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February 27, 2019

File: W2018C0008

David Willis
Peregrine Diamonds Ltd.
Suite 300, 1601 Airport Road NE
Calgary, Alberta T2E 6Z8

E-Mail: David.Willis@debeersgroup.com

Dear Mr. Willis,

ISSUANCE OF A TYPE "A" LAND USE PERMIT

Land Use Permit No. W2018C0008 is granted by the Wek'èezhìi Land and Water Board (WLWB) in accordance with the *Mackenzie Valley Resource Management Act*. A copy of this Permit has been filed on the Public Registry of the WLWB. The WLWB approved Land Use Permit W2018C0008 for a period of five (5) years commencing February 27, 2019 and expiring February 26, 2024.

Please read all conditions carefully and note that as per Land Use Permit Condition #48, a security deposit in the amount of \$80,751.33 shall be posted with the Government of the Northwest Territories, Department of Lands, North Slave Regional Office, 140 Bristol Ave, Yellowknife, NT, X1A 3T2.

As described further in the attached Reasons for Decision, the Board has provided additional direction regarding Peregrine Diamonds Ltd.'s collaboration with the Government of the Northwest Territories Department of Lands, Environment and Natural Resources, the Wek'èezhìi Renewal Resources Board, regarding spill contingency planning, waste management, and wildlife management.

Please be advised that this letter, with attached procedures, all inspection reports, and correspondence related thereto, are part of the Public Registry, and are intended to keep all interested parties informed of the manner in which the Permit requirements are being met. All Public Registry material will be considered if an amendment to the Permit is requested.

The full cooperation of Peregrine Diamonds Ltd. is anticipated and appreciated.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Joe Mackenzie".

Joe Mackenzie

Chair, Wek'èezhìi Land and Water Board

Attachments: Reasons for Decision

Copy to: Wek'èezhìi East Distribution List



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Reference/File Number: W2018C0008 (Type "A" Land Use Permit)
Applicant/Licensee/Permittee: Peregrine Diamonds Ltd.
Subject: Mineral Exploration

Decision from the Wek'èezhìi Land and Water Board Meeting of February 27, 2019

1.0 Decision

On February 27, 2019, the Wek'èezhìi Land and Water Board (the Board) met to consider the Land Use Permit Application W2018C0008 for Mineral Exploration in the Lac de Gras area, NT, submitted by Peregrine Diamonds Ltd. on January 7, 2019.

The Board determined the Land Use Permit Application submitted by Peregrine Diamonds Ltd. for Permit W2018C0008 is exempt from Preliminary Screening in accordance with the Exemption List Regulations and has issued Land Use Permit W2018C0008 for a period of five years.

2.0 Background

The Mackenzie Valley Land and Water Board (MVLWB) issued Land Use Permits MV2004C0044 (mineral exploration) and MV2004F0045 (winter road) to Peregrine Diamonds Ltd. on December 4, 2004. On December 8, 2009, the WLWB approved a two-year extension to both Permits, setting the expiring date to December 3, 2011. On January 4, 2012, Peregrine requested an extension on the submission of their Final Plan. The Board granted the extension request on January 17, 2012, extending the Final Plan to April 3, 2012. Peregrine submitted their Final Plan on March 26, 2012. The WLWB granted Final Clearance for these Permits on April 24, 2012.

Peregrine has a lease that encompasses the Wek'èezhìi boundary and the Akaitcho boundary between Lac de Gras and Thonokied Lake area, NT. The WLWB issued Land Use Permit W2011C0005 (replacing both LUP's MV2004C0044 and MV2004F0045) to Peregrine Diamonds Ltd. on January 11, 2012 for a period of five years, expiring January 9, 2017.¹ The Permit is for mineral exploration including operation

¹ See WLWB Online Registry for [W2011C0005 - Peregrine - Land Use Permit and Issuance Letter - Jan 9 12](#)

and maintenance of a camp, diamond drilling, winter road construction and maintenance, and fuel storage in the DO-27 Lake area.

On July 8, 2015, Peregrine Diamonds Ltd. submitted an assignment application, to assign the Permit from Peregrine Diamonds Ltd. to Peregrine Exploration Ltd. The Board granted the assignment on October 14, 2015.² On October 20, 2016, Peregrine Diamonds Ltd. submitted an assignment application to assign the Permit from Peregrine Exploration Ltd. back to Peregrine Diamonds Ltd. Peregrine also submitted a two-year extension request on October 28, 2016. The Board granted the assignment and approved the two-year extension on December 19, 2016, setting the expiry of the Permit to January 9, 2019.³

On November 20, 2018, Peregrine Diamonds Ltd. submitted a storage authorization application to the Board. The Board granted the Storage Authorization on December 10, 2018 for a period of 6 months, expiring July 9, 2019.⁴

On November 28, 2018, Peregrine Diamonds Ltd. submitted an application for a Type A Land Use Permit to continue conducting its mineral exploration activities. The purpose of the Application is for the same activities as those previously permitted under Permit W2011C0005: establishment of a camp, diamond drilling, winter road construction and maintenance, and fuel storage in the DO-27 Lake area.

The Application was deemed incomplete on December 6, 2018 because the Application lacked sufficient information, Peregrine was required to re-submit the Application with additional information.⁵ Peregrine Diamonds Ltd. re-submitted a Type A Land Use Permit application to the Wek'èezhii Land and Water Board on January 7, 2019.⁶

The Application was deemed complete on January 16, 2019. The Application and a draft Land Use Permit (the Permit) were distributed for review on January 16, 2019 using the Online Review System (ORS). The Permit was drafted using the Standard Land Use Permit Conditions Template.

Reviewer comments were due by February 6, 2019. Comments were submitted by the Government of the Northwest Territories Education, Cultural and Employment (GNWT-ECE), Environment and Natural Resources (GNWT-ENR), Department of Lands (GNWT-Lands and GNWT-Lands Inspector), Wek'èezhii Renewable Resources Board (WRRB), and Wek'èezhii Land and Water Board (WLWB) staff. Proponent's responses were due February 13, 2019.

3.0 Reasons for Decision

3.1 Preliminary Screening

On December 2, 2004, a Preliminary Screening was completed for Permits MV2004C0044,⁷ and MV2004F0045.⁸ Peregrine identified in its cover letter that the activities remain the same and that no additional areas are proposed to be used. Peregrine has requested the Board determine this Application be exempt from preliminary screening for the activities listed in the Application. None of the parties provided comments on the request for exemption from Preliminary Screening. The Board has determined that the activities outlined above do not require a Preliminary Screening, pursuant to

² See WLWB Online Registry for [W2011C0005 - Peregrine - Land Use Permit - Assignment Approved - Oct 14 15](#)

³ See WLWB Online Registry for [W2011C0005 - Peregrine - Land Use Permit - Assignment and Extension Approved - Dec 19 16](#)

⁴ See WLWB Online Registry for [W2011C0005 - Peregrine - Storage Authorization - Decision Letter - Dec 10 18](#)

⁵ See WLWB Online Registry for [DO-27 Project - LUP Application - Deemed Incomplete - Dec 6 18](#)

⁶ See WLWB Online Registry for [DO-27 Project - LUP Application - Cover Letter re Additional Information - Jan 7 19](#)

⁷ See WLWB Online Registry for [MV2004C0044 - Peregrine - Land Use Permit - Amendment - Preliminary Screening - Jan 27 05](#)

⁸ See WLWB Online Registry for [MV2004F0045 - Peregrine - Land Use Permit - Preliminary Screening - Dec 2 04](#)

Schedule 1 (Section 2), Part 1, paragraph 2(b) of the Exemption List Regulations pursuant to subsection 143 (1) of the MVRMA.

- ***Decision #1: The Board has determined that the activities listed in the Land Use Permit Application W2018C0008 are exempt from Preliminary Screening in accordance with the Exemption List Regulations.***

3.2 Land Use Permit

The Board, having reviewed the recommendations made by GNWT-Inspector and WRRB, believes the Permit contains conditions that are sufficient to mitigate potential impacts. The reasons for this decision are provided in further detail below.

- ***Decision #2: The Board has issued Land Use Permit W2018C0008 for a period of five years.***

3.2.1 Scope

A draft Land Use Permit with the following scope was provided during the public review:

- a) The operation and maintenance of an existing camp (DO-27 camp);
- b) Storage of fuel;
- c) Construction, use, and maintenance of a winter road;
- d) Use of equipment; and
- e) Mineral exploration including diamond drilling and RC drilling.

During the public review, the GNWT-Inspector (comment 3-4), recommended the following changes to the scope of the permit.

- a) The operation and maintenance of an existing camp;
- b) Storage of fuel;
- c) Construction, use, and maintenance of a winter road and access trails;
- d) Use of equipment; and
- e) Mineral exploration including diamond drilling and RC drilling.

The Board, having reviewed the suggested recommendations made by the Inspector, to exclude the text “(DO-27)” from (a), and include the text “and access trails” to (c), is appropriate and reflect the Standard Land Use Permit Conditions template and has revised the scope of the Permit.

3.2.2 Permit Conditions

During the public review, the GNWT-Inspector (comments 5-11, 13-14, and 16) recommended the deletion of ten conditions from the Permit, six standard conditions and four non-standard conditions (i.e., Shutdown Period, Icebridge, Excavation and Embankments, Waste Material Piles, Watercourse Buffer, Remove Waste Material, AIA, Check for Leaks, Fuel Container Stands, and Caribou Disturbance) and an update to the text in condition 66 regarding “Maximum Fuel on Site” (comment 15). GNWT-Inspector (comment 16) recommended the removal of condition 78 with regards to “Caribou Disturbance” and WRRB (comment 3) recommended that the “Caribou Disturbance” condition remain as is.

The Board, having reviewed the recommendations made by both the GNWT-Inspector and WRRB, believe the deletion of all ten conditions are appropriate and have deleted from the Land Use Permit. The condition regarding “Caribou Disturbance” is a non-standard condition and the Board believe the commitment made by Peregrine (WRRB comment 2, Proponent’s response) is appropriate and have removed this condition.

3.3 Submitted Plans

Comments were received on various topics including engagement plan, spill contingency, waste management, and wildlife management.

3.3.1 *Engagement Plan*

The Board believes Version 1.0 of the Engagement Plan satisfies the requirements of the *Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits*.

- ***Decision #3: The Board approves Version 1.0 of the Engagement Plan.***

3.3.2 *Spill Contingency Plan*

Peregrine has committed to incorporating the changes made by reviewers (GNWT-ENR comments 6-12, and WLWB comments 1-9) to Peregrine's Version 2.0 of the Spill Contingency Plan.

- ***Decision #4: The Board approves Version 1.0 of the Spill Contingency Plan and requires Peregrine to incorporate their commitments into Version 2.0 of the Spill Contingency Plan.***

3.3.3 *Waste Management*

Peregrine has committed to incorporating the changes made by reviewers (GNWT-ENR comments 1-5, 22 and 23, and WLWB comments 10-12) to Peregrine's next version of the Waste Management Plan. Peregrine has also committed to acquiring a letter from the Yellowknife Solid Waste Facility, to confirm Peregrine can disposal of Waste in Yellowknife's Solid Waste Facility.

- ***Decision #5: The Board approves Version 1.0 of the Waste Management Plan and requires Peregrine to incorporate their commitments into Version 2.0 of the Waste Management Plan, and submit written confirmation authorizing disposal from the City of Yellowknife to the Board prior to any disposal.***

3.4 Security

With the issuance of Permit W2011C0005, the Board combined the security deposits that were initially under land use permits (MV2004C0044 and MV2004F0045) in the amount of \$106,000.00. With the Application, Peregrine Diamonds Ltd. submitted a draft Security Estimate of \$80,751.33 (a decrease of \$25,248.67), as the area of land disturbance has decreased. The Board adjusted the security estimate, resulting in a decrease in total security to \$80,751.33. No parties commented on Peregrine's proposed land-related security estimate. Pursuant to section 32 of the Mackenzie Valley Land Use Regulations, the Board determined that a security of \$80,751.33 be held for Land Use Permit W2018C0008.

- ***Decision #6: The Board approves the amount of security deposit of \$80,751.33 as required by Condition 48 of Land Use Permit W2018C0008.***

3.5 Water Use

WLWB staff (comment 16) recommended that Peregrine clarify the amount of water it will be using for its activities authorized by Permits MV2008C0010 and W2018C0008. Peregrine responded that once both core drills and the camp are operational that the drill and domestic water consumption would be approximately 73 m³ per 24 hours. Peregrine also noted that a maximum of two core drills will be operational on the aggregated lease block at any one time.

- **Decision #7: The Board directs Peregrine that if more than 99 m³ per day is needed, that an application for a Type B Water Licence will be required.**

Signed the 27 Day of February, 2019, on behalf of the Wek'èezhìi Land and Water Board



Witness



Joe Mackenzie
Chair, Wek'èezhìi Land and Water Board