

File: 2BE-CHI1218 / Amendment No. 2

March 10, 2017

David Willis Manager, Lands & Community Peregrine Diamonds Ltd. Suite 654 – 999 Canada Place Vancouver, BC V6B 3E1

Email: <u>dave@pdiam.com</u>

Subject: NWB Water Licence Type "B" No. 2BE-CHI1218 – Amendment No.2

Dear Mr. Willis,

Please find attached, Type "B" Licence No. 2BE-CHI1218 – Amendment No. 2 issued to Peregrine Diamonds Ltd., by the Nunavut Water Board (NWB) (Motion No. 2016-B1-026) 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 (Nunavut Agreement) and the Nunavut Waters and Nunavut Surface Rights Tribunal Act. The Terms and Conditions of the Existing Licence, related to the use of Waters and/or the deposit of Waste remain integral parts of this approval.

The Nunavut Planning Commission (NPC) has indicated in its review of the Amendment Application that the project proposal is located outside of the area of an applicable regional land use plan and exempt from screening by the NIRB under section 12.4.3 of the Nunavut Agreement given that the proposal is not a significant modification to the project¹. Further, the NPC has determined that the project proposal is exempt from section 235 of the Nunavut Planning and Project Assessment Act (NUPPAA). The Licensee is advised that although this Amendment was exempted from the requirements of screening by the Nunavut Impact Review Board (NIRB), the NIRB's 2008 and 2012 Screening Decision Reports² for the file should continue to be consulted as they contain recommendations that are applicable to the overall project scope.

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¹ Nunavut Planning Commission (NPC) letter, Re: NPC File #148386 – Chidliak Project, dated December 8, 2016 ² NIRB Screening Decision for Peregrine Diamonds Ltd.'s "Chidliak Diamond Exploration" Project Proposal, dated

March 8, 2008 and NIRB Screening Decision Peregrine Diamonds Ltd.'s amendment request with Indian and Northern Affairs Canada for its Chidliak Project, dated December 18, 2008; Screening Decision for Peregrine Diamonds Ltd.'s "Bulk Sample at Chidliak" Project Proposal, dated February 2, 2012

Sincerely,

Thomas Kabloona Nunavut Water Board Chair

TK/sa/ri

Enclosure: Licence No. 2BE-CHI1218 - Amendment No. 2

cc. Distribution List - Qikiqtani



LICENCE 2BE-CHI1218 - AMENDMENT No. 2

Licensee:
Licence No:
Licence Issued:
Amendment No. 1 Issued:
Amendment No. 2 Effective Date:
Licence Expiry

Peregrine Diamonds Ltd.
2BE-CHI1218, Type "B"
December 24, 2012
November 13, 2014
March 10, 2017
June 1, 2018

DECISION

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 (Nunavut Agreement) and the Nunavut Waters and the Nunavut Surface Rights Tribunal Act, with respect to the Application for amendment dated November 15, 2016, made by Peregrine Diamonds Ltd., the Nunavut Water Board (NWB) hereby grants the following licence amendment.

The Licence issued December 24, 2012, with an expiry date of June 1, 2018, shall be amended to include the following terms and conditions, with respect to the use of Waters and the deposit of waste, to allow for:

- 1. The use of Water from a new water source, an unnamed lake located 12 kilometers west of the CH-6 Camp and Ch-6 Kimberlite;
- 2. The construction, operation, and closure of a landing strip for large fixed wing aircraft (herc-strip) at the same large lake proposed for water source;
- 3. The construction, operation, and closure of a small landing ice-strip for small aircraft (Twin Otter) at a small lake 5 kilometers from the CH-6 Camp.

In addition, the following Plan submitted to satisfy condition under Part F, Item 9 of the Water Licence and as additional information with the Amendment Application, is approved with the issuance of this amendment:

The Plan entitled *Trenching Plan – CH-6 Kimberlite*, dated November 7, 2016 has been found acceptable and approved by the Nunavut Water Board with the issuance of this Amendment. The Licensee is required to implement the Plan as approved by the Board.

Further to this, the following updated Plans, submitted as additional information with the Application, have been reviewed and found acceptable by the Board:

- "Spill Contingency Plan for the Chidliak Project", revised October 31, 2016; and
- "Abandonment and Restoration Plan of Camp Facilities and Worksites for the Chidliak Project, revised October 31, 2016.



LICENCE AMENDMENT No. 2

The Licence shall be amended to indicate the following:

SCOPE:

To include under the scope of the Licence the following new components:

The use of a new water source, an unnamed lake located 12 kilometers west of the CH-6 Camp and Ch-6 Kimberlite;

The Operation of a landing strip for large fixed wing aircraft at the same large lake proposed for water source;

The Operation of a small landing ice strip for small aircraft (Twin Otter) at a small lake 5 kilometers from the CH-6 Camp.

PART C: CONDITIONS APPLYING TO WATER USE

Amend Item 1 The Licensee shall obtain Water, up to a maximum of twenty-five (25) cubic metres per day for domestic camp use, and to a maximum of two hundred and twenty-one (221) cubic metres per day for drilling. Water shall be obtained from the "Deep Hole"- McKeand River, from "Contingency Lake 1", from "Lake west of Sunrise Camp", from "Contingency Lake 2", from the "Unnamed Water source located 12 kilometers west of the CH-6 Camp and Ch-6 Kimberlite", and also from local sources proximal to the drilling targets as outlined in the Application. The total volume of water for the purposes of this Licence shall not exceed two hundred and forty-six (246) cubic meters per day.

<u>PART F:</u> <u>CONDITIONS APPLYING TO DRILLING AND TRENCHING OPERATIONS</u>

Amend Item 9 The Board has approved the Plan entitled "Trenching Plan - CH-6 Kimberlite" dated November 7, 2016 that was submitted as additional information with the Amendment Application. The Licensee is required to implement the Plan as approved by the Board.



All remaining terms and conditions of Type "B" Licence No. 2BE-CHI1218 dated December 24, 2012 and the Amendment No. 1 dated November 13, 2014 still apply.

This Licence Amendment No. 2 issued and recorded at Gjoa Haven, NU on March 9, 2017

Thomas Kabloona Nunavut Water Board Chair