



Water Resources
Nunavut Regional Office
P.O. Box 100
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October 29, 2014

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

Your file - Votre référence
2BE-CHI1218
Our file - Notre référence
CIDM# 867670

Re: 2BE-CHI1218 – Peregrine Diamonds Ltd. – Chidliak Project – Amendment Application

Dear Phyllis Beaulieu:

Aboriginal Affairs and Northern Development Canada (AANDC) has performed a review of Peregrine Diamond's Ltd.'s application to amend Type B water licence 2BE-CHI1218 for the Chidliak Project submitted to the Nunavut Water Board (NWB) in September, 2014.

The following advice has been provided pursuant to AANDC's mandated responsibilities for the enforcement of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*. In conducting our review, AANDC Water Resources referred to the documents on the NWB's FTP-site under 2BE-CHI1218.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4738 or by e-mail at Jean.Allen@aandc-aadnc.gc.ca.

Sincerely,

Jean Allen
Water Management Specialist

Encl.

cc. Karen Costello, Director, Resource Management, AANDC
Erik Allain, Manager of Field Operations, AANDC

Technical Review Memorandum

To: Phyllis Beaulieu – Manager of Licensing, Nunavut Water Board

From: Jean Allen – Water Management Specialist, AANDC

Re: 2BE-CHI1218 – Peregrine Diamonds Ltd. – Chidliak Project – Amendment Application

A. Background

The Nunavut Water Board (the Board or NWB) issued Type B water licence 2BE-CHI1218 (the licence or 2BE-CHI1218) to Peregrine Diamonds Ltd. (Peregrine) on May 7, 2008 and on December 24, 2012, Peregrine was issued a renewed licence to allow the use of water and deposit of waste during camp operations and activities related to exploration including diamond drilling, large diameter reverse circulation drilling and trenching for bulk sampling.

On September 3, 2014, the Nunavut Water Board received an application to amend the licence to increase the present allocation of water by 151 cubic metres of water per day (m³/day) for drilling and other purposes. The water licence currently authorizes the use of 95 m³/day (70 m³/day for drilling and 25 m³/day for domestic use) and 246 m³/day (221 m³/day for drilling and 25 m³/day for domestic use) is being requested to maintain compliance with the terms and conditions of the licence and to accommodate additional drilling activities anticipated in 2015 and beyond.

The Chidliak Project is located in the Qikiqtani region, on the Hall Peninsula of Baffin Island, approximately 120 km northeast of Iqaluit and 200 km south of Pangnirtung. The licence authorizes 4 camps: CH-6, Discovery, Sunrise, and Aurora. The proposed increase of water use is for drilling and other purposes and does not change the amount for domestic use as no circulation is involved. In the summer, local water sources in close proximity to the drill holes will be used. In the winter, four water sources have been identified including Deep Hole near the CH-6 camp, contingency lake #1 for Deep Hole, Lake W of Sunrise and contingency lake #2 for W Sunrise Lake.

B. Results of Review

AANDC Water Resources Division completed a review of the amendment application and has no concerns with the proposed increase of water use from local water sources at this time. Part C, Item 3 of the existing licence requires the Licensee to submit to the Board for approval, detailed information prior to commencement of water use, if the source water body may be drawn down.