg/L	0.05	12-Jul-02	2
Hardness as CaCO3	90.4	mg/L	0.17	12-Jul-02	2
Magnesium	9.82	mg/L	0.02	12-Jul-02	2
Organic					

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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources **Attn:**

Sample ID: I16W-001 after drilling **Taiga Sample ID: 221873**

Oil and Grease (Visible)	non-vis	10-Jul-02	2

Data Qualifier Descriptions:

2 Holding time exceeded upon receipt of sample

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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: I16W-002 after drilling **Taiga Sample ID: 221874**

Client Project: Victoria I 9821 **Sample Type:** freshwater **Received Date:** 05-Jul-02

Location: I16-001-Victoria Island **Sampling Date:** 19-Jun-02

Report Status: **Final** *Approved by:*

Test Parameter	Result	Units	Detection Limit	Analysis Date	Data Qualifier
Physicals					
Colour	20		5	16-Jul-02	2
Conductivity, Specific	183	µS/cm	0.3	16-Jul-02	2
pH	7.44	pH units	0.05	16-Jul-02	2
Solids, Total Suspended	5	mg/L	3	15-Jul-02	2
Turbidity	0.3	NTU	0.1	16-Jul-02	2
Nutrients					
Ammonia as N	0.029	mg/L	0.005	11-Jul-02	2
Chemical Oxygen Demand	20	mg/L	1	09-Jul-02	2
Nitrate+Nitrite as N	<0.008	mg/L	0.008	10-Jul-02	2
Phosphorous, Total	0.009	mg/L	0.004	09-Jul-02	2
Major Ions					
Calcium	19.0	mg/L	0.05	12-Jul-02	2
Hardness as CaCO3	87.6	mg/L	0.17	12-Jul-02	2
Magnesium	9.73	mg/L	0.02	12-Jul-02	2
Organic					

Report Date: Thursday, August 01, 2002

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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: I16W-002 after drilling **Taiga Sample ID: 221874**

Oil and Grease (Visible)	non-vis	10-Jul-02	2

Data Qualifier Descriptions:

2 Holding time exceeded upon receipt of sample

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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: I16 before drilling **Taiga Sample ID: 221878**

Client Project: Victoria I 9821 **Sample Type:** freshwater **Received Date:** 05-Jul-02

Location: I16-001-Victoria Island **Sampling Date:** 07-Jun-02

Report Status: **Final** ***Approved by:***

Test Parameter	Result	Units	Detection Limit	Analysis Date	Data Qualifier
Physicals					
Colour	20		5	16-Jul-02	2
Conductivity, Specific	195	µS/cm	0.3	16-Jul-02	2
pH	7.79	pH units	0.05	16-Jul-02	2
Solids, Total Suspended	<3	mg/L	3	15-Jul-02	2
Turbidity	0.4	NTU	0.1	16-Jul-02	2
Nutrients					
Ammonia as N	0.061	mg/L	0.005	11-Jul-02	2
Chemical Oxygen Demand	10	mg/L	1	09-Jul-02	2
Nitrate+Nitrite as N	<0.008	mg/L	0.008	10-Jul-02	2
Phosphorous, Total	0.008	mg/L	0.004	09-Jul-02	2
Major Ions					
Calcium	17.6	mg/L	0.05	12-Jul-02	2
Hardness as CaCO3	101	mg/L	0.17	12-Jul-02	2
Magnesium	13.8	mg/L	0.02	12-Jul-02	2
Organic					

Report Date: Thursday, August 01, 2002

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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

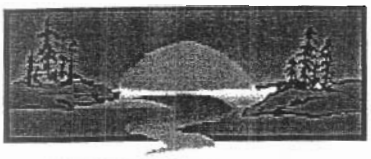
Sample ID: I16 before drilling **Taiga Sample ID: 221878**

Oil and Grease (Visible)	non-vis	10-Jul-02	2

Data Qualifier Descriptions:

2 Holding time exceeded upon receipt of sample

Report Date: Thursday, August 01, 2002



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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: I16-001 after drilling **Taiga Sample ID:** 221872

Client Project: Victoria I 9821 **Sample Type:** freshwater **Received Date:** 05-Jul-02

Location: I16-001-Victoria Island **Sampling Date:** 21-Jun-02

Report Status: **Final** *Approved by:*

Test Parameter	Result	Units	Detection Limit	Analysis Date	Data Qualifier
Physicals					
Colour	10		5	16-Jul-02	2
Conductivity, Specific	186	µS/cm	0.3	12-Jul-02	2
pH	7.20	pH units	0.05	12-Jul-02	2
Solids, Total Suspended	3	mg/L	3	15-Jul-02	2
Turbidity	1.2	NTU	0.1	16-Jul-02	2
Nutrients					
Ammonia as N	0.018	mg/L	0.005	11-Jul-02	2
Chemical Oxygen Demand	<1	mg/L	1	09-Jul-02	2
Nitrate+Nitrite as N	0.010	mg/L	0.008	10-Jul-02	2
Phosphorous, Total	0.012	mg/L	0.004	09-Jul-02	2
Major Ions					
Calcium	23.2	mg/L	0.05	12-Jul-02	2
Hardness as CaCO3	71.1	mg/L	0.17	12-Jul-02	2
Magnesium	3.20	mg/L	0.02	12-Jul-02	2
Organic					

Report Date: Thursday, August 01, 2002

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- CERTIFICATE OF ANALYSIS -

Prepared For: Commander Resources *Attn:*

Sample ID: I16-001 after drilling **Taiga Sample ID: 221872**

Oil and Grease (Visible)	non-vis	10-Jul-02	2

Data Qualifier Descriptions:

2 Holding time exceeded upon receipt of sample

409 Granville Street
Suite 1550
Vancouver, BC
Canada V6C 1T2
Tel: 604.685.5254
Fax: 604.685.2814

CMD - TSX Venture Exchange
www.commanderresources.com

COMMANDER
RESOURCES LTD.

July 4, 2002

Constantine Bodykevich
Water Resources Officer
Building 918
P.O. Box 100
Iqaluit, NV
X0A 0H0

Dear Mr. Bodykevich:

Please find below a detailed report outlining a small fuel spill that occurred on June 24, 2002 while conducting on-ice diamond drilling on our Victoria Island diamond program. As per our Water Licence No. NWB2TAH0103 we are to provide this report within 30 days of the incident. Please note that the NWT - 24 Hour Report Line was contacted within 24 hours of the actual spill. A copy of that report is also provided as an attachment.

At approximately 3:00 p.m. on June 24, 2002 +/- 9 litres of hydraulic oil (Telus 22 - Shell product) was spilled on lake ice at 543750E, 7792200N on NTS Mapsheet 77F/2 (see map attached). The spill occurred during the day shift of a diamond drilling program being conducted by Peak Exploration Inc. under contract to Commander Resources Ltd.

The spill occurred as a result of a ruptured O-ring in a pressurized hydraulic line attached to a Whipple pump used to transport drill returns/cuttings to a natural depression on shore. The 9 litres of oil is an estimate based on the fact that this quantity was required to refill the oil tank after the spill occurred.

At the time of the incident the spill was terminated immediately by shutting off the drill unit. The spill occurred on ice with melt water causing the hydraulic fluid to float on most of the affected area (approximately 12 square metres). After contacting the project manager in camp, the drill foreman utilized the boom socks to draw the oil into a central spot where absorbent pads were used to soak up the fluid. The boom socks and pads were used from a mandatory spill kit provided at all drill site locations.

Once the spill had been cleaned up the contaminated pads were placed in containment bags, flown to camp and incinerated.

No further assistance was or is required as the site has been thoroughly cleaned up and the drill moved to a different location. No obvious hazards are anticipated to the environment as the lake

was frozen to the bottom (i.e., no fish) and has no apparent drainage. Affect to people is considered negligible, as the camp is located 20 kms to the northeast and has its own source of water. The only other settlement in the area is Cambridge Bay, 150 kms to the southeast.

As the spill has been entirely cleaned up no other action is warranted. The Whipple pump has been checked and serviced and is currently operating with no additional failures.

Yours very truly

COMMANDER RESOURCES LTD.

D. Graham Gill, P. Geo
Project Manager

DGG:mm
Attachment

Spill Report: June 25, 2002

A: Report Date: June 25, 2002 12 noon

B: Spill occurred on June 24, 2002 at approximately 3 pm.

C: This is the original report

D: Spill occurred on ice of small lake (1.5 km x 0.5km) at coordinates 7792200N, 543750E, NTS 77F/2.

E: Day shift drilling crew, Peak Exploration Inc.

F: Hydrolic oil 'Tellus 22', Shell. </= 9 liters. This was the quantity required to refill the oil tank and assumes it was full prior to the spill.

G: O – ring rupture in pressurized hydraulic line on Whipple pump. Pump used to transport drill returns to natural depression on shore.

H: Yes, the spill was terminated immediately.

I: No the spill is not continuing.

J: No further spillage is not possible. The pump was repaired.

K: Approximately 12 square meters were contaminated.

L: The spill occurred on ice while drilling. Melt water on the ice caused the hydraulic oil to float on the majority of the affected area. This enabled the boom socks to draw the oil to a central spot where the absorbent pads were used.

M: There was no natural containment area such as a sump. The ice was relatively flat.

N: As in 'L'. The oil was absorbed manually using the socks and pads in the spill kit. The contaminated pads were then placed into the containment bags from the kit and flown to camp and incinerated.

O: No assistance is required. The site has been cleaned and the drill moved off the location.

P: There is no obvious hazards to the environment. The nearest settlement is Cambridge Bay (150 km SE). The camp location is 20 km NE and has an independent water source. The lake has no apparent drainage. No fish were present at the time of the spill due to the lake being frozen to the bottom. Ice depth approximately 1.5 meters in 10 holes tested.

Q: The spill was considered to be unforeseeable. The pump had no prior history of failure. The drilling operation was shut down immediately upon leakage preventing further contamination. Additional help was dispatched from camp to assist in absorbing the oil. The spill kit on site was utilized effectively.

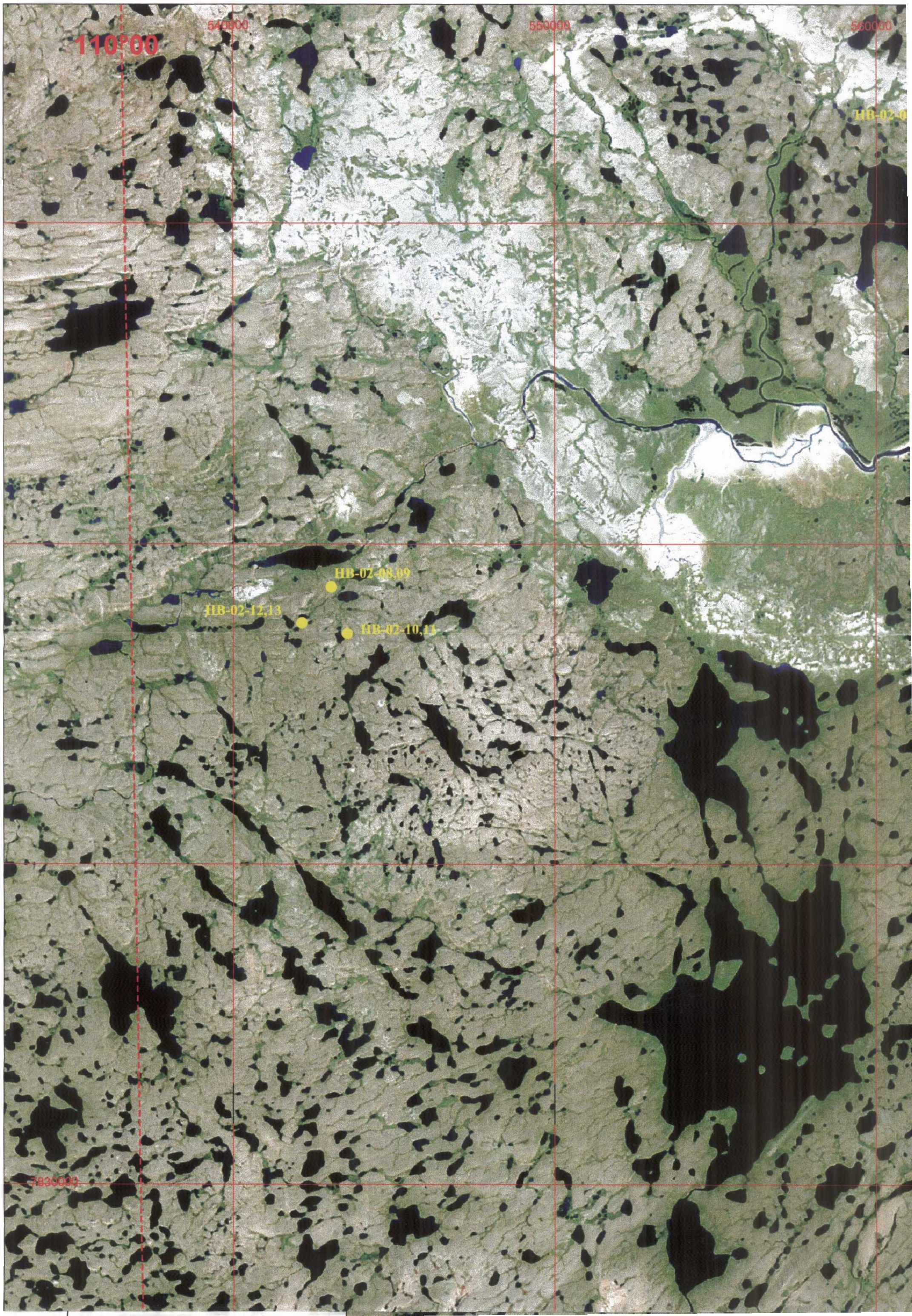
Reported by: Howard Harder, drill foreman, Peak Exploration Inc. at the drill.

Reported to: Dave Kelsch, project manager, Diamonds North Resources Ltd. at the camp.

Diamonds North Resources Ltd. – Victoria Island Camp ph. # 1-600-700-4624
Fax # 1-600-700-9023

Diamonds North Resources Ltd. – Vancouver Office ph. # 1-604-689-2010
Fax # 1-604-685-2814

Part ①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Part ②

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Nunavut

Part (3)

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ASSOUTH-001

I16-001

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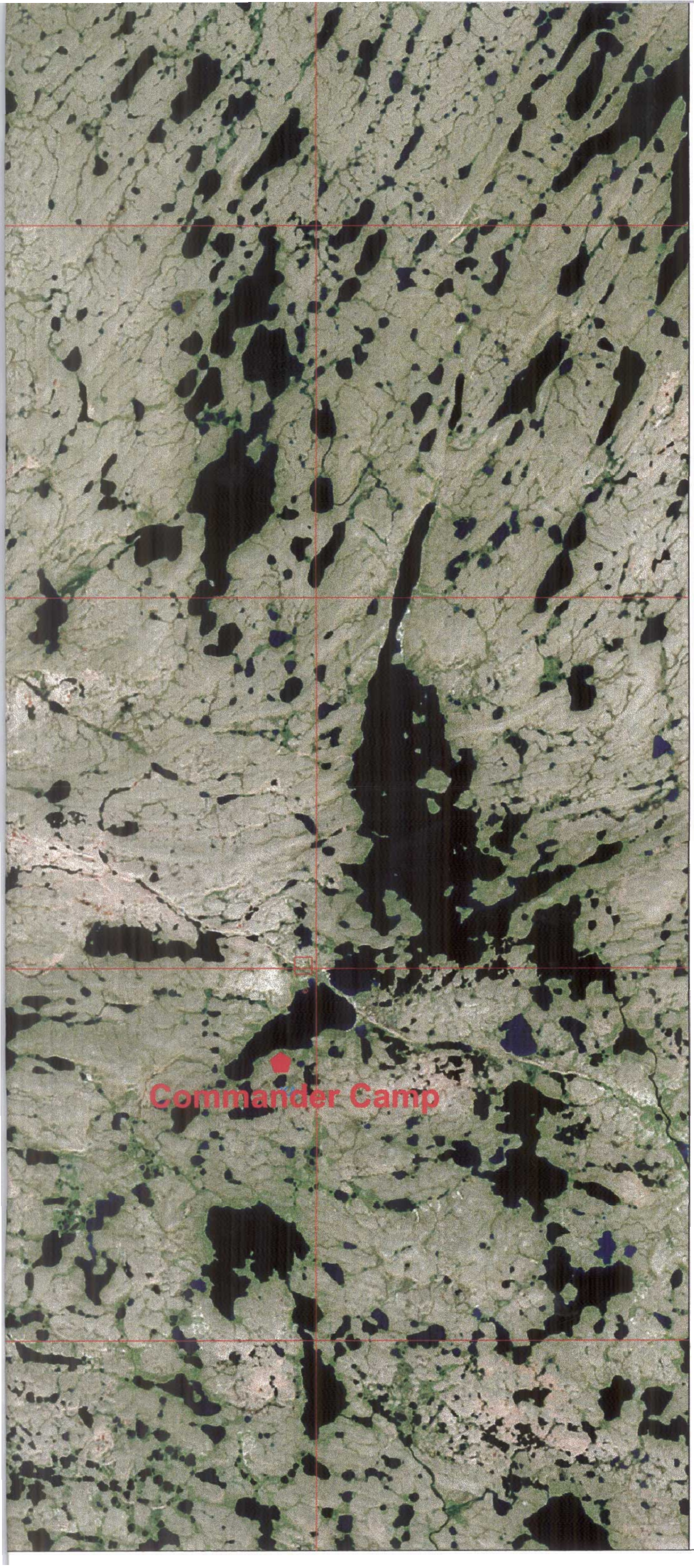

DRILL HOLE LOCATIONS

I16-001 ICE BASED

HB-02-01 LAND BASED (Yellow)

5 KM

DIAMONDS NORTH RESOURCES LTD.		
Victoria Island, Nunavut		
2002 Diamond Drill Hole Locations		
MAP 1		
March 26, 2003		UTM: NAD 83 zone 12
03-DDN-NU-water1.dwg	2002 Work Report	1 : 100,000

Part (4)