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December 12, 2022

File: MV2022L2-0007
MV2022C0019

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: Kennady North Regional Exploration Project – Notice of Preliminary Screening Determination – Applications for Land Use Permit and Water Licence – Mineral Exploration – Kennady Lake, NT

The Mackenzie Valley Land and Water Board (Board) met on December 7, 2022 and considered the Application Packages from Kennady Diamonds Inc. for Land Use Permit (Permit) MV2022C0019 and Water Licence (Licence) MV2022L2-0007 for the Kennady North Regional Exploration Project (Project) in accordance with the *Mackenzie Valley Resource Management Act* (MVRMA).

The Board conducted a preliminary screening based on the public record for the proceedings. 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 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 MV2022C0019 and Licence MV2022L2-0007 **Friday December 23, 2022.**

The Board and staff look forward to continued communications throughout the pause period. Please contact Shelagh Montgomery via [email](#) or at (867) 766-7457 with any questions or concerns regarding this letter.

Yours sincerely,

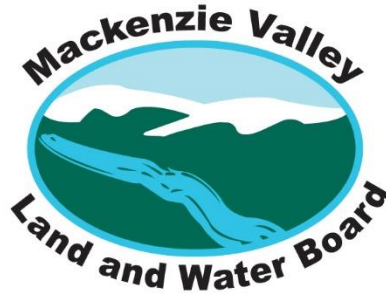


Mavis Cli-Michaud

Chair, Mackenzie Valley Land and Water Board

BCC'd to: Akaitcho Distribution List
April Hayward, Kennady Diamonds Inc.
Gary Vivian, Aurora Geosciences Ltd.
Sharleen Hamm, Aurora Geosciences Ltd.
Chris Hrkac, Aurora Geosciences Ltd.

Attached: Preliminary Screening Determination and Reasons for Decision



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Preliminary Screening Determination and Reasons for Decision

Water Licence and Land Use Permit Applications	
File Number	MV2022L2-0007 MV2022C0019
Company	Kennady Diamonds Inc.
Project	Kennady North Regional Exploration Project
Location	Kennady Lake, NT
Activity	Mineral Exploration
Date of Decision	December 7, 2022

1.0 Decision

In accordance with subsection 124(1) of the Mackenzie Valley Resource Management Act (MVRMA), the Mackenzie Valley Land and Water Board (MVLWB or Board) met on December 7, 2022 to make a preliminary screening determination on the Applications from Kennady Diamonds Inc. (KDI)(Applicant) for Land Use Permit MV2022C0019 (Permit)¹ and Water Licence MV2022L2-0007 (Licence)² for the Kennady North Regional Exploration Project (REP) (Project).³

The Board has determined that Project activities are exempt from preliminary screening, because they were previously screened. The Applicant has proposed new Project areas, however, that must be screened.

¹See MVLWB Online Registry [KDI – Land Use Permit Application – Oct24 22.](#)

² See MVLWB Online Registry [KDI – Water Licence Application – Oct28 22.](#)

³ The Project is the Kennady North Regional Exploration 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.”

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 determinations, including reasons for its decisions, are detailed in sections [3.0](#) and [4.0](#).

2.0 List of Defined Terms and Acronyms

Applicant	Kennady Diamonds Inc.
Applications	The complete application package submitted by the Applicant for Water Licence MV2022L2-0007 and Land Use Permit MV2022C0019.
Board	Mackenzie Valley Land and Water Board
GNWT	Government of the Northwest Territories
GNWT-ENR	Government of the Northwest Territories – Environment and Natural Resources
GNWT-Lands	Government of the Northwest Territories – Lands
MVLWB	Mackenzie Valley Land and Water Board
MVRMA	<i>Mackenzie Valley Resource Management Act</i>
Minister	Minister of the Government of the Northwest Territories – Lands (GNWT-Lands)
ORS	Online Review System (www.new.onlinereviewssystem.ca)
Party	As per the MVLWB Rules of Procedures , an applicant, a person, or an organization participating in the regulatory proceeding for the Applications.
Project	Kennady North Regional Exploration Project, which is the proposed development (as defined in Part 5 of the MVRMA). ⁴
Review Board	Mackenzie Valley Environmental Impact Review Board
Standard Licence Conditions	MVLWB Standard Water Licence Conditions Template
Standard Permit Conditions	MVLWB Standard Land Use Permit Conditions Template
TG	Tłı̨chǫ Government

3.0 Background and Scope of Screening

On October 21, 2022, KDI applied for a new Type A Land Use Permit and Type B Water Licence to support a more regional, early exploration program (herein referred to as the Regional Exploration Project or REP) on newly acquired mineral claims adjacent to its existing Kennady North Project or AEP. Initially, KDI had applied for a new Type B Water Licence to use up to 299m³ of water per day in addition to the 299m³/day authorized under its existing Water Licence (MV2013L2-0005). Because the licensing requirements set out in the Schedules of the *Water Regulations* apply to a project in its entirety rather than parts of the project, Board staff met with KDI to discuss these water use limits and triggers for Type A and Type B Water

⁴ “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.”

Licences. Board staff informed KDI that it must use less than a combined 299 m³/day of water under its existing Licence, MV2013L2-0005, and Licence MV2022L2-0007 (if issued); apply for an amendment to the existing Type B Licence to include new Project areas and activities; or apply for a Type A Licence.

As explained in the cover letter for the new Applications, KDI decided to apply for an amendment to its existing Licence, MV2013L2-0005, to reflect the water withdrawal limits up to combined total of 299 m³/day and proceed with the new applications to authorize the REP.

KDI intends to undertake routine exploration activities, including diamond drilling, in areas associated with the REP while continuing to advance mine planning and conducting advanced exploration activities in areas associated with the AEP. Applications MV2022C0019 and MV2022L2-0007 encompass 49 mineral claims totaling approximately 48,214 ha of land making up the Regional Exploration Project. Infrastructure and activities associated with the REP include mineral exploration (including drilling and mini-bulk sampling), the construction and maintenance of winter roads, and fuel storage. Mini-bulk samples would be obtained using a combination of drilling and trenching, with samples shipped offsite for geological analysis or processing. Exploration activities associated with the REP are based out of Bob or Kelvin camp, authorized under MV2013L2-0005 and MV2016C0030 but small drill shacks or tents may be erected near drills for temporary core processing, and storage, and Pacto toilet (or equivalent). Remote fuel caches may be established in areas proximal to active drilling areas. The equipment planned for use is the same as that already permitted and in use under the AEP, staged at the Kelvin and Bob camps.

The Program is planned to commence in early 2023. A term of five (5) years is requested for the Land Use Permit, with an anticipated extension of two (2) years. Correspondingly, a seven (7) year term is being requested for the Water Licence, with future coordinated renewal of both expected thereafter should there be ongoing exploration success.

An Engagement Record and Engagement Plan were included in the Application. KDI noted they engaged with the following Parties:

- Deninu Kųé First Nation (DKFN)
- Tųjchų Government (TG)
- North Slave Métis Alliance (NSMA)
- Northwest Territories Métis Nation (NWTMN)
- Fort Resolution Métis Council (FRMC)
- Yellowknives Dene First Nation (YKDFN)
- Ni Hadi Xa (NHX)
- Łútsél K'é Dene First Nation (LKDFN)
- Akaitcho Interim Measures Agreement Implementation Office (AIMAIO)

The Engagement Record included details of engagement with Parties in 2021 and 2022. Specifically, the 2022 record included details of meetings and site visits, and discussions focused on project updates.

The Applications include 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 areas require screening by the Board in accordance with subsection 124(1) of the MVRMA.

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 or Assessed Areas and Activities:

Previous screenings for the Kennady North Project include the following:

- MV2001C0066, September 28, 2001;⁵
- MV2008C0021, Nov. 7, 2008;⁶
- MV2012C0010, Jun.7, 2012;⁷
- MV2013C0023, MV2013L2-0005, Feb. 27, 2014;⁸
- MV2013C0023, MV2013L2-0005, January 7, 2016;⁹ and
- MV2013L2-0005, MV2016C0030, Dec. 19, 2016.¹⁰

The scope of the screening for MV2001C0066¹¹ included mineral exploration activities from the existing Bob Camp on Long Lake, including a helicopter-supported core exploratory drilling program, till sampling, airborne and ground geophysics, mapping, trenching, and fuel storage.

The scope of the screening for MV2008C0021¹² included mineral exploration including helicopter assisted sampling, bulk sampling and diamond drilling on potential kimberlite targets on 65 mineral claims; the storage of fuel, and use of the existing camp Bob Camp located at Long Lake.

The scope of the screening for MV2012C0010¹³ included mineral exploration including prospecting and glacial mapping, geochemical and geophysical surveys, and diamond drilling on held mineral claims and leases; fuel storage, use of equipment, construction and operation of a camp for up to 15 people. Access was by air using fixed wing aircraft and/or helicopter.

⁵ Not available on the Public Registry.

⁶ See MVLWB Online Registry for [MV08C21 – Preliminary Screening Report – Nov07 08.](#)

⁷ See MVLWB Online Registry for [MV2012C0010 – Preliminary Screening report – Jun7 12.](#)

⁸ See MVLWB Online Registry for [MV2013L2-0005 MV2013C0023 - Kennady Diamonds - Preliminary Screening Report - Feb27-14.](#)

⁹ See MVLWB Online Registry for [MV2013C0023 MV2013L2-0005 - KDI - Amendment Application - Preliminary Screening Report - Jan7-16.](#)

¹⁰ See MVLWB Online Registry for [MV2016C0030 MV2013L2-0005 - Kennady Diamonds Inc - Preliminary Screening Determination - Dec19-16.](#)

¹¹ Not available on the Public Registry.

¹² See MVLWB Online Registry for [MV08C21 – Preliminary Screening Report – Nov07 08.](#)

¹³ See MVLWB Online Registry for [MV2012C0010 – Preliminary Screening report – Jun7 12.](#)

The scope of the screening for MV2013C0023 and MV2013L2-0005¹⁴ included mineral exploration including diamond drilling, large diameter drilling, and/or trenching, bulk sampling, use and storage of explosives for trenching, geophysical surveys, geochemical sampling, Reverse Circulation drilling, and water use of up to 299m³ per day on the listed mineral claims and leases; winter road construction and maintenance including the construction and maintenance of winter road routes spurring off of existing De Beers winter road to Kelvin/Farraday, Doyle Sill, and MZ claims; the use of the existing Bob Camp, the construction and use of a small secondary camp near Farraday Lake, associated waste management by off-site disposal, and incineration of combustible waste; the storage of fuel; and the use of equipment.

The scope of the screening for an amendment to MV2016C0030 and MV2013L2-0005¹⁵ included an expanded drilling and trenching program, geochemical characterization, an expansion of the camp near Kelvin Lake and additional fuel and equipment to support Advanced Exploration activities.

The scope of the screening for MV2013L2-0005 and MV2016C0030¹⁶ included an expansion of exploration activities at the Kennady North Project from enhanced to advanced exploration in order to obtain the information necessary to complete a Feasibility Study for the Kennady North Project. These activities include bulk sampling and valuation of the Kelvin kimberlite and further delineation of the Faraday kimberlites. This screening provides a detailed and thorough description of previously screened areas and activities associated with the Kennady North Exploration Project that is not repeated here. Activities that the Board understands to have been previously considered, and which therefore do not require preliminary screening at this time, are identified in that screening document: [MV2016C0030 MV2013L2-0005 - Kennady Diamonds Inc - Preliminary Screening Determination - Dec19-16.](#)

New Areas

No new activities are being proposed for the Regional Exploration Project that have not been previously screened under the Advanced Exploration Project. The difference for these Applications is only the newly acquired mineral claims:

Claim #	Issue Date	Area (ha)
M10615	April 21, 2020	1250
M10610	April 21, 2020	1250
M10611	April 21, 2020	1250
M10612	April 21, 2020	1250
M10613	April 21, 2020	1250
M10619	April 21, 2020	48
M10631	April 21, 2020	1234
M10632	April 21, 2020	1234
M10633	April 21, 2020	1250
M10634	April 21, 2020	1250
M10624	April 21, 2020	1250

¹⁴ See MVLWB Online Registry for [MV2013L2-0005 MV2013C0023 - Kennady Diamonds - Preliminary Screening Report - Feb27-14.](#)

¹⁵ See MVLWB Online Registry for [MV2013C0023 MV2013L2-0005 - KDI - Amendment Application - Preliminary Screening Report - Jan7-16.](#)

¹⁶ See MVLWB Online Registry for [MV2016C0030 MV2013L2-0005 - Kennady Diamonds Inc - Preliminary Screening Determination - Dec19-16.](#)

Claim #	Issue Date	Area (ha)
M10636	April 21, 2020	1250
M10637	April 21, 2020	1250
M10638	April 21, 2020	250
M10639	April 21, 2020	250
M10640	April 21, 2020	189
M10635	April 21, 2020	1250
M10603	April 21, 2020	1250
M10604	April 21, 2020	1250
M10601	April 21, 2020	206
M10609	April 21, 2020	241
M10602	April 21, 2020	1250
M10606	April 21, 2020	1250
M10620	April 21, 2020	1121
M10607	April 21, 2020	1250
M10608	April 21, 2020	376
M10605	April 21, 2020	1250
M10617	April 21, 2020	41
M10618	April 21, 2020	43
M10614	April 21, 2020	1250
M10621	April 21, 2020	1250
M10622	April 21, 2020	1250
M10623	April 21, 2020	1250
M10629	April 21, 2020	1226
M10625	April 21, 2020	1250
M10626	April 21, 2020	1250
M10627	April 21, 2020	1250
M10628	April 21, 2020	1250
M10630	April 21, 2020	903
M10799	Nov 22, 2021	1146.56
M10641	April 21, 2020	35
M10616	April 21, 2020	373
M10800	Nov 22, 2021	859.5

3.2 Public Record and Regulatory Proceeding

To assist the Board in its preliminary screening determination for the Project, the Board distributed the Applications on October 28, 2022, a draft Licence and Permit were subsequently posted on November 4, 2022 for public review, inviting reviewers to provide comments and recommendations on the Applications and the preliminary screening (e.g., on impacts and mitigation measures) using the Online Review System (ORS). Comments were due November 17, 2022, with responses from the Applicant due November 24, 2022. The Board received comments and recommendations from Government of the Northwest Territories (GNWT) Department of Lands – North Slave Region; GNWT Department of Education, Culture and Employment (ECE); GNWT Department of Environment and Natural Resources (ENR); GNWT-Lands;

and the Tłjchq Government (TG) (attached).¹⁷ Board staff also submitted comments and questions for the purposes of clarification.

Since there were no requests to extend the reviewer comment deadlines, 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.

Pursuant to Schedule 4.1 of the Northwest Territory Métis Nation (NWTMN) Interim Measures Agreement, the Board determined that written notice was given to the NWTMN and that a reasonable period of time was allowed for NWTMN to make representations with respect to the Applications.

Pursuant to subsection 1.6, paragraphs (a) and (b) of the Akaitcho Territory Dene First Nations (ATDFN) Interim Measures Agreement, the Board determined that written notice was given to the ATDFN and that a reasonable period of time was allowed for ATDFN to make representations with respect to the Applications.

The Board also provided notification to the Tłjchq Government on the Applications in accordance with the MVRMA for a “major mining project,” as defined in Chapter 23 of the Tłjchq Land Claims and Self-Government Agreement.

4.0 Potential Impacts and Proposed Mitigations

4.1 Consideration of Potential Impacts

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 standard permit and/or licence conditions and/or project-specific conditions established by the Board as per the MVLWB [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 Licence and Permit were 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.

¹⁷ See MVLWB Online Review System for [Kennady Diamonds Inc. Regional Exploration Project – New Land Use Permit and Water Licence Applications – Oct28 22](#).

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 several preliminary screenings of the Project as listed above; however, the Applications 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 area.

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 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 22, 2022 the Board can issue the Permit on Friday December 23, 2022

SIGNATURE



Mavis Cli-Michaud, Chair
Mackenzie Valley Land and Water Board

December 12, 2022

Date