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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

File No.: 2BE-CHI1218

February 8, 2013

David Willis, Land Administrator
Peregrine Diamonds Ltd.
201 – 1250 Homer ST.
Vancouver, BC V6B 1C6
Email: dave@pdiam.com

RE: NWB Licence No. 2BE-CHI1218

Dear Mr. Willis,

Please find attached Licence No. 2BE-CHI1218 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 Land Claims Agreement or NLCA)*. The terms and conditions of the attached Licence related to water use and waste disposal are an integral part of this approval.

If the Licensee contemplates the renewal of this Licence, it is the responsibility of the Licensee to apply to the NWB for its renewal. 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 Licence renewal. Note that if the Licence expires before the NWB issues a new one, then water use and waste disposal must cease, or the Licensee may be in contravention of the *Nunavut Land Claims Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. 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 months prior to the Licence expiry date.

If the Licensee contemplates or requires an amendment to this licence, the NWB may decide, in the public 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 the comments received by interested persons on issues identified. The NWB notes that Aboriginal Affairs and Northern

Development Canada (AANCD) recommended the use of an approved incinerator that is suitable for combusting the types of waste contemplated, and to ensure that the incineration of combustible waste comply with the Canada-Wide Standards (CWS) for Dioxins and Furans and the CWS for Mercury Emissions. This information is attached for your consideration.¹

Sincerely,



Thomas Kabloona
Nunavut Water Board
Chair

TK/kk/pb

Enclosure: Licence No. 2BE-CHI1218
Comments – AANDC, EC

Cc: Qikiqtani Distribution List

¹ Aboriginal Affairs and Northern Development Canada (AANDC), October 18, 2012; Environment Canada (EC), October 18, 2012.

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DECISION

LICENCE NUMBER: 2BE-CHI1218

This is the decision of the Nunavut Water Board (NWB) with respect to an application dated July 30, 2012 for a renewal of a Water Licence made by:

PEREGRINE DIAMONDS LTD.

to allow for the use of water and disposal of waste during camp operations and activities related to exploration that include diamond drilling and large diameter reverse-circulation (RC) drilling for bulk sampling, airborne and ground geophysics, surficial rock sampling, trenching to obtain mini-bulk samples, use of on-ice landing strips including an alternative landing strip at Discovery Camp, transportation of heavy equipment via on-ice landing strips, use of existing equipment winter-trail network to transport fuel to site, link camps to bulk-sample sites, access water sources and cutting-deposition locations and to haul out bulk samples at the Chidliak Project, located within the Qikiqtani Region, Nunavut. The geographical coordinates are as follows:

Camp Locations:

Latitude: 64° 14' 00'' N	Longitude: 66° 21' 00'' W (Discovery Camp)
Latitude: 64° 14' 14'' N	Longitude: 66° 07' 43'' W (Sunrise Camp)
Latitude: 64° 36' 33'' N	Longitude: 66° 34' 36'' W (Aurora Camp)
Latitude: 64° 19' 25'' N	Longitude: 66° 31' 30'' W (CH-6 Camp)

Project Extents:

Latitude: 63° 45' 00'' N	Longitude: 65° 30' 00'' W
Latitude: 64° 52' 30'' N	Longitude: 67° 30' 00'' W

DECISION

After having been satisfied that the application was for a location that falls outside of an area with an approved Land Use Plan¹ and that the application is exempt from the requirement for screening by the Nunavut Impact Review Board², in accordance with Article 12 of the Nunavut Land Claim Agreement (NLCA) pursuant to Section 12.4.3, and the activities therein remain subject to the terms and conditions recommended in the original two screening reports, 08AN008 and (December 18, 2008) and 11EA050 (February 20, 2012), 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 (Act)* and Article 13 of the NLCA, 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

¹NPC Email Confirmation of project outside of land use planning area, dated September 10, 2010.

² NIRB Letter to NWB Re: Application Exempt from the Requirement for Screening pursuant to Section 12.4.3 of the NLCA: Peregrine Diamonds Ltd.'s "Chidliak" project dated November 29, 2012.

interested persons, 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 *NLCA* and of the *Act*, waived the requirement to hold a public hearing, and determined that:

Licence No. 2BE-CHI0813 be renewed as Licence No. 2BE-CHI1218 subject to the terms and conditions contained therein. (Motion #: 2012-B1-013)

Signed this 24th day of December 2012 at Gjoa Haven, NU.



Thomas Kabloona
Nunavut Water Board
Chair

TK/kk/pb



NUNAVUT WATER BOARD WATER LICENCE RENEWAL

Licence No. 2BE-CHI1218

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)

201 – 1250 HOMER ST. VANCOUVER, BC V6B 1C6

(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 renewal:

Licence Number/Type: 2BE-CHI1218 TYPE "B"

Water Management Area: NUNAVUT 05

Location: CHIDLIAK PROJECT
QIKIQTANI REGION, NUNAVUT

Classification: MINING AND MILLING UNDERTAKING

Purpose: DIRECT WATER USE AND DEPOSIT OF WASTE

Quantity of Water use not
to Exceed: NINETYFIVE (95) CUBIC METRES PER DAY

Date of Licence Issuance: DECEMBER 24, 2012

Expiry of Licence: JUNE 1, 2018

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

T. Hill

**Thomas Kabloona,
Nunavut Water Board
Chair**

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

1. Scope

This Licence allows for the use of water and the disposal of waste for a Mining and Milling undertaking classified as per Schedule II of the *Regulations* at the Chidliak Project (Chidliak and Qilaq Claims), supported from the Discovery, Sunrise, Aurora (or Third) camps and the CH-6 Temporary Camp within the Chidliak Project area located across the Hall Peninsula, approximately 75 km Northeast of Iqaluit and 133 km South of Pangnirtung within the Qikiqtani Region, Nunavut.

- a. This Licence is issued subject to the conditions contained herein with respect to the taking of water and the depositing 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;

“**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 Land Claims Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

“Bulk Fuel Storage Facility” means the fuel storage facility as described in the Application and supporting documents submitted on July 30, 2012;

“Bulk Sampling Program” means the activities described in the Application and supporting documents submitted on July 30, 2012;

“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 (ICP) 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;

“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 Land Claims Agreement (NLCA)” 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 *Northwest Territories Water Regulations* sor/93-303 8th June, 1993, omitting Section 5, Water Use or Waste Deposit Without a Licence;

“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” means an excavation in impermeable soil for the purpose of catching or storing water or waste;

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

“Trench Water Containment” means the lined sump or sumps, poly tank or other means of containment for water that has collected within the blasted or excavated trench(s) and subsequently removed for disposal upon confirmation of water quality;

“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 water use fees, payable to the Receiver General for Canada, shall be sent to the NWB annually for the right to the use of water in accordance with Section 9 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,

“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” means an excavation in impermeable soil for the purpose of catching or storing water or waste;

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

“Trench Water Containment” means the lined sump or sumps, poly tank or other means of containment for water that has collected within the blasted or excavated trench(s) and subsequently removed for disposal upon confirmation of water quality;

“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 water use fees, payable to the Receiver General for Canada, shall be sent to the NWB annually for the right to the use of water in accordance with Section 9 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. A list of unauthorized discharges and a summary of follow-up actions taken;
 - c. Any revisions to the Bulk-Fuel Management Facility Monitoring Plan, Bulk-Sampling Monitoring Plan, Spill Contingency Plan and the Abandonment and Restoration Plan, as required by Part B, Item 7, submitted in the form of an Addendum;
 - d. An updated remediation cost estimate based upon the project development and any modifications to the project and camp sites;
 - e. A description of all progressive and or final reclamation work undertaken, including photographic records of site conditions before, during and after completion of operations;
 - f. Report all artesian flow occurrences as required under Part F, Item 3;
 - g. Results of test work required under Part D, Item 10 as part of any bulk sampling activity;
 - h. A summary of all information requested and results of the Monitoring Program; and
 - i. Any other details on water use or waste disposal requested by the Board by November 1 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 are to 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@nunavutwaterboard.org

(b) Inspector Contact:

Manager of Field Operations, AANDC
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 one paper copy and one 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 any document(s) or correspondence submitted by the Licensee to the NWB is received and acknowledged by the Manager of Licensing.
12. This Licence is assignable as provided for in Section 44 of the *Act*.

PART C: CONDITIONS APPLYING TO WATER USE

1. The Licensee shall obtain all water for domestic camp use up to a maximum of twenty five (25) cubic metres per day, and for drilling and other purposes up to a maximum of seventy (70) cubic metres per day. Water shall be obtained from the Deep Hole - McKeand River, Contingency Lake 1, Lake west of Sunrise Camp and from Contingency Lake 2 as outlined in the application. The total volume of water authorized under this Licence shall not exceed ninety five (95) cubic meters per day.
2. Streams cannot be used as a water source unless authorized and approved by the Board in writing.
3. If the Licensee requires water in sufficient volume that the source water body may be drawn down the Licensee shall, at least thirty (30) days prior to commencement of use of water, submit to the Board for approval in writing, the following: volume required, hydrological overview of the water body, details of impacts, and proposed mitigation measures.

4. 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.
5. The Licensee shall not remove any material from below the ordinary High Water Mark of any water body unless authorized.
6. The Licensee shall not cause erosion to the banks of any body of water and shall provide necessary controls to prevent such erosion.
7. 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 Chidliak Project, prior to any backhauling and disposal of wastes at 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 confirm through appropriate test methods, that the bulk sampling waste rock is free of contaminants, is non-acid generating and non-metal leaching prior to disposal in accordance with the approved bulk sampling plan, trenching plan or abandonment and restoration plan. Results shall be reported within the annual report.
11. The Licensee shall direct all Water accumulated in blasted or excavated trenches to a Trench Water Containment to allow for sampling prior to release. Water collected in hand-dug trenches shall be directed to a natural depression sump, as required by Part D, Item 1.
12. The Licensee shall provide at least ten (10) days notification to an Inspector, prior to the release of effluent from the Trench Water Containment. The notice shall include water quality results, an estimate of the volume of water to be released and the proposed receiving location.
13. All Effluent discharged from the Trench Water Containment shall be carried out in accordance with Part D, Item 1, directed to a natural depression where direct flow into a water body is not possible and no additional impacts are created.
14. The Licensee shall confirm compliance with Effluent quality limits in Part D, Item 15, prior to the release of any effluent
15. All Effluent discharged from the Trench Water Containment shall not exceed the following Effluent quality limits:

Parameter	Maximum Concentration of any Grab Sample (mg/L)
Total Arsenic	0.50
Total Copper	0.30
Total Lead	0.20
Total Nickel	0.50
Total Zinc	0.50
Total Suspended Solids	25.0
Oil and Grease	no visible sheen
pH	between 6 and 9.5

PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS

1. The Licensee shall implement the approved Plan entitled "Bulk-Fuel Management Facility Monitoring Plan: Chidliak Project, Baffin, NU" including the "Bulk-Fuel Management Facility Monitoring: Standard Operating Procedures (SOPs)", revised July 8, 2012, that was submitted as additional information with the Application.
2. 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.
3. 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.
4. 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.
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 at a distance of at least thirty one (31) metres from the ordinary High Water Mark of any water body in such a fashion that they do not enter the water, or as otherwise approved by the Board in writing.
6. The Licensee shall not mobilize heavy equipment or vehicles for trenching or other activities 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 AND TRENCHING OPERATIONS

1. The Licensee shall not conduct any land based drilling and trenching 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 (CaCl_2) 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.
7. The Licensee shall, during trenching activities utilizing blasting, provide mitigation measures to prevent the transport of blast rock, explosives residues, sediment and other materials from entering water as required by Part C, Item 7 and Part E, Item 5.
8. The Licensee shall implement the approved Plan entitled “Peregrine Diamonds Ltd. Bulk Sampling Monitoring Plan: Chidliak Project, Baffin, NU” revised June 22, 2012, including the document entitled “Bulk Sampling Monitoring: Standard Operating Procedures (SOPs)”, that was submitted as additional information with the Application.
9. The Licensee shall provide to the Board for approval in writing, at least ninety (90) days prior to beginning any additional bulk sampling or trenching operations, a revised Bulk Sampling Monitoring Plan, Part F, Item 8 or standalone trenching plan which shall include the following:
 - a. Size and location (including GPS coordinates) of trenches;
 - b. Approximate dimensions (length, width and depth) of each trench;
 - c. Approximate mass of sample extracted from trenches for testing;
 - d. Proposed mitigation measures for the prevention of the transport of sediments, blasting residues, fly rock and other materials, from the trench area to nearby water bodies;
 - e. Plans for disposal of any waste rock or overburden generated from the activity;
 - f. Projected volume and quality of water discharged from each trench with potential treatment required; and
 - g. The proposed monitoring program to be carried out on trench wastewater prior to discharge.

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 approved Plan entitled "Spill Contingency Plan, Chidliak, Qilaq and Cumberland Projects, Baffin, NU, (including both Crown Land and IOL Parcels) Peregrine Diamonds Ltd.", revised July 6, 2012 that was submitted as additional information with the Application.
2. 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.
3. The Licensee shall ensure that any equipment maintenance and servicing be conducted only 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.
4. 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.

PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING

1. The Licensee shall implement the approved Plan entitled "Peregrine Diamonds Ltd. General Guidelines: Chidliak, Qilaq and Cumberland Projects, Baffin, NU, Abandonment and Restoration of Camp Facilities and Worksites" revised July 4, 2012 that was submitted as additional information with the Application.
2. The Licensee shall implement the approved Plan entitled "Peregrine Diamonds Ltd. Winter Trail Cleanup and Reclamation Stabilization Plan: Chidliak Project, Baffin, NU" dated June 21, 2012 that was submitted as additional information with the Application.
3. The Licensee shall submit to the Board for review within ninety (90) days following issuance of the Licence, a consolidated Plan that includes the plan approved by Part I, Item 2 within the Abandonment and Restoration Plan approved under Part I, Item 1. In addition, the consolidated Plan is to include additional details on:
 - a. The closure of large diameter holes as a result of bulk sampling to demonstrate permanent closure and inaccessibility of the openings to comply with the requirements of Part F and Part I; and
 - b. Final closure of drill cuttings deposition areas to be used during the bulk sampling program as identified in the Bulk Sampling Monitoring Plan, included under Part J, Item 1.
4. The Licensee shall complete all restoration work prior to the expiry of this Licence.
5. The Licensee shall carry out progressive reclamation of any components of the project no longer required for the Licensee's operations.
6. The Licensee shall backfill and restore all sumps to the pre-existing natural contours of the land.
7. The Licensee shall remove from the site, all infrastructure and site materials, including all fuel caches, drums, barrels, buildings and contents, docks, water pumps and lines, material and equipment prior to the expiry of this Licence.
8. All roads and airstrip, if any, shall be re-graded to match natural contour to reduce erosion.

9. The Licensee shall remove any culverts and restore the drainage to match the natural channel. Measures shall be implemented to minimize erosion and sedimentation.
10. 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.
11. The Licensee shall reclaim all areas that have been contaminated by hydrocarbons from normal fuel transfer procedures 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.
12. 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.
13. The Licensee may store drill cores 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.
14. The Licensee shall stockpile all overburden and vegetation materials removed during trenching and bulk sampling activities for later use in reclamation/re-contouring once trenching and bulk sampling activities are completed. Erosion prevention measures shall be provided as required by Part C, Item 7.
15. The Licensee shall, upon completion of sampling activities, restore all exploration trenches and bulk sample large diameter drill holes prior to the closure of seasonal exploration programs and removal of equipment from site. Trenches are to be in-filled and covered with stockpiled overburden materials and re-contoured to the natural terrain, providing drainage away from nearby watercourses.
16. The Licensee shall contour and stabilize all disturbed areas to a pre-disturbed state upon completion of work. → See Nov. 15, 2013 Note for File re: Trench Reclamation.

PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

1. Licensee shall measure and record, in cubic metres, the daily quantities of water utilized 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 6 and 7. Monitoring shall include but not be limited to the following:

Total Suspended Solids

pH

Electrical Conductivity

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

Trace Arsenic and Mercury

5. The Licensee shall sample, prior to the release of any Effluent from the Trench Water Containment, in order to provide confirmation of Effluent quality as required by Part D, Item 15. Analysis shall include:

Total Suspended Solids

pH

Conductivity

Total Ammonia

Total Arsenic

Total Cadmium

Total Chromium

Total Cobalt

Total Copper

Total Iron

Total Lead

Total Manganese

Total Nickel

Total Zinc

6. 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.
7. All analyses shall be performed in a laboratory accredited according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing.
8. Additional monitoring requirements may be requested by the Inspector.
9. The Licensee shall include in the Annual Report required under Part B, Item 2 all data, monitoring results and information required by this Part.