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Your file - Votre référence  
NWB file # 2BE-CHI  
Our file - Notre référence  
File # / CIDMS # 203697

April 3, 2008

Phyllis Beaulieu  
Licensing Administrator  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU, X0A 1J0

**Re: 2BE-CHI, Peregrine Diamonds Ltd. –Chidiak Project- New Type B Application**

Indian and Northern Affairs Canada (INAC) has performed a review of the Peregrine Diamonds Limited New type B water application for the Chidiak Project, submitted to the Nunavut Water Board (NWB). In conducting our review INAC has made reference to all documents on the NWB's FTP-site under 2BE-CHI.

Section 18, Drilling Information of the Exploration Remote camp supplementary Questionnaire. INAC suggest, the proponent should explain how diamond drill return-water will be managed in a manner that will not pose a negative impact on the quality of nearby freshwater sources. The proponent is advised to consider using hot water rather than drill additives to support permafrost drilling operations as a means of protecting freshwater quality.

A copy of the Fuel Management and Spill Contingency Plan and spill kits should be located at all fuel sites, even temporary locations, i.e. drill sites.

Pages 8 and 9, Fuel, of the Spill Contingency Plan notes seven (7) ways to minimize spills during fuel handling, transfer or storage operations. INAC suggests using a spill tray when conducting fuel transfers, to minimize the possibility of polluting freshwater with spilled hydrocarbons.

Also on pages 8 and 9, Fuel Spill, of the Spill Contingency Plan should make certain that all fuel catches be located above the high mark of any water body. Further, it is recommended that some form of secondary containment, such as self-supporting berm, be used when storing barreled fuel on-site.

The Response Action, of the Spill Contingency Plan should make reference to the Nunavut Spill Report Line and provide a copy of the Nunavut Spill Report Form in the project's Spill Contingency Plan. This form can be retrieved from the

Nunavut Water Board public registry at <http://nunavutwaterboard.org>. Please note that the 24-hour Spill Report Line telephone number is (867) 920-8130 and facsimile number is (867) 873-6924. Furthermore, INAC requests the proponent report all spills to both the Nunavut Spill Report Line and Peter Kusugak, INAC Manager of Filed Operations, phone: 867-975-4295, fax 867-975-4560.

Section 32, Camps/ waste water disposal of the Exploration Remote camp supplementary Questionnaire, and section 8 for the Water License application form, all sumps, whether for the disposal of greywater or drilling wastes, shall be positioned at least 30 m from the high water mark of nearby water bodies. Furthermore, all sumps shall be backfilled and contoured to match the surrounding landscape prior to the end of the projects field program.

Section 38, Abandonment and reclamation of the Exploration Remote camp supplementary Questionnaire, INAC recommends that the proponent ensure that any re-seeding activities employ vegetation species which are native to the project area. Introducing invasive non-native vegetation species should be avoided at all costs because of the negative effects that can result in the project area.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4738 or by email at [CullA@ainc-ianc.gc.ca](mailto:CullA@ainc-ianc.gc.ca).

Sincerely,

*Original Signed By*

Andrea Cull  
Water Management Specialist

*Cc J. Rogers, Manager Water Resources*