



Mackenzie Valley Land and Water Board
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Application for:
New Land Use Permit X Amendment to

<p>1. Applicant's name and mailing address: Dr. Rory Moore KENNADY DIAMONDS INC (KDI) Suite 2315, P.O. Box 216, 161 Bay Street Toronto, ON M5J 2S1</p>	<p>Fax number: (416) 640-3335</p>
<p>2. Head office address: KENNADY DIAMONDS INC (KDI) Suite 2315, P.O. Box 216, 161 Bay Street Toronto, ON M5J 2S1</p> <p>Field supervisor: Aurora Geosciences Ltd. Radiotelephone: TBD</p>	<p>Telephone number: (604) 558-6238</p> <p>Fax number:</p> <p>Telephone number: (416) 640-1111</p>
<p>3. Other personnel (subcontractor, contractors, company staff etc.) Aurora Geosciences and JDS technical staff, fixed-wing and helicopter support staff, drilling crews & camp operations staff.</p> <p>For the purposes of the Advanced Exploration applications, KDI anticipates that the total number of people on-site could be up to 250, which includes up to 140 people at the New Kelvin Camp, up to 75 at Old Kelvin, and up to 35 at Bob Camp</p> <p>TOTAL: 250 (Number of persons on site)</p>	
<p>4. Eligibility: (Refer to section 18 of the <i>Mackenzie Valley Land Use Regulations</i>)</p> <p>a)(i) <input checked="" type="checkbox"/> a)(ii) a)(iii) b)</p>	
<p>5. a) Summary of operation (Describe purpose, nature and location of all activities.)</p> <p>Kennady Diamonds Inc. (KDI) is currently exploring for diamondiferous kimberlites in the Kennady North area which is located approximately 280 kilometers east north-east of Yellowknife.</p> <p>The project development is moving from enhanced exploration (1,200 tonnes/yr) to advanced exploration. Diamond drilling is currently being used to test new exploration targets, delineate existing targets and acquire samples of kimberlite for caustic fusion analyses for micro-diamond analyses as well as reverse circulation drilling for milling tests via Dense Media Separation (DMS) at an outside facility (Saskatchewan Research Centre in Saskatoon, SK). KDI's current permits (MV2013C0023) allow for trench works to bulk sample the kimberlites, however, bulk samples are being taken using a lower environmental impact diamond drill rigs operating with NQ and HQ diameter coring equipment as well as large diameter reverse circulation rigs using both 10" and 12" diameter holes. Hornet dry RC drilling is also being used to explore the bedrock – glacial drift interface and test for Kimberlite Indicator Minerals.</p> <p>The current scope of activities covered under KDI's land use permit (MV2013C0023) Kennady North are:</p> <ul style="list-style-type: none"> · Mineral exploration, including diamond drilling, large diameter drilling, trenching, and use and storage of explosives; · Use of equipment, vehicles, and machines; · Construction and maintenance of winter access roads; · Construction, operation and maintenance of exploration camps; and · Fuel storage. 	

Establishing and increasing the quantity and confidence level of mineral resources to a level that supports a Feasibility Study requires additional advanced exploration. In order to more efficiently obtain diamond valuation parcels from the identified kimberlites, KDI requires an increased sample rate up to 5,000 tonne/yr, instead of the currently permitted 1,200 tonne/yr. In addition to drilling from surface, bulk sampling via underground decline (excavating an underground tunnel for machine access) combined with on-site processing of samples in a portable bulk sample processing plant is required. Localized use of all-season roads and airstrip, as well as a larger camp and laydown area, are necessary to support these advanced exploration activities.

In this application, KDI is requesting the following new additions to its existing operations:

- increase in extraction from 1,200 to 5,000 tonne/yr bulk sample;
- construction and operation of an underground decline to access the Kelvin and Faraday kimberlite deposits for bulk sampling;
- construction and operation of a multi-purpose laydown and camp area (approximately 5 ha);
- construction and operation of a pioneer all-season airstrip (approximately 1,650 m by 45 m) to accommodate larger aircraft for workers and resupply;
- construction and operation of limited all-season roads linking the winter road to the laydown, airstrip, declines, dock, other infrastructure that may be constructed, and drilling locations at the Faraday and Kelvin deposits;
- construction and operation of a new 140-person mobile camp on the laydown area and consolidation of existing Kelvin Camp modules with this new camp;
- quarrying and/or the use of cut and fill to obtain material for roads, laydown area and airstrip as necessary;
- increase in use of explosives (including mixing and storage) for quarrying and construction of the decline;
- installation and operation of a portable bulk sample processing plant (< 100 tonnes/d); and,
- increase to the size and quantity of various types of equipment (e.g., trucks, loaders, underground equipment) as well as the amount of fuel storage allowed on site in order to accommodate the proposed activities (see Project Description, Appendix B for lists of equipment and fuel).

Note that the activities covered by the existing land use permit and water licence (LUP/WL) would continue (e.g. KDI will continue to delineate new and existing kimberlite targets using drilling). As the activities proposed for the Advanced Exploration Program require scope changes, KDI is applying for this WL amendment as well as a new LUP. It is expected that the scope of the new LUP and amended WL would encompass the existing LUP/WL; therefore, if a new LUP is granted by the MVLWB, the existing LUP would be closed. The total amount of water required for the Project including the proposed advanced exploration activities will not exceed the maximum currently authorized by KDI's Type B Water Licence (MV2013L2-0005).

Please see the attached *Advanced Exploration Project Description – 2016* for details of the requested activities, equipment, fuel storage, and camp size.

b) Please indicate if a camp is to be set up. (Please provide details on a separate page, if necessary.)

A new 140 person mobile camp is proposed. The current camp (Old Kelvin Camp) would be used during the setup of the new camp (New Kelvin Camp) and certain buildings and structures would be relocated to the new camp from the existing camp. Then the existing camp authorized in MV2013C0023 would be decommissioned.

6. Summary of potential environmental and resource impacts (Describe the effects of the proposed land-use operation on land, water, flora & fauna and related socio-economic impacts. Use separate page if necessary.)

Please see attached document entitled *Screening Level Environmental Impact Assessment for Proposed Advanced Exploration Program (AEP)*.

7. Proposed restoration plan (please use a separate page if necessary).

See attached *Conceptual Closure and Reclamation Plan - Version 3.0*.

8. Other rights, licences or permits related to this permit application (mineral rights, timber permits, water licences, etc.)

Mineral rights as per Canada Mining Regulations (see attached Mineral Tenure table).

Water Licence MV2013L2-0005

Quarry Permit

Roads: *Ice Roads/All-Season Site Roads* Is this to be a pioneered road? *Yes/Yes* Has the route been laid out or ground truthed?
Yes

Ice road routes have all been ground truthed by the Inspector and have had archaeological site investigations completed;
Archeological site investigations for the advanced exploration infrastructure is ongoing and will be completed in early fall.

9. Proposed disposal methods.

To complete this section of the application form, a Waste Management Plan for the proposed activities is to be developed in accordance with the Board's *Guidelines for Developing a Waste Management Plan* (click [here](#) to access) and submitted as an attachment to the application form. A template for this Plan is provided in the *Guidelines*.

See KDI's *Waste Management Plan - Version 3.0*

a) Garbage:

c) Brush & trees:

b) Sewage (Sanitary & Grey Water):

d) Overburden (Organic soils, waste material, etc.):

10. Equipment (includes drills, pumps, etc.) (Please use separate page if necessary.)

See KDI's Project Description for Advanced Exploration Program - 2-16 attached.

Type & number	Size	Proposed use

11. Fuels	()	Number of containers	Capacity of containers	Location
Diesel				
Gasoline				
Aviation fuel				
Propane				
Other				

12. Containment fuel spill contingency plans.

A spill contingency plan for the proposed activities is to be developed in accordance with INAC's *Guidelines for Spill Contingency Planning, April 2007* (accessible [here](#)). This plan is to be submitted as an attachment to the application form.

See KDI Spill Plan

13. Methods of fuel transfer (to other tanks, vehicles, etc.)

14. Period of operation (includes time to cover all phases of project work applied for, including restoration)

Year round

15. Period of permit (up to five years, with maximum of two years of extension).

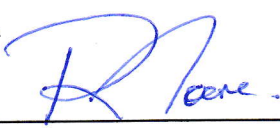
5 years

16. Location of activities by map co-ordinates (attach maps and sketches) - NAD83

Minimum latitude (degrees, minutes, seconds) 62°33'00"	Maximum latitude (degrees, minutes, seconds) 64°03'03"
Minimum longitude (degrees, minutes, seconds) 113° 21'00"	Maximum longitude (degrees, minutes, seconds) 110° 19'43"

Map Sheet no. **85I, 85P, 75M, 76D, 76C**

17. Applicant
Rory Moore, President & CEO, Kennady Diamonds Inc.

Signature 

Date **SEPT 26, 2016**

18. Fees	Type A - \$150.00 **	Type B - \$150.00 **	(**Application Fees are Non-Refundable**)
	Land use fee: _	hectares @ \$50.00/hectare	\$ _
		Assignment fee \$50.00	\$ _
			Total application
		and land use fees	\$ _

Please make all cheques payable to "Receiver General for Canada"