



Lands- North Slave Region

October 30th 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: October 18th 2017 Land Use Permit Inspection W2016D0003

Dear Ms. Lee,

On October 18th 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 Diamond 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
- Crusher facility
- Frozen Core Dam
- Frozen Core Dam Building

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: October 18 th 2017
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		Permit Expiry Date	Last Previous Inspection
Land Use Permit No.	W2016D-0003	May 11 2021	September 5 th 2017
Quarrying Permit No.	N/A		
Contractor:	Nuna Logistics		Subcontractor: N/A

Location(s) Inspected:	Field Office Complex Site Roads and Laydown Areas Frozen Core Plant Frozen Core Dam
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Current Stage of Operation:	Exterior of the maintenance building is complete. Piping and electrical work continues in the berm of bulk fuel storage facility and fuel dispensers Drilling/Blasting and Pre-stripping (Level 500 and 490) and Waste rock removal from the pit perimeter continues Crusher producing material for down hole blasting(stemming)
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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	Sable lake and two rock sedimentation pond	
				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	Spill kits where noted at all locations with fuel. Secondary containment noted under all hydrocarbon products. Secondary containment under office complex generator/generator light plants. All equipment refueled currently with mobile fuel truck. Fuel tank at the Frozen Core building has now been decommissioned and removed. 4- 500,000 Litre steel tanks have been established in a berm.
N	Methods and Techniques for Debris and Brush Disposal	N/A	N/A	
O	Restoration of the Lands	A	A	Organics recovered 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:
October 18th 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 Diamond 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 exterior of the maintenance shelter has now been completed. (Photo 1). The electrical and mechanical will be connected in the future. Work with fuel piping and electrical continues within the 4 - 500,000 Litre fuel tank berm (Photo 2). Refueling nozzles have now been installed and piping and electrical for these units will be completed shortly. The Inspector was informed that the 4 bulk tanks will be registered with Environment Canada and filled with diesel at the end of October 2017. Fuel will be transferred from the Fox Facility to the Sable Facility. The Sable Office Complex Laydown area was inspected and no concerns were noted (Photo 3).

Sable Pit

Blasting and pre-stripping are being conducted within the Sable Pit. A crusher from the Misery facilities was relocated to the Sable Crusher pad (Photo 4). The crusher will be producing clean granite material required for stemming (crush used in down-hole blasting). Approximately 100 tons of crush is used for each blast pattern. There are usually two blasts per week at the Sable Pit. The Inspector was informed that the Ring Road around the Sable Pit has now been constructed. A portion of Sable Lake was pumped to Ulu Lake in June 2017. A volume of 478,451 cubic meters were pumped from June 9 to the 30th. The lower portion of Sable Lake was then pumped to Two Rock from September 14th to October 8th 2017. A total volume of 300,525 cubic meters was pumped during this time frame. Additional water in the Sable Pit will need to be dewatered as pit development continues.

Frozen Core Plant

The Inspector requested a thorough cleanup be conducted at the location of the laydown area of the Frozen Core Plant. DDEC completed the clean up shortly after the September 2017 inspection. The Inspector was on site and has confirmed clean-up was completed.

Frozen Core Dam

An excavator was observed working on the downstream side of the Frozen Core Dam (Photo 5). Repair work was being conducted on a small section of the dam. Additional material on the eastern section was added and the dam is being contoured as per design specifications. The water pump that was installed in a containment tray on the west side of Two Rock Sedimentation Pond has now been removed (Photo 6).

Access, site roads and Sable Haul Road

The pads and site roads for all of the Sable facilities are being maintained to the satisfaction of the Inspector.

The Inspector noted that all conditions of Land Use Permit W2016D0003 are being adhered to. No concerns were noted on the October 18th 2017 W2016D0003 Land Use Permit inspection.

Completed off site

Marty Sanderson



Representative's Signature GNWT Lands Inspector

Inspector's Signature

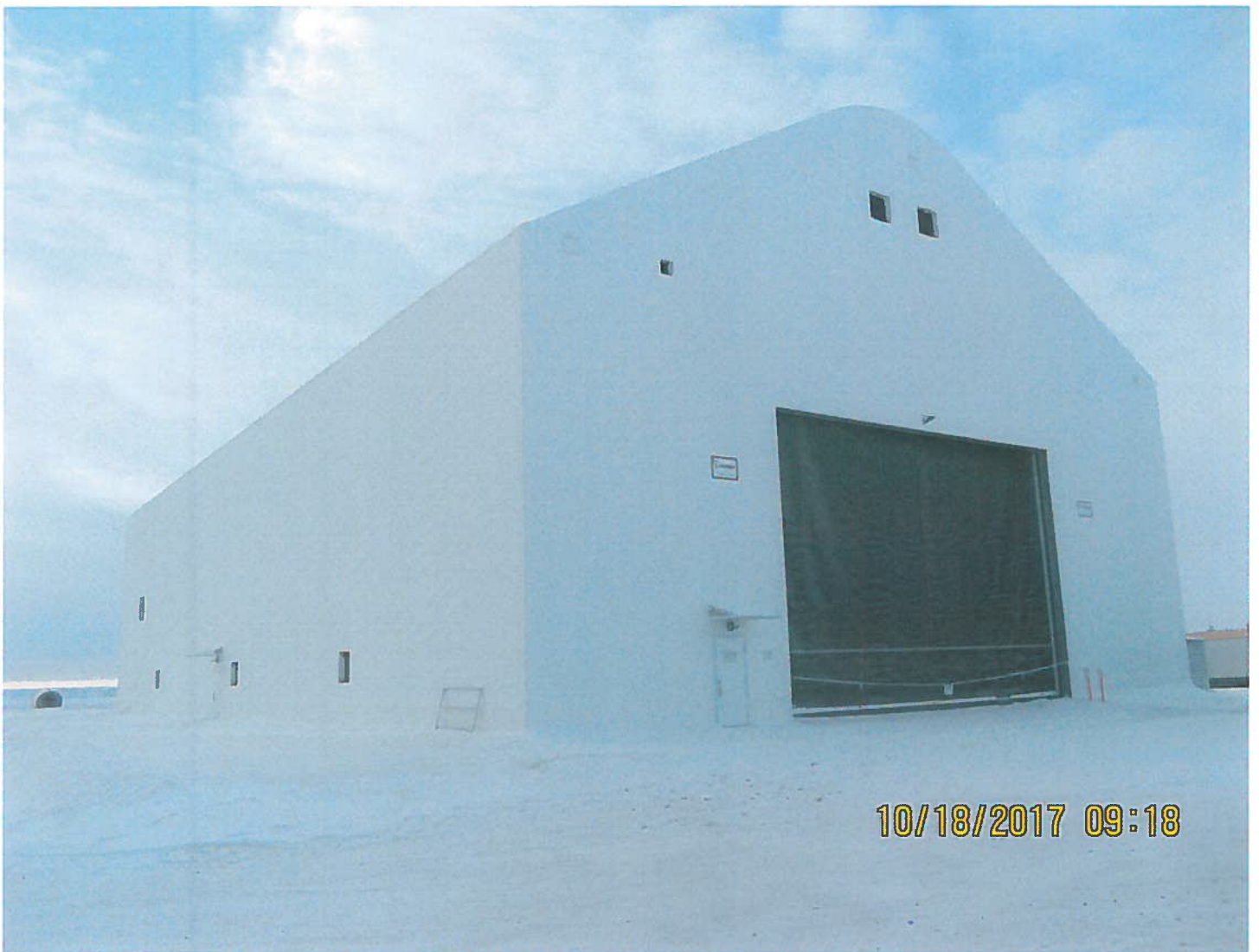


Photo 1: Sable Office Complex - The exterior of the maintenance shelter has now been completed. The electrical and mechanical will be connected in the future.



Photo 2: Sable Office Complex - Work with fuel piping and electrical continues within the 4 - 500,000 Litre fuel tank berm. The refuelling facility will be functional in the near future.

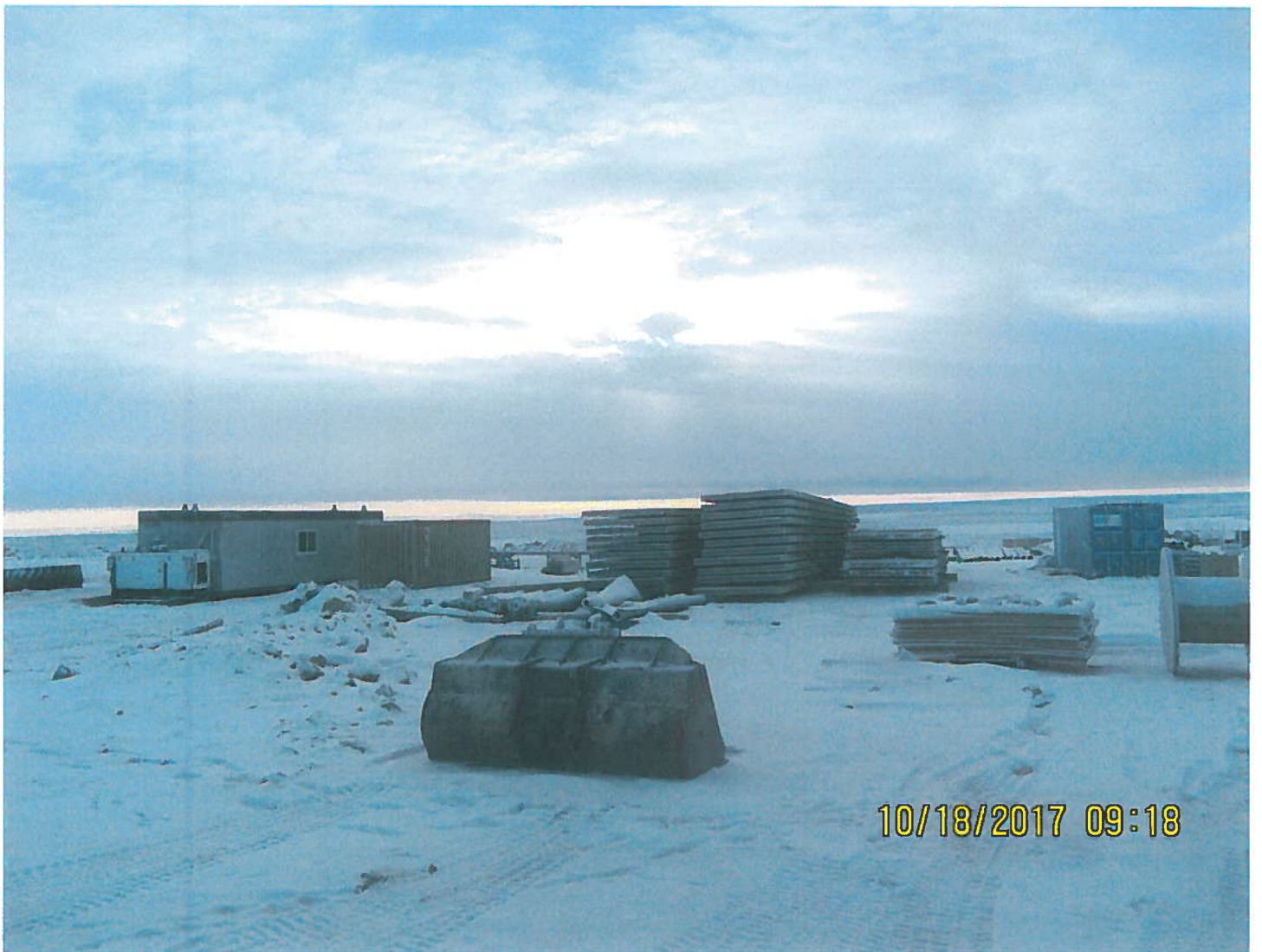


Photo 3: Sable Office Complex Laydown Area - The Sable Office Complex Laydown area was inspected and no concerns were noted.



Photo 4: Sable Crusher Laydown Area - A crusher from the Misery facilities was relocated to the Sable Crusher pad. The crusher will be producing clean granite material required for stemming.



Photo 5: Frozen Core Dam - An excavator was observed working on the downstream side of the frozen core dam. Repair work was being conducted on a small section of the dam.



Photo 6: Two Rock Sedimentation Pond - The water pump that was installed in this containment tray on the west side of Two Rock Sedimentation Pond has now been removed.