



**Conditions Annexed to and Forming Part
of Land Use Permit # W2017C0005**

Part A: Scope of Permit

1. This Permit entitles the Arctic Star Exploration Corp. to conduct the following land-use operation:
 - a) operation and maintenance of a camp;
 - b) prospecting, mapping, till sampling, ground and airborne geophysics, diamond core and reverse circulation drilling;
 - c) establishment of a petroleum fuel storage facilities; and
 - d) use of vehicles and equipment.
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)

Act - the *Mackenzie Valley Resource Management Act*.

Archaeological Overview - a study of archaeological sites as defined by the Prince of Wales Northern Heritage Centre *Guidelines for Developers for the Protection of Archaeological Sites in the Northwest Territories*.

Archaeological Impact Assessment - archaeological research as defined by the Prince of Wales Northern Heritage Centre *Guidelines for Developers for the Protection of Archaeological Sites in the Northwest Territories*.

Board - the Wek'èezhìi Land and Water Board established under Part 3 of the Act.

Borehole - a hole that is made in the surface of the ground by drilling or boring.

Drilling Fluid - 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.

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.

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.

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).

Permittee - the holder of this permit.

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.

Sewage Disposal Facilities - Sump(s) and/or Sewage collection tank(s) and/or storage containers designed to hold Sewage.

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

Sump - a human-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)

26(1)(a) Location and Area

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| 1. | The Permittee shall locate all camps on Durable Lake or previously cleared areas, and a minimum of 100 metres from the Ordinary High-Water Mark. | CAMP SETBACK |
| 2. | Prior to the commencement of drilling, the Permittee shall submit the target areas and final drill hole locations on a 1:50,000-scale map with coordinates and map datum to the Board and an Inspector. | DRILL LOCATIONS |
| 3. | The Permittee shall only conduct this land-use operation on lands designated in the application. | LOCATION OF ACTIVITIES |

26(1)(b) Time

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| 4. | At least 48 hours prior to the initial commencement of the land-use operation, the Permittee's Field Supervisor shall notify the Board and contact an Inspector at (867) 767-9188. | INITIAL NOTIFICATION - CONTACT INSPECTOR |
| 5. | At least 48 hours prior to returning to the worksite following a seasonal Shut Down Period, the Permittee's Field Supervisor shall notify the Board and contact an Inspector at (867) 767-9188. | SEASONAL NOTIFICATION – CONTACT INSPECTOR |
| 6. | 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:
<ul style="list-style-type: none"> a) the name(s) of the person(s) in charge of the field operation; b) alternates; and c) all methods for contacting the above person(s). | IDENTIFY AGENT |
| 7. | At least ten days prior to the completion of the land-use operation, the Permittee shall advise an Inspector of:
<ul style="list-style-type: none"> a) the plan for removal or storage of equipment and materials; b) when final cleanup and reclamation of the land used will be completed; and c) when the Final Plan will be submitted. | REPORTS BEFORE FINAL REMOVAL |

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

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| 8. | The Permittee shall only use equipment of a similar type, size, and number to that listed in the complete application. | USE APPROVED EQUIPMENT |
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26(1)(d) Methods and Techniques

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| 9. Immediately upon completion of operations at each Borehole, the Permittee shall remove or cut off and seal each drill casing at ground level. | MINERAL
EXPLORATION DRILL
CASINGS |
| 10. 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. | WINTER ROADS |
| 11. The Permittee shall not erect camps or store material, other than that required for immediate use, on the ice surface of a Watercourse. | STORAGE ON ICE |

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

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| 12. The Permittee shall ensure that the land use area is kept clean at all times. | CLEAN WORK AREA |
| 13. The Permittee shall not locate any Sump within 100 metres of the Ordinary High-Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector. | SUMPS FROM
WATER |

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

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| 14. The land-use operation shall not cause obstruction to any natural drainage. | NATURAL DRAINAGE |
| 15. 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. | FLOWING ARTESIAN
WELL |
| 16. The Permittee shall only conduct off-road vehicle travel on snow-covered surfaces. | OFF-ROAD VEHICLE
TRAVEL |
| 17. The Permittee shall prepare the site in such a manner as to prevent rutting or gouging of the ground surface. | PREVENTION OF
RUTTING |
| 18. The Permittee shall suspend overland travel of equipment or vehicles at the first sign of rutting or gouging. | SUSPEND OVERLAND
TRAVEL |

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| 19. 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 |
| 26(1)(g) Use, Storage, Handling, and Ultimate Disposal of Any Chemical or Toxic Material | |
| 20. At least seven days prior to the use of any chemicals that were not identified in the complete application, the Safety Data Sheets must be provided to the Board and an Inspector. | CHEMICALS |
| 21. 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. | DRILLING NEAR
WATER OR ON ICE |
| 22. The Permittee may deposit Drilling Waste that does not contain Toxic Material in a Sump. 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. | DRILLING WASTE |
| 23. The Permittee shall remove all Drilling Waste containing Toxic Material to an approved disposal facility. | DRILLING WASTE
DISPOSAL |
| 24. The Permittee shall not allow any Drilling Waste to spread to the surrounding lands or Watercourses. | DRILLING WASTE
CONTAINMENT |
| 25. 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. | RECLAIM NON-OIL
AND GAS SUMPS |
| 26. During the period of this Permit, if a spill occurs or is foreseeable, the Permittee shall: | REPORT SPILLS |
| <ul style="list-style-type: none"> a) implement the approved Spill Contingency Plan; b) report it immediately using the NU-NT Spill Report Form by one of the following methods: <ul style="list-style-type: none"> • Telephone: (867) 920-8130; • Fax: (867) 873-6924 • E-mail: spills@gov.nt.ca • Online: Spill Reporting and Tracking Database c) within 24 hours, notify the Board and an Inspector; and d) within 30 days of initially reporting the incident, submit a detailed report to the Board and an Inspector, including descriptions of causes, response actions, and any changes to | |

procedures to prevent similar occurrences in the future. Any updates to this report shall be provided to the Board and an Inspector in writing as changes occur.

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| 27. The Permittee shall dispose of all combustible Waste petroleum products by removal to an approved disposal facility. | WASTE PETROLEUM
DISPOSAL |
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26(1)(h) Wildlife and Fish Habitat

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| 28. The Permittee shall take all reasonable measures to prevent damage to wildlife and fish Habitat during this land-use operation. | HABITAT DAMAGE |
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26(1)(i) Storage, Handling, and Disposal of Refuse or Sewage

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| 29. The Permittee shall dispose of all Waste as described in 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 |
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| 30. The Permittee shall keep all garbage and debris in a secure container until disposal. | GARBAGE
CONTAINER |
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| 31. The Permittee shall dispose of all Sewage and Greywater as described in the approved Waste Management Plan. | SEWAGE DISPOSAL -
PLAN |
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26(1)(j) Protection of Historical, Archaeological, and Burial Sites

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| 32. 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 |
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| 33. The Permittee shall not knowingly remove, disturb, or displace any archaeological specimen or site. | SITE DISTURBANCE |
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| 34. The Permittee shall, where a suspected archaeological or historical site, or burial ground is discovered: | SITE DISCOVERY AND
NOTIFICATION |
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- a) immediately suspend operations on the site; and
- b) notify the Board at (867) 765-4592 or an Inspector at (867) 767-9188, and the Prince of Wales Northern Heritage Centre at 767-9347 ext. 71251 or ext. 71255.

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| 35. At least 30 days prior to any new land disturbance, including new drill sites, the Permittee shall conduct an Archaeological Overview to identify areas of high and low potential for archaeological and | ARCHAEOLOGICAL
OVERVIEW |
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burial sites and shall submit a summary report to the Board and the Prince of Wales Northern Heritage Centre.

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| 36. Prior to disturbance in areas of high potential for archaeological or burial sites identified in the Archaeological Overview, the Permittee shall conduct an Archaeological Impact Assessment of the sites where disturbance is planned and shall submit a summary report to the Board and the Prince of Wales Northern Heritage Centre. | AIA – HIGH POTENTIAL |
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26(1)(k) Objects and Places of Recreational, Scenic, and Ecological Value

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26(1)(l) Security Deposit

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| 37. Prior to the commencement of the land-use operation, the Permittee shall deposit with the Minister a security deposit in the amount of \$66,876.56. | SECURITY DEPOSIT |
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| 38. 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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| 39. The Permittee shall place Fuel Storage Containers and or Tanks a minimum of 100 metres from the Ordinary High-Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector. | FUEL STORAGE SETBACK |
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| 40. The Permittee shall ensure that all fuel caches have adequate Secondary Containment. | FUEL CACHE SECONDARY CONTAINMENT |
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| 41. The Permittee shall set up all refueling points with Secondary Containment. | SECONDARY CONTAINMENT - REFUELING |
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| 42. The Permittee shall mark all Fuel Storage Containers and Tanks with the Permittee's name. | MARK CONTAINERS AND TANKS |
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| 43. 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 |
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| 44. 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. | REPORT FUEL LOCATION |
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| 45. 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 |
| 46. The Permittee shall comply with 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 |
| 47. 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. | SPILL RESPONSE |
| 48. 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 |
| 49. The Permittee shall clean up all leaks, spills, and contaminated material immediately. | CLEAN UP SPILLS |
| <p>26(1)(n) Methods and Techniques for Debris and Brush Disposal
 <i>Intentionally left Blank</i></p> <p>26(1)(o) Restoration of the Lands</p> | |
| 50. Prior to the end of the land-use operation, the Permittee shall complete all cleanup and restoration of the lands used. | FINAL CLEANUP AND RESTORATION |
| <p>26(1)(p) Display of Permits and Permit Numbers</p> | |
| 51. The Permittee shall display a copy of this Permit in each campsite established to carry out this land-use operation. | DISPLAY PERMIT |
| <p>26(1)(q) Biological and Physical Protection of the Land</p> | |
| 52. 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 |
| 53. The Permittee shall comply with 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 |
| 54. All revised plans submitted to the Board shall include a brief summary of the changes made to the plan. | SUMMARY OF CHANGES |