



Application for Water Licence Amendment

Document Date: May 2011

Application Submission Date:

Month/Day/Year

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NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

DOCUMENT MANAGEMENT

Original Document Date: April 2010

DOCUMENT AMENDMENTS

	Description	Date
(1)	Updated for public distribution as separate document from NWB Guide 7	June 2010
(2)	Updated NWB logos and reformatted table to allow rows to break across page	May 2011
(3)		
(4)		
(5)		
(6)		
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(9)		
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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 (CHIDLIAK 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 (Bulk sampling and new "CH-6 Camp" were approved in 2012 and 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) 4 existing camps: **Discovery** [64° 14' 00" N - 66° 21' 00" W.]; **Sunrise** [64° 14' 13.56" N - 66° 07' 43.38" W]; **Aurora*** [64° 36' 33" N - 66° 34' 36" W]; **CH-6** [64° 19' 24.76" N - 66° 31' 30.19" W]

*inactive in 2012, 2013 (no fuel on site)

5. MAP

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

Yes No ☒

The Bulk-Sampling Focus Area was identified in 2011 in Amendment #4, which was approved in February 2012. One minor adjustment – a 2nd contingency water source on the approved trail to the main CH-6 water source – was surveyed in 2011 and is proposed to be added as a water source for the 2013 programme. [See Item 13 below.]

Attach a topographical map (MAPS 2a, 2b, 9a, 9b, 10, 11), indicating the main components of the undertaking. Identify proposed changes. 5 adjustments to approved components: (1) additional contingency water source as noted in paragraph above; additional uses of the approved Equipment Trail, (2) hauling out bags of kimberlite and (3) hauling drums of fuel on backhauls to site; (4) addition of an alternate natural winter-landing strip at Discovery Camp, in case of cross-winds – this NW-SE oriented strip would be within the existing camp footprint; and (5) option of larger-diameter holes for bulk-sample drilling – additional use of water would be required for drilling larger holes of 46cm and 61cm diameter, but the increase would be within the approved water volume.

NTS Map Sheet No.: 26B (Focus Area) Map Name: NO TITLE Map Scale: 1:250 000

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. **As of December 2011, Peregrine returned to full ownership of the Chidliak claims, and acquisition of the 51% held by BHP Billiton occurred in February 2012. [see Appendix 12, News Releases, accompanying this renewal application.]**

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 June 2013; Bulk Sample Focus Area is on Crown Land under this permit.

☐ 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-Extension**
Date (expected date) of issuance: _____ Date of expiry: 01 Mar 2013: for exploration on IOLs on Hall Peninsula, outside of the Bulk Sample Focus 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. NPC advised, as previously, that the area covered by the water licence is outside a land-use planning area.) *[see attached correspondence of 28 May 2012 from the NPC.]*

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 (for orig. application), #08AN008 – 18 Dec 2008 (for Amendment #1), and #11EA050 – 20 February 2012 (for Amendment #4).**

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. **Peregrine does not know if NIRB will choose to screen any of the 5 adjustments to the Chidliak Project when it reviews the Chidliak renewal applications. At the request of both NIRB and NWB, existing approved components are *not* discussed in this application (though they are itemised in the accompanying Project Description.) Focus is on the adjustments, or proposed *new* activities. Except for the one new monitoring plan (Winter Trail Cleanup and Reclamation Stabilisation Plan – *Appendix 14*), only revised pages of existing Appendices and Plans accompany this application. Plans and Standard Operating Procedures are footnoted, so it is a straightforward matter to determine the latest changes to any plan, by looking for the latest date of revision of that document.**

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? **(The 5 minor adjustments to the approved project components are discussed in this application and in the accompanying Project Description).**

☒ Yes ☐ No

List and attach plans and drawings or project proposal. **All 17 Project Maps are attached – 1a, 1b, 1c, 2a, 2b, 3a, 3a-1, 3b, 3c, 4, 5, 6, 9a, 9b, 10 and 11. Revisions are attached for the existing *Spill Plan, Emergency Response Plan, A&R Plan, Bulk-Fuel Management Plan* and *Bulk-Sample Monitoring Plan*. The *Wildlife Management Plan* and new *Winter Trail Cleanup and Reclamation Stabilisation Plan* also accompany this application. Revisions to Appendices also are attached where relevant and Supplementary Documents #1 and #3.**

10. OPTIONS

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

☒ Yes ☐ No

Provide a brief explanation of the alternative methods or locations that were considered to carry out the project. Identify proposed changes. *(Adjustments to approved components are listed in Item #5 on Page 2 above.)* **5 adjustments to approved components are : (1) additional contingency water source This additional water source – Site E – (cf. *Appendix 9, Bulk-Sampling Monitoring Plan, Pages 11 and 13-14*) was part of the original survey and lies on an already-approved winter trail, 2.4km north of the “Blue Hole” (Site B), the main water-supply source for CH-6 drilling and the CH-6 Camp; additional uses of the approved Equipment Trail, (2) hauling out bags of kimberlite and (3) hauling drums of fuel on backhauls to site; (4) addition of an alternate natural winter-landing strip at Discovery Camp, in case of cross-winds – this NW-SE oriented strip would be within the existing camp footprint; and (5) option of larger-diameter holes for bulk-sample drilling – additional use of water would be required for drilling larger holes of 46cm and 61cm diameter, but the increase would be within the approved water volume.**

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 a target of 600t does not differ appreciably from existing drilling programmes. Bulk sampling, supporting activities and the new seasonal CH-6 Camp were approved with amendment #4 to the Water Licence (amendment #3 to the Land-Use Permit). Depending on the results of the 2013 phase of the multi-phase bulk-sampling programme approved, activities could move into the Advanced Exploration category in 2014.) |
| <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: (1) Drilling. (2) 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 new water source, Site E, to serve 2013 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 Bathymetric Site B	21 400	7 129 620 618 380	124 600	81 700	10.0
“Contingency Lake” – Bathymetric Site C	70 900	7 133 740 614 825	135 300	35 400	7.0
Lake W of Sunrise – Bathymetric Site I	1 059 500	7 125 250 637 250	9 264 500	7 462 500	32.0
“Contingency Lake” – Bathymetric Site E	152 100	7 131 400 618 400	210 800	39 500	5.3

(show location(s) on map) (See MAPS 2a, 2b, 11 accompanying this 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. **No change to quality or capacity as discussed in Amendment #4, which was approved in February 2012. One minor adjustment – a 2nd contingency water source on the approved trail to the main CH-6 water source – was surveyed in 2011 and is proposed to be added as a water source. There will be no drawdown of “Contingency Lake 2”. Water-station sampling programme will continue with existing parameters as it has since 2009. Results of the 2012 sampling event will be provided as part of the 2012 environmental-baseline report, when available. All prior reports have been provided to the 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 :

No change to overall domestic-use allowable of 25m³/day. Anticipated use if Aurora Camp is inactive in 2013 = Discovery Camp [max. 5m³], Sunrise [2m³] and CH-6 Camp [4m³]. If bulk-sample drillhole diameter increases, daily water use for bulk-sample drilling also would increase but would not exceed the allowable; e.g., drilling a 46cm hole would require max. of 35m³, whilst drilling a 61cm hole would require max. of 45m³. No change to anticipated daily max. volume of water use for winter trail maintenance, (20m³). Thus, if 46cm holes were drilled, all industrial water-uses would not exceed 55m³/day (35 + 20), whilst in the event that 61cm holes were drilled, all industrial water-uses would not exceed 65m³/day (45 + 20) – thus, no change to overall industrial-use allowable of 70m³/day.

**VOLUME - m³
FROM SOURCE**

(7 days/hole [est.])

**10% of UNDER-ICE
VOLUME – m³**

"Deep Hole" (est. 6 holes)	630	8 200	(NO DRAWDOWN)
"Contingency Lake #1" (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)
"Contingency Lake #2" (est. 6 holes, if used instead of Deep Hole)	630	3 540	(NO DRAWDOWN)

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

☐ Yes ☒ No (within authorised allotments for industrial and domestic)

Provide the estimated quantities to be used from each source. Identify proposed changes.:

(See ABOVE).

Does the proposed amendment change the method(s) of extraction?

☐ Yes ☒ No

Test-pitting, which was approved in 2009, may be conducted at CH-31 rather than RC drilling, if overburden is thin enough. (Test-pitting, for extraction of mini-bulk samples, was previously carried out at both CH-7 and CH-6.)

Describe the method(s) of extraction. Identify proposed changes. : **Water extracted by pumping – No change.**

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

Describe the quality(s) of water(s) returned to source(s). Identify any changes. (No change).

14. WASTE

Check the appropriate box(s) to indicate the types of waste(s) approved in the existing licence. **(No change).**

- | | |
|---|---|
| <input checked="" type="checkbox"/> Sewage | <input checked="" type="checkbox"/> Waste oil |
| <input checked="" type="checkbox"/> Solid Waste | <input checked="" type="checkbox"/> Greywater |
| <input checked="" type="checkbox"/> Hazardous | <input checked="" type="checkbox"/> Sludges (drillwater + drill cuttings) |
| <input checked="" type="checkbox"/> Bulky Items/Scrap Metal | <input type="checkbox"/> Contaminated soil and/or water |
| <input type="checkbox"/> Animal Waste | |
| <input type="checkbox"/> Other (describe): _____ | |

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).

- | | |
|--|---|
| <input type="checkbox"/> Sewage | <input type="checkbox"/> Waste oil |
| <input type="checkbox"/> Solid Waste | <input type="checkbox"/> Greywater |
| <input type="checkbox"/> Hazardous | <input type="checkbox"/> Sludges |
| <input type="checkbox"/> Bulky Items/Scrap Metal | <input type="checkbox"/> Contaminated soil and/or water |
| <input type="checkbox"/> Animal Waste | |
| <input type="checkbox"/> Other (describe): _____ | |

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 2013, empty drums may be crushed in bermed area on site to cut down on bulk of waste outshipped. (Possibility of crushing on site was included in previous Amendment #4 application.)**

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 approved in previous Amendment #4. No changes to this section.)**

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 to 100 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:

Authorisation: _____

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 – **No change to this section, EXCEPT THAT incineration of CH-6 Camp domestic waste will occur at the incinerator at Discovery Camp in 2013. In addition, if larger-diameter holes are drilled for recovery of the bulk sample, then the result may be that fewer holes are required overall within the boundaries of identified kimberlites than originally predicted, i.e., a range of from 6 to 15 holes rather than 12 to 15 holes. The range of depth of drillholes – from 100m to 250m – as noted in the most recent amendment application and in the *Bulk-Sampling Monitoring Plan* will not change.**

INDIRECT: **No change to this section.**

CUMULATIVE: **No change to this section, EXCEPT THAT it should be noted that the Aurora Camp is currently inactive, reducing overall camp activity in 2012-2013 [see Map 3c]; in addition, the adjoining Qilaq Project property has decreased in size, with a corresponding reduction in activity on Qilaq in 2013 [see Map 1c].**

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.

In addition to visits reported in the last amendment application, community visits occurred in November 2011 and April 2012, and site visits for representatives of Pangnirtung and Iqaluit will occur again in summer 2012.

(1) Iqaluit – post-season meetings: On 23 November 2011, Peregrine held meetings with 4 groups – QIA, Baffin Regional Chamber of Commerce, City of Iqaluit, Amarok HTA. Main concerns were: (a) climate is changing, which affects vegetation; an elder who attended several of the meetings, and also serves on both the Iqaluit CLARC and City Council, stated that caribou “are not gone”, but move to other locations when food resources in one area are depleted; (b) HTA suggested scouts on skidoos should be used to select best routings for Equipment Trail; (after this meeting, preparations commenced for use of several experienced HTA land-users to scout the trail and accompany the first use of heavy equipment on the trail). This successful activity was a direct response to the dialogue with the HTA, and successful trips with HTA scouts occurred in March and April 2012. A spring meeting was not held when Peregrine returned to Iqaluit in April 2012, due to lack of availability of groups.

(2) Pangnirtung – post-season meetings: Between 21 and 22 November 2011, Peregrine held meetings with 3 groups – Hamlet, community and HTA – and also held a day-long open house on 22 November. Main concern was: (a) 69% of questions at community meeting were from members of the 2 families who use the N coast area of the Hall Peninsula, far outside of the Bulk Sample Focus Area; Peregrine advised that it timed activities in 2011 to end in the N coast area for the period requested by land-users; in addition, less activity will occur on the N coast in 2012 as Peregrine turns its focus to the upcoming bulk sample programme; Peregrine stressed that it focuses on compliance and also conducts environmental studies and surveys so as to gather information for planning avoidance of caribou in relation to exploration activities.

(3) Pangnirtung – pre-season meetings: Between 23 and 25 April 2012, Peregrine held meetings with 4 groups – Hamlet, ED&T staff, community and HTA – and also held 2 day-time open houses on 24 and 25 April. Main concerns were: (1) Will Peregrine be utilising Inuit businesses? Peregrine replied that, “we make every effort to utilise Inuit businesses... As the project grows, we will make every effort to maximise (this).” (2) “If you develop a mine, could the land be permanently damaged?” Peregrine replied that, “Reclamation (nowadays) is a very important part of mining and the conditions of permits.” (3) “I want my son to be able to hunt in the places where my ancestors hunted.” Peregrine replied, “We want the same thing; we believe that industrial and cultural uses can co-exist. This is demonstrated at mines that exist now.” (4) Would you have something (at the mining stage) that would help the whole community, not just those working? Peregrine replied, “There would be taxes paid to govt., as well as more non-govt. revenue. And the company could participate in programmes to help people, apart from existing govt. programmes.” (5) Are you going to let Pangnirtung people visit the site again this year? Peregrine replied, “Absolutely.”

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 discussed in the revised remediation estimate provided with the autumn 2011 application for Amendment #4).

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

☒ Yes ☐ No (Cost would increase if all 4 camps had to be removed by air, and roughly in the same time period; costs for removal of materials via the winter Equipment Trail were not provided, as these would be highly speculative and subject to heavy equipment availability and suitable winter-travel conditions. Other costs, such as 2013 contractor rates and laboratory rates, have been factored in. Costs of the total estimate have increased by \$179 590, for a very conservative total of \$584 335, if all 4 camps had to be removed and remediated.

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 updated Remediation Cost Document, *Supplementary Document #1*, 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

(This was last provided with amendment application in September 2011.)

23. STUDIES UNDERTAKEN TO DATE

List and attach updated studies, reports, research etc.

All baseline reports to date have been provided to NWB; 2012 enviro. and archaeological reports will be provided when available at year-end or early in the first quarter of 2013. Titles and dates of 7 studies were provided in the last amendment application. In addition, the following are NEW reports provided since that time:

④ Physical Environment and Biological Environment: "2011 ENVIRONMENTAL BASELINE PROGRAMME, CHIDLIAK PROJECT, BAFFIN ISLAND, NUNAVUT", EBA Engineering Consultants, February 2012

④ Socio-Economic Environment: "ARCHAEOLOGICAL INVENTORY AND ASSESSMENT OF PEREGRINE DIAMONDS LTD. CHIDLIAK AND QILAQ CLAIM BLOCKS, HALL PENINSULA, BAFFIN ISLAND, NU, 2011", Thomson Heritage Consultants, February 2012

○ **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 [NOTE: Only NEW conditions issued with Amendment #4 to the Water Licence are discussed below; previous conditions were discussed in the last amendment application in September 2011 and are NOT repeated here.]

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

2. (Definitions) – "Bulk Fuel Storage Facility" and "Bulk Sampling Programme" added to Definitions section. STATUS: In compliance.

PART B: GENERAL CONDITIONS

STATUS: No changes to conditions. Peregrine remains in compliance.

PART C: CONDITIONS APPLYING TO WATER USE

1. (AMENDMENT #4) – Condition 1 amended and now reads: "The Licensee shall obtain all water for domestic camp use, up to a maximum of twenty-five (25) cubic metres per day, and to a maximum of seventy (70) cubic metres per day for drilling. Water shall be obtained from the "Deep Hole" - McKeand River, "Contingency Lake" west of CH-6 and from "Lake west of Sunrise Camp". The total volume of water for the purposes of this Licence shall not exceed ninety-five (95) cubic metres per day." – STATUS: In compliance. With the current Renewal application, Peregrine is applying to add 1 new contingency water source, "Contingency Lake #2", to help supply water needs of the bulk-sampling programme at CH-6.

2.-7. – STATUS: In compliance.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

1.-14. – STATUS: In compliance.

15. (AMENDMENT #4) – Condition 15 was inserted as follows: "The Licensee shall ensure that the bulk sampling waste rock is free of contaminants and potentially non-acid generating and no metal leaching." Peregrine addressed this following issuance of the Amendment by collecting representative core samples from CH-6 and CH-7 for metals analysis and ABA testing, and prepared a report on the findings of SGS Canada laboratory. Peregrine then provided

the analytical results to eminent geochemical consultant, SRK Consulting, who provided an assessment that country-rock and kimberlite from the prospective CH-6 and CH-7 deposits generally presented low risk. SRK recommended that investigation of waste rock should continue if small-scale or large-scale mining should proceed in future, generating waste rock. The testwork described above is preliminary work, as areas of interest remain to be determined by future bulk-sampling results.

PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS

1.-5. – STATUS: In compliance.

6. (AMENDMENT #4) – Condition 6 was inserted as follows: “The Licensee shall implement the Plan entitled “Bulk-Fuel Management Facility Management Plan: Chidliak Project, NU”, dated 25 September 2011, with the “Bulk-Fuel Management Facility Monitoring: Standard Operating Procedures (SOPs)” that have been approved by the Board. Peregrine is preparing Discovery Camp site for the Designated Fuel Station which will be installed in the coming winter. The latest of 4 SOPs was adopted in May 2012 and supplied to the NWB, as required; it is entitled: “Inspection of Sleigh-Mounted Mobile Fuel Tank prior to Deployment via Mobile Fuel-Carrying Equipment”.

7. (AMENDMENT #4) – Condition 7 was inserted as follows: “The Licensee shall submit, within thirty (30) days of issuance of the amendment, an addendum to the Plan referred to in Part E, Item 6, addressing the issues identified by AANDC in the application review process”. Peregrine submitted the requested SOP to NWB on 03 May 2012; it was entitled: “Inspection of Sleigh-Mounted Mobile Fuel Tank prior to Deployment via Mobile Fuel-Carrying Equipment”.

PART F: CONDITIONS APPLYING TO DRILLING AND TRENCHING OPERATIONS

1.-10a through 10f. – STATUS: In compliance. (*Note: 10a through 10f have not yet gone into effect for trenching, as they are to cover trenching beyond the scope of Amendment #1.*) On-ice drilling was preceded in 2010 and 2011 by winter water-quality sampling *before* and *after* drilling, with one additional check sample event occurring at a representative location *during* drilling.) On-ice drilling locations, sampling reports and analytical reports were provided to NWB for 2010 and 2011.

PART G: CONDITIONS APPLYING TO MODIFICATIONS

1a through 1d -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.-6a through 6c. – STATUS: In compliance. (AMENDMENT #4 – Condition 1 was amended as follows: “The Licensee shall implement the approved Plan entitled “*Spill Contingency Plan, Chidliak and Adjoining Qilaaq Property, and Cumberland Prospecting Permits, Baffin Island, NU (including both Crown Land and IOL Parcels), Peregrine Diamonds Ltd.*” Revised September 20 2011, with an Emergency Response Plan entitled “*Emergency Response Plan – Chidliak Project, Qilaaq Project and Project on IOLs, and Cumberland Project*”, dated September 26 2011.” Condition 2 was amended as follows: “The Licensee shall submit, within thirty (30) days of issuance of the amendment an addendum to the Plan referred to in Part H, Item 1, addressing the relevant issues identified by AANDC and EC in the application review process.” Peregrine submitted the requested SOP to NWB on 23 April 2012; it was entitled: “Response Inventory Procedure for Mobile Fuel-Carrying Equipment.”

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

1.-16. – STATUS: In compliance. (AMENDMENT #4 – Condition 1 was amended as follows: “The Licensee shall implement the approved Plan entitled “*Peregrine Diamonds Ltd. General Guidelines: Chidliak and Adjoining Qilaaq Property, and Cumberland Prospecting Permits, Baffin, NU, Abandonment and Restoration of Camp Facilities and Worksites*”, revised September 20 2011.”

PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

1.-9.—STATUS: In compliance. (AMENDMENT #4 – Condition 9 was inserted as follows: “The Licensee shall implement the Plan entitled “*Bulk-Sampling Monitoring Plan: Chidliak Project, Baffin, NU*”, dated September 20 2011, with a document entitled “*Bulk-Sampling Monitoring: Standard Operating Procedures (SOPs)*” that have been approved by the Board.”

INSPECTOR VISITS, REPORTS, PEREGRINE RESPONSES - #2BE-CHI0813 (with references to #N2008C0005, where relevant). [NOTE: Only NEW AANDC Inspectors' visits, reports and Peregrine responses subsequent to issuance of Amendment #4 to the Water Licence are discussed below; previous inspections and Peregrine responses – for the period 2008 through 2011 – were discussed in the last amendment application in September 2011 and are NOT repeated here.]

AANDC INSPECTION AND RESPONSES – 2012

On 20 July 2012, AANDC Water Inspector Melissa Joy (MJ), inspecting for Water and Land, and accompanied by Brian Tattuinee of AANDC's Land Administration Office in Iqaluit, conducted an inspection of Discovery, Sunrise, Aurora and new CH-6 camp being set up, as well as several CH-6 and CH-7 drillsites. Camp records also were inspected.

Report not received by time of preparing this application. Items noted by Peregrine for rectification or consideration:

1. **Aurora Camp** (closed): Minor cleanup of some loose items from previous year remains to be carried out, as well as minor oil stain noted where RC Hornet drill had its laydown area in 2011. (Peregrine already had scheduled a followup cleanup of this inactive camp, and this cleanup will be undertaken in summer 2012.)
2. **CH-6 Camp**: This camp is being made operational; no fuel on site at this time. MJ provided no comments during the inspection.
3. **CH-6 drillsite**: MJ questioned cuttings containment. Project Geologist A. O'Connor (AOC) provided an explanation that there are 2 forms of cuttings – those that are washed up from overburden as the casing is being set, and those from boulders that are pulverized as casing is being driven. Material from setting casing is difficult to retrieve as it is right under the drill. Because *non*-environmentally-benign additives are *not* employed, the inert cuttings themselves do not present a risk. At CH-6, there also was the unusual situation where soft kimberlite was on or near the surface, so that drillers were casing right into kimberlite without realizing it, so that these "overburden" cuttings were not captured. AOC advised that drill crews set up silt fences around the drill to trap silty water as it might exit a site; the water pools behind the fences, allowing the clay fines to settle out. Water that passes through may yet have a milky or brownish colour owing to the clay with which it came in contact, but this does not pose a risk. AOC further explained that some drillsites offer better opportunities for sumps than others. For example, CH-6 site is so rocky that drillers in the past have set up holes right over a boulder sump, so that the fines can drop directly onto the natural rock sump rather than being pumped. MJ suggested use of megabags as a "settling tank". MJ had a second question about uncapped drill casing above ground. AOC explained that, in most, cases, casing steel is cut off, then the threaded section welded on after the fact and the cap twisted back on; however, wet conditions might prevent cutoff at the time a hole was completed, or the cutoff may just have been missed, and would be re-checked when returning to drill in the area this summer.
4. **Sunrise Camp** (closed): MJ told AOC that an SOP is required for UV bulb disposal, as the bulbs used for ultraviolet treatment of water contain Hg; same request for **Discovery Camp**. MJ noted some housekeeping items: Water in secondary-containment and pails at this closed camp needs to be emptied; fuel drums at satellite-dish base need to be replaced with rock-filled drums – this already was on the list to do this summer. MJ requested a hose drip-loop in tent heat supply line; same request for **Discovery Camp**. MJ would like to see better mini-berms at some location at both Sunrise Camp and Discovery Camp.
5. **Discovery Camp** (open): Other than items also mentioned for Sunrise, MJ would like to see "more rocks" in the greywater-drainage paths established. MJ approved of drum storage at both **Discovery and Sunrise** camps; no fuel is stored at Aurora or CH-6 Camp. S. Standafer-Pfister (ssp) Peregrine's Regulatory and Environment Manager, is liaising with MJ about a request for "water-sample results for Discovery Camp"; water-quality analysis is not carried out at Discovery Camp, but instead at the nearest downstream location, with a high density of water-quality and hydro stations throughout the Bulk Sample Focus Area; results in the camp itself are focused on microbiological parameters, and the latest results were provided to MJ.
6. **CH-7 drillsite**: MJ viewed a CH-7 area cuttings site from 2011, and may recommend cleanup. No negative comments on current drill setup. At end of tour, MJ requested and received a spreadsheet on drillwater consumption at the Boart Longyear core drill.

24. PROPOSED TIME SCHEDULE

Does the proposed amendment change the time schedule considered in the existing licence for any phase of development?

☐ Yes ☒ No (Conduct of the bulk sample was delayed a year due to timing of receipt of Amendment #4, but otherwise the schedule is the same, i.e., conducting the multi-phase bulk-sampling programme over a several-year period (typically, 3 or more years), with provision for continuing early-stage exploration of the large Chidliak property during the same time period.)

Indicate the start and completion dates for each applicable phase of development (construction, operation, closure, and post closure). Identify proposed changes. **(No change to this schedule as first presented in Amendment #4 application.)**

2013

Construction (Build Herc strip at Sunrise Camp; open Sunrise; initial move-in of equipment).

Proposed Start Date: end December 2012 Proposed Completion Date: end January 2013
(month/year) (month/year)

Operation (Complete move-in of equipment and bulk-sample drill, establish Equipment Trail and Winter-Trail Network; open Discovery Camp; build Designated Fuel Station; groom winter airstrips; build drill pads; open CH-6 Camp; close CH-6 Camp in March, with focus shifting to Discovery for drilling CH-7 and other kimberlite(s)).

Proposed Start Date: February 2013 Proposed Completion Date: beginning of June 2013
(month/year) (month/year)

Closure

Proposed Start Date: end of May 2013 Proposed Completion Date: beginning of June 2013
(month/year) (month/year)

(De-move RC drill + equipment to Discovery Camp. Clean up winter programme sites.)

Post – Closure (Summer exploration programme, enviro. baseline, archaeology, Review bulk-sample results, begin planning for next bulk-sample phase in 2014.)

Proposed Start Date: beginning of July 2013 Proposed Completion Date: beginning of January 2014
(month/year) (month/year)

For each applicable phase of development indicate in which season(s) activities occur.

Construction

☒ Winter ☐ Spring ☐ Summer ☐ Fall ☐ All season

Operation

☒ Winter ☒ Spring ☒ Summer ☒ Fall ☐ All season **(Bulk-sampling in winter-spring; exploration in summer/autumn)**

Closure

☐ Winter ☒ Spring ☐ Summer ☐ Fall ☐ All season **(End of 2013 bulk-sampling programme).**

Post - Closure

☐ Winter ☐ Spring ☒ Summer ☒ Fall ☐ All season **(Exploration commences; seasonal cleanup/closure of bulk-sampling programme. Planning for 2014 bulk-sampling 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): 5 yrs., to be in sync with Land-Use Permit

Requested date of renewal issuance: June 2013 Requested Expiry Date: June 2018
(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? **NO.**

☐ Yes ☒ No

If Yes, provide details regarding the content of annual reports and a proposed outline or template of the annual report.

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 from previous Amendment #4 application)

☒ Yes ☐ No If no, date expected _____

Compliance Assessment / Status Report (see Block 23).

☒ Yes ☐ No If no, date expected _____

(Compliance Assessment = Pgs. 14-15; Inspector Visit 2012 + Peregrine Comments = Pg. 16 [Inspector Rpt. not received at time of completing this form]).

Indication of Renewal Requirement (see Block 26)

☒ Yes ☐ No If no, date expected _____

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. Reg. & Env. Affairs



30 July 2012

Name (Print)

Title (Print)

Signature

Date