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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

File: 2BE-NQN0914

September 19, 2011

Andrea Maynes
Bluestone Resources Inc.
Suite 1020 – 800 West Pender Street
Vancouver, BC V6C 2V6
E-mail : amaynes@bluestoneresources.ca

David Willis, Land Administrator
Peregrine Diamonds Ltd.
Suite 201-1250 Homer Street
Vancouver, BC V6B 1C6
Email: dave@pdiam.cm

Subject: Assignment of Licence 2BE-NQN0914 Type ‘B’

Dear Ms. Maynes and Mr. Willis:

The Nunavut Water Board (“NWB” or “Board”) received an application on July 06, 2012, and a complete application was accepted on July 26, 2012 to assign Licence 2BE-NQN0914 from Bluestone Resources Inc. to Peregrine Diamonds Ltd. pursuant to Section 44 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (“Act”).

The Board gave public notice of this application for assignment and invited interested persons to provide comments. Submissions were received from Aboriginal Affairs and Northern Development Canada (AANDC), and Environment Canada (EC)¹. No objections were expressed by the parties with respect to a potential Board decision to grant the assignment.

The Board is satisfied that the operation of the appurtenant undertaking by the prospective Assignee is unlikely to result in a contravention of any condition of the Licence or any provision of the *Act* or the regulations. Therefore, in accordance with Section 44(2) of the *Act*, **the Board hereby authorizes the assignment of water Licence 2BE-NQN0914 from:**

the Assignor, Bluestone Resources Inc., to

the Assignee, Peregrine Diamonds Inc.

(Motion #2012-B1-002) effective on September 17, 2012, will be placed in the NWB Public Registry.

¹ Aboriginal Affairs and Northern Development Canada, August 30, 2012; and Environment Canada, August 31, 2012.

Annual Report (Part B, Item 2)

The Nunavut Water Board (“NWB” or “Board”) has completed a technical review of the 2010 and 2011 Annual Reports for the above mentioned project. The annual reports were distributed for information and no comments were received regarding the reports at the time of this review. The review found that the reports are complete and consistent with the reporting requirements of licence 2BE-NQN0914. The Licensee is reminded to list and record the water use as part of annual reporting requirements.

Spill Contingency Plan (Part H, Item 1)

Although a Spill Contingency Plan (SCP) was submitted by the previous Licensee and was approved by the Board, this assignment will require changes to be made to project-specific details in the SCP. The Licensee shall submit to the Board for review, and submit with the annual report following issuance of this assignment, an updated Spill Contingency Plan that addresses the change of the Licensee.

Abandonment and Restoration Plan (Part I, Item 1)

Although an Abandonment and Restoration Plan (ARP) was submitted by the previous Licensee and was approved by the Board, this assignment will require changes to be made to project-specific details in the ARP. The Licensee shall submit to the Board for review, and submit with the annual report following issuance of this assignment, an updated Abandonment and Restoration Plan that addresses the change of the Licence holder.

Enforcement

On the effective date referenced above, Licence 2BE-NQN0914 has been assigned to Peregrine Diamonds Inc. All terms and conditions of this Licence remain in effect. Sections 85 to 94 of the *Nunavut Waters & Surface Rights Tribunal Act* contain enforcement provisions for this assigned water Licence. The Minister of AANDC has the power to designate inspectors and/ or analysts to identify or determine inspection and compliance related issues. The NWB advises that the Licensee contact the Inspector at the AANDC District Office in Iqaluit to obtain a copy of any enforcement documents related to this Licence.

Other Matters

The Licensee is reminded that the Nunavut Impact Review Board Screening Decision for File No. 09EN011, dated April 6, 2011, still applies to the project and can be obtained from <ftp://ftp.nirb.ca/>.

Sincerely,



Thomas Kabloona
Nunavut Water Board Chair

TK/ES/pb

Cc: Distribution List – Kivalliq

Attached: Comments AANDC, EC,