



Land Administration
P.O. Box 100
IQALUIT, NU X0A 0H0
Phone: 867-975-4275
FAX: 867-975-4286

May 28th, 2013

Peregrine Diamonds Ltd.
Unit 201, 1250 Homer Street
Vancouver, BC
V6B 1C6

Dear David Willis:

Re: Land Use Permit #N2012C0028
Type of Operation: Mining (Exploration)
Location: Lorillard River, Kivalliq, NU, NTS 56G

Enclosed is your copy of Land Use permit number N2012C0028 authorizing your project as described in your application dated September 27th, 2012, received by this office November 19th, 2012.

Your application has received a wide distribution to other Federal departments, Government of the Nunavut departments, communities in the area of your operation and concerned Inuit groups. In distributing your application the Nunavut Impact Review Board (NIRB) sought comments from these various agencies based on their area of expertise that will help ensure minimum negative impact on the environment. The issuance of this permit indicates that as a result of the NIRB environmental screening process it was decided that the potentially adverse environmental effects that may be caused by your proposal are mitigable with known technology and are not significant. The terms and conditions in the permit will, in our opinion, provide the necessary protection to the environment.

Please ensure that you adhere to the operating conditions annexed to your permit. Should you have any questions regarding any conditions of this permit, please contact Tracey McCaie at (867) 975-4283 or email landsmining@inac.gc.ca.

Sincerely,

Tracey McCaie
Land Administration Specialist

cc: Manager, Field Operations
RMO - Kivalliq
NIRB
NPC
CIDMS #685761



LAND USE PERMIT
NORTHERN AFFAIRS PROGRAM

PERMIS D'UTILISATION DES TERRES
PROGRAMME DES AFFAIRES DU NORD

Permit Class - Permis Catégorie A	Permit No - NE de permis N2012C0028
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Subject to the Territorial Land Use Regulations and the terms and conditions in this permit, authority is hereby granted to:

Sous réserve du Règlement sur l'utilisation des terres territoriales et des conditions de ce permis:

Peregrine Diamonds Ltd.
Permittee - Détenteur de permis

To proceed with the land use operation described in the application of:

Est autorisé à entreprendre les travaux d'exploitation des terres décrits dans la demande de permis du:

Signature Shirley Standafer-Pfister	Date May 28th, 2013
Type of Land Use Operation - Genre de travaux d'exploitation des terres Mining (Exploration)	
Location - Emplacement Lorillard River, Kivalliq, NU, NTS 56G	

The conditions attached to this permit are incorporated into and form an integral part of the permit.

Les conditions attachées à ce permis en font partie intégrante.

This permit may be assigned, extended, discontinued, suspended or cancelled pursuant to the Territorial Land Use Regulations.

Ce permis peut faire l'objet d'une cession, d'une prolongation d'une cessation d'une suspension ou d'une annulation, en vertu du Règlement sur l'utilisation des terres territoriales.

Dated at
Date à **Iqaluit**

Engineer
Ingénieur 

This
Ce **28th** Day of **May**, **2013**
jour de

Commencement Date
Date du début des travaux **June 14th, 2013**

Expiry Date
Date d'achèvement **June 13th, 2015**

NOTE

IT IS A CONDITION OF THIS PERMIT THAT THE PERMITTEE COMPLY WITH ANY OTHER APPLICABLE ACT, REGULATION, ORDINANCE BY - LAW OR ORDER DEFAULT HEREOF MAY RESULT IN SUSPENSION OR CANCELLATION OF THIS PERMIT.

REMARQUE

LE DÉTENTEUR DU PRÉSENT PERMIS DOIT SE CONFORMER À TOUT AUTRE RÈGLEMENT, LOI, DÉCRET RÈGLEMENT MUNICIPAL OU ARRÊTÉ APPLICABLE. LE MANQUEMENT À CETTE OBLIGATION POURRAIT DONNER LIEU À LA SUSPENSION OU À L'ANNULATION DU PERMIS.

**CONDITIONS ANNEXED TO AND FORMING PART
OF LAND USE PERMIT NUMBER N2012C0028**

31 (1) (a) - Location and Area

1.	The Permittee shall not conduct this land use operation on any lands not designated in the accepted application, unless otherwise authorized in writing by the Engineer.	PLANS
2.	The Permittee shall remove from Territorial Lands, all scrap metal, discarded machinery and parts, barrels and kegs, buildings and building material.	REMOVE WASTE MATERIAL
3.	The Permittee shall not construct an adit or drillsite within thirty-one (31) metres of the normal high water mark of a stream unless approval in writing is obtained from the Engineer.	LOCATION OF ADITS & DRILLSITES
4.	The Permittee shall provide updated locations of all fuel caches related to this project in Latitude and Longitude from a GPS within 30 days of the establishment to the Inspector and Engineer.	UPDATE LOCATIONS
5.	The Permittee shall locate all camps on gravel, sand or other durable land.	CAMP LOCATION

31 (1) (b) – Time

6.	The Permittee's Field Supervisor shall contact the Land Use Inspector at the Rankin office of the Department of Aboriginal Affairs and Northern Development Canada, phone number (867)645-2831, at least 48 hours prior to the commencement of this land use operation.	CONTACT INSPECTOR
7.	The Permittee's Field Supervisor shall provide notification of commencement of the land use operation to the Engineer at the Iqaluit office of the Department of Aboriginal Affairs and Northern Development Canada either by emailing landsmining@aandc.gc.ca or by telephone at (867)975-4283.	NOTICE TO ENGINEER
8.	The Permittee shall submit a progress report to the Engineer every year during this land use operation.	PROGRESS
9.	The Permittee shall advise a Land Use Inspector at least 10 days prior to the completion of the land use operation of ; (a) his plan for removal or storage of equipment and materials, and (b) when final clean-up and restoration of the lands used will be completed.	REPORTS BEFORE REMOVAL
10.	The Permittee shall notify a Land Use Inspector at least 10 days prior to backfilling any sump.	BACKFILLING NOTIFICATION
11.	The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of this permit.	CLEAN-UP

12.	The Engineer reserves the right to impose closure to any area to the Permittee in periods when dangers to natural resources are severe.	CLOSURE
<u>31 (1) (c) - Equipment</u>		
13.	The Permittee shall not use any equipment except of the type, size and number that is listed in the accepted application, unless otherwise authorized in writing by the Land Use Inspector.	ONLY APPROVED EQUIPMENT
14.	The Permittee shall use a forced-air fuel-fired incinerator to incinerate all combustible garbage and debris.	INCINERATORS
15.	The Permittee shall burn all combustible garbage and debris in a container acceptable to a Land Use Inspector.	INCINERATION
16.	The Permittee shall keep all garbage and debris in a covered metal container until disposed of. Garbage should be stored in such a manner as to prevent access by wildlife.	GARBAGE CONTAINERS
<u>31 (1) (d) - Methods and Techniques</u>		
17.	The Permittee shall ensure that all drill areas are constructed to facilitate minimizing the environmental footprint of the project area. Drill areas should be kept orderly with garbage removed daily to an approved disposal site.	DRILL AREA FOOTPRINT
18.	The Permittee shall plug all bore holes as the land use operation progresses.	PLUG HOLES
19.	The Permittee shall refill and restore bore hole craters as the land use operation progresses.	REFILL CRATERS
20.	The Permittee shall not erect camps or store material on the surface ice of streams.	STORAGE ON ICE
<u>31 (1) (e) - Type, Location, Capacity and Operation of Facilities</u>		
21.	The Permittee shall not locate any sump within thirty-one (31) metres of the normal high water mark of any water body. The Permittee shall ensure that all sump capacities are sufficient to accommodate the volume of waste water and any fines that are produced.	SUMPS FROM WATER
22.	The Permittee shall maintain all drill wastes at least 1.2 metres below the lowest elevation of contiguous surrounding ground surface at all times.	SUMPS FREEBOARD
23.	The Permittee shall backfill and restore all sumps prior to the expiry date of this permit.	BACKFILL SUMPS
24.	The Permittee shall backfill all sumps in such a manner that drill waste is maintained below the 1.2 metre freeboard.	BACKFILL SUMPS HOW

25.	The Permittee shall: (a) place all excavated material over the sump area. (b) overlap the replaced material a minimum of two (2) metres beyond the edges of the existing sump wall.	BACKFILL SUMP OVERLAP
26.	The Permittee shall not conduct any land based drilling within thirty-one (31) meters of the normal high water mark of any water body.	DRILLING LOCATION
27.	The Permittee shall ensure that all drill cuttings are removed from ice surfaces daily.	DRILL CUTTING REMOVAL
28.	The Permittee shall ensure that any return water is non-toxic and will not result in an increase in total suspended solids in the immediate receiving waters if conducting on-ice drilling.	ICE DRILLING
29.	The Permittee shall ensure that drill muds and additives are not 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.	DRILL MUDS & ADDITIVES
30.	The Permittee shall ensure that the land use area is kept clean and tidy at all times.	CLEAN WORK AREA

31 (1) (f) - Control or Prevention of Flooding, Erosion and Subsidence of Land

31.	(a) The Permittee shall, where flowing water from bore holes is encountered, plug, the bore hole in such a manner as to permanently prevent any further outflow of water. (b) The artesian occurrence shall be reported to the Engineer within forty-eight (48) hours.	PLUG ARTESIAN WELLS
32.	The Permittee shall remove any obstruction to natural drainage caused by any part of this land use operation.	NATURAL DRAINAGE
33.	The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface.	PREVENTION OF RUTTING
34.	The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging.	VEHICLE MOVEMENT FREEZE-UP
35.	The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs.	SUSPEND OVERLAND TRAVEL

31 (1) (g) - Use, Storage, Handling and Disposal of Chemical or Toxic Material

36.	The Permittee shall not use chemicals in connection with the land use operation without the prior approval of the Engineer.	APPROVAL OF CHEMICALS
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37.	The Permittee shall not use the following materials during the drilling operation without the prior written approval of the Engineer. Chlorinated phenols (Dowicide B, etc.) Compounds composed primarily of heavy metals Asbestos	PROHIBITED CHEMICALS
38.	The Permittee shall deposit all sewage into a sump.	SEWAGE DISPOSAL
39.	The Permittee shall deposit all drill waste containing poisonous or persistent chemical additives into a sump.	DRILL WASTE DISPOSAL
40.	The Permittee shall not allow any drilling waste to spread to the surrounding lands.	DRILL WASTE CONTAINMENT
41.	The Permittee shall burn all garbage and debris at least daily and remove the ash from incineration activities from the land use area to an approved facility for disposal.	GARBAGE DISPOSAL
42.	The Permittee shall remove all non-combustible garbage and debris from the land use area to a disposal site approved in writing by a Land Use Inspector.	REMOVE GARBAGE
43.	The Permittee shall dispose of all combustible waste petroleum products by removal.	WASTE PETROLEUM DISPOSAL
44.	The Permittee shall dispose of all toxic or persistent substances in a manner as approved in writing by the Engineer.	WASTE CHEMICAL DISPOSAL
45.	The Permittee shall dispose of all fluids used to wash machinery and equipment in a sump unless otherwise authorized in writing by a Land Use Inspector.	RIG WASH DISPOSAL
46.	The Permittee shall ensure that all personnel are properly trained in fuel and hazardous waste handling procedures as well as spill response procedures.	TRAINING
47.	The Permittee shall ensure that appropriate spill response equipment and clean-up materials (e.g. shovels, pumps, barrels, drip pans, and absorbents) must be readily available during any transfer of fuel or hazardous substances, as well as at fuel caches and drill sites.	SPILL RESPONSE KIT
48.	The Permittee shall report all spills immediately in accordance with instructions contained in "Spill Report" form NWT 1752(05/93). Twenty four (24) hour spill report line (867)920-8130.	REPORT CHEMICAL & PETROLEUM SPILLS
49.	The Permittee shall remove and treat hydrocarbon contaminated soils on site or transport them to an approved disposal site for treatment.	CONTAMINATED SOIL

50.	The Permittee prior to the discharge of fluids from any sump, shall carry out an analysis of the fluids in a manner prescribed by the Engineer and obtain his written approval to discharge.	SUMP DISCHARGE
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31 (1) (h) - Wildlife and Fisheries Habitat

51.	The Permittee shall not unnecessarily damage wildlife habitat in conducting this land use operation.	HABITAT DAMAGE
52.	The Permittee shall not harass wildlife. This includes persistently worrying, chasing, or disturbing large groups of animals.	HARASSMENT OF WILDLIFE
53.	The Permittee not disturb or destroy the nests or eggs of any birds. If nests are encountered and/or identified, the Permittee shall take precaution to avoid further interaction and/or disturbance (e.g. a 100 meter buffer around the nests). If active nests are discovered (i.e. with eggs or young) the Permittee shall avoid these areas until nesting is complete and the young have left the nest.	WILDLIFE SENSITIVITY
54.	The Permittee shall not extract water from any fish-bearing water body unless the water intake hose is equipped with a screen of appropriate mesh size to ensure that there is no entrapment of fish.	MESH SCREEN REQUIRED
55.	The Permittee shall not feed wildlife.	NO FEEDING WILDLIFE
56.	Your operation is in an area where bears may be encountered. Proper food handling and garbage disposal procedures will lessen the likelihood of bears being attracted to your operation. Information about the latest bear detection and deterrent techniques can be obtained from the Department of Renewable Resources.	BEAR/MAN CONFLICT

31 (1) (k) - Petroleum Fuel Storage

57.	The Permittee shall report in writing to a Land Use Inspector the location and quantity of all petroleum fuel caches within ten (10) days after the establishment.	REPORT FUEL LOCATION
58.	The Permittee shall not place any petroleum fuel storage containers within thirty-one (31) metres of the normal high water mark of any water body.	FUEL BY STREAM
59.	The Permittee shall locate mobile fuel facilities on land when stationary for any period of time exceeding twelve (12) hours.	FUEL ON LAND
60.	The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies.	FUEL CONTAINMENT
61.	The Permittee shall store all fuel and chemicals in such a manner as to prevent access by wildlife.	FUEL & CHEMICAL STORAGE

62.	The Permittee shall use adequate secondary containment or a surface liner (eg. Self supporting insta-berms and fold-a-tanks) when storing barrelled fuel and chemicals at all locations as well as re-fueling stations.	SECONDARY CONTAINMENT
63.	The Permittee shall: (a) examine all fuel storage containers for leaks a minimum of once every day. (b) repair all leaks immediately (c) examine all fuel storage containers for leaks immediately upon delivery	CHECK FOR LEAKS
64.	The Permittee shall mark all stationary petroleum products storage facilities with flags, posts or similar devices so that they are at all times plainly visible to local vehicle travel.	MARK FUEL LOCATION
65.	The Permittee shall seal all container outlets except the outlet currently in use.	SEAL OUTLET
66.	The Permittee shall mark all fuel containers with the Permittee's name.	MARK CONTAINERS

31 (1) (m) - Matters Not Inconsistent with the Regulations

67.	The Permittee shall display a copy of this permit in a conspicuous place in each campsite established to carry out this land use operation.	DISPLAY PERMIT
68.	The Permittee shall keep on hand, at all times during this land use operation, a copy of the Land Use Permit.	COPY OF PERMIT
69.	The Permittee shall provide in writing to the Engineer, at least forty-eight (48) hours prior to commencement of this land use operation, the following information: (a) person, or persons, in charge of the field operation to whom notices, orders, and reports may be served; (b) alternates; (c) all the indirect methods for contacting the above person(s).	IDENTIFY AGENT
70.	The Permittee shall conspicuously display the land use permit number on all vehicles and equipment.	DISPLAY PERMIT NUMBER
71.	<u>Part 1</u> - In this Permit: "sump" means a man-made pit, trench hollow or cavity in the earth's surface used for the purpose of depositing waste material therein. "drill waste" means all materials or chemicals, solid or liquid, associated with the drilling of bore holes and includes bore hole cuttings.	

72. The Permittee shall abide by and comply with all applicable lawful rules, acts, regulations, and by-laws of Canada, Nunavut, any Municipal or regulatory body or authority having jurisdiction, the Nunavut Land Claim Agreement, and all other agreements, permits, licenses, and other instruments whatsoever related to the project.

ADHERENCE TO
LAWFUL RULES,
ACTS, REGS &
BYLAWS

CARIBOU PROTECTION MEASURES

- 73
- (a) The Permittee shall not, without approval, conduct any activity between May 15 and July 15 within the Caribou Protection Areas depicted on the map certified by the Engineer as the "Caribou Protection Map" and annexed to this Land Use Permit.
 - (b) A Permittee may, upon approval by the Land Use Inspector, operate within the said Caribou Protection Areas beyond the May 15 deadline set out in 1 (a), provided that, when monitoring information indicates that caribou cows are approaching the area of operation, the Permittee will implement 1 (c).
 - (c) On cessation of activities pursuant to 1 (a) or 1 (b), the Permittee will remove from the zone all personnel who are not required for the maintenance and protection of the camp facilities and equipment, unless otherwise directed by the Land Use Inspector.
 - (d) The Permittee may commence or resume activities prior to July 15 within those parts of the Caribou Protection Areas released by the Land Use Inspector for the reason that caribou cows are not expected to use those parts for calving or post-calving.

RESTRICTION OF
ACTIVITY

- 74.
- (a) In the event that caribou cows calve outside of the Caribou Protection Areas, the Permittee shall suspend operations within the area(s) occupied by cows and/or calves between May 15 and July 15.
 - (b) In the event that caribou cows and calves are present, the permittee shall suspend:
 - (i) blasting;
 - (ii) overflights by aircraft at any altitude of less than 300 meters above ground level; and
 - (iii) the use of snowmobiles and ATVs (all-terrain vehicles) outside the immediate vicinity of the camp.

SUSPENSION OF
OPERATIONS

- 75
- (a) During migration of caribou, the Permittee shall not locate any operation so as to block or cause substantial diversion to migration.
 - (b) The Permittee shall cease activities that may interfere with migration, such as airborne geophysics surveys or movement of equipment, until the migrating caribou have passed.

CARIBOU
PROTECTION
MIGRATION

- | | | |
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| 76. | <p>(a) The Permittee shall not, between May 15 and September 1, construct any camp, cache any fuel, or conduct any blasting within 10 kilometres of any "Designated Crossing" as outlined on the map certified by the Engineer as the "Caribou Protection Map" and annexed to this Land Use Permit.</p> <p>(b) The Permittee shall not, between May 15 and September 1, conduct any diamond drilling operation within 5 kilometres of any "Designated Crossing" as outlined on the map certified by the Engineer as the "Caribou Protection Map" and annexed to this Land Use Permit.</p> | DESIGNATED
CARIBOU CROSSINGS |
|-----|---|---------------------------------|

ARCHAEOLOGICAL & PALEONTOLOGICAL TERMS AND CONDITIONS

- | | | |
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| 77. | <p>"archaeological site" means a place where an archaeological artifact is found.</p> <p>"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.</p> <p>"paleontological site" means a site where a fossil is found.</p> <p>"fossil" includes:</p> <ul style="list-style-type: none"> (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. | DEFINITIONS |
| 78. | <p>The Permittee shall avoid any known or suspected archaeological and/or paleontological sites.</p> | AVOIDANCE OF
ARCHAEOLOGICAL
AND/OR
PALEONTOLOGICAL
SITES |
| 79 | <p>The Permittee shall not remove, disturb, or displace any archaeological artifact or site, or any paleontological site or fossil.</p> | DISTURBANCE OF
ARCHAEOLOGICAL
AND/OR
PALEONTOLOGICAL
SITE |
| 80. | <p>The Permittee shall immediately cease any activity should a suspected archaeological, paleontological, or burial site be discovered during the course of a land use operation. The Permittee is required to immediately contact the Land Administration division at Indian and Northern Affairs Canada at (867)975-4283 or (867)975-4285 or (867)975-4280 as well as the Department of Culture, Language, Elders and Youth at (867)934-2046 or (867)975-5500 or 1(866)934-2035.</p> | CEASE OPERATION
OF LAND USE
ACTIVITY |

Permission to resume land use operations must be obtained from the Engineer. At such time the Engineer may, at his/her discretion, require that you have an archaeologist or palaeontologist perform the following functions:

- (a) Survey
- (b) Inventory and documentation of the archaeological or paleontological resources of the land use area
- (c) Assessment of potential for damage to archaeological or paleontological sites
- (d) Mitigation
- (e) Marking boundaries of archaeological or paleontological sites
- (f) Site restoration

81. The Permittee shall ensure that all persons working under the authority of the permit are aware of these conditions pertaining to archaeological sites and artifacts as well as paleontological sites and fossils.

**KNOWLEDGE OF
ARCHAEOLOGICAL &
PALEONTOLOGICAL
TERMS AND
CONDITIONS**