

NUNAVUT PLANNING COMMISSION
PUBLIC HEARING ON THE 2016 DRAFT NUNAVUT LAND USE PLAN

NORTH ARROW MINERALS INC.

PRE-HEARING WRITTEN SUBMISSIONS

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NORTH ARROW MINERALS INC.

Submission for the Public Hearing on the 2016 Draft Nunavut Land Use Plan

1/13/2017

1 Background and Objectives

North Arrow Minerals Inc. is a junior mineral exploration company based in Vancouver British Columbia. The Company's business strategy is to identify prospective diamond exploration prospects in Canada and fund the cost of exploration programs by way of equity financings through its listing on the TSX Venture Exchange. North Arrow presently maintains exploration interests in four Canadian Territories and Provinces, including mineral tenures in all three regions of Nunavut. The company's Nunavut projects include the Qilalugaq Project located within the municipality of the Hamlet of Naujaat as well as the early stage Luxx, Mel, and Hope Bay projects in the Kivalliq, Qikiqtani, and Kitikmeot Regions, respectively.

Although presently focused on the discovery of diamond deposits, the principals of North Arrow have been involved in exploration and evaluation of diamond, gold, silver, base metal, uranium and lithium deposits in Nunavut since prior to the Nunavut Land Claims Agreement (NLCA). North Arrow's experience as a junior exploration company focused on the identification of grassroots exploration concepts and subsequent evaluation and advancement of discovered minerals, provides a unique viewpoint and knowledge base that would be useful in developing a balanced land use plan.

As an active explorer in all three regions of Nunavut, North Arrow has followed the Draft Nunavut Land Use Plan (DNLUP) process over the last several years. We recognize that the development of a Territory wide land use plan is a tremendous task, however we are deeply concerned that significant changes reflected in the 2016 DNLUP represent a departure from the principal of developing a balanced land use plan. As a result of this shift towards the development of an unbalanced plan, North Arrow applied to the Nunavut Planning Commission (NPC) in September 2016 to become a formal Participant in the land use planning process. North Arrow appreciates the opportunity to make this submission to the NPC, providing its viewpoint on several matters as more particularly addressed below.

The content of this submission represents North Arrow's views, concerns and recommendations relating to several aspects of the 2016 DNLUP, from the perspective of general mineral exploration and evaluation in Nunavut as well as specific concerns related directly to North Arrow's current diamond exploration interests. In preparing this submission, North Arrow has reviewed the public record posted to the NPC website and has also drawn upon its own experiences engaging with and working in several Nunavut communities, as well as its general northern mineral exploration and evaluation experience.

2 General Comments and Recommendations

2.1 Overall structure and clarity of the DNLUP

The DNLUP has evolved through three separate drafts. The most recent draft, the 2016 DNLUP, contains significant changes compared to the second, 2014 DNLUP. During the September 2016 Pre-Hearing Conference, a number of Participants expressed concerns about the lack of clarity for the NPC's reasoning behind a number of these changes. In response, the NPC indicated it would provide a rationale document to outline this information. At the date of this writing, a rationale document has not been provided.

- Recommendation NAR-01. **The NPC should provide the Rationale Document** in order to provide clarity and transparency to the NPC decision making process in drafting the 2016 DNLUP.

2.2 Fit with the integrated regulatory system

As a junior exploration company, North Arrow is reliant on attracting investors to fund its exploration projects. Our investors are located throughout Canada and the world. One of the advantages that we often point to when promoting our Nunavut-based diamond properties is the fact that the Territory benefits from a settled land claims agreement that incorporates a rigorous, transparent and well defined regulatory process. This allows for certainty in the planning and permitting of our exploration projects, which is attractive to investors.

Unfortunately, the 2016 DNLUP, through the designation of extensive protected areas that prohibit industrial land use activities, removes decision making from the designated regulatory authorities and affected communities. Each designated protected area represents a geographic area for which the remainder of Nunavut's integrated regulatory system is prevented from working as envisioned in the NLCA. The designation of protected areas removes the opportunity for affected communities to weigh potential impacts and benefits and self-determine how best to utilize lands that are important to them. The extensive protected areas defined in the 2016 DNLUP, regardless of mineral potential or suitability for other potential land use opportunities, will limit the ability of Nunavut to support and develop a vibrant private sector economy.

Trusting in the effectiveness of the regulatory system with its embedded social, environmental and economic reviews will result in a more balanced approach to land use planning in Nunavut than would the implementation of extensive land use prohibitions. Such prohibitions may prove ineffective at producing the desired outcomes but will prevent the establishment of a robust private sector including, in particular the mineral exploration and mining industry.

- Recommendation NAR-02. While the designation of protected areas may be necessary for the development of a balanced land use plan, **North Arrow would urge the NPC to carefully consider the number and extent of these protected areas, and impose explicit land use prohibitions only in cases where there is broad consensus and it is considered that the integrated regulatory system cannot adequately mitigate the impacts of potential land use activities.**

2.3 Quality of the planning process

We are concerned with the visibility of the land use planning process at the community level and efforts by the NPC to engage and involve community residents in order to properly convey the importance of the final land use plan and its impact on their lives, communities and regions.

Based on North Arrow's community engagement and correspondence over the last several years, it is our impression that the level of awareness of the land use planning process in communities was and remains limited. The impact and importance of the pending land use plan was not brought up during community meetings except when raised by North Arrow.

We note that, as part of the NPC land use planning process, communications with communities was intensive during the lead up to community meetings in 2014. These communications included printed notices in local newspapers and posted on community bulletin boards as well as announcements on public radio stations. Unfortunately these intensive communication efforts did not extend beyond the 2014 community meetings. The continued use of these platforms would have helped retain the interest and awareness of community members.

As discussed in more detail elsewhere in this submission, the 2016 DNLUP contains significant changes from the 2014 DNLUP, including the extension of land use designations onto municipal lands. Of direct importance to North Arrow, this includes the extension of a protected area onto Naujaat municipal lands, incorporating North Arrow's advanced Q1-4 diamond deposit (Appendix I; Appendix II). The designation of a protected area within the Municipality of Naujaat was not communicated to the community. Further, it is our understanding, that the Hamlet was notified on Friday October 21, 2016 of the Monday October 24, 2016 Rankin Inlet regional community meeting.

- Recommendation NAR-03. **The NPC should engage in full consultation with communities impacted by changes in the land use designations introduced in the 2016 DNLUP, including presentation of an effects analysis and a balanced discussion of the potential short term and long term impacts of the 2016 DNLUP.**

2.4 Incorporation of input from participants in the planning process

The planning process has taken into account the input from participants, however North Arrow is concerned with the weight given to some input and recommendations, resulting in an unbalanced plan. As an example, the [Options and Recommendations document \[Draft – 2016; pages 41-42\]](#) indicates the NPC took into account the views expressed by participants recommending protection of caribou calving (21 participants) and post-calving (18 participants) grounds, respectively. We would note however that ten of these participants are groups with primary interests located outside of the territory, having an interest in the land use plan to the extent that they would be impacted by changes to mainland migratory caribou herds. While the land use plan should and must take into account the interests of trans-boundary land users, the only interest these groups have with respect to land use in Nunavut is protection of caribou habitat and this should be borne in mind. Put bluntly, these extra territorial groups face no direct economic consequences if an overly protectionist land use plan results in a significant and long-term negative impact on the overall development of the Nunavut economy.

Many of the remaining participants recommending full protection consist of wildlife boards and Hunters and Trappers Organizations. In general these groups have a viewpoint focused on maintaining healthy wildlife

populations and do not have a mandate to develop the Nunavut economy in balance with other land use needs.

- Recommendation NAR-04. The NLUP planning process should, and is obligated to, take into account the concerns and recommendations of all Participants, however **North Arrow recommends that particular consideration should be provided to the concerns and recommendations of Participants having a broad mandate of economic development and environmental protection**, specifically the Governments of Nunavut and Canada, NTI, and the Regional Inuit Associations.

2.5 Overall balance among competing interests on important issues

The 2016 DNLUP contains a number of significant changes that reflect a strong shift *away* from balance among competing interests on important issues, particularly with respect to the creation of protected areas and the grandfathering of mineral rights. Unfortunately the changes incorporated into the 2016 DNLUP indicate that attempts at balance have tipped in favour of extensive land use prohibitions at the expense of providing Nunavut with a balanced land use framework that can allow for the development of a stronger economy providing more business and employment opportunities.

The 2016 DNLUP is heavily weighted in favour of conservation through creation of extensive protected areas with full prohibition of industrial activity in caribou calving and post-calving grounds regardless of mineral potential. These protected areas cover areas with significant mineral potential and impact some existing mineral tenures, including North Arrow's Q1-4 diamond deposit (Appendix I), host of a defined mineral resource, and a portion of North Arrow's Mel Diamond Project (Appendix III), where work to date indicates the presence of an as yet undiscovered kimberlite field with diamond potential. **The sterilization of existing mineral prospects from further evaluation and potential future development through the establishment of full protected areas would be to the detriment of Nunavut's present and future potential economic development and does not meet the aspirations of Nunavut residents as outlined in Section 1.4.2.1 of the 2016 DNLUP: "Residents would like to see the development of a stronger economy that would provide more business and employment opportunities, particularly for youth. At the same time residents want to maintain the traditional lifestyle of Inuit".**

2.6 Timing and nature of future amendments to the plan

The land use plan should include an allowance for the regular review and future amendment of the plan.

However, North Arrow is concerned about the potential acceptance of an 'imperfect land use plan' that will rely on future amendments in order to address identified shortcomings. The idea that future reviews will provide the opportunity to change ineffectual components of the plan has been addressed in some submissions, media reports ([CBC News, October 3, 2016 comments by Paul Crowley, Director of WWF Canada's Arctic Program](#)) and during technical and public sessions (e.g. [NPC 4th Technical Meeting Transcript page 10](#)). Invariably these comments are presented as justification for accepting an 'imperfect plan' and to defend the use of an overabundance of caution with respect to the designation of large protected areas. The premise seems to be that if too much land is protected then it can always be reduced through later amendments.

However, as drafted, **the 2016 DNLUP does not qualify protected areas as temporary measures or as having sunset clauses or rollover requirements with any subsequent review or amendments. We are unaware of**

any instance in Canada where a park, wildlife sanctuary or other protected area has been reduced in size and it should not be acceptable to rely on potential future amendments as justification for accepting an imperfect land use plan.

2.7 General comments on Areas with High Mineral Potential

Defined areas of high mineral potential are an important component being used to develop the land use plan. However, we caution the NPC that, as with any exercise that results in lines being drawn on a map, areas of high mineral potential are difficult to constrain using definitive boundaries. Areas of high mineral potential have been defined by the Government of Canada using the best available public geoscience information. **However, the land use plan should acknowledge that the level of geoscience knowledge in Nunavut is limited and that, over time, geological concepts used to identify areas prospective for the discovery of mineral deposits also change.** For example, had the NWT gone through a similar land use planning process prior to the discovery of diamonds in the Territory, the Lac de Gras area would certainly have fallen outside any areas of high mineral potential defined at that time. Yet, since their discovery, these diamond deposits have been the single biggest driver of the NWT economy. It is therefore very important to recognize that areas located outside of the defined areas of high mineral potential in the 2016 DNLUP may also have mineral potential. **Several of North Arrow's mineral tenures are located outside of areas of defined high mineral potential, including some tenures of our Qilalugaq Diamond Project that host diamond-bearing kimberlites.**

Prospective geology is immovable. One does not get to choose where specific rock units are located or where the geological setting was permissive for a specific mineral or metal to concentrate into a deposit that could be economic to mine. As exploration geologists, we don't get to choose where a deposit is located. We do, however, need to work diligently and systematically to find one. **Prohibiting the opportunity to conduct mineral exploration and develop mines within areas of high mineral potential could prevent future generations of Nunavummiut from realizing opportunities for economic development and wage economy jobs.**

The Kivalliq Inuit Association's technical review of the 2014 DNLUP ([May 4, 2016](#)) includes a good description of concerns related to the assessment of mineral potential, which concerns were generally not addressed or incorporated into the 2016 DNLUP.

- Recommendation NAR-05. **The NLUP should consider all current mineral tenures (prospecting permits, mineral claims, mining leases) as areas of high mineral potential**, regardless of whether or not these areas lie within high mineral potential polygons presented in the 2016 DNLUP. The cost of acquiring and maintaining mineral tenure in Nunavut is very high and therefore it is unreasonable to interpret that existing mineral rights holders would incur such costs to acquire mineral tenure in an area that does not have mineral potential.
- Recommendation NAR-06. In order to ensure balance to the NLUP, **full protection of caribou calving and post-calving grounds should not be considered for areas of high mineral potential**. Instead, these areas should be designated as special management areas as contemplated in the 2014 DNLUP or incorporate other mitigation measures deemed appropriate by regulatory agencies.

3 Specific Comments and Recommendations

In this section we make specific comments and recommendations related to:

- Definition and description of caribou calving and post-calving grounds
- Designation of caribou calving and post-calving grounds as full protected areas regardless of mineral potential
- Additional comments relating to the calving and post-calving ground polygons of Tundra Wintering Caribou herds with special reference to the Wager Bay caribou herd
- Extension of land use designations onto municipal lands
- Grandfathering of mineral rights.

3.1 Definition of Caribou Calving and Post-Calving ground areas (“Polygons”);

3.1.1 Reference in DNLUP

Schedule A; Site #38, 39, (40).

3.1.2 Comment

Properly defined caribou calving and post-calving grounds are a critical element to the development of a balanced land use plan. There have been several technical sessions dedicated to caribou and numerous written submissions by Participants, making recommendations for the treatment of caribou and caribou habitat within the plan. However, considering that the caribou calving and post-calving ground areas (commonly referred to as ‘polygons’ in these submissions) shown in Schedule A of the 2016 DNLUP are used to define designated protected areas within, **it is very surprising and concerning how little scrutiny these polygons have been subjected to during the land use planning process.** One wonders if the defined boundaries of any park, conservation area, wildlife or game sanctuary or preserve, located in Canada, have undergone less scrutiny than the 2016 DNLUP protected area polygons depicting caribou calving and post-calving grounds.

The caribou calving and post-calving ground polygons shown in Schedule A to the 2016 DNLUP were provided to the NPC by the Government of Nunavut (“GN”). The GN further provided a document that outlines the process by which the caribou calving and post-calving grounds were defined by the GN Department of Environment, Wildlife Department utilizing statistical analysis of satellite collar data for caribou (Caslys Consulting Ltd. 2016). To our understanding the polygons have not been vetted for accuracy by local communities or knowledge holders nor peer reviewed by the scientific community. Despite requests by Participants including Nunavut Tunngavik Incorporated (“NTI”) ([Pre-Hearing Conference; September 27-29; Transcripts; page 124](#)) and the [NWT & Nunavut Chamber of Mines \(EDI Feb 2016\)](#), the underlying collar telemetry data have not been provided to allow for a formal vetting of these designated areas. Furthermore, there is no indication that community information or Inuit Qaujimajatuqangit (“IQ”) input were taken into consideration in the definition of the caribou calving and post-calving ground polygons.

The GN has separately maintained the accuracy of these ‘scientifically delineated’ polygons ([GN DNLUP Review Comment # 2016-2; May 16, 2016](#)). However, despite this assertion of accuracy, during the NPC 4th technical meeting the GN mentioned several times that caribou range polygons (including those for calving and post-calving grounds) are to be reviewed in 2017 including the application of new data and a detailed

document is to be released on the methodology of defining the polygons ([NPC 4th Technical Meeting March 7 to 10, 2016; Transcript pages 154-155](#)). **It is unclear which polygons will be used in the final land use plan and, if the pending 2017 polygons are used, if and how the revised polygons will be vetted.**

Based on comments during North Arrow's community meetings and participation in the Rankin Inlet Regional NPC meeting of November 2016, some communities may not agree with the GN defined caribou calving and post-calving ground polygons. NTI has also indicated uncertainty whether the defined calving grounds are, in fact, calving grounds ([NPC Pre-Hearing Transcripts; page 124](#)). Therefore, vetting of these polygons needs to include input from knowledgeable local community leadership and residents who have knowledge of caribou behavior in and around their particular communities.

3.1.3 Recommendation(s)

- Recommendation NAR-07. **Individual caribou calving and post-calving ground polygons should be labeled with a unique identifier to allow for meaningful reference** by regulators, proponents and communities. Use of discrete labels would help in executing the below recommended review of each polygon boundary. The identification of Inuit Owned Land ("IOL") parcels could provide a template for how this might be done. An example nomenclature could use the item numbers from Schedule A (e.g. caribou calving ground 38-001, 38-002,... etc.) or an alpha numeric code by region (e.g. KV-38-001 for a polygon in the Kivalliq) or proximity to a community using the NTI IOL nomenclature (BB, CO etc.).
- Recommendation NAR-08. **Underlying telemetry data used by the GN to define the caribou calving and post-calving ground polygons should be provided to requesting participants** in order to allow for a full vetting and review of these areas.
- Recommendation NAR-09. **A rigorous, open and transparent review of the caribou calving and post-calving ground polygons (designated protected areas) should be undertaken, on a polygon by polygon basis.** The review should include community members (knowledgeable leadership, HTO members, elders and youth), NTI, GN, Government of Canada, Regional Inuit Associations and wildlife groups, Industry, and any impacted existing rights holders. Purpose of the review would ensure that the basis for each polygon, including shape, areal extent and boundaries has been broadly agreed to by the reviewing parties.
- Recommendation NAR-10. Notwithstanding the above recommendations for vetting caribou calving and post-calving ground polygons, **the NPC should clearly articulate which caribou calving and post-calving ground polygons will be utilized in the final land use plan.**
 - If the NPC intends to use the unreleased, revised 2017 polygons in the final land use plan, it is not possible to comment on or analyze the impact of the final caribou calving/post-calving ground polygons, and by extension protected areas, within the plan.
 - Conversely, if the NPC intends to move forward using the polygons as defined in Schedule A of the 2016 DNLUP, we are concerned that the final land use plan will be out of date or non-current before the plan is approved and implemented.

3.2 Designation of caribou calving and post-calving grounds as full Protected Areas regardless of mineral potential

3.2.1 Reference in DNLUP

Page 27, section 2.2 and Schedule A and Table 1 – Site #38-40.

3.2.2 Comment

The 2016 DNLUP designates caribou calving and post-calving grounds as Protected Areas regardless of mineral potential. This represents a significant change from the 2014 DNLUP in which caribou calving and post-calving grounds which overlapped with areas of high mineral potential were considered special management areas in which projects could be considered on a case by case basis.

The designation of protected areas, regardless of mineral potential, effectively takes control of the potential development of mineral resources in these areas away from Nunavummiut and local communities. Communities will no longer have the opportunity to make an informed decision after weighing the potential benefits and impact of mineral exploration and possible mining development in a particular area.

Defining caribou calving and post-calving as special management zones would allow the integrated regulatory system to weigh individual projects on a case by case basis and, most importantly, take into account input from locally affected communities in determining the management requirements for each proposed project area. This will maximize flexibility for Nunavummiut to maintain a balanced use of the land moving forward without relying on the blunt instrument of prohibition and can ensure that the caribou protection and mitigation measures that are implemented on project by project and area by area basis are in effect for caribou when and where they are present and in keeping with the wishes of the local community.

3.2.3 Recommendation(s)

- Recommendation NAR-11. In the absence of a full vetting of the caribou calving and post-calving ground polygons, these areas should be considered as special management areas as defined in the 2014 DNLUP.
- Recommendation NAR-12. Caribou calving and post-calving grounds that coincide with areas of defined high mineral potential and/or existing mineral right should be considered as special management areas as defined in the 2014 DNLUP.

3.3 Additional comments relating to calving and post-calving ground polygons of Tundra Wintering Caribou herds with special reference to the Wager Bay Caribou Herd

3.3.1 Reference in DNLUP

Schedule A

3.3.2 Comment

During the NPC 4th Technical Meeting (March 7 to 10, 2016) there were a number of comments relating to the applicability of caribou protection measures based on observed differences in calving behavior and overall ecology between mainland migratory caribou herds and tundra-wintering caribou herds such as the Wager Bay Caribou Herd (“WBCH”). Such differences include tundra-wintering caribou having larger, less defined and less predictable calving grounds perhaps due to a different calving strategy including more dispersal during calving ([GN, NPC 4th Technical Meeting March 7 to 10, 2016](#); [Campbell, 2005](#); [Nagy and Campbell, 2012](#)).

North Arrow has a particular interest in the delineation of the calving and post-calving ground polygons of the WBCH in the area north of Wager Bay and up onto the Melville Peninsula. North Arrow’s Qilalugaq and Mel Diamond Projects are impacted by the location and extent of the some of these polygons. As with the other caribou range polygons provided by the GN, delineation of the WBCH calving and post-calving polygons is based on collar and telemetry data. However, it is important to note that the collar database used to define the WBCH polygons is only one quarter of the average database size for other caribou herds (16 individuals over 15 years, compared to an average of 81 individuals over an average of 17 years for other mainland herds). Furthermore, the WBCH collar data for 14 of the 16 individual animals are already over 10 years old and, of all the mainland caribou herds, caribou of the WBCH have the lowest probability of group membership (Nagy and Campbell, 2012). **The forgoing would suggest the WBCH is data deficient and this data deficiency should be taken into consideration when evaluating WBCH range polygons, particularly if any such polygon is to be designated a protected area or special management area within the land use plan.**

A further indication of the differences in calving behavior and overall ecology between mainland migratory caribou herds and tundra wintering caribou herds may be inferred from the November 2016 submission by the Kivalliq Inuit Association recommending management options, including mobile mitigation measures, for caribou post-calving areas in the Kivalliq Region ([Pool and Gunn, November 15, 2016](#)), as this report is specific to migratory barren-ground caribou only and does not reference tundra-wintering caribou herds.

North Arrow has held a number of meetings with the community and leadership of Naujaat. These meetings have highlighted that caribou are of critical importance to the community and confirm the results of earlier community mapping exercises during which community members identified the broad region around the Hamlet as a place where caribou calve. However, it is unclear if the characterization of the region as a place “where caribou calve” can be properly interpreted to fall within the definition of a “core” calving and post-calving ground as envisaged by the 2016 DNLUP. Rather, this description may better align with GN DOE reporting that WBCH calving grounds are relatively diffuse with no strong evidence of annual calving areas (Campbell, 2005). Indeed the comments heard by North Arrow during community meetings revolve around the timing of caribou migration through the area rather than when calving caribou are present in the area. North Arrow acknowledges that the Arviq (Naujaat) HTO made a written submission to the NPC ([October 20, 2015](#)) recommending caribou calving and post-calving grounds near Naujaat be designated as protected areas. The HTO further notes in its submission that “...*Hunters observe caribou with newborns all around our community, not only in the small areas the government shows on its maps. Our entire area of community land use is a calving and post-calving ground.*” However, we note that during our meetings, the Arviq HTO has not opposed the ongoing evaluation of North Arrow’s Q1-4 diamond deposit. The HTO and North Arrow, together with the Hamlet council drafted and implemented a series of mutually agreeable mobile caribou mitigation measures in 2014. Furthermore, the HTO and North Arrow have discussed collaborating to implement wildlife cameras in the vicinity of the Q1-4 deposit to better document the timing of caribou

movements through the project area. **North Arrow therefore strongly recommends**, based on our meetings with community members from Naujaat and a review of the literature available for the WBCH, **that the caribou range polygons for the WBCH in Schedule A of the 2016 DNLUP be fully vetted by and take into account the observations of the community of Naujaat and other impacted communities (e.g. Recommendation NAR-09, above).**

North Arrow also interprets the deficiency of caribou collar telemetry data for the WBCH as the likely reason for the large number of small, isolated calving and post-calving ground polygons reflected in Appendix A of the 2016 DNLUP. Concerns relating to these small polygons were highlighted by the NWT & Nunavut Chamber of Mines [[EDI, Feb 2016](#)], along with several recommendations to address these concerns. Many of these small polygons are related to the WBCH and likely reflect the dispersed calving behaviors of these caribou as well as the small amount of available data. North Arrow is impacted by the designation of these small polygons as protected areas within the 2016 DNLUP, in particular two small overlapping caribou calving and post-calving polygons located near our Mel Diamond Project (Appendix III), approximately 140 km south of the community of Hall Beach. These polygons combine to form an area having a maximum diameter of 20 km. In the absence of the underlying collar telemetry data it is not possible to determine if these small polygons were derived on the basis of i) a single animal occurrence in a single annual cycle or ii) by multiple individuals over multiple annual cycles. The difference between these scenarios would be important in weighing the significance and confidence one can place on these polygons truly defining a calving and post-calving ground. If this polygon has been defined on the basis of a single individual (or multiple individuals) over multiple years, a strong argument can be made for an extremely high level of fidelity to this particular area. **Alternatively, if the polygon is based on a single individual in one annual cycle without an evaluation of whether the particular caribou was potentially calving or not (e.g. [EDI Feb 2016](#)) then to create a protected area on such limited data should be of great concern and worthy of a full discussion, particularly in this case as the protected area in question has the potential to sterilize an area that could host a diamond deposit.**

One final concern North Arrow has with designating the numerous small, isolated calving and post-calving polygons in Appendix A as protected areas within the 2016 DNLUP is the potential disproportionate influence these polygons may have on land use activities outside their boundaries. The effective influence of protected areas such as parks and wildlife sanctuaries is generally not limited to the hard boundaries they are defined by. In response to third party concerns, land use regulators tend to extend the influence of protected areas beyond existing boundaries through implementation of 'buffer zones' to essentially protect protected areas from external land use activities. North Arrow has already seen the introduction of this concept with the recent land use permit application for our Mel Diamond Project ([NIRB review file 16EN062](#)), in which the GN recommended the implementation of a 14 km buffer around the defined caribou calving/post-calving ground referred to above. This buffer would enclose the proposed camp location and cover an increased portion of the Mel mineral claims. The calving/post-calving ground in question is approximately 20 km in diameter (Appendix III) and therefore the implementation of a 14 km buffer could effectively expand its influence to cover an area 6 times its size (i.e. from 300 km² to cover 1,800 km²). **Considering that, in the absence of the underlying collar telemetry data, we have no sense whether the original polygon is based on a one time use or multiple annual uses by collared caribou, it is possible that 1,800 km² of land may be unjustifiably subject to land use prohibitions as a result of the 2016 DNLUP.**

3.4 Extension of Land Use designations onto municipal lands

3.4.1 Reference in DNLUP

Page 21, section 1.7.3; Schedule A

3.4.2 Comment

A major change in the 2016 DNLUP from the 2014 DNLUP is the extension of protected area designations related to caribou calving and post-calving grounds onto municipal lands.

Section 1.7.3 (Page 21) of the 2016 DNLUP discusses the application of the NLUP within municipalities:

Within municipal boundaries, the NLUP applies to Projects/Project Proposals that:

- a) Have ecosystemic impacts outside the municipality; or*
- b) Involve the deposit of waste by a municipality, the bulk storage of fuel, the production of nuclear or hydroelectric power or any industrial activities.*

Mineral exploration and mining activities located on municipal land could potentially have ecosystemic impacts outside of the municipality and would also represent an industrial activity and therefore both tests a) and b) would reasonably apply.

However, it is unclear if this interpretation also allows for the extension of land use plan protected area designations onto municipal lands. The same definition and tests outlined in Section 1.7.3 (Page 21) of the 2016 DNLUP were also referenced in the 2014 DNLUP (Section 1.5.3; page 20), however in the 2014 DNLUP, protected area and special management designations stopped at municipal boundaries and did not extend onto municipal lands (e.g. Appendix II). The 2016 DNLUP Options and Recommendations document does not discuss reasons or rationale for this change and in fact makes no reference to this change at all.

The extension of protected area land use designations onto municipal land is of particular interest to North Arrow. The 2016 DNLUP designates a protected area within the municipality of Naujaat that also covers the Q1-4 kimberlite (Appendix I), which was discovered and evaluated at a cost of tens of millions of dollars and hosts a defined diamond mineral resource. **The Q1-4 deposit is located within nine kilometres of Naujaat and, while it is still an exploration stage project, it has the potential to provide the community with private sector wage economy jobs that would allow local employees to live at home.** Furthermore, there is very good potential for the definition of additional diamond deposits in this area.

The designation of a protected area within the Municipality of Naujaat was not communicated to the community and consultation related to this change was not undertaken by the NPC. It is our understanding that North Arrow's community meetings during the fall of 2016 marked the first time the community had been made aware of this significant change.

3.4.3 Recommendation(s)

- Recommendation NAR-13. **The extension of land use designations, including protected area designations related to caribou calving and post-calving grounds should not be extended onto municipal lands without adequate consultation with, and the support of, the affected**

community. Consultation should be clear and balanced and any existing mineral rights holders should be invited to take part.

- Recommendation NAR-14. Designated protected areas within the 2016 DNLUP also prohibit quarries, however it is unclear from the plan and the Options and Recommendations document if this prohibition includes carving stone quarries. **The plan should clarify if carving stone quarries are a prohibited land use within protected areas and, if so, designated protected areas should be compared to the location of potential carving stone quarries and potentially impacted communities and carvers should be consulted with.**

3.5 Grandfathering of Mineral Rights

3.5.1 Reference in DNLUP

Page 52, sections 6.5; 6.5.1 and 6.6

3.5.2 Comment

We understand that the discussion of grandfathering of mineral rights within the land use plan is presently subject to ongoing discussion and legal interpretation. However, it is important to highlight that, as drafted, the 2016 DNLUP effectively does not allow for the grandfathering of mineral rights.

Mineral tenure holders, including North Arrow, have invested considerable amounts of money evaluating projects on the basis of the earlier DNLUP's. We are concerned that this good faith investment is now wasted as protected area land use designations prevent development regardless of mineral potential. Mineral tenures located within designated protected areas of the 2016 DNLUP would need to rely upon ministerial Exemptions to allow for their continued evaluation. Reliance on such exemptions would represent extreme regulatory uncertainty and effectively sterilizes these areas from further evaluation.

Grandfathering of mineral rights, as contemplated in the 2016 DNLUP, extends only to activities that have an existing permit that was granted prior to implementation of the land use plan. Any change in scope of work may require a new conformity determination (for example a change from mineral exploration to the development of a mine). Without comfort that a grandfathered exploration project can be allowed to proceed within the context of the integrated regulatory process, it is highly unlikely that a proponent will invest further in exploring the mineral rights even if the required land use permits are in place for the current scope of work. There is no point incurring great expense to pursue an approved land use activity if a proponent cannot, in the event of a positive outcome, reasonably expect to transition the project to the stage of development. Reliance on a Ministerial Exemption (2016 DNLUP, Section 6.6) is not part of a reasonable, well-structured regulatory process.

Exploration companies understand that the granting of mineral rights in the form of mineral claims, prospecting permits or mining leases does not in itself guarantee that a proponent will be able to develop a mining operation. These rights do, however, provide a proponent with certainty that if exploration results are positive and if they meet their obligations under the appropriate laws and regulations, they will be able to apply for the required permits to continue evaluating and, if warranted, develop a mineral deposit with a reasonable certainty that such permits will be granted provided that potential impacts can be mitigated to the satisfaction of the regulatory bodies. To effectively sterilize these mineral rights and prohibit further

evaluation and potential development of minerals identified within existing mineral rights is not compatible with the objective of a balanced land use plan.

3.5.3 Recommendation(s)

Recommendation NAR-15. Existing mineral tenures should be grandfathered to the extent that **proponents may advance the evaluation and development of a mineral discovery through the regulatory process without requiring a conformity decision or relying on ministerial exemptions.**

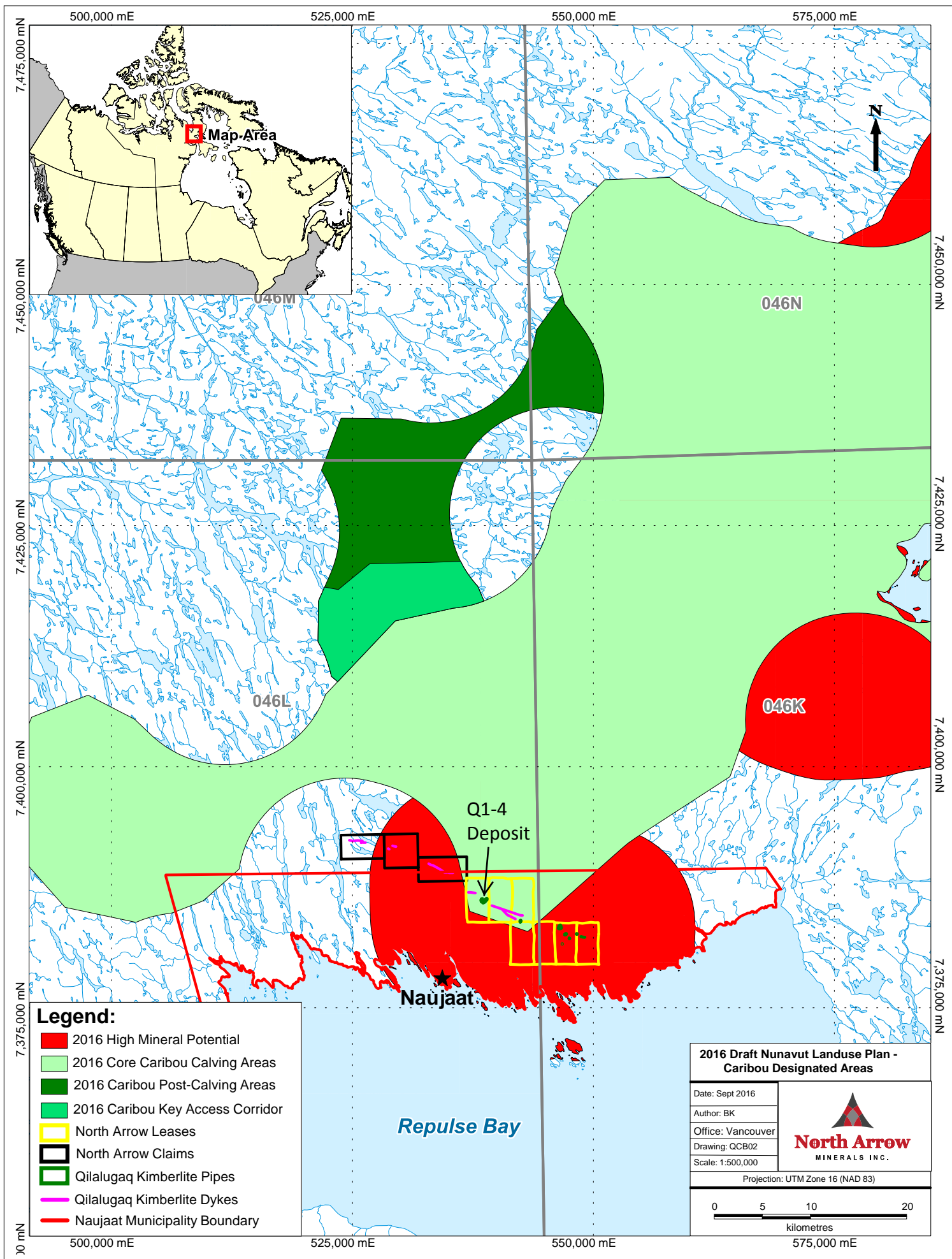
4 References

Campbell, M. 2005. The seasonal distribution and herd delimitation of northeastern mainland caribou (*Rangifer tarandus groenlandicus*). Government of Nunavut, Department of Environment, final status report: 2, Iqaluit, 22 pp.

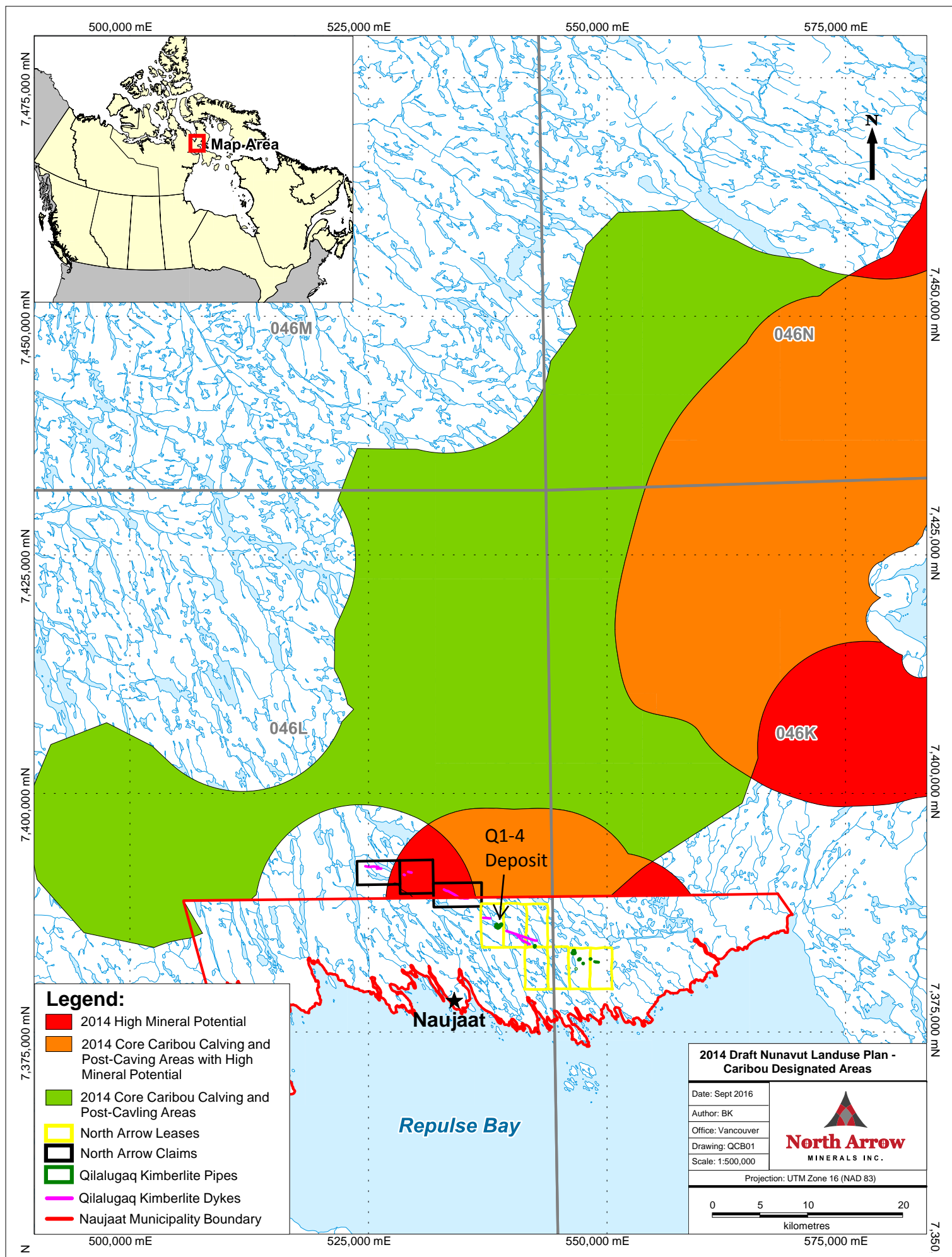
Caslys Consulting Ltd. 2016. Barren-ground caribou analysis methods summary report draft. Government of Nunavut Department of Environment, Wildlife Research Branch; February 2016. 18 pp.

Nagy, J. and Campbell, M. 2012. Herd structure, movements, calving grounds, activity periods, home range similarity, and behaviours of migratory and tundra-wintering barren-ground caribou on mainland Nunavut and eastern Northwest Territories, Canada. Technical report series 2012-No. 01-12. 166 pp.

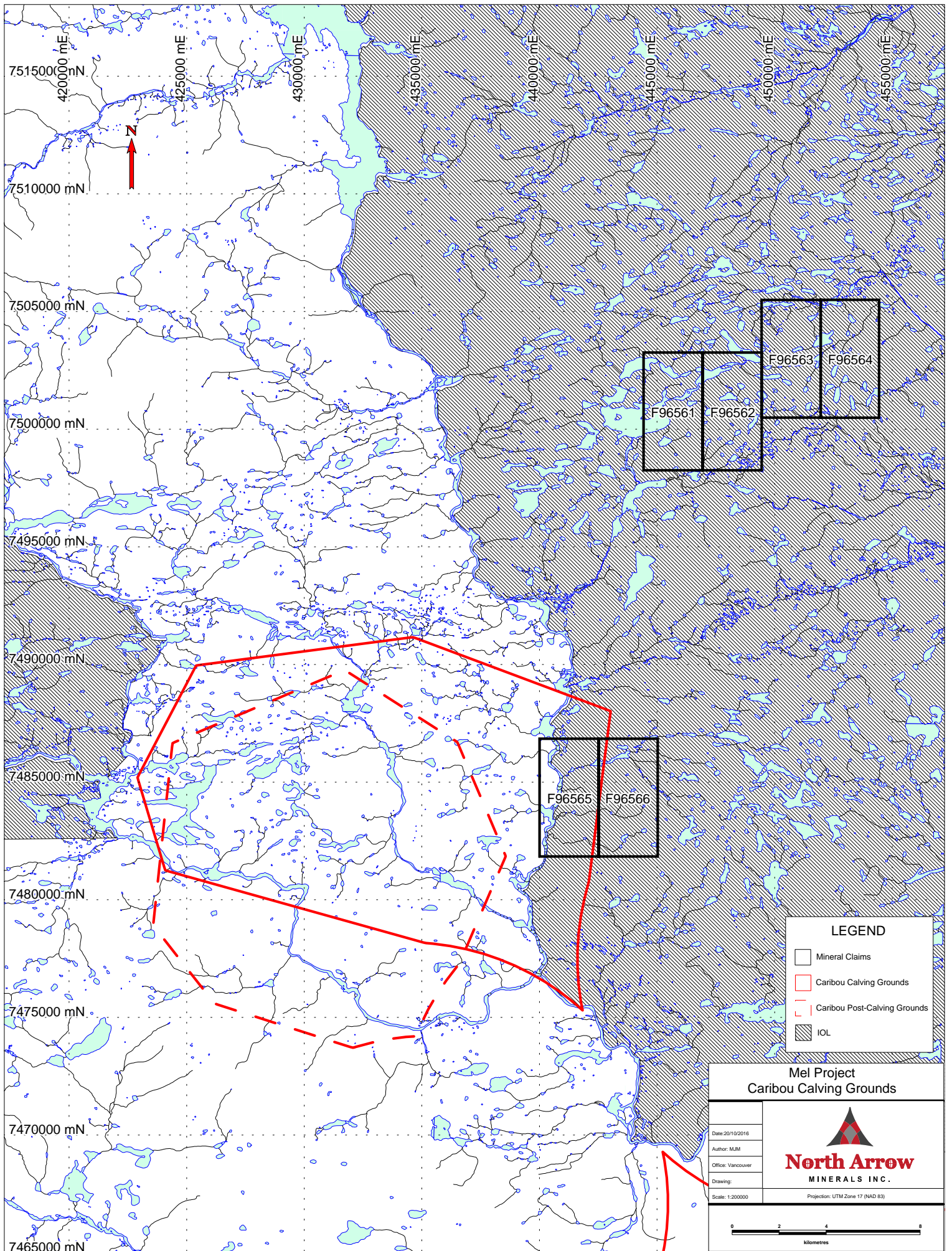
5 Appendix I – Naujaat Region (including Q1-4 Diamond Deposit): Caribou Calving and Post-Calving Ground (Protected Area) Designations in the 2016 DNLUP



6 Appendix II – Naujaat Region (including Q1-4 Diamond Deposit): Caribou Calving and Post-Calving Ground Designations in the 2014 DNLUP



**7 Appendix III – Mel Project Region: Caribou Calving and Post-Calving Ground
(Protected Area) Designations in the 2016 DNLUP**



LEGEND

- Mineral Claims
- Caribou Calving Grounds
- Caribou Post-Calving Grounds
- IOL

Mel Project
Caribou Calving Grounds

Date: 20/10/2016
 Author: MJM
 Office: Vancouver
 Drawing:
 Scale: 1:20000

North Arrow
 MINERALS INC.

Projection: UTM Zone 17 (NAD 83)

0 2 4 6
 Kilometres