

Conditions Annexed to and Forming Part of Land Use Permit Number MV2011C0005

Part A: Scope of Permit

1. This Permit entitles Peregrine Exploration Ltd. (Permittee) to conduct the following activities:

Mineral exploration, including till sampling, mapping, trenching, and diamond drilling, and the establishment of support infrastructure including a camp at Lac de Gras Lake and fuel caches in the Lac de Gras, MacKay Lake, and Thonokied Lake areas.

Location: Minimum latitude: 64°05' N; Maximum latitude: 64°35' N
Minimum longitude: 109°15' W; Maximum longitude: 111°16' W

2. The Permit is issued subject to the conditions contained herein with respect to the use of land for the activities and area identified in Part A, Item 1 of this Permit.
3. Compliance with the terms and conditions of this Permit does not absolve the Permittee from responsibility for compliance with the requirements of all applicable federal, territorial, and municipal legislation.

Part B: Definitions

Act - the *Mackenzie Valley Resource Management Act*.

Board - the Mackenzie Valley Land and Water Board established under Part 4 of the Act.

Borehole - a hole that is made in the surface of the ground by drilling or boring.

Drilling Waste - all materials or chemicals, solid or liquid, associated with drilling, including drill cuttings and drilling fluids.

Flowing Artesian Well - a well in which water:

- a) Naturally rises above the ground surface or the top of any casing; and
- b) Flows naturally, either intermittently or continuously.

Fuel Storage Container - a container for the storage of *petroleum* or *allied petroleum products* with a capacity of less than 230 litres.

Fuel Storage Tank - a closed container for the storage of *petroleum* or *allied petroleum products* with a capacity of more than 230 litres.

Inspector - an Inspector designated by the Minister under the Act.

Ordinary High Water Mark - 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. In flowing waters (rivers, streams) this refers to the "active channel/bank-full level" which is often the 1:2 year flood flow return level. In inland lakes, wetlands, or marine environments, it refers to those parts of the Watercourse bed and banks that are frequently flooded by water so as to leave a mark on the land and where the natural vegetation changes from predominately aquatic vegetation to terrestrial vegetation (excepting water tolerant species). For reservoirs, this refers to normal high operating levels (full supply level).

Secondary Containment - containment that prevents liquids that leak from Fuel Storage Tanks or containers from reaching outside the containment area and includes double-walled Tanks, piping, liners, and impermeable barriers.

Sewage - all toilet wastes and greywater.

Sump - a man-made pit or natural depression in the earth's surface used for the purpose of depositing waste that does not contain Toxic Material, such as non-toxic Drilling Waste or Sewage, therein.

Toxic Material- any substance that enters or may enter the environment in a quantity or concentration or under conditions such that it:

- a) Has or may have an immediate or long-term harmful effect on the environment or its biological diversity;
- b) Constitutes or may constitute a danger to the environment on which life depends; or
- c) Constitutes or may constitute a danger in Canada to human life or health.

Watercourse - a natural body of flowing or standing water or an area occupied by water during part of the year, and includes streams, springs, swamps and gulches but does not include groundwater.

Part C: Conditions Applying to All Activities (the headings correspond to subsection 26 of the Mackenzie Valley Land Use Regulations)

26(1)(a) Location and area

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| 1. | The Permittee shall not conduct this land use operation on any lands not designated in the accepted application. | PLANS |
| 2. | The Permittee shall not conduct any part of the land use operation within 300 metres of any privately owned or leased land or structure, unless otherwise authorized in writing by the Board. | PRIVATE PROPERTY |
| 3. | The Permittee shall use an existing campsite, as described in the complete application. | EXISTING CAMP |
| 4. | Prior to the commencement of drilling, the Permittee shall submit the drill target locations on a 1:50,000-scale map with coordinates and map datum to an Inspector and the Board. | DRILL LOCATIONS |

26(1)(b) Time

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| 5. | At least 48 hours prior to the commencement of this land-use operation, the Permittee's Field Supervisor shall contact an Inspector at (867) 765-6648. | CONTACT INSPECTOR |
| 6. | At least ten days prior to the completion of the land-use operation, the Permittee shall advise an Inspector of: <ul style="list-style-type: none"> a) The plan for removal or storage of equipment and materials; and b) When final clean-up and restoration of the land used will be completed. | REPORTS BEFORE REMOVAL |
| 7. | At least 48 hours prior to commencement of this land-use operation, the Permittee shall provide the following information, in writing, to the Board and an Inspector: <ul style="list-style-type: none"> (a) the name(s) of the person(s) in charge of the field operation; (b) alternates; and (c) all methods for contacting the above person(s). | IDENTIFY AGENT |
| 8. | The Board and/or Inspector reserve the right to impose closure of any area to the Permittee in periods when dangers to natural resources are severe. | CLOSURE |

26(1)(c) Type and size of equipment

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| 9. | The Permittee shall not use any equipment except of a similar type, size, and number to that listed in the complete application. | ONLY APPROVED EQUIPMENT |
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26(1)(d) Methods and techniques

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| 10. | Prior to the expiry of this Permit, the Permittee shall replace all excavated material, unless otherwise authorized in writing by an Inspector. | EXCAVATED MATERIAL |
| 11. | The Permittee shall not erect camps or store material, other than that required for immediate use, on the ice surface of a Watercourse. | STORAGE ON ICE |

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| 12. | Immediately upon completion of operations at each Borehole, the Permittee shall remove or cut off and seal each drill casing at ground level. | MINERAL
EXPLORATION
DRILL CASINGS |
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26(1)(e) Type, location, capacity, and operation of all facilities | | |
| 13. | The Permittee shall not locate any sump within 100 metres of the Ordinary High Water Mark of any Watercourse unless otherwise authorized in writing by an Inspector. | SUMPS FROM
WATER |
| 14. | The Permittee shall ensure that the land use area is kept clean at all times. | CLEAN WORK
AREA |
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26(1)(f) Control or prevention of ponding of water, flooding, erosion, slides, and subsidence of lands | | |
| 15. | The Permittee shall, where flowing water from a Borehole is encountered:
(a) plug the Borehole in such a manner as to permanently prevent any further outflow of water; and
(b) immediately report the occurrence to the Board and an Inspector. | FLOWING
ARTESIAN WELL |
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26(1)(g) Use, storage, handling, and ultimate disposal of any chemical or toxic material | | |
| 16. | At least seven days prior to the use of any chemicals that were not identified in the complete application, the MSDS sheets must be provided to an Inspector and the Board. | CHEMICALS |
| 17. | The Permittee shall remove all Drilling Waste containing Toxic Material to an approved disposal facility. | DRILLING WASTE
DISPOSAL |
| 18. | The Permittee may deposit Drilling Waste that does not contain Toxic Material in a Sump or natural depression. Any Sumps or natural depressions used to deposit Drilling Waste must be located at least 100 metres from the Ordinary High Water Mark of any Watercourse , unless otherwise authorized in writing by an Inspector. | DRILLING WASTE |
| 19. | The Permittee shall not allow any Drilling Waste to spread to the surrounding lands or watercourses. | DRILLING WASTE
CONTAINMENT |
| 20. | When drilling within 100 metres of the Ordinary High Water Mark of any Watercourse, and when drilling on ice, the Permittee shall contain all drill water and waste in a closed circuit system for reuse, off-site disposal, or deposit into a land-based Sump or natural depression. | DRILLING NEAR
WATER OR ON ICE |
| 21. | The Permittee shall dispose of all combustible waste petroleum products by removal to an approved disposal facility. | WASTE
PETROLEUM
DISPOSAL |
| 22. | Prior to the expiry date of this Permit or the end of operations, whichever comes first, the Permittee shall backfill and restore all Sumps, unless otherwise authorized in writing by an Inspector. | BACKFILL SUMPS |
| 23. | The Permittee shall maintain a record of all spills. For all reportable spills, in accordance with the GNWT Spill Contingency Planning and | REPORT SPILLS |

Reporting Regulations, the Permittee shall:

(a) immediately report each spill to the 24-hour Spill Report Line (867) 920-8130;

(b) report each spill to an Inspector within 24 hours; and

(c) submit, to the Board and an Inspector, a detailed report on each spill within 30 days.

26(1)(h) Wildlife and fish habitat

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| 24. | The Permittee shall take all reasonable measures to prevent damage to wildlife and fish Habitat during this land-use operation. | HABITAT DAMAGE |
| 25. | The Permittee shall use food handling and garbage disposal procedures that do not attract wildlife. | WILDLIFE/MAN CONFLICT |
| 26. | The Permittee shall not harass wildlife during this land use operation. | NO WILDLIFE HARASSMENT |
| 27. | The Permittee shall not destroy the nests or eggs of migratory birds. | MIGRATORY BIRDS |
| 28. | The Permittee shall cease operations when Caribou are within 500 metres of an area where work is proceeding | CARIBOU HARASSMENT |

26(1)(i) Storage, handling, and disposal of refuse or Sewage

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| 29. | The Permittee shall dispose of all Sewage and Greywater as described in the approved Waste Management Plan. | SEWAGE DISPOSAL |
| 30. | The Permittee shall dispose of all garbage, waste, and debris as described in the approved Waste Management Plan, unless otherwise authorized in writing by an Inspector. | REMOVE GARBAGE |
| 31. | The Permittee shall burn all combustible garbage and debris, except plastics, daily in a container acceptable to an Inspector. | INCINERATION |
| 32. | The Permittee shall keep all garbage and debris in a secure container until disposal. | GARBAGE CONTAINER |

26(1)(j) Protection of historical, archaeological, and burial sites

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| 33. | The Permittee shall not operate any vehicle or equipment within 150 metres of a known or suspected historical or archaeological site or burial ground, unless otherwise authorized by an Inspector. | OPERATE VEHICLE |
| 34. | The Permittee shall, where a suspected archaeological or historical site, or burial ground is discovered:
(a) immediately suspend operations on the site; and
(b) notify the Board at (867) 669-0506 or an Inspector at (867) 765-6648, and the Prince of Wales Northern Heritage Centre at (867) 920-6182 or 873-7688. | SITE DISCOVERY AND NOTIFICATION |
| 35. | The Permittee shall ensure that all persons working under authority of the Permit are aware of these conditions concerning archaeological land use activity. | NOTIFICATION TO EMPLOYEES |

26(1)(k) Objects and places of recreational, scenic, and ecological value

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26(1)(l) Security deposit

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| 36. | The Permittee shall deposit with the Minister a security deposit in the amount of \$9,000, pursuant to Section 32 of the Mackenzie Valley Land Use Regulations. | SECURITY DEPOSIT |
| 37. | The Permittee shall be liable for any cost of damage over and above the amount of the security deposit. | LIABILITY FOR DAMAGES |
| 38. | All costs to remediate the area under this Permit are the responsibility of the Permittee. | RESPONSIBILITY FOR REMEDIATION COSTS |

26(1)(m) Fuel storage

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| 39. | The Permittee shall have a maximum of 4000 litres of fuel stored on the land use site at any time, unless otherwise authorized in writing by the Board. | MAXIMUM FUEL ON SITE |
| 40. | Within ten days of the establishment of any fuel cache, the Permittee shall report the location and quantity of the cache in writing to an Inspector and the Board. | REPORT FUEL LOCATION |
| 41. | The Permittee shall not place any Fuel Storage Containers or Tanks within 100 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector. | FUEL NEAR WATER |
| 42. | The Permittee shall locate mobile fuel facilities on land when the facilities are stationary for more than 12 hours. | FUEL ON LAND |
| 43. | The Permittee shall not allow petroleum products to spread to surrounding lands or Watercourses. | FUEL CONTAINMENT |
| 44. | 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 |
| 45. | The Permittee shall mark all Fuel Storage Containers and Tanks with the Permittee's name. | MARK CONTAINERS |
| 46. | The Permittee shall ensure that all fuel caches have adequate Secondary Containment. | FUEL CACHE SECONDARY CONTAINMENT |
| 47. | The Permittee shall seal all outlets of Fuel Storage Containers and store the containers on their sides with the outlets located at 3 and 9 o'clock, except for containers currently in use. | SEAL OUTLET |
| 48. | Prior to commencement of operations, the Permittee shall ensure that spill-response equipment is in place to respond to any potential spills. | SPILL RESPONSE |

49. The Permittee shall adhere to the Spill Contingency Plan, once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations, technology, chemicals, or fuels, or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval.

**SPILL
CONTINGENCY
PLAN**

26(1)(n) Methods and techniques for debris and brush disposal

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26(1)(o) Restoration of the lands

50. Prior to the expiry date of this Permit, the Permittee shall complete all cleanup and restoration of the lands used.

**FINAL CLEANUP
AND
RESTORATION**

26(1)(p) Display of permits and permit numbers

51. The Permittee shall display a copy of this Permit in each campsite established to carry out this land use operation.

DISPLAY PERMIT

26(1)(q) Matters not inconsistent with the Regulations

52. The Permittee shall ensure that all persons working under the authority of the Land Use Permit are aware of and will adhere to the conditions as stated in the Land Use Permit.

**NOTIFICATION TO
ALL EMPLOYEES/
CONTRACTORS**