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NUNAVUT IMALIRIYIN KATIMAYINGI  
NUNAVUT WATER BOARD  
OFFICE DES EAUX DU NUNAVUT

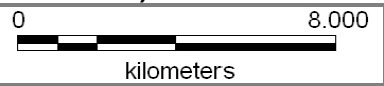
## WATER LICENCE SCHEDULE III - APPLICATION FORM

Application for: (check one)

☐ New      ☐ Renewal      ☒ Amendment      ☐ Assignment      ☐ Cancellation

### LICENCE NO:

(for NWB use only)

<b>1. NAME AND MAILING ADDRESS OF APPLICANT/LICENSEE</b>  <u>Shirley Standafer-Pfister</u> <u>Peregrine Diamonds Ltd.</u> <u>201 - 1250 Homer Street</u> <u>Vancouver, BC V6B 1C6</u>  Phone: <u>(250) 686-1769</u> Fax: _____ e-mail: <u>shirley@pdiam.com</u>	<b>2. ADDRESS OF CORPORATE OFFICE IN CANADA (if applicable)</b>  <u>Peregrine Diamonds Ltd.</u> <u>201 - 1250 Homer Street</u> <u>Vancouver, BC V6B 1C6</u>  Phone: <u>(604) 408-8880</u> Fax: <u>(604) 408-8881</u> e-mail: <u>shirley@pdiam.com</u>
<b>3. LOCATION OF UNDERTAKING</b> (describe and attach a topographical map, indicating the main components of the Undertaking)  <b>(DRILLHOLE LOCATION ON IOL PA-28, to be drilled under reclassified existing QIA Land Licence #Q09L1C11)</b> <div style="text-align: center;">  <p>= SCALE</p> </div> <p>Latitude: ( 64 ° 42 ' 15.2316 " N)      Longitude: ( 65 ° 48 ' 17.19 " W)          NTS Map Sheet No. 26A/12      Scale: (see above) [MAP attached]</p>	
<b>4. DESCRIPTION OF UNDERTAKING</b> (attach plans and drawings)  <u><b>Proposed Drilling on IOL PA-28 - 2010</b></u>  Drilling of an identified target ( <i>Map</i> ) is scheduled for several days in late August 2010. One or two holes will be drilled, depending on results of a small 1-day airborne survey conducted in the area in April 2010. Minimal water usage will be required to drill this land-based target and can be accommodated within the current Chidliak NWB Type B water licence. One of the two Boart Longyear LM-55 core drills on site this summer will be used to drill the target. Should the actual location vary from the co-ordinates provided, information shall be provided to the QIA and NWB.  Summary in English and Inuktitut and Map are attached. (Summary describes both till sampling and the drilling event).	

**5. TYPE OF PRIMARY UNDERTAKING** (A supplementary questionnaire **must** be submitted with the application for undertakings listed in “**bold**”)

☐ **Industrial**

X **Mining and Milling**(includes exploration/drilling)

☐ **Municipal** (includes camps/lodges)

☐ **Power**

☐ **Agricultural**

☐ **Conservation**

☐ **Recreational**

☐ **Miscellaneous** (describe below):

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See Schedule II of *Northwest Territories Waters Regulations* for Description of Undertakings

**6. WATER USE**

- ☒ To obtain water (for drilling)
 ☐ Flood control  
☐ To cross a watercourse
 ☐ To divert a watercourse  
☐ To modify the bed or bank of a watercourse
 ☐ To alter the flow of, or store, water  
☐ Other (describe): \_\_\_\_\_

**7. QUANTITY OF WATER INVOLVED** (cubic metres per day including both quantity to be used and quality to be returned to source)

- Water use** ☒ 100m<sup>3</sup>/day or less **(10m<sup>3</sup>/day is the consumption when using an LM-55: This can be accommodated within the existing capacity under this licence. NO INCREASE in capacity is requested. No drill additives anticipated, thus no alteration of water quality.**  
☐ Greater than 100m<sup>3</sup>/day; if greater, indicate quantities to be used for each purpose (camp, drilling, etc.)

**Water returned to source**

\_\_\_\_\_ 36 \_\_\_\_\_ m<sup>3</sup>/day (Note: Due to high % of recirculation of water, average return of clean water to source = 36m<sup>3</sup>/24 hrs of drilling, with only 10m<sup>3</sup> being actual consumption)

**8. WASTE** (for each type of waste describe: composition, quantity (cubic metres per day), methods of treatment and disposal, etc.)Describe:

- |   |   |
|---|---|
| <input type="checkbox"/> Bulky items/Scrap metals<br><input type="checkbox"/> Greywater <b>Drillwater</b> | None associated with this amendment.<br>No greywater as no camp at drillsite. Drillwater + cuttings will report to a sump (natural depression on land the requisite distance from water (at least 30m) or to a Polydril tank; after fines settle, clean water can be released from the tank. NO drill additives will be employed. Will follow existing Water Licence. |
| <input type="checkbox"/> Hazardous  | Only about ¼ of drum's worth of waste oil/fuel maximum could conceivably be generated in several days of drilling, though more likely closer to 20L; material in labelled, closed container would be flown to Discovery Camp on Crown land for removal with other DG (hazardous waste).   |
| <input type="checkbox"/> Sewage   | No sewage anticipated, as drillers would rotate out after shift and be housed in a Peregrine camp on Crown land. If any sewage is generated, bag (such as a 10L Pacto bag) would be flown to camp for incineration.   |
| <input type="checkbox"/> Sludge   | (see "Drillwater" section above)  |
| <input type="checkbox"/> Solid waste  | None associated with this amendment.  |
| <input type="checkbox"/> Waste Oil  | (see HAZARDOUS description above).  |

☐ Other describe): \_\_\_\_\_ N/A

**9. OTHER PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING** (give name, mailing address and location; attach if necessary)

Pangnirtung, the closest community, is approx. 160km due N of the proposed drill location in PA-28.

**Land Use Permit**

DIAND #N2008C0005	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	If no, date expected _____
Regional Inuit Association	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	If no, date expected <u>Amendment sought</u>
Commissioner	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If no, date expected _____

**10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES** (direct, indirect, cumulative impacts, etc.)

**DIRECT:** As the first environmental objective of any exploration programme is prevention of harm, Peregrine trains contractors and staff in environmental awareness and in maintaining conditions imposed through permits and licences. Should spills occur, procedures are clearly laid out in Peregrine's Spill Contingency Plan and Emergency Response Plan. Impact to water quality will be mitigated, for example, by siting any fuel cache as far as possible from the nearest waterbody, allowing for natural drainage pattern, and monitoring drums regularly to ensure good condition. Provision of spill kits, refuge drums and extra absorbents, as well as use of drip pans, also mitigate against impacts to water during drilling. After drilling, the hole is closed, casing cut and no debris left behind. Archaeological sites, where co-ordinates are known, can be protected through avoidance – hence, Peregrine's commitment to acquiring site data from the Archaeology Division of CLEY; a regional data agreement exists with CLEY for 2010. An archaeology protocol also exists to guide field personnel, should a suspected site be encountered.

**INDIRECT + CUMULATIVE:** South Baffin has been only lightly explored to date for mineral potential, and the largest operation of any kind is municipal, *i.e.*, the City of Iqaluit. A 3-year mapping and geophysics project on South Baffin Island is under way by the Geological Survey of Canada (GSC); this project proposes to add to the sparse geoscience data and thus encourage future exploration to further define Nunavut's economic potential; it is not expected to be occurring in the area of this Project or the drill location noted in this amendment application. Across Cumberland Sound, the closest project is the federal-municipal Small Craft Harbour project in Pangnirtung. Effects of Peregrine's limited drilling activity on PA-28 can be expected to be minimal, owing to a limited number of explorers and other projects over a vast area and the commitment of all parties to planning, environmental sustainability and social responsibility.

NIRB Screening ☒ Yes ☐ No If no, date expected \_\_\_\_\_

**NOTE: Nunavut Planning Commission acknowledged by e-mail (10 MAY 2010) that no Land-Use Plan exists for South Baffin and thus the Project remains in compliance with original conformity determination.**

**11. INUIT WATER RIGHTS**

Will the project or activity substantially affect the quality, quantity, or flow of water flowing through Inuit Owned Lands and the rights of Inuit under Article 20 of the Nunavut Land Claims Agreement? **NO**

If yes, has the applicant entered into an agreement with the Designated Inuit organization to pay compensation for any loss or damage that may be caused by the alteration. If no compensation agreement has been made, how will compensation be determined?

**12. CONTRACTORS AND SUB-CONTRACTORS** (name, address and functions)

Helicopter company – Héli-Inter Inc., Val D'Or, Québec; Fixed-wing company – Unaalik Aviation, Iqaluit; Boart Longyear (drilling), Saskatoon, SK. (All these contractors were identified in applying for the current licence and its amendment in Dec 2008.)

**13. STUDIES UNDERTAKEN TO DATE** (list and attach copies of studies, reports, research, etc.)

1. "2009 BASELINE ENVIRONMENTAL PROGRAMME, CHIDLIAK PROJECT, SOUTH BAFFIN ISLAND, NUNAVUT", dated November 2009, EBA Engineering Consultants Ltd. (can be downloaded from Peregrine .ftp site – ask for password).

2. "ARCHAEOLOGICAL INVENTORY AND ASSESSMENT OF CHIDLIAK CLAIM BLOCK, HALL PENINSULA, BAFFIN ISLAND, NU", 31 December 2009, Thomson Heritage Consultants. (can be downloaded from Peregrine .ftp site – ask for password)

**14. THE FOLLOWING DOCUMENTS MUST BE INCLUDED WITH THE APPLICATION FOR THE REGULATORY PROCESS TO BEGIN**

Supplementary Questionnaire (where applicable: see sec.5) ☒ Yes ☐ No If no, date expected Already on file

Inuktitut and/or Innuinaqtun/English Summary of Project ☒ Yes ☐ No If no, date expected \_\_\_\_\_

Application fee of \$30.00 (Payee Receiver General for Canada) ☒ Yes ☐ No **Credit-payment payment made + acknowledged by NWB, 10 May 2010.**

Water Use fee of \$30.00 (unless otherwise indicated in Section 9 of the *NWT Waters Regulations*; Payee Receiver General for Canada) ☒ Yes ☐ No If no, date expected Already  
**paid for Licence #2BE-CHI0813 for 2010**

**15. PROPOSED TIME SCHEDULE** (unless otherwise indicated, the NWB will consider the application for a five (5) year term) **EXISTING LICENCE = 07 May 2008 to 01 June 2013**


☐ one year or less (or) ☒ Multi Year

Start Date:

Completion Date:

Shirley Standafer-Pfister  
Name (Print)

Mgr.-Reg. & Environ. Affairs  
Title (Print)

  
Signature

07 May 2010  
Date

**For Nunavut Water Board office use only**

**APPLICATION FEE** Amount: \$ \_\_\_\_\_ Pay ID No.: \_\_\_\_\_

**WATER USE DEPOSIT** Amount: \$ \_\_\_\_\_ Pay ID No.: \_\_\_\_\_