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INUIT OWNED LAND USE LICENSE
KITIKMEOT INUIT ASSOCIATION
LICENSE NO. KTL214C011

Kugluktuk

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Bathurst Inlet

Kingaok

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Bay Chimo
Umingmaktok

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Cambridge Bay
Ikaluktutiak

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Gjoa Haven
Okhoktok

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Taloyoak
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Kugaaruk
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Subject to the Terms and Conditions of this License, authority is hereby granted to:

Churchill Diamond Corporation

LICENSEE

To proceed with Land Use operation described in the accepted application dated:
02/09/2014

Location: Inuit Owned Lands Parcel No. PB-03, PB-04, PB-28, PB-29, PB-30,
PB-31, PB-32, PB-40, PB-42, PB-48 - 51

Type of Operation: Staking, Prospecting, Rock and Till Sampling

Location: Inuit Owned Lands Parcel No. PB-29, PB-30, PB-31, PB-32

Type of Operation: Auger Drilling

Commencement Date: **January 6, 2015**

Expiry Date: **January 5, 2016**

This 6 day of January 2015

Kitikmeot Inuit Association

By 
LANDS & ENVIRONMENT

The Licensee acknowledges and agrees to comply with Terms and Conditions of this License.

Churchill Diamond Corporation

By 
AUTHORIZED SIGNATORY

Nunavut Tunngavik Incorporated has designated the Kitikmeot Inuit Association as the Designated Inuit Organization (DIO) to hold title to the surface of Inuit Owned Lands in the East and West Kitikmeot land use regions of Nunavut pursuant to the Nunavut Land Claims Agreement.

As the surface land owner, the Kitikmeot Inuit Association has the legal authority to enforce the terms and conditions for the use of its lands which are set out below and which form a part of this Land Use License.

These terms and conditions are in addition to and not in substitution for any applicable laws or regulations in force in the Nunavut Territory and nothing herein shall be construed so as to require or authorize the contravention of any such law or regulation, including without limitation the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, the *Fisheries Act*, or the *Area Development Act* or any regulations made thereunder.

These terms and conditions are subject to change from time to time at the discretion of the Kitikmeot Inuit Association and any such changes take effect upon notice to the Licensee.

TERMS AND CONDITONS

Legal Matters

1. The Licensee acknowledges that this License is personal and is revocable at any time by the Kitikmeot Inuit Association acting in its sole discretion.
2. This License is non-exclusive in respect of the use of the lands and it is non-transferable. The License does not grant an easement, lease or any other interest in the lands.
3. The Licensee agrees and acknowledges that the Kitikmeot Inuit Association and Nunavut Tunngavik Incorporated shall not be liable for any losses or damages of any kind suffered by the Licensee, its agents, employees, contractors, licensees, or invitees arising from or occasioned by this License or the Licensee's entry or actions on the lands.
4. The Licensee shall indemnify and save the Kitikmeot Inuit Association and Nunavut Tunngavik Incorporated harmless from and against all manner of suits or actions, causes of action, claims, demands, damages, costs, expenses or liability for death, personal injury, economic loss, property damage, fines or other penalties for lack of compliance with permits or license approvals, certificates, licenses or orders of any authority of competent jurisdiction arising from occasioned by any act or omission of

the Licensee, its agents, employees, contractors, licensees or invitees (including without limitation the discharge of contaminants or other noxious or toxic substances) on or in respect of the lands, including without limitation any liability arising from breach by the Licensee of any municipal, territorial or federal statute regulation or by-law in force in the Nunavut Territory in respect of land use,, health, safety, transportation of dangerous goods, or environmental protection.

5. The Licensee shall be absolutely liable without the requirement for proof of fault or negligence for any damage to the lands or environment occasioned by its entry and activities on the lands.
6. The Licensee represents and warrants that it is and shall remain in compliance with this License and all federal, territorial and municipal statutes, regulations and by-laws in respect of its entry and actions on the lands.
7. The Licensee shall pay all reasonable costs of any inspection the Kitikmeot Inuit Association deems necessary to monitor compliance with the terms and conditions of this License.
8. This License and the right of entry to the lands are subject to the Nunavut Land Claims Agreement and to all applicable laws in force in Canada and the Nunavut Territory.
9. The Licensee shall only conduct its land use operations on the lands expressly designated in the License, unless otherwise authorized in writing by the Kitikmeot Inuit Association.

Fuel and Chemical Storage

10. The Licensee shall not store any petroleum or chemicals within thirty-one (31) metres of the ordinary high water mark of any water body.
11. The Licensee shall not allow any petroleum or chemicals to spread to surrounding lands or into water bodies. Any spills shall be cleaned up in accordance with applicable laws and to the full satisfaction of the Kitikmeot Inuit Association.
12. All petroleum containers shall be clearly marked with the Licensee's name.
13. The Licensee shall report all spills immediately to KIA's Senior Lands Officer @ 867-982-3310 or by fax @ 867-982-3311. Additional reports should be made to the Spill Line at 867-920-8130 or Environment Canada's 24-hour pager 867-920-5131, and.
14. The Licensee shall dispose of all combustible, non-hazardous waste products by incineration or removal from the lands. All hazardous or non-combustible waste must be removed from the lands before the term of this License expires.

Drilling

15. The Licensee shall not conduct any land based drilling within thirty-one (31) metres of the ordinary high water mark of a water body when the ground is not frozen. Drilling wastes from land based or on-ice drilling shall be disposed of in a sump such that the content does not enter any water body.
16. The Licensee shall not use drilling muds or additives in connection with drill holes unless they are re-circulated or contained such that they do not enter the water, or are certified to be non-toxic. The Licensee shall ensure that any drill cuttings and waste water that cannot be re-circulated is disposed of in a properly constructed sump or an appropriate natural depression that does not drain into a water body.
17. The Licensee shall ensure that the sump/depression capacity is sufficient to accommodate the volume of waste water and any fines that are produced so that there will be no impacts to areas adjacent to the sump/depression.
18. The Licensee shall ensure that disturbance of vegetation from deposit of drill fluids/ cuttings is restricted to the area of the sump. Further, all sumps shall be backfilled and contoured to match the surrounding landscape when no longer required.

Water Conditions

19. The Kitikmeot Inuit Association is the Designated Inuit Organization for purposes of Article 20 of the NLCA in the Kitikmeot Region of Nunavut. The Licensee shall ensure that its activities on the lands do not result in substantial effects on the quality, quantity or flow of water in, on or flowing through the lands.
20. Any change in water quality, quantity or flow such that one or more of these parameters is altered beyond its generally accepted natural range of variation or which impairs reasonable Inuit use of water will be subject to the compensation provisions set out in Article 20 of the NLCA.
21. By accepting this License the Licensee hereby acknowledges that it may, subject to the terms of the NLCA, be liable to pay compensation for any substantial effects it causes on water.
22. In its application and in any subsequent annual reports, the Licensee shall measure or provide to the Kitikmeot Inuit Association a reasonable estimate of the volume of water to be used for its land use operation.

Ground Disturbance

23. The Licensee shall not use any equipment on the lands except of the type, size and

number, and shall conduct operations with crew and methods, that are listed in the application for the License approved by the Kitikmeot Inuit Association.

- 24. All operations shall be carried out so as to minimize surface disturbance.
- 25. All disturbed areas must be restored in a manner acceptable to the Kitikmeot Inuit Association.
- 26. The project footprint should be kept as small as possible.

Wildlife

- 27. The Kitikmeot Inuit Association is the Designated Inuit Organization under Article 6 of the NLCA to claim wildlife compensation if the Licensee's activities on Inuit Owned Lands result in destruction or harm to wildlife. By accepting this License the Licensee hereby acknowledges that it may, subject to the terms of the NLCA, be liable to pay compensation for any wildlife killed or harmed.
- 28. The Licensee shall report in writing within 48 hours all wildlife kills or incidents resulting in harm to wildlife to the Kitikmeot Inuit Association's Senior Lands Officer @ 867-982-3310. Failure to make such a report shall constitute grounds for suspension or cancellation of the License.
- 29. The Licensee shall report any human-bear interactions to the Senior Lands Officer @ 867-982-3310.
- 30. Concentrations of caribou shall be avoided by low flying aircraft at all times.
- 31. The Licensee shall avoid disturbance to pregnant caribou and/or their calves.

General

- 32. Licensee shall notify the Kitikmeot Inuit Association of the discovery of any deposit of carving stone on Inuit Owned Lands and Crown Lands.
- 33. The Licensee shall contact the Senior Lands Officer @ 867-982-3310 at least 48 hours prior to the commencement of any land use activity on the lands.
- 34. The Licensee shall be aware of the mitigation measures recommended by the Nunavut Impact Review Board and conduct its operations in a manner consistent with those recommendations.
- 35. The Licensee will hire qualified Inuit during this land use operation and the Licensee shall provide training for Inuit at every opportunity.

36. The Licensee will use qualified Inuit firms at every opportunity to provide goods and services during its land use operation.
37. The Licensee shall submit an annual report in every year of a multi-year License. The report will be in a form and include the content set out by the Lands Department of the Kitikmeot Inuit Association and will outline all of the Licensee's activities on the lands.
38. The annual report shall be submitted to the Kitikmeot Inuit Association within 60 days of cessation of annual activity and no later than March 1st of each year which ever is earliest.
39. The annual report shall contain a list of Inuit employed and of contracts with Inuit Firms during the year.
40. The Licensee shall submit fees for all lands used each year in advance of undertaking any activity on the lands. For continuing operations, the fees shall be submitted with the annual report. Fees paid will be reconciled upon review of the annual report or a final plan.
41. The Licensee shall give Kitikmeot Inuit Association a final plan within 60 days of the expiry of this License, showing all lands occupied and used during this land use operation.
42. The Licensee shall submit an abandonment and restoration plan for all works and undertakings associated with this land use operation to the Kitikmeot Inuit Association at least 90 days prior to the expiration of this License.
43. At the completion of this land use operation or termination of the License whichever is the earlier, the Licensee shall remove all equipment and materials from the lands unless otherwise authorized by the Kitikmeot Inuit Association.
44. The Licensee shall carry out progressive reclamation and restoration of all disturbed areas of the lands.
45. All archaeological sites and burial grounds are to be avoided. Should such a site be encountered it is to be flagged, reported to the Kitikmeot Inuit Association and protected from disturbance.
46. The use, storage, or possession of alcohol on Inuit Owned Lands is prohibited unless an exemption is given by the Kitikmeot Inuit Association Board of Directors. Illegal drugs are prohibited on IOL by law.
47. If this License is revoked or suspended, all of the terms and conditions with respect to liability, indemnity and the requirements for abandonment and restoration of the lands survive the revocation and continue to bind the Licensee.

The licensee acknowledges and agrees to comply with the Terms and Conditions of this
License dated January 26 2015

Applicant Signatory: Paul Obi

Camp Manager: _____