November 7, 2016

**BY ELECTRONIC MAIL**

Dr. Karén Kharatyan, Technical Advisor
Nunavut Water Board
P.O. Box 119
Gjoa Haven, Nunavut X0B 1J0

Dear Dr. Kharatyan:

**Re: NWB Approval Request for Proposed 2nd Trench at CH-6 Kimberlite**

Peregrine Diamonds Ltd. ("Peregrine") holds Nunavut Water Board ("NWB") Water Use Licence 2BE-CHI1218. The permit was issued in December of 2012 and expires on June 1, 2018. The permit has been the subject of one amendment:

**November 13 2014** – Water usage increase to 246$m^3$ per day

Peregrine would like to complete a trench at the CH-6 kimberlite for the purpose of collecting a bulk sample. This sample is needed to acquire a parcel of diamonds for valuation.

This would be the second trench sample at CH-6. The first CH-6 trench sample was completed in early 2013 and the trench was reclaimed at the conclusion of operations. Monitoring reports for the reclaimed trench have been submitted to the NWB for four consecutive years (2013, 2014, 2015 & 2016). All water samples collected from the trench area have been well below the Water Licence effluent quality criteria.

Trenching and blasting are approved as activities under both the previous licence (2BE-CHI0813) and the current licence (2BE-CHI1218). The proposed trenching activities will not use any water nor generate any wastewater however there is likelihood that post reclamation subsidence may create a hollow where water can accumulate and water will flow through the area during the freshet.

The attached plan entitled *Trenching Plan – CH-6 Kimberlite* was developed with considerations specific to trenching at the CH-6 location.

Peregrine recently made the decision to undertake the trench and would like to initiate this activity on or about March 1, 2017 to take advantage of the winter weather and frozen ground conditions. It is noted in part "F" of the permit that a Trenching Plan requires 90 days for approval.

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If you have any questions or concerns please do not hesitate to contact me directly at (604) 608-4524.

Thank you very much.

Yours truly,

David Willis
Manager, Lands & Community

**TRENCHING PLAN – CH-6 KIMBERLITE**

*November 4, 2016*

The proposed trench location is at the CH-6 Kimberlite. This kimberlite is an approved bulk sample location and was the subject of a previous trench sample in 2013.

## Location of Trench

- 1:250,000 NTS = 26B
- 1:50,000 NTS = 26B-07
- Crown Land
- Projections: Latitude/Longitude
- Datum: WGS 84
- Latitude (y) = 64° 19' 18.27" (centre)
- Longitude(x) = -66° 31' 47.19" (centre)
- Mineral Claim: CH050 (K12542)

## Approximate Dimensions

The trench will measure approximately 30 metres long by 15 metres wide. Most of the trench will be three (3) to four (4) meters deep. The maximum trench depth will be approximately eight (8) meters.

## Approximate Mass

The estimated sample mass is 500 tonnes.

## Proposed Mitigation Measures for the prevention of the transport of sediments, blasting residues, fly rock and other materials from the trench area to nearby water bodies.

1) The nearest water-body and/or watercourse is a small stream 500 metres southwest of the trenching activity.
2) The potential for direct flow into the watercourse noted above is limited.
3) The terrain is flat, thus the natural topography is favourable for preventing the transport of sediments, blasting residues, fly-rock and other materials.
4) All activities will take place in the winter under sub-zero conditions where water is frozen.
5) No water discharge from the trench is anticipated.
6) This is a small operation and bulk explosives are not required.
7) Blast shots will be small and thoroughly burnt at ignition.
8) A limited number of blast events will occur (two or three).
9) The blast radius will be small due to the small shot size.
10) Blast mats will be utilized.
11) Best work practices will be applied. Cover rock/sediments will be piled neatly and stockpiled for reclamation.

12) The trench will be reclaimed immediately after the sample is excavated. The trench area, once re-filled with reserved native material, will be contoured to match the surrounding landscape and prevent erosion.

**Projected Volume and Quality of Water Discharge**

1) Water is not being utilized for this activity.
2) No waste water will be generated from this activity.
3) No water discharge is anticipated.
4) Trenching activities will take place under frozen winter conditions.

**Proposed Monitoring Program**

The trench will be reclaimed after the sample is excavated. As a volume of rock has been removed, some subsidence is anticipated. This may result in a small depression in the centre of the trench where water can pool. The site will be monitored during subsequent field programs. If water is present during the summer of 2017 a water sample will be collected and sent for analysis.

-66°32' -66°31'58" -66°31'56" -66°31'54" -66°31'52" -66°31'50" -66°31'48" -66°31'46" -66°31'44" -66°31'42" -66°31'40" -66°31'38" -66°31'36"

64°19'22"

64°19'20"

64°19'18"

64°19'16"

N

W E

S

NW Corner

NE Corner

SW Corner

SE Corner

CH-6 Trench Location 2017
Projection: Lat/Long
Datum: WGS 84

0 50

meters