



February 7, 2022

By Electronic Mail

Mr Karén Kharatyan, Director of Technical Services
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Mr. Richard Dwyer, Licencing Administrator
 NWB – Licencing Department
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Ms. Sarah Forte, Water Management Coordinator
 INAC – Water Resources
 969 Qimugjuk Building
 Iqaluit , Nunavut X0A 0H0
 Email: Sarah.Forte@canada.ca

Dear Mr. Kharatyan, Mr. Dwyer & Ms. Forte:

RE: CHIDLIAK PROJECT – 2BE-CHI1823 ANNUAL WATER USE FEE – CALENDAR YEAR 2021

In September 2018, Peregrine Diamonds Ltd. (Peregrine) was purchased by De Beers Canada Inc. (De Beers). Peregrine is now a wholly owned subsidiary of De Beers.

Peregrine currently holds water use licence 2BE-CHI1823. The annual water use fee for this water use licence is \$897.90 based upon fees set out in Section 12(1)(b) of the Nunavut Waters Regulations (SOR/2016-69).

Maximum water allocation = 246 m³ per day

Total days in the year = 365

Charge per cubic meter = \$0.01 per m³

Total annual fee: \$897.90 (246m³ x 365 days x \$0.01 per m³)

Two field programs occurred. The first field program occurred in March and the site was accessed by snowmobile. The second field program occurred in August and the site was accessed by a Long Ranger helicopter and Twin Otter fixed wing. Field work occurred in August 2021 and consisted of environmental baseline work and camp maintenance. No geological evaluation work was conducted in 2021.

The last physical visit to this site during the snow free months was in September 2019. The program was planned to be 10 days however weather delayed the arrival of the

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helicopter by a week and poor weather in the form of low-lying cloud, rains and winds added further delays to the completion of the program.

Winter Field Work 2021

A field crew consisting of four technicians from Arctic UAV departed Iqaluit on March 28, 2021 by snow mobile. The field crew arrived at Discovery Camp the same day and stayed there for the evening. The field crew melted snow for potable water. The purpose of the expedition was to check on the winter condition of field installations (camps and sensors) and install new batteries and data cards in the camera array. The crew returned on March 30 after completing the work.

Summer Field Work 2021

The field program occurred from August 6th to August 25th. All work was based out of Iqaluit. Field crews would mobilize at the airport and fly to the project area daily. Field workers utilized bottled water. The initial flight to the project area was by Twin Otter on August 6th and the last visit to the project area was on August 25th by helicopter.

Environmental work consisted of water studies, meteorological studies, noise studies and maintenance on a field camera array.

Maintenance work consisted of repair of weather damage and clean-up of wind-blown camp materials at the Discovery Camp. Heavy equipment stored at site was started and briefly run after sitting for two years. The site was intact despite the duration of vacancy and the harsh climatic conditions although fabric camp is showing signs of wear.

Inspections 2021

Inspector Joseph Monteith inspected the project on August 18, 2021. The location was found to be in satisfactory condition and the land inspection report was issued on November 30, 2021 and the water inspection report was issued on December 6, 2021. Four minor spills were noted and reported to the spill line.

The annual water use report for calendar year 2020 is attached. If you have any questions please do not hesitate to contact me at (604) 836-3284 or by email at david.willis@debeersgroup.com

Yours truly,

DE BEERS CANADA INC. FOR PEGREGRINE DIAMONDS LTD.

A blue ink signature of the name "David Willis".

David Willis – De Beers Canada