



April 24th, 2018

Dominion Diamond Mines ULC
900-4920 52nd Street
YELLOWKNIFE, NT X1A 3T1

Attention: Ms. Claudine Lee

**Re: Land Use Permit MV2012C0009
Mineral Exploration
Lac de Gras Area, NT**

Dear Ms. Lee,

An inspection of the RC drilling operations east of Courageous Lake was conducted by Inspectors Clint Ambrose and Brandon Bradbury on April 6th, 2018. The inspection was conducted to ensure that all operating conditions annexed to the above noted land use permit are being adhered to during this land use operation. All aspects of the inspection were discussed on site with Midnight Sun Drilling personnel (Contractor).

No concerns were noted with RC drilling operations and the Permittees cooperation to comply with the operating conditions of this land use permit is appreciated. Your copy of the Environmental Inspection Report is enclosed and should be self-explanatory.

If you have any questions or concerns, please contact the undersigned at (867) 767-9187 ext. 24193 or Mr. Clint Ambrose at (867) 767-9188.

Sincerely,

Brandon Bradbury
Resource Management Officer II (Inspector)
North Slave Regional Office
GNWT – Department of Lands

cc: MVLWB
Dominion Diamond Mines ULC. via email
Aurora Geosciences Ltd. via email



ENVIRONMENTAL INSPECTION REPORT

Permittee:	Dominion Diamond Mines ULC.	Inspection Date – April 6 th , 2018
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		Permit Expiry Date	Last Previous Inspection
Land Use Permit No.	MV2012C0009	March 6 th , 2020	March 7 th , 2018
Quarrying Permit No.			
Contractor:	Aurora Geosciences Ltd. Northtech Diamond Drilling Midnight Sun Drilling	Subcontractor:	

Location(s) Inspected:	Active RC drill rig (Midnight Sun Drilling Inc.) east of Courageous Lake.
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Current Stage of Operation:	RC drill was active on drill target LDGJV0274_18_002 at the time of the inspection. A total of 15 land based and 16 lake based targets were completed by April 20 th , 2018.
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Program Modifications Approved:	
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Condition of Operation "A" - Acceptable "U" - Unacceptable "N/A" - Not Applicable

#	Operating Condition	Aspect Inspected			Condition
		Drill Program			
A	Location and Area	A			
B	Time	A			
C	Type and Size of Equipment	A			
D	Methods and Techniques	A			
E	Type, Location, Capacity and Operation of All Facilities	A			
F	Control or Prevention of Ponding of Water, Flooding, Erosion, Slides and Subsidence of Land	A			
G	Use, Storage, Handling and Ultimate Disposal of Any Chemical or Toxic Material	A			
H	Wildlife and Fisheries Habitat	A			
I	Storage, Handling and Disposal of Refuse or Sewage	A			
J	Protection of Historical, Archeological and Burial Sites	A			
K	Objects and Places of Recreational, Scenic or Ecological Value	N/A			
L	Security Deposit	A			
M	Fuel Storage	A			
N	Methods and Techniques for Debris and Brush Disposal	N/A			
O	Restoration of the Lands	A			
P	Display of Permits and Permit Numbers	A			
Q	Matters Not Inconsistent With the Regulations	A			
R	Sections 8 to 16 M.V.L.U.R.	A			



ENVIRONMENTAL INSPECTION REPORT Pg. 2

Date: April 6 th , 2018	Permit #: MV2012C0009
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Explanatory Remarks
<p>An inspection of the RC drilling operations east of Courageous Lake was conducted by Inspectors Clint Ambrose and Brandon Bradbury on April 6th, 2018. The inspection was conducted to ensure that all operating conditions annexed to the above noted land use permit are being adhered to during this land use operation. All aspects of the inspection were discussed with Midnight Sun Drilling personnel (Contractor).</p> <p>On March 8th, 2018, Mr. David Cox provided notification to Inspectors for the commencement of RC drilling operations to satisfy Conditions #6 & #7 of this land use permit. Drilling operations commenced on March 14th, 2018 and a total of fifteen (15) land based and sixteen (16) lake based targets were completed by April 20th, 2018.</p> <p>Midnight Sun Drilling Inc. was set up on a lake based drill target LDGJV0274_18_002 and was actively drilling at the time of the inspection (Photo #1). Drill casing was installed and drill cuttings at the collar were contained with a snow berm (Photo #2). Drill cuttings are segregated with a centrifuge to remove fines and the remaining heavier material is collected and containerized in five gallon pails for assaying (Photo #3).</p> <p>No concerns were noted with drilling operations since all drill cuttings are being contained (Condition #32) and deposited on land greater than 100 meters from any watercourses (Condition #14), drill casing is being removed upon completion of a drill target (Condition #10), and no obvious hydrocarbon spills were observed.</p> <p>A drill lubricant (RDO 302 ES) is being used in small quantities to aid in RC drilling and no concerns were noted since this lubricant is an environmentally safe vegetable oil and does not contain hydrocarbons (Photo #4).</p> <p>Drummed diesel fuel is staged beside the drill shack (Photo #5) and no concerns were noted since active drums are stood in the upright position, drums were properly labeled, spill response materials were made readily available, no obvious hydrocarbon spills were observed, and the ancillary equipment (generator, compressor, and heater) all had secondary containment (ie: drip trays) present (Photos #6 & #7).</p> <p>A completed RC drill target was inspected (Photo #8) and no concerns were noted since all equipment has been demobilized, no disturbance to the organic layer was observed, casing was removed, and no obvious hydrocarbon spills were identified.</p> <p>On April 20th, 2018 Mr. David Cox provided notification to Inspectors for the completion of RC drilling operations and their intentions to leave the RC drill at the HW Camp during the summer of 2018. The RC drill is hereby authorized to be staged at the HW Camp and the Inspectors have no concerns since the drill will be staged on timbers, hydraulic lines will be wrapped with absorbent materials, and secondary containment will be placed under the motor and hydraulic lines to prevent potential hydrocarbon impacts to the underlying soils.</p> <p>Overall the Inspectors are pleased in the manner in which this land use operation is being conducted and your cooperation to adhere to operating conditions of this land use permit is appreciated.</p>

Completed off Site
Representative's Signature

Brandon Bradbury
Inspector



Inspector's Signature



Photo #1 - MV2012C0009 - Dominion Diamond Mines ULC
Aerial overview of the Midnight Sun RC drill rig.



Photo #2 - MV2012C0009 - Dominion Diamond Mines ULC
View of the RC drill collar. Drill cuttings are being contained at the collar with a snow berm.



Photo #3 - MV2012C0009 - Dominion Diamond Mines ULC
A centerfuge is being used to segregate and containerize drill cuttings into 5 gallon pails.

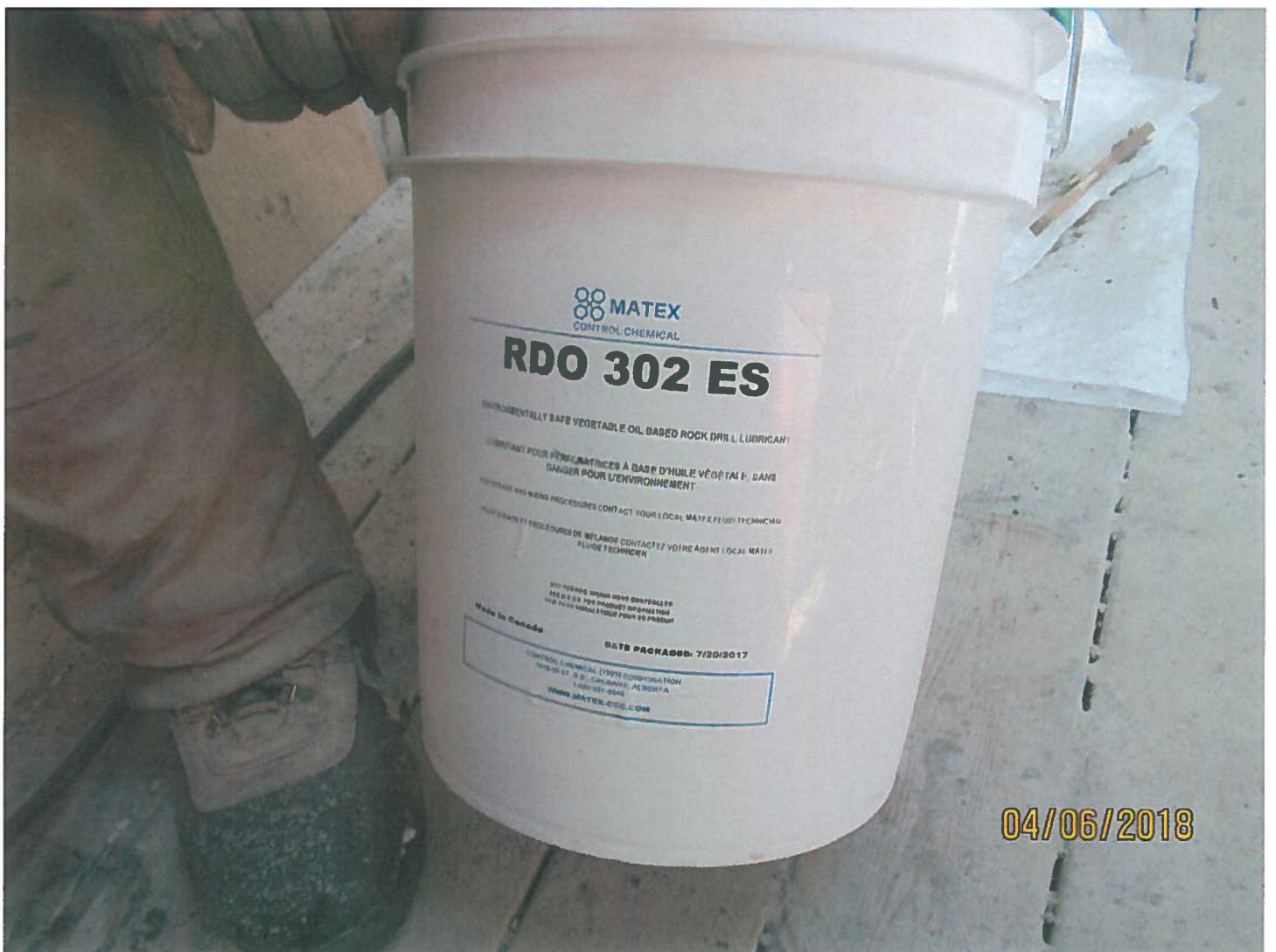


Photo #4 - MV2012C0009 - Dominion Diamond Mines ULC
This vegetable based drill lubricant is being used and no concerns were noted.



Photo #5 - MV2012C0009 - Dominion Diamond Mines ULC
Diesel fuel is actively being used and no concerns were noted.



Photo #6 - MV2012C0009 - Dominion Diamond Mines ULC
Heater had secondary containment present.



Photo #7 - MV2012C0009 - Dominion Diamond Mines ULC
Generator appeared to be operating cleanly and secondary containment was present.



Photo #8 - MV2012C0009 - Dominion Diamond Mines ULC
Aerial view of a completed drill target.