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December 10, 2024

File: W2024C0007

Mark Cliffe-Phillips
Mackenzie Valley Review Board
200 Scotia Centre
Box 938, 5102-50th Avenue
Yellowknife NT X1A 2N7

Sent by email

Dear Mark Cliffe-Phillips,

Re: Arctic Star Exploration Corp. – Notice of Preliminary Screening Determination – Renewal Application for Land Use Permit – Mineral Exploration – Hardy Lake area, NT

The Wek'èezhì Land and Water Board (Board) met on December 10, 2024 and considered the Application Package from Arctic Star Exploration Corp. (Arctic Star) for Land Use Permit (Permit) W2024C0007 for the Diagas Project located in the Hardy Lake area, NT (Project) in accordance with the *Mackenzie Valley Resource Management Act* (MVRMA).

The Board conducted a preliminary screening based on the public record for the proceeding. Based on the evidence provided, the Board is satisfied the screening has been completed according to section 125 of the MVRMA and has decided **not to refer** the changes to the Project to environmental assessment. The Board's Preliminary Screening Determination and Reasons for Decision, as required by section 121 of the MVRMA, is attached.

If the Board does not receive notice of referral to environmental assessment, it can proceed with issuance of Permit W2024C0007 after **December 20, 2024**.

The Board and staff look forward to continued communications throughout the pause period. Please contact Ryan Fequet via [email](mailto:ryan.fequet@wlwb.ca) or at (867) 765-4589 with any questions or concerns regarding this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mason Mantla', written in a cursive style.

Mason Mantla
Chair, Wek'èezhìi Land and Water Board

BCC'd to: Wek'èezhìi Distribution List
David Kelsch, Arctic Star Exploration Corp.

Attached: Preliminary Screening Determination and Reasons for Decision



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Preliminary Screening Determination and Reasons for Decision

Land Use Permit Application	
File Number	W2024C0007
Company	Arctic Star Exploration Corp.
Project	Diagras Project
Location	Hardy Lake area, NT
Activity	Mineral Exploration
Date of Decision	December 10, 2024

1.0 Decision

In accordance with subsection 124(1) of the [Mackenzie Valley Resource Management Act](#) (MVRMA), the Wek'èezhì Land and Water Board (WLWB or Board) met on December 10, 2024 to make a preliminary screening determination on the renewal Application from Arctic Star Exploration Corp. (Arctic Star)(Applicant) for Land Use Permit W2024C0007 (Permit)¹ for the Diagras Project in the Hardy Lake area, NT (Project).²

The Board has determined that some Project activities and/or areas are exempt from preliminary screening, because they were previously screened. The Applicant has proposed new Project activities

¹ See WLWB Online Registry [www.wlwb.ca] for [Diagras Project – LUP Application – Oct 30 24](#).

² The Project is the Diagras Project, which is the proposed development, where “development” is defined in Part 5 of the [MVRMA](#) as:

“any undertaking, or any part or extension of an undertaking, that is carried out on land or water and includes an acquisition of lands pursuant to the *Historic Sites and Monuments Act* and measures carried out by a department or agency of government leading to the establishment of a park subject to the *Canada National Parks Act* or the establishment of a park under a territorial law.”

and/or areas, however, and the Board has decided not to refer the proposed changes to the Project to the Mackenzie Valley Environmental Impact Review Board (the Review Board) for Environmental Assessment because, based on the evidence, it is the Board’s opinion that the proposed changes to the Project will not have a significant adverse impact on the environment or be a cause of public concern.

The Board’s determination, including reasons for its decision, are detailed in sections [3.0](#) and [4.0](#).

2.0 List of Defined Terms and Acronyms

Applicant	Arctic Star Exploration Corp.
Application	The complete application package submitted by the Applicant for Land Use Permit W2024C0007.
Board	Wek’èezhìi Land and Water Board
CRP	Closure and Reclamation Plan
DFO	Fisheries and Oceans Canada
Distribution List	The list of individuals and organizations to whom materials from the regulatory proceeding were circulated.
EA	Environmental Assessment
ECCC	Environment and Climate Change Canada
GNWT	Government of the Northwest Territories
GNWT-ECC	Government of the Northwest Territories – Environment and Climate Change
GNWT-ECE PWNHC	Government of the Northwest Territories – Education, Culture and Employment Prince of Wales Northern Heritage Centre
Inspector	An Inspector designated under subsection 84(1) of the Mackenzie Valley Resource Management Act
LWBs	Land and Water Boards of the Mackenzie Valley
MVLUR	Mackenzie Valley Land Use Regulations
MVRMA	Mackenzie Valley Resource Management Act
Minister	Minister of the Government of the Northwest Territories – Environment and Climate Change
ORS	Online Review System (www.new.onlinereviewssystem.ca)
Party	As per the LWB Rules of Procedure , an applicant, a person, or an organization participating in the regulatory proceeding for the Application.
Permit	Land Use Permit W2024C0007
Project	Diagras Project, which is the proposed development (as defined in Part 5 of the MVRMA). ³
Review Board	Mackenzie Valley Environmental Impact Review Board
SCP	Spill Contingency Plan
Standard Permit Conditions	LWB Standard Land Use Permit Conditions Template

³ “development” is defined in Part 5 of the [MVRMA](#) as:

“any undertaking, or any part or extension of an undertaking, that is carried out on land or water and includes an acquisition of lands pursuant to the *Historic Sites and Monuments Act* and measures carried out by a department or agency of government leading to the establishment of a park subject to the *Canada National Parks Act* or the establishment of a park under a territorial law.”

TG	Tłıchq Government
TK	Traditional Knowledge
WLWB or Board	Wek'èezhìi Land and Water Board
WMP	Waste Management Plan
WMMP	Wildlife Management and Monitoring Plan

3.0 **Background and Scope of Screening**

The WLWB originally issued Land Use Permit W2017C0005 for the Diagras Project on December 13, 2017, for a period of five years, with the expiry date of December 12, 2022. The Board also completed a preliminary screening of the Project on December 13, 2017.⁴ The Permit was for the operation and maintenance of a camp, prospecting, mapping, till sampling, ground and airborne geophysics, diamond core and reverse circulation drilling, establishment of a petroleum fuel storage facilities, and use of vehicles and equipment.

On September 17, 2021, the WLWB received an application to assign the Permit from Margaret Lake Diamonds Inc. to Arctic Star Exploration Corp. and to also amend the Permit to include additional mineral claims. On October 28, 2021, the Board approved the assignment of the Permit from Margaret Lake Diamonds Inc. to Arctic Star Exploration Corp. The Board completed a preliminary screening of the assignment/amendment on October 28, 2021.⁵ On November 8, 2021, after the 10-day pause period, the Board amended the Permit to include the additional claims.

On October 19, 2022, the Board approved a two-year extension to the Permit (W2017C0005) setting the expiry date to December 12, 2024. Land Use Permit W2017C0005 has reached the term normally applied to a Permit and can no longer be extended.

The current Application (W2024C0007) is to continue conducting mineral exploration in the Hardy Lake area, for the operation and maintenance of a camp, prospecting, mapping, till sampling, ground and airborne geophysics, diamond core and reverse circulation drilling, establishment of a petroleum fuel storage facilities, and the use of vehicles and equipment. These activities are located within the Wek'èezhìi Resource Management Area. The Application does not include abandonment, decommissioning, or significant alterations to the Project.

The Application included proposed changes to the Project. Under Part 1, Schedule 1, section 2.1 of the Exemption List Regulations to the [MVRMA](#), project areas and activities that have already been subject to Part 5 of the MVRMA are exempt from preliminary screening. The new Project activities/ areas require screening by the Board in accordance with subsection 124(1) of the MVRMA.

⁴ See WLWB Online Registry for [W2017C0005 – Margaret Lake Diamonds – Preliminary Screening – Dec 13 17](#).

⁵ See WLWB Online Registry for [W2017C0005 – Diagras – Preliminary Screening Determination and Reasons for Decision – Oct 28 21](#).

In accordance with paragraph 125(1)(a) of the [MVRMA](#), the Board must conduct a preliminary screening of the proposed changes to the Project to determine and report to the Review Board whether, in its opinion, the proposed changes to the Project might have a significant adverse impact on the environment, or might be a cause of public concern. The details of the Board's analysis are set out in section [4.0](#) below.

3.1 Scope of Screening:

Previously Screened Areas and Activities:

Activities that the Board understands to have been previously considered,⁶ and which therefore do not require preliminary screening at this time, are listed below.

The Permit was issued in December 2017 and allows Arctic Star to conduct mineral exploration including prospecting, mapping, till sampling, ground and airborne geophysics, diamond core drilling, and reverse circulation drilling, as well as for the operation and maintenance of a temporary camp. The area of interest is located on and to the south of Hardy Lake, approximately 35 kilometers northeast of the Diavik Diamond Mine and 35 kilometers east of the Ekati Diamond Mine.

This Permit entitles Arctic Star to conduct the following land-use operation:

- a) Operation and maintenance of a camp;
- b) Activities include, prospecting, mapping, till sampling, ground and airborne geophysics, diamond core and reverse circulation drilling;
- c) Establishment of a petroleum fuel storage facilities; and
- d) Use of vehicles and equipment.

In October 2021 the permit was amended to include additional mineral claims (35 claims for a total of 29,464.95 hectares).

New Area and Activities:

The only change being requested is to include temporary storage of equipment and fuel enroute to the Project at Portage 55 of the Tibbitt-Contwoyto Winter Road. This laydown area is outside of the mineral claim blocks. Arctic Star is intending to store fuel and equipment on an esker north of and adjacent to the Tibbitt-Contwoyto Winter Road (TCWR) at the east end of Lac de Gras. This laydown storage is required to support operations on the authorized land use area. Arctic Star indicated that the laydown area is vacant Territorial Land adjacent to the winter road. The GNWT-ECC inspector indicated that it had no concerns with the area being used to store fuel and equipment.⁷

⁶ See WLWB Online Registry for [W2017C0005 – Margaret Lake Diamonds – Preliminary Screening – Dec 13 17](#) and [W2017C0005 – Diagrás – Preliminary Screening Determination and Reasons for Decision – Oct 28 21](#).

⁷ See WLWB Online Registry for [Diagrás Project – LUP Application – GNWT-ECC Confirms Eligibility – Nov 13 24](#).

3.2 Public Record and Regulatory Proceeding

The Application and a draft Permit were distributed for public review on October 30, 2024, inviting reviewers to provide comments and recommendations on the Application and the preliminary screening (e.g., on impacts and mitigation measures) using the Online Review System (ORS). Comments were due November 20, 2024, with responses from the Applicant due November 27, 2024. The Board received comments and recommendations from Tłı̨ch̨ Government, Environment and Climate Change Canada (ECCC), Government of the Northwest Territories Environment and Climate Change (GNWT-ECC), Wek'èezhì Renewable Resource Board (WRRB), Government of the Northwest Territories Education, Culture and Employment, Prince of Wales Northern Heritage Centre (GNWT-ECE PWNHC), Government of the Northwest Territories Environment and Climate Change (GNWT-ECC)-Inspector, and Fisheries and Oceans Canada (DFO).⁸ Board staff also submitted comments and questions for the purposes of clarification. GNWT-ECE PWNHC submitted a late follow-up comment on December 3, 2024 which Arctic Star responded to on the same day.

Since there were no requests to extend the reviewer comment deadline, the Board is satisfied that a reasonable period of notice was given to affected communities and First Nations, as required by subsection 63(2) of the [MVRMA](#).

The Board is also satisfied that notice of the Application was provided to the Tłı̨ch̨ Government (TG) and that a reasonable period of time was provided for the TG to make representations to the Board in accordance with section 63 of the [MVRMA](#).

4.0 Potential Impacts and Proposed Mitigations

Table 1 below summarizes:

- the potential impacts of the proposed changes to the Project;
- the concerns that were identified during the regulatory proceeding and how the Applicant addressed those concerns;
- the proposed and potential mitigations for the potential impacts; and
- the Board's analysis of the potential impacts and proposed mitigations.

⁸ See WLWB Online Review System for [Diagras Project – LUP Application – Nov 27 24](#).

Table 1: Potential Impacts and Proposed Mitigations for the Proposed Changes to the Project

Potential Impact	Activity	Proposed Mitigations <i>Description of measures to reduce potential impacts, including consideration of cumulative impacts and climate change.</i>	Board Analysis and Determination
Soil Contamination and Destabilization/ Erosion	On-site storage or disposal of wastes (domestic garbage, sewage, waste petroleum products, drilling waste and hydraulic flowback fluids, hazardous wastes); Transfer, storage, and use of petroleum products and/or chemicals; Moving equipment	<ul style="list-style-type: none"> • The Applicant proposed the following mitigations in the Application: <ul style="list-style-type: none"> ○ The Spill Contingency Plan provides details on how to properly handle and store fuel, as well as disposal techniques for any spill-related waste. All personnel are aware of the locations of the Spill Contingency Plan and are shown where the spill response kits are stored. Employees and contractors are trained in using spill equipment and in responding to spills. As per the Spill Contingency Plan included with the Application, “Secondary containment measures shall be employed for diesel, jet fuel and gasoline drums stored at site and shall be placed in a berm that is lined with an impermeable liner capable of 110% containment”.⁹ Additional information is provided in the Spill Contingency Plan. ○ Rutting can happen if overland equipment is moved when the ground is not frozen or snow covered. Arctic Star said this will be prevented by not moving equipment when the ground is not frozen or snow covered. • During the Public Review Arctic Responded to ECCC (comment 1) that it utilizes secondary containment for storage where practical for small on-ice temporary cache for drilling. • The Board has standard permit conditions that are typically used to mitigate the identified potential impacts. These standard conditions include:¹⁰ <ul style="list-style-type: none"> ○ SUMP SETBACK ○ REPORTS BEFORE FINAL REMOVAL ○ MINERAL EXPLORATION DRILL CASINGS 	Based on the described mitigations, it is the Board’s opinion that the proposed activities will not have a significant adverse impact on the environment and will not be a cause of public concern.

⁹ See the WLWB online registry for [Diagras - Project - Spill Contingency Plan Version 2.0 - Oct 30 24.pdf](#)

¹⁰ See the WLWB Policies and Resources webpage to access the LWB [Standard Land Use Permit Conditions Template](#).

		<ul style="list-style-type: none">○ STORAGE ON ICE○ CLEAN WORK AREA○ REPAIR EROSION○ OFF-ROAD VEHICLE TRAVEL○ PREVENTION OF RUTTING○ SUSPEND OVERLAND TRAVEL○ VEHICLE MOVEMENT FREEZE-UP	
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<p>Changes in water quality</p>	<p>On-site storage or disposal of wastes (domestic garbage, sewage, waste petroleum products, drilling waste and hydraulic flowback fluids, hazardous wastes); Transfer, storage, and use of petroleum products and/or chemicals</p>	<ul style="list-style-type: none"> • The Applicant proposed the following mitigations in the Application: <ul style="list-style-type: none"> ○ The Spill Contingency Plan provides details on how to properly handle and store fuel, as well as disposal techniques for any spill-related waste. All personnel are aware of the locations of the Spill Contingency Plan and are shown where the spill response kits are stored. Employees and contractors are trained in using spill equipment and in responding to spills. Additional information is provided in the Spill Contingency Plan. ○ In the Spill Contingency Plan included with the Application, Arctic Star indicated that fuel is located a minimum of 100 meters from the normal high-water mark of any water course or water body.¹¹ ○ Operations for this Project typically occur during the winter months when there is no open water. • The Board has standard permit conditions that are typically used to mitigate the identified potential impacts. These standard conditions include:¹² <ul style="list-style-type: none"> ○ STORAGE ON ICE ○ CLEAN WORK AREA ○ NATURAL DRAINAGE ○ CHEMICALS ○ DRILLING WASTE ○ DRILLING WASTE DISPOSAL ○ DRILLING WASTE CONTINAMENT ○ WASTE PETROLEUM DISPOSAL ○ NOTIFICATION OF SOLID WASTE DISPOSAL 	<p>Based on the described mitigations, it is the Board’s opinion that the proposed activities will not have a significant adverse impact on the environment and will not be a cause of public concern.</p>
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¹¹ See WLWB Online Registry for [Diagras Project - Spill Contingency Plan Version 2.0 - Oct 30 24.pdf](#)

<p>Direct loss or removal of habitat, dens, or nests; Effects on wildlife health (toxins, metals); Human-Wildlife conflicts</p>	<p>On-site storage or disposal of wastes (domestic garbage, sewage, waste petroleum products, drilling waste and hydraulic flowback fluids, hazardous wastes), Transfer, storage, and use of petroleum products and/or chemicals, increased traffic risk to wildlife, increased human presence</p>	<ul style="list-style-type: none"> • The Applicant proposed the following mitigations in the Application: <ul style="list-style-type: none"> ○ Avoid the location of any known or observed dens or nests. ○ No hunting policy. ○ The Spill Contingency Plan provides details on how to properly handle and store fuel, as well as disposal techniques for any spill-related waste. All personnel are aware of the locations of the Spill Contingency Plan and are shown where the spill response kits are stored. Employees and contractors are trained in using spill equipment and in responding to spills. Additional information is provided in the Spill Contingency Plan. ○ Wildlife will not be fed. ○ Arctic Star has a Waste Management Plan¹³ that states food wastes are stored in closed structure in such a way to prevent wildlife access. • In response to comments during the public review, Arctic Star indicated it would notify ECCC's Canadian Wildlife Service for instances involving interactions and incidents with potential disturbance of individuals or nests and any mortality events of migratory bird species. • The Board has standard permit conditions that are typically used to mitigate the identified potential impacts. These standard conditions include:¹⁴ <ul style="list-style-type: none"> ○ HABITAT DAMAGE ○ WILDLIFE MANAGEMENT AND MONITORING PLAN ○ SPILL CONTINGENCY PLAN ○ WASTE MANAGEMENT PLAN 	<p>Based on the described mitigations, it is the Board's opinion that the proposed activities will not have a significant adverse impact on the environment and will not be a cause of public concern.</p>
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¹³ See WLWB Online Registry for [Diagras Project – Waste Management Plan Version 2.0 – Oct 30 24](#)

<p>Change to or loss of heritage resources</p>	<p>Increased human presence</p>	<ul style="list-style-type: none"> • The Applicant proposed the following mitigations in the Application: <ul style="list-style-type: none"> ○ Arctic Star indicated in the Application that for the protection of historical, archaeological, and burial sites, an Archaeological Overview and Archaeological Impact Assessment (AIA)-High Potential can be included as a permit condition. • During the Public Review, the Government of the Northwest Territories Education, Culture and Employment Prince of Wales Northern Heritage Centre (GNWT-ECE PWNHC) originally commented that conditions listed under section 26(1)(j) Protection of Historical, Archaeological, and Burial Sites included in the Permit are sufficient for activities conducted within the Diagras Claim Blocks only (comment 2). After the deadline for comments on the Online Review System, PWNHC added a comment on December 3 that it had now specifically assessed the laydown area (i.e., Portage 55) and recommended that the Draft Permit conditions 36 through 40 are sufficient for the activities of fuel and equipment storage at Portage 55.¹⁵ Arctic Star responded that it acknowledged PWNHC’s recommendation that the existing conditions were sufficient. • In response to comments during the Public Review, Arctic Star stated that the laydown area for equipment and fuel is located on an esker immediately adjacent and on the north side of portage 55, which has been previously quarried for gravels for road materials (GNWT-ECE PWNHC comment 1). • In response to comments during the Public Review, Arctic Star committed that it will continue to respect all sites of historical and cultural significance (response to Tłı̨chǫ Government comment 3). • The Board has standard permit conditions that are typically used to mitigate the identified potential impacts. These standard conditions include:¹⁶ <ul style="list-style-type: none"> ○ ARCHAEOLOGICAL BUFFER ○ SITE DISTURBANCE 	<p>Based on the described mitigations, it is the Board’s opinion that the proposed activities will not have a significant adverse impact on the environment and will not be a cause of public concern.</p>
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¹⁵ See WLWB Online Review System for [Diagras Project – LUP Application – Nov 27 24](#). See PWNHC comment 3.

		<ul style="list-style-type: none">○ SITE DISCOVERY AND NOTIFICATION○ ARCHAEOLOGICAL OVERVIEW○ AIA-HIGH POTENTIAL	
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4.1 Consideration of Potential Impacts

Based on the potential impacts and proposed mitigations identified above in Table 1, the Board considered whether the changes to the Project might have a significant adverse impact on the environment. In general, impacts of the changes to the Project on the environment can be mitigated through the use of permit conditions of two general types:

1. conditions in the existing Permit, including requirements for management and monitoring plans, with revisions where necessary; and
2. new or unique conditions that may be needed to mitigate potential impacts of the changes to the Project that may not be addressed by the conditions in the existing Permit, and which may be from the Board's standard conditions list or established by the Board as per the LWB [Standard Process for Creating New Conditions](#).

These conditions may include requirements for management and monitoring plans that provide detailed information regarding the implementation of mitigation measures and the evaluation of their effectiveness.

A draft Permit was circulated for review during the regulatory proceeding, and all Parties were given the opportunity to provide comments and recommendations on the draft conditions. In finalizing the conditions, the Board will consider all of the evidence provided through the regulatory proceeding.

4.2 Consideration of Public Concern

In addition to considering the potential impacts of the changes to the Project, the Board considered whether the changes to the Project might be a cause of public concern.

Based on the evidence provided during the regulatory proceeding, the Board did not identify any comments or issues that indicate that the Project is a cause of public concern.

5.0 Conclusion

The Board completed a preliminary screening of the Project on December 13, 2017 and October 28, 2021;¹⁷ however, the current Application include proposed changes to the Project. Accordingly, the Board has determined that Project activities that have already been subject to Part 5 of the [MVRMA](#) are exempt from preliminary screening under Part 1, Schedule 1, section 2.1 of the Exemption List Regulations to the MVRMA. The Board has conducted a preliminary screening of the proposed changes to the Project. The Board has reviewed all the evidence received during the regulatory process with respect to the Preliminary Screening of the proposed changes to the Project. Based on the evidence, it is the Board's opinion that the proposed changes to the Project will not have a significant adverse impact on the environment or be a cause of public concern, as set out in paragraph 125(1)(a) of the MVRMA. The Board has therefore decided

¹⁷ See WLWB Online Registry for [W2017C0005 – Margaret Lake Diamonds – Preliminary Screening – Dec 13 17](#), and [W2017C0005 – Diagrás – Preliminary Screening Determination and Reasons for Decision – Oct 28 21](#).

not to refer the proposed changes to the Project to Environmental Assessment. If the Board does not receive a notice of referral to environmental assessment by December 20, 2024, the Board can issue the Permit thereafter.

SIGNATURE



December 10, 2024

Mason Mantla, Chair
Wek'èezhì Land and Water Board

Date