



GWICH'IN LAND AND WATER BOARD

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Land Use Permit

Permit Number: G 07 C 003

Permit Class: A

Subject to the Mackenzie Valley Resource Management Act, the Mackenzie Valley Land Use Regulations and the Conditions Annexed To and Forming Part of this Land Use Permit, the Gwich'in Land and Water Board (hereinafter referred to as the Board) hereby grants authority to:

**Diamondex Resources Ltd.
Box 11584, 1410 – 650 West Georgia Street
Vancouver BC V6B 4N8**

(hereinafter referred to as the Permittee)

To proceed with the land use operation described in the application of:

Applicant: Janet Stritychuk
Date Application Received: Thursday, February 15, 2007
Date Application Accepted: Friday, February 16, 2007
Type of Land Use Operation: Mining Exploration – the applicant proposes to conduct ground geophysical surveys and to drill twenty (20) holes at four (4) sites.
Location: Approximately seventy (70) kilometres southeast of Inuvik between Caribou and Hill Lake.
Date Application Valid: Friday, March 16, 2007
Date Application Expires: Friday, March 16, 2012

It is a condition of this Land Use Permit that the Permittee comply with the Conditions Annexed To and Forming Part of this Land Use Permit, and with any and all other applicable Acts, Regulations, Ordinances, By-Laws or Orders. Default thereof may result in the suspension or cancellation of this Land Use Permit.

This Land Use Permit may be Amended, Renewed, Suspended or Cancelled pursuant to the Mackenzie Valley Land Use Regulations.

Signed and Issued in Inuvik in the Northwest Territories this 16th day of March, 2007.

Willard Hagen
Chair
Gwich'in Land and Water Board

CONDITIONS ANNEXED TO AND FORMING PART OF LAND USE PERMIT: G07C003

PART A: SCOPE OF LAND USE PERMIT

1. This Land Use Permit entitles **Diamondex Resources Ltd.** to conduct the following activities:
Conduct ground geophysical surveys and drill twenty (20) holes at four (4) sites located approximately seventy (70) kilometres southeast of Inuvik between Caribou and Hill Lake.
2. This Land Use Permit is issued subject to the conditions contained herein with respect to the use of land for the activities and area identified in Part A, Item 1 of this Land Use Permit.
3. Compliance with the terms and conditions of this Land Use Permit does not absolve the Permittee from responsibility for compliance with the requirements of all applicable Federal, Territorial and Municipal legislation.

PART B: DEFINITIONS

"Act" means the Mackenzie Valley Resource Management Act.

"Artesian Aquifer" means a water-bearing stratum, which when encountered during drilling operations, produces a pressurized flow of groundwater that reaches an elevation above the ground surface.

"Board" means the Gwich'in Land and Water Board established under Part 3 of the Mackenzie Valley Resource Management Act.

"Dogleg" means clearing a line, trail or right-of-way that is curved sufficiently so that no part of the clearing beyond the curve is visible when approached from either direction.

"Drill Waste" means all materials or chemicals, solid or liquid, associated with the drilling of boreholes and includes borehole cuttings.

"Land Use Inspector" means an Inspector designated by the Minister under the Mackenzie Valley Resource Management Act.

"Oil Based Drilling Muds" means drilling fluids, which use naturally occurring solutions or refined hydrocarbons as a carrier fluid.

"Sewage" means all toilet wastes and grey water.

"Sewage Disposal Facilities" means sump(s) and/or sewage collection tank(s) designed to hold sewage.

"Sump" means a man-made pit, trench hollow or cavity in the earth's surface used for the purpose of depositing waste material therein.

PART C; CONDITIONS OF PERMIT

26 (1) (A) THE LOCATION AND AREA OF LANDS THAT MAY BE USED IN THIS LAND-USE OPERATION

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| 1. | The Permittee shall not conduct this land use operation on any lands not designated in the accepted application, unless otherwise authorized in writing by the Board. | PLANS |
| 2. | The Permittee shall not conduct any part of this land use operation within three hundred (300) metres of any privately owned land or structure, unless otherwise authorized in writing by a Land Use Inspector. | PRIVATE PROPERTY |
| 3. | The Permittee shall remove from all lands all scrap metal, discarded machinery and parts, barrels and kegs, buildings and building materials. | REMOVE WASTE MATERIAL |
| 4. | The Permittee shall not construct an adit or drill site within one hundred (100) metres of the normal high water mark of a water body, unless otherwise authorized in writing by a Land Use Inspector. | LOCATION OF ADITS AND DRILLSITES |
| 5. | The Permittee shall, when drilling within one hundred (100) metres of the normal high water mark of a water body, employ a recirculating drill and ensure that cuttings do not enter any water body. | LOCATION OF DRILLSITES |

26 (1) (B) THE TIMES AT WHICH ANY PORTION OF THIS LAND-USE OPERATION MAY BE CARRIED ON

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| 6. | The Permittee's Field Supervisor shall contact or meet with a Land Use Inspector at the Inuvik office of the Department of Indian Affairs and Northern Development, – (867) 777-3361 – and the Gwich'in Land and Water Board, – (867) 777-7960 – at least forty-eight (48) hours prior to the commencement of this land use operation. | CONTACT INSPECTOR AND BOARD |
| 7. | The Permittee shall provide, in writing, to a Land Use Inspector and the Board, at least forty-eight (48) hours prior to commencement of this land use operation, the following information:
(a) person, or persons, in charge of the field operation to whom notices, orders, and reports may be served;
(b) alternates; and
(c) all methods for contacting the above person(s). | IDENTIFY AGENT |
| 8. | The Permittee shall advise a Land Use Inspector and the Board at least ten (10) days prior to the completion of this land use operation of:
(a) the plan for removal or storage of equipment and materials; and
(b) when final clean-up and restoration of the land used will be completed. | REPORTS BEFORE REMOVAL |
| 9. | The Permittee shall submit a progress report to a Land Use Inspector and the Board every seven (07) days during the course of this land use operation. | PROGRESS |
| 10. | The Permittee shall commence and foster revegetation on all parts of the land used, as may be directed by a Land Use Inspector, within one (1) year of the completion of this land use operation. | RE-ESTABLISH VEGETATION |
| 11. | The Permittee shall complete all clean-up and restoration of the lands used prior to the expiration date of this Land Use Permit. | CLEAN-UP |

12. The Land Use Inspector and/or the Board reserve the right to impose closure of any area to the Permittee in periods when dangers to natural resources are severe. **CLOSURE**

26 (1) (C) THE TYPE AND SIZE OF EQUIPMENT THAT MAY BE USED IN THIS LAND-USE OPERATION

13. The Permittee shall not use any equipment except of the type, size, and number that is listed in the accepted application, unless otherwise authorized in writing by a Land Use Inspector. **ONLY APPROVED EQUIPMENT**

14. The Permittee shall keep all garbage and debris in a covered metal container on site until disposed of. **GARBAGE CONTAINER**

15. The Permittee shall ensure a garbage container is on site. **GARBAGE CONTAINER**

26 (1) (D) METHODS AND TECHNIQUES TO BE EMPLOYED BY THE PERMITTEE IN CARRYING OUT THIS LAND-USE OPERATION

16. The Permittee shall plug all boreholes as this land use operation progresses. **PLUG HOLES**

17. The Permittee shall refill and restore borehole craters as this land use operation progresses. **REFILL CRATERS**

18. The Permittee shall remove or cut off and seal all drill casings at ground level immediately upon completion of drilling. **REMOVAL AND SEALING OF DRILL CASINGS**

26 (1) (E) THE TYPE, LOCATION, CAPACITY AND OPERATION OF ALL FACILITIES TO BE USED BY THE PERMITTEE IN THIS LAND-USE OPERATION

19. The Permittee shall adhere to all mitigation measures in the accepted application. **MITIGATION MEASURES**

20. The Permittee shall ensure that the land use area is kept clean at all times. **CLEAN WORK AREA**

26 (1) (F) METHODS TO BE USED TO CONTROL OR PREVENT PONDING OF WATER, FLOODING, EROSION, SLIDES AND THE SUBSIDENCE OF LAND

21. The Permittee shall, where flowing water from bore holes (artesian aquifer) is encountered, plug the bore hole in such a manner as to permanently prevent any further outflow of water, and report the occurrence to a Land Use Inspector within forty-eight (48) hours. **PLUG ARTESIAN WELLS**

22. The Permittee shall ensure that this land use operation does not cause obstruction to any natural drainage. **NATURAL DRAINAGE**

23. The Permittee shall apply grass seed and fertilizer to areas designated in writing by a Land Use Inspector. **REPLANT DESIGNATED AREAS**

26 (1) (G) THE USE, STORAGE, HANDLING AND ULTIMATE DISPOSAL

OF ANY CHEMICAL OR TOXIC MATERIAL TO BE USED IN THIS LAND-USE OPERATION

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| 24. | The Permittee shall not use chemicals in connection with this land use operation without the prior approval of a Land Use Inspector. | APPROVAL OF CHEMICALS |
| 25. | The Permittee shall not allow any drill waste to spread to the surrounding lands. | DRILL WASTE CONTAINMENT |
| 26. | The Permittee shall remove all garbage and debris from the land use area as specified in the accepted application, or as authorized in writing by a Land Use Inspector. | REMOVE GARBAGE |
| 27. | The Permittee shall immediately report all spills to the 24 hour Spill Report Line (867) 920-8130 in accordance with instructions contained in the NWT SPILL REPORT form NWT 1752/0202. | REPORT CHEMICAL AND PETROLEUM SPILLS |
| 28. | The Permittee shall dispose of all sewage and grey water as proposed in the accepted application, or in a manner approved by a Land Use Inspector. | SEWAGE DISPOSAL |

26 (1) (H) PROTECTION OF WILDLIFE AND FISH HABITAT

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| 29. | The Permittee shall not unnecessarily damage wildlife habitat in conducting this land use operation. | HABITAT DAMAGE |
| 30. | The Permittee shall not feed or harass wildlife. | NO FEEDING OR HARRASSING WILDLIFE |
| 31. | The Permittee shall not obstruct the movement of fish while conducting this land use operation. | FREE FISH MOVEMENT |
| 32. | The Permittee shall not destroy or damage beaver dams. | BEAVER DAMS |
| 33. | The Permittee shall not destroy or damage beaver lodges | BEAVER LODGES |
| 34. | The Permittee shall not destroy or damage muskrat lodges. | MUSKRAT LODGES |
| 35. | The Permittee shall use food handling and garbage disposal procedures that do not attract bears. Information about the latest bear detection and deterrent techniques can be obtained from Environment and Natural Resources in Inuvik at (867) 777-7308. | BEAR/MAN CONFLICT |
| 36. | If migratory birds or their nesting areas, or any species at risk are encountered during the course of this land use operation, the Permittee will minimize all activity so as to not disturb these animals. | MINIMIZE ACTIVITY |
| 37. | The Permittee shall cease operations when caribou are in the immediate vicinity of any area where this land use operation is being conducted. | CARIBOU HARRASSMENT |
| 38. | The Permittee shall not, during the migration of caribou, locate any operation so as to block or cause substantial diversion of the migration, and shall cease any activity that may interfere with the migration, such as airborne surveys, or movement of equipment, until such time as the major migration has been | CARIBOU MIGRATION |

completed.

26 (1) (I) THE STORAGE, HANDLING AND DISPOSAL OF REFUSE OR SEWAGE

26 (1) (J) PROTECTION OF HISTORICAL AND ARCHAEOLOGICAL SITES AND BURIAL GROUNDS

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| <p>39. The Permittee shall not knowingly operate any vehicle within thirty (30) metres of a known or suspected historical or archaeological site or burial ground site.</p> | <p>OPERATE
VEHICLE</p> |
| <p>40. The Permittee shall not knowingly remove, disturb, or displace any known or suspected historical or archaeological site or specimen or burial ground.</p> | <p>DISTURBANCE OF
SITE</p> |
| <p>41. The Permittee shall immediately cease any activity which disturbs an historical or archaeological site or specimen or burial ground, and shall contact the Gwich'in Land and Water Board at (867) 777-7960, or the Prince of Wales Northern Heritage Centre at (867) 920-6182, and shall not continue without written authorization from the Board.</p> | <p>CONTACTS</p> |

26 (1) (K) PROTECTION OF OBJECTS AND PLACES OF RECREATIONAL, SCENIC OR ECOLOGICAL VALUE

This section intentionally left blank.

26 (1) (L) POSTING OF SECURITY IN ACCORDANCE WITH SECTION 32

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| <p>42. The Permittee shall deposit with the Minister a security deposit in the amount of \$0.00 pursuant to Section 32 of the Mackenzie Valley Land Use Regulations.</p> | <p>SECURITY
DEPOSIT</p> |
| <p>43. The Permittee shall be liable for any cost of damages over and above the amount of the security deposit.</p> | <p>LIABILITY FOR
DAMAGES</p> |
| <p>44. The Permittee shall be responsible for all costs to remediate the land used in this Land Use Permit.</p> | <p>RESPONSIBILITY
FOR
REMEDATION
COSTS</p> |

26 (1) (M) THE ESTABLISHMENT OF PETROLEUM FUEL STORAGE FACILITIES

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| <p>45. The Permittee shall not place any fuel storage containers within thirty (30) metres of the normal high water mark of any water body, unless otherwise authorized in writing by a Land Use Inspector.</p> | <p>FUEL BY STREAM</p> |
| <p>46. The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies.</p> | <p>FUEL
CONTAINMENT</p> |

47. The Permittee shall ensure that adequate contingency plans and spill kits are in place, prior to commencement of this land use operation, to respond to any potential spills. **SPILL RESPONSE**

26 (1) (N) METHODS AND TECHNIQUES FOR DEBRIS AND BRUSH DISPOSAL

48. The Permittee shall progressively complete disposal of all debris and brush. **PROGRESSIVE DISPOSAL**
49. The Permittee shall spread all cut debris and brush over the areas cleared, prior to completion of this land use operation or the expiration date of this Land Use Permit. **SPREAD BRUSH**
50. The Permittee shall not clear any trees. **NO CLEARING**

26 (1) (O) RESTORATION OF LANDS

51. The Permittee shall save the organic soil stripped from the excavation area and place the organic soil over the disturbed area prior to the completion of this land use operation or the expiration date of this Land Use Permit. **SAVE AND PLACE ORGANIC SOIL**

26 (1) (P) THE DISPLAY OF PERMITS AND PERMIT NUMBERS

52. The Permittee shall, at all times during the course of this land use operation, keep on hand a copy of this Land Use Permit. **COPY OF PERMIT**

26 (1) (Q) ANY OTHER MATTERS NOT INCONSISTENT WITH THE REGULATIONS, FOR THE PROTECTION OF THE BIOLOGICAL OR PHYSICAL CHARACTERISTICS OF THE LANDS

53. The Permittee shall ensure that all persons working under the authority of this Land Use Permit are aware of and will adhere to the conditions as stated herein. **NOTIFICATION TO ALL EMPLOYEES/ CONTRACTORS**
54. The Permittee shall restore any trails used by trappers or hunters along access routes by slashing any and all trees that may fall across these paths or trails and by removing any other obstructions such as snow piles or debris that may be pushed across the trails. **TRAILS RESTORATION**
55. The Permittee shall utilize avoidance cutting techniques to the greatest extent possible. **AVOIDANCE CUTTING**