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www.wlwb.ca

December 13, 2017

File: W2017C0005

Mr. Dave Kelsch
Margaret Lake Diamonds Inc.
#2050 - 1055 West Georgia Street
Vancouver, BC
V6E 3P3

Email: dkelsch@telusplanet.net

Dear Mr. Kelsch,

Re: ISSUANCE OF A TYPE "A" LAND USE PERMIT

Attached is Land Use Permit No. W2017C0005, granted by the Wek'èezhìi Land and Water Board (WLWB) in accordance with the *Mackenzie Valley Resource Management Act*. A copy of this Permit has been filed in the Public Registry at the office of the WLWB. The WLWB approved Land Use Permit W2017C0005 for a period of five (5) years commencing December 13, 2017 and expiring December 12, 2022.

Please read all conditions carefully and note that as per Land Use Permit Condition #37, a security deposit in the amount of \$66,876.56 shall be posted with the Government of the Northwest Territories, Department of Lands, North Slave Region, #16 Yellowknife Airport, Yellowknife, NT, X1A 3T2. Please send a copy of the security deposit receipt to the WLWB office prior to the commencement of operations.

The Board has approved the following Management Plans submitted together with Margaret Lake Diamonds Inc. Land Use Permit application: Versions 1.0 of the Engagement Plan, Spill Contingency Plan, Waste Management Plan, and Closure and Reclamation Plan.

The Board requires Margaret Lake Diamonds Inc. to submit an updated Engagement Plan (Version 2.0), with an updated Engagement Record, prior to the commencement of activities, which reflects, at minimum, the details of face-to-face discussions regarding wildlife concerns with Deninu K'ue First Nation and North Slave Metis Alliance.

The Board also requires that Versions 1.1, of the Waste Management Plan and the Spill Contingency Plan, incorporating minor corrections as detailed in the Reasons for Decision, are submitted to the Board prior to the commencement of activities.

The Board also requests Margaret Lake Diamonds Inc. to:

- Work with the Department of Fisheries and Oceans to gather information on the water intake activity and include their guidance into the operation;
- Work with parties such as GNWT-ENR and ECCC regarding wildlife management and monitoring requirements and mitigation techniques;
- Register as a generator of hazardous waste with the GNWT; and
- Submit the Geographic Information Systems (GIS) data for the project should it be acquired in the future.

Please be advised that this letter, with attached procedures, all inspection reports, and correspondence related thereto, are part of the Public Registry, and are intended to keep all interested parties informed of the manner in which the Permit requirements are being met. Margaret Lake Diamonds Inc. must ensure compliance with all applicable Federal, Territorial, Tlicho, and Municipal Legislation, in addition to ensuring compliance with the terms and conditions of the Land Use Permit.

The full cooperation of Margaret Lake Diamonds Inc. is anticipated and appreciated. If you have any questions or concerns, please contact Sarah Elsasser at (867) 765-4583 or selsasser@wlwb.ca.

Yours Sincerely,



Violet Camsell-Blondin
Chair – Wek'èezhìi Land and Water Board

Attachments: Land Use Permit W2017C0005
Reasons for Decision

Copied to: Charlene Coe for Scott Steward, GNWT – Department of Lands
Wek'èezhìi East Distribution List



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LAND USE PERMIT

Permit Class	Permit No	Amendment No
A	W2017C0005	

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

Margaret Lake Diamonds Inc.

Permittee

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

Signature Dave Kelsch	Date October 23, 2017
Type of Land use Operation Mineral Exploration 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	
Location Hardy Lake, NT	

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

Dated at Yellowknife this 13 day of December, 2017

Signature Chair

Signature Witness

Effective Date

December 13, 2017

Expiry Date

December 12, 2022

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 # W2017C0005**

Part A: Scope of Permit

1. This Permit entitles Margaret Lake Diamonds Inc. 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 - 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 - 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'èezhì Land and Water Board established in subsection 57.1(1) of the *Mackenzie Valley Resource Management Act*.

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

Drilling Fluids - 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* (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 - 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 Land or previously cleared areas. | 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 the Board and an Inspector. | DRILL LOCATIONS |
| 3. 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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| 4. At least 48 hours prior to the commencement of the land-use operation, the Permittee's Field Supervisor shall contact an Inspector at (867) 767-9188. | CONTACT INSPECTOR |
| 5. 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:
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 |
| 6. At least ten days prior to the completion of the land-use operation, the Permittee shall advise an Inspector of:
a) the plan for removal or storage of equipment and materials; and
b) when final cleanup and reclamation of the land used will be completed. | REPORTS BEFORE REMOVAL |

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)(d) Methods and Techniques

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| 8. 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 |
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9. 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**

10. 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

11. The Permittee shall ensure that the land use area is kept clean at all times. **CLEAN WORK AREA**

12. 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

13. The land-use operation shall not cause obstruction to any natural drainage. **NATURAL DRAINAGE**

14. 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 WELLS**

15. The Permittee shall not conduct off-road vehicle travel in areas without snow-covered surfaces. **OFF-ROAD VEHICLE TRAVEL**

16. The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface. **PREVENTION OF RUTTING**

17. The Permittee shall suspend overland travel of equipment or vehicles at the first sign of rutting. **SUSPEND OVERLAND TRAVEL**

18. 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

19. 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 the Board and an Inspector. **CHEMICALS**

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| 20. | 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 |
| 21. | The Permittee may deposit Drilling Waste that does not contain Toxic Material in a Sump or natural depression. 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 |
| 22. | The Permittee shall remove all Drilling Waste containing Toxic Material to an approved disposal facility. | DRILLING WASTE DISPOSAL |
| 23. | The Permittee shall not allow any Drilling Waste to spread to the surrounding lands or Watercourses. | DRILLING WASTE CONTAINMENT |
| 24. | 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. | BACKFILL SUMPS |
| 25. | 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: <ul style="list-style-type: none"> 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 |
| 26. | The Permittee shall dispose of all combustible Waste petroleum products by removal to an approved disposal facility. | WASTE PETROLEUM DISPOSAL |

26(1)(h) Wildlife and Fish Habitat

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| 27. | 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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| 28. | 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 |
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| 29. The Permittee shall keep all garbage and debris in a secure container until disposal. | GARBAGE
CONTAINER |
| 30. The Permittee shall dispose of all garbage, Waste, and debris as described in the approved Waste Management Plan, unless otherwise authorized in writing by an Inspector. | REMOVE GARBAGE |
| 31. The Permittee shall dispose of all Sewage and Greywater as described in the approved Waste Management Plan. | SEWAGE DISPOSAL
– PLAN |

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 |
| 33. The Permittee shall not knowingly remove, disturb, or displace any archaeological specimen or site. | SITE DISTURBANCE |
| 34. 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) 767-9188, and the Prince of Wales Northern Heritage Centre at 767-9347 ext. 71250 or ext. 71251. | SITE DISCOVERY
AND
NOTIFICATION |
| 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 burial sites and shall submit a summary report to the Board and the Prince of Wales Northern Heritage Centre. | ARCHAEOLOGICAL
OVERVIEW |
| 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 |

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
26(1)(m) Fuel Storage	
39. 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
40. The Permittee shall ensure that all fuel caches have adequate Secondary Containment.	FUEL CACHE SECONDARY CONTAINMENT
41. The Permittee shall set up all refueling points with Secondary Containment.	SECONDARY CONTAINMENT – REFUELING
42. The Permittee shall mark all Fuel Storage Containers and Tanks with the Permittee's name.	MARK CONTAINERS AND TANKS
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
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
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 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
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 haz-mat/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.	CLEAN UP SPILLS

26(1)(n) Methods and Techniques for Debris and Brush Disposal

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26(1)(o) Restoration of the Lands

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| 50. Prior to the expiry date of this Permit, the Permittee shall complete all cleanup and restoration of the lands used. | FINAL CLEANUP
AND RESTORATION |
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26(1)(p) Display of Permits and Permit Numbers

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| 51. The Permittee shall display a copy of this Permit in each campsite established to carry out this land-use operation. | DISPLAY PERMIT |
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26(1)(q) Biological and Physical Protection of the Land

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| 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 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 |
| 54. All revised plans submitted to the Board shall include a brief summary of the changes made to the plan. | SUMMARY OF
CHANGES |