

**Technical Report
on the
2003-2006 Geochemical and Geophysical
Exploration Program**

**Amaruk Property
Pelly Bay Region, Nunavut, Canada**

Latitude 68° 20' N, Longitude 91° 0' W
NTS 56N, 56O, 56P, 57A, 57B, 57D, 47B

for
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June 30, 2007

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1. Summary (needs to be updated)

This National Instrument 43-101 technical report has been written at the request of Mark Kolebaba, president of Diamonds North Resources Ltd. ("Diamonds North"), as a summary of exploration activities and results of the 2003 - 2006 exploration program on the Amaruk property in the Pelly Bay region of Nunavut.

At the end of the 2006 calendar year the Amaruk property comprised 28 prospecting permits (Table 1) totalling 1,147,789.10 acres (464,494.5 hectares) and 347 claims totalling 892,372.7 acres (361,131 hectares). The total project area is 2,040,161.8 acres (825,625.5 hectares) covering portions of mapsheets NTS 56 O and P; 57 A. The claims and permits have not been legally surveyed.

In the previous 43-101 report all claims and permits with Diamonds North's Pelly Bay region were included. During 2006 joint ventures were made with several diamond exploration companies on selected areas. These areas have become the Ualliq, Sakari and Siku Projects and are not included in this 43-101 report.

The Amaruk property is located in central Nunavut within the southern Boothia Peninsula region of the Canadian Arctic. The property is centred at approximately 68° 20' north latitude and 91° 0' west longitude. The predominantly Inuit community of Kugaaruk (formerly Pelly Bay) is located within the property boundaries.

The Amaruk property is located within the Archean Rae Domain, within the western Churchill Province. Recent kimberlite discoveries within the Rae Domain have resulted in increased diamond exploration activity in the region.

Diamonds North first staked the core area of the Amaruk property in late 2003 after positive results were obtained in regional sampling during the summer of 2003. A staking and permitting rush in 2004 resulted in Diamonds North and BHP Billiton Diamonds Incorporated ("BHP Billiton") merging their respective claims and permits and a 50:50 joint venture being created with BHP Billiton as operator. BHP Billiton dropped its option as of February 2, 2006 and the property is now 100% owned by Diamonds North. Under the terms of the joint venture agreement, BHP Billiton retains a 2% gross overriding royalty on diamonds and a 2% net smelter royalty on all other minerals.

During 2004, till sampling and airborne geophysical surveys were conducted to delineate kimberlite exploration targets. In addition, prospecting traverses were carried out to evaluate kimberlite indicator mineral trains identified from preliminary processing of samples. Kimberlite in the form of boulders and coarse fragments was discovered in three areas of the property during a short site visit by Diamonds North personnel. On December 6, 2004 Diamonds North and BHP Billiton jointly announced the discovery of diamondiferous kimberlite float on the Amaruk property.

Further exploration in 2005 concentrated on improving the definition of targets identified during 2004. Expenditures during the 2005 Amaruk exploration program totalled approximately \$3.2

million. In addition to 12,155 line-kilometres of helicopter-borne magnetic and electromagnetic surveying, more than 2,300 infill till samples were collected on the property. Till sampling identified kimberlite indicator mineral dispersion trains in eight areas within the property. Additional prospecting resulted in the discovery of the Umingmak kimberlite and more than 15 discrete kimberlite float occurrences on the Amaruk property.

The Umingmak kimberlite is exposed in three outcrop showings within an overburden-covered area. It is described as olivine-rich macrocrystic kimberlite with mantle-derived minerals and nodules. Two samples totalling approximately 600 kg were collected from the surface exposure of the kimberlite and submitted for microdiamond analysis.

The 362.69 kg (U-SW) and 239.08 kg (U-NE) samples yielded 106 and 61 diamonds respectively. Of the combined total of 167 diamonds recovered from the two Umingmak samples, seven stones are classified as macrodiamonds based on at least one dimensional measurement greater than 0.5 mm.

Microdiamonds from the Umingmak kimberlite were submitted to Mineral Services Canada Inc., an independent consultant, for a complete description of the physical characteristics of the diamonds. On May 9, 2006 Diamonds North reported characteristics of microdiamonds from the Umingmak kimberlite. A high percentage of the microdiamonds are white or colorless, in favourable crystal forms and of high clarity.

Based on airborne magnetic surveying and geochemical sampling, the Umingmak kimberlite may be at least 275 m by 120 m in size (more than 3 hectares). Variations in the magnetic signature support the possibility of multiple phases of kimberlite. Geophysical surveys of the Umingmak kimberlite provide a geophysical signature for in situ kimberlite on the property.

The results of the 2005 Amaruk exploration program proved that diamondiferous kimberlite is present on the Amaruk property. The widespread occurrence of kimberlite indicator minerals in till samples establishes that there is potential for numerous kimberlite bodies on the property. The discovery of multiple kimberlite float occurrences, spanning 62 kilometres, demonstrates that the property potentially contains a sizable kimberlite field with numerous kimberlite intrusions. Microdiamond results from limited sampling of Umingmak and kimberlite float occurrences indicate the potential presence of larger stones.

In 2006, reverse circulation (RC) percussion drilling discovered four new kimberlites (Qavvik, Beluga, Walrus and Char) and tested the Umingmak kimberlite discovered in outcrop in 2005.

The Qavvik kimberlite is represented by a 240 x 180 metre magnetic anomaly. The physical and lithological characteristics of the Qavvik kimberlite are very different from the Umingmak kimberlite and kimberlite found at the surface on the property (float). Qavvik is a soft, coarse-grained olivine macrocrystic kimberlite with visually identified pyrope garnets and possible upper diatreme textures. Approximately 460 kilograms (estimated field weight) of the Qavvik kimberlite from two vertical reverse circulation (RC) drill holes have been collected for microdiamond analysis. The Qavvik kimberlite is covered by approximately 30 metres of overburden sediments.