



July 02, 2015

Our file-Notre reference
IQALUIT-# 924461

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
Gjoa Haven, Nunavut
X0E 1J0

Your file-Votre reference
2BE-PBD----

**Re: Aboriginal Affairs and Northern Development Canada Review of Churchill
Diamond Corp's Application for a New Type B Water Licence, No. 2BE-PBD----**

Dear Ms. Beaulieu,

Thank you for your June 03, 2015 request for written representations on the above referenced water licence application.

A Technical Review Memorandum is provided for the Board's consideration. Comments and recommendations have been provided pursuant to Aboriginal Affairs and Northern Development Canada's mandated responsibilities under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*.

Please do not hesitate to contact me by telephone at (867) 975-3878 or email at Amjad.Tariq@aandc-aadnc.gc.ca for further information.

Sincerely,

Amjad Tariq
Regulatory and Science Advisor
Water Resources Division
Nunavut Regional Office
Iqaluit, Nunavut
X0A 0H0

Encl.

c.c.: Andrew Keim, A/Manager Water Resources Division, AANDC, Nunavut
Erik Allain, Manager Field Operations, AANDC, Nunavut
Eva Paul, Water Resource Officer, AANDC, Nunavut
David Abernethy, Regional Coordinator, AANDC

Technical Review Memorandum

To: Phyllis Beaulieu, Nunavut Water Board

From: Amjad Tariq, Regulatory & Science Advisor, Water Resources Division, AANDC

cc: Andrew Keim (AANDC), Erik Allain (AANDC), and Eva Paul (AANDC)

Date: July 02, 2015

Re: **Application for New Type B Water Licence, No. 2BE– PBD----**

Applicant: Churchill Diamond Corporation
Project: Pelly Bay Diamond
Region: Kitikmeot

A. PROJECT DESCRIPTION

On June 03, 2015 the Nunavut Water Board (the Board) distributed Churchill Diamond Corporation's (the Proponent) application for a type B water licence to allow for the use of water and disposal of waste associated with their Pelly Bay Diamond Project. The Proponent has requested that the licence have a five year term.

The Proponent intends to explore for the presence of kimberlites and diamonds in the Pelly Bay area on both Crown Land and Inuit Owned Land. A camp will be established 46 kilometres to the south-southwest of Kugaaruk, NU. The program is a direct continuation of the work conducted by the other companies (Diamonds North Resources Ltd / Adamera Mineral Corp) that no longer conduct exploration in the area (previously named as 'Amaruk property')¹.

It is anticipated that 10 diamond drill holes and 20 reverse circulation holes will be cored in each of the years covered by the water licence. The 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.

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. Transportation to the camp and fuel caches will mainly be by helicopter or in some cases by Twin Otter aircraft especially for larger equipment and fuel runs.

¹Letter from NIRB to the Minister of Aboriginal Affairs and Northern Development Canada, 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, May 08, 2015

The main campsite being considered for the 2016 exploration program will be capable of housing 10-30 people and is situated on the eastern shore of the Nurraqsiuruik River. The proposed campsite is situated on Inuit Owned Land. The estimated water consumption is up to 5m³/day for camp and between 30-40 m³/day for drilling purposes.

Included in the water licence application are a Fuel Spill Contingency Plan and an Abandonment and Restoration Plan.

B. RESULTS OF REVIEW

Aboriginal Affairs and Northern Development Canada's (AANDC) Water Resources Division offers the following comments/recommendations for the Board's consideration.

1. General

- Standard water licence terms and conditions applicable to the proposed project activities should be included in a type B water licence.
- The Proponent should revise their project management plans to address the findings of the NWB's water licence application review.

2. Authorizations/Approvals

The application substantiates that the project area (Amaruk property) was worked by Diamonds North Resources Ltd / Adamera Mineral Corp as well as BHP Billiton Diamonds Inc in the past.

According to Block No. 6 of the submitted application form the Proponent received an Inuit Owned Land use authorization on January 6, 2015 and upon further review, the department's Land Administration Division issued a Crown Land Use permit (No. N2015COO18) on June 8, 2015. The Nunavut Impact Review Board's (NIRB) May 8, 2015 letter to the Minister of AANDC confirms that the proposed project does not require a Nunavut Planning Commission conformity decision or a NIRB screening pursuant to Section 12.4.3 of the *Nunavut Land Claims Agreement*.

AANDC recommends that the Proponent confirm receipt of all necessary authorizations.

3. Waste Management

Block 9 of the application states that all garbage and fuel drums will be backhauled to the camp and then to approved landfill sites in Kugaaruk, Yellowknife or Edmonton.

AANDC recommends that the Proponent provide to the Board written confirmation and authorization prior to any deposition of wastes at municipal facilities.

AANDC recommends that, if the Proponent plans to transfer hazardous wastes off site, the applicant follow all regulations in place pertaining to transportation of Hazardous wastes in Nunavut.

AANDC recommends all contaminated wastes that are collected in drums as well as any other hazardous waste be removed from the site in a timely manner and disposed of at an approved waste disposal site.

The Proponent is advised that in order to transport hazardous wastes in Nunavut a Waste Generator Nunavut issued by the Government of Nunavut, Environmental Protection Division is required. Additionally, final destination for the hazardous wastes (approved registered facility) must also be provided in annual reporting to the Board.

4. Fuel Spill Contingency Planning

Item 25 of the supplementary questionnaire describes the types and quantities of fuels and chemicals on site. However, the Spill Contingency Plan is incomplete and does not include this information.

AANDC recommends the applicant revise the Fuel Spill Contingency Plan to include the estimated quantity of fuel that will be used to support project activities throughout the requested five year licence term. Additionally, this plan should be revised to include all applicable Material Safety Data Sheets.

The applicant should follow a precautionary principle and use secondary containment at locations where fuel, chemicals, and other hazardous materials are stored.

AANDC recommends that any and all spills, regardless of size, be reported to an AANDC Water Resource Officer by telephone at 867 975 4295 and/or fax at 867 975 6445. These contact numbers should be reflected throughout the plan. The departmental contact numbers included in the plan should be revised accordingly.

5. Abandonment and Restoration Plan, Incineration and Open Burning of Wastes

The submitted Abandonment and Restoration Plan states that seasonal shutdown procedures will include the incineration of combustible waste materials.

AANDC reminds the Proponent that open burning is not permitted and the burning of waste is to be conducted only within an approved incinerator. Open burning may only be conducted with the permission of the Board.

AANDC Water Resources Division recommends that any burning of the approved waste materials be carried out in accordance with Environment Canada's document entitled 'Technical Document for Batch Waste Incineration' which provides information regarding appropriate incineration technologies, best management practices, monitoring, and reporting.

6. Abandonment and Restoration Plan, Potential for Reclamation Requirements Associated with Previous Undertakings in Project Area

As previously noted, the project area was previously used by Diamonds North Resources Ltd (amalgamated with Uranium North Resources Corp on February 19, 2013 to become Adamera

Minerals Corp) as well as BHP Billiton Diamonds Inc. There is an expired type B water licence, No. 2BE-PEL0813 issued to Diamonds North Resources Ltd that should be cancelled.

AANDC will follow-up on the cancellation status of water licence No. 2BE-PEL08913 from Diamonds North Resources Ltd / Adamera Minerals Corp. However, the Proponent should be advised that it may be required to reclaim areas affected by the previous Licensee if determined necessary by a Water Resources Officer.

Prepared by Amjad Tariq and David Abernethy