



Application for Water Licence Amendment

April 2010

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NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

DOCUMENT MANAGEMENT

Original Document Date: April 2010

DOCUMENT AMENDMENTS

	Description	Date
(1)		
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APPLICATION FOR WATER LICENCE AMENDMENT

The applicant is referred to the NWB's Guide 7: Licensee Requirements Following the Issuance of a Water Licence for more information about this application form.

EXISTING LICENCE NO: #2BE-CHI0813 (CHIDLIK PROJECT)

1. LICENSEE CONTACT INFORMATION

Is the licensee the same as that referred to on the existing licence?

☒ Yes ☐ No

If No, a licence assignment must be completed and approved by the NWB. **A renewal will only be issued in the name of the current licensee in the absence of assignment of the licence.**

If the licensee is the same, but the name of the licensee has changed, attach a certificate of name change.

Name:

Address:

Phone: _____

Fax: _____

e-mail: _____

2. LICENSEE REPRESENTATIVE CONTACT INFORMATION – If different from Block 1.

Name: **Shirley Standafer-Pfister**

Address: (same as licensee, Peregrine Diamonds Ltd.)

Phone: **(250) 686-1769**

Fax: (same as for licensee, Peregrine Diamonds Ltd.) _____

e-mail: **shirley@pdiam.com**

(Attach authorisation letter.) **Letter sent by Peregrine's president via e-mail + post to NWB on 27 Sept 2010.**

3. NAME OF PROJECT

Has the name of the project changed?

☐ Yes ☒ No

If Yes, indicate the name of the project including the name of the location: _____

4. LOCATION OF UNDERTAKING

Does the proposed amendment change the location of the amended undertaking?

☐ Yes ☒ No (Proposed bulk sampling and new "CH-6 Temporary Camp" are within approved Chidliak Project area)

Provide the project extents and camp locations. Identify proposed changes.

Project Extents

MIN. LAT.: 63° 45' 00" MAX. LAT.: 64° 52' 30" MIN. LONG.: 65° 30' 00" MAX. LONG.: 67° 30' 00"

Camp Location(s) Proposed NEW CAMP Location:

Latitude: (64° 19' 24.76" N) Longitude: (66° 31' 30.19" W)

5. MAP

Does the proposed amendment change the locations of any of the main components of the undertaking?

☒ Yes ☐ No

(A NEW CAMP is being added; 3 NEW WATER SOURCES will be accessed; 2-3 NEW SUMP LOCATIONS will be utilised. Project itself remains within approved Project Scope Area. Large-diameter drill targets for bulk sampling would be at the same kimberlite locations as already drilled, or in the case of CH-6, CH-7 and CH-31, already mini-bulk sampled.

Attach a topographical map (MAPS 2a, 2b, 7, 8, 9a, 9b), indicating the main components of the undertaking. Identify proposed changes. **4 new components:** (1) setup of CH-6 Temporary Camp to serve bulk sampling of CH-6; (2) expansion of existing Discovery Camp from 24 to 40 to serve sampling of CH-7 and 1 or more of adjacent CH-31, CH-44 and CH-45; (3) addition of new equipment: reverse-circulation large-diameter (LDDH) drill; and 5 new pieces of heavy equipment to conduct transport of goods, fuel, water in tanks, cuttings bags, sample bags; and (4) extension of existing 3.8km winter trail network by 23km to allow access to programme sites (new CH-6 camp, 3 new water sources, bulk-sample drill sites, cuttings-deposition areas).

NTS Map Sheet No.: 26B/07 (NEW CAMP location) Map Name: NO TITLE Map Scale: 1:50 000

6. NATURE OF INTEREST IN THE LAND

Does the proposed amendment change the nature of the interest in the land?

☐ Yes ☒ No

If Yes, indicate changes. _____

Check any of the following that are applicable to the proposed undertaking (at least one box under the 'Surface' header must be checked).

Sub-surface

☐ Mineral Lease from Nunavut Tunngavik Incorporated (NTI)
Date (expected date) of issuance: _____ Date of expiry: _____

☐ Mineral Lease from Indian and Northern Affairs Canada (INAC)
Date (expected date) of issuance: _____ Date of expiry: _____

Surface

☒ Crown Land Use Authorisation from Aboriginal Affairs and Northern Development Canada (AANDC, formerly INAC): Existing Class A land-use permit: **#N2008C0005**
Date (expected date) of issuance: _____ Date of expiry: 17 Apr 2012; extension for 1 yr. is being requested.
All work and access proposed is in that permitted area.

☐ Inuit Owned Land (IOL) Authorization from Kitikmeot Inuit Association (KIA)
Date (expected date) of issuance: _____ Date of expiry: _____

☐ IOL Authorization from Kivalliq Inuit Association (KivIA)
Date (expected date) of issuance: _____ Date of expiry: _____

☒ IOL Authorisation from Qikiqtani Inuit Association (QIA) Existing Land Licence 1: **#Q10L1C008**

Date (expected date) of issuance: _____ Date of expiry: 01 Mar 2013: #Q10L1C008 is for exploration on 8 IOLs adjoining Chidliak; (OUTSIDE OF AMENDMENT AREA)

☐ Commissioner's Land Use Authorization
Date (expected date) of issuance: _____ Date of expiry: _____

☐ Other _____

Date (expected date) of issuance: _____ Date of expiry: _____

Is the name of the entity(s) holding authorisations the same as that considered in the existing water licence?

☒ Yes ☐ No

If No, a licence assignment must be completed and approved by the NWB.

Name of entity(s) holding authorisations: PEREGRINE DIAMONDS LTD.

7. NUNAVUT PLANNING COMMISSION (NPC) DETERMINATION

Indicate the land use planning area in which the existing project is located.

- | | |
|--|---|
| <input type="checkbox"/> North Baffin | <input type="checkbox"/> Keewatin |
| <input checked="" type="checkbox"/> South Baffin | <input type="checkbox"/> Sanikiluaq |
| <input type="checkbox"/> Akunnig | <input type="checkbox"/> West Kitikmeot |

Does the proposed amendment change the land use planning area?

- ☐ Yes ☒ No

If yes, indicate the land use planning area in which the amended undertaking is located.

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> North Baffin | <input type="checkbox"/> Keewatin |
| <input type="checkbox"/> South Baffin | <input type="checkbox"/> Sanikiluaq |
| <input type="checkbox"/> Akunnig | <input type="checkbox"/> West Kitikmeot |

Was a land use plan conformity determination required from NPC prior to the issuance of the existing water licence?

- ☐ Yes ☒ No

(NPC determination was requested + obtained even though there is no Land-Use Plan in effect for the Chidliak area. Determination corresp. from NPC dated 10 Sept 2010 is attached with application.

If Yes, indicate date issued and attach copy. _____

Does the proposed amendment change the original NPC conformity determination or the need to obtain one?

- ☐ Yes ☒ No

If Yes, indicate date issued (or expected) and attach a copy. _____

If No, provide written confirmation from NPC confirming that a land use plan conformity review is not required.

8. NUNAVUT IMPACT REVIEW BOARD (NIRB) DETERMINATION

Was a screening determination required from NIRB prior to the issuance of the existing water licence?

- ☒ Yes ☐ No

If Yes, indicate date issued and attach copy. #08AN008 – 28 Mar 2008, #08AN008 – 18 Dec 2008

Does the proposed amendment change the original NIRB screening determination or the need to obtain one?

- ☒ Yes ☐ No **(Screen new components only)**

If Yes, indicate date issued (or expected) and attach a copy. Complete application pkg. is being supplied to NIRB by post on or before week of 03 Oct 2011, with certain key documents (NIRB forms, Project Description) transmitted electronically. Peregrine met with NIRB staff in Sept 2012, and staff are aware that application is coming in this time period. NIRB decision will occur thereafter.

If No, provide written confirmation from NIRB confirming that a screening determination is not required.

9. DESCRIPTION OF UNDERTAKING

Does the proposed amendment change the description of the undertaking? **(changes only as relate to 4 new components)**

☒ Yes ☐ No

List and attach plans and drawings or project proposal. **PROJECT DESCRIPTION, MAPS, BULK-SAMPLE PLAN, FUEL-MANAGEMENT PLAN, updated SPILL PLAN and A&R PLAN are attached along with FORMS and other requisite documents.**

10. OPTIONS

Does the proposed amendment change any of the alternative methods and locations that were considered to carry out the project?

☒ Yes ☐ No (NEW CAMP)

Provide a brief explanation of the alternative methods or locations that were considered to carry out the project. Identify proposed changes. ***New components are listed in Page 2 above.*** (Aerial and field investigations (and a bathymetric survey of potential water sources) were conducted in summer 2011 by EBA Engineering; alternative locations in the same general area were viewed but the sites chosen ultimately were recommended by an experienced EBA Arctic geotechnical engineer on the basis of having the most advantages amongst potential sites: winter trail routing with most level, boulder-free areas, cuttings and water sources with over-capacity for use and potential to contain cuttings successfully and with easiest access by trails. Camp location chosen is proximal to CH-6 (approx. 300m away) and on a relatively flat, dry location with low % cobbles. Peregrine's consulting archaeologist (Thomson Heritage Consultants) also conducted aerial and field surveys of use locations and was able to confirm low archaeological potential at all locations and no sites at proposed camp location. Shift from extensive helicopter use in past seasons to focus on winter ground transport for 2012 was decided after examining risks of a large helicopter slinging operation in harsh winter conditions during most of the programme period (February-March-April) and the fact that no completely heliportable LDDH rig was currently built or available. Water in the Hall Peninsula interior where the Bulk Sample Focus Area is situated is proximal to no work areas except Sunrise Camp, and thus the original hypothesis that water would have to be obtained from the sources most likely to offer capacity and access, rather than proximity, could not be disproven by investigation.

11. CLASSIFICATION OF PRIMARY UNDERTAKING

Indicate the primary classification of undertaking for the existing licence by checking one of the following boxes:

- | | |
|--|---|
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Agricultural |
| <input checked="" type="checkbox"/> Mining and Milling (includes exploration/drilling/exploration camps) | |
| <input type="checkbox"/> Conservation | |
| <input type="checkbox"/> Municipal (includes camps/lodges) | <input type="checkbox"/> Recreational |
| <input type="checkbox"/> Power | <input type="checkbox"/> Miscellaneous (describe below):
_____ |

Does the proposed amendment change the classification of primary undertaking?

☐ Yes ☒ No

If Yes, indicate the primary undertaking of the amendment: _____

Information in accordance with applicable Supplemental Information Guidelines (SIG) must be updated and submitted with an Application for Amendment. Indicate which SIG(s) are applicable to your application.

- | |
|---|
| <input type="checkbox"/> Hydrostatic Testing |
| <input type="checkbox"/> Tannery |
| <input type="checkbox"/> Tourist / Remote Camp |
| <input type="checkbox"/> Landfarm & On-Site Storage of Hydrocarbon Contaminated Soil |
| <input type="checkbox"/> Onshore Oil and Gas Exploration Drilling |
| <input checked="" type="checkbox"/> Mineral Exploration / Remote Camp (Updated Questionnaire is attached. This initial small bulk sample of total of 600t does not differ appreciably from existing drilling programmes. Detailed monitoring plans are attached. Overall personnel loading will not be appreciably different than that of 2011.) |
| <input type="checkbox"/> Advanced Exploration |
| <input type="checkbox"/> Mine Development |
| <input type="checkbox"/> Municipal |
| <input type="checkbox"/> General Water Works |
| <input type="checkbox"/> Power |

12. WATER USE

Indicate, using the boxes below, the types of water use(s) approved in the existing licence.

☒ To obtain **water for camp/** municipal purposes

☐ To obtain water for industrial purposes

☐ To divert a watercourse

☐ To cross a watercourse

☐ To modify the bed or bank of a watercourse

☐ To alter the flow of, or store water

☐ Flood control

☒ Other: **Drilling. Winter-trail grooming (water spraying of heavy-drift areas where required).**

Does the proposed amendment change the type(s) of water use(s)?

☐ Yes ☒ No

If Yes, indicate using the boxes below, the proposed change(s) to the type(s) of water use(s) noting any water use(s) that are to be added, continued, or removed.

☐ To obtain water for camp/ municipal purposes

☐ To obtain water for industrial purposes

☐ To divert a watercourse

☐ To cross a watercourse

☐ To modify the bed or bank of a watercourse

☐ To alter the flow of, or store water

☐ Flood control

☐ Other: _____

13. QUANTITY OF WATER INVOLVED

Does the proposed amendment change the source of water? ☒ Yes ☐ No

Indicate the water source(s). Identify proposed changes: **Access 3 new water sources to serve 2012 programme.**

WATER SOURCE	SURFACE AREA m ²	NORTHING – EASTING (mN – mE) (centroid of deepest-water zone)	VOLUME – m ³	UNDER-ICE VOLUME – m ³	DEPTH OF DEEPEST WATER (m)
“Deep Hole” – McKeand River	21 400	7 129 620 618 380	124 600	81 700	10.0
“Contingency Lake” W. of CH-6	70 900	7 133 740 614 825	135 300	35 400	7.0
Lake W of Sunrise	1 059 500	7 125 250 637 250	9 264 500	7 462 500	32.0

(show location(s) on map) **(See MAPS 2a, 2b, 7, 8 accompanying amendment application)**

Does the proposed amendment change the quality of the water source and/or its available capacity?

☐ Yes ☒ No

Describe the quality of the water source(s) and the available capacity(s). Identify any changes.: **All 3 new water sources are pristine. Size and depth below ice will be sufficient so no drawdown occurs. Summer water-quality sampling will continue at established stations downstream of use/work areas in Bulk Sample Focus Area. Surface water-quality samples will be collected for routine parameters, nutrients, total metals, total organic carbon, and oil and grease. Existing stations are located downstream of proposed 2012 bulk-sampling locations, and are considered appropriate for monitoring potential bulk-sampling activities on surface water quality. Sampling will involve collecting grab samples from the same water-quality stations already established. An EBA biologist and a local field assistant will collect pH, electrical conductivity (EC), and water temperature in the field using a Multi-Parameter 35 Series probe. Report for 2011 study year will be provided when available; prior reports already provided to NWB.**

Does the proposed amendment change the overall quantity of water to be used?

☐ Yes ☒ No

Provide the overall estimated quantity to be used. Identify proposed changes. : _____ m³/day

Does the proposed amendment change the quantity of water to be used from each source?

☐ Yes ☒ No

Provide the estimated quantity(s) of water to be used from each source. Identify proposed changes :

(CH-6 Temporary Camp will use 4m³/day or less, which, when combined with use at Discovery and Sunrise, will be well within the approved domestic-use allowable of 25m³/day.) Drilling and ancillary-use volumes also are well within allowable: 15-20m³ (drilling) + 20m³ (water for trail maintenance if required) = maximum of 40m³ per day.

	VOLUME - m ³ FROM SOURCE (7 days/hole [est.])	10% of UNDER-ICE VOLUME – m ³
“Deep Hole” (est. 6 holes)	630	8 200 (NO DRAWDOWN)
“Contingency Lake” (est. 6 holes, if used instead of Deep Hole)	630	3 540 (NO DRAWDOWN)
“Lake W of Sunrise” (est. 9 holes)	945	746 200 (NO DRAWDOWN)

Does the proposed amendment change the quantity of water to be used for each purpose?

☐ Yes ☒ No

Provide the estimated quantities to be used for each purpose (camp, drilling, etc.). Identify proposed changes.:
(See ABOVE).

Does the proposed amendment change the method(s) of extraction? ☐ Yes ☒ No

Describe the method(s) of extraction. Identify proposed changes. : _____

Does the proposed amendment change the quantity(s) of water returned to source(s)?

☐ Yes ☒ No

Estimated quantity(s) of water to be used from each source(s) to be identified and reported in the amendment application.

Describe the method(s) of extraction. Identify proposed changes. : _____

Does the proposed amendment change the quantity(s) of water returned to source(s)?

☐ Yes ☒ No

Estimated quantity(s) of water returned to source(s). Identify proposed changes. : _____ m³/day

Does the proposed amendment change the quality(s) of water returned to source(s)?

☐ Yes ☒ No

14. WASTE

Check the appropriate box(s) to indicate the types of waste(s) approved in the existing licence.

☒ Sewage

☒ Solid Waste

☒ Hazardous

☒ Bulky Items/Scrap Metal

☐ Animal Waste

☐ Other (describe): _____

☒ Waste oil

☒ Greywater

☒ Sludges (drillwater + drill cuttings)

☐ Contaminated soil and/or water

Does the proposed amendment change the type(s) of waste(s) to be generated or deposited?

☐ Yes ☒ No

If Yes, indicate using the boxes below, the proposed change(s) to the type(s) of waste(s) to be generated and/or deposited noting the addition, removal or continued generation and/or disposal of waste(s).

☐ Sewage

☐ Solid Waste

☐ Hazardous

☐ Bulky Items/Scrap Metal

☐ Animal Waste

☐ Other (describe): _____

☐ Waste oil

☐ Greywater

☐ Sludges

☐ Contaminated soil and/or water

15. QUANTITY AND QUALITY OF WASTE INVOLVED

Does the proposed amendment change the quantity(s) of the types of wastes involved?

☐ Yes ☒ No

Does the proposed amendment change the composition(s) of the types of wastes involved?

☐ Yes ☒ No

Does the proposed amendment change the method(s) of treatment for the types of waste involved?

☐ Yes ☒ No

Does the proposed amendment change the method(s) of disposal for the types of waste involved?

☐ Yes ☒ No

If Yes to any of the above, describe the proposed changes: **This is NOT a change but should be noted that due to the volume of drums proposed for 2012, empty drums will be crushed in bermed area on site to cut down on bulk of waste outshipped.**

For each type of waste indicated in Block 14, describe its composition, quantity in cubic metres/day, method of treatment and method of disposal. **(NEW CAMP)**

Type of Waste	Composition	Quantity Generated	Treatment Method	Disposal Method
Sewage	Pacto waste	50L/ day	N/A	incineration
Greywater	Wash water	4m ³ /day	Liqui-Bac (for grease in summer)	sump
Solid	Food, misc. paper	242L/day	N/A	incineration
Bulky/Scrap	Drill metal waste	500kg	N/A	Ret. to contractor
Waste Oil/Haz.	Oil/filters/rags	410L	N/A	Reg. W.Receiver
Empty Barrels	Fuel drums	50 diesel	N/A	Rotated out for
		Up to100 Jet-B	N/A	crushing; sound diesel drums refilled in Iqaluit.

16. OTHER AUTHORISATIONS

Does the proposed amendment change the need for other authorisations in addition to the sub-surface and surface land use authorisations provided in Block 6?

☐ Yes ☒ No

If Yes, indicate any additional authorizations required, which authorizations are no longer required, and which authorizations continue to be required.

For each provide the following:

Authorization: _____

Administering Agency: _____

Project Activity: _____

Date (expected date) of issuance: _____ Date of expiry: _____

17. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES

Does the proposed amendment change the predicted environmental impacts of the undertaking and the proposed mitigation measures?

☐ Yes ☒ No

Describe direct, indirect, and cumulative impacts related to water and waste. Identify any changes.

DIRECT: Direct impacts – potential of fuel or greywater or sewage to reach source waters will be mitigated by locating new camp away from water, and parking all mobile fuelling sleighs at least 31m from water-source shoreline (as calculated in winter by GPS co-ordinates). Extensive use of berms, enviro-matting, drip pans, and use of trained, experienced, monitored personnel, especially at new Designated Fuel Station at Discovery Camp, will control spillage or leaks to ground. Greywater sumps will be of sufficient capacity to accommodate loading and allow for percolation through soils in thaw periods. Only environmentally-benign washing + cleaning products will be employed, as already occurs at existing camps. Fuel drums behind tents and at any small caches away from the Fuel Station will be in Arctic-rated manufactured secondary containment. Berms are monitored on a DAILY basis; at Fuel Station, key areas such as the fuel-transfer berm will be inspected at least once per shift (see *Inspection Log Operating Procedure in Fuel Management Plan, Appendix 10*). Drums in Fuel Station storage awaiting transfer of contents to the two 15 000L double-walled enviro tanks on sleighs will be monitored for soundness on a once-per-shift basis. As with existing camps, Pacto toilets at CH-6 camp will be maintained in a sanitary condition on a DAILY basis, with filled bags securely sealed + incinerated to ash.

INDIRECT: Indirect impact would mainly be confined to over-use of water by camp occupants. Peregrine obviates this at all its camps by ensuring each Camp Manager is trained in compliance required by the specific licences and permits in effect. All licences and permits are posted in camp. Camp Manager is required to keep records of all fillups + waste outshipments (such as of waste oil) to ensure proper monitoring of water use and waste handling. All waste directly rated to Fuel Station operation will under the control of the Station's operators, the Fuel Specialist and Fuel Specialist Assistant. Another indirect impact would be over-generation of waste, e.g., wasting of paper or wood and other consumables and ordering new supplies before checking that there is sufficient inventory in camp. All camp occupants undergo orientation which acquaints them with their responsibilities, including their collective obligation as a camp population to develop a waste-management plan for that camp based upon the approved Chidliak Waste Management Strategy. Spill drills are held once per field season to raise awareness of spill impact + proper and rapid response, should a spill occur in future.

CUMULATIVE: Cumulative impacts of NEW CAMP in combination with the 2 existing Chidliak camps can be predicted to be minimal, due to the distances between the 3 sites, small footprints (0.3ha or less per camp), their reliance on different source waters, daily checks of all operations by the Camp Manager + Camp Attendants, fuel control by the Fuel Specialist personnel, utilisation of trained and experienced heavy equipment and logistical operators (Nuna Logistics will control those areas), as well as emphasis on footprint control + spill prevention at weekly safety & environment meetings. The number of camps open at the same time, and numbers of personnel in camps concurrently, also will not be appreciably different than in past years such as 2011. Ongoing interaction with any local land-users also will help bulk-sample project personnel to assess its operations and adjust any activities or procedures in relation to seasonal use by others and any wildlife that might be anticipated to be in certain areas at certain times. Drilling activity also will not represent an increase in impact, as activities will occur in a limited Focus Area, and with no more water use than 2 of current core drills operating at the same time. Use of the access trail network will be restricted to equipment operators only, and will cease at the end of the winter programme, and under still-frozen conditions, thus prior to any vulnerability by calving caribou or spring fish-spawning.

18. WATER RIGHTS OF EXISTING AND OTHER WATER USERS

Was compensation paid and/or an agreement(s) for compensation been entered into with any existing or other users of water during consideration of the existing licence?

☐ Yes ☒ No

If Yes, provide the names, addresses and the nature of water use by those persons or properties.

Does the proposed amendment adversely affect any known persons or property including those that hold licences for water use in precedence to the application, domestic users, in-stream users, authorized waste depositors, owners of property, occupiers of property, and/or holders of outfitting concessions, registered trapline holders, and holders of other rights of a similar nature?

☐ Yes ☒ No

If Yes, provide the names, addresses and the nature of water use of those persons or properties.

Advise the Board if compensation has been paid and/or an agreement(s) for compensation has been reached with any existing or other water users with respect to the proposed amendment.

19. INUIT WATER RIGHTS

Was compensation paid/ or an agreement(s) for compensation been entered into with any Designated Inuit Organization (DIO) during consideration of the existing licence?

☐ Yes ☒ No

If Yes, which DIO(s) _____

Does the proposed amendment substantially affect the quality, quantity or flow of waters flowing through Inuit Owned Land (IOL)?

☐ Yes ☒ No

If Yes, advise the Board if negotiations have commenced or an agreement to pay compensation for any loss or damage has been reached with one or more DIO(s) with respect to the proposed amendment.

- 20. CONSULTATION** - Provide a summary of any consultation meetings including when the meetings were held, where and with whom. Include a list of concerns expressed and measures to address concerns.

Consultation commenced in 2008 with the issuance of permits and licences and has consisted of regular visits, at least twice yearly, to communities (hunters/trappers, community leaders, youth, elders) and site visits by various representatives of Iqaluit and Pangnirtung, the communities of interest for the Chidliak Project. Informal open houses have been well received in Pangnirtung since they began in 2009. A number of job recruitment fairs also have been conducted. Community meetings regarding the 2012 bulk sample programme and new CH-6 camp will be held in November 2011. Main concerns raised over time have been: (1) caribou are not around in the north Hall Peninsula area where they used to be; Peregrine's activity may have influenced this; and (2) flight altitudes sometimes appeared lower than the 300m to 600m accepted limit, and there appears to be too much flying around. When will the helicopter flying be over? Over time, Peregrine has responded as follows: (1) Wildlife surveys have indicated a consistently low density of a range of key species – caribou, wolves, raptors, waterfowl, breeding birds – in the Hall Peninsula interior, where most Chidliak activity occurs. Peregrine also advised that wildlife logs and past data from GN-Wildlife supported the current data, *i.e.*, that there was scant use of the area by caribou over time. This low density correlated, we explained, with preliminary habitat surveying across the property in 2009, which revealed that most of the property was comprised of either bare rock or sparse vegetation classifications. Peregrine's strategy for addressing this concern: Adoption of *distance and height mitigations*, such as avoidance of occupied cabins and animals, when such are detected by a helicopter upon approach to a potential work area: *Land-users and wildlife have the right-of-way*. Peregrine explained that causes of changes in caribou movements over time were complex, and that Peregrine was hopeful that working together with land-users to ensure timing of use, and continued avoidance of any groups of caribou, would contribute to improved management. Peregrine further stressed that data from a planned future GN-Wildlife South Baffin caribou survey (2012? 2013?) would help to provide much-needed answers about the South Baffin caribou sub-populations and presence/absence. (2) In regard to flight altitudes and helicopter presence, Peregrine has explained that altitude deviations are not made lightly but are based on such factors as human safety and parameters of a specific survey, but otherwise, Peregrine continues to invite land-user input into its work scheduling. Peregrine's strategy for addressing this concern: *Actively encourages community to provide information on community schedules so that Peregrine may arrange its activities accordingly*. Peregrine also retains a local Community Liaison officer in Pangnirtung to assist that communication process. Example: Peregrine used such information in 2011 to time exploration activities along the north coast. As for the length of time that exploration may continue, this is highly variable and dependent on results, financing and assessment-work requirements that it must fulfil under the terms of mineral claims or Prospecting Permits it has been granted by the Crown.

21. SECURITY INFORMATION

Does the proposed amendment change the financial security assessment?

☐ Yes ☒ No **(Timing and use of camps would not be appreciably different than in 2011).**

Does the proposed amendment change the estimate of the total financial security for final reclamation?

☐ Yes ☒ No **(Cost would not increase if reclamation were to occur in winter after end of bulk sampling, as the trails would afford ease of access for such activities).**

Provide an estimate of the total financial security for final reclamation equal to the total outstanding reclamation liability for land and water combined sufficient to cover the highest liability over the life of the undertaking. Estimates of reclamation costs must be based on the cost of having the necessary reclamation work done by a third party contractor if the operator defaults. The estimate must also include contingency factors appropriate to the particular work to be undertaken. Identify any changes in the financial security assessment resulting from the proposed amendment.

Where applicable, the financial security assessment should be prepared in a manner consistent with the principals respecting mine site reclamation and implementation found in the *Mine Site Reclamation Policy for Nunavut*, Indian and Northern Affairs Canada, 2002.

(See attached Remediation Cost Document, which is based upon A&R Plan requirements).

22. FINANCIAL INFORMATION

Is the statement of financial security the same as that considered in the existing water licence?

☐ Yes ☒ No **(None requested previously).**

Provide an updated statement of financial security. **(Sent by e-mail to Licensing Mgr. + Licensing Administrator on 28 September 2010)**

If the applicant is a business entity please answer the questions below:

Is the list of the officers of the company the same as those considered in the existing water licence?

☐ Yes ☒ No **(None requested previously.)**

Provide a list of the officers of the company. **List of officers sent to Licensing Mgr. + Licensing Administrator on 28 September 2010).**

Is the Certificate of Incorporation or evidence of registration of the company name the same?

☒ Yes ☐ No **(Certificate of Incorporation sent to Licensing Mgr. + Licensing Administrator on 28 September 2010).**

Attach a copy of the Certificate of Incorporation or evidence of registration of the company name. **NU**
(attached)

23. STUDIES UNDERTAKEN TO DATE

List and attach updated studies, reports, research etc.

All baseline reports to date have been provided to NWB; 2011 reports will be provided when available at year-end or early in the first quarter of 2012.

④ Physical Environment (Landscape and Terrain, Air, Water, etc.): **"2009 BASELINE ENVIRONMENTAL PROGRAMME, CHIDLIAK PROJECT, SOUTH BAFFIN ISLAND, NUNAVUT", EBA Engineering Consultants, Nov 2009**

④ Biological Environment (Vegetation, Wildlife, Birds, Fish and Other Aquatic Organisms, etc.): *(see above)*

④ Socio-Economic Environment (Archaeology, Land and Resources Use, Demographics, Social and Culture Patterns, etc.): **"ARCHAEOLOGICAL INVENTORY AND ASSESSMENT OF CHIDLIAK CLAIM BLOCK, HALL PENINSULA, BAFFIN ISLAND, NU", Thomson Heritage Consultants, December 2009**

④ Physical Environment and Biological Environment: **"2010 ENVIRONMENTAL BASELINE PROGRAMME, CHIDLIAK PROJECT, BAFFIN ISLAND, NUNAVUT", EBA Engineering Consultants, February 2010**

④ Physical Environment **"BASELINE HYDROLOGY ASSESSMENT, CHIDLIAK PROJECT, SOUTH BAFFIN ISLAND, NUNAVUT", EBA Engineering Consultants, February 2011**

④ Socio-Economic Environment: **"CONTINUING ARCHAEOLOGICAL INVENTORY AND ASSESSMENT OF CHIDLIAK AND QILAQ CLAIM BLOCKS, HALL PENINSULA, BAFFIN ISLAND, NU", Thomson Heritage Consultants, February 2011**

④ Socio-Economic Environment: **"ARCHAEOLOGICAL SITE RECOGNITION GUIDE", Thomson Heritage Consultants, December 2009**

○ **NOTE:** Peregrine commissioned the hamlet of Pangnirtung in May 2010 to supervise a traditional-knowledge study of the Chidliak property area; study was licensed by the Nunavut Research Institute and product is awaited. Report will contain a map and results of interviews with local knowledge-holders to help inform and enrich Chidliak exploration, and to assist the community in educating local youth.

Provide a compliance assessment and status report including a response to any inspector's reports. The licensee must contact the NWB for licence specific direction in completing the assessment and report.

If in non-compliance, a licence may not be issued until compliance is achieved. If in non-compliance, attach plans/reports for consideration. Application will not be processed if significant issues of non-compliance exist.

COMPLIANCE ASSESSMENT AND STATUS REPORT - #2BE-CHI0813

PART B: GENERAL CONDITIONS

1. (Fees) – STATUS: Payment is up to date.
2. ((Annual Report) – STATUS: Past reports filed on time. Annual Report for 2011 will be filed on time.
3. (Notify of changes) – STATUS: Notification in advance, *e.g.*, addition of new equipment, drilling-plan maps.
4. (Meas. Water vol.) – STATUS: Water tank is a known volume with gradations; fill records are kept .
5. (Plans must be approved) – STATUS: Plans are updated as programmes/details change; updated Plans are provided to NWB for approval.
6. (Implement Plans as approved) – STATUS: In compliance.
7. (Plans become part of Licence) – STATUS: In compliance.
- 8.-11. – STATUS: In compliance.

PART C: CONDITIONS APPLYING TO WATER USE

1. (AMENDMENT #1 – Max. Water-use limits increased) – STATUS: In compliance.
- 2.-7. – STATUS: In compliance.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

1. The Licensee shall locate areas designated for waste disposal at a minimum distance of thirty (30) metres from the ordinary high water mark

1. (Waste-disposal sites at least 30m from OHWM) – STATUS: All such sites at 2 existing camps are at least 40m from OHWM. NEW CAMP sites also will be in compliance.
2. (AMENDMENT #1 – No on-site land-filling or open burning for listed substances) – STATUS: In compliance. No land-filling or open burning has occurred.
- 3.-6. – STATUS: In compliance.
7. (Greywater sumps at least 30m from OHWM) – STATUS: All such sites at 2 existing camps are at least 40m from OHWM. NEW CAMP sites also will be in compliance.
- 8.-10. – STATUS: In compliance.
11. (Direct water in blast trenches to Trench Water Containment) – STATUS: No trenching to date.
12. (10 Days' Notice prior to release from Trench Water Containment) – STATUS: No trenching to date.
13. (Discharge in accord. with *D.(1)* + effluent parameters) – STATUS: No effluent discharge to date.
14. (Confirm compliance prior to discharge) – STATUS: No effluent discharge to date.

PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS

1. (Only store materials on frozen lake/stream if for immediate use) – STATUS: INAC authorised Peregrine in Apr 2010 to erect medic tent + core tent on lake ice during lake-based drilling (several days/site) and this was incorporated into the 26 March 2010 version of the Chidliak A&R Plan.
2. (No impact on surface drainage) – STATUS: In compliance.
3. (Winter lake/stream crossings to be entirely of water, ice or snow) – STATUS: None to date.
- 4.-5. (AMENDMENT #1 – No deposition of debris or sediment into waterbody; no rutting by heavy equipment) – STATUS: In compliance. Heavy equipment authorised for transport to/from CH-7 was moved in frozen conditions over snow cover only (INAC authorisation 30 Jan 2010).

PART F: CONDITIONS APPLYING TO DRILLING OPERATIONS

- 1.-2. (No land-based drilling within 30m of OHWM; all drill waste to report to sump). – STATUS: In compliance with both conditions. No drilling muds or salts have been employed to date.
3. (Directions if artesian flow encountered) – STATUS: No artesian flows encountered to date.
4. (Where drilling has penetrated below permafrost layer, NWB proponent to record depth of permafrost and location) STATUS – Not achievable in exploration drilling (such data traditionally is captured over time via thermistors). On 06 Oct 2009, Don Carr wrote to Peregrine: “I have chatted with David Abernethy over at INAC – Water Resources as INAC initially provided the comment that requested permafrost depth data. The intention of the condition was never to require a Licensee to generate data on the depth of permafrost. The idea was that if this information is readily available from drilling, then it could be provided to supplement existing permafrost depth databases. As the information you have provided describes how diamond drilling is not able to properly define where the permafrost lower boundary is, the NWB no longer requests permafrost depth data for the Chidliak Project.”
5. (AMENDMENT #1 – No drill additives unless drillwater recirculated + no toxic additives) – STATUS: No drilling additives have been employed to date.
6. (AMENDMENT #1 – Where no drill additives used in on-ice drilling, return water released must have TSS within CCME guidelines) – STATUS: In compliance. With limited lake-based drilling in spring 2010, TSS was low (3-5mg/L) for both pre- and post-drilling sampling events.
7. (AMENDMENT #1 – Water-quality sampling pre- and post-drilling) – STATUS: In compliance. Final EBA Engineering report incl. all results will be provided to NWB when available in late autumn 2010.
8. (AMENDMENT #1 – Trenching within OHWM of nearby waterbodies allowed during frozen conditions. – STATUS: No trenching to date.
9. (AMENDMENT #1 – During trenching, take measures to prevent transport of blast rock + residues from entering water) – STATUS: No trenching to date.
10. (AMENDMENT #1 – For activities not covered by this amendment, submit a Trenching and Drilling Plan

PART G: CONDITIONS APPLYING TO MODIFICATIONS

- 1.-3. – STATUS: In compliance. No modifications requested to date. One notification was made 05 Jul 2010 under licence (not a modification) regarding limited blasting away from water at CH-7. NWB acknowledged notification on 06 Jul 2010.

PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING

- 1.-3. (AMENDMENT #1 – Requirements for Plan and Addenda) – STATUS: Spill Plan accommodates all requirements; Plan has been updated numerous times since original acceptance in 2008. Latest revision in Sept 2011 accompanies this application and incorporates addition of bulk sampling, CH-6 camp..

PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING

1. -14. – STATUS: A&R Plan accommodates all requirements; Plan has been updated numerous times since original acceptance in 2008. Latest revision in Sept 2011 accompanies this application and incorporates addition of bulk sampling, CH-6 camp.
- 15-16. (AMENDMENT #1 – Stockpile overburden + vegetation removed during trenching; exercise erosion-control measures. Restore trenches prior to seasonal closure.) – STATUS: No trenching to date.

PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

- 1.-7.—STATUS: In compliance. Records are kept on all water use, as well as co-ordinates of all water-use sites, waste-disposal sites and locations of fuel caches + heli-pads. Peregrine has maintained use of a CAEAL-accredited environmental lab, ALS Environmental, and occasionally Maxxam, since 2008.
7. (AMENDMENT #1 – Requirement to sample water column before/after drilling from ice according to established parameters.) – STATUS: Before- and after- sampling completed in both 2010, 2011, plus an extra event each year for during-drilling sampling. 2011 results will appear in 2011 report, currently in preparation.
8. (AMENDMENT #1 – Effluent sampling parameters). – STATUS: Summer water-quality grab sampling occurs from downstream stations in several events each year, using parameters set out in *Part J* plus Oil & Grease. No trenching to date.

INAC INSPECTIONS AND RESPONSES - 2008

INAC Lands inspection - Verbal rpt. 10 September 2008, followed by written rpt. 17 September. No major concerns. INAC Inspector K. Robertson suggested implementing 1 or more means of secondary containment for fuel drums in 2009, and expanding sump capacity. Also suggested that Peregrine consider professional spill-response training for personnel in 2009. Postscript: Peregrine did erect secondary-containment berms for 2009 programme. Could not locate a professional trainer, but did conduct spill drill in July 2008.

INAC INSPECTIONS AND RESPONSES - 2009

INAC Lands inspection - new Sunrise Camp: 26 May: Request to disinfect water supply + stabilise secondary containment berms ; work on berms commenced thereafter. INAC Waters inspection - Sunrise + Discovery Camps: 25 July (written rpt. transmitted later): Similar recommendations, plus request to establish defined greywater sumps; work commenced thereafter. By early August, chlorination + improvements of water measurement were in place. INAC Lands inspection - Sunrise + Discovery Camps: 05 September : Request to expand sumps for next winter + to continue with general site improvements. No significant concerns were noted. Postscript: Sumps were significantly modified in summer 2010, with big cobbles removed, depressions levelled and lined with plywood cribbing.

INAC INSPECTION AND RESPONSES - 2010

On 01 Sept 2010, Chidliak Operations Mgr. wrote: "Kevin Robertson, Tracy McCaie, Peter Kusugak from INAC visited Discovery and Sunrise camp today for a camp inspection. Kevin was happy with his findings.

He had a few minor suggestion and comments.

1. Small single fuel drum berm needs more support (Discovery tent # 1). We already fixed it.
2. The Jet-A berm at Sunrise needs water drained. I will adjust the rain drain.
3. He is happy with the greywater boxes and likes the drainage.
4. Flew over RC drill site 258 and over 482 core drill site. All good."

INAC INSPECTION AND RESPONSES – 2011

On 21 April 2011, Environment Canada (EC) Inspector Curtis Didham, INAC Land Inspector Kevin Robertson and Water Inspector Andrew Keim and Govt. NU officer Meaghan Pizzo-Lyall conducted an unannounced inspection of Discovery, Sunrise and Aurora camps and several drillsites. Camp records also were inspected.

Items for rectification or consideration:

1. More consolidation of fuelling within berms at small fuel stations, e.g., heli-pads, gen-set, petrol station. Peregrine addressed constructing platforms for berms during summer programme.
2. Need to complete missing tent-stove fuel berms (4). Berms already on order at time of inspectors' visit.
3. More formal sumps with earth filters required at Discovery, Aurora, as per Sunrise: This task was completed in summer 2011.
4. Query: Why no berm under 21kVA gen-set at Aurora Camp: Response: Internal dual-walled tank is built into skid. Outcome: Inspectors pleased to see this and how well it runs.
5. EC comment for consideration: Peregrine should record and report even small spills to EC, even if under reportable limits, as EC watches companies more closely that do not have reportable spills. Response: Peregrine has been fortunate to not have had reportable spills, but will consider this recommendation. (Peregrine does report spills of 50L and more, in any event, which is below the govt. reporting limit.)

On 14 August 2011, INAC Land Inspector Kevin Robertson and Water Inspector Christine Wilson inspected Discovery, Sunrise and Aurora camps and several drillsites. Camp records also were inspected. Inspectors identified the following items for rectification or consideration: one mini-berm missing under tent drum at recreation tent; wooden frame required for mini-berm at Sunrise Camp heli-pad, and casing at CH-45 requires cutoff. Land Inspector also recommended that Peregrine consider moving the Sunrise Camp Jet-A fuel berm to a less bouldery location, and also reminded Peregrine to mark all old drill collars.

1. Mini-berm missing – rectified after visit.
2. Wooden frame for heli mini-berm missing – rectified after visit.
3. Cuttings of casing and marking of old drill collars – rectified after visit.
4. Consider relocating Sunrise Jet-A fuel berm – Peregrine studying this in light of plans for upcoming 2012 winter programme.

25. PROPOSED TERM OF LICENCE

On what date does the existing licence expire? 01 June 2013

Is the Licensee applying for a combined renewal and amendment of the existing licence?

☐ Yes ☒ No

If Yes, indicate the proposed term of the renewal (maximum of 25 years): _____

Requested date of renewal issuance: _____ Requested Expiry Date: _____
(month/year) (month/year)

(The requested date of renewal issuance must be at least three (3) months from the date of application for a type B water licence and at least one (1) year from the date of application for a type A water licence, to allow for processing of the water licence application. These timeframes are approximate and do not account for the time to complete any pre-licensing land use planning or development impact requirements, time for the applicant to prepare and submit a water licence application in accordance with any project specific guidelines issued by the NWB, or the time for the applicant to respond to requests for additional information. See the NWB's *Guide 5: Processing Water Licence Applications* for more information)

26. ANNUAL REPORTING

Will the proposed amendment change the content of annual reports or the annual report template?

☐ Yes ☒ No

27. CHECKLIST

The following must be included with the application for Amendment for the water licensing process to begin.

Completed Application for Water Licence Amendment form.

☒ Yes ☐ No If no, date expected _____

Information addressing Supplement Information Guideline (SIG), where applicable (see Block 11)

(Questionnaire Revised)

☒ Yes ☐ No If no, date expected _____

Compliance Assessment / Status Report (see Block 23).

☒ Yes **(Pgs. 15-17 above)** ☐ No If no, date expected _____
(Compliance Assessment and Rpt = Pgs. 16-18 above).

Indication of Renewal Requirement (see Block 26)

(Not required: Renewal is not sought at this time).

☐ Yes ☒ No If no, date expected 2013

English Summary of Renewal Application.

☒ Yes ☐ No If no, date expected _____

Inuktitut and/or Inuinnaqtun Summary of Renewal Application.

☒ Yes ☐ No If no, date expected _____

Application fee of \$30.00 CDN (Payee Receiver General for Canada).

☒ Yes ☐ No If no, date expected _____

(Completed by telephone call)

Water Use Fee of \$30.00 CDN was paid by phone contact to Licensing Manager and provision of corporate credit card information.

☒ Yes ☐ No If no, date expected _____

Completed by telephone call)

28. SIGNATURE

Shirley Standafer-Pfister

Mgr. Env. & Reg. Affairs



29 September
2011

Name (Print)

Title (Print)

Signature

Date