



P.O. Box 119
GJOA HAVEN, NU X0B 1J0
TEL: (867) 360-6338
FAX: (867) 360-6369

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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI

NWB File No: NWB2TAH0406/B1

October 21, 2005

Diamonds North Resources Ltd.
1550-409 Granville St.
Vancouver, BC V6C 1T2
Email: ggill@diamondsnorthresources.com

Re: Acknowledgement Annual Report 2004

Dear Mr. Gill:

The Nunavut Water Board (NWB) acknowledges receipt on February 22, 2005 of your 2004 Annual Report as required by Part B, Item 1 of your current water licence. The Board has reviewed your report and requests clarification in accordance with Part B, Item v, as follows to be reported in the 2005 Annual report due no later than March 31, 2006:

1. Item iii): Addendum which addresses Part F, Item ii) and iii) have not been included; The Abandonment and Restoration Plan as required by Part G, Item 1 has not been provided;
2. Item iv): GPS Coordinates for Water Sources and Waste Disposal sites (i.e., drill sump sites) has not been provided;
3. In January 2004 the NWB adopted the *Northwest Territories Waters Regulations* and as such water use fees are required for all users. The Board notes that no such fees have been provided. Water use fees are required annually in advance, on the anniversary of the issuance of the licence. Refer to the *Regulations* for additional clarification.

The Board would also like to remind Diamonds North Resources Ltd. ("DNRL") that the current licence is due to expire on March 31, 2006 and should the Licensee plan on future work at the site an application for licence renewal should be provided at least 4 months prior to the expiry date. If DNRL plans to apply for licence renewal the above issues may be dealt with through the renewal application and review process.

Please use the new *Standard Report Form* for Type "B" licenses, which will be available as of November 1, 2005 on the NWB ftp site at the following address under the folder entitled Standardized Forms.

<ftp://ftp.nunavut.ca/nwb/NWB%20Administration/NWB%20GENERAL%20INFORMATION/>

Please call the undersigned at (867) 360-6338 or email at licensing@nwb.nunavut.ca if you have any questions.

Sincerely,

Original signed by:

Phyllis Beaulieu
Manager of Licensing

pb/df

cc. Distribution List - Kitikmeot