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NUNAVUT WATER BOARD
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Water Licence Application
Supplementary Questionnaire
for Advanced Exploration
(Underground drilling, bulk sampling, etc.)

SECTION 1:

GENERAL

1. Applicant Shirley Standafer-Pfister (on behalf of)
Peregrine Diamonds Ltd.
201 – 1250 Homer Street
Vancouver, BC V6B 1C6
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Project Name NANUQ PROJECT

Location Existing camp will be moved 1km NW to 65° 13' 34" N lat. – 91° 05' 23" W long. in 56G/03 to support a programme of air and ground geophysics, diamond drilling with 2 core rigs and till sampling. Drill areas will be approx. 65° 28' 23" N lat. – 91° 08' 32" W long. and 65° 27' 30" N. lat. – 90° 59' 51" W. long. in 56G/06.

Closest Community: Baker Lake (250km SW), Chesterfield Inlet (120km S)

Latitude/Longitude: *(See above.) Also see Maps 1-3 accompanying application.*

2. Project Manager Peter Holmes (604) 408-8880 (phone)
VP-Exploration

3. Indicate the status of the exploration activity on the date of application.
(Check the appropriate space).
Design
Under construction
In operation
Suspended YES (programme startup estimated at 26 May 2008)
Care and maintenance
Abandoned

4. If a change in the status of the exploration activity is expected, indicate the nature and anticipated date of such change.

After receipt of new water licence and new land-use permit, an exploration programme is planned to commence on or about 26 May 2008.

5. Indicate the present (or proposed) schedule for the exploration activity.

Hours per week	12hr days during non-drilling, 24 hr days (2 shifts) during drilling.
Days per week	7
Weeks per year	15 weeks in 2008
Number of employees	20 personnel, of which approx. 7 will be employees
Number of Inuit employees	at least 2 direct employees at first, possibly 2 more for till sampling

6. Estimate the term (life) of the exploration activity:
5 months/year

7. How will the project affect the traditional uses on Inuit-Owned Lands?

Project is not on IOLs. Traditional use will have right-of-way.

8. Have the Elders been consulted on effects to the traditional use on Inuit-Owned Land? If so, list them. If not, why not?

Community consultation is a key component of the programme and visits to meet with community representatives, including Elders and HTA members, will be arranged as soon as possible – in 2007, if this proves convenient for local residents. The project, however, is not on IOLs.

9. Has the proponent consulted Inuit Organisations in the area? If so, list them.

Peregrine initially contacted the Kivalliq Inuit Association, but was told the association is not directly interested if the proposed activity will not occur on IOLs. However, information will be provided to the association, for its information, throughout the project.

10. Has the proponent consulted surrounding communities on traditional water-use areas? If so, list them. If not, why not?

As stated above, consultation will occur. Traditional water-use areas will be amongst the information sought to enhance programme planning.

11. Attach a detailed map drawn to scale, showing the relative locations (or proposed locations) of the exploration activity, sewage and solid waste facilities and containment areas. The plan should include the water intake and pumphouse, fuel and chemical storage facilities. Ore and waste-rock storage piles, piping distribution systems and transportation access routes around the site,. The map also should include elevation contours, waterbodies and an indication of drainage patterns for the area.

Please see Photo 1 and Maps 2 and 3, which accompany the application. Because the camp has not yet been moved, there is currently no map of specific camp layout. A map could be provided once the camp is set up (late May or early June 2008). As noted in the NWB Supplementary Questionnaire, the camp will be a small tent camp for up to 20 people and will contain Pacto toilets for sewage and an incinerator for incinerating camp combustible waste. There will be only a small greywater sump (approx. 1m x 1m x 1.5m), not an engineering containment area. A portable pump will be used to pump water as is required to refill the holding tank in the dry; from the dry, a flexible-hose distribution system will convey water to the kitchen and dry. There will not be a pumphouse structure. Fuel will be stored at the camp fuel cache and at a temporary fuel cache in the drilling area. Chemicals will be stored in their use areas (kitchen, dry, generator shed, drillshack).

12. If applicable, provide a brief history of the property development which took place before the present company gained control of the site. Include shafts, adits, mills, waste dumps, chemical storage areas, tailings disposal areas and effluent discharge locations. Make references to the detailed map.

As stated in the NWB Supplementary Questionnaire, Peregrine Diamonds Ltd. acquired the Nanuq Property when it combined with the previous claimholder, Dunsmuir Ventures Ltd., in January 2006. Dunsmuir conducted early-stage exploration for approx. 4 years, with the initial prospecting year (2002) exempt from permitting. (Activities consisted in prospecting, geological mapping, geophysics and till sampling).

13. Give a short description of the proposed or current freshwater intake facility, the type and operating capacity of the pumps used, and the intake screen size.

Intake of freshwater from the nearest suitable waterbody to camp (Lorillard River) will be by means of a portable 5HP diesel-powered pump (e.g., Honda) taken outside from the dry and started by hand until the poly holding tank in the dry is filled. The suction hose inserted into the source water, as well as the pump intake, will be screened to prevent entrainment of fish (size as per requirements of DFO's Freshwater Intake Fish Screen Guidelines).

14. At the rate of intended water usage for the exploration activity, explain water-balance inputs and outputs in terms of estimated maximum drawdown and recharge capability of the water source from which freshwater will be drawn.

There will be no drawdown of water from the river due to camp uses ($10m^3$/day). The sources for water for the diamond drills will be chosen as to their suitability and volume capacity, such that no drawdown will occur due to pumping the total daily allotment of $50m^3$/day.

15. Will any work be done that penetrates regions of permafrost?

Yes, core holes will be drilled to recover core; typical depth might be up to 300m.

16. If "YES" above, is the permafrost continuous or discontinuous?

Continuous.

17. Were (or will) any old workings or waterbodies (be) dewatered in order to conduct the exploration activity?

No.

18. If “YES” above, indicate the name of the waterbody, the total volume of water to be discharged and the chemical characteristics of the water

N/A

19. Was (or will) the above discharge (be) treated chemically?

N/A

20. If “YES” above, describe the applied treatment.

N/A

21. Briefly describe what will be done with the camp sewage.

Latrine will contain 2 waterless Pacto toilets. Sewage up to a volume of approx. 40L/day, depending on camp population, will be incinerated on site.

SECTION 2:

GEOLOGY AND MINERALOGY

22. Briefly describe the physical nature of the mineralisation, including known dimensions and approximate shape.

    N/A – a kimberlite occurrence has not yet been discovered on the property.

23. Briefly describe the host rock in the general vicinity of the mineralisation (from the surface to the mineralised zone).

    Regional geology: The Nanuq Property is located within the Rae domain of the Western Churchill Province. The property area is underlain primarily by Archaean tonalite-granodiorite-granite gneiss and by Archaean or Paleoproterozoic (Aphebian) biotite gneiss, migmatite, and granite (Panagapko et. al. 2003).

24. Provide a geological description of the mineralised zone. (If possible, include the percentage of metals).

    N/A

25. Describe the geochemical tests which have been (or will be) performed on the ore, host rock and Waste rock to determine their relative acid generation and contaminant leaching potential. Outline methods used (or to be used) and provide test results in an attached report (i.e., static test, kinetic tests).

N/A. A testing programme for ARD potential would occur at a more advance stage.

26. Estimate the percentage of sulphide in the mineralisation.

N/A

SECTION 3:

EXPLORATION OPERATION

27. Check off the type (or proposed type) of exploration operation that will be used on the property and briefly describe the method in more detail.

a)	Reverse circulation to obtain bulk sample	N/A in 2008 (future beyond unknown)
b)	Trenching	N/A in 2008 (future beyond unknown)
c)	Conventional open pit	N/A
d)	Decline	N/A
e)	Conventional underground	N/A
f)	Strip-mining activity	N/A
g)	Other Exploration activity	Depending on results of HQ-diameter diamond core-drill programme, a mini -bulk sample may be collected to a volume of approx. 200t, using a diamond core drill to recover PQ-diameter core.

28. Indicate the size and number of samples that will be obtained.

200 – tonnes (mini-bulk sample – 2008)
NA – number of samples

29. Indicate the present or proposed average rate of exploratory production from all mineralised sources on the property.

30. Outline the water usage (or proposed water usage) in the exploration activity; indicate the source and volume of water for each use.

	Source	**Use**	**Volume (m^3/day)**
1.	Lorillard River	Camp	$10m^3$/day
2.	Waterbodies near DDH (DDH specific locations to be selected; there are no major watercourses nearby)	Drilling	$50m^3$/day

31. If applicable, indicate or estimate the volume of natural ground water presently gaining access to the mine workings.

N/A

32. If applicable, outline methods used underground or on surface to decrease mine water flow. (For example, recycling).

During all drilling, water will be recirculated in a closed-loop system to approx. 80%, *i.e.*, most drillwater will be recycled.

33. List the brand names and constituents of the drill additives to be used.

Drill additives will not be used routinely, only when absolutely required. Please refer to accompanying digital files of proposed drill additives MSDS.

SECTION 4:

THE MILL OR PROCESSING PLANT

34. Is there (or will there be) a portable mill processing plant operating on the property in conjunction with the exploration activity?

No.

35. If “Yes”, indicate the proposed point of discharge for the mill or process plant water and the volume of the discharge.

N/A

36. Attach a copy of the portable mill or processing plant flowsheet. Indicate the points of addition of all the various reagents (chemicals) that are (or will be) used.

N/A

37. Indicate the proposed rate of milling.

N/A

38. List the types and quantities of all reagents used in the mill or processing plant (in kg/tonne ore milled).

N/A

Reagent: N/A Amount in kg/tonne of ore milled: N/A

39. If applicable, is the (proposed) milling circuit based on autogenous grinding?

N/A

40. Based on present production or bench test results, describe the chemical and physical characteristics of liquid mill or processing plant wastes directed to the tailing deposition area.

N/A

41. Provide a geochemical description of the solid fraction of the tailings.

N/A

SECTION 5:

THE CONTAINMENT AREAS

42. What is the (proposed) method of disposal of the mine water, mill or process plant tailings (i.e., sump, subaqueous, surface tailings pond, settling pond)?

    At this stage of the project, there are only small core-drilling sumps. Should production drilling be contemplated in future, an engineered containment pond would be designed and constructed, as required.

43. Attach detailed scale plan drawings of the proposed (or present) containment area. The drawings must include the following: (a) details of pond size and elevation; (b) details of all retaining structures (length, width, height, materials of construction, etc.); (c) details of the drainage basin; (d) details of all decant, siphon mechanisms, etc., including water treatment plant facilities; (e) details with regard to the direction and route followed by the flow of wastes and/or waste water from the area; and (f) indicate the distance to nearby major watercourses.

    N/A

44. Justify your choice of location for the containment area design by rationalising rejection of other options. Consider the following criteria in your comparisons: subsurface strata permeability, abandonment, recycling/reclaiming waters and assessment of runoff into basins. Attach a brief summation.

    N/A

45. The average depth of the existing or proposed containment area is dependent on the volume of water encountered (metres).

N/A

46. Indicate the total capacity for the existing (or proposed) containment area by using water balance and stage volume calculations and curves. (Attach a description of inputs and outputs along with volume calculations).

N/A

47. Has any evaporation and/or precipitation data been collected at the site? If so, please include the data.

N/A Meteorological data collection would commence as the project advances.

48. Will the present (or proposed) containment area contain the entire production from the mill or processing plant complex for the life of the project?

N/A

49. Will the proposed tailings deposition area engulf of otherwise disturb any existing watercourse?

N/A

50. If “Yes”, attach all pertinent details. (Name of watercourse, present average flow, direction of flow, proposed diversions, etc.)

N/A

51. Describe the proposed or present operation, maintenance and monitoring of the containment area.

SECTION 6:

WATER TREATMENT

52. If applicable, will the mine water, mill or process plant water be chemically treated before being discharged to the containment area? If so, explain the treatment process. (Attach flowsheet, if available).

N/A

53. Will (treated) effluent be discharged directly to a natural waterbody or will polishing or settling ponds be employed? Describe location, control structures and process of water retention and transfer. Attach any relevant design drawings.

N/A

54. Name the first major watercourse the discharge flow enters after it leaves the area of company operations.

N/A

SECTION 7:

ENVIRONMENTAL MONITORING PROGRAMME

55. Has Traditional Knowledge in the area been considered? If so, how? If not, why not?

Local knowledge will be accepted and heeded as provided through community consultations and through other means (direct employees, contractors). Traditional Knowledge itself is proprietary and, as the project advances, Traditional Knowledge data collection and studies would be contracted with participating Inuit communities.

56. Has any baseline data been collected for the main waterbodies in the area prior to development?

Baseline studies would commence as the project advances.

57. If “Yes”, include all data gathered on the physical, biotic and chemical characteristics at each sampling location. Identify sampling locations on a map.

N/A

58. Provide an inventory of hazardous materials on the property and storage locations.

The current tent camp has approx. 30 fuel containers on site (diesel, Jet-B, petrol and propane) which will be relocated with the camp, as it is being moved in its entirety. When the relocated camp is set up, and inventory brought in and stored for programme startup, an inventory list will commence and be updated regularly by site personnel.

59. Provide a conceptual abandonment and restoration plan for the site, detailing the costs to carry out the plan, and a proposal for a financial assurance which covers the costs to carry out the plan.

An A&R Plan is attached with the application. Costs to carry out abandonment and restoration would be budgeted in the year of removal, depending on the type, nature and quantity of infrastructure which exists at the time, and would be entirely funded by Peregrine as part of the course of normal operations/project shutdown, as Peregrine holds the property's claims 100%.

SECTION 8:

ENVIRONMENTAL ASSESSMENT AND SCREENING

60. Has this project ever undergone an initial environmental review? If yes, by whom and when.

No. However, NIRB forms (Part 1 and Part 2) have been completed, and the project will be screened in the near future as part of the application process.

61. Has any baseline data collection and evaluation been undertaken with respect to the various biophysical components of the environment potentially affected by the project (e.g., wildlife, soils, air quality), i.e., in addition to water treated information requested in this questionnaire?

No. Baseline studies would commence as the project advances.

62. If “Yes”, please attach copies of reports or cite titles, authors and dates.

N/A

63. If “No”, are such studies being planned? Briefly describe the proposals.

No. However, baseline studies would commence as the project advances and would include such areas as wildlife surveys (fauna and avifauna), water-quality sampling, archaeology, followed by commencement of hydrology/limnology and aquatic studies.

64. Has authorisation been obtained or sought from the Department of Fisheries and Oceans for dewatering or using any waterbodies for containment of waste?

No. Dewatering or waste-containment are not part of any current or foreseeably future plans.

65. Has a socioeconomic impact assessment or evaluation of this project been undertaken? (This would include a review of any public concerns, land, water and cultural uses of the area, implications of land claims, compensation, local employment opportunities, etc.)

No. This project is at an early stage. However, data on public concerns, cultural uses and the like would be collected over time, through consultation with communities as the project advances; a formal socioeconomic evaluation/studies would be undertaken at the appropriate time.

66. If “Yes”, please describe the proposal briefly.

N/A

67. If “No”, is such a study being planned?

As the project advances, this type of study would be undertaken.

68. Describe any cumulative impacts the project may create?

The project is not located in an area of observed heavy wildlife or human use (including local harvesters, outfitting and exploration), and is not within or close to an IOL. Should the project advance, cumulative impact assessment would be undertaken as appropriate.

69. Does the project alter the quantity or quality or flow of waters through Inuit-Owned Lands?

No.

70. If “Yes”, has the applicant entered into an agreement with the Designated Inuit Organisation to pay compensation for any loss or damage that may be caused by the alteration?

N/A

71. If no compensation arrangement has been made, how will compensation be determined?

N/A