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NUNAVUT WATER BOARD  
NUNAVUT IMALIRIYIN KATIMAYINGI  
OFFICE DES EAUX DU NUNAVUT

File: 2BE-NAN0813

March 3, 2010

Shirley Standafer-Pfister  
Peregrine Diamonds Ltd.  
201 – 1250 Homer Street  
Vancouver, BC V6B 1C6  
Email: [shirley@pdiam.com](mailto:shirley@pdiam.com)

**RE: 2BE-NAN0813 Type “B” – Amendment No.1**

Dear Ms Standafer-Pfister:

Please find attached, Amendment No.1 to Licence No. 2BE-NAN0813 Type “B” issued to Peregrine Diamonds Ltd by the Nunavut Water Board (NWB) (**Motion 2009-21-L06**) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence related to water use and waste disposal remain an integral part of this approval.

The NWB recommends that the Licensee consult the comments received by interested persons<sup>1</sup>. This information is attached for your consideration.

Sincerely,

Thomas Kabloona  
Nunavut Water Board  
Chair

dh/tla

Enclosure: Licence No. **2BE-NAN0813 - Amendment No.1**  
Comments – DFO, INAC, EC

Cc: Distribution – Kivalliq

<sup>1</sup> Fisheries and Oceans Canada, dated November 6, 2009; Indian and Northern Affairs Canada, dated February 22, 2010; and Environment Canada dated February 22, 2010.

# LICENCE AMENDMENT No. 1

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<b>Licensee:</b>	<b>PEREGRINE DIAMONDS LTD.</b>
<b>Licence No:</b>	<b>2BE-NAN0813      Type "B"</b>
<b>Licence Issued:</b>	<b>April 18, 2008</b>
<b>Amendment Effective:</b>	<b>March 2, 2010</b>

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Pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters* and the *Nunavut Surface Rights Tribunal Act*, with respect to an application for amendment dated October 26, 2009, made by Kivalliq Energy Corporation (Licensee), the Nunavut Water Board hereby grants the following Licence amendment.

The Licence issued April 18, 2008 with an expiry date of May 31, 2013 shall be amended to include the following terms and conditions, with respect to use of water and deposit of waste, to allow the Licence to undertake on-ice drilling as proposed in the amendment application dated December 3, 2009.

## **PART F:      CONDITIONS APPLYING TO DRILLING OPERATIONS**

- |                   |   |
|-------------------|---|
| Delete Item 5     | On-ice drilling is not authorized under this Licence.   |
| Insert new Item 5 | Drilling additives or mud shall not be used in connection with holes drilled through lake ice unless they are re-circulated or contained such that they do not enter the water, or are demonstrated to be non-toxic.  |
| Insert new Item 6 | For on-ice drilling, return water released must be nontoxic, and not result in an increase in total suspended solids in the immediate receiving waters above the Canadian Council of Ministers for 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). |
| Insert new Item 7 | The Licensee shall establish water quality conditions prior to and upon completion of any drilling program through lake ice.  |

## **PART H:      CONDITIONS APPLYING TO THE MONITORING PROGRAM**

- |                   |   |
|-------------------|---|
| Insert new Item 8 | The Licensee shall obtain representative samples of the water column below any ice where required under Part F, Item 7. Monitoring shall include but not be limited to the following: |
|                   | Total Suspended Solids  |
|                   | pH  |

Electrical Conductivity,  
Total Trace Metals as determined by a standard ICP Scan (to include at a minimum, the following elements: Al, Sb, Ba, Be, Cd, Cr, Co, Cu, Fe, Pb, Li, Mn, Mo, Ni, Se, Sn, Sr, Tl, Ti, U, V, Zn), and  
Trace Arsenic and Mercury

**All remaining terms and conditions of the Licence 2BE-NAN0813 Type 'B' dated May 18, 2008 still apply.**

This Licence Amendment issued and recorded at Gjoa Haven, NU on March 2, 2010.

Approved by,

A handwritten signature in dark ink, appearing to read 'T. Kabloona', with a long horizontal flourish extending to the right.

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Thomas Kabloona  
Nunavut Water Board  
Chair