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October 28, 2021

File: W2017C0005

Mark Cliffe-Phillips
Mackenzie Valley Review Board
200 Scotia Centre
Box 938, 5102-50th Avenue
Yellowknife NT X1A 2N7

Sent by email

Dear Mark Cliffe-Phillips,

Re: Diagas Project - Arctic Star Exploration Corp. – Notice of Preliminary Screening Determination – Land Use Permit Amendment – Mining Exploration – Hardy Lake, NT

The Wek'èezhii Land and Water Board (Board) met on October 28, 2021 and considered the Amendment Request from Arctic Star Exploration Corp. (Arctic Star) for Land Use Permit (Permit) W2017C0005 for the Diagas Project (Project) in accordance with the *Mackenzie Valley Resource Management Act* (MVRMA).

The Board conducted a preliminary screening based on the public record for the proceeding. Based on the evidence provided, the Board is satisfied the screening has been completed according to section 125 of the MVRMA and has decided **not to refer** the Project to environmental assessment. The Board's Preliminary Screening Determination and Reasons for Decision, as required by section 121 of the MVRMA, is attached.

If the Board does not receive notice of referral to environmental assessment, it can proceed with issuance of Permit W2017C0005 on **November 8, 2021, Monday**.

The Board and staff look forward to continued communications throughout the pause period. Please contact Ryan Fequet at (867) 765-4589 with any questions or concerns regarding this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mason Mantla', written in a cursive style.

Mason Mantla
Chair, Wek'èezhii Land and Water Board

BCC'd to: Wek'èezhii Distribution List
Dave Kelsch, Arctic Star

Attached: Preliminary Screening Determination and Reasons for Decision



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Preliminary Screening Determination and Reasons for Decision

Land Use Permit Application	
File Number	W2017C0005
Company	Arctic Star Exploration Corp.
Project	Diagras Project
Location	Hardy Lake, NT
Activity	Mining Exploration
Date of Decision	October 28, 2021

1.0 Decision

In accordance with subsection 124(1) of the *Mackenzie Valley Resource Management Act* (MVRMA), the Wek'èezhì Land and Water Board (WLWB or Board) met on October 28, 2021 to make a preliminary screening determination on the amendment request from Arctic Star Exploration Corp. (Arctic Star) (Applicant) for Land Use Permit W2017C0005 (Permit)¹ for the Diagras Project (Project)].²

The Board has determined that some Project activities and areas are exempt from preliminary screening, because they were previously screened. The Applicant has proposed new Project areas, however, and the Board has decided not to refer the proposed changes to the Project to the Mackenzie Valley Environmental Impact Review Board (the Review Board) for Environmental Assessment because, based on the evidence, it is the Board's opinion that the proposed Project will not have a significant adverse impact on the environment or be a cause of public concern.

The Board's determination, including reasons for its decision, are detailed in the sections 3 and 4.

¹See WLWB Online Registry www.wlwb.ca for [W2017C0005 - Diagras - Amendment Request - Sept 17 21.pdf](#)

² The Project is the Diagras Project, which is the proposed development, where "development" is defined in Part 5 of the MVRMA as:

"any undertaking, or any part or extension of an undertaking, that is carried out on land or water and includes an acquisition of lands pursuant to the *Historic Sites and Monuments Act* and measures carried out by a department or agency of government leading to the establishment of a park subject to the *Canada National Parks Act* or the establishment of a park under a territorial law."

2.0 Background and Scope of Screening

The WLWB issued the Permit on December 13, 2017, for a period of five years commencing December 13, 2017, and expiring December 12, 2022. A Preliminary Screening was conducted on December 13, 2017.³ The Permit is to conduct mineral exploration activities including operation and maintenance of a camp, prospecting, mapping, till sampling, ground and airborne geophysics, diamond core and reverse circulation drilling, fuel storage, and use of vehicles and equipment at Hardy Lake, NT.

On September 17, 2021, the WLWB received an application to assign the Permit to Arctic Star Exploration Corp.⁴ On September 17, 2021, Arctic Star also submitted a complete Request to amend the Type A Land Use Permit.⁵ Arctic Star is requesting the inclusion of additional mineral claims staked contiguous to the 23 mineral claims already held by Arctic Star. In Arctic Star's Request, the Applicant stated they would like the new claims to become part of the 'complete application'; this means the amendment would not require revisions to the wording of any Permit conditions but would update the 'complete application' referenced in Part C, Condition 3 of the Permit.

On October 28, 2021, the Board decided to assign Permit W2017C0005 from Margaret Lake Diamonds Inc. to Arctic Star Exploration Corp., in accordance with the *Mackenzie Valley Resource Management Act* (MVRMA).⁶ The Board subsequently considered Arctic Star's request to amend W2017C0005 to include the additional mineral claims.

The Amendment Request includes proposed changes to the Project. Under Part 1, Schedule 1, section 2.1 of the Exemption List Regulations to the MVRMA, project areas and activities that have already been subject to Part 5 of the MVRMA are exempt from preliminary screening. The new Project areas require screening by the Board in accordance with subsection 124(1) of the MVRMA.

In accordance with paragraph 125(1)(a) of the MVRMA, the Board must conduct a preliminary screening of the proposed changes to the Project to determine and report to the Review Board whether, in its opinion, the proposed changes to the Project might have a significant adverse impact on the environment, or might be a cause of public concern. The details of the Board's analysis are set out in section 3 below.

3.1 Scope of Screening:

Previously Screened or Assessed Areas and Activities:

Margaret Lake Diamonds Inc. submitted an application for a Type A Land Use Permit to the Wek'èezhìi Land and Water Board (WLWB) on October 23, 2017. The purpose of that application was to conduct mineral exploration including prospecting, mapping, till sampling, ground and airborne geophysics, diamond core drilling, and reverse circulation drilling, as well as for the operation and maintenance of a temporary camp. The area of interest is located on and to the south of Hardy Lake, approximately 35 kilometers northeast of the Diavik Diamond Mine and 35 kilometers east of the Ekati Diamond Mine. The

³ See WLWB Online Registry for [W2017C0005 - Margaret Lake Diamonds - Preliminary Screening - Dec 13 17](#)

⁴ See WLWB Online Registry for [W2017C0005 - Diagrass - Assignment Application - Sept 17 21](#)

⁵ See WLWB Online Registry for [W2017C0005 - Diagrass - Amendment Request - Sept 17 21](#)

⁶ See WLWB Online Registry for [W2017C0005 - Diagrass - Land Use Permit - Assignment - Oct 28 21](#)

project was a joint venture between Margaret Lake Diamonds Inc. and Arctic Star Exploration Corp. The area previously screened, including the mineral claims included in the screening, are outlined in the Preliminary Screening that was conducted on December 13, 2017.⁷

Activities that the Board understands to have been previously considered,⁸ and which therefore do not require preliminary screening at this time, are listed below.

New Areas:

No new activities are being requested by Arctic Star. The Applicant has stated in the Amendment Request that the Applicant requests to amend Part C, Condition 3 to include an additional mineral claims (35 claims for a total of 29,464.95 hectares) that had previously been held by Aurora Geosciences Ltd. and were transferred to Arctic Star Exploration Corp.

	Mineral Claim #	Previously Held by:	Current Claims Holder:
1	M10777	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
2	M10778	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
3	M10775	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
4	M10776	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
5	M10771	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
6	M10772	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
7	M10773	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
8	M10774	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
9	M10782	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
10	M10779	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
11	M10780	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
12	M10781	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
13	M10479	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
14	M10400	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
15	M10786	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
16	M10478	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
17	M10787	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
18	M10390	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
19	M10791	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
20	M10783	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
21	M10784	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
22	M10785	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
23	M10790	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
24	M10788	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
25	M10789	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
26	M10793	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
27	M10389	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.

⁷ See WLWB Online Registry for [W2017C0005 - Margaret Lake Diamonds - Preliminary Screening - Dec 13 17](#)

⁸ See WLWB Online Registry for [W2017C0005 - Margaret Lake Diamonds - Preliminary Screening - Dec 13 17](#).

28	M10388	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
29	M10386	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
30	M10797	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
31	M10796	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
32	M10387	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
33	M10795	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
34	M10794	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.
35	M10792	Aurora Geosciences Ltd.	Arctic Star Exploration Corp.

In Arctic Star’s submission, the Company stated its Request to amend the Permit was to include an additional 27 mineral claims that are staked contiguous to their existing claims. While the Request stated 27 claims, the map and list of claims included in the submission was for an additional 35 claims. During the public review, Board staff requested that the Company clarify which of the 35 mineral claims transferred from Aurora Geosciences Ltd. is part of the 27 additional claims that Arctic Star is requesting be included in the amended Permit (WLWB staff comment 1). Arctic Star apologized for the typo and clarified that its Request was for the additional 35 claims included in the map and the list attached to the Amendment Request. Because the full 35 claims were included in the map and the list circulated to parties, the Board is of the opinion that this information was available for consideration as part of the public review. Thus, the Board has considered the Request to include all 35 claims.

3.2 Public Record and Regulatory Proceeding

To assist the Board in its preliminary screening determination for the Project, the Board distributed the Request and a draft Permit for public review on September 21, 2021, inviting reviewers to provide comments and recommendations on the Request and the preliminary screening (e.g., on impacts and mitigation measures) using the Online Review System (ORS). Comments were due October 12, 2021, with responses from the Applicant due October 19, 2021. The Board received comments and recommendations from the Government of the Northwest Territories Department of Lands North Slave Region (Lands Department and Lands Inspector), Wek’èèzhii Renewable Resources Board (WRRB), the Government of the Northwest Territories Environment and Natural Resources (GNWT-ENR). Board staff also submitted comments. Reviewer recommendations and the proponent responses are available on the WLWB Online Registry.⁹

Since there were no requests to extend the reviewer comment deadline, the Board is satisfied that a reasonable period of notice was given to affected communities and First Nations, as required by subsection 63(2) of the MVRMA. The Board is also satisfied that the Tłı̨ch̨q Government has been consulted in accordance with section 63 of the MVRMA.

⁹ See WLWB Online Registry for [W2017C0005 - Diagr̨as - Assignment and Amendment - Review Summary and Attachments - Oct 19 21](#)

3.0 Potential Impacts and Proposed Mitigations

Table 1 below summarizes:

- the potential impacts of the proposed changes to the Project;
- the concerns that were identified during the regulatory proceeding and how the Applicant addressed those concerns;
- the proposed and potential mitigations for the potential impacts; and
- the Board's analysis of the potential impacts and proposed mitigations.

Table 1: Potential Impacts and Proposed Mitigations for the Proposed Project

Potential Impact	Activity	Proposed Mitigations <i>Description of measures to reduce potential impacts, including consideration of cumulative impacts and climate change.</i>	Board Analysis and Determination
Direct loss or removal of habitat, dens, or nests	Clearing of timber, brush, or vegetation mat; Stripping of overburden;	<ul style="list-style-type: none"> • With the increase in area, the WRRB noted concern regarding the potential effects to barren-ground caribou, Species at Risk, Wildlife Habitat, and the barren-ground caribou migrations throughout the area (WRRB comment 2). WRRB recommended that a Tier 1 Wildlife Management and Monitoring Plan (WMMP) be developed for the project to ensure proper mitigations and monitoring efforts are in place for wildlife in the project area (WRRB comment 2). Arctic Star responded that the Company will adhere to all conditions in the amended permit. The Board can consider the inclusion of a requirement for WMMP to mitigate impacts to wildlife habitat as a result of the increase in area. • GNWT-ENR submitted several comments related to wildlife and wildlife habitat and recommended the inclusion of several conditions related to mitigating impacts to nests and dens (GNWT-ENR comments 3 and 4). Arctic Star responded that the Company will adhere to all conditions in the amended permit. The current Permit includes the ‘Habitat Damage’ standard condition, which is used to prevent damage to wildlife and fish habitat. During consideration of the initial application, the Proponent had committed that if any land clearing activities or land occupancy activities such as drill placement is to occur the Proponent committed to first having field crews investigate the location for migratory bird nest and eggs (response to ECCC comment 1; Initial Application 2017). 	Based on the described mitigations, it is the Board’s opinion that the proposed activities will not have a significant adverse impact on the environment or be a cause of public concern.

Soil Compaction; compaction of vegetation	Drilling	<ul style="list-style-type: none"> • The existing Permit has conditions which is used to mitigate the described impact: <ul style="list-style-type: none"> ○ Prevention of Rutting ○ Vehicle Movement Freeze-up 	Based on the described mitigations, it is the Board's opinion that the proposed activities will not have a significant adverse impact on the environment or be a cause of public concern.
Water table alteration	Drilling	<ul style="list-style-type: none"> • The existing Permit has a condition which is used to mitigate the described impact: <ul style="list-style-type: none"> ○ Flowing Artesian Well 	Based on the described mitigations, it is the Board's opinion that the proposed activities will not have a significant adverse impact on the environment or be a cause of public concern.
Change to or loss of heritage resource	Drilling	<ul style="list-style-type: none"> • The existing Permit has conditions which are used to identify and prevent destruction of heritage resources. These include: <ul style="list-style-type: none"> ○ Archaeological Buffer ○ Site Disturbance ○ Site Discovery and Notification ○ Archaeological Overview ○ AIA - High Potential 	Based on the described mitigations, it is the Board's opinion that the proposed activities will not have a significant adverse impact on the environment or be a cause of public concern.
Drainage pattern changes	Drilling and Associated Water Use	<ul style="list-style-type: none"> • The existing Permit has conditions which are used to mitigate the potential for drilling to alter the drainage pattern: <ul style="list-style-type: none"> ○ Drilling Near Water or on Ice ○ Drilling Waste ○ Natural Drainage 	Based on the described mitigations, it is the Board's opinion that the proposed activities will not have a significant adverse impact on the environment or be a cause of public concern.
Change in water quality; Soil Contamination	Trenching, diamond drilling, geotechnical borehole drilling; Transfer, storage, and use of petroleum products and/or chemicals; On-site storage or disposal of wastes (domestic garbage, sewage, waste	<ul style="list-style-type: none"> • The existing Permit has conditions which are used to mitigate the described impact: <ul style="list-style-type: none"> ○ Spill Contingency Plan ○ Drilling Waste ○ Drilling Waste Disposal ○ Drilling Waste Containment ○ Report Spills ○ Waste Petroleum Disposal ○ Waste Management ○ Sewage Disposal - Plan 	Based on the described mitigations, it is the Board's opinion that the proposed activities will not have a significant adverse impact on the environment or be a cause of public concern.

	petroleum products, drilling waste and hydraulic flowback fluids, hazardous wastes, etc.)		
Changes in water quality; Soil Contamination	Direct or indirect disposal of waste into water; Transfer, storage, and use of petroleum products and/or chemicals near a watercourse; On-site storage or disposal of wastes (domestic garbage, sewage, waste petroleum products, drilling waste and hydraulic flowback fluids, hazardous wastes, etc.)	<ul style="list-style-type: none"> • The existing Permit has conditions which are used to mitigate the described impact: <ul style="list-style-type: none"> ○ Fuel Near Water ○ Fuel Cache Secondary Containment ○ Secondary Containment - Refueling ○ Seal Outlet ○ Spill Response ○ Drip Trays ○ Clean Up Spills 	Based on the described mitigations, it is the Board's opinion that the proposed activities will not have a significant adverse impact on the environment or be a cause of public concern.
Increased greenhouse gases	Drilling, Transportation	<ul style="list-style-type: none"> • The existing Permit has a condition which is used to mitigate the described impact: <ul style="list-style-type: none"> ○ The Proponent did not propose any mitigations however, the amendment does not propose an increase in activities, only additional land area in which activities can be conducted therefore the proposed impact does not exceed what has been previously screened. 	Based on the described mitigations, it is the Board's opinion that the proposed activities will not have a significant adverse impact on the environment or be a cause of public concern.

4.1 Consideration of Potential Impacts

Based on the potential impacts and proposed mitigations identified above in Table 1, the Board considered whether the changes to the Project might have a significant adverse impact on the environment. In general, impacts of the Project on the environment can be mitigated through the use of permit conditions of two general types:

1. conditions in the existing Permit, including requirements for management and monitoring plans, with revisions where necessary; and
2. new or unique conditions that may be needed to mitigate potential impacts of the changes to the Project that may not be addressed by the conditions in the existing Permit, and which may be from the Board's standard conditions list or established by the Board as per the MVLWB [*Standard Process for Creating New Conditions*](#).

These conditions may include requirements for management and monitoring plans that provide detailed information regarding the implementation of mitigation measures and the evaluation of their effectiveness.

A draft Permit was circulated for review during the regulatory proceeding, and all Parties were given the opportunity to provide comments and recommendations on the draft conditions. In finalizing the conditions, the Board will consider all of the evidence provided through the regulatory proceeding.

4.2 Consideration of Public Concern

In addition to considering the potential impacts of the Project, the Board considered whether the changes to the Project might be a cause of public concern. Based on the evidence provided during the regulatory proceeding, the Board did not identify any comments or issues that indicate that the Project is a cause of public concern.

4.0 Conclusion

The Board completed a preliminary screening of the Project on December 13, 2017;¹⁰ however, the Amendment Request includes proposed changes to the Project. Accordingly, the Board has determined that Project activities and areas that have already been subject to Part 5 of the MVRMA are exempt from preliminary screening under Part 1, Schedule 1, section 2.1 of the Exemption List Regulations to the MVRMA. The Board has conducted a preliminary screening of the proposed changes to the Project.

The Board has reviewed all the evidence received during the regulatory process with respect to the Preliminary Screening of the proposed changes to the Project. Based on the evidence, it is the Board's opinion that the proposed changes to the Project will not have a significant adverse impact on the environment or be a cause of public concern, as set out in paragraph 125(1)(a) of the MVRMA. The Board has therefore decided not to refer the proposed changes to the Project to Environmental Assessment.

¹⁰ See WLWB Online Registry for [W2017C0005 - Margaret Lake Diamonds - Preliminary Screening - Dec 13 17](#)

SIGNATURE



October 28, 2021

Mason Mantla
Chair, Wek'èezhii Land and Water Board

Date