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File: **MV2005C0032**

February 4th, 2015.

The De Beers Group of Companies
300-5120 49th Street
Yellowknife, NT X1A 1P8.

Attention: Veronica Chisholm,
Permitting Manager,
Gahcho Kué Project

Re: Land Use Inspection Report, Land Use Permit MV2005C0032

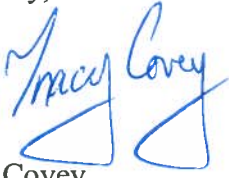
Dear Ms. Chisholm:

An Inspection of the Gahcho Kué Project was conducted on February 2nd, 2015, by Tracy Covey (Resource Management Officer). Veronica Chisholm and Rob Mellow (GK Site Environment & Permitting Coordinator) were also present for the Inspection. The Inspection Report and photographs illustrating Land Use Permit conditions & practices observed during the Inspection can be found in the pages which follow this cover letter. The report outlines the areas that were inspected, comments and concerns which were noted, as well as any issues or items which need to be addressed. All aforementioned items were discussed during the course of the inspection.

No *significant* environmental risks were identified at the time of the Inspection.

If you have any questions or concerns about this report, please do not hesitate to contact me at (867) 765-6651 or Tracy_Covey@gov.nt.ca.

Sincerely,



Tracy Covey
Inspector (Resource Management Officer III),
North Slave Region, GNWT (Lands)

Marty Sanderson (GNWT)
Angela Love (MVLWB)

ENVIRONMENTAL (“LUP”) INSPECTION REPORT

Permittee: <i>Gahcho Kué Project – De Beers Canada Inc.</i>	Inspection Date: <i>February 2nd, 2015.</i>
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	Permit Expiry Date	Last Previous Inspection
Land Use Permit No.: <i>MV2005C0032</i>	August 10 th , 2019	January 5 th , 2015
Quarrying Permit No.: <i>In application process.</i>		
Contractor: <i>Hatch, J.D.S.</i>	Subcontractor: <i>N/A</i>	

Location(s) Inspected:	Site Roads, Laydowns, Pads; Fuel Storage [existing bulk tank farm, and new bulk tank farm (18 M L tank farm + 500,000 L tank farm)]; Airstrip; Dyke A.
Current Stage Under Inspection:	<i>Construction of infrastructure for the development of the Gahcho Kué diamond mine. Initial stages to drawdown Kennady Lake water level (Area 3 to Lake N-11).</i>

Program Modifications Approved:	<i>None that are not previously described.</i>
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Inspection Criteria: **A** – (Acceptable) **U** – Unacceptable **“N/I”** – (Not Inspected) **N/A** – Not Applicable

		Aspect Inspected		
	Operating Condition	Construction	Fuel St.	Comments, Concerns (or non- compliance).
A	Location and Area	A	A	
B	Time	N/A	N/A	
C	Type and Size of Equipment	A	A	
D	Methods and Techniques	A	A	
E	Type, Location, Capacity + Operation of Facilities.	A	A	Construction of the proposed temporary storage areas near the Winter Road Access was ongoing. Active construction of the Process Plant was ongoing at the time of the Inspection.
F	Control or Prevention of Ponding of Water, Flooding, Erosion, Slides & Subsidence of Land.	A	A	
G	Use, Storage, Handling and Ultimate Disposal of Any Chemical or Toxic Material.	A	A	Tote bags of recyclable material were shipped off site the day of the inspection.
H	Wildlife and Fisheries Habitat	A	A	
I	Storage, Handling & Disposal of Refuse/Sewage	A	A	Meters to provide continuous monitoring at the STP have arrived & are scheduled to be commissioned this week.
J	Protection of Hist., Archaeol. + Burial Sites	A	A	
L	Security Deposit	A	A	
M	Fuel Storage	A	A	Storage/transfer practices were up to best practices standards. Fuel no longer stored at the “old camp” fuel tank farm.
N	Methods + Techniques, Debris + Brush Disp.	A	A	
O	Restoration of the Lands	A	A	
P	Display of Permits & Permit #'s.	A	A	
Q	Biological & Physical Protection of the Land	A	A	

ENVIRONMENTAL (“LUP”) INSPECTION REPORT

Explanatory Remarks

An inspection of the current land use activities was conducted by Resource Management Officer Tracy Covey to ensure operating conditions annexed to the above-noted land use permit were being adhered to. Other RMO’s were also on-site for an orientation tour (Marty Sanderson, Andrew Howton, and Jamie Steele) and were present throughout the inspection.

Fuel Storage

No environmental concerns were noted. All compliance conditions of the LUP appeared to be met. Fuel transfer operations appeared to be proceeding as per best practices at the newly commissioned 500,000 L/18 Million L Tank Farm.

Camp

All compliance conditions of the LUP appeared to be met.

Overall, construction of the permanent camp/mine infrastructure is proceeding, though at a much slower rate (relatively little new infrastructure construction involving footprint expansion occurred since the last inspection). The road to the “Temporary North Laydown” area (approved on January 30th, 2015) as well as the laydown area itself was under construction (as were several other temporary laydowns authorized on January 21st, 2015).

The de-watering pipeline (28” diameter) and outfall (diffuser) section were completed, deployed, and commissioned on or about February 2nd, 2015 (see the Water Licence Inspection Report for MV2005L2-0015 for details).

Winter Road

First loads arrived circa January 30th, 2015. Most of these loads are apparently fuel, with heavy loads (construction material) scheduled for arrival later in the Winter Road season.

On January 16th, 2015, road re-alignments were approved for portions of Portage 19, Lake N-11, and Portage 27b.

This Report was completed off-site & delivered to the Licensee Representative

Veronica Chisholm
Licensee Representative

Tracy Covey
Inspector


Inspector's Signature

ENVIRONMENTAL (“LUP”) INSPECTION REPORT



Figure 1. Work on the transfer of fuel to the 18 Million L Tank Farm.



Figure 2. Empty fuel tanker departing G.K. on the recently opened Winter Road.

The photo was taken within site of the mine (note the construction tower in the background). Note the affect an uneven road surface had on the two storage tanks as the truck drove over road surface. De Beers is responsible for ensuring that the GK Spur road surface & road conditions do not cause/or contribute to traction issues or roll-overs of such trucks as they travel to/from G.K.

ENVIRONMENTAL (“LUP”) INSPECTION REPORT



Figure 3. A steady stream of empty fuel trucks was observed leaving the mine site.



Figure 4. Construction of a road to the “Temporary North Laydown Area”. Once completed, the road will alleviate traffic congestion/conflicts between mining trucks and winter road traffic bringing in equipment & materials. The pad in question is temporary in nature, and will eventually become the mines Course PK Pile once temporary storage needs are over (i.e., September, 2016).



Northwest
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Lands

ENVIRONMENTAL (“LUP”) INSPECTION REPORT



Figure 5. Construction of the “North Laydown Area”.

The laydown will be temporary in nature, and be utilized for the storage of inert materials (only) until September, 2016.



Figure 6. Empty flatbed departing site.

De Beers should consider utilizing the opportunity to use empty flat beds such as this for backhauling waste from the mine site (inert or Hazardous). This will lower the environmental liability associated with storing/moving waste around site.