



Lands- North Slave Region

April 13rd 2017

Dominion Diamond Ekati Corporation

**#1102 - 4920 52nd Street
Yellowknife, NT X1A 3T1**

**Land Use Permit
W2016D0003
Sable Development**

Attn: Claudine Lee – Head Environment and Community

Re: April 4th 2017 Land Use Permit Inspection W2016D0003

Dear Ms. Lee,

On April 4th 2017, a Land Use Inspection was conducted on the Sable Development by the Manager, Diamond Resource Management, Marty Sanderson. On this inspection the Manager/GNWT Lands Inspector was accompanied and assisted by Ekati Diamonds Environment Advisor-Compliance, Mr. Dustin Chaffee.

The inspection was conducted to ensure that all operating conditions annexed to the above noted land use permit are being adhered to during this operation. This report provides comments based on general observations and highlights any concerns or items that should be addressed by the Licensee / Permittee. No concerns were identified during this inspection. Attached / enclosed is the full Inspection Report along with related site photographs.

The following area was inspected and the details of the findings are included in the attached report:

- Sable Office Complex
- Site Roads and Laydown Areas
- Two Rock Frozen Core Dam
- Sable Lake Dewatering Line

If you have any questions or concerns please contact the undersigned at (867) 767-9187 extension 24186. Thank you for your continued cooperation.

Sincerely,



Marty Sanderson
Manager, Diamond Resource Management,
Department of Lands
North Slave Region
Marty_Sanderson@gov.nt.ca

cc: Ms. Megan Schnurr – Regulatory Specialist, Wek'èezhii Land and Water Board
Ms. Roberta Judas – Regulatory Technician, Wek'èezhii Land and Water Board
Mr. Scott Stewart - Regional Superintendent Department of Lands
Marc Casas -Executive Director, Independent Environmental Monitoring Agency

ENVIRONMENTAL INSPECTION REPORT

Permittee: Dominion Diamond Ekati Corporation	Inspection Date: April 4 rd 2017
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		Permit Expiry Date	Last Previous Inspection
Land Use Permit No.	W2016D0003	May 11 2021	March 6 th 2017
Quarrying Permit No.	N/A		
Contractor:	Nuna Logistics		Subcontractor: N/A

Location(s) Inspected:	Field Office Complex Site Roads and Laydown Areas Sable Lake Dewatering Line Two Rock Frozen Core Dam
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Current Stage of Operation:	<p>The crusher is currently shut down until June 1 2017.</p> <p>Excavation and stock piling of clean granular material from the Sable Quarry Pit continues.</p> <p>The Two Rock Frozen Core Dam has been completed as of April 2 2017.</p> <p>Nine vertical ground temperature monitors have now been installed on the Two Rock Frozen Core Dam.</p> <p>Geotechnical Drilling in Sable Lake has been completed and clean-up has now been completed.</p>
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Program Modifications Approved:	N/A
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Condition of Operation "A" - Acceptable "U" - Unacceptable "N/A" - Not Applicable "*" - Cautionary Remark

	Operating Condition	Aspect Inspected		Refers to Permit or License Requirement
		Office complex, laydowns, site roads and Frozen Core Dam	Geotechnical Drill Program	Condition (*An Asterisk denotes a cautionary remark)
A	Location and Area	A	A	Office complex located at Zone 12 522320 7191970
B	Time	A	A	26(1) (b) 6: Inspector was given 48 hour notice on commencement of this land-use operation on June 27 th 2016.
C	Type and Size of Equipment	A	A	

D	Methods and Techniques	A	A	
E	Type, Location, Capacity and Operation of All Facilities	A	A	
F	Control or Prevention of Ponding of Water, Flooding, Erosion, Slides and Subsidence of Land	A	A	
G	Use, Storage, Handling and Ultimate Disposal of Any Chemical or Toxic Material	A	A	
H	Wildlife and Fisheries Habitat	A	A	
I	Storage, Handling and Disposal of Refuse or Sewage	A	A	Sewage is pumped out daily and disposed of at main camp facilities. Garbage is trucked to main camp daily or as required.
J	Protection of Historical, Archeological and Burial Sites	A	A	
K	Objects and Places of Recreational, Scenic or Ecological Value	N/A	NA	
L	Security Deposit	A	A	
M	Fuel Storage	A	A	<p>Spill kits where noted at various locations on site.</p> <p>Secondary containment noted under all hydrocarbon products.</p> <p>Secondary containment under office complex generator/generator light plants.</p> <p>All equipment refueled currently with mobile fuel truck.</p> <p>New 4500L double walled fuel tank was installed at the Frozen Core building. Tank and fittings have been placed in a lined berm. This tank will be decommissioned and removed in the near future</p> <p>All fuel containers associated with the sable drill program are double walled.</p> <p>4- 500,000 steel tanks arrived at the Sable Development via 2016-2017 winter road. Tank farm will be constructed in the summer of 2017.</p>
N	Methods and Techniques for Debris and Brush Disposal	N/A	N/A	
O	Restoration of the Lands	A	A	Organics are being stripped and stored for future potential reclamation

P	Display of Permits and Permit Numbers	A	A	Permit is posted at the office complex
Q	Matters Not Inconsistent with the Regulations	A	A	
R	Sections 8 to 16 M.V.L.U.R.	A	A	

ENVIRONMENTAL INSPECTION REPORT

Date:

April 4th 2017

Permit #: W2016D0003

Notes / Explanatory Cautionary Remark

An Inspection of the Sable Development was conducted by Marty Sanderson, Inspector/Manager-Diamond Resource Management. The Inspector was accompanied by Ekati Diamonds Environment Advisor-Compliance, Mr. Dustin Chaffee. The inspection was conducted to ensure that all operating conditions annexed to the above noted land use permit are being adhered to during this operation.

Sable Office Complex

The Sable Office Complex is being used as a lunchroom, washroom, first aid station and emergency accommodations. All vehicles located on the Truck Parking Facility were inspected and no concerns were noted. Several crates/pallets/scrap steel and wood debris were identified at this facility during the March 6th 2017 inspection. The crates/pallets/scrap steel and wood debris were disposed of on April 5th 2017. The Inspector noted Four – 500,000 Litre tanks that had been placed on wooden cribbing in the Sable Office complex laydown area (Photo 1). An approved lined engineered berm will be constructed in this laydown area during the summer of 2017 to house the 2 million litre tank farm. A Maintenance shelter will also be constructed within the footprint of this laydown area. The shelter will be used to conduct routine maintenance such as lube/oil changes and minor repair work. The footprint of this shelter will be 30 x 70 meters. Construction of this building will start in July of 2017.

Access, site roads and Quarry Pit

The pads and site roads for all of the Sable facilities are being maintained to the satisfaction of the Inspector. Clean granite is being excavated from the Sable Quarry Pit and being stock piled near the crusher pad for future construction projects (Photo 2, 3).

Falcon Access Road

The Falcon Access Road was inspected and the Inspector noted a R015 988 Loader parked at the entrance during the March 6th 2017 inspection. This unit was repaired and was removed from this location. The small spill of glycol under the vehicle was scraped up and disposed of to an approved facility.

Sable Crusher Pad and Frozen Core Plant

The Sable Crusher and Frozen Core Plant are currently shut down. The Inspector was informed that the Frozen Core Plant will be decommissioned in the near future (Photo 4). All components for this facility will be removed and stored at the Nuna Zone 12 laydown area at main camp. The sable crusher will be shut down until the first week of June 2017. Crushing of clean granite will resume for the continued construction of the Two Rock Sedimentation/Filter Dyke in Two Rock Settling Pond. Additional crush will be required for the construction of the base/platforms and berm for the 2 million litre tank farm.

Two Rock Frozen Core Dam

The Two Rock Frozen Core Dam has now been completed as per submitted design plans (Photo 5). A total of 9 vertical ground temperature monitors were installed within the Two Rock Frozen Core Dam to a depth of approximately 8-10 meters (Photo 6).

Sable Geotechnical Drill Program

A total of six geotechnical drill holes have been completed on Sable Lake. On March 28th DDEC environment staff performed a close-out inspection of the Sable Drill Program. The inspector was provided photos of all 6 drill pads that were scraped up. All pads were scarified by Nuna staff and the snow and ice were placed in Cell B of the Long Lake Containment facility. DDEC environment staff inspected the access and ring road to the six pad locations and no spills or debris was noted in this area. The laydown area used for temporary storage of materials and supplies used for the drill program have been cleaned up. A minimal amount of items remained at this location. The Inspector was informed that the remaining items would be removed in the near future.

ENVIRONMENTAL INSPECTION REPORT

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Sable Lake Dewatering Line

A 10" HDPE temporary dewatering line was being assembled on Sable Lake during this inspection (Photo 7). The dewatering line will be placed in frozen conditions running from Sable lake to Ulu Lake. Dewatering of Sable Lake is scheduled to begin during freshet in 2017. Dewatering will occur in two stages. A portion of the water will be pumped to the receiving environment(Ulu Lake) providing the water meets Effluent Quality Criteria(EQC) and in stage two water will be pumped to the Two Rock Settling Pond(TRSP). The proposed Sable Lake Dewatering Plan is currently out for review via the WLWB's Online Review System.

The Inspector has been receiving weekly updates on the progress of the Sable Development. DDEC is also conducting internal inspections on a weekly basis.

The Inspector noted that all conditions of Land Use Permit W2016D0003 are being adhered to. No concerns were noted on the April 4th 2017 W2016D0003 Land Use Permit inspection.

Completed off site

Marty Sanderson



Representative's Signature GNWT Lands Inspector

Inspector's Signature

Note: Please see the attached inspection photos on the attached pages or electronic file.



Photo 1: Sable Office Complex Laydown Area - Four - 500,000 Litre fuel tanks will be placed in an engineered berm at the Sable Office Complex Laydown Area.



Photo 2: Sable Quarry Pit - Clean granite is being excavated from the Sable Quarry Pit and being stock piled near the crusher pad for future construction projects



Photo 3: Sable Crusher Pad - Clean granite from the Sable Quarry is loaded into haul trucks and stock piled near the crusher pad.



Photo 3: Frozen Core Plant - The Frozen Core Plant will be decommissioned in the near future. All components for this facility will be removed and stored at the Nuna Zone 12 laydown area at main camp.



Photo 5: Two Rock Frozen Core Dam - The Two Rock Frozen Core Dam has now been completed as per submitted design plans



Photo 6: Two Rock Frozen Core Dam - A total of 9 vertical ground temperature monitors were installed within the Two Rock Frozen Core Dam to a depth of approximately 8-10 meters



Photo 7: Sable Lake Dewatering Line - A 10" HDPE temporary dewatering line was being pieced together on Sable Lake during this inspection. The dewatering line will be placed in frozen conditions running from Sable lake to Ulu Lake