General Water Licence Application
(Application for a new Water Licence)

Document Date: April 2013

Application Submission Date: _____
Month/Day/Year

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NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

DOCUMENT MANAGEMENT

Original Document Date: April 2010

DOCUMENT AMENDMENTS

	Description	Date
(1)	Updated for public distribution as separate document from NWB Guide 4	June 2010
(2)	Updated NWB logos and reformatted table to allow rows to break across page	May 2011
(3)	Update NWB logo	April 2013
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

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GENERAL WATER LICENCE APPLICATION
(APPLICATION FOR NEW WATER LICENCE)

The applicant is referred to the NWB's Guide 4: *Guide to Completing and Submitting a Water Licence Application for a New Licence* for more information about this application form.

LICENCE NO:
(for NWB use only)

1. APPLICANT (PROPOSED LICENSEE) CONTACT INFORMATION (name, address)

Churchill Diamond Corporation
133 Richmond Street West, Suite 501
Toronto, Ontario
M5H 2L3
Phone: _**416 365 0930**_____
Fax: _**416 365 1830**_____
e-mail: _**psobie@churchilldiamonds.com**_____

2. APPLICANT REPRESENTATIVE CONTACT INFORMATION if different from Block 1 (name, address)

Paul Sobie
Contact same as # 1

Phone: _____
Fax: _____
e-mail: _____
(Attach authorization letter.)

3. NAME OF PROJECT (including the name of the project location)

Pelly Bay Diamond Project
Centre of main claim block is approximately 46 kilometres southwest of Kugaaruk (Pelly Bay), Nunavut.

4. LOCATION OF UNDERTAKING

Project Extents – approximate. See map attached.

NW: **Latitude: (68 ° 34 ' 02" N) Longitude: (91 ° 39 ' 53 " W)**
NE: **Latitude: (68 ° 31 ' 41" N) Longitude: (89 ° 07 ' 35 " W)**
SE: **Latitude: (67 ° 52 ' 58" N) Longitude: (89 ° 14 ' 03 " W)**
SW: **Latitude: (67 ° 55 ' 15 " N) Longitude: (91 ° 42 ' 07 " W)**

Camp Location(s)

Latitude: **(68 ° 07 ' 35 " N)** Longitude: **(90 ° 04 ' 23 " W)**

5. MAP - Attach a topographical map, indicating the main components of the undertaking.

Attached.

NTS Map Sheet No.: _**560, P, 57A**_____ Map Name: _____ Map Scale: **1:250,000**__

6. NATURE OF INTEREST IN THE LAND - Check any of the following that are applicable to the proposed undertaking (at least one box under the 'Surface' header must be checked).

Sub-surface

☐ Mineral Lease from Nunavut Tunngavik Incorporated (NTI)
Date (expected date) of issuance: _____ Date of expiry: _____

☐ Mineral Lease from Indian and Northern Affairs Canada (INAC)
Date (expected date) of issuance: _____ Date of expiry: _____

Surface

X☐ Crown Land Use Authorization from Indian and Northern Affairs Canada (INAC)
N2015C0018
Date (expected date) of issuance: ___**June 8, 2015**____ Date of expiry: _**June 7, 2017**__

X☐ Inuit Owned Land (IOL) Authorization from Kitikmeot Inuit Association (KIA) **KTL214C011**
Date (expected date) of issuance: **January 6, 2015**__Date of expiry: **January 5, 2016**_____

☐ IOL Authorization from Kivalliq Inuit Association (KivIA)
Date (expected date) of issuance: _____ Date of expiry: _____

☐ IOL Authorization from Qikiqtani Inuit Association (QIA)
Date (expected date) of issuance: _____ Date of expiry: _____

☐ Commissioner's Land Use Authorization
Date (expected date) of issuance: _____ Date of expiry: _____

☐ Other: _____
Date (expected date) of issuance: _____ Date of expiry: _____

Name of entity(s) holding authorizations: **Churchill Diamond Corporation**
See attached for authorizations received to date.
_____

7. NUNAVUT PLANNING COMMISSION (NPC) DETERMINATION

Indicate the land use planning area in which the project is located. **Project located near KUGAARUK, NU, (EAST KITIKMEOT)**

☐ North Baffin
☐ South Baffin
☐ Akunniq
☐ Keewatin
☐ Sanikiluaq
☐ West Kitikmeot

Is a land use plan conformity determination required? **Unknown at this time.**

☐ Yes ☐ No

If Yes, indicate date issued and attach copy _____

If No, provide written confirmation from NPC confirming that a land use plan conformity review is not required.

8. NUNAVUT IMPACT REVIEW BOARD (NIRB) DETERMINATION

Is an Article 12 Part 4 screening determination required?

X☐ Yes ☐ No

If Yes, indicate date issued and attach copy _**NIRB Application recently submitted**_____
If No, provide written confirmation from NIRB confirming that a screening determination is not required.

9. DESCRIPTION OF UNDERTAKING – List and attach plans and drawings or project proposal.

Plan map and photos attached.

The purpose of Churchill Diamond Corporations' program is to explore for the presence of kimberlites and diamonds in the Pelly Bay area which is located primarily to the south and west of the community of Kugaaruk, Nunavut. This program is a direct continuation of the work other companies have conducted in the same area since 2004 but no longer conduct exploration in the area.

Past work included regional airborne geophysical surveying, ground geophysical surveying, till sampling, prospecting as well as reverse circulation and diamond drilling over portions of the present Pelly Bay Diamond property. Results from these surveys indicate that there are many anomalous geophysical features with supporting kimberlite indicator chemistry that are still untested both on surface and to depth within the property boundary. Historic work has proven that some of the anomalies are confirmed to be sourced by kimberlite of which several are known to contain diamonds.

Churchill Diamond Corporation plans to continue exploration over the next 5 years with follow up work including additional detailed airborne and ground geophysics, prospecting and drilling of the most favorable targets to determine if some of the remaining, untested magnetic features are sourced by kimberlite and to determine the diamond content of several known kimberlites as well as any other kimberlites discovered within the coming years.

As some of the known targets occur within lakes, some of the geophysical surveying will be conducted prior to breakup while land based targets will be surveyed during the spring and summer months. Diamond drilling of ice based targets may occur in the spring if the former geophysical surveying suggests that the target(s) remain valid. Land based targets will surveyed in detail using ground based crews. Drilling of the land based anomalies will occur after break up and into the summer/fall months. The drills to be used during this stage of the program will be a Boyles 25A drill (or equivalent) capable of coring 56 mm (2.205") diameter core and one Hornet reverse circulation drill. It is anticipated that 10 diamond drill holes and 20 reverse circulation holes will be cored in each of the years covered by the applied for permit. Coring will continue to a depth of up to 250 metres with the diamond drill on known kimberlite bodies while up to a maximum of 100 metres will be drilled on each hole using reverse circulation techniques to determine if the geophysical anomaly is indeed kimberlite.

People and equipment will be flown by charter or scheduled aircraft from Yellowknife to the community of Kugaaruk at the beginning and end of the field seasons. Transport to camp/fuel caches will mainly be by helicopter or in some cases by Twin Otter aircraft especially for larger equipment and fuel runs. Most transport to various sites from the community (2015) and camp (2016

onward) within the project area will be via helicopter. In the spring months snowmobiles will possibly be utilized to access various geophysical survey sites. Heavier drill equipment and fuel will be mobilized via Twin Otter or helicopter to a centrally located airstrip (900 feet long, 1.5 hectares) on a flat naturally compacted, sandy area adjacent to the camp (see picture, 2.0 hectares) and several strategic fuel caches and then subsequently moved from site to site via helicopter. Field crews will be mobilized to each drill site via helicopter on a daily basis from the community and/or campsite. Fuel and equipment plus empty drums will be mobilized and de-mobilized via Twin Otter and helicopter.

Once a camp is established in 2016 one ATV will be used to haul items to and from the airstrip located approximately 0.6 kilometres from the proposed camp location as was done in the past.

It is estimated that only one - three days will be required to test each target with a Reverse Circulation drill (no water required) and 2-3 days with a diamond drill.

Surface disturbance from the drilling phase of the program will be very localized and minimal. Each drill site will cover approximately 10 m2 and drill pads will be returned as near as possible to their original state. Pad construction will involve the emplacement of parallel wooden timbers (6" x 6" x 10-12') onto the ground on to which the frame of the drill and shack will be placed. The only ground clearing needed for this type of drill set-up will involve the removal of any larger, protruding boulders by hand. Once drilling at a particular site is completed the timbers will be removed for use at the next drill site. All garbage and fuel drums will be backhauled to the camp and then to the approved landfill site in Kugaaruk, Yellowknife or Edmonton. Written confirmation and authorization for landfill use will be forwarded when received from Kugaaruk and Yellowknife. If hazardous waste is transferred off site all regulations pertaining to transportation of said products will be followed as per the Environmental Guideline for the General management of Hazardous Waste, Department of Environment, Government of Nunavut, 2010, attached as Appendix IV of the Fuel Spill contingency Plan. All contaminated/hazardous wastes will be collected in drums and removed from site in a timely manner and disposed of at an approved waste disposal site. Churchill Diamond Corporation is registered as a Hazardous Waste generator in Nunavut. Final destination of hazardous wastes will be provided in the NWB annual report.

When drilling land based targets the drill will be positioned no closer than 31 metres of the high water mark of any waterbody and all drill cuttings, water return and sludge will be disposed of in a properly constructed sump or natural depression. Prior to and upon completion of any drill testing of any on-ice target a water sample will be collected and submitted to an approved laboratory for analysis. Drilling additives or mud shall not be used with holes drilled through ice unless they are re-circulated or contained and all drill cuttings will be removed from the ice surface.

Water source for the 2016 proposed camp will be the small lake located adjacent to the old camp site (see pictures and map). Either a lakeshore-based pump-house with ½ HP electrical pump (1.25" suction & .75" discharge) directly drawing water and pressuring the plumbing system or a gas-engine pump intermittently used to fill an indoor water tank (from which the plumbing is subsequently pressurized) will be utilized.

Water for drilling purposes will be drawn from an appropriately identified lake(s) near the drill sites. Water levels of the lakes will not be impacted. Exact drill collar locations not known at this time but potential areas of diamond drilling and water sources are marked on the attached maps.

All water intakes will be equipped with a screen with an appropriate mesh size to ensure no entrapment of fish as per DFO's 1995 Freshwater Intake End-of-Pipe Fish Screen Guidelines.

Drinking water will be tested at the beginning of each field season at the 2016 camp site. Samples will be sent to Taiga Laboratories in Yellowknife for analysis. Churchill Diamond will consult with Taiga as to the parameters to be tested. Drinking water will be treated using sediment filter and UV

treatment. Any other treatment required will be conducted as per instructions from the laboratory. Any on-ice drilling that may occur will include before and after water testing. No drill cuttings will remain on ice but be transported to a natural depression on land no closer than 31 metres from any waterbody. If artesian water is encountered the bore holes will be plugged as to prevent any further outflow of water. Estimated water consumption is <5m3/day for camp and between 30-40 m3/day for drilling purposes.

Fuel to be used for this operation will be cached in quantities of up to 200 of Jet-A and diesel at several cache sites centrally located near the potential drilling operations and camp site. Only 4-5 drums of diesel and 3-4, 100 pound bottles of propane will be located at each drill (Refer to Fuel Spill Contingency Plan). Method of transfer of fuel will be gravity feed or by manual pump. Helicopters will use conventional DC electric barrel pumps. All fuel caches to have spill kits supplied and placed no closer than 31 metres from any high water mark on sandy substrate. At least one empty container of equal or greater quantity of the fullest fuel container will be placed at each cache in case of the necessity to transfer fuel. Location of fuel caches approximate at this time.

It should be noted that surface disturbance from these operations will be very localized and minimal. Each drill site may cover 10 square metres. All pits or sumps will be backfilled and leveled and drill pads returned, as near as possible to their original state.

10. OPTIONS – Provide a brief explanation of the alternative methods or locations that were considered to carry out the project.

Churchill Diamond Corporation recently acquired a land position over an area on which previous operators had conducted regional airborne and ground geophysical surveying, till sampling, prospecting as well as reverse circulation and diamond drilling. Results from these surveys indicate that there are hundreds of anomalous geophysical features within the property boundary some of which are already confirmed to be sourced by kimberlite and of which several are known to contain diamonds. Churchill Diamond Corporation plans to continue exploration over the next 5 years on both Crown Land and Inuit Owned Land with follow up work including additional detailed airborne geophysics, ground geophysics, prospecting and drilling of the most favorable targets to determine if some of the remaining, untested magnetic features are sourced by kimberlite and to determine the diamond content of known kimberlites as well as any other new kimberlites discovered.

Although many other projects were examined prior to staking in 2014, Churchill Diamond Corporation believes that its Pelly Bay Diamond property is one of the most prospective areas within the Canadian Arctic for diamond potential.

Timing of the program is both climate and wildlife dependent. As the activities described above are seasonal in nature they require the least harsh climatic conditions for their conduct and will be performed during the safest, snowfree and times of most light in the Arctic which is from April/May through September/October of each year of the permit life. It is recognized that May/June is caribou calving season and all documented calving grounds will avoided as best as possible during this time period. Congregations of migratory birds will also be avoided throughout the project life.

As some of the targets occur within lakes, some of the geophysical surveying will be conducted prior to breakup using snow-machines as the method of transport while land based targets will be surveyed during the spring and summer months. Drilling of ice based targets may occur in the spring if the former geophysical surveying suggests that the target(s) remain valid. Land based targets will be surveyed in detail using ground based crews in the spring and summer months and drilling of these anomalies will occur after break up and into the summer/fall months. Prospecting, mapping and sampling will be conducted during snow-free months.

As for options related to location, no alternatives can be made as kimberlites occur by geological processes that cannot be changed.

Churchill Diamond has also obtained the 2014 draft Nunavut Land Use Plan for the Kugaaruk area from the NPC. Areas labelled as Protecting and Sustaining the Environment, Encouraging Conservation Planning, Building Healthier Communities, Encouraging Sustainable Economic Development and Mixed Use have been incorporated into the project proposal and will be utilized during 2015 public consultations.

11. CLASSIFICATION OF PRIMARY UNDERTAKING - Indicate the primary classification of undertaking by checking one of the following boxes.

- ☐ Industrial
- ☐ Agricultural
- X ☐ Mining and Milling (includes exploration/drilling/exploration camps)
- ☐ Conservation
- ☐ Municipal (includes camps/lodges)
- ☐ Recreational
- ☐ Power
- ☐ Miscellaneous (describe below):

_____

See Schedule II of *Northwest Territories Waters Regulations* for Description of Undertakings.

Information in accordance with applicable Supplemental Information Guidelines (SIG) must be submitted with a New Water Licence Application. Indicate which SIG(s) are applicable to your application.

- ☐ Hydrostatic Testing
- ☐ Tannery
- ☐ Tourist / Remote Camp
- ☐ Landfarm & On-Site Storage of Hydrocarbon Contaminated Soil
- ☐ Onshore Oil and Gas Exploration Drilling
- X ☐ Mineral Exploration / Remote Camp
- ☐ Advanced Exploration
- ☐ Mine Development
- ☐ Municipal
- ☐ General Water Works
- ☐ Power

12. WATER USE - Check the appropriate box(s) to indicate the type(s) of water use(s) being applied for.

- X ☐ To obtain water for camp/ municipal purposes
- ☐ To obtain water for industrial purposes
- ☐ To divert a watercourse
- ☐ To cross a watercourse
- ☐ To modify the bed or bank of a watercourse
- ☐ To alter the flow of, or store water
- ☐ Flood control
- X ☐ Other: __**Diamond drilling**____

13. QUANTITY AND QUALITY OF WATER INVOLVED - For each type of water use indicated in Block 12, provide the source of water, the quality of the water source and available capacity, the estimated quantity to be used in cubic meters per day, method of extraction, as well as the quantities and qualities of water to be returned to source.

Name of water source(s) (show location(s) on map): **See map and pictures attached**

1. **Camp:**
2. **DD 1: potential diamond drilling area**
3. **DD 2 potential diamond drill area**

Describe the quality of the water source(s) and the available capacity: **Camp water source is of good quality as it has been used from 20014 to 2012 with no problems and has been tested in the past by Taiga Laboratories. Drilling water sources are also of good quality, used in the past and not tested by laboratory methods. These sources are for drilling only, not human consumption.**

Provide the overall estimated quantity of water to be used: **Camp = <5m3/day. Each drill water source = 30 – 40 m3/day. Total = 45m3/day**

Provide the estimated quantity(s) of water to be used from each source:
Camp = <5m3/day. Each drill water source = 30 – 40 m3/day.

Indicate the estimated quantities to be used for each purpose (camp, drilling, etc.)
Camp = <5m3/day. Each drill water source = 30 – 40 m3/day.

Describe the method of extraction(s):
Camp: Either a lakeshore-based pump-house with ½ HP electrical pump (1.25" suction & .75" discharge) directly drawing water and pressuring the plumbing system or a gas-engine pump intermittently used to fill an indoor water tank (from which the plumbing is subsequently pressurized) will be utilized.

Drill: A gas/diesel-engine pump will be used.

Estimated quantity(s) of water returned to source(s) **0 m^3/day**

Describe the quality of water(s) returned to source(s): **_n/a**_____
_____
_____

14. **WASTE** – Check the appropriate box(s) to indicate the types of waste(s) generated and deposited.

- [X] Sewage
- [X] Solid Waste
- [X] Hazardous
- [X] Bulky Items/Scrap Metal
- [ ] Animal Waste
- [ ] Other (describe): _____
- [X] Waste oil
- [X] Greywater
- [X] Sludges
- [ ] Contaminated soil and/or water

15. QUANTITY AND QUALITY OF WASTE INVOLVED – For each type of waste indicated in Block 14, describe its composition, quantity in cubic meters/day, method of treatment and method of disposal.

Type of Waste	Composition	Quantity Generated	Treatment Method	Disposal Method
Sewage	**Human**	**0.05m3/day**	**Chloride of lime/Pacto**	**Latrine backfilled. Sewage from Pactos incinerated**
Solid Waste	**Food, packaging, cans**	**0.15m3/day**	**incineration**	**Ashes to be placed in barrels and transported to the local landfill in Kugaaruk or Yellowknife**
Hazardous Waste including waste oil	**See MSDS sheets**	**Unknown but likely <0.10m3/day**	**Storage in camp/town**	**Transported to nearest approved Hazardous waste disposal facility**
Scrap Metal	**Drill collars, broken equipment, drums**	**Up to 30 collars – 0.01m3/day. Equipment – unknown Drums – 6.5/day = 1m3/day**	**Storage in camp/town**	**Transported to an approved disposal site in Kugaaruk, Yellowknife or Churchill.**
Greywater	**Kitchen and dry used water**	**<5m3/day**	**Chloride of lime**	**Gravity fed to sump of natural depression**
Sludges	**Rock cuttings from drill**	**150 metres of drilling/day = 21m3/day**	**n/a**	**Collected in sump or natural depression and allowed to settle.**

16. OTHER AUTHORIZATIONS – In addition to the sub-surface and surface land use authorizations provided in Block 6, indicate any other authorizations required in relation to the proposed undertaking. For each provide the following: **Claims list attached.**

Authorization: __**Prospecting Licence #20038**_____

Administering Agency: **AANDC**_____

Project Activity: ___**Prospecting, staking, exploration work**_____

Date (expected date) of issuance: _**2014-07-09**___ Date of expiry:**2016-03-31_renewed yearly**

17. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES - Describe direct, indirect, and cumulative impacts related to water and waste.

Cumulative environmental effects result from the combination of environmental effects from a number of different developments/activities. As the proposed program represents the only exploration activity in the area no cumulative effects are expected.

All potential environmental effects associated with this proposed program are minor, localized effects which can be mitigated. No long term impacts to the environment, water or wildlife are expected to occur as a result of the implementation of this program.

Churchill Diamond Corporation is fully committed to implementing its proposed diamond exploration project on the Amaruk property in an environmentally responsible manner to protect and sustain the environmental and cultural resources of the project area. The exploration program described above will have no to very low impact to the environment, water and/or wildlife. Water use-age will be minimal (up to 35-40 cubic metres/day) and restricted to drill and domestic use at the temporary camp only. Drill operations will be conducted in an environmentally friendly manner and fuel caches will be checked daily for potential leakage. Helicopter useage for purposes of supporting drilling operations is and has been the standard practice of many exploration companies now and in the past with no impact to wildlife or the environment. Pilots will be instructed to avoid wildlife during operations. Congregations of wildlife are not expected in the area but will be avoided should any be encountered.

The total estimated surface disturbance for all of the drill sites (approximately 30 for each year of the permit) is estimated to be a maximum of 0.08 ha/year. The small quantities of benign drilling wastes (0.14 m3/ 100 m drilled) generated at each drill site will be deposited in natural depressions or sumps and will affect small areas of sparsely vegetated tundra within the footprint of the disturbed area at each drill site. All garbage, fuel drums and equipment will be removed from each drill site.

It is Churchill Diamond's policy to perform progressive restoration so that each drill site is restored as near as possible to its original state before moving to the next setup. This includes the removal of all garbage, fuel drums and equipment. All constructed sumps will also be backfilled. Before and after pictures of each site will be taken and made available for the public record.

There will be no deleterious effects to water quality due to the protection measures outlined by AANDC and the NWB which includes restrictions as to how close to water bodies the drill, sumps and fuel caches are allowed.

In total, the residual environmental effects of Churchill Diamond's entire drilling program on the Pelly Bay Diamond property are expected to be negligible. No other mineral exploration activities or other industrial development projects are currently known or planned for the immediate area, which further reduces the potential for cumulative effects.

All incinerator residual, non-combustible garbage/oil etc. and empty drums will be backhauled to Yellowknife or Churchill where Churchill Diamond's agent will dispose of the material at approved waste disposal facilties.

Additionally, the following mitigation measures will be undertaken to reduce, control and/or eliminate all together, potential environmental effects;

1. Adhering to the Caribou Protection Measures; specifically not working in any core calving areas.
2. Aoiding low level flights over areas known for waterfowl nesting.
3. Adhering to the Recommended Environmentally Acceptable Minimum Flight Altitudes.
4. Equipping all water intake hoses with an appropriate screen mesh size to ensure no entrapment of fish.
5. Provide necessary controls to prevent sedimentation and/or erosion of water bodies or adjacent land.
6. Using only lake water for drilling operations.
7. All drill cuttings will be disposed of and contained in natural depressions or hand dug sumps located at least 31 meters from any high water mark such that the cuttings do not enter any water bodies. As virtually 95% of the rock cored is brought to the surface and transported to camp (and then to the laboratory), the volume of drill waste created for a 100 meter long hole is only 0.14 cubic meters.
8. All trenches/pits/sumps will be backfilled and contoured when operations are complete.
9. Only environmentally acceptable and approved muds and additives (as per AANDC regulations) are to be used during drilling operations.
10. Drill holes to be plugged and permanently sealed if artesian flow is encountered.
11. All fuel caches will be located a minimum of 31 meters from the normal high water mark. Spill kits will be present at all fuel caches and drilling operations.
12. Churchill Diamond possesses and maintains a current Emergency Response Plan including a Fuel Spill Contingency Plan that all employees and contractors are required to adhere to. These policies also include safety, emergency, fire and medi-vac procedures and are described in detail in Churchill Diamond's Safety Manual/Field Guide (attached).
13. Construction of a raised platform to elevate the incinerator will mitigate problems with heat affecting the soil and permafrost.

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Churchill Diamond also maintains a progressive reclamation policy which effectively restores, as near as possible, any disturbance at any site to its original state before operations begin at the next site.

18. WATER RIGHTS OF EXISTING AND OTHER USERS OF WATER

Provide the names, addresses and nature of use for any known persons or properties that may be adversely affected by the proposed undertaking, including those that hold licences for water use in precedent to the application, domestic users, in-stream users, authorized waste depositors, owners of property, occupiers of property, and/or holders of outfitting concessions, registered trapline holders, and holders of other rights of a similar nature.
Water sources proposed by Churchill Diamond Corporation are not being used by any other known persons. No adverse effects with the undertaking are expected.

Advise the Board if compensation has been paid and/or agreement(s) for compensation have been reached with any existing or other users. **None.**

19. INUIT WATER RIGHTS

Advise the Board of any substantial affect of the quality, quantity or flow of waters flowing through Inuit Owned Land (IOL), and advise the Board if negotiations have commenced or an agreement to pay compensation for any loss or damage has been reached with one or more Designated Inuit Organization (DIO).
No substantial affects to quality, quantity or flow of water through Inuit Owned Land is

anticipated by this grassroots activity. All work to be conducted in a professional and environmentally sound manner to ensure no impact to local waterbodies occurs and that water quality is not compromised.

20. CONSULTATION – Provide a summary of any consultation meetings including when the meetings were held, where and with whom. Include a list of concerns expressed and measures to address concerns.

Churchill Diamond has not conducted any public meetings as yet but is planning one in the spring of 2015 prior to fieldwork. Informal, face to face communications with community members, the Hamlet, aircraft suppliers, wildlife officers, the Co-op, the regional KIA office and the Community Benefits Committee were initiated in June/July of 2014 while staking was being conducted. An inspection of the old restored camp was conducted by one KIA member and a representative of Churchill Diamond Corporation in the summer of 2014. No issues were found in regards to past abandonment, cleanup and the proposal to use the site in the future.

Traditional knowledge has been obtained through past open house meetings (while the writer was employed by Diamonds North), discussions with Elders in the community, the Hunters and Trappers Organization, local KIA members and wildlife officers plus talks with the local Inuit citizens of Kugaaruk. This knowledge has been incorporated into the project planning in terms of timing and which areas are considered culturally significant (discussions with CLEY) or deemed to be important for harvesting, migration and calving.

Churchill Diamond has also obtained the 2014 draft Nunavut Land Use Plan for the Kugaaruk area from the NPC. Areas labelled as Protecting and Sustaining the Environment, Encouraging Conservation Planning, Building Healthier Communities, Encouraging Sustainable Economic Development and Mixed Use have been incorporated into the project proposal and will be utilized during 2015 public consultations.
Update: A community meeting was conducted on June 1st, 2015 with no objections to the project proposal.

21. SECURITY INFORMATION

Provide an estimate of the total financial security for final reclamation equal to the total outstanding reclamation liability for land and water combined sufficient to cover the highest liability over the life of the undertaking. Estimates of reclamation costs must be based on the cost of having the necessary reclamation work done by a third party contractor if the operator defaults. The estimate must also include contingency factors appropriate to the particular work to be undertaken.

Historic, final remediation of the campsite area and airstrip was approximately $100,000. As Churchill Diamond Corporation practices progressive reclamation all drill sites will be restored as near as possible to their natural state while the program is ongoing.
Final restoration and abandonment will occur prior to the expiry of the water licence.

Where applicable, the financial security assessment should be prepared in a manner consistent with the principals respecting mine site reclamation and implementation found in the *Mine Site Reclamation Policy for Nunavut,* Indian and Northern Affairs Canada, 2002.

22. FINANCIAL INFORMATION

Provide a statement of financial responsibility.
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

If the applicant is a business entity, provide a list of the officers of the company.

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

If the applicant is a business entity attach a copy of the Certificate of Incorporation or evidence of registration of the company name.
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

23. STUDIES UNDERTAKEN TO DATE - List and attach copies of studies, reports, research, etc.

Only a request for site information from the Department of Culture, Language, Elders and Youth regarding Nunavut Archaeological sites has been conducted to date. Thirteen sites reported in area of work program.

Water tests taken in 2007; see 2007 NWB Annual Report for test results submitted by Diamonds North Resources Ltd.

24. PROPOSED TIME SCHEDULE – Indicate the proposed start and completion dates for each applicable phase of development (construction, operation, closure, and post closure).

Construction **Note no construction of camp in 2015. Operations will be conducted from Kugaaruk in 2015.**
Proposed Start Date: __**05/2016**_____ (month/year) Proposed Completion Date: ___**05/2016**_____ (month/year)
Operation Proposed Start Date: **06/2015**_ (month/year) Proposed Completion Date: **06/2020**__ (month/year)
Closure
Proposed Start Date: ____**06/2020**____ (month/year) Proposed Completion Date: **06/2020**_____ (month/year)
Post - Closure
Proposed Start Date: _____ (month/year) Proposed Completion Date: _____ (month/year)

For each applicable phase of development indicate which season(s) activities occur.

Construction
☐ Winter X☐ Spring X☐ Summer ☐ Fall ☐ All season

Operation
☐ Winter X☐ Spring X☐ Summer X☐ Fall ☐ All season

Closure
☐ Winter ☐ Spring ☐ Summer X☐ Fall ☐ All season

Post - Closure
☐ Winter ☐ Spring ☐ Summer ☐ Fall ☐ All season

25. PROPOSED TERM OF LICENCE

Number of years (maximum of 25 years): _____**5**_____ years

Requested Date of Issuance: ____**JUNE/2015**___ (month/year) Requested Expiry Date: __**JUNE/2020**_____ (month/year)

(The requested date of issuance must be at least three (3) months from the date of application for a type B water licence and at least one (1) year from the date of application for a type A water licence, to allow for processing of the water licence application. These timeframes are approximate and do not account for the time to complete any pre-licensing land use planning or development impact requirements, time for the applicant to prepare and submit a water licence application in accordance with any project specific guidelines issued by the NWB, or the time for the applicant to respond to requests for additional information. See the NWB's *Guide 5: Processing Water Licence Applications* for more information)

26. **ANNUAL REPORTING –** If not using the NWB's *Standardized Form for Annual Reporting*, provide details regarding the content of annual reports and a proposed outline or template of the annual report.
Standardized form to be used yearly.

27. **CHECKLIST –** The following must be included with the application for the water licensing process to begin.

Written confirmation from the NPC confirming that NPC's requirements regarding land use plan conformity have been addressed.
Project in East Kitikmeot. Awaiting to see if Conformity Application is needed for this area.

☐ Yes ☐ No If no, date expected _____

Written confirmation from the NIRB confirming that NIRB's requirements regarding development impact assessment have been addressed.

Application recently sent to NIRB. No correspondence received to date.

☐ Yes ☐ No If no, date expected _____

Completed General Water Licence Application form.

☒ Yes ☐ No If no, date expected _____

Information addressing Supplemental Information Guideline (SIG) , where applicable (see Block 11)

☒ Yes ☐ No If no, date expected _____

English Summary of Application.

☒ Yes ☐ No If no, date expected _____

Inuktitut and/or Inuinnaqtun Summary of Application.

☒ Yes ☐ No If no, date expected _____

Application Fee of $30.00 CDN (Payee Receiver General for Canada).

☒ Yes ☐ No If no, date expected _____

Water Use Fee Deposit of $30.00 CDN (Payee Receiver General for Canada). The actual water use fee will be calculated by the NWB based upon the amount of water authorized for use in accordance with the Regulations at the time of issuance of the licence.

X☐ Yes	☐ No	If no, date expected _____	
SIGNATURE			
Paul Sobie	**President**	**xxxxxxxxxxxxx**	**March 31, 2015**
Name (Print)	**Title (Print)**	**Signature**	**Date**