

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.

Additional authorization and extension requests associated with the "Pelly Bay Diamond Project" have also been reviewed by the NIRB following screening of the original project proposal (File No. 09EN019 and 10RN011); a summary of the additional applications associated with NIRB File No. 09EN019 and 10RN011 are presented in Table 1.

Table 1: Additional applications associated with NIRB File No. 09EN019 and 10RN011

Authorization	Application Received by NIRB			NIRB Decision	
	Date Received	Type	Reason for Application	Date Issued	Type
INAC Land Use Permit (N2009C0006)	February 16, 2010	Amendment ²	Ice profiling for establishment of three winter trails; mobilization of heavy equipment and fuel, and disposal of wastes in Kugaaruk	April 1, 2010	10RN011 new SDR issued April 1, 2010 SDR
INAC Land Use Permit (N2009C0006)	November 7, 2010	Extension	Continue previously approved exploration activities	November 12, 2010	Reissued May 12, 2009 SDR for 09EN019
AANDC Land Use Permit (N2012C0009)	March 5, 2012	Replace Land Use Permit N2009C0006	Continue exploration activities and use of winter trails	March 15, 2012	Reissued May 12, 2009 SDR for 09EN019 and April 1, 2010 SDR for 10RN011
AANDC Land Use Permit (N2015C0018)	April 17, 2015	New Land Use Permit	Continue exploration activities on the Pelly Bay Diamond Project area	May 8, 2015	Reissued May 12, 2009 SDR for 09EN019 and April 1, 2010 SDR for 10RN011

Notes: AANDC=Aboriginal Affairs and Northern Development Canada; INAC=Indian and Northern Affairs Canada; NIRB=Nunavut Impact Review Board; SDR=Screening Decision Report

The current NWB and KIA applications, 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:

² The NIRB determined that the amendment request (File No.: 10RN011) was not a component of the original project proposal as it constituted a significant modification to the scope of activities as originally screened (File No.: 09EN019). Additional terms and conditions were imposed following screening of the additional associated activities.

<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 snow machines;
- 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; and
- 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; and
- 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 operation of winter trails (seasonally) from April 2012 to October 2014.

The activities and component associated with the previous April 17, 2015 AANDC Land Use Permit application No. 2015C0018 was for continuation of previously approved exploration activities on the Pelly Bay Diamond Project area³ from April through October 2015 and 2016.

CURRENT APPLICATION:

Churchill Diamond Corporation is currently applying for a new Type B water licence (No. 2BE-PBD----) for use of water for diamond drilling and camp operations, as well as a two-year extension and amendment to its Land Use Licences (No. KTL214C011 and KTL315C012) with the KIA to undertake prospecting and staking activities, establish a camp, and conduct drilling activities on Inuit Owned Land until May 2017. In addition, the Proponent is proposing the following additional components/activities:

- Site operations and proposed activities for 2015 to be based out of Kugaaruk;
- Establish camp for housing up to 10-30 people using up to 13 tent facilities on the eastern shore of the Nurraqsiuruik River;
- Conduct airborne geophysical surveys and collect rock and till samples including drilling of potential target areas from Crown Land and Inuit Owned Land (IOL) to a maximum depth of 100 metres (m) on each hole using reverse circulation techniques, and coring to a depth of up to 250m with diamond drill on known kimberlite bodies;
- Drill relocation via helicopter, drilling locations not within 31 metres of any waterbody, as well as cut drill collars to ground level once drilling is complete;
- Transport of equipment and fuel to site by Twin Otter aircraft, snow-machine or helicopter;
- Airstrip operations, including accommodation and office activities for 2016 to be based out of seasonal camp with a total foot print of approximately two hectares;
- Fuel caching (up to 300 drums total) on IOL for heating oil, diesel, propane, Jet B fuel and gasoline near drilling operations, as well as use and storage of 1 to 5 barrels of diesel,

³ Previously named: “Amaruk property”

propane and drill additives on each drill pad. Once drilling is complete in one area the fuel cache will be moved to a new location proximal to the next site of drill operations. Additionally, smaller fuel caches to be utilized on Crown Land;

- Water withdrawal from two adjacent lakes to support the 2016 proposed camp activities, and operations within potential diamond drilling areas using mechanized or gas/diesel-engine pumps; and
- Implementation of final restoration of the exploration site upon completion of the program.

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 requests for the new water licence and amendment to the 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 May 12, 2009 Screening Decision Report for 09EN019, and April 1, 2010 Screening Decision Report for 10RN011 (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
Tracey McCaie, Aboriginal Affairs and Northern Development Canada
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*)