Conditions Annexed to and Forming Part of Land Use Permit #MV2017D0032

Part A: Scope of Permit

1. This Permit entitles the Permittee to conduct mining and milling production and associated activities at the Snap Lake Diamond Project, including:
   i. Extraction of waste rock and ore;
   ii. Development and operation of the site facilities shown in Figure 4 of the Consolidated Project Description (including the airstrip);
   iii. Construction of Fuel Storage Facilities;
   iv. Storage of fuel;
   v. Development and progressive Reclamation of the North Pile;
   vi. Construction and maintenance of site roads and lay down areas;
   vii. Quarrying of materials from specified areas;
   viii. Maintenance and operation of the winter road from the Tibbett-Contwoyto winter road to the Project; this also includes the winter access road to the Esker quarry site; and
   ix. Progressive closure and Reclamation of site components.

   These activities are described in submissions to the Mackenzie Valley Land and Water Board, including, but not limited to:
   x. The application submitted by the Permittee on February 2, 2001, and updated October 29, 2010;
   xi. The Consolidated Project Description, submitted by the Permittee on November 24, 2003 (shown specifically in Figures 3 and 5);
   xii. The application submitted by the Permittee on April 15, 2014; and

2. This Permit is issued subject to the conditions contained herein with respect to the use of land for the activities and area identified in Part A, item 1 of this Permit.

3. Compliance with the terms and conditions of this Permit does not excuse the Permittee from its obligation to comply with the requirements of any applicable Federal, Territorial, Tłı̨chǫ, or Municipal laws.

Part B: Definitions (defined terms are capitalized throughout the Permit)


Board - the Mackenzie Valley Land and Water Board established under Part 4 of the Act.

Borehole - a hole that is made in the surface of the ground by drilling or boring.
Construction - any activities undertaken to construct or build any component of, or associated with, the Project.


Drilling Fluids - any liquid mixture of water, sediment, drilling muds, chemical additives or other wastes that are pumped down hole while drilling and are specifically related to drilling activity.

Drilling Waste - all materials or chemicals, solid or liquid, associated with drilling, including drill cuttings and Drilling Fluids.

Engagement Plan - a document, developed in accordance with the Board’s *Engagement and Consultation Policy* and the *Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits*, that clearly describes how, when, and which engagement activities will occur with an affected party during the life of the Project.

Esker - the Esker (deposition from a glacial stream) referred to in the Consolidated Project Description (pg. 35). This Esker is located nine kilometres from the Project site and was previously used as a gravel source during the advanced exploration program.

Flowing Artesian Well - a well in which water:
   a) Naturally rises above the ground surface or the top of any casing; and
   b) Flows naturally, either intermittently or continuously.

Fuel Storage Container - a container for the storage of petroleum or allied petroleum products with a capacity of less than 230 litres.

Fuel Storage Facilities - the facilities as described in the Application for Land Use Permit MV2014D0010 for increased fuel storage, dated April 15, 2014.

Fuel Storage Tank - a closed container for the storage of petroleum or allied petroleum products with a capacity of more than 230 litres.

Greywater - all liquid wastes from showers, baths, sinks, kitchens, and domestic washing facilities but not including toilet wastes.

Habitat - the area or type of site where a species or an individual of a species of wildlife naturally occurs or on which it depends, directly or indirectly, to carry out its life processes.

Inspector - an Inspector designated by the Minister under the Act.

Minister - the Minister of Indian Affairs and Northern Development Canada or the Minister of the Government of the Northwest Territories – Department of Lands, as the case may be.

North Pile - the above-ground facility designated for the storage of Processed Kimberlite and other waste materials.
**Ordinary High Water Mark** - the usual or average level to which a body of water rises at its highest point and remains for sufficient time so as to change the characteristics of the land. In flowing waters (rivers, streams) this refers to the “active channel/bank-full level” which is often the 1:2 year flood flow return level. In inland lakes, wetlands, or marine environments, it refers to those parts of the Watercourse bed and banks that are frequently flooded by water so as to leave a mark on the land and where the natural vegetation changes from predominately aquatic vegetation to terrestrial vegetation (excepting water tolerant species). For reservoirs, this refers to normal high operating levels (full supply level).

**Processed Kimberlite** - the material rejected from the process plant after the recoverable minerals have been extracted.

**Permafrost** - ground (soil or rock) that remains at or below 0°C for at least two consecutive years.

**Permittee** - the holder of this permit.

**Project** - the Snap Lake Diamond Project as described in Part A, item 1 of this Permit.

**Reclamation** - the process of restoring disturbed land to its former or other productive uses.

**Secondary Containment** - containment that prevents liquids that leak from Fuel Storage Tanks or containers from reaching outside the containment area and includes double-walled Tanks, piping, liners, and impermeable barriers.

**Sewage** - all toilet wastes and Greywater.

**Spill Contingency Plan** - a document, developed in accordance with Aboriginal Affairs and Northern Development Canada’s Guidelines for Spill Contingency Planning (April 2007), that describes the set of procedures to be implemented to minimize the effects of a spill.

**Sump** - a man-made pit or natural depression in the earth’s surface used for the purpose of depositing Waste that does not contain Toxic Material, such as non-toxic Drilling Waste or Sewage, therein.

**Toxic Material** - any substance that enters or may enter the environment in a quantity or concentration or under conditions such that it:

a) Has or may have an immediate or long-term harmful effect on the environment or its biological diversity;

b) Constitutes or may constitute a danger to the environment on which life depends; or

c) Constitutes or may constitute a danger in Canada to human life or health.

**Waste** - any garbage, debris, chemical, or Toxic Material to be used, stored, disposed of, or handled on land, and also as defined in section 51 of the Act.

**Waste Management Plan** - a document, developed in accordance with the Board’s Guidelines for Developing a Waste Management Plan, that describes the methods of Waste management from Waste generation to final disposal.
**Watercourse** - a natural body of flowing or standing water or an area occupied by water during part of the year, and includes streams, springs, swamps and gulches but does not include groundwater.
### Part C: Conditions Applying to All Activities

(Headings correspond to subsection 26(1) of the Mackenzie Valley Land Use Regulations)

<table>
<thead>
<tr>
<th>Condition</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>26(1)(a) Location and Area</strong></td>
<td></td>
</tr>
<tr>
<td>1. The Permittee shall use an existing campsite, as described in the complete application.</td>
<td>EXISTING CAMP</td>
</tr>
<tr>
<td>2. Prior to the commencement of drilling, the Permittee shall submit the drill target locations on a 1:50,000-scale map with coordinates and map datum to the Board and an Inspector.</td>
<td>DRILL LOCATIONS</td>
</tr>
<tr>
<td>3. The Permittee shall not conduct a quarry operation within 100 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector.</td>
<td>QUARRY SETBACK</td>
</tr>
<tr>
<td>4. The Permittee shall locate all lines, trails, and right-of-ways to be constructed parallel to any Watercourse a minimum of 100 metres from the Ordinary High Water Mark, except at crossings.</td>
<td>PARALLEL WATERCOURSE</td>
</tr>
<tr>
<td>5. The Permittee shall not conduct this land-use operation on any lands not designated in Part A, item 1.</td>
<td>LOCATION OF ACTIVITIES</td>
</tr>
<tr>
<td><strong>26(1)(b) Time</strong></td>
<td></td>
</tr>
<tr>
<td>6. At least 48 hours prior to the commencement of the land-use operation, the Permittee’s Field Supervisor shall contact an Inspector at (867) 767-9187.</td>
<td>CONTACT INSPECTOR</td>
</tr>
<tr>
<td>7. At least 48 hours prior to commencement of the land-use operation, the Permittee shall provide the following information, in writing, to the Board and an Inspector: &lt;br&gt; a) the name(s) of the person(s) in charge of the field operation; &lt;br&gt; b) alternates; and &lt;br&gt; c) all methods for contacting the above person(s).</td>
<td>IDENTIFY AGENT</td>
</tr>
<tr>
<td>8. At least ten days prior to the completion of the land-use operation, the Permittee shall advise an Inspector of: &lt;br&gt; a) the plan for removal or storage of equipment and materials; and &lt;br&gt; b) when final cleanup and reclamation of the land used will be completed.</td>
<td>REPORTS BEFORE REMOVAL</td>
</tr>
<tr>
<td>9. A minimum of 60 days prior to the start of Construction of any dams, dykes, or structures intended to contain, withhold, divert or retain water or wastes, the Permittee shall submit to the Board and an Inspector, for approval, design drawings stamped by a Geotechnical Engineer. The Permittee shall ensure that such facilities are designed and constructed to engineering standards such that at a minimum they comply with the <em>Dam Safety Guidelines</em>.</td>
<td>APPROVAL OF CONSTRUCTION DRAWINGS</td>
</tr>
</tbody>
</table>
10. The Permittee shall submit in writing to the Board and the Inspector, notification prior to commencing any new Construction activities. A schedule of activities is to be included. Additional notification is required prior to commencing Construction of any of the engineered structures described in Condition 10.

11. The Permittee shall submit to the Board, within 90 days of completion of Construction of all the engineered structures described in Condition 10, as built drawings.

12. The Permittee shall submit in writing to the Board and the Inspector, all modification requests a minimum of 45 days prior to the proposed modification commencing.

26(1)(c) Type and Size of Equipment

13. The Permittee shall not use any equipment except of a similar type, size, and number to that listed in Part A, item 1.

26(1)(d) Methods and Techniques

14. Immediately upon completion of operations at each Borehole, the Permittee shall remove or cut off and seal each drill casing at ground level.

15. The Permittee shall construct and maintain the overland portion of winter roads with a minimum of 10 cm of packed snow and/or ice at all times during this land-use operation.

16. The Permittee shall not erect camps or store material, other than that required for immediate use, on the ice surface of a Watercourse.

26(1)(e) Type, Location, Capacity, and Operation of All Facilities

17. The Permittee shall ensure that the land use area is kept clean at all times.

18. The Permittee shall not locate any Sump within 50 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector.

26(1)(f) Control or Prevention of Ponding of Water, Flooding, Erosion, Slides, and Subsidence of Land

19. The Permittee shall install and maintain culverts such that scouring does not occur.

20. The Permittee shall insulate the ground surface beneath all structures associated with this land-use operation to prevent:
   a) any vegetation present from being removed;
   b) the melting of Permafrost; and
   c) the ground settling and/or eroding.

21. The Permittee shall minimize erosion by installing erosion control structures as the land-use operation progresses.
22. The Permittee shall, where flowing water from a Borehole is encountered:
   a) plug the Borehole in such a manner as to permanently prevent any further outflow of
      water; and
   b) immediately report the occurrence to the Board and an Inspector.

23. The Permittee shall ensure that vehicle travel is restricted to site roads unless otherwise
    authorized in writing by the Inspector.

24. The Permittee shall suspend overland travel of equipment or vehicles at the first sign of
    rutting.

25. The Permittee shall not use any material other than clean water and snow in the
    construction of ice bridges.

26. The Permittee shall not use any materials other than clean snow and water in the
    construction of snow fills.

27. Prior to spring break-up or completion of the land-use operation, the Permittee shall clean
    up and either remove or v-notch all snowfills from stream crossings, unless otherwise
    authorized in writing by an Inspector.

28. Prior to spring break-up or completion of the land-use operation, the Permittee shall clean
    up and v-notch all ice bridges, unless otherwise authorized in writing by an Inspector.

29. The Permittee shall not cut any stream bank, unless otherwise authorized in writing by an
    Inspector.

30. The Permittee shall slope the sides of Waste material piles, excavations, and embankments
    — except in solid rock — to a minimum ratio of 2:1 vertical, unless otherwise authorized in
    writing by an Inspector.

26(1)(g) Use, Storage, Handling, and Ultimate Disposal of Any Chemical or Toxic Material

31. At least seven days prior to the use of any chemicals that were not identified in the
    complete application, the MSDS sheets must be provided to the Board and an Inspector.

32. When drilling within 100 metres of the Ordinary High Water Mark of any Watercourse, and
    when drilling on ice, the Permittee shall contain all drill water and Drilling Waste in a
    closed circuit system for reuse, off-site disposal, or deposit into a land-based Sump or
    natural depression.

33. The Permittee may deposit Drilling Waste that does not contain Toxic Material in a Sump
    or natural depression. Any Sumps or natural depressions used to deposit Drilling Waste
    must be located at least 100 metres from the Ordinary High Water Mark of any
    Watercourse, unless otherwise authorized in writing by an Inspector.
34. The Permittee shall not allow any Drilling Waste to spread to the surrounding lands or Watercourses.

35. The Permittee shall remove all Drill Waste from ice surfaces.

36. Prior to the expiry date of this Permit or the end of the land-use operation whichever comes first, the Permittee shall backfill and restore all Sumps, unless otherwise authorized in writing by an Inspector.

37. The Permittee shall maintain a record of all spills. For all reportable spills, in accordance with the GNWT Spill Contingency Planning and Reporting Regulations, the Permittee shall:
   a) immediately report each spill to the 24-hour Spill Report Line (867) 920-8130;
   b) report each spill to an Inspector within 24 hours; and
   c) submit, to the Board and an Inspector, a detailed report on each spill within 30 days.

38. The Permittee shall dispose of all Toxic Material as described in the approved Waste Management Plan.

39. The Permittee shall dispose of all Waste petroleum products by removal to an approved disposal facility or by incineration in a device designed for this purpose, as described in the approved Waste Management Plan.

26(1)(h) Wildlife and Fish Habitat

40. The Permittee shall take all reasonable measures to prevent damage to wildlife and fish Habitat during this land-use operation.

26(1)(i) Storage, Handling, and Disposal of Refuse or Sewage

41. The Permittee shall adhere to the Waste Management Plan, once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations, technology, chemicals, or fuels, or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval.

42. The Permittee shall keep all garbage and debris in a secure container until disposal.

43. The Permittee shall dispose of all garbage, Waste, and debris as described in the approved Waste Management Plan, unless otherwise authorized in writing by an Inspector.

44. The Permittee shall use a forced-air, fuel-fired incinerator to burn all combustible garbage except plastics. The Permittee shall select a unit that is capable of meeting an emission concentration limit on dioxans and furans of 80 picogram Toxic Equivalency/cubic meter (80 pg TEQ/m³).
45. The Permittee shall dispose of all Sewage and Greywater as described in the approved Waste Management Plan.

26(1)(j) Protection of Historical, Archaeological, and Burial Sites

46. The Permittee shall not operate any vehicle or equipment within 30 metres of a known or suspected historical or archaeological site or burial ground.

47. The Permittee shall not knowingly remove, disturb, or displace any archaeological specimen or site.

48. The Permittee shall, where a suspected archaeological or historical site, or burial ground is discovered:
   a) immediately suspend operations on the site; and
   b) notify the Board at (867) 669-0506 or an Inspector at (867) 765-6655, and the Prince of Wales Northern Heritage Centre at 767-9347 ext. 71250 or ext. 71251.

26(1)(k) Objects and Places of Recreational, Scenic, and Ecological Value

Intentionally left blank

26(1)(l) Security Deposit

49. Prior to the commencement of the land-use operation, the Permittee shall deposit with the Minister a security deposit in the amount of $21,035,671.00.

50. All costs to remediate the area under this Permit are the responsibility of the Permittee.

26(1)(m) Fuel Storage

51. The Permittee shall:
   a) examine all Fuel Storage Containers and Tank for leaks a minimum of once per day; and
   b) repair all leaks immediately.

52. The Permittee shall not place any Fuel Storage Containers or Tanks within 100 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector.

53. The Permittee shall ensure that all fuel caches have adequate Secondary Containment.

54. The Permittee shall locate all fuel storage containers within the Fuel Storage Facilities, unless otherwise authorized in writing by an Inspector.
55. The Permittee shall maintain a dyke around the Fuel Storage Facilities. The Permittee shall ensure that the dyke and the area enclosed by the dyke shall be impermeable to petroleum products at all time.

56. The volume of the dyked area shall be 10 percent greater than the capacity of the largest fuel container placed therein.

57. A certified double-walled tank will be deemed to satisfy requirements of an impermeable dyke.

58. The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies.

59. The Permittee shall set up all refueling points with Secondary Containment.

60. The Permittee shall locate mobile fuel facilities on land when the facilities are stationary for more than 12 hours.

61. The Permittee shall mark all Fuel Storage Containers and Tanks with the Permittee's name.

62. The Permittee shall mark all stationary fuel caches and fuel storage facilities with flags, posts, or similar devices so that they are at all times plainly visible to local vehicle travel.

63. The Permittee shall have a maximum of 52,600,000 litres of fuel stored on the land use site at any time, unless otherwise authorized in writing by the Board.

64. Within ten days of the establishment of any fuel cache, the Permittee shall report the location and quantity of the cache in writing to the Board and an Inspector.

65. The Permittee shall adhere to the Spill Contingency Plan, once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations, technology, chemicals, or fuels, or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval.

66. Prior to commencement of the land-use operation the Permittee shall ensure that spill-response equipment is in place to respond to any potential spills.

67. All equipment that may be parked for two hours or more, shall have a haz-mat/drip tray under it or be sufficiently diapered. Leaky equipment shall be repaired immediately.

68. The Permittee shall clean up all leaks, spills, and contaminated material.
26(1)(n) Methods and Techniques for Debris and Brush Disposal

69. The Permittee shall not clear areas larger than identified in the complete application.

26(1)(o) Restoration of the Lands

70. The Licensee shall act in accordance with the approved Interim Closure and Reclamation Plan. Revisions to the Plan shall be submitted to the Board, for approval, every three (3) years after the date of approval, or as directed by the Board.

71. The Licensee shall, submit to the Board, a minimum of twenty-four (24) months prior to the end of operations, for approval, a Final Closure and Reclamation Plan.

72. The Licensee shall act in accordance with the approved Final Closure and Reclamation Plan and shall submit revisions to the Plan as directed by the Board.

73. The Permittee shall carry out progressive reclamation of disturbed areas as soon as it is practical to do so.

26(1)(p) Display of Permits and Permit Numbers

74. The Permittee shall keep a copy of this Permit on hand at all times during this land-use operation.

75. The Permittee shall ensure that all persons working under authority of the Permit are notified of the conditions in this Permit.

26(1)(q) Biological and Physical Protection of the Land

76. If any plan is not approved by the Board, the Permittee shall revise the plan according to the Board’s direction and re-submit it to the Board for approval.

77. The Permittee shall adhere to the Engagement Plan, once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval.

78. The Permittee shall adhere to the North Pile Management Plan, once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval.

79. All revised plans submitted to the Board shall include a brief summary of the changes made to the plan.