



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

July 29<sup>th</sup>, 2013

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

Dear David Willis:

**Re: Land Use Permit #N2012C0026**  
**Type of Operation: Mining (Exploration)**  
**Location: Wager Bay, Nanuq North, Kivalliq, NU, NTS 56G**

Enclosed is your copy of Land Use permit number N2012C0026 authorizing your project as described in your application dated August 20<sup>th</sup>, 2012, received by this office May 10<sup>th</sup>, 2013.

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, along with the Archaeological Palaeontological terms and 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](mailto:landsmining@inac.gc.ca).

Sincerely,

Tracey McCaie  
Land Administrator Specialist

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



Aboriginal Affairs and  
Northern Development Canada

Affaires autochtones et  
Développement du Nord Canada

**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

**N2012C0026**

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

**David Willis**

Date

**July 29<sup>th</sup>, 2013**

Type of Land Use Operation - Genre de travaux d'exploitation des terres

**Mining (Exploration)**

Location - Emplacement

**Wager Bay Area, Nanuq North, 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 **29th** Day of **July**, 2013

Commencement Date

Date du début des travaux **July 29th, 2013**

Expiry Date

Date d'achèvement **July 28th, 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.

**Canada**

**CONDITIONS ANNEXED TO AND FORMING PART  
OF LAND USE PERMIT NUMBER N2012C0026**

**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 provide exact GPS coordinates of the camp location within ten (10) days of the establishment to the Inspector and Engineer	UPDATE LOCATION
4.	The Permittee shall not construct an adit or drillsite within thirty-one (31) meters of the normal high water mark of any water body unless approval is obtained in writing from the Engineer.	LOCATION OF ADITS & DRILLSITES
5.	The Permittee shall ensure that all camp structures and facilities are located on gravel, sand or other durable substance.	CAMP LOCATION
6.	The Permittee shall use existing campsite.	CAMP LOCATION
7.	The Permittee shall provide updated locations of all fuel caches related to this project in Latitude and Longitude (NAD 83) from a GPS within 30 days of the establishment to the Inspector and Engineer.	UPDATE LOCATIONS
8.	Prior to the commencement of any activity, the Permittee shall put in place procedures to identify the boundary of the Ukkusiksalik National Park of Canada in consultation with Parks Canada.	PARK BOUNDARY
9.	The Permittee shall ensure that all operators, employees and contractors are made aware of the Ukkusiksalik Park boundary, and that they are not allowed to enter the park at any time.	NO ENTERING PARK

**31 (1) (b) – Time**

10.	The Permittee's Field Supervisor shall contact or meet with a Land Use Inspector at the Iqaluit office of the Aboriginal Affairs and Northern Development Canada, phone number (867)-975-4296, at least 48 hours prior to the commencement of this land use operation.	CONTACT INSPECTOR
11.	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 <a href="mailto:landsmine@aandc.gc.ca">landsmine@aandc.gc.ca</a> or by telephone at (867)975-4283.	NOTICE TO ENGINEER
12.	The Permittee shall submit a progress report to the Engineer every year during this land use operation.	PROGRESS

13.	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
14.	The Permittee shall notify a Land Use Inspector at least ten (10) days prior to backfilling any sump.	BACKFILLING NOTIFICATION
15.	The Permittee shall remove all ice bridges prior to spring break-up or completion of the land use operation unless otherwise approved in writing by a Land Use Inspector.	REMOVE ICE BRIDGE
16.	The Permittee shall remove all snow fills from stream crossings prior to spring break-up or completion of the land use operation unless otherwise approved in writing by a Land Use Inspector.	REMOVE SNOW FILLS
17.	The Permittee shall restore all sumps prior to spring break-up unless otherwise authorized in writing by a Land Use Inspector.	SUMPS SPRING BREAK-UP
18.	The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of this permit.	CLEAN-UP
19.	The Engineer reserves the right to impose closure to any area to the Permittee in periods when dangers to natural resources are severe.	CLOSURE

### **31 (1) (c) - Equipment**

20.	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
21.	The Permittee shall use a forced-air fuel-fired incinerator to incinerate all combustible garbage and debris.	INCINERATORS
22.	The Permittee shall burn all combustible garbage and debris in a container acceptable to a Land Use Inspector.	INCINERATION
23.	The Permittee shall keep all garbage and debris in a covered metal container until disposed of. All wastes shall be kept inaccessible to wildlife at all times.	GARBAGE CONTAINERS
24.	The Permittee shall, in camps of more than five (5) personnel, ensure that appropriate fire fighting equipment is maintained on site.	FIRE FIGHTING EQUIPMENT

**31 (1) (d) - Methods and Techniques**

25.	The Permittee shall plug all bore holes as the land use operation progresses.	PLUG HOLES
26.	The Permittee shall refill and restore bore hole craters as the land use operation progresses.	REFILL CRATERS
27.	The Permittee shall remove all wire from the land as the land use operation progresses.	REMOVE WIRE
28.	The Permittee shall not erect camps or store material on the surface ice of streams.	STORAGE ON ICE
29.	The Permittee shall not allow any drilling wastes to spread to the surrounding lands or water bodies.	DRILL WASTES CONTAINMENT
30.	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

**31 (1) (e) - Type, Location, Capacity and Operation of Facilities**

31.	The Permittee shall not locate any sump within thirty-one (31) metres of the normal high water mark of any stream.	SUMPS FROM WATER
32.	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
33.	The Permittee shall backfill and restore all sumps prior to the expiry date of this permit.	BACKFILL SUMPS
34.	The Permittee shall backfill all sumps in such a manner that drill waste is maintained below the 1.2 metre freeboard.	BACKFILL SUMPS HOW
35.	The Permittee shall:  (a) place all excavated material over the sump area.  overlap the replaced material a minimum of two (2) metres beyond the edges of the existing sump wall.	BACKFILL SUMP OVERLAP
36.	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**

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| 37. | (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.        | PLUG ARTESIAN<br>WELLS           |
|     | (b) The artesian occurrence shall be reported to the Engineer within forty-eight (48) hours.   |                                  |
| 38. | The Permittee shall remove any obstruction to natural drainage caused by any part of this land use operation.  | NATURAL<br>DRAINAGE              |
| 39. | The Permittee shall not cut any stream bank unless authorized in writing by a Land Use Inspector.  | STREAM BANKS                     |
| 40. | The Permittee shall not use any material other than water in the construction of ice bridges.  | ICE BRIDGE<br>MATERIAL           |
| 41. | The Permittee shall not allow any ice bridge to hinder the flow of water in any stream.  | ICE BRIDGE                       |
| 42. | The Permittee shall install erosion control structures as the land use operation progresses unless otherwise authorized by a Land Use Inspector.                                 | EROSION<br>CONTROL WHEN          |
| 43. | The Permittee shall insulate the ground surface beneath all structures and facilities associated with this land use operation to:  | INSULATE<br>GROUND<br>SURFACE    |
|     | (a) prevent any vegetation present from being removed and,   |                                  |
|     | (b) the ground settling and/or eroding.  |                                  |
| 44. | The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface.   | PREVENTION OF<br>RUTTING         |
| 45. | 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<br>MOVEMENT<br>FREEZE-UP |
| 46. | The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs.  | SUSPEND<br>OVERLAND<br>TRAVEL    |

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

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| 47. | The Permittee shall not use chemicals in connection with the land use operation without the prior approval of the Engineer. | APPROVAL OF<br>CHEMICALS |
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48.	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
49.	The Permittee shall deposit all sewage into a sump.	SEWAGE DISPOSAL
50.	The Permittee shall deposit all drill waste into a sump.	DRILL WASTE
51.	The Permittee shall not allow any drilling waste to spread to the surrounding lands.	DRILL WASTE CONTAINMENT
52.	The Permittee shall burn all garbage and debris at least daily.	GARBAGE DISPOSAL
53.	The Permittee shall ensure that the disposal of combustible camp wastes comply with the Canadian Wide Standards for Dioxins and Furans, and the Canadian Wide Standards for Mercury.	WASTE DISPOSAL
54.	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
55.	The Permittee shall dispose of all combustible waste petroleum products by removal.	WASTE PETROLEUM DISPOSAL
56.	The Permittee shall dispose of all toxic or persistent substances in a manner as approved in writing by the Engineer.	WASTE CHEMICAL DISPOSAL
57.	The Permittee shall remove and treat hydrocarbon contaminated soils on site or transport them to an approved disposal site.	HYDROCARBON CONTAMINATED SOILS
58.	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
59.	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 AND PETROLEUM SPILLS
60.	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

**31 (1) (h) - Wildlife and Fisheries Habitat**

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| 61. | The Permittee shall not unnecessarily damage wildlife habitat in conducting this land use operation.  | HABITAT<br>DAMAGE      |
| 62. | The Permittee shall 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.   | NO DISTURBING<br>NESTS |
| 63. | The Permittee shall not extract water from any fish-bearing waterbody unless the water intake hose is equipped with a screen of appropriate mesh size to ensure that there is no entrapment of fish.  | WATER<br>EXTRACTION    |
| 64. | 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<br>CONFLICT   |
| 65. | The Permittee shall not feed wildlife.  | NO FEEDING<br>WILDLIFE |

**31 (1) (k) - Petroleum Fuel Storage**

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| 66. | 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<br>LOCATION             |
| 67. | The Permittee shall not place any petroleum fuel storage containers within thirty-one (31) metres of the normal high water mark of any stream.  | FUEL BY STREAM                      |
| 68. | The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies.   | FUEL<br>CONTAINMENT                 |
| 69. | The Permittee shall use secondary containment or a surface liner (drip pans, fold-a-tanks, etc) at all refuelling stations. The Permittee shall ensure that appropriate spill kits are located at every fuel cache. | SECONDARY<br>CONTAINMENT            |
| 70. | The Permittee shall store all fuel and chemicals in such a manner that they are inaccessible to wildlife.   | FUEL<br>INACCESSIBLE TO<br>WILDLIFE |
| 71. | The Permittee shall have one extra fuel storage container on site equal to, or greater than, the size of the largest fuel container.  | FUEL EXTRA<br>CONTAINER             |



72.	The Permittee shall:	CHECK FOR LEAKS
	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	
73.	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
74.	The Permittee shall seal all container outlets except the outlet currently in use.	SEAL OUTLET
75.	The Permittee shall mark all fuel containers with the Permittee's name.	MARK CONTAINERS

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

76.	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
77.	The Permittee shall keep on hand, at all times during this land use operation, a copy of the Land Use Permit.	COPY OF PERMIT
78.	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:	IDENTIFY AGENT
	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).	
79.	The Permittee shall conspicuously display the land use permit number on all vehicles and equipment.	DISPLAY PERMIT NUMBER
80.	<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.	

81.	The Permittee shall conduct leach and acid generation tests on the ore and waste rock, in a manner approved by the Engineer. The leachate shall be analysed for content of heavy metals and all test results shall be submitted to the Engineer.	LEACHATE TEST
82.	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
<b>CARIBOU PROTECTION MEASURES</b>		
83.	<ul style="list-style-type: none"> <li>(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.</li> <li>(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).</li> <li>(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.</li> <li>(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.</li> </ul>	RESTRICTION OF ACTIVITY
84.	<ul style="list-style-type: none"> <li>(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.</li> <li>(b) In the event that caribou cows and calves are present, the permittee shall suspend: <ul style="list-style-type: none"> <li>(i) blasting;</li> <li>(ii) overflights by aircraft at any altitude of less than 300 meters above ground level; and</li> <li>(iii) the use of snowmobiles and ATVs (all-terrain vehicles) outside the immediate vicinity of the camp.</li> </ul> </li> </ul>	SUSPENSION OF OPERATIONS
85.	<ul style="list-style-type: none"> <li>(a) During migration of caribou, the Permittee shall not locate any operation so as to block or cause substantial diversion to migration.</li> <li>(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.</li> </ul>	CARIBOU PROTECTION MIGRATION

- |     |   |                                    |
|-----|---|------------------------------------|
| 86. | <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<br>CARIBOU<br>CROSSINGS |
|-----|---|------------------------------------|

## ARCHAEOLOGICAL & PALEONTOLOGICAL TERMS AND CONDITIONS

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|-----|--|---|
| 87. | <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"> <li>(a) natural casts</li> <li>(b) preserved tracks, coprolites and plant remains; and</li> <li>(c) the preserved shells and exoskeletons of invertebrates and the eggs, teeth and bones of vertebrates.</li> </ul> | DEFINITIONS   |
| 88. | The Permittee shall avoid any known or suspected archaeological and/or paleontological sites.  | AVOIDANCE OF<br>ARCHAEOLOGICAL<br>AND/OR<br>PALEONTOLOGICAL<br>SITES  |
| 89. | The Permittee shall not remove, disturb, or displace any archaeological artifact or site, or any paleontological site or fossil.   | DISTURBANCE OF<br>ARCHAEOLOGICAL<br>AND/OR<br>PALEONTOLOGICAL<br>SITE |
| 90. | 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.  | CEASE OPERATION<br>OF LAND USE<br>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

91. 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  
AND  
PALEONTOLOGICAL  
TERMS AND  
CONDITIONS