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LAND USE PERMIT

Permit Class	Permit No	Amendment No
A	W2016D0003	

Subject to the Mackenzie Valley Land Use Regulations and the terms and conditions in this Permit, authority is hereby granted to:

Arctic Canadian Diamond Company Ltd.

Permittee

To proceed with the land use operation described in application of:

Signature Claudine Lee	Date February 5, 2019
Type of Land use Operation Sable Development	
Location Ursula Lake, NT	

This Permit may be assigned, extended, discontinued, suspended or cancelled pursuant to the Mackenzie Valley Land Use Regulations.

Dated at Yellowknife this 4th day of February, 2021

Signature Chair

Signature Witness

Effective Date

May 12th, 2016

Expiry Date

May 11th, 2021

Attention

It is a condition of this Permit that the Permittee comply with the provisions of the *Mackenzie Valley Resource Management Act* and regulations and the terms and conditions set out herein. A failure to comply may result in suspension or cancellation of this Permit by the Board.



**Conditions Annexed to and Forming Part
of Land Use Permit # W2016D0003**

Part A: Scope of Permit

1. This Permit entitles Arctic Canadian Diamond Company Ltd. to conduct the following activities to support the Sable Development:
 - a) extraction of waste rock and kimberlite ore from the Sable Pit;
 - b) construction of waste rock storage areas;
 - c) construction of a kimberlite ore storage pad;
 - d) construction activities associated with water sedimentation pond and water containment dam;
 - e) construction of site roads and lay down areas;
 - f) construction and operation of supporting infrastructure;
 - g) storage of fuels;
 - h) use of machinery and equipment to support operations; and
 - i) establishment of temporary camp.
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, Tłıchǫ, or Municipal laws.

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

Act - the *Mackenzie Valley Resource Management Act*.

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

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

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



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

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 *Mackenzie Valley Resource Management 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.

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).

Sable Development - all of the activities and facilities associated with the construction, operation, and reclamation of the Lynx pit, excluding the sable haul road, as defined in Water Licence W2012L2-0001.

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.

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 (WMP) - 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)

26(1)(a) Location and Area

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| 1. | The Permittee shall locate the temporary camp within the area indicated in the application. | Camp Location |
| 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 an Inspector and the Board. | Drill Locations |
| 3. | The Permittee shall not construct parallel lines or roads, unless an existing line or road cannot be used. | Parallel Roads |
| 4. | The Permittee shall locate all lines, trails, and right-of-ways to be constructed parallel to any Watercourse, a minimum of 30 metres from the Ordinary High Water Mark, except at crossings. | Parallel Watercourse |
| 5. | The Permittee shall not conduct this land-use operation on any lands not designated in the complete application. | Location of Activities |

26(1)(b) Time

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| 6. | At least 48 hours prior to the commencement of this land-use operation, the Permittee's Field Supervisor shall contact an Inspector at (867) 767-9187 ext. 24188. | Contact Inspector |
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26(1)(c) Type and Size of Equipment

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| 7. | The Permittee shall not use any equipment except of a similar type, size, and number to that listed in the complete application. | Only Approved Equipment |
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26(1)(e) Type, Location, Capacity, and Operation of All Facilities

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| 8. | The Permittee shall ensure that the land use area is kept clean at all times. | Clean Work Area |
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26(1)(f) Control or Prevention of Ponding of Water, Flooding, Erosion, Slides, and Subsidence of Land

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| 9. | The Permittee shall minimize erosion by installing erosion control structures as the land-use operation progresses. | Progressive Erosion Control |
| 10. | The Permittee shall not conduct off-road vehicle travel in areas without snow-covered surfaces. | Off-road Vehicle Travel |
| 11. | The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface. | Prevention of Rutting |



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| 12. | The Permittee shall suspend overland travel of equipment or vehicles at the first sign of rutting. | Suspend Overland Travel |
| 13. | The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging. | Vehicle Movement Freeze-up |
| 14. | The Permittee shall not cut any stream bank, unless otherwise authorized in writing by an Inspector. | Stream Banks |
| 26(1)(g) Use, Storage, Handling, and Ultimate Disposal of Any Chemical or Toxic Material | | |
| 15. | 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 an Inspector and the Board. | Chemicals |
| 16. | The Permittee shall remove all Drilling Waste containing Toxic Material to an approved disposal facility. | Drilling Waste Disposal |
| 17. | The Permittee shall not allow any Drilling Waste to spread to the surrounding lands or Watercourses. | Drilling Waste Containment |
| 18. | The Permittee shall maintain a record of all spills. For all reportable spills, in accordance with the GNWT <i>Spill Contingency Planning and Reporting Regulations</i> , 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. | Report Spills |
| 19. | The Permittee shall dispose of all Toxic Material as described in the approved Waste Management Plan. | Waste Chemical Disposal |
| 20. | The Permittee shall dispose of all waste petroleum products as described in the approved Waste Management Plan. | Waste Petroleum Disposal |
| 26(1)(h) Wildlife and Fish Habitat | | |
| 21. | The Permittee shall take all reasonable measures to prevent damage to wildlife and fish Habitat during this land-use operation. | Habitat Damage |
| 26(1)(i) Storage, Handling, and Disposal of Refuse or Sewage | | |
| 22. | 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. | Waste Management |



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

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| 23. | The Permittee shall not operate any vehicle or equipment within 150 metres of a known or suspected historical or archaeological site or burial ground. | Archaeological Buffer |
| 24. | The Permittee shall not knowingly remove, disturb, or displace any archaeological specimen or site. | Site Disturbance |
| 25. | 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) 765-4592 or an Inspector at (867) 767-9187 ext. 24188, and the Prince of Wales Northern Heritage Centre at (867) 767-9347 ext. 71250 or ext. 71251. | Site Discovery and Notification |

26(1)(l) Security Deposit

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| 26. | All costs to remediate the area under this Permit are the responsibility of the Permittee. | Responsibility for Remediation Costs |
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26(1)(m) Fuel Storage

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| 27. | 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. | Fuel Near Water |
| 28. | The Permittee shall ensure that all fuel caches have adequate Secondary Containment. | Fuel Cache Secondary Containment |
| 29. | The Permittee shall set up all refueling points with Secondary Containment. | Secondary Containment – Refueling |
| 30. | The Permittee shall not allow petroleum products to spread to surrounding lands or Watercourses. | Fuel Containment |
| 31. | The Permittee shall mark all Fuel Storage Containers and Tanks with the Permittee's name. | Mark Containers |
| 32. | 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. | Mark Fuel Location |
| 33. | Within ten days of the establishment of any fuel cache, the Permittee shall report the location and quantity of the cache in writing to an Inspector and the Board. | Report Fuel Location |
| 34. | The Permittee shall seal all outlets of Fuel Storage Containers and store the containers on their sides with the outlets located at 3 and 9 o'clock, except for containers currently in use. | Seal Outlet |



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| 35. | 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. | Spill Contingency Plan |
| 36. | Prior to commencement of operations, the Permittee shall ensure that spill-response equipment is in place to respond to any potential spills. | Spill Response |
| 37. | All equipment that may be parked for two hours or more, shall have a hazmat/drip tray under it or be sufficiently diapered. Leaky equipment shall be repaired immediately. | Drip Trays |
| 38. | The Permittee shall clean up all leaks, spills, and contaminated material. | Clean Up Spills |
| 26(1)(n) Methods and Techniques for Debris and Brush Disposal | | |
| 39. | The Permittee shall not clear areas larger than identified in the complete application. | Minimize Area Cleared |
| 26(1)(o) Restoration of the Lands | | |
| 40. | The Permittee shall adhere to the approved Closure and Reclamation Plan. | Reclamation Planning |
| 41. | The Permittee shall save the organic soil stripped from the land use area and shall use the organic soil for reclamation as described in the approved closure and reclamation plan. | Save Organic Soil |
| 42. | Prior to the expiry date of this Permit, the Permittee shall complete all cleanup and restoration of the lands used. | Final Cleanup and Restoration |
| 43. | The Permittee shall carry out progressive reclamation of disturbed areas. | Progressive Reclamation |
| 26(1)(p) Display of Permits and Permit Numbers | | |
| 44. | The Permittee shall display a copy of this Permit in each campsite established to carry out this land-use operation. | Display Permit |
| 26(1)(q) Biological and Physical Protection of the Land | | |
| 45. | 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. | Engagement Plan |
| 46. | Prior to the commencement of Construction, the Permittee shall submit an updated Waste Management Plan which incorporates the Sable Development, in accordance with the MVLWB (2011) "Guidelines for Developing a Waste Management Plan," to the Board for approval. | Submit Updated Plan |



47. 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. **Resubmit Plan**
48. All revised plans submitted to the Board shall include a brief summary of the changes made to the plan. **Summary of Changes**

