

January 2, 2020

Mr Derek Donald, Technical Advisor
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Mr. Richard Dwyer, Licencing Administrator
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Ms. Sarah Forte, Water Management Coordinator
INAC – Water Resources
969 Qimugjuk Building
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Dear Mr. Donald, Mr. Dwyer & Ms. Forte:

RE: CHIDLIAK PROJECT – 2BE-CHI1823 ANNUAL WATER USE FEE – CALENDAR YEAR 2019

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)

Peregrine paid the 2019 annual water use fee and the 2020 water use fee by credit card on December 4, 2019. The CIRNAC receipt number is 11243.

One field program was conducted during the summer of 2019. All activities were based out of the Discovery Camp located on NTS 26B01. Field work consisted of core drilling at the CH-6 kimberlite located on 13 kilometres northwest of the Discovery camp on NTS 26B07 and environmental baseline work. Water was utilized for both domestic and drill purposes.

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Total water use was 2,586 cubic meters. Of this volume, 171 cubic meters were used for domestic purposes and 2,415 cubic meters were used for core drilling. This is approximately 2.8% of the total annual allocation for licence 2BE-CHI1823.

The annual water use report for calendar year 2019 is attached. If you have any questions please do not hesitate to contact me at (403) 930-0991 (ext. 2711).

Yours truly,

DE BEERS CANADA INC. FOR PEREGRINE DIAMONDS LTD.



David Willis – Environment and Community Coordinator