

NIRB Assessment and Decision

After a thorough assessment of all material provided to the Board (please see Procedural History and Project Activities in **Appendix A**), and in accordance with the principles identified within section 12.4.2 of the NLCA, the decision of the Board as per section 12.4.4 of the NLCA is:

12.4.4 (a): the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5.

Recommended Project-Specific Terms and Conditions, pursuant to 12.4.4(a) of the NLCA

The Board is recommending the following or similar project-specific terms and conditions be imposed upon the Proponent through all relevant legislation:

1. Peregrine Diamonds Ltd. (the Proponent) shall operate in accordance with all commitments stated in all documentation provided to NIRB, namely:
 - a. NIRB Part 2 Form - Project Specific Information Requirements (January 2008)
 - b. Indian and Northern Affairs Canada Application for Land Use Permit (January 2008)
 - c. Peregrine Diamonds Ltd. – Nanuq Project Description (January 2008)
 - d. Peregrine Diamonds Ltd. – Abandonment and Restoration Plan (January 2008)
 - e. Peregrine Diamonds Ltd. – Spill Contingency Plan (January 2008)
2. The Proponent shall maintain a copy of this Screening Decision at the site of operation at all times.
3. The Proponent shall forward copies to NIRB of all permits required for this project prior to the commencement of the project.
4. The NIRB shall be notified of any changes in operating plans or conditions associated with this project prior to any such change.
5. The Proponent shall operate the project in accordance with all applicable Acts, Regulations and Guidelines.

Wildlife

6. Between May and August, prior to significant operational movements (i.e. moving drill rigs), the Proponent shall undertake high altitude aerial reconnaissance or an equivalent observation practice, with the assistance of an independent wildlife monitor, to determine whether caribou cows and calves are present within a 20 kilometre radius of the camp or drill sites, or if caribou are migrating close by. If concentrations of caribou are observed the Proponent shall suspend all activity within 10 km of the sightings.
7. When caribou are within 1 kilometre of any project activities, the Proponent shall suspend all blasting, over-flights of aircraft, geophysics surveys with an altitude of less than 610 metres above ground level, operation of ATV's and snowmobiles and any other ground based or water based mobile equipment.
8. During migration of caribou, the Proponent shall not block or cause any diversion to migration, and shall cease activities likely to interfere with migration such as airborne geophysics surveys or movement of equipment or personnel until such time as the caribou have passed.

9. The Proponent must not construct a camp, cache fuel, or operate ground, air or water based mobile equipment within 10 km of a 'designated caribou crossing'; and must not conduct blasting or drilling operations within 5 km of such crossings.
10. The Proponent shall avoid any drilling activities or low-level flights in areas identified by the Canadian Wildlife Service to be a Key Migratory Bird Site, specifically Site 56 Middle Quioich River.
11. If active nests of migratory birds are discovered, the Proponent shall cease all activities in the nesting area until nesting is complete (i.e. the young have left the vicinity of the nest).
12. The Proponent shall not disturb or destroy the nests or eggs of raptors and shall stay at least 1.5 km away from them when in transit by aircraft, and avoid approaching them closely while on foot.
13. The Proponent shall treat all nest sites with equal precaution, regardless of the response of the bird.
14. The Proponent shall avoid any and all activity within 100 m of nest sites during the latter part of the nesting stage.
15. The Proponent shall record all wildlife observations in a wildlife log and map the location of any sensitive wildlife sites, such as denning areas or nesting areas. The Proponent shall submit this information to the Government of Nunavut Department of Environment annually, on or before March 31 for each year of operation.
16. The Proponent shall ensure that there is no hunting or fishing by employees of the company or any contractors hired unless proper Nunavut authorizations have been obtained.
17. The Proponent shall take all possible measures to avoid wildlife encounters, specifically bears. The Proponent shall follow procedures outlined in the "Safety in Bear Country Manual," and should contact the Regional/Area Biologist or the Wildlife Manager indicated below for information and advice on measures which should be taken to minimize the possibility of bear-people conflicts.

GN-DOE Manager, Wildlife

Dan Shewchuck, (867) 857-2828, dshevwchuck@gov.nu.ca

Biologist, Kivalliq Region

Mitch Campbell, (867) 857-2828, mcampbell@gov.nu.ca

Waste

18. The Proponent shall ensure that the disposal of combustible camp wastes comply with the *Canadian Wide Standards for Dioxins and Furans*, and the *Canadian Wide Standards for Mercury*.
19. The Proponent shall incinerate all combustible and food wastes daily and shall store the ash in such a way that it is inaccessible to wildlife at all times.
20. On or before the commencement of operations, the Proponent shall submit to the Government of Nunavut Department of Environment, a Waste Management Strategy which considers and includes the following:
 - a. Purchasing policies that focus on reduced packaging,
 - b. On-site diversion and segregation programs (i.e. the separation of non-food waste items suitable for storage and subsequent transport and disposal or recycling), and
 - c. Training plans for personnel operating and managing the incinerator.

Fuel Storage / Spill Contingency Plan

21. On or before the commencement of operations, the Proponent shall provide the Nunavut Water Board and the Government of Nunavut Department of Environment with an *updated* Spill Contingency Plan that addresses the following:

- a. Include the names and quantities of both fuel and chemicals such as drill additives to be used on site;
- b. The Proponent shall keep and provide a sample of their written log of inspections to fuel storage areas and caches;
- c. Include a site map once site layout is decided. The map should be to scale and large enough to identify the location of facilities, nearby buildings/facilities, roads, culverts, drainage patterns, and any nearby bodies of water; and
- d. The updated NWT-Nunavut spill report form should be included within the plan.

Drilling and Drill Cuttings

22. The Proponent is required to use biodegradable and non-toxic additives. The *Canadian Environmental Protection Act* lists CaCl as a toxic substance. The Proponent shall therefore ensure that if CaCl is used as a drill additive, all sumps containing CaCl are properly constructed and located in such a manner as to ensure that the contents will not enter any water body.
23. If an artesian flow is encountered, the drill hole will be immediately plugged and permanently sealed.
24. The Proponent, should they conduct their proposed mini-bulk sample program, shall drill no more than the estimated 4,000 metres, and collect a maximum of 200 tonnes of material. Any further bulk sampling activity or that which employs methods not defined in their original application information shall require the Proponent to make amendments to their applications and potential screening by the NIRB of these new activities.

Abandonment and Restoration

25. The Proponent shall refer to GN-DOE's *Environmental Guideline for Site Remediation* and the Canadian Council of Ministers of the Environment (CCME): *Canada-Wide Standards for Petroleum Hydrocarbons in Soil*, for remediation guidelines.

Other

26. Prior to the commencement of any activity, the Proponent shall put in place procedures to identify the boundary of the Ukkusiksalik National Park of Canada with consultation with Parks Canada.
27. The Proponent shall ensure that all operators, employees, and contractors are made aware of the Ukkusiksalik Park boundary, and that they are not allowed to enter the park at any time.
28. The Proponent is required to ensure the camp-site is clean and tidy. Furthermore, upon abandonment of the project activities, the Proponent shall ensure that the project area is clean and tidy, and no remnants of past exploration activities are left within the project area. The area should be left in a state as near as possible to pre-exploration conditions.

Other NIRB Concerns and Recommendations

In addition to the project-specific terms and conditions, the Board is recommending the following:

1. Indian and Northern Affairs Canada (INAC) impose mitigation measures and/or conditions pursuant to the Federal Land Use Permit, in regard to:
 - a. Location and area
 - b. Time
 - c. Equipment
 - d. Campsites

- e. Methods and techniques
 - f. Control or prevention of flooding, erosion and subsidence of land
 - g. Use, storage, handling and disposal of chemical or toxic material
 - h. Wildlife and fisheries habitat
 - i. Objects and places of recreational, scenic and ecological value
 - j. Petroleum fuel storage
 - k. Matters not consistent with the regulation
2. Government of Nunavut – Department of the Environment (GN-DOE) ensure conservation officers inspect the project area within the period of May 15 - July 15 to monitor Proponent compliance and the effectiveness of terms and conditions related to terrestrial wildlife.

Regulatory Requirements

The Proponent is also advised that the following legislation may apply to the project:

1. Section 36(3) of the *Fisheries Act* (<http://laws.justice.gc.ca/en/showtdm/cs/F-14///en>) which states that no person shall deposit or permit the deposit of a deleterious substance in any type in water frequented by fish or in any place under any conditions where the deleterious substance may enter such a water body.
2. The Proponent shall ensure compliance with the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* which states that “no person shall use, or permit the use of, waters in Nunavut except in accordance with the conditions of a licence,” and “no person shall deposit or permit the deposit of waste (a) in waters in Nunavut; or (b) in any other place in Nunavut under conditions in which the waste, or any other waste that results from the deposit of that waste, may enter waters in Nunavut” (<http://www.canlii.org/ca/sta/n-28.8/whole.html>).
3. The *Migratory Birds Convention Act* (<http://laws.justice.gc.ca/en/showtdm/cs/M-7.01>) which states that no person disturb or destroy the nests or eggs of migratory birds. If nests containing eggs or young are encountered, the Proponent shall avoid these areas until nesting is complete and the young have left the nest.
4. The *Species at Risk Act* (<http://laws.justice.gc.ca/en/showtdm/cs/S-15.3>). Attached in **Appendix B** is a list of Species at Risk in Nunavut. The Proponent should consult the Species at Risk Public Registry (<http://www.sararegistry.gc.ca/>) to identify any Species at Risk within the project location. Further, the Proponent shall develop monitoring plans for each relevant Species at Risk in accordance with any applicable status reports, recovery strategies, action plans, and management plans posted on the Species at Risk Public Registry and in consultation with the Government Organization with Primary Management Responsibility. Monitoring plans should record the locations and frequency of observing species of special concern and note any actions taken to avoid contact or cause disturbance to the species, its residence, or its critical habitat.
5. The *Nunavut Act* (<http://laws.justice.gc.ca/en/showtdm/cs/N-28.6>) which requires that no person alter or disturb any archaeological or palaeontological sites in Nunavut unless permission is first granted through the permitting process. If any archaeological or palaeontological sites are found they should remain undisturbed and their location should be reported to the Government of Nunavut Department of Culture, Language, Elders and Youth. The Proponent must comply with the proposed terms and conditions listed in the attached **Appendix C**.

6. The *Transportation of Dangerous Goods Regulations*, *Transportation of Dangerous Goods Act* (<http://www.tc.gc.ca/tdg/menu.htm>), and the *Environmental Protection Act* (<http://laws.justice.gc.ca/en/C-15.31/text.html>) which present the requirements for the handling, storing, managing and transportation of dangerous goods, including hazardous wastes, fuel and contaminated material. The Proponent must ensure that proper shipping documents accompany all movements of dangerous goods. The Proponent must register with GN-DOE by contacting Robert Eno at 867-975-7748 or reno@gov.nu.ca.

The Proponent will also be advised that:

1. All releases of harmful substances are immediately reportable where the release:
 - a. Is near or into a water body;
 - b. Is near or into a designated sensitive environment or sensitive wildlife habitat;
 - c. Poses an imminent threat to human health or safety; or
 - d. Poses an imminent threat to a listed species at risk or its critical habitat

Validity of Land Claims Agreement

Section 2.12.2

Where there is any inconsistency or conflict between any federal, territorial and local government laws, and the Agreement, the Agreement shall prevail to the extent of the inconsistency or conflict.

Dated _____ March 28, 2008 _____ at Sanikiluaq, NU.



Lucassie Arragutainaq, A/Chair

Appendix A

Procedural History and Project Activities

Procedural History

On January 8, 2008 the Nunavut Impact Review Board (NIRB) received a positive conformity determination from the Nunavut Planning Commission for Peregrine Diamonds Ltd.'s (Peregrine's) Nanuq Diamond Exploration project proposal. Furthermore, on January 15, 2008, the NIRB received a Class A Land Use Permit application from Indian and Northern Affairs Canada for this project. The NIRB assigned this project proposal file number 08EN002.

The proposed project is a diamond exploration program located in the Kivalliq region of Nunavut. The northernmost boundary of the Nanuq project is 30 km south of Wager Bay and near the Ukkusiksalik National Park. The nearest community is Chesterfield Inlet, located 120 km to the south of the proposed project.

This application was distributed to the community of Chesterfield Inlet, and to interested Federal and Territorial Agencies. The NIRB requested that interested Parties review the application and provide NIRB with comments by February 6, 2008 regarding:

- Whether the project proposal is likely to arouse significant public concern; and if so, why;
- Whether the project proposal is likely to cause significant adverse eco-systemic and socio-economic effects; and if so, why;
- Whether the project is of a type where the potential adverse effects are highly predictable and mitigable with known technology; and
- Any matter of importance to the Party related to the project proposal.

On February 7, 2008, the Government of Nunavut Department of Environment requested an extension to the comment deadline, in order to compile data in support of the comments provided. The NIRB subsequently granted all Parties an extension until February 13, 2008. On February 11, the NIRB received further comments from the Proponent in regards to the NIRB's decision to grant the extension. On or before February 13, 2008, the NIRB received comments from the following interested Parties (see Comments and Concerns):

- Government of Nunavut Department of Environment (GN-DOE)
- Environment Canada (EC)
- Parks Canada (PC)
- Aqigiq Hunter and Trapper Organization (HTO)

All comments provided to NIRB regarding this project proposal can be viewed on NIRB's ftp-site, at the following location:

http://ftp.nunavut.ca/nirb/NIRB_SCREENINGS/ACTIVE_SCREENINGS/08EN002-Peregrine%20Diamonds%20-%20Nanuq/1-SCREENING/02-DISTRIBUTION/COMMENTS/

Project Activities

The proposed activities associated with the Nanuq project occur on Crown Land, and include the following:

- The movement of an existing camp to a new location approximately 1 km overland
- Clean-up of abandoned camp location
- Set up seasonal camp to accommodate 20 people
- Demobilize and secure camp at the end of each field season (over winter)
- Project supported by helicopter, fixed wing aircraft and, in the spring, by snow machine
- Existing natural-sand airstrip
- On land drilling – equipment to include 2 diamond drills (Boart LF-70 and/or Boyles BBS25)
- 2 fuel caches – one at camp and one near active drill site, for combined fuel storage totals of 102,500 L diesel, 61,500 L Jet B, 1640 L gasoline , and 1125 kg propane
- Exploration activities to include: airborne and ground geophysics, surficial sediment sampling, conventional HQ-diameter core drilling, till sampling
- Anticipate a total of 2000 m drilled through core program
- Possibility for a mini-bulk sampling program (drilling of 4000 m) to obtain up to 200 t of materials, dependent upon outcome of conventional drilling program
- Consumption of water for use in camp and with drill program
- Production of wastes (human, solid, hazardous, chemical)
- Incineration of wastes
- Treatment and possible recirculation of drill and grey waters
- Backhauling and disposal of non-combustible wastes
- Abandonment and reclamation

Appendix B

Species at Risk in Nunavut

This list includes species listed on one of the Schedules of SARA (*Species at Risk Act*) and under consideration for listing on Schedule 1 of SARA. These species have been designated as at risk by COSEWIC (Committee on the Status of Endangered Wildlife in Canada). This list may not include all species identified as at risk by the Territorial Government.

- Schedule 1 is the official legal list of Species at Risk for SARA. SARA applies to all species on Schedule 1. The term “listed” species refers to species on Schedule 1.
- Schedule 2 and 3 of SARA identify species that were designated at risk by the COSEWIC prior to October 1999 and must be reassessed using revised criteria before they can be considered for addition to Schedule 1.
- Some species identified at risk by COSEWIC are “pending” addition to Schedule 1 of SARA. These species are under consideration for addition to Schedule 1, subject to further consultation or assessment.

Schedules of SARA are amended on a regular basis so it is important to periodically check the SARA registry (www.sararegistry.gc.ca) to get the current status of a species.

Updated: January 3, 2007

Species at Risk	COSEWIC Designation	Schedule of SARA	Government Organization with Lead Management Responsibility ¹
Eskimo Curlew	Endangered	Schedule 1	EC
Ivory Gull	Endangered ²	Schedule 1	EC
Peregrine Falcon (subspecies anatum)	Threatened	Schedule 1	Government of Nunavut
Ross's Gull	Threatened	Schedule 1	EC
Harlequin Duck (Eastern population)	Special Concern	Schedule 1	EC
Felt-leaf Willow	Special Concern	Schedule 1	Government of Nunavut
Peregrine Falcon (subspecies tundrius)	Special Concern	Schedule 3	Government of Nunavut
Short-eared Owl	Special Concern	Schedule 3	Government of Nunavut
Fourhorn Sculpin	Special Concern	Schedule 3	DFO
Peary Caribou	Endangered ³	Pending	Government of Nunavut
Beluga Whale (Eastern Hudson Bay population)	Endangered	Pending	DFO
Beluga Whale (Cumberland Sound population)	Threatened	Pending	DFO
Beluga Whale (Western Hudson Bay population)	Special Concern	Pending	DFO
Beluga Whale	Special Concern	Pending	DFO

(Eastern High Arctic – Baffin Bay population)			
Bowhead Whale (Hudson Bay-Foxe Basin population)	Threatened ⁴	Pending	DFO
Bowhead Whale (Davis Strait-Baffin Bay population)	Threatened ⁴	Pending	DFO
Porsild's Bryum	Threatened	Pending	Government of Nunavut
Atlantic Walrus	Special Concern	Pending	DFO
Narwhal	Special Concern	Pending	DFO
Rusty Blackbird	Special Concern	Pending	Government of Nunavut
Barren-ground Caribou (Dolphin and Union population)	Special Concern ³	Pending	Government of Nunavut
Grizzly Bear	Special Concern	Pending	Government of Nunavut
Polar Bear	Special Concern	Pending	Government of Nunavut
Wolverine (Western Population)	Special Concern	Pending	Government of Nunavut

¹ Environment Canada has a national role to play in the conservation and recovery of Species at Risk in Canada, as well as responsibility for management of birds described in the Migratory Birds Convention Act (MBCA). Day-to-day management of terrestrial species not covered in the MBCA is the responsibility of the Territorial Government. Populations that exist in National Parks are also managed under the authority of the Parks Canada Agency. EC = Environment Canada, DFO = Department of Fisheries and Oceans

² Designated as Endangered by COSEWIC in April 2006 and it is expected that the category of concern in SARA will also be changed from Special Concern to Endangered.

³ Peary Caribou was split into three separate populations in 1991: Banks Island (Endangered), High Arctic (Endangered) and Low Arctic (Threatened) populations. The Low Arctic population also included the Barren-ground Caribou - Dolphin and Union population. In May 2004 all three population designations were de-activated, and the Peary Caribou, *Rangifer tarandus pearyi*, was assessed separately from the Barren-ground Caribou (Dolphin and Union population), *Rangifer tarandus groenlandicus*. The subspecies *pearyi* is composed of a portion of the former "Low Arctic population" and all of the former "High Arctic" and "Banks Island" populations, and it was designated Endangered in May 2004. Although SARA lists Peary Caribou on Schedule 2 as three separate populations, the most current designation is the COSEWIC designation of the subspecies *pearyi* as Endangered.

⁴ The "Eastern and Western Arctic populations" of Bowhead Whale were given a single designation of Endangered in April 1980 by COSEWIC. These were split into two populations to allow separate designations in April 1986. The Eastern population was not re-evaluated in April 1986, but retained the Endangered status of the original "Eastern and Western Arctic populations". The Eastern Arctic population was further split into two populations (Hudson Bay-Foxe Basin population and Davis Strait-Baffin Bay population) in May 2005, and both these populations were designated as Threatened. Both these populations are under consideration for addition to Schedule 1. Although SARA lists the Eastern Arctic population as Endangered (Schedule 2), the most current designation is the COSEWIC designations of the Hudson Bay-Foxe Basin and Davis Strait-Baffin Bay populations as Threatened.

Appendix C
Archaeological and Palaeontological Resources Terms and Conditions for Land Use Permit Holders



BACKGROUND: Archaeology

As stated in Article 33 of the Nunavut Land Claims Agreement:

The archaeological record of the Inuit of Nunavut is a record of Inuit use and occupancy of lands and resources through time. The evidence associated with their use and occupancy represents a cultural, historical and ethnographic heritage of Inuit society and, as such, Government recognizes that Inuit have a special relationship with such evidence, which shall be expressed in terms of special rights and responsibilities. [33.2.1]

The archaeological record of Nunavut is of spiritual, cultural, religious and educational importance to Inuit. Accordingly, the identification, protection and conservation of archaeological sites and specimens and the interpretation of the archaeological record is of primary importance to Inuit and their involvement is both desirable and necessary. [33.2.2]

In recognition of the cultural, spiritual and religious importance of certain areas in Nunavut to Inuit, Inuit have special rights and interests in these areas as defined by Article 33 of the Nunavut Land Claims Agreement. [33.2.5]

BACKGROUND: Palaeontology

Under the Nunavut Act¹, the federal Government can make regulations for the protection, care and preservation of palaeontological sites and specimens in Nunavut. Under the *Nunavut Archaeological and Palaeontological Sites Regulations*², it is illegal to alter or disturb any palaeontological site in Nunavut unless permission is first granted through the permitting process.

Definitions

¹ s. 51(1)

² P.C. 2001-1111 14 June, 2001

As defined in the *Nunavut Archaeological and Palaeontological Sites Regulations*, the following definitions apply:

“archaeological site” means a place where an archaeological artifact is found.

“archaeological artifact” means any tangible evidence of human activity that is more than 50 years old and in respect of which an unbroken chain of possession or regular pattern of usage cannot be demonstrated, and includes a Denesuline archaeological specimen referred to in section 40.4.9 of the Nunavut Land Claims Agreement.

“palaeontological site” means a site where a fossil is found.

“fossil” includes:

- (a) natural casts
- (b) preserved tracks, coprolites and plant remains; and
- (c) the preserved shells and exoskeletons of invertebrates and the eggs, teeth and bones of vertebrates.

Terms and Conditions

- 1) The permittee shall not operate any vehicle over a known or suspected archaeological or palaeontological site.
- 2) The permittee shall not remove, disturb, or displace any archaeological artifact or site, or any fossil or palaeontological site.
- 3) The permittee shall immediately contact the Department of Culture, Language, Elders and Youth (867) 934-2046 or (867) 975-5500 or 1 (866) 934-2035 should an archaeological site or specimen, or a palaeontological site or fossil be encountered or disturbed by any land use activity.
- 4) The permittee shall immediately cease any activity that disturbs an archaeological or palaeontological site encountered during the course of a land use operation, until permitted to proceed with the authorization of the Department of Culture, Language, Elders and Youth, Government of Nunavut.
- 5) The permittee shall follow the direction of the Department of Culture, Language, Elders and Youth and DIAND in restoring disturbed archaeological or palaeontological sites to an acceptable condition.
- 6) The permittee shall provide all information requested by the Department of Culture, Language, Elders and Youth concerning all archaeological sites or artifacts and all palaeontological sites and fossils encountered in the course of any land use activity.
- 7) The permittee shall make best efforts to ensure that all persons working under authority of the permit are aware of these conditions concerning archaeological sites and artifacts, and palaeontological sites and fossils.
- 8) The permittee shall avoid the known archaeological and/or palaeontological sites listed in Attachment 1.

9) The permittee shall have an archaeologist or palaeontologist perform the following functions, as required by the Department of Culture, Language, Elders and Youth:

- a. survey
- b. inventory and documentation of the archaeological or palaeontological resources of the land use area
- c. assessment of potential for damage to archaeological or palaeontological sites
- d. mitigation
- e. marking boundaries of archaeological or palaeontological sites
- f. site restoration

The Department of Culture, Language, Elders and Youth shall authorize by way of a Nunavut Archaeologist Permit or a Nunavut Palaeontologist Permit, all procedures subsumed under the above operations.