Looking for quality diamonds in Nunavut

Junior exploration company gathers bulk sample in bid to advance project

photos courtesy of Diamonds North Resources Inc.

***Drillers with Diamonds North Resources** operate a drill at Amaruk, located 40 km south of Kugaaruk.*

***Johnny Qilluniq, top, and Kevin Mablik,** bottom, hammer a tarp on top of a cabin at the Amaruk site.*

by Guy Quenneville
Northern News Services
Kugaaruk/Pelly Bay

Junior exploration company Diamonds North Resources spent approximately $1.5 million on drilling at its Amaruk diamond project near Kugaaruk this year – about on par with what it spent last year.

Compared to two years ago, however, it is a significant decrease.

Weeks before the September 2008 market collapse sent junior exploration companies into hiding, Diamonds North Resources spent more than $10 million looking for diamonds at Amaruk. So far, 29 kimberlites have been found, and 90 per cent of them contain diamonds.

The number of Nunavummiut who found work at the project this year was also down, with four to six people from Kugaaruk and Repulse Bay working amidst a total workforce of 17 – and many residents submitting their resumes, according to Mark Kolebaba, president and CEO of Diamonds North.

"They're helping with the exploration side of things and management of the camp," said Kolebaba of those employed. "We've got guys who've been working here for a number of years."

In addition to purchasing supplies from the Koomiut Co-op in Kugaaruk, Diamonds North often asks the hamlet to recruit workers to help off-load supply planes landing in the community.

But overall, as is typical with early exploration projects like Amaruk, the amount of available work is small. Residents might wonder: what will it take to drive activity back to the levels seen in 2008?

Kolebaba has an answer: Beluga 3.

Referring to the most promising deposit discovered at Amaruk thus far, Kolebaba said, "If we come up with coarse diamonds (there), we're going to be going big again."

> ***"...that could be a real price driver..."***

Prior work at Amaruk suggests Beluga 3 contains larger, commercially viable diamonds, whereas most of the kimberlites discovered so far on-site are not big enough to bother with.

To confirm Beluga 3's promise, the company extracted a 25-tonne bulk sample for analysis this summer. The results were not available as of press time, but according to Kolebaba, "If that has real commercial stones, that could be a real price driver for the company."

Besides that, promising gold showings could also spur more activity at Amaruk, added Kolebaba.

"Our overall focus is still diamonds, but we are looking at these other commodities because we've got them," he said.

Diamonds North isn't the only company exploring at the Amaruk site. In March, the company formed a joint-venture with MMG Resources Inc.; another player in the Nunavut exploration industry, developing the Izok Lake zinc-copper-lead-silver project at the opposite end of the Kitikmeot region, approximately 245 km from Kugluktuk.

The agreement allows MMG to stage its own nickel exploration program at the Amaruk site; the company spent $2.2 million in its first year.

Canute Krejunark, former mayor of Kugaaruk, said that while the community remains concerned about possible environmental contamination resulting from exploration or mining work, it is nevertheless glad to see some of its residents receive employment, temporary as it is.

"We don't have a lot of jobs here, especially for the young people," he said.

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