



Our reference
File #9545-2-2BE.NANA0813
CIDMS #391122

February 22, 2010

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
Gjoa Haven, Nunavut
X0E 1J0

Your reference
2BE-NAN0813

Sent Via Email

Dear Phyllis,

**Subject Water License #2BE-NAN0813, Peregrine Diamonds Ltd.,
Nanuq Project, Kivalliq Region, Amendment Application**

Please be advised that on behalf of Indian and Northern Affairs Canada, I have completed a review of the above referenced Peregrine Diamonds Ltd. submission to the Nunavut Water Board.

A Technical Review Memorandum (attached) is provided to the Board for consideration.

Should you have any questions regarding this submission, feel free to contact me at 867 975-4555 or david.abernethy@inac-ainc.gc.ca.

Regards,

David W. Abernethy
Water Resources Regional Coordinator
Operations Directorate, Nunavut Regional Office
Indian and Northern Affairs Canada
Iqaluit, Nunavut
X0A 0H0

Attached.

Cc: Lou-Ann Cornacchio, Manager of Water Resources
Peter Kusugak, Manager of Field Operations

TECHNICAL REVIEW MEMORANDUM

Date: Feb. 22/10

To: Phyllis Beaulieu, Nunavut Water Board

From: David Abernethy, Indian and Northern Affairs Canada

Re: **Water License #2BE-NAN0813, Peregrine Diamonds Ltd.,
Nanuq Project, Kivalliq Region, Amendment Application**

A. PROJECT DESCRIPTION

On Dec. 3/09 Peregrine Diamonds Ltd. (PDL) submitted to the Nunavut Water Board (NWB or Board) an application to amend their Nanuq Project's Type B water license to allow lake based drilling operations during frozen conditions. The NWB subsequently distributed their submission to interested parties for review on Jan. 22/10, requesting representations within thirty (30) days.

B. RESULTS OF REVIEW

Indian and Northern Affairs Canada (INAC) provides the following comments / recommendations to the Board for consideration,

1. General

- Standard license conditions applicable to lake based drilling operations should be applied to an amended license.

2. Ice-based Drilling Operations

- When drilling on lake ice, PDL must ensure that return water is non-toxic and not result in an increase of total suspended solids in the immediate receiving waters above the Canadian Council of Minister's of the Environment Guidelines for the Protection of Freshwater Aquatic Life (i.e., 10 mg/L for lakes with background levels under 100 mg/L or 10% for those above 100 mg/L);
- PDL should employ a closed circuit drilling system and direct all drill waste (including cuttings) into land-based sumps; and,
- All drill waste should be removed from ice surfaces.

3. Incineration of Combustible Waste

- Any incineration of solid waste should be conducted in accordance with Environment Canada's March 2009 "Technical Document for Batch Waste Incineration."

4. Spill Contingency Planning

- As stated in Part H, Item # 6 c. of the PDL's license, all hazardous material spill occurrences must be reported to the INAC Inspector. This procedure is not included in the project's Nov. 2009 Spill Contingency Plan. The Inspector's contact information is provided in Part B, Item #8 b. of the license. PDL should revise their plan accordingly.

5. Topographic Map of Project Area

- PDL should submit a topographic map of their project area (scaled to an appropriate size) that identifies as a minimum, their camp, gray water sump, fuel cache(s), and potable water source intake point. This map should allow for an understanding of any water sheds in the project area.

Prepared by David Abernethy

Cc: Lou-Ann Cornacchio, Manager of Water Resources
Peter Kusugak, Manager of Field Operations