



16 Yellowknife Airport
Yellowknife, NT. X1A 3T2

File: **W2017C-0002**

June 26th, 2017.

Diavik Diamond Mines Inc.,
P.O. Box 2498,
300-5201, 50th Ave.,
Yellowknife, NT. X1A 2P8

Attention: David Wells, Superintendent, Environment.

Re: Land Use Inspection Report, Land Use Permit W2017C0002. On-ice geological and geotechnical drilling at the A21 Kimberlite Ore Body & On-land drilling at two other targets.

Mr. Wells,

An inspection of the above-noted drill program was conducted on June 12th, 2017 by Resource Management Officer Tracy Covey. The Inspection Report and photographs illustrating Land Use Permit conditions & practices observed during the Inspection can be found in the pages which follow this cover letter. The report outlines the areas that were inspected, comments and concerns which were noted, as well as any issues or items that need to be addressed. All aforementioned items were discussed during the course of the inspection with Darcy Bourassa (Diavik).

No environmental risks were noted during the field Inspection & no action is required to rectify LUP concerns associated with administrative conditions of the LUP.

If you have any questions or concerns about this report, please do not hesitate to contact me at (867) 767-9187 ext. 24187 or tracy_covey@gov.nt.ca.

Sincerely,

Tracy Covey
Resource Management Officer III,
North Slave Region, GNWT (Lands)

cc. *Marty Sanderson (GNWT-Lands)*
Anneli Jokela, Jessica Pacunayen, Sarah Elsasser (WLWB)

ENVIRONMENTAL (“LUP”) INSPECTION REPORT

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| Permittee: <i>Diavik Diamond Mines (2012) Inc.</i> | Inspection Date: <i>June 12th, 2017.</i> |
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|---|-----------------------------|----------------------------|
| | Permit Expiry Date | Last Previous Inspection |
| Land Use Permit No.: <i>W2017C0002</i> | May 18 th , 2022 | May 8 th , 2017 |
| Quarrying Permit No.: <i>N/A</i> | | |
| Contractor: Big Rock Exploration, Team Drilling. | Subcontractor: <i>N/A</i> | |

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|---------------------------------|--|
| Location(s) Inspected: | A21 area [targets “C42”; “A61”; “T29”]. |
| Current Stage Under Inspection: | <i>Drilling for Geotechnical and Hydrogeological investigation and clarification. Demobilization of Drill site C42 and A61 was 100% completed; demobilization of T29 was about 90% complete.</i> |

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| Program Modifications Approved: | <i>None.</i> |
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Inspection Criteria: **A** - (Acceptable) **U** - Unacceptable **“N/I”** - (Not Inspected) **N/A** - Not Applicable

| | | Aspect Inspected | | | | |
|---|--|------------------|--|--|--|---|
| | Operating Condition | Drilling Program | | | | Comments, Concerns (or non-compliance). |
| A | Location and Area | A | | | | A report detailing drill targets was provided prior to commencement of drilling. |
| B | Time | A | | | | The Inspector was notified prior to commencement + termination of drilling. |
| C | Type and Size of Equipment | A | | | | |
| D | Methods and Techniques | A | | | | |
| E | Type, Location, Capacity and Operation of All Facilities | A | | | | The drill site areas were clean. |
| F | Control or Prevention of Ponding of Water, Flooding, Erosion, Slides & Subsidence of Land. | A | | | | |
| G | Use, Storage, Handling and Ultimate Disposal of Any Chemical or Toxic Material. | A | | | | No chemicals were in use at the drill sites at the time of the inspection. |
| H | Wildlife and Fisheries Habitat | A | | | | No wildlife attractants were observed in the drill area. One wolf had reportedly been observed once near the T29 area during the drilling activity. |
| I | Storage, Handling & Disposal of Refuse/Sewage | A | | | | |
| J | Protection of Historical, Archaeological and Burial Sites | A | | | | |
| K | Objects and Places of Recreational, Scenic or Ecological Value | N/A | | | | |
| L | Security Deposit | A | | | | |
| M | Fuel Storage | A | | | | No storage was in use at the drill site.. |
| O | Restoration of the Lands | NA | | | | |
| P | Display of Permits & Permit #'s. | A | | | | On May 19 th , 2017, LUP 2017C0002 was issued by the WLWB. |
| Q | Matters not inconsistent with Regs. | A | | | | |
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ENVIRONMENTAL (“LUP”) INSPECTION REPORT

Explanatory Remarks

The 2017 Diavik Exploration Drill Program was scheduled to drill three exploration classified kimberlites (“C42”, “A61”, and “T29”). “C42” was 1.4km SW of A21 in Lac de Gras & was planned to involve three 220m deep drill holes. “A61” drill site was a land-based location 20km NE of Diavik & was to involve the drilling of three 60m deep holes. “T29” drill site was a land-based kimberlite dike 7km south of Diavik & was to involve the drilling of three 100m holes to further delineate the extent of the dike, collect mineral chemistry information, and collect a microdiamond sample.

An inspection of the activities at the three 2017 Diavik exploration drill sites under LUP W2010C003 was conducted on June 12th, 2017, by Resource Management Officer Tracy Covey. The inspection was completed to ensure that on-site operations adhered to the conditions of the LUP. The Inspector was accompanied by Lindsey Smith (of “Big Rock Exploration”) and Darcy Bourassa (Diavik, Supervisor, Environment) at the drill site, with whom all aspects of the inspection were discussed.

The drilling at sites C42 and A61 was considered complete, and de-mobilization had been completed. All drill cuttings and visible fuel stains had been removed from the drill site. All drilling-related infrastructure had also been removed from the drill sites. No food attractants were observed at any of the three drill sites (clause 45) & inert garbage was contained (as per clause 49). All three drill site areas appeared to be clean.

DDMI (2012) Inc. received a new exploration permit on May 19th, 2017 (W2017C0002).

This Report was completed off-site & delivered to the Licensee Representative

Darcy Bourassa
Licensee Representative

Tracy Covey
Inspector


Inspector's Signature

ENVIRONMENTAL (“LUP”) INSPECTION REPORT



Figure 1. Drill site “C42”, after cleanup. No visible hydrocarbons or chemical/drill cuttings were evident.

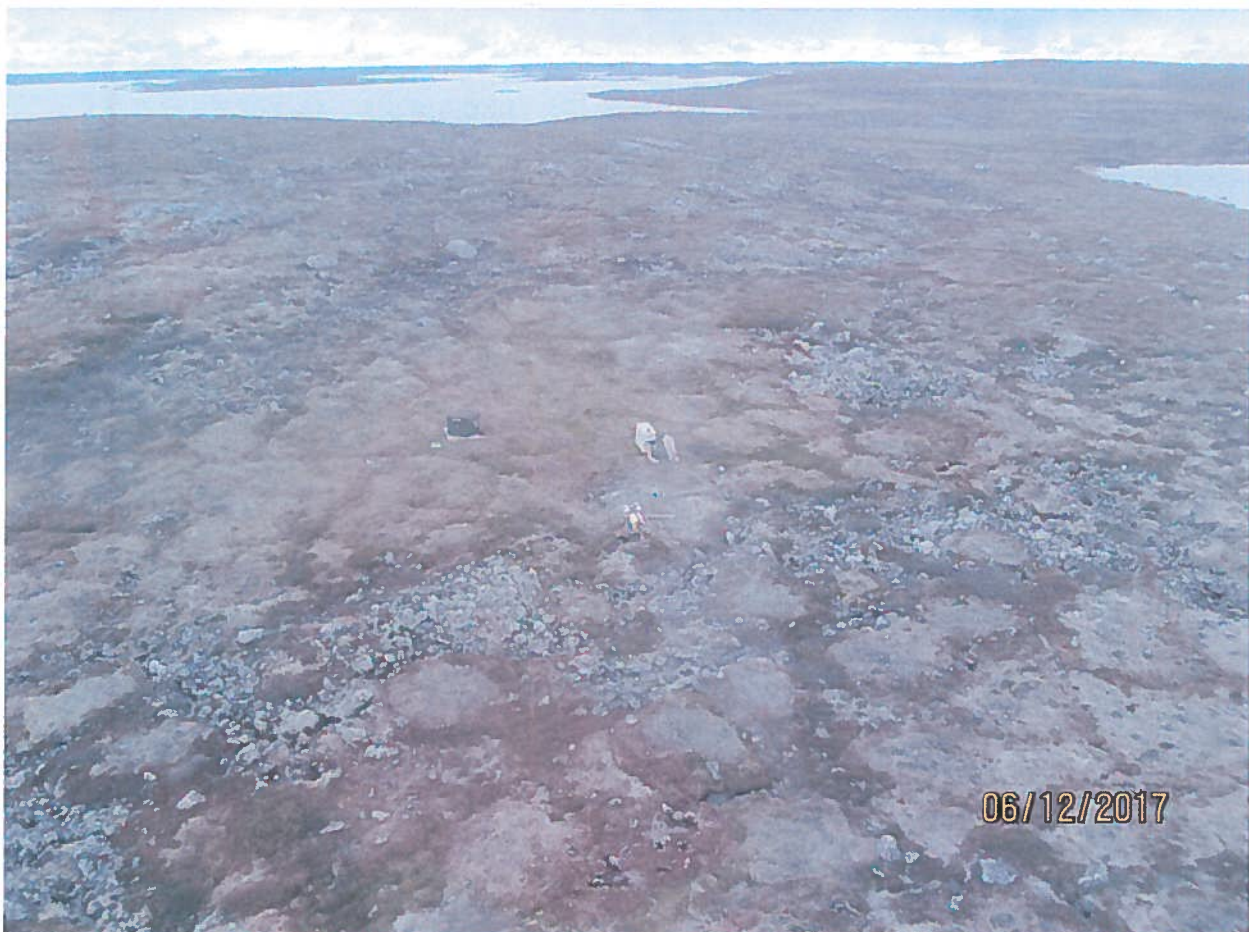


Figure 2. Drill rig/drilling infrastructure largely removed from Drill site T29.

ENVIRONMENTAL (“LUP”) INSPECTION REPORT



Figure 3. Drill rig/drilling infrastructure remaining at drill site (T29).

At the time of the inspection, demobilization of the drill site was about 90% complete .



Figure 4. Drill hole after drilling activity, one of three holes (T29).

ENVIRONMENTAL (“LUP”) INSPECTION REPORT



Figure 5. Drilling cuttings collection sump at one of three T29 drill sites.

Cuttings were disposed of at a depression well away from Lac de Gras/nearby waterbodies.
