



December 1, 2004

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

Dear Phyllis:

In compliance with PART B: GENERAL CONDITIONS of the NWB Licence No. NWB2TAH0406 issued to Diamonds North Resources, please find enclosed a summary report of water usage, discharge Contingency Plan revisions, reclamation and waste disposal for our 2004 exploration program. Please also note that our new address is 510-510 Burrard Street. Vancouver, B.C.. V6C 3A8.

Yours Truly,

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

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**ANNUAL SUMMARY REPORT FOR 2004
AS PER PART B: GENERAL CONDITIONS
OF WATER LICENCE NO. NWB2TAH0406**

From May through September, 2004 Diamonds North Resources Ltd. conducted airborne and ground magnetic surveying, prospecting, till 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 12th to September 24th, 2004 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	9085.8			
Ground Magnetics	605.6			
Drilling		12	1228.43	895 kgs
Till Sampling				255 (6375 kgs)
Hand Trenching				1 (225 kgs)

Note that of the totals shown above the work in Nunavut comprised approximately 8273.8 line kilometers of airborne surveying, 308 kilometres of ground magnetic surveying, 7 drill holes, 144 till samples and all (1) test pit sampling. A total of 1248 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 12 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 45 litres of water per minute was used while the drill was operating. This equates to approximately 65 cubic metres for a 24 hour period assuming the drill was running the entire time.

- ii) No unauthorized discharges occurred during the 2004 field season.
- iii) One revision was made to the Fuel Spill Contingency Plan which included the addition of the Environment Canada office contact number in Iqaluit.
- iv) All equipment, garbage and empty drums were removed from each drill site immediately upon completion of each drill hole. All drill sumps were back-filled and recontoured. Wooden structures at the camp location still exist as it is anticipated that additional work will take place in 2005. 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, 2004.
- 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-04-01	545015	7817852	NUNAVUT
BI-04-02	545022	7817893	NUNAVUT
BI-04-03	530413	7827597	NORTHWEST
BI-04-04	525511	7832218	NORTHWEST
BI-04-05	534627	7854909	NORTHWEST
BI-04-06	534635	7854917	NORTHWEST
BI-04-07	539627	7851659	NUNAVUT
BI-04-08	536100	7853810	NORTHWEST
BI-04-09	542176	7847521	NUNAVUT
BI-04-10	542175	7847519	NUNAVUT
BI-04-11	542175	7847519	NUNAVUT
BI-04-12	542162	7847550	NUNAVUT

Respectfully submitted by,
D. G. Gill, P.Geo.

Exploration Manager,
DIAMONDS NORTH RESOURCES LTD.