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NUNAVUT WATER BOARD  
NUNAVUT IMALIRIYIN KATIMAYINGI  
OFFICE DES EAUX DU NUNAVUT

**File: 2BE-CHI0813**

December 14, 2010

Shirley Standafer-Pfister  
Manager, Regulatory and Environmental Affairs  
Peregrine Diamonds Ltd.  
201 – 1250 Homer St.  
Vancouver, BC V6B 1C6  
Email: [shirley@pdiam.com](mailto:shirley@pdiam.com)

**RE: 2BE-CHI0813 Type 'B' – Amendment No. 3**

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Dear Ms Standafer-Pfister:

Please find attached, Amendment No.3 to Licence No. 2BE-CHI0813 Type "B" issued to Peregrine Diamonds Ltd., for the Chidliak Project, by the Nunavut Water Board (NWB) (**Motion 2010-23-L07**) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence and subsequent amendments related to water use and waste disposal remain an integral part of this approval.

The NWB notes that the Cumberland Prospecting permits area are not part of this Licence approval and, if the Licensee contemplates water use and waste disposal in support of its prospecting operations on the Cumberland Property, the NWB advises an amendment be applied for.

The NWB strongly recommends that the Licensee consult the comments received by interested persons on issues identified<sup>1</sup>. This information is attached for your consideration.

Sincerely,

Thomas Kabloona  
Nunavut Water Board  
Chair

TK/kk/rd

Enclosure: Licence No. **2BE-CHI0813 - Amendment No.3**  
Comments – EC, GN-CLEY, INAC

Cc: Qikiqtani Distribution List

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<sup>1</sup> Environment Canada, November 11, 2010, Government of Nunavut – Department of Culture, Language, Elders and Youth, October 13, 2010 and Indian and Northern Affairs Canada, November 4, 2010.

## LICENCE AMENDMENT No. 3

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<b>Licensee:</b>	<b>Peregrine Diamonds Ltd.</b>
<b>Licence No:</b>	<b>2BE-CHI0813 Type “B”</b>
<b>Licence Issued:</b>	<b>May 7, 2008</b>
<b>Amendment No.1 Issued:</b>	<b>April 17, 2009</b>
<b>Amendment No. 2 Issued:</b>	<b>July 21, 2010</b>
<b>Effective Date:</b>	<b>December 13, 2010</b>
<b>Licence Expiry:</b>	<b>June 1, 2013</b>

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Pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, with respect to the application for amendment dated October 6, 2010, made by Peregrine Diamonds Ltd., for the Chidliak Project, the Nunavut Water Board hereby grants the following Licence amendment.

The Licence issued May 7, 2008, subsequently amended April 17, 2009 and July 21, 2010, with an expiry date of June 1, 2013, shall be amended to include the following terms and conditions, with respect to use of water and deposit of waste during camp and drilling operations, allowing Peregrine Diamonds Ltd. to establish a new camp, Third Camp, at a suitable location proximal to “North Lake” at latitude 64° 36’ 33”N and longitude 66° 34’ 36”W in support of the exploration activities associated with the Chidliak Project.

### Spill Contingency Plan

The Amendment application submitted included a revised Spill Contingency Plan entitled “Appendix 7a, *Spill Contingency Plan, Chidliak and Adjoining Qilaq Property, and Cumberland Prospecting Permits Baffin Island, NU, (including both Crown Land and IOL Parcels) Peregrine Diamonds Ltd.*” revised September 27, 2010, with an *Emergency Response Plan* entitled “*Emergency Response Plan – Chidliak Project, Qilaq Project and Project on IOLs, and Cumberland Project*”. The Board has accepted the revision to the approved Spill Contingency Plan and notes that the approval of the plan extends only to those work regions covered under the scope of the 2BE-CHI0813 Licence.

### Abandonment and Restoration Plan

As per the Spill Contingency Plan, the revised Abandonment and Restoration Plan entitled “Appendix 6, *Peregrine Diamonds Ltd. General Guidelines: Chidliak and Adjoining Qilaq Property, and Cumberland Prospecting Permits, Baffin, NU, Abandonment and Restoration of Camp Facilities and Worksites*”, revised September 27, 2010 has been found acceptable by the Board. The approval extends only to work regions covered under the scope of 2BE-CHI0813 and the Chidliak Project scope. Also Supplementary Map 2 of the plan shows the proposed New Camp in relation to “North Lake” and to the location of CH-17, which is a definite drill target 2.8

km northeast from the camp. The Licensee is reminded of Part E, Item 1 which states that all structures on frozen lakes must be for immediate use.

### Remediation Costs Estimate

The Licensee has provided a remediation cost estimate for the project (all three camps) which has been calculated to be approx. \$404,500. The Licensee is encouraged to carry out progressive reclamation to minimize closure costs at the end of the project or useful life of the camps.

**The Licence, (Page 3) shall be amended to indicate the following:**

### **PART A: SCOPE, DEFINITIONS AND ENFORCEMENT**

Amend Item 1

#### **1. Scope**

This Licence allows for the use of water and the disposal of waste for a Mining and Milling Undertaking classified as per Schedule II of the *Regulations* at the Chidliak and Qilaq claims, supported from the Discovery Camp, Sunrise Camp and Third Camp within the Chidliak Project area located across the Hall Peninsula, approximately 75 km northeast of Iqaluit at the southwestern corner and approximately 133 km south of Pangnirtung at the northernmost point, within the Qikiqtani Region, Nunavut.

- a. This Licence is issued subject to the conditions contained herein with respect to the taking of water and the depositing of waste of any type in any waters or in any place under any conditions where such waste or any other waste that results from the deposits of such waste may enter any waters. Whenever new *Regulations* are made or existing *Regulations* are amended by the Governor in Council under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, or other statutes imposing more stringent conditions relating to the quantity or type of waste that may be so deposited or under which any such waste may be so deposited, this Licence shall be deemed, upon promulgation of such *Regulations*, to be subject to such requirements; and
- b. Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with the requirements of all applicable Federal, Territorial and Municipal legislation.

### **PART C: CONDITIONS APPLYING TO WATER USE**

Amend Item 1

The Licensee shall obtain all water for domestic camp use, up to a maximum of twenty five (25) cubic metres *per* day, from an unnamed stream near the existing Chidliak (Discovery) Camp, a large unnamed lake proximal to the second camp (Sunrise) and a small lake adjacent to the Third Camp. Drill water shall be obtained from local water source(s), to a maximum of seventy (70) cubic metres *per* day, proximal to the drilling targets as outlined in the application. The total

volume of water for the purposes of this Licence shall not exceed ninety five (95) cubic meters *per day*.

**PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING**

Amend Item 1

The Licensee shall implement the approved Plan entitled “*Appendix 7a, Spill Contingency Plan, Chidliak and Adjoining Qilaq Property, and Cumberland Prospecting Permits Baffin Island, NU, (including both Crown Land and IOL Parcels) Peregrine Diamonds Ltd.*” revised September 27, 2010,

Amend Item 2

The Licensee shall submit, within thirty (30) days of issuance of this amendment, an unmarked version of the plan approved under Part H, Item 1, that includes a revision page addendum that clearly indicates the record of revisions provided to the plan through the Licence term and amendments, and addresses the following:

- a. include information on the explosives use on site and procedures with respect to spills cleanup/disposal;
- b. The GN-DOE, Environmental Protection Service (EPS) monitors the movement of hazardous wastes including waste oil, from generators, carriers to receivers, through a tracking document (Waste Manifest). A Waste Manifest must accompany all movements, and all parties must register with the EPS.

**PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION PLANNING OR TEMPORARY CLOSURE**

Amend Item 1

The Board has approved the Plan entitled “*Appendix 6, Peregrine Diamonds Ltd. General Guidelines: Chidliak and Adjoining Qilaq Property, and Cumberland Prospecting Permits, Baffin, NU, Abandonment and Restoration of Camp Facilities and Worksites*”, revised September 27, 2010.

Amend Item 2

The Licensee shall submit, within thirty (30) days of issuance of this amendment, an unmarked version of the plan approved under Part I, Item 1, which includes a revision page addendum that clearly indicates the record of revisions provided to the plan through the Licence term and amendments.

**All remaining terms and conditions of the Licence 2BE-CHI0813 Type ‘B’ dated May 7, 2008 still apply.**

This Licence Amendment issued and recorded at Gjoa Haven, NU on December 13, 2010.

Approved by,

A handwritten signature in dark ink, appearing to read 'T. Kabloona', with a long horizontal flourish extending to the right.

Thomas Kabloona  
Nunavut Water Board  
Chair