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EC file: 4704 004 005
NWB file: 2BE-CHI0813

Richard Dwyer
Licensing Administrator
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Via email: licensingadmin@nunavutwaterboard.org

RE: 2BE-CHI0813 Peregrine Diamonds Ltd. Chidliak Project Amendment Application

Environment Canada (EC) has reviewed the information submitted to the Nunavut Water Board (NWB). The following specialist advice has been provided pursuant to the *Canadian Environmental Protection Act*, Section 36(3) of the *Fisheries Act*, the *Migratory Birds Convention Act*, and the *Species at Risk Act*.

Peregrine Diamonds Ltd. (Peregrine) is applying to amend Water License 2BE-CHI0813 for the Chidliak project to include the following project activities: establishment of a third temporary camp for summer and winter use, the continuation of an on-ice drilling program, the potential for a land based summer drilling program, the use of a helicopter and the establishment of a temporary helipad at camp site, the temporary storage of fuel at camp, the use of snowmobiles for accessing drill sites, and the use of various aircraft types which would include the use of an ice runway and lake to accommodate aircraft landings.

Based on the information provided, Environment Canada provides the following comments for NWB's consideration:

- Land-based drilling should not occur within 30 m of the high water mark of any water body.
- All drilling effluent should be directed to a sump that is properly constructed and adequately sized to ensure there is no runoff and that water bodies downstream of drilling activities are not affected. All efforts shall be made to prevent drill mud, drill additives, return water and cuttings from migrating from the drill site.
- The addition of lime to the sumps or the use of other suitable treatment measures to neutralize acids and precipitate metals should be considered where appropriate.
- EC suggests that should the proponent use frozen lakes as airstrips, the proponent maintains a spill kit, which is readily available for any spills that may occur on the ice and has a Spill Contingency Plan for the airstrip. The proponent shall not erect camps or store materials other than for immediate use on the surface ice of any water body.
- A spill kit, including shovels, barrels, absorbents, etc. should be readily available at all locations where fuel is being stored or transferred and should accompany transport vehicles in order to provide immediate response in the event of a spill (i.e. snowmobiles, airstrips, float plane docks, etc.).

EC has no issues at this time with the amendment. Comments and recommendations previously submitted on behalf of EC on 18 June 2010 and 9 February 2009 regarding this file would still apply. If there are any additional changes in the proposed project, EC should be notified, as further review may be necessary. Please do not hesitate to contact the undersigned with any questions or comments with regards to the foregoing at (867) 975-4631 or by email at Paula.C.Smith@ec.gc.ca.

Yours truly,



Paula C. Smith
Environmental Assessment Coordinator

cc: Carey Ogilvie (Head, Environmental Assessment-North, EPO, EC, Yellowknife, NT)
Ron Bujold (Environmental Assessment Technician, EPO, EC, Yellowknife, NT)