



NIRB File Nos.: 09EN019; 10RN011

AANDC File No.: N2015C0018

Previous AANDC File Nos.: N2012C0009; N2009C0006

KIA File No.: KTL214C011; KTL305C012

NWB File No.: 2BE-PEL0813

May 8, 2015

The Honourable Bernard Valcourt
Minister of Aboriginal Affairs and Northern Development
c/o Tracey McCaie, Manager of Land Administration
Aboriginal Affairs and Northern Development Canada
P.O. Box 100
Iqaluit, NU X0A 0H0

Sent via email: tracey.mccaie@aandc.gc.ca; landsmining@aandc.gc.ca

Re: Application Exempt from the Requirement for Screening pursuant to Section 12.4.3 of the NLCA: Churchill Diamond Corporation's "Pelly Bay Diamond" project, Kitikmeot Region

Dear Tracey McCaie:

On April 17, 2015 the Nunavut Impact Review Board (NIRB or Board) received an application from Aboriginal Affairs and Northern Development Canada (AANDC) for a new Land Use Permit No. N2015C0018 for Churchill Diamond Corporation's (the Proponent) "Pelly Bay Diamond Project"¹ proposal. The Board notes that a conformity determination from the Nunavut Planning Commission was not required for this file, as the proposed project is located within a region that does not currently have an approved land use plan in place (Kitikmeot Region).

Please be advised that the original project proposal (NIRB File No.: 09EN019) was received by the NIRB from Indian and Northern Affairs Canada (INAC; now AANDC) on March 19, 2009 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On May 12, 2009 the NIRB issued the enclosed NLCA 12.4.4(a) screening decision to the Minister of INAC which indicated that the proposed project could proceed subject to the NIRB's recommended project-specific terms and conditions.

On February 16, 2010 the NIRB received an application for an amendment from INAC to the Land Use Permit No. N2009C0006 for the "Amaruk" exploration project. The NIRB determined that the amendment request was not a component of the original project proposal and that it

¹ Previously Diamonds North Resources Incorporated's "Amaruk" project.

constituted a significant modification to the scope of activities as originally screened. As such, the proposed activities were screened by the Board (NIRB File No. 10RN011) in accordance with Part 4, Article 12 of the NLCA. On April 1, 2010 the NIRB issued the enclosed NLCA 12.4.4(a) screening decision to the Minister of INAC which indicated that the proposed activities could proceed subject to the NIRB's recommended project-specific terms and conditions.

On November 7, 2010 the NIRB received an application for an extension from INAC to the Land Use Permit No. N2009C0006 for the above mentioned project. After a thorough assessment of the extension request, the NIRB determined that the application was exempt from the requirement for further screening pursuant to Section 12.4.3 of the NLCA, and reissued the enclosed May 12, 2009 screening decision report on November 12, 2010.

On March 5, 2012 the NIRB received an application for a new Land Use Permit No. N2012C0009 from AANDC for the above mentioned project. After a thorough assessment of the application request, the NIRB determined that the application was exempt from the requirement for further screening pursuant to Section 12.4.3 of the NLCA, and reissued the enclosed May 12, 2009 and April 1, 2010 screening decision reports respectively on March 15, 2012.

The current AANDC application, the original NIRB Screening Decision Reports (NIRB File Nos. 09EN019 & 10RN011) and related file information are available from the NIRB's online public registry site at the following links:

<http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2009/09EN019-Diamonds%20North%20-%20Amaruk/>, and

<http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2010/10RN011-Diamonds%20North%20-%20Graham%20Gill/>.

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No. 09EN019), the "Amaruk" exploration project was located within the Kitikmeot region, approximately 46 kilometres south-southwest of the community of Kugaaruk. The Proponent indicated that it intended to continue to conduct grassroots exploration to discover kimberlites and to test known kimberlite bodies with diamond and reverse circulation drilling for their diamond bearing potential. The Proponent further requested to develop a secondary campsite near an additional nickel discovery within the Amaruk project area. The project activities were to take place from April 2009 to October 2009 and continue to 2011.

The activities and components associated with the previously screened proposal included:

- Mineral exploration for base metal (nickel)
- Mineral exploration for diamonds
- Ground and airborne magnetic surveying, ground and airborne geophysical surveying, till sampling (hand trenching), and prospecting
- On-ice and on-land drilling

- Helicopter assisted drill program, including daily transportation of field crew to drill sites
- Fuel caching near potential drill sites and camp
- Use of ATV to move equipment between camp and airstrip on a temporary trail
- Use of snowmachines
- Use of permanent existing camp at Amaruk (16 tent facilities)
- Proposed temporary camp at Tunerq (6-7 tent facilities)
- Use of existing airstrip at Amaruk camp and potential use of secondary strip at temporary camp
- Storage of chemicals and hazardous materials at site
- Water use for drilling purposes and camp use
- Sewage, greywater and waste production related to camp operation
- Incineration of combustible waste
- Removal of non-combustible waste to an approved disposal facility

The activities and components associated with the previous February 16, 2010 INAC Land Use Permit No. N2009C0006 amendment application for the “Amaruk” exploration project (NIRB File No.: 10RN011) includes:

- Ice profiling to be conducted in March prior to establishment of winter trails to determine thickness of ice
- Establishment of 3 winter trails, each originating in Kugaaruk as follows:
 - First route to end at the Amaruk campsite (~ 55 kilometres (km) south-southeast of Kugaaruk)
 - Second route to traverse sea-ice to a location near the Halkett Inlet (~136 km north-northwest of Kugaaruk)
 - Third route to traverse the sea ice of Pelly Bay and end at the Tunerq Camp (~ 87 km southwest of Kugaaruk)
- Winter trails to cross sea-ice, rivers/lakes, and frozen snow covered ground
- Use of 2 to 3 CAT-Trains with sleds for mobilization of equipment and fuel
- Garbage and waste to be disposed of in Kugaaruk

The activities and components associated with the previous November 7, 2010 INAC Land Use Permit No. N2009C0006 extension request was for an additional year to June 16, 2012 to continue exploration of the Amaruk property.

The activities and component associated with the previous March 5, 2012 AANDC Land Use Permit application No. N2012C0009 included replacement of a previously issued Land Use Permit No. N2009C0006, to allow for continuation of exploration activities and use of winter trails (seasonally) from April 2012 to October 2014.

CURRENT APPLICATION:

Churchill Diamond Corporation is currently applying for a new Land Use Permit No. N2015C0018 with AANDC to continue with previously approved exploration activities on the Pelly Bay Diamond Project area² from April through October 2015 and 2016.

² Previously named: “Amaruk property”

Please note that Section 12.4.3 of the NLCA states that:

“Any application for a component or activity of a project proposal that has been permitted to proceed in accordance with these provisions shall be exempt from the requirement for screening by NIRB unless:

(a) such component or activity was not part of the original project proposal; or

(b) its inclusion would significantly modify the project.”

After completing a review of the information provided in support of the current application, the NIRB is of the understanding that the proposed application for land use permit does not change the general scope of the original project activities, and the exceptions noted in NLCA 12.4.3(a) and (b) do not apply. Therefore, this application is exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the original May 12, 2009 and April 1, 2010 Screening Decision Reports (enclosed).

If you have any questions or concerns, please contact Solomon Amuno, Technical Advisor, at (867) 983-4603 or samuno@nirb.ca.

Sincerely,



Ryan Barry
Executive Director
Nunavut Impact Review Board

cc: Graham Gill, Churchill Diamond Corporation
Phyllis Beaulieu, Nunavut Water Board
Geoff Clark, Kitikmeot Inuit Association
Luigi Torretti, Kitikmeot Inuit Association

Enclosed: NIRB Screening Decision Report, File No.: 09EN019 (May 12, 2009)
NIRB Screening Decision Report, File No.: 10RN011 (April 1, 2010)