



January 26, 2004

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



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Dear Phyllis:

In compliance with PART B: GENERAL CONDITIONS of the NWB Licence No. NWB2TAH0103 issued to Diamonds North Resources, please find enclosed a summary report of water usage, discharge Contingency Plan revisions, reclamation and waste disposal for our 2003 exploration program.

Yours Truly,

DIAMONDS NORTH RESOURCES LTD.

D. Graham Gill, P. Geo
Exploration Manager

040126 NWB2TAH 2003 Annual Report - ILAE

**ANNUAL SUMMARY REPORT FOR 2003
AS PER PART B: GENERAL CONDITIONS
OF WATER LICENCE NO. NWB2TAH0103**

From May through October, 2003 Diamonds North Resources Ltd. conducted airborne and ground magnetic surveying, ground penetrating radar surveying, prospecting, sampling and diamond drilling on several of our mineral claims located on Victoria Island, Nunavut and Northwest Territories. In order to facilitate this work crew accommodations (for up to 20 people) were established from May 31st to September 20, 2003 at Tuktu Camp (70°48.5'N, 109°W).

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

Work	Line Kms	# of Holes	# of Metres	# Samples
Airborne Magnetics	15,014.9			
Ground Magnetics	389.5			
Drilling		28	2552.9	
Ground Radar	9.5			
Sampling				11(2384kgs)

Note that of the totals shown above the work in Nunavut comprised approximately 4725 line kilometers of airborne surveying, 219.75 kilometres of ground magnetic surveying, 20 drill holes, 9.5 kilometres of ground radar and all (11) test pit sampling. A total of 1373 mandays were spent at the Tuktu Camp over the duration of the field season.

PART B: GENERAL CONDITIONS

- i) Water for domestic use was drawn from the Tuktu River. 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 at 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 drill program consisted of 28 drill holes that were all land based with the drill rig (Hagby Hydracore 2000) never closer than 30 metres to the nearest water body. Calcium chloride salt was also added to the downhole drill water to reduce the freezing point. 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 and later to Cambridge Bay at the completion of the field season in September.

No artesian flow was encountered throughout the entire drill program.

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) No unauthorized discharges occurred during the 2003 field season.
- iii) No revisions have been made to the Fuel Spill Contingency Plan and none have been requested.
- iv) All equipment, garbage and empty drums were removed from each drill site immediately upon completion of each drill hole. Wooden structures at the camp location still exist as it is anticipated that additional work will take place in 2004. Progressive reclamation will be ongoing throughout the upcoming year.
- v) No other details on water use or waste disposal were requested by the Board by November 1, 2003.
- vi) Refer to the map attached for locations and proximity of drill sites to lakes and to the list below for all drill site locations listed in UTM Zone 12 NAD 83 coordinates.

DRILL HOLE	EASTING	NORTHING	TERRITORY
BI-03-01	538100	7827822	NUNAVUT
BI-03-02	538081	7822328	NUNAVUT
BI-03-03	537548	7822787	NUNAVUT
BI-03-04	540733	7820587	NUNAVUT
BI-03-05	540729	7820581	NUNAVUT
BI-03-06	542984	7819333	NUNAVUT
BI-03-07	543107	7819269	NUNAVUT
BI-03-08	543446	7819044	NUNAVUT
BI-03-09	543837	7818779	NUNAVUT
BI-03-10	544111	7818588	NUNAVUT
BI-03-11	544983	7817896	NUNAVUT
BI-03-12	544105	7818612	NUNAVUT
BI-03-13	531855	7826550	NORTHWEST
BI-03-14	531863	7826569	NORTHWEST
BI-03-15	530417	7827602	NORTHWEST
BI-03-16	531925	7826483	NORTHWEST
BI-03-17	531945	7826315	NORTHWEST
BI-03-18	542028	7819947	NUNAVUT
BI-03-19	542028	7819947	NUNAVUT

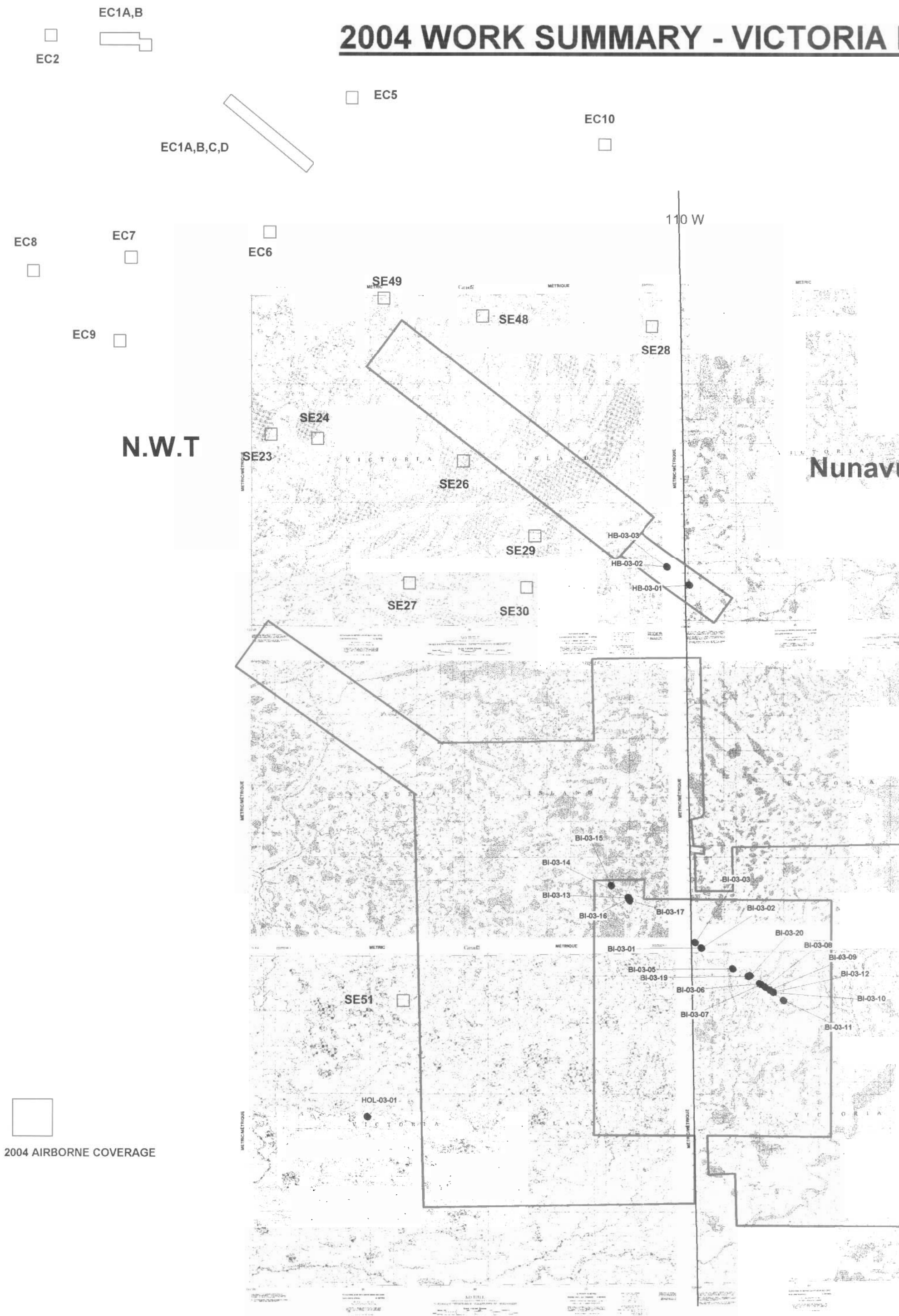
DRILL HOLE	EASTING	NORTHING	TERRITORY
BI-O3-20	542170	7820027	NUNAVUT
WL-03-01	569684	7805922	NUNAVUT
WL-03-02	569726	7805985	NUNAVUT
WL-03-03	577250	7797750	NUNAVUT
WL-03-04	569958	7802691	NUNAVUT
HOL-03-01	509775	7808000	NORTHWEST
HB-03-01	537093	7852995	NUNAVUT
HB-03-02	535201	7854547	NORTHWEST
HB-03-03	535202	7854516	NORTHWEST

D. G. Gill, P.Geo.



Exploration Manager,
DIAMONDS NORTH RESOURCES LTD.

2004 WORK SUMMARY - VICTORIA



04 WORK SUMMARY - VICTORIA ISLAND

EC5

EC10

