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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No.: 2BE-NAN1823

August 24, 2018

David Willis
Manager Lands & Community
Peregrine Diamonds Ltd.
654-999 Canada Place,
Vancouver, BC, V1M 1G9
Email: dave@pdiam.com

RE: NWB Replacement Water Licence No. 2BE-NAN1823

Dear Mr. Willis:

Please find attached the Water Licence No. 2BE-NAN1823 issued to Peregrine Diamonds Ltd. by the Nunavut Water Board (NWB) 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 (Nunavut Agreement)*. The terms and conditions of the attached Water Licence related to the use of Water and the deposit of Waste are an integral part of this approval.

If the Licensee contemplates the continuing of this Undertaking after the Water Licence expires, it is the responsibility of the Licensee to apply to the NWB for a renewal Water Licence. The past performance of the Licensee, new documentation and information, and issues raised during a public hearing, if the NWB is required to hold one, will be used to determine the terms and conditions of the renewal Water Licence. Note that if the Licence expires before the NWB issues a new one, then the use of Water and the deposit of Waste must cease, or the Licensee may be in contravention of the *Nunavut Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act (NWNSTRA)*. However, the expiry or cancellation of a licence does not relieve the holder from any obligations imposed by the licence. The NWB recommends that an application for the renewal of this Licence be filed at least **three (3) months** prior to the Licence expiry date. It should be noted that in accordance with s. 75(1)(a) of the *Nunavut Planning and Project Assessment Act (NuPPAA)*, the Board is not allowed to issue a permit or authorization for any project proposal that has not been submitted to the Nunavut Planning Commission (NPC) in accordance with s. 76 of *NuPPAA*.

If the Licensee contemplates or requires an amendment to this Water Licence, the NWB may decide, in the public's interest, to hold a public hearing. The Licensee should submit applications for amendment as soon as possible to give the NWB sufficient time to go through the amendment process. The process and timing may vary depending on the scope of the amendment, however, a minimum of **sixty (60) days** is required from time of acceptance by the NWB. It is the responsibility of the Licensee to ensure that all application materials have been received and are

acknowledged by the Manager of Licensing.

The NWB strongly recommends that the Licensee consult with the comments received by interested parties on issues identified. This information is attached for your consideration.¹

Sincerely,

Lootie Toomasie
Nunavut Water Board,
Chair

LT/dd/ip

Enclosure: Replacement Licence No. 2BE-NAN1823

Comments – CIRNAC and ECCC

Cc: Distribution List – Kivalliq

¹ Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), August 16, 2018; Environment and Climate Change Canada (ECCC), July 20, 2018.

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DECISION

LICENCE NUMBER: 2BE-NAN1823

This is the decision of the Nunavut Water Board (NWB) with respect to an application dated June 28, 2018 for a replacement of a Water Licence made by:

PEREGRINE DIAMONDS LTD

to allow for the use of Water and the deposit of Waste during camp operations and activities related to exploration (including air geophysics, ground geophysics, drilling, sampling, prospecting, and mapping) at the Nanuq Project located within the Kivalliq Region, Nunavut, generally located at the geographical coordinates as follows:

Project Extents:

Latitude: 65° 37' 58.91" N	Longitude: 91° 21' 12.15" W
Latitude: 65° 36' 1.699" N	Longitude: 90° 27' 40.67" W
Latitude: 65° 09' 40.91" N	Longitude: 90° 22' 23.17" W
Latitude: 65° 10' 30.59" N	Longitude: 91° 20' 20.92" W

Camp Location(s):

Latitude: 65° 13' 42.89" N	Longitude: 91° 05' 25.66" W
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DECISION

After having been satisfied that the Application is for activities that were previously reviewed by the Nunavut Planning Commission (NPC), conform to the Keewatin Regional Land Use Plan, and are exempt from the requirements of further screening by the Nunavut Impact Review Board (NIRB) as described within s. 12.4.3 / Schedule 12-1 of the *Nunavut Agreement*.¹ In addition, the activities were previously screened by NIRB and therein remain subject to the originally issued and additional terms and conditions as recommended in the 08EN002 Screening Decision Report², the NWB decided that the application could proceed through the regulatory process. In accordance with s. 55.1 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSRTA or Act) and Article 13 of the *Nunavut Agreement*, public notice of the Application was given and interested persons were invited to make representations to the NWB.

After reviewing the submission of the Applicant and considering the representations made by interested parties, the NWB, having given due regard to the facts and circumstances, the merits of the submissions made to it and to the purpose, scope and intent of the *Nunavut Agreement* and of the Act, waived the requirement to hold a public hearing, and determined that:

¹ NPC conformity determination dated April 9, 2018.

² NIRB decision dated November 23, 2009.

Replacement Licence No. 2BE-NAN1823 be issued subject to the terms and conditions contained therein. (Motion #: 2018-B1-025)

Signed this 24th day of August, 2018 at Gjoa Haven, NU.

Lootie Toomasie
Nunavut Water Board,
Chair

LT/dd/ip

I. PROJECT OVERVIEW

The Nanuq Project was first developed in 2003 by Dunsmuir Ventures Ltd. as a diamond exploration operation, and in 2007 the project was transferred to Peregrine Diamonds Ltd, (“Peregrine”). The project is located approximately 275 kilometers northeast of Baker Lake. During the initial years three kimberlite pipes were discovered that contain diamonds. These kimberlites were discovered through a variety of techniques including heavy mineral sampling, prospecting mapping, geophysics, and drilling. All activities were based out of Peregrine’s Nanuq Camp located next to the Lorillard River.

The last significant field exploration program on the Nanuq Project was undertaken during the summer of 2011 and included drill testing of geological and geophysical anomalies. Camp field inspections were carried out in 2012 and 2014. A small sampling program was undertaken on the same day as the field inspection.

In 2014 the draft Nunavut Land Use Plan labelled the Nanuq Project as being occurring in a caribou calving area. At this time all exploration activities were halted and Peregrine indefinitely suspended all exploration activity until this matter is clearly resolved.

In 2016 the Nanuq Camp was partially demobilized and all fuel liabilities removed to ensure that the camp area remained tidy and secure.

II. PROCEDURAL HISTORY

The Nunavut Water Board (NWB or Board) received the Water Licence Renewal Application (Application) from Peregrine on June 28, 2018, to replace their current Water Licence 2BE-NAN1318, which expired on June 30, 2018. The Application included the following documents:

- Cover letter
- Application – NWB Renewal Application 2BE-NAN1318
- Map 1 – 1:250,000 Project Location Maps
- Map 2 – 1:50,000 Camp Location Map
- Schedule 1 – Critical Locations & Coordinates
- Schedule 2 – Letter from the NPC dated April 9, 2018
- Schedule 3 – Nanuq Permit & Licence History
- Schedule 4 – Nanuq List of Authorized Activities
- Schedule 5 – Waste Management Plan
- Schedule 6 – Environmental Impacts
- Schedule 7 – Consultation Catalogue
- Schedule 8 – Nanuq Security Information
- Schedule 9 – Financial Statements
- Schedule 10 – Corporate Certificates
- Schedule 11 – Bibliography of Assessment Reports
- Schedule 12 – English Summary of Application
- Schedule 13 – Inuktitut Summary of Application

- Schedule 14 – Spill Contingency Plan
- Schedule 15 – Abandonment and Restoration Plan

On July 10, 2018, following a preliminary internal technical review the NWB concluded that the Application met the requirements of section 48(1) of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSTRA or Act) and forwarded notice of the Application to regulators, the council of the municipality most affected by the project, and other interested parties. All parties were invited to make representations to the NWB by August 10, 2018 extended to August 16, 2018 as per request from Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC or former INAC)

Written submissions were received from CIRNAC and Environment and Climate Change Canada (ECCC). No public concern was expressed during the notice period. Therefore, the NWB waived the requirement to hold a public hearing and proceeded with the application process.

Based on the results of the detailed assessment of the Application, including consideration of any potential accidents, malfunctions, or impacts to water that the overall project might have in the area, the Board has approved the Application and has issued Water Licence 2BE-NAN1823.

III. GENERAL CONSIDERATIONS

The issuance of this Licence (No. **2BE-NAN1823**) will replace Licence No. 2BE-NAN1318. Since the project has essentially been put on hold and no modifications have occurred since the issuance of the original Licence, terms and condition in the replacement Licence will be similar.

Term of Licence

In accordance with the s. 45 of *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, the NWB may issue a Licence for a term not exceeding twenty-five (25) years. A five (5) year term was requested and the NWB believes that a term of five (5) years is appropriate. The 5-year licence will allow time to work through the issue regarding the Draft Land Use Plan and important caribou calving area.

A. Scope Definitions and Enforcement

The Licence allows for the use of water in support of a Mining Undertaking and associated domestic purposes.

B. General Conditions

Annual Report

As a requirement of section 14(1) of the *Nunavut Waters Regulations* and similar to the terms and conditions generally included in all licences issued by the Board, the NWB has included under Part B, Item 1 of this Licence, requirements for the Licensee to submit to the Board for review, prior to the 31st of March, annually, a report detailing Water use and/or Waste deposit activities for the undertaking for the preceding year. The submission of Annual Reports ensure

that the NWB has on file accurate updates of all Water use and/or Waste deposit activities related to an undertaking for any particular year preceding one in which the report is filed.

The Board provides public access to the information submitted in licensees' annual reports through its ftp site as well as upon request from interested parties.

The NWB has included on its website a standardized form for annual reporting that licensees can use to submit annual reporting information, supplemented by other project-specific, relevant details. A copy of the NWB's generic Annual Report Form can be obtained from the NWB upon request or electronically from the NWB's FTP site using the following link:

<ftp://ftp.nwb-oen.ca/other%20documents/>

C. Conditions Applying to Water Use

The Licensee has requested sixty (60) cubic meters per day of water use, fifty (50) cubic metres per day for drilling and ten (10) cubic metres per day for domestic purposes. No concerns were expressed regarding the requested water volume. The Board considers the volume of water requested to be reasonable and has included conditions governing water use under Part C, Item 1 in the Licence.

D. Conditions Applying to Waste Disposal

The Licensee has submitted with their application the updated *Waste Management Plan for the Nanuq Project*, dated June 2018, that is being approved by the Board with the issuance of this Licence. The Application identified domestic sewage, greywater, and food waste as domestic waste, and bulky metal objects as miscellaneous waste. Hazardous waste will be minimal and consists of waste oil, fuels, and batteries. All combustible material will be incinerated on site, including small (<500ml) amounts of oil. The Licensee has proposed to ship large objects and non-incinerated hazardous waste to an approved facility in Rankin Inlet for disposal.

E. Conditions Applying to Construction and Operations

The Board provides conditions for construction and operation activities associated with exploration activities in Part G of this Licence.

F. Conditions Applying to Drilling Operations

The Applicant indicated that drilling will occur on land and on ice. The Licence includes standard conditions under Part F related to drilling operations for the purpose of core drilling.

G. Conditions Applying to Modifications

The Board allows for modification to the project in accordance with Part G of this Licence.

H. Conditions Applying to Spill Contingency Planning

The Licensee has submitted with their application the updated *Spill Contingency Plan for the*

Nanuq Project, dated June 27, 2018. Comments received from Environment and Climate Change Canada (ECCC) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), suggested that this spill plan include an updated map indicating the location of fuel, hazardous materials, and spill kits; secondary containment that includes an impermeable barrier for fuel storage areas, and updated employee contact information. The Spill Contingency Plan is being approved with the issuance of this licence. The Applicant is required under Part B, Item 2 and as per Part B, Item 10, to submit to the Board for review any revisions of the Plan, in the form of an addendum.

I. Conditions Applying to Closure and Reclamation

The Licensee has submitted with their application the updated *Abandonment and Restoration Plan for the Nanuq Project*, dated June 27, 2018, that is being approved with the issuance of this licence. Under the terms and conditions in the Licence applying to abandonment and restoration, the Licensee is required to remove any remaining equipment associated with the project upon completion. Additional conditions for restoration have been included under Part I of this Water Licence.

J. Conditions Applying to Monitoring

The Board provides conditions for monitoring associated with exploration in Part G of this Licence.



NUNAVUT WATER BOARD REPLACEMENT WATER LICENCE

Licence No. 2BE-NAN1823

Pursuant to the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada*, the Nunavut Water Board, hereinafter referred to as the Board, hereby grants to

PEREGRINE DIAMONDS LTD

(Licensee)

654 – 999 CANADA PLACE, VANCOUVER, BC, V1M 1G9

(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water or dispose of Waste for a period subject to restrictions and conditions contained within this Licence Replacement:

Licence Number/Type: **2BE-NAN1823 / TYPE “B”**

Water Management Area: **LORILLARD (14); QUOICH (09)**

Location: **NANUQ PROJECT
KIVALLIQ REGION, NUNAVUT**

Classification: **MINING UNDERTAKING**

Purpose: **DIRECT USE OF WATER AND DEPOSIT OF WASTE**

Quantity of Water use not to Exceed: **SIXTY (60) CUBIC METRES PER DAY**

Date of Licence Issuance: **AUGUST 24, 2018**

Expiry of Licence: **AUGUST 23, 2023**

This Licence replacement, issued and recorded at Gjoa Haven, Nunavut, includes and is subject to the annexed conditions.

**Lootie Toomasie
Nunavut Water Board, Chair**

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

1. Scope

This Licence allows for the use of Water and the deposit of Waste for a Mining undertaking classified as per Schedule 1 of the *Regulations* at the Nanuq Project, located approximately 225 km north of Chesterfield Inlet and 275 km northeast of Baker Lake within the Kivalliq Region, Nunavut.

- a. This Licence is issued subject to the conditions contained herein with respect to the taking of Water and the deposit of Waste of any type in any Waters or in any place under any conditions where such Waste or any other Waste that results from the deposits of such Waste may enter any Waters. Whenever new Regulations are made or existing *Regulations* are amended by the Governor in Council under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, or other statutes imposing more stringent conditions relating to the quantity or type of Waste that may be so deposited or under which any such Waste may be so deposited, this Licence shall be deemed, upon promulgation of such Regulations, to be subject to such requirements; and
- b. Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with the requirements of all applicable Federal, Territorial and Municipal legislation.

2. Definitions

“**Act**” means the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

“**Addendum**” means the supplemental text that is added to a full plan or report usually included at the end of the document and is not intended to require a full resubmission of the revised report;

“**Amendment**” means a change to original terms and conditions of this Licence requiring correction, addition or deletion of specific terms and conditions of the Licence; modifications inconsistent with the terms of the set terms and conditions of the Licence;

“**Applicant**” means the Licensee;

“**Appurtenant Undertaking**” means an undertaking in relation to which a use of water or a deposit of Waste is permitted by a licence issued by the Board;

“**Board**” means the Nunavut Water Board established under the *Nunavut Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

“**Closure and Reclamation Plan**” means a Plan developed to reach the closure goal and taking in account the “Guidelines for the Closure and Reclamation of Advanced Mineral Exploration and Mine Sites in the Northwest Territories” 2013;

“**Effluent**” means treated or untreated liquid Waste material that is discharged into the environment from a structure such as a settling pond, landfarm or a treatment plant;

“**Engineer**” means a professional engineer registered to practice in Nunavut in accordance with the *Consolidation of Engineers and Geoscientists Act S. Nu 2008, c.2* and the *Engineering and Geoscience Professions Act S.N.W.T. 2006, c.16 Amended by S.N.W.T. 2009, c.12*;

“**Greywater**” means all liquid Wastes from showers, baths, sinks, kitchens and domestic washing facilities, but does not include toilet Wastes;

“**High Water Mark**” means the usual or average level to which a body of water rises at its highest point and remains for sufficient time so as to change the characteristics of the land (ref. Department of Fisheries and Oceans Canada, Operational Statement: Mineral Exploration Activities);

“**ICP Scan**” means the laboratory method for determining trace metals in water through Emission Spectroscopy using inductively coupled plasma (including from approximately 22 to 32 elements, depending on the laboratory performing the analysis);

“**Inspector**” means an Inspector designated by the Minister under Section 85 (1) of the *Act*;

“**Licensee**” means the holder of this Licence;

“**Minister**” means the Minister of Crown-Indigenous Relations Canada;

“**Modification**” means an alteration to a physical work that introduces a new structure or eliminates an existing structure and does not alter the purpose or function of the work, but does not include an expansion;

“**Nunavut Agreement**” means the “*Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada*”, including its preamble and schedules, and any amendments to that agreement made pursuant to it;

“**Regulations**” means the *Nunavut Waters Regulations* SOR/2013-69 18th April, 2013;

“**Secondary Containment**” means an impermeable structure, external to and separate from primary containment, which prevents unplanned spills of hazardous materials and provides a minimum capacity of 110% of the original vessel. Where multiple vessels are stored within the containment, it must provide a minimum capacity equal to the sum of the largest vessel and 10% of the aggregate volume of all other vessels located in the containment. This structure shall also provide containment and control of hoses and nozzles;

“**Sewage**” means all toilet Wastes and greywater;

“Spill Contingency Plan” means a Plan developed to deal with unforeseen petroleum and hazardous materials events that may occur during the operations conducted under the Licence;

“Sump or Sumps” A structure or depression that collects, controls, and filters liquid Waste before it is released to the environment. This structure should be designed to prevent erosion while allowing percolation of liquid Waste;

“Toilet Wastes” means all human excreta and associated products, but does not include greywater;

“Waste” means, as defined in s. 4 of the *Act*, any substance that, by itself or in combination with other substances found in water, would have the effect of altering the quality of any water to which the substance is added to an extent that is detrimental to its use by people or by any animal, fish or plant, or any water that would have that effect because of the quantity or concentration of the substances contained in it or because it has been treated or changed, by heat or other means;

“Water” or “Waters” means waters as defined in section 4 of the *Act*.

3. **Enforcement**

- a. Failure to comply with this Licence will be a violation of the *Act*, subjecting the Licensee to the enforcement measures and the penalties provided for in the *Act*;
- b. All inspection and enforcement services regarding this Licence will be provided by Inspectors appointed under the *Act*; and
- c. For the purpose of enforcing this Licence and with respect to the use of water and deposit or discharge of Waste by the Licensee, Inspectors appointed under the *Act*, hold all powers, privileges and protections that are conferred upon them by the *Act* or by other applicable law.

PART B: GENERAL CONDITIONS

1. The fees payable to the Receiver General for Canada for the right to use Waters, shall be sent to the Board annually in accordance with Section 12 of the *Regulations*.
2. The Licensee shall file an Annual Report on the Appurtenant Undertaking with the Board no later than March 31st of the year following the calendar year being reported, containing the following information:
 - a. A summary report of Water use and Waste disposal activities;
 - b. Quantity of Water (in cubic metres/day) obtained for domestic and other purposes from all sources for the reporting period;
 - c. Quantity of Waste disposed of on site;
 - d. Quantity of Waste backhauled to approved facility for disposal;

- e. A list of unauthorized discharges and a summary of follow-up actions taken;
 - f. Any revisions to the Spill Contingency Plan or Abandonment and Restoration Plan, as required by Part B, Item 7, submitted in the form of an Addendum;
 - g. A description of all progressive and or final reclamation work undertaken, including photographic records of site conditions before, during and after completion of operations;
 - h. Report all artesian flow occurrences as required under Part F, Item 3;
 - i. A summary of all information requested and results of the Monitoring Program;
 - j. Any other details on Water use or Waste disposal requested by the Board by the 1st November of the year being reported.
- 3. The Licensee shall notify the NWB of any changes in operating plans or conditions associated with this project at least thirty (30) days prior to any such change.
 - 4. The Licensee shall install flow meters or other such devices, or implement suitable methods required for the measuring of Water volumes as required under Part J, Item 1.
 - 5. The Licensee shall, for all Plans submitted under this Licence, include a proposed timetable for implementation. Plans submitted, cannot be undertaken without subsequent written Board approval and direction. The Board may alter or modify a Plan if necessary to achieve the legislative objectives and will notify the Licensee in writing of acceptance, rejection or alteration of the Plan.
 - 6. The Licensee shall, for all Plans submitted under this Licence, implement the Plan as approved by the Board in writing.
 - 7. The Licensee shall review the Plans referred to in this Licence, as required by changes in operation and/or technology, and modify the Plan accordingly. Revisions to the Plans shall be submitted in the form of an Addendum to be included with the Annual Report.
 - 8. Every Plan to be carried out pursuant to the terms and conditions of this Licence shall become a part of this Licence, and any additional terms and conditions imposed upon approval of a Plan by the Board become part of this Licence. All terms and conditions of the Licence should be contemplated in the development of a Plan where appropriate.
 - 9. The Licensee shall ensure a copy of this Licence is maintained at the site of operations at all times. Any communication with respect to this Licence shall be made in writing to the attention of:

(a) **Manager of Licensing:**
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0
Telephone: (867) 360-6338
Fax: (867) 360-6369
Email: licensing@nwb-oen.ca

(b) Inspector Contact:
Manager of Field Operations, INAC
Nunavut District, Nunavut Region
P.O. Box 100
Iqaluit, NU X0A 0H0
Telephone: (867) 975-4295
Fax: (867) 979-6445

10. The Licensee shall submit an electronic copy of all reports, studies, and plans to the Board. Reports or studies submitted to the Board by the Licensee shall include a detailed executive summary in Inuktitut.
11. The Licensee shall ensure that all documents or correspondence submitted by the Licensee to the NWB are received and acknowledged by the Manager of Licensing.
12. This Licence is assignable as provided for in Section 44 of the *Act*.
13. The expiry or cancellation of this Licence does not relieve the Licensee from any obligation imposed by the Licence, or any other regulatory requirement.

PART C: CONDITIONS APPLYING TO WATER USE

1. The Licensee shall obtain all Water for domestic camp use from Lorillard River. Total camp Water use shall not exceed ten (10) cubic metres per day. Drill Water shall be obtained from local Water source(s), proximal to the drilling targets as outlined in the Application and shall not exceed fifty (50) cubic metres per day. The volume of Water for all purposes under this Licence shall not exceed sixty (60) cubic metres per day.
2. The use of Water from streams or any Water bodies not identified in Part C, Item 1, is prohibited unless authorized and approved by the Board in writing.
3. The withdrawal of Water from any stream shall not exceed ten (10) per cent of the low flow of that stream unless approved by the Board in writing.
4. Where the use of Water is of a sufficient volume that the source Water body may be drawn down, the Licensee shall submit, for approval of the Board in writing, the following information: the volume required, a hydrological overview of the water body, details of impacts, and proposed mitigation measures.
5. The Licensee shall submit to the Board for approval in writing, the following information at least thirty (30) days prior to the use of Water of a sufficient volume that the source water body may be drawn down: volume required, hydrological overview of the water body, details of impacts, and proposed mitigation measures.
6. The Licensee shall equip all water intake hoses with a screen of an appropriate mesh size to ensure that fish are not entrained and shall withdraw Water at a rate such that fish do not become impinged on the screen.

7. The Licensee shall not conduct any work below the ordinary High Water Mark of any water body unless approved by the Board in writing.
8. The Licensee shall not cause erosion to the banks of any body of Water and shall provide necessary controls to prevent such erosion.
9. Sediment and erosion control measures shall be implemented prior to and maintained during the undertaking to prevent entry of sediment into Water.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

1. The Licensee shall locate areas designated for Waste disposal at a minimum distance of thirty-one (31) metres from the ordinary High Water Mark of any water body such that the quality, quantity or flow of Water is not impaired, unless otherwise approved by the Board in writing.
2. The Licensee shall not practice on-site land filling of domestic Waste, unless otherwise approved by the Board in writing.
3. The Licensee is authorized to dispose of all acceptable food Waste, paper Waste and untreated wood products in an incinerator.
4. The Licensee shall not open burn plastics, wood treated with preservatives, electric wire, Styrofoam, asbestos or painted wood to prevent the deposition of Waste materials of incomplete combustion and/or leachate from contaminated ash residual, from impacting any surrounding Waters, unless otherwise approved by the Board in writing.
5. The Licensee shall provide to the Board documented authorization from all communities in Nunavut receiving Wastes from the Nanuq prior to any backhauling and disposal of Wastes to those communities.
6. The Licensee shall backhaul and dispose of all hazardous Wastes, Waste oil and non-combustible Waste generated through the course of the operation at a licensed Waste disposal site.
7. The Licensee shall maintain records of all Waste backhauled and records of confirmation of proper disposal of backhauled Waste. These records shall be made available to an Inspector upon request.
8. The Licensee shall contain all greywater in a Sump located at a distance of at least thirty-one (31) metres above the ordinary High Water Mark of any water body, at a site where direct flow into a water body is not possible and no additional impacts are created, unless otherwise approved by the Board in writing.
9. The Licensee shall contain all toilet wastes in latrine pits or use incineration, chemical, portable or composting toilets. Latrine pits shall be located at a distance of at least thirty-

one (31) metres above the ordinary High Water Mark of any water body, treated with lime and covered with native material to achieve the pre-existing natural contours of the land prior to abandonment.

10. The Licensee shall implement the Plan entitled “*Schedule 5 - Waste Management Plan, Nanuq Project*” dated June 26, 2018, that that has been approved by the Board with the issuance of the Licence.

PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS

1. The Licensee shall not erect camps or store material on the surface of frozen streams or lakes including the immediate banks except what is for immediate use. Camps shall be located such as to minimize impacts on surface drainage.
2. The Licensee shall conduct all activities in such a way as to minimize impacts on surface drainage and the Licensee shall immediately undertake corrective measures in the event of any impacts on surface drainage.
3. The Licensee shall construct all winter lake and stream crossings, including ice bridges, entirely of Water, ice or snow. The Licensee shall minimize disturbance by locating ice bridges in an area that requires the minimum approach grading and the shortest crossing route. Stream crossings shall be removed or the ice notched prior to spring break-up.
4. Stream crossing shall be a minimum of five hundred (500) meters from spawning areas.
5. With respect to access road, pad construction or other earthworks, the deposition of debris or sediment into or onto any water body is prohibited. These materials shall be disposed a distance of at least thirty-one (31) metres from the ordinary High Water Mark in such a fashion that they do not enter the Water.
6. The Licensee shall not mobilize heavy equipment or vehicles unless the ground surface is capable of fully supporting the equipment or vehicles without rutting or gouging. Overland travel of equipment or vehicles shall be suspended if rutting occurs.

PART F: CONDITIONS APPLYING TO DRILLING OPERATIONS

1. The Licensee shall not conduct any land based drilling within thirty-one (31) metres of the ordinary High Water Mark of any water body, unless otherwise approved by the Board in writing.
2. The Licensee shall dispose of all drill waste, including Water, chips, muds and salts (CaCl₂) in any quantity or concentration, from land-based and on-ice drilling, in a properly constructed Sump or an appropriate natural depression located at a distance of at least thirty-one (31) metres from the ordinary High Water Mark of any adjacent water body, where direct flow into a water body is not possible and no additional impacts are

created.

3. If artesian flow is encountered, drill holes shall be immediately sealed and permanently capped to prevent induced contamination of groundwater or salinization of surface Waters. The Licensee shall report all artesian flow occurrences within the Annual Report, including the location (GPS coordinates) and dates.
4. 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.
5. For “on-ice” drilling where drill additives are not being used, 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).
6. The Licensee shall establish water quality conditions prior to and upon completion of any drilling program through lake ice.

PART G: CONDITIONS APPLYING TO MODIFICATIONS

1. The Licensee may, without written consent from the Board, carry out Modifications to the Water Supply Facilities and Waste Disposal Facilities provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:
 - a. the Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;
 - b. such Modifications do not place the Licensee in contravention of the Licence or the *Act*;
 - c. such Modifications are consistent with the NIRB Screening Decision;
 - d. the Board has not, during the sixty (60) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than sixty (60) days; and
 - e. the Board has not rejected the proposed Modifications.
2. Modifications for which all of the conditions referred to in Part G, Item 1 have not been met can be carried out only with written approval from the Board.
3. The Licensee shall provide as-built plans and drawings of the Modifications referred to in this Licence within ninety (90) days of completion of the Modification. These plans and drawings shall be stamped by an Engineer.

PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING

1. The Licensee shall implement the Plan entitled “*Spill Contingency Plan for the Nanuq Project, Kivalliq Region, Nunavut*” dated June 27, 2018, that that has been approved by the Board with the issuance of the Licence.
2. The Licensee shall submit within thirty (30) days of issuance of the Licence, an Addendum to the Plan referred to in Part H, Item 1, in the format set out by the Consolidation of Spill Contingency Planning and Reporting Regulations R-068-93 addressing comments received by interested parties and address the following issues:
 - a. Include secondary containment with a non-permeable liner as a spill prevention measure for fuels and oil containment areas;
 - b. Include a map with the most recent plan for locations of all camp infrastructure, specifically showing that spill kits will be readily available at fuel and oil storage locations; and
 - c. Up to date contact information of Peregrine Diamond Ltd. employees involved within spill response procedure.
3. The Licensee shall prevent any chemicals, petroleum products or Wastes associated with the project from entering Water. All Sumps and fuel caches shall be located at a distance of at least thirty-one (31) metres from the ordinary High Water Mark of any adjacent water body and inspected on a regular basis.
4. The Licensee shall conduct any equipment maintenance and servicing in designated areas and shall implement special procedures (such as the use of drip pans) to manage motor fluids and other Waste and contain potential spills.
5. If during the term of this Licence, an unauthorized discharge of Waste occurs, or if such a discharge is foreseeable, the Licensee shall:
 - a. Employ the approved Spill Contingency Plan;
 - b. Report the spill immediately to the 24-Hour Spill Line at (867) 920-8130 and to the Inspector at (867) 975-4295; and
 - c. For each spill occurrence, submit to the Inspector, no later than thirty (30) days after initially reporting the event, a detailed report that will include the amount and type of spilled product, the GPS location of the spill, and the measures taken to contain and clean up the spill site.
6. The Licensee shall, in addition to Part H, Item 5, regardless of the quantity of releases of harmful substances, report to the NWT/NU Spill Line if the release is near or into a Water body.

**PART I: CONDITIONS APPLYING TO CLOSURE AND RECLAMATION OR
TEMPORARY CLOSURE**

1. The Licensee shall implement the Plan entitled “*Abandonment and Restoration Plan for the Nanuq Project, Kivalliq Region, Nunavut*” dated June 27, 2018 that has been approved by the Board with the issuance of the Licence.
2. The Licensee shall complete all restoration work prior to the expiry of this Licence.
3. The Licensee shall carry out progressive reclamation of any components of the project no longer required for the Licensee’s operations.
4. The Licensee shall backfill and restore all sumps, sewage/ wash-water pits to the pre-existing natural contours of the land.
5. The Licensee shall remove from the site, all infrastructure and site materials, including all fuel caches, drums, barrels, buildings and contents, docks, water intakes, pumps and lines, material and equipment prior to the expiry of this Licence.
6. All roads and airstrip, if any, shall be re-graded to match natural contour to reduce erosion.
7. The Licensee shall remove any culverts and restore the drainage to match the natural channel. Measures shall be implemented to minimize erosion and sedimentation.
8. In order to promote growth of vegetation and the needed microclimate for seed deposition, all disturbed surfaces shall be prepared by ripping, grading, or scarifying the surface to conform to the natural topography.
9. Areas that have been contaminated by hydrocarbons from normal fuel transfer procedures shall be reclaimed to meet objectives as outlined in the Government of Nunavut’s Environmental Guideline for Site Remediation, 2010. The use of reclaimed soils for the purpose of back fill or general site grading may be carried out only upon consultation and approval by the Government of Nunavut, Department of Environment and an Inspector.
10. The Licensee shall restore all drill holes and disturbed areas to natural conditions immediately upon completion of the drilling. The restoration of drill holes must include the removal of any drill casing materials and if having encountered artesian flow, the capping of holes with a permanent seal. Where drill casings cannot be removed the Licensee shall cut off the casings at ground level and identify with signage.
11. The Licensee may leave the casings on site, if it intends to continue drilling in existing casings, but shall add signaling to keep the area safe for the other territory users. The drill casings left cannot stay on the field for more than 2 years after the drilling.
12. The Licensee may store drill core produced by the appurtenant undertaking in an appropriate manner and location at least thirty-one (31) metres above the ordinary High Water Mark of any adjacent water body, where any direct flow into a water body is not possible and no additional impacts are created.

13. The Licensee shall contour and stabilize all disturbed areas to reduce erosion and sedimentation to Water, upon completion of work upon completion of the undertaking and as per Part I, Item 4.

PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

1. The Licensee shall measure and record, in cubic metres, the daily quantities of all water that is used for camp, drilling and other purposes.
2. The Licensee shall provide the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where sources of Water are utilized for all purposes.
3. The Licensee shall determine the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where Wastes associated with camp operations and drilling operations are deposited.
4. The Licensee shall obtain representative samples of the Water column below any ice where required under Part F, Item 5 and 6. 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

5. All sampling, sample preservation and analyses shall be conducted in accordance with methods prescribed in the current edition of *Standard Methods for the Examination of Water and Wastewater*, or by such other methods approved by the Board in writing.
6. All analyses shall be performed in a laboratory accredited according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing.
7. The Licensee shall include in the Annual Report required under Part B, Item 3 all data, monitoring results and information required by this Part.