

NIRB File No. 07EN024
INAC File No. N2007C0003
QIA File No. Q05L3C01
NWB File No. 2BE-SNN0813

September 1, 2009

Honourable Minister Chuck Strahl
Minister of Indian and Northern Affairs Canada
c/o Jeff Mercer
Land Administrator Specialist
Indian and Northern Affairs Canada
Iqaluit, NU

Via email: jeff.mercer@inac-ainc.gc.ca

Re: Application exempt from Screening under Section 12.4.3 of the NLCA: Stornoway Diamond Corp.'s "Aviat" Project

Dear Jeff Mercer:

On August 28, 2009 the Nunavut Impact Review Board (NIRB) received an application from Indian and Northern Affairs Canada (INAC) for Stornoway Diamond Corporation's (Stornoway) "Aviat" project proposal. This application is for an additional one year extension to Stornoway's land use permit # N2007C0003.

Please be advised that the NIRB received the original project proposal (NIRB File No. 07EN024) from INAC on February 27, 2007 and from the Qikiqtani Inuit Association (QIA) on March 14, 2007. The proposal was screened in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA), and on April 4, 2007 the NIRB issued a 12.4.4(a) Screening Decision to the Minister of INAC, indicating the proposed project could proceed subject to the recommended project-specific terms and conditions.

On February 24, 2009 the NIRB received an extension request for the “Aviat” project proposal from INAC (N2007C0003). After a thorough assessment of the extension request, the Board re-issued the original terms and conditions contained within the April 4, 2007 Screening Decision Report to INAC. On May 5, 2009 the NIRB received an application from the QIA for Stornoway’s “Aviat” project proposal, for a renewal to Stornoway’s Land Use Licence (Q05L3C01). After a thorough assessment of the renewal request, the Board also re-issued the original terms and conditions contained within the April 4, 2007 Screening Decision Report to QIA.

The current INAC application, the original NIRB screening file and Screening Decision for File No. 07EN024 are available from the NIRB's ftp site at the following link:

http://ftp.nirb.ca/SCREENINGS/COMPLETED%20SCREENINGS/ARCHIVE/2007_SCREENINGS/07EN024-Stornoway_Resources/1-SCREENING/

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, the NIRB is of the understanding that the application received from INAC 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 screening as per Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the original April 4, 2007 Screening Decision Report (attached).

If you have any questions or concerns, feel free to contact NIRB's Technical Advisor, Sophia Granchinho at 867-983-4607 or sgranchinho@nirb.ca.

Best regards,



Stephanie Autut
Executive Director

cc: Nicole Westcott, Stornoway Diamond Corporation
John Craig, INAC
Phyllis Beaulieu, NWB

Attachment: NIRB Screening Report Decision, File No. 07EN024 (April 4, 2007)

- b) the proposal requires review under Part 5 or 6; NIRB shall identify particular issues or concerns which should be considered in such a review;
- c) the proposal is insufficiently developed to permit proper screening, and should be returned to the proponent for clarification; or
- d) the potential adverse impacts of the proposal are so unacceptable that it should be modified or abandoned.

NIRB ASSESSMENT AND DECISION

After a thorough assessment of all material provided to the Board (please see Appendix A), the decision of the Board as per section 12.4.4 of the NLCA is:

12.4.4 (a): the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5

RECOMMENDATIONS AND RECOMMENDED CONDITIONS

The Board is recommending the following:

1. Indian and Northern Affairs Canada (INAC) impose similar environmental abatement measures and/or conditions pursuant to the Federal Land Use Permit to those which were imposed upon Apex Geoscience Ltd. (Currently Stornoway Diamond Corporation – the Proponent) on June 13, 2003, in regard to:
 - a. Location and Area
 - b. Time
 - c. Equipment
 - d. Methods and Techniques
 - e. Type, Location, Capacity and Operation of Facilities
 - f. Control or Prevention of Flooding, Erosion and Subsidence of Land
 - g. Use, Storage, Handling and Disposal of Chemical or Toxic Material
 - h. Wildlife and Fisheries Habitat
 - i. Objects and Places of Recreational, Scenic and Ecological Value
 - j. Petroleum Fuel Storage
 - k. Matters Not Consistent with the Regulations

INAC should ensure the conditions imposed also reflect the amendment request by the Proponent to include minor surface blasting and trenching activities.

2. The Qikiqtani Inuit Association (QIA) impose environmental abatement measures and/or conditions pursuant to the Inuit Owned Lands License upon the Proponent in regard to:
 - a. General Standards
 - b. Fuel and Chemical Storage
 - c. Drilling
 - d. Campsites
 - e. Fisheries
 - f. Ground Disturbance
 - g. Other General
 - h. Any other conditions recommended by the appropriate Community Lands and Resource Committee (CLARC)

3. The QIA require the Proponent to follow the QIA Code of Conduct for Land Users.

In addition, the Board is recommending the following or similar project-specific terms and conditions be imposed upon the Proponent through all relevant legislation:

1. Stornoway Diamond Corporation (the Proponent) shall maintain a copy of the Project Terms and Conditions at the site of operation at all times.
2. The Proponent shall forward copies of all permits required for the project to NIRB prior to the commencement of the project.
3. The NIRB shall be notified of any changes in operating plans or conditions associated with this project prior to any such change.
4. The Proponent shall operate in accordance with all documents and plans submitted to NIRB, namely:
 - a. Correspondence dated March 13, 2007 from Nicole Westcott to Carolanne Inglis-McQuay
 - b. Application for Access to Inuit Owned Land (Qikiqtani Inuit Association), dated January 10, 2007
 - c. Abandonment and Restoration Plan – Aviat Project
 - d. *Revised* Spill Contingency Plan – Aviat Project
 - e. Application for Land Use Permit with Indian and Northern Affairs Canada
5. On or before April 30, 2007, the Proponent shall submit to NIRB, Environment Canada (EC), Government of Nunavut Department of the Environment (GN-DOE) and the Nunavut Water Board a *revised* spill contingency plan, which addresses the following:
 - a. Updated Spill fax number and identification of a 24-hour contact number for persons responsible for activating contingency plan
 - b. Details regarding containment and clean-up techniques in varying conditions, such as land, ice, snow, water, etc.
 - c. Discussion regarding how any contaminated soils (if generated) would be disposed of
 - d. The requirement to notify (and register with) GN-DOE if hazardous wastes are to be generated (in accordance with GN-DOE's *Spill Contingency Planning and Reporting Regulations*)
 - e. The use of the updated NWT-Nunavut spill report form
6. On or before April 30, 2007, the Proponent shall submit to NIRB, Environment Canada (EC), and the GN-DOE a Wildlife Mitigation and Monitoring Plan. At a minimum, the Plan must address *DIAND's Caribou Protection Measures*, and must also include:
 - a. The following requirements:
 - i. During the period of May 15 to July 15, if caribou are observed calving in the project area, the Proponent must suspend all operations until the caribou and calves have moved 1km away from project area. Furthermore, the Proponent shall ensure that no blasting, associated with the amendment activities, takes place when caribou are observed within 1km of the project area.
 - ii. During any caribou migration, the Proponent must not conduct any activity such that it blocks or causes substantial diversion to migrating caribou.
 - iii. The Proponent must ensure that all aircraft maintain a flight altitude of 610m, except during landing or take-off. Where large concentrations of birds are observed, all aircraft must maintain a flight altitude of 1000m vertical distance and 1500m horizontal distance from the birds.

- iv. The Proponent shall ensure that aircraft do not, unless for emergency, touch-down in areas where concentrations of wildlife are present. And raptor nesting sites and concentrations of nesting or molting waterfowl should be avoided by aircraft.
 - v. The Proponent shall not disturb or destroy the nests or eggs of migratory birds. All disturbances to nests during the early part of the nesting cycle must be avoided (avoid nest sites from late May through to mid-July).
 - vi. The Proponent must ensure that camp waste is made inaccessible to wildlife at all times and feeding of wildlife is prohibited.
 - vii. The Proponent shall follow procedures outlined in the "Territorial Safety in Bear Country Manual", and should contact the Regional Biologist or the Wildlife manager for information and advice on measures which should be taken to minimize the possibility of conflicts/interactions with bears.
- b. Clear description and commitment to conduct GIS-mapping of critical habitat and wildlife features within the project area. This should include, at a minimum:
 - i. Dens and potential denning areas for fur-bearers
 - ii. Caribou calving areas and crossing sites
 - iii. Raptor nesting areas
 - c. Predicted impacts to wildlife from project activities
 - d. Proposed site-specific measures to reduce anticipated adverse impacts to wildlife, including a fur-bearers deterrent strategy
 - e. Proposed procedures for wildlife monitoring, including frequency, monitoring period, locations where monitoring will occur, recording and reporting protocols, and discussion regarding how the data collected in the wildlife monitoring program will be used to determine if adaptive mitigation and management strategies for wildlife are required.
7. The Proponent shall submit an annual report with copies provided to the NIRB, INAC, the QIA, the GN-DOE and EC by January 31 each year that the project is in operation commencing January 31, 2008. The report must contain, but not be limited to, the following information:
- a. A summary of activities undertaken for the year and a work plan for the following year;
 - b. The results of environmental studies undertaken and plans for future studies;
 - c. Results from the Wildlife Mitigation and Monitoring Program, including an analysis of the effectiveness of mitigation measures for wildlife;
 - d. A summary of local hires and initiatives;
 - e. A summary of community consultations undertaken;
 - f. A summary of site-visits by Land Use Inspectors with results and follow-up actions;
 - g. The number of take-offs & landings from an airstrip with approved flight path with date and location;
 - h. The number of helicopter touch-downs on the land with date and location (provide unless confidential);
 - i. Site photos;
 - j. Progressive reclamation work undertaken;
 - k. Any approvals given by Land Use Inspectors regarding Caribou Protection Measures;
 - l. Efforts made to achieve compliance with the Canadian Wide Standards for Dioxins and Furans, and the Canadian Wide Standards for Mercury; and
 - m. A summary of how the Proponent has complied with NIRB conditions contained within this Screening Decision, and the conditions associated with all authorizations for the project proposal.
8. The Proponent must immediately contact the Nunavut Water Board (NWB) regarding the amendment to include minor surface blasting and trenching activities as a part of the regular exploration activities. Any subsequent direction provided from the NWB regarding these activities must be sent to NIRB.

9. The Proponent is required to use secondary containment measures (such as an impervious liner) for the storage of all barreled fuel rather than relying on natural depressions to contain spills.
10. The Proponent shall apply appropriate technologies to ensure complete combustion of wastes, and should use an approved incinerator, for the disposal of combustible camp wastes which meets the emission limits established under the Canada-Wide Standards (CWS) for Dioxins and Furans and the CWS for Mercury.
11. The Proponent must obtain all necessary approvals from the responsible Municipal Hamlet, prior to disposing any wastes within the Hamlet disposal facility. Furthermore, any hazardous wastes must be disposed of within an appropriate facility.
12. The Proponent should be aware of the law regarding disturbance of archaeological and palaeontological sites and the removal of artifacts found. If a site is found it should remain undisturbed and its location should be reported to the Government of Nunavut Department of Culture, Language, Elders and Youth.
13. The Proponent must follow all relevant direction from the Guidelines of Use of Explosives In or Near Canadian Fisheries Waters when conducting the minor surface blasting activities.

Validity of Land Claims Agreement

Section 2.12.2

Where there is any inconsistency or conflict between any federal, territorial and local government laws, and the Agreement, the Agreement shall prevail to the extent of the inconsistency or conflict.

Dated ____April 4, 2007____ at Sanikiluaq, NU.



Lucassie Arragutainaq, A/Chairperson

Appendix A

File History

On February 27, 2007 the Nunavut Impact Review Board (NIRB or Board) received Stornoway's Aviat Project renewal proposal (Aviat Project) from Indian and Northern Affairs Canada (INAC), and on March 14, 2007 NIRB received the same from the Qikiqtani Inuit Association.

The original project proposal for the above-proposal activities was acknowledged by NIRB on May 7, 2003 and screened in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On June 10, 2003 NIRB issued a 12.4.4(a) screening decision to the Minister of INAC allowing the proposed exploration activities to proceed subject to specific terms and conditions.

Further to this, on May 9, 2005 NIRB issued a 12.4.4(a) screening decision to the President of the Kivalliq Inuit Association for renewal of the proposed exploration activities occurring on Kivalliq Inuit Owned Lands. Of note is that the Stornoway Aviat project proposal currently in front of the Board **does not** involve activities on Kivalliq Inuit Owned lands.

The Aviat Project is located on the Melville Peninsula, near the communities of Igloolik and Hall Beach.

The Aviat Project renewal proposal involves the renewal of the following activities occurring between May and October of each year of the authorization(s):

- Use of existing exploration camp on crown land – maximum population of 40 personnel
- Geological mapping, rock and till sampling, ground geophysical surveys, prospecting, land drilling, and on-ice drilling on crown and Inuit-Owned Lands (IOL) – supported by helicopter travel
- Consumption of water and generation of wastes
- Temporary storage of fuel at drill site locations and at camp-site
- Daily incineration of combustible wastes; non-combustible wastes back-hauled to Igloolik for disposal

This renewal proposal also involves two amendments which resulted in a change to the original scope of the project and these amendments are:

- Minor surface blasting of areas approximately 2 metres wide by 4 metres long
- Trenching activities of areas approximately 3 metres wide, 5 metres long, and 1 metre deep using a mechanical device, such as a backhoe

On November 28, 2007 NIRB received comments from the following Parties:

- Environment Canada
- Government of Nunavut – Department of Environment

The Parties provided recommendations to NIRB.