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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

2BE-CHI1218 / Amendment No.1

November 13, 2014

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

RE: 2BE-CHI1218 Type ‘B’ – Amendment No.1

Dear Mr. Willis:

Please find attached, Amendment No.1 to Licence No. 2BE-CHI1218 Type “B” issued to Peregrine Diamonds Ltd., by the Nunavut Water Board (NWB) (**Motion 2014-B1-034**) 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 Claim Agreement)* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence and subsequent amendments related to water use and waste disposal remain an integral part of this approval.

The NWB strongly recommends that the Licensee consult the comments received by interested persons on issues identified¹. This information is attached for your consideration.

Sincerely,

Thomas Kabloona
Nunavut Water Board
Chair

TK/kk/mp

Enclosure: Licence No. **2BE-CHI1218 - Amendment No.1**
Comments – AANDC

Cc: Qikiqtani Distribution List

¹ Aboriginal Affairs and Northern Development Canada, October 29, 2014.

LICENCE AMENDMENT No.1

Licensee:	Peregrine Diamonds Ltd.
Licence No:	2BE-CHI1218 Type “B”
Licence Issued:	December 24, 2012
Effective Date:	November 13, 2014
Licence Expiry:	June 1, 2018

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* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, with respect to the application for amendment submitted on September 3, 2014, made by Peregrine Diamonds Ltd., for the Chidliak Project, the Nunavut Water Board hereby grants the following Licence amendment.

The Licence renewed December 24, 2012, with an expiry date of June 1, 2018, shall be amended to include the following terms and conditions, with respect to use of water and deposit of waste during camp and drilling operations, allowing Peregrine Diamonds Ltd., to undertake the following in support of Chidliak Project: to increase from seventy (70) to two hundred and twenty-one (221) cubic metres *per day* the maximum quantity of water to be used for drilling in support of anticipated expanded exploration activities at Chidliak Project in 2015. While domestic water allotment remains the same at twenty-five (25) cubic metres *per day* the overall water quantity to be used in support of Chidliak Project shall increase to a maximum of two hundred and forty-six (246) cubic metres *per day*.

Scope

This application is for an amendment to the current licence to obtain permission for the increase of the water quantity to be used for drilling purposes from seventy (70) to two hundred and twenty-one (221) cubic metres *per day* with the total water quantity to be used in support of Chidliak Project to increase to a maximum of two hundred and forty-six (246) cubic metres *per day*.

The Project for which this Amended Licence is issued is classified as a Mining Undertaking in accordance with Schedule 1, Item 2 of the Nunavut Waters Regulations².

The Board has also revised the definition of “Regulations” to reflect that, as of April 18, 2013, Nunavut is subject to the Nunavut Waters Regulation, SOR/2013-69.

² Formerly classified as a “Mining and Milling Undertaking” under Schedule II of the Northwest Territories Waters Regulations, S.O.R./93-303 and Application of Regulations made under paragraph 33(1) (m) or (n) of the Northwest Territories Waters Act in Nunavut Order, S.O.R./2002-253.

Water use

The total volume of water authorized under the current Licence is twenty-five (25) cubic metres *per day* for camp operation and seventy (70) cubic metres *per day* for drilling requirements. The total volume of water authorized under this Licence ninety five (95) cubic meters *per day* at maximum. The Licensee has requested an increase in water use to two hundred and twenty-one (221) cubic metres *per day* for the drilling purposes that shall bring the overall water use authorized under this Licence to two hundred and forty-six (246) cubic metres *per day*.

There were no concerns expressed during the review period with respect to the amount of water requested or the manner in which it would be used as long as there are proper measures in place to minimize the risks of water-bodies potential drawn down in accordance with Part C, Item 3 of the existing licence.

Taking into account the information presented in the application and considering interveners' comments, the Board has included, under Part C, Item 1 of this amendment, an increase in water use to a total of two hundred and forty-six (246) cubic metres *per day*.



NUNAVUT WATER BOARD
WATER LICENCE AMENDMENT No.1

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-CHI218 TYPE “B”

Water Management Area: SOUTHERN CUMBERLAND SOUND WATERSHED - 52

Location: CHIDLIAK PROJECT
QIKIQTANI REGION, NUNAVUT

Classification: MINING UNDERTAKING

Purpose: DIRECT WATER USE AND DEPOSIT OF WASTE

Quantity of Water use not
to Exceed: TWO HUNDRED AND FORTY-SIX (246) 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.

Thomas Kabloona,
Nunavut Water Board
Chair

LICENCE AMENDMENT No. 1

The Licence shall be amended to indicate the following:

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

Amend Item 1

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 1 of the *Regulations* at the Chidliak Project, supported from the Discovery, Sunrise, Aurora (or Third) and CH-6 Temporary Camps 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

Amend

“Regulations”

“Regulations” means the Nunavut Waters Regulation, SOR/2013-69.

PART C: CONDITIONS APPLYING TO WATER USE

Amend

Item 1

The Licensee shall obtain all water for domestic camp use, up to a maximum of twenty five (25) cubic metres per day, and to a maximum of two hundred and

twenty-one (21) cubic metres per day for drilling. Water shall be obtained from the “Deep Hole”- McKeand River, “Contingency Lake” west of CH-6 and from “Lake west of Sunrise Camp” and from local sources proximal to the drilling targets as outlined in the Application. The total volume of water for the purposes of this Licence shall not exceed two hundred and forty-six (246) cubic meters per day.

All remaining terms and conditions of the Licence 2BE-CHI1218 Type ‘B’ dated December 24, 2012, still apply.

This Licence Amendment issued and recorded at Gjoa Haven, NU on November 13, 2014.

Approved by,



Thomas Kabloona
Nunavut Water Board
Chair



Water Resources
Nunavut Regional Office
P.O. Box 100
Iqaluit, NU, X0A 0H0

October 29, 2014

Phyllis Beaulieu
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

Your file - Votre référence
2BE-CHI1218
Our file - Notre référence
CIDM# 867670

Re: 2BE-CHI1218 – Peregrine Diamonds Ltd. – Chidliak Project – Amendment Application

Dear Phyllis Beaulieu:

Aboriginal Affairs and Northern Development Canada (AANDC) has performed a review of Peregrine Diamond's Ltd.'s application to amend Type B water licence 2BE-CHI1218 for the Chidliak Project submitted to the Nunavut Water Board (NWB) in September, 2014.

The following advice has been provided pursuant to AANDC's mandated responsibilities for the enforcement of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*. In conducting our review, AANDC Water Resources referred to the documents on the NWB's FTP-site under 2BE-CHI1218.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4738 or by e-mail at Jean.Allen@aandc-aadnc.gc.ca.

Sincerely,

Jean Allen
Water Management Specialist

Encl.

cc. Karen Costello, Director, Resource Management, AANDC
Erik Allain, Manager of Field Operations, AANDC

Technical Review Memorandum

To: Phyllis Beaulieu – Manager of Licensing, Nunavut Water Board

From: Jean Allen – Water Management Specialist, AANDC

Re: 2BE-CHI1218 – Peregrine Diamonds Ltd. – Chidliak Project – Amendment Application

A. Background

The Nunavut Water Board (the Board or NWB) issued Type B water licence 2BE-CHI1218 (the licence or 2BE-CHI1218) to Peregrine Diamonds Ltd. (Peregrine) on May 7, 2008 and on December 24, 2012, Peregrine was issued a renewed licence to allow the use of water and deposit of waste during camp operations and activities related to exploration including diamond drilling, large diameter reverse circulation drilling and trenching for bulk sampling.

On September 3, 2014, the Nunavut Water Board received an application to amend the licence to increase the present allocation of water by 151 cubic metres of water per day (m³/day) for drilling and other purposes. The water licence currently authorizes the use of 95 m³/day (70 m³/day for drilling and 25 m³/day for domestic use) and 246 m³/day (221 m³/day for drilling and 25 m³/day for domestic use) is being requested to maintain compliance with the terms and conditions of the licence and to accommodate additional drilling activities anticipated in 2015 and beyond.

The Chidliak Project is located in the Qikiqtani region, on the Hall Peninsula of Baffin Island, approximately 120 km northeast of Iqaluit and 200 km south of Pangnirtung. The licence authorizes 4 camps: CH-6, Discovery, Sunrise, and Aurora. The proposed increase of water use is for drilling and other purposes and does not change the amount for domestic use as no circulation is involved. In the summer, local water sources in close proximity to the drill holes will be used. In the winter, four water sources have been identified including Deep Hole near the CH-6 camp, contingency lake #1 for Deep Hole, Lake W of Sunrise and contingency lake #2 for W Sunrise Lake.

B. Results of Review

AANDC Water Resources Division completed a review of the amendment application and has no concerns with the proposed increase of water use from local water sources at this time. Part C, Item 3 of the existing licence requires the Licensee to submit to the Board for approval, detailed information prior to commencement of water use, if the source water body may be drawn down.