

APPENDIX 6

GENERAL GUIDELINES: NANUQ PROPERTY Abandonment and Restoration of Camp Facilities and Worksites

INTRODUCTION

For this Peregrine Diamonds Ltd. (Peregrine) Abandonment and Restoration Plan (the Plan), which is in respect of the proposed seasonal fly-in tent camp, "Nanuq camp", located approximately 1 hour by air from Baker Lake and 1.25 hours by air from Rankin Inlet, it is assumed that the camp will be moved 1 km northwest in spring 2007 and the former camp area cleaned up and all associated equipment, fuels and tents moved to the new location; reusable scrap material, empty drums and waste fuel and oil drums will be transported off-site. The camp and programme will be in operation for roughly 15 weeks in 2008, then secured for reopening in 2009.

Once removed from site, usable items may be flown to a Peregrine facility, recycled and flown to another project, sold or returned to the supplier (if applicable). Unusable inventory which cannot be burned on-site, such as waste oil or filters, will be flown off site to the nearest authorised community or Yellowknife for disposal via a waste-disposal contractor, in compliance with NU Transportation of Dangerous Goods regulations. If treatable hazardous waste should exist at the time of closure, such material will be transported to Yellowknife, then to Newalta Recycling Facility in Redwater, AB, or similar licensed facility for such waste. In the remote possibility that non-treatable hazardous waste should exist at the time of closure, such material will be transported to Swan Hills Disposal Facility in Swan Hills, AB, or other suitable licensed facility for such waste.

Validity of Land-Use Authorisation

Indian and Northern Affairs (INAC) Class A Land-Use Permits #N2003C0016 and #N2003C0040 are now in force. The camp and proposed work activities are described in the current Project Description; a new land-use permit is being applied for now and will be in effect prior to startup of this programme. A new Nunavut Water Board (NWB) Type B Water Licence also is now being sought to authorise associated water usage. Any final abandonment and restoration shall occur whilst valid land- and water-use authorisations still are in place, and in consultation and co-operation with the designated INAC field inspectors (land and water), NWB staff and local communities, principally the closest communities, Baker Lake, 250km southwest, and Chesterfield Inlet (120km south). If an archaeology permit is in place, notification also shall be provided to the Chief Archaeologist – Government of Nunavut. If a then-existing land- or water-use authorisation is due to lapse during the closure process, an extension or renewal will be sought, as appropriate.

BUILDINGS AND CONTENTS

The new camp will be almost the same size and configuration as the existing camp, with the addition of an extra sleep tent in order that the relocated camp may accommodate up to 20 persons in 2008, and will be comprised of sleep tents (1 women's tent and 4 men's tents), a generator shed, core shack, first-aid tent, latrine, office, kitchen and dry – all of which can be disassembled, removed and reused later. Use areas will include a fuel-drum storage area, burn area (incinerator) and helicopter-landing area. During the 2008 drill programme, a drill shack and pump shack for each of the two core drills will be operational and moved from site to site, as required – one drill area is located approximately 27km north of the new camp and the second, approximately 24km north-northeast. A helicopter-supported ground geophysics programme and a helicopter-supported till-sampling

programme also will be conducted, with negligible ground impact requiring restoration. Sleep and work tents will be heated by oil stoves supplied with diesel fuel in 205L drums.

At final closure, all tent structures and contents deemed reusable will be dismantled and the components transported off-site by plane. Non-reusable items will be dismantled and wooden components burned on site on a gravel or sand area, with all débris such as nails, bolts, screws and plastic, raked up, bagged and removed off-site for disposal to a pre-authorised community waste disposal facility.

Any absorbent padding used where fuel is transferred, such as at the generator shed and at camp structures, will be bagged and removed to the nearest authorised disposal facility after burning has ceased at camp. The area around each diesel drum will be inspected and the soil beneath will be sampled, if necessary, for potential hydrocarbon contamination. Any contaminated soil will be bagged and disposed of properly off-site, or aerated on tarps. Used drip pans or pails will be flown out for disposal with other solid waste.

The drill shack, pump shack and drilling equipment, any scrap, fuels, lubricants, additives and waste hydrocarbons will be flown off site at the end of the respective programme and prior to closure.

INFRASTRUCTURE SUPPORT

Freshwater Supply and Greywater System

Potable water for domestic camp use will be obtained from the area of the Lorillard River beside the camp. All lines associated with the water intake will be drained, dismantled and removed off-site for future re-use.

The greywater system will likely consist of flexible hose and a greywater sump which receives water from the camp kitchen and dry (showers, sinks). The greywater lines will be drained, dismantled and removed off-site for disposal or recycled to another project. The sump(s) and immediate environs will be examined, any remaining débris removed, the sump(s) backfilled/levelled/restored to prior condition, combustibles burned or bagged and remaining bagged materials transported off-site for disposal. If necessary, the sump pit will be treated with lime or Javex to kill odours which might attract animals.

Two Pacto toilets will be used for this camp; no water use is required.

Refuse Disposal Facilities

All combustible wastes will be burned on site in a CSA fuel-fired incinerator. Particular care will be taken to secure and then burn all food wastes at least daily, to limit animal attraction. Non-combustibles will be flown off-site for disposal, as noted elsewhere in this Plan. These practices will remain in effect until the camp is closed. At the point where incineration is no longer required, i.e., at the completion of cleanup, the incinerator itself will be removed off-site.

The wooden latrine will be dismantled and components burned. The Pactos will be cleaned and recycled to another project. The ground in the vicinity of the shed will be levelled and raked, if necessary, so that the site is restored to prior condition. A similar cleanup operation will be performed at the old campsite during the 2008 programme.

Generator Shed Area

The shed will be inspected for any remaining hazardous materials (such as oil for generators and snow machines), cleaned and dismantled for salvage or disposal, and the ground inspected. At Peregrine camps, used motor oil typically is collected in an empty drum and removed for recycling. Where practical, given the remote location, this practice will continue until final closure; where not practical, the waste oil will be flown out for proper disposal. Used materials such as floor-dry (vermiculite), drip pans and padding will be properly disposed of off-site. Any oil- or fuel-contaminated soil will be removed for proper disposal, or more likely, aerated on tarps. If necessary, the ground in the vicinity of the shed will be sampled for contamination. The use areas will be raked clean and restored to prior condition.

Transportation Facilities

It is expected that transportation facilities at the camp will be minimal, consisting of an existing natural-sand airstrip and a helicopter landing pad (a level patch of sand in the large, natural-sand area where the existing and new camp are located. The helipad area will be checked and any contaminated soil will be bagged and disposed of properly off-site, or aerated on tarps. If necessary, ground in the vicinity of the pad will be sampled for hydrocarbon contamination. The use areas will be raked clean and restored to prior condition. One temporary helipad area, in the vicinity of the two drillsites, will be restored in a similar manner.

FUEL STORAGE AREAS

The camp fuel storage area will consist of segregated groups of drums, with empties separated from full drums of diesel and Jet-B. Waste fuel will be kept for burning garbage, or sent out as Class 9 waste on backhauls. Propane, as standard 45kg cylinders, will be stored upright and secured beside the kitchen and dry areas. At programme closure, unneeded drums and cylinders will be removed; at final closure, all fuel containers will be removed.

Should some drums be left in the camp cache for use in 2009, a fuel inventory will be completed to assess the quantity and type of fuel remaining, and the storage areas inspected. Any contaminated soil will be bagged and removed for proper disposal, if in small quantity, or aerated on tarps. If necessary, the ground in the storage areas will be sampled for contamination. The use areas will be restored to prior condition. At final closure, all fuels and empty drums will be removed; usable fuel will be transported to another project or returned with empties to the supplier.

CHEMICAL STORAGE

The chemicals to be used on site will be limited to household-strength cleaning supplies such as Javex, ammonia-based window/countertop sprays, wash soaps, degreasers and the like, and limited miscellaneous items such as antifreeze, insect repellent and aerosols. These will be stored in their original containers in their respective use areas, and removed off-site with routine garbage backhauls. When drilling is under way, the contractor responsible will store the required drilling muds, additives, oils and lubricants in a temporary shed at drillsite; these materials would not be present on site at closure. Upon closure of the camp, any unused inventory will be recycled to another project, returned to the supplier or properly disposed of; partially-used containers will be removed for disposal. As part of final closure activities, areas in the immediate vicinity of chemical storage areas, such as the kitchen, dry and generator shed, will be inspected, any soil so requiring will be collected, bagged and removed off-site for disposal. If necessary, ground at chemical storage areas will be sampled for contamination.

MOBILE AND FIXED EQUIPMENT

All mobile and fixed equipment will be removed from the site prior to closure. This inventory in 2008 will include generators, pumps, snow machines, power and hand tools, welder, and any drilling equipment, pipe or heavy machinery. Any equipment required for abandonment and restoration, such as shovels, chainsaw, a generator for power tools, etc., will remain on site until all activities are completed. Areas such as sump pits will be re-covered with reserved overburden and recontoured, if required, to blend with surrounding terrain and ensure drainage away from nearby watercourses.

WATER MANAGEMENT

During fieldwork, water consumption figures will be kept and the total reported in the Nunavut Water Board (NWB) Annual Report.

Water-quality sampling will occur as part of final abandonment and restoration activities, as directed by the NWB, and will be conducted in compliance with the NWB water licence then in effect. Grab samples will be collected from the camp water source (river) for analysis of standard parameters by an accredited laboratory to ensure minimal degradation from the demobilisation and abandonment of the campsite.

DRILL SITE MANAGEMENT AND CLOSURE

In compliance with best practice, Peregrine ensures that each drillsite is properly cleaned up when the hole is closed, not simply when the project closes. In compliance with the land-use permit, lake-based coreholes will be closed with grout plugs, any lake-based large-diameter holes (should such be drilled in a future year) will be capped with cement, and land-based holes cemented and casings cut. Locations of drillholes are recorded as GPS co-ordinates for future reference.

The boundary co-ordinates of the spring-summer 2008 proposed drilling area are attached to this Plan as *Figure 1* (below).

In addition to closure of the hole, and removal of all associated equipment and debris, sumps also are inspected. In almost all cases, the underflow material consists only of sandy/silty water. However, where necessary, sumps are backfilled; if this is not possible due to snowcover and frozen ground, then any sumps requiring backfill will be filled in summer conditions. Should additives be used in any holes, the associated sediments will be placed in poly-lined sumps where necessary and the liner material and contents disposed of as waste on flight backhauls. However, Peregrine promotes use only of environmentally-benign additives, as determined by Material Safety Data Sheets (MSDS). The drill contractor is required to supply MSDS prior to an additive being approved by Peregrine for delivery to site. Drill sumps for the 2008 programme and any subsequent programmes will be sited so as to lessen the possibility of flow of drill cuttings into any neighbouring waterbodies, taking advantage of topographic features such as natural depressions and bedrock outcrops.

At final closure, old work sites will be re-inspected to ensure compliance and return of the sites to their natural condition.

SHORT-TERM SHUTDOWN

Since activity on the property is at the exploration/early evaluation stage, there will continue to be periods of short-term shutdown, i.e., periods when the camp is inactive and no geophysical surveying, sediment sampling or drilling is occurring. At the end of the 2008 programme, the tent camp, fuels and equipment such as snow machines will be secured for the winter. With another seasonal programme in 2009, a similar process would occur. A seasonal shutdown procedure will be activated. The camp would be cleaned up and secured, an inventory taken, personal and unnecessary office items removed, and empty drums and garbage removed off site for proper disposal, thus ensuring public and wildlife safety. All fuel and water lines would be drained, and all fuel and power sources would be shut off and disconnected. However, the camp will be left in such a way that all equipment, buildings and utilities remain in serviceable and safe condition, such that startup in the next season could be effected safely and efficiently, and in consonance with the terms and intent of the governing authorisations.

POST-CLOSURE INSPECTION AND/OR MONITORING

At the time of 2008 temporary closure, inspectors will be notified of this event in advance, should they wish to visit the site. No drilling equipment will be left behind. At final closure, final inspection, documentation and one or more site visits by community representatives, conducted by the permitholder in co-operation and consultation with INAC staff, NWB staff and local land users, will ensure successful closure of this exploration camp. One or more community visits also may occur, if required.

Some past abandonment incidents by others (non-Peregrine) at campsites and fuel caches in the NWT and Nunavut have been unfortunate, and are not condoned by this permitholder or its agents. Peregrine practises a good-neighbour policy in all its programme areas, and voluntarily removes abandoned drums or scrap that it encounters. Where the unknown abandoned areas are extensive, the permitting authorities are supplied with co-ordinates.

If, in the judgement of regulators, it is deemed that monitoring is required in regard to some component of the Nanuq camp, drilling or associated activities, this will be carried out by the permitholder in such form and manner, and for such duration, as is best able to ensure successful abandonment and restoration of the property and its future benefit to other land users.

-- Shirley Standafer-Pfister (private contractor)
on behalf of Peregrine Diamonds Ltd.
30 October 2007

Figure 1

