ABANDONMENT and RESTORATION PLAN
Churchill Diamond Corporation

Pelly Bay Diamond Project Area
Nunavut

Abandonment and Restoration Plan prepared March 16, 2015

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1. Preamble

This Abandonment and Restoration (A&R) Plan is in effect through the life of the currently being applied for Land Use Permit and Water Licence for Churchill Diamond Corporation's work on its Pelly Bay Diamond project. This A & R Plan applies to the work areas that are proposed by Churchill Diamond's during their 2015-2020 exploration programs on the Pelly Bay Diamond Project area, Nunavut, located approximately 46 kilometres south-southwest (proposed camp site) of Kugaaruk, NU. Questions or concerns regarding this Plan can be directed to Graham Gill, Consulting Geologist by phone at 604 943-0757 or e-mail at gillgeo1@hotmail.com.

2. Introduction

This A&R Plan has been prepared for a proposed exploration program including ground and airborne geophysical surveying, prospecting, till sampling and reverse circulation and diamond drilling as well as a proposed camp site (to be constructed in 2016 on IOL Land) within Nunavut on Churchill Diamond's Pelly Bay Diamond project area in the upcoming years. This plan was developed in part by utilizing the "Environmental Guideline for Site Remediation" prepared by Environmental Protection Service, Department of Sustainable Development, Government of Nunavut. As well the following documents were utilized in developing this Plan; Territorial Land Use Regulations, Territorial Lands Act, Nunavut Waters and Nunavut Surface Rights Tribunal Act and the Department of Indian Affairs and Northern Development Act.

3. Schedule

The final restoration of the drill sites and camp site will be completed by the time the program is fully completed and will be finished prior to the expiration of any land use permits and water licence unless renewals are applied for. As Churchill Diamond practices progressive reclamation such as filling drill sumps, cutting off drill collars to ground level and removing garbage, equipment and empty fuel drums as the program progresses, the final restoration effort will be minimal and will involve mainly camp abandonment and restoration which the writer was involved in during previous years.

4. Infrastructure

Camp Proposed for 2016

Four-twelve 14' x 16' wooden/Weatherhaven sleep tents
One 32' x 14' kitchen tent
One 14' x 16" core shack
Two 14' x 16' drys
One 8' x 10' first aid tent
One 28' x 14' office tent
Three outhouses plus Pacto facilties for winter/spring use
One generator shack

Two heli-pads
One incinerator
One 12’ x 14’ storage shack
One Spill Kit per camp site, fuel caches and drill sites

5. Seasonal Shutdown

Buildings and Contents

All canvas tents will be removed from site for winter storage. Wooden structures (generator shack, latrine and tent frames) and Weatherhaven style tents will be kept secured during winter months. All empty propane and fuel drums as well as the generator will be removed from site at the end of each season.

Water System

Pumps and hoses will be drained and dismantled. Pumps will be removed from site for servicing and storage. Hoses will be stored in the dry or generator shack for the winter months.

Fuel Caches and Chemical Storage

An inventory of all fuel caches will be made prior to seasonal shutdown/camp demobilization as well as a thorough inspection of all full drums. Empty drums will be constantly backhauled to Yellowknife/Churchill during the course of the program.

Chemicals will be stored in the drys within berms which are completely enclosed by plywood and secured over the winter months.

Waste

Combustible Waste: All combustible waste will be incinerated as the program progresses. All ash will be collected and disposed of in landfill site in Kugaaruk (permission pending for all but metal and hazardous materials) or Yellowknife with authorization. The incinerator will be stored on site over the winter. Burning will be conducted in accordance Environment Canada’s document entitled “Technical Document for Batch Waste Incineration”.

Non-combustible Waste: All non-combustible waste will be sent to Yellowknife via chartered aircraft to be disposed of by our contract expeditor. All carriers and receivers of this material will be informed of the need to register with the Government of Nunavut, Department of Environment as well as having the proper documentation in the form of a waste manifest. More details of this information can be found in Appendix IV of the company’s Fuel Spill Contingency Plan. Currently Churchill Diamond Corporation is registered within both Nunavut and the NWT as Hazardous Waste producers.

Grey Water Sump: The sump will be inspected, marked and covered for the winter.

Black Water: Any latrine sump will be buried at the time of demobilization of the camp.

Drill and Trench Sites

The drill will be dismantled at the last drill collar and all equipment will be flown via helicopter to a suitable airstrip for demobilization. The drill and all ancillary equipment will be flown off-site to Kugaaruk via Twin Otter aircraft or helicopter and then to Yellowknife/Churchill via larger aircraft unless required for future years use. All drill sites will be inspected immediately upon completion of each drill hole. All waste will be collected and flown to camp for incineration or removal to an approved disposal location. All sumps will be backfilled and each drill collar will cut off to ground level.

Trenching programs will involve only hand excavating (non mechanical) of pits generally no larger than 2-3 metres in diameter and less than 1-2 metres deep due to the occurrence of permafrost. All hand dug pits are backfilled upon completion. Trenching will be done only where subcrop of kimberlite is discovered through prospecting to gain access to bedrock for sampling purposes. As such it is unknown at this time how many trenches will be excavated. An estimate of 6-12 hand dug trenches is in keeping with previous exploration campaigns.

Photographs of each drill and trench site will be taken at the completion of clean up at each site.

Contamination Clean Up

Any soil at the proposed camp, fuel caches or at the drill sites that has become contaminated will be treated as per the Fuel Spill Contingency Plan. All non-combustible waste will be sent to Yellowknife/Churchill via chartered aircraft to be disposed of by our contract expeditor. All carriers and receivers of this material will be informed of the need to register with the Government of Nunavut, Department of Environment as well as having the proper documentation in the form of a waste manifest. More details of this information can be found in Appendix IV of the company's Fuel Spill Contingency Plan. Currently Churchill Diamond Corporation is registered within both Nunavut and the NWT as Hazardous Waste producers.

Inspection and Documentation

A complete inspection of all disturbed areas (drill sites, camp and fuel caches) will be conducted prior to seasonal closure of the project with a full inventory taken for each location. A photographic record will be kept of each work area, fuel cache and campsite before, during and after the project is complete. A notification of Abandonment and Restoration will be provided to NIRB, AANDC, KIA and the NWB.

6. Final Abandonment and Restoration

Buildings and Contents

All buildings and structures will be dismantled and removed. Wooden structures will be burned and ashes sifted to retrieve non-burnable items which will be removed from site. Open burning will only be conducted with the permission of the Board.

Equipment

All equipment including generators and pumps will be removed from the project site.

Fuel Caches and Chemical Storage

All fuel drums and chemical containers will be removed. All sites that contained cached fuel will be inspected and any contamination will be dealt with according to the Fuel Spill Contingency Plan. All debris will be removed. Final photos of fuel caches and storage sites will be supplied.

Sumps

All sumps will be inspected and backfilled. Final photos will be taken and supplied to the NWB, NIRB and KIA.

Camp Site

A final inspection of the camp sites will be made to ensure no waste remains. Final photos will be taken and supplied to the NWB, NIRB and KIA.

Drill Sites

The drills will be dismantled at the last drill collar sites and all equipment will be flown via helicopter/fixed–wing aircraft to Kugaaruk for demobilization. The drill and all ancillary equipment will be flown off-site to Yellowknife/Churchill via larger aircraft.

All drill sites will be inspected immediately upon completion of each drill hole. All waste will be collected and flown to camp for incineration or removal to an approved disposal location. All sumps will be backfilled and each drill collar casing will cut off to ground level.

Photographs of each drill site will be taken at the completion of clean up at each site and supplied to the NWB, NIRB and KIA.

Contamination Clean Up

Any contamination will be treated as per the Fuel Spill Contingency Plan. Any contamination and subsequent clean up will be documented with photographs. All non-combustible waste will be sent to Yellowknife via chartered aircraft to be disposed of by our contract expeditor. All carriers and receivers of this material will be informed of the need to register with the Government of Nunavut, Department of Environment as well as having the proper documentation in the form of a waste manifest. More details of this information can be found in Appendix IV of the company's Fuel Spill Contingency Plan.

Aircraft Landing Strips

If landing strips are utilized they will be located on eskers or natural, hard packed sandy substrate which are composed of coarser sand and gravel and are well drained. These strips will only be used for supplying fuel and equipment to drill sites and camp if necessary. Due to the coarse nature of the esker material only minimal rutting will occur and will be repaired by the

freeze/thaw cycles. Any backfilling of ruts on these areas will also occur upon final abandonment and restoration if necessary.

Inspection and Documentation

A complete inspection will be conducted of all areas prior to closure. Photographs will be taken to document the conditions of each site prior to final demobilization for use in the final plan/report. All appropriate agencies will be contacted once final cleanup is complete. A notification of Abandonment and Restoration will be provided to NIRB, AANDC, KIA and the NWB upon final closure.