

December 5, 2016

File: MV2011C0005

Mr. David Willis
Peregrine Diamonds Ltd.
Suite 654 – 999 Canada Place
Vancouver BC V6C 3E1

Email: dave@pdiam.com

Dear Mr. Willis:

**Assignment – Land Use Permit Number MV2011C0005
Mineral Exploration – Lac de Gras area, NT**

Attached is Land Use Permit MV2011C0005 granted by the Mackenzie Valley Land and Water Board (MVLWB or the Board) in accordance with the *Mackenzie Valley Resource Management Act* (MVRMA). Under subsection 38 of the Mackenzie Valley Land Use Regulations (MVLUR), this Permit is hereby assigned from Peregrine Exploration Ltd. to Peregrine Diamonds Ltd., effective December 5, 2016. All obligations outlined within the conditions of this Permit are now transferred to Peregrine Diamonds Ltd., including restoration and cleanup of the activities previously authorized under this Permit. This Permit will expire April 27, 2018.

In accordance with Permit condition 29, a security deposit in the amount of \$9,000.00 shall be posted with the Minister and the Board shall be notified prior to the start of the operation under section 32 of the MVLUR. In order to comply with this condition, a letter of consent to assignment of the security deposit from Peregrine Exploration Ltd. to Peregrine Diamonds Ltd. shall be submitted to: Government of the Northwest Territories, Department of Lands, North Slave Region, #16 Yellowknife Airport, Yellowknife NT, X1A 3T2. For more information about posting security with the GNWT, please contact Charlene Coe, Land Use Advisor, at (867) 767-9187 (ext. 24197). Please send a copy of the receipt for the security deposit to the MVLWB office prior to the start of your operation.

A copy of this Permit and all related correspondence and documents has been filed on the Public Registry at the MVLWB office. Please be advised that this letter, inspection reports, and related correspondence is part of the Public Registry and is 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.

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The full cooperation of Peregrine Diamonds Ltd. is anticipated and appreciated. If you have any questions or concerns, please to contact Julian Morse at (867) 766-7453 or email jmorse@mvlwb.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'F. M. Adlem', with a stylized flourish at the end.

Floyd Adlem
MVLWB, A/Chair

Copied to: Distribution List
Clint Ambrose, GNWT-Lands

Attachments:

- Land Use Permit MV2011C0005
- Reasons for Decision



Land Use Permit
Assignment – December 5, 2016

Permit Class	Permit No	Amendment No
A	MV2011C0005	

Subject to the Mackenzie Valley Land Use Regulations and the terms and conditions in this Permit, authority is hereby granted to:

Peregrine Diamonds Ltd.

Permittee

to proceed with the land use operation described in the Application of:

Signature Ms. Shirley Standafer-Pfister	Date April 28, 2011
Type of Land Use Operation Mineral Exploration	
Location Lac de Gras Area, NT	

This Permit may be assigned, discontinued, suspended, or cancelled pursuant to the Mackenzie Valley Land Use Regulations.

Dated at Yellowknife this 5 day of December, 2016

Signature A/Chair

Floyd Adlem

Signature Witness

Amanda Gauthier

Effective Date

April 28, 2011

Expiry Date

April 27, 2018

ATTENTION

It is a condition of this Permit that the Permittee comply with the provisions of the *Mackenzie Valley Resource Management Act* and Regulations and the terms and conditions set out herein. A failure to comply may result in suspension or cancellation of this Permit.

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

Part A: Scope of Permit

1. This Permit entitles the 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.

Minister - the Minister of Indian Affairs and Northern Development Canada or the Minister of the Government of the Northwest Territories – Department of Lands, as the case may be.

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).

Permittee – The holder of this Permit.

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) 767-9188. | CONTACT INSPECTOR |
| 6. | At least ten days prior to the completion of the land-use operation, the Permittee shall advise an Inspector of:
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:
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 |

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

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| 8. | 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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|-----|---|---------------------------|
| 9. | Prior to the expiry of this Permit, the Permittee shall replace all excavated material, unless otherwise authorized in writing by an Inspector. | EXCAVATED MATERIAL |
| 10. | 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 |

11.	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
 26(1)(e) Type, location, capacity, and operation of all facilities		
12.	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
13.	The Permittee shall ensure that the land use area is kept clean at all times.	CLEAN WORK AREA
 26(1)(f) Control or prevention of ponding of water, flooding, erosion, slides, and subsidence of lands		
14.	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
 26(1)(g) Use, storage, handling, and ultimate disposal of any chemical or toxic material		
15.	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
16.	The Permittee shall remove all Drilling Waste containing Toxic Material to an approved disposal facility.	DRILLING WASTE DISPOSAL
17.	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
18.	The Permittee shall not allow any Drilling Waste to spread to the surrounding lands or watercourses.	DRILLING WASTE CONTAINMENT
19.	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
20.	The Permittee shall dispose of all combustible waste petroleum products by removal to an approved disposal facility.	WASTE PETROLEUM DISPOSAL
21.	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

22. The Permittee shall maintain a record of all spills. For all reportable spills, in accordance with the GNWT Spill Contingency Planning and 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.

REPORT SPILLS

26(1)(h) Wildlife and fish habitat

23. The Permittee shall take all reasonable measures to prevent damage to wildlife and fish Habitat during this land-use operation.

HABITAT DAMAGE

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

24. The Permittee shall dispose of all Sewage and Greywater as described in the approved Waste Management Plan.

SEWAGE DISPOSAL

25. 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

26. 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

27. 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

28. 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) 767-9188, and the Prince of Wales Northern Heritage Centre at (867) 920-6182 or 873-7688.

SITE DISCOVERY AND NOTIFICATION

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

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26(1)(l) Security deposit

29. Prior to commencement of this land-use operation, the Permittee shall deposit with the Minister a security deposit in the amount of \$9,000.00, pursuant to Section 32 of the Mackenzie Valley Land Use Regulations.

SECURITY DEPOSIT

30. The Permittee shall be liable for any cost of damage over and above the amount of the security deposit.

LIABILITY FOR DAMAGES

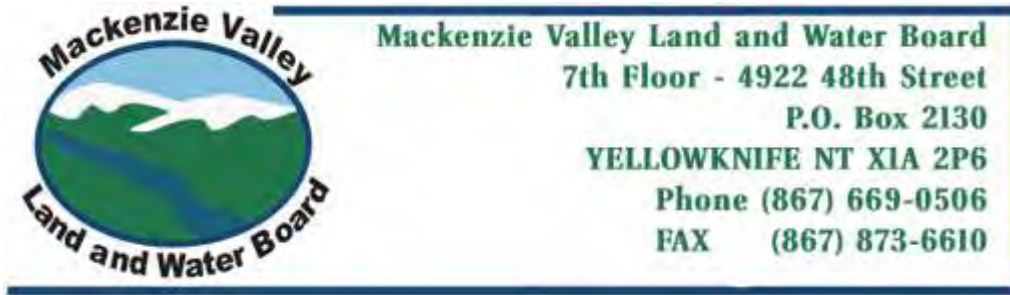
31.	All costs to remediate the area under this Permit are the responsibility of the Permittee.	RESPONSIBILITY FOR REMEDATION COSTS
 26(1)(m) Fuel storage		
32.	The Permittee shall have a maximum of 4000 litres of fuel stored on the land use site at any time, unless otherwise authorized in writing by the Board.	MAXIMUM FUEL ON SITE
33.	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
34.	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
35.	The Permittee shall not allow petroleum products to spread to surrounding lands or Watercourses.	FUEL CONTAINMENT
36.	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
37.	The Permittee shall mark all Fuel Storage Containers and Tanks with the Permittee's name.	MARK CONTAINERS
38.	The Permittee shall ensure that all fuel caches have adequate Secondary Containment.	FUEL CACHE SECONDARY CONTAINMENT
39.	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
40.	The Permittee shall clean up all leaks, spills, and contaminated material.	CLEAN UP SPILLS
41.	Prior to commencement of operations, the Permittee shall ensure that spill-response equipment is in place to respond to any potential spills.	SPILL RESPONSE
42.	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		
43.	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

44. 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

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Reasons for Decision

Land Use Permit Assignment Application	
Preliminary Screener	MVLWB
Reference/File Number	MV2011C0005
Applicant	Peregrine Exploration Ltd.
Project	Mineral Exploration, Lac de Gras area, NT

**Decision from Mackenzie Valley Land and Water Board
Meeting of**

December 5, 2016

With respect to this Assignment Application, notice was given in accordance with sections 63 and 64 of the *Mackenzie Valley Resources Management Act* (MVRMA).

Background

On October 20, 2016, an Application was received by the Mackenzie Valley Land and Water Board (MVLWB or Board) from Peregrine Exploration Ltd. to assign Land Use Permit MV2011C0005 (the Permit) to Peregrine Diamonds Ltd., in accordance with section 38 of the *Mackenzie Valley Land Use Regulations* (MVLUR). Peregrine Exploration Ltd. submitted supporting information for the Application on October 21 and 27, 2016. Board staff deemed the Application complete and distributed it for public review on November 1, 2016. On November 10, 2016, comments were received from the Government of the Northwest Territories – Environment and Natural Resources (GNWT-ENR), the GNWT Lands Inspector (the Inspector), and GNWT – Lands. Peregrine Exploration Ltd. responded to reviewer comments on November 15, 2016. The Board met to consider the Assignment Application on December 5, 2016.

Decision

After reviewing the evidence and submissions of the Applicant, the written comments and submissions received by the Board, and the Staff Report prepared for the Board, the Board, having due regard to the facts, circumstances, the merits of the submissions made to it, and to the purpose, scope, and intent of the MVRMA and Regulations made thereunder, has determined that Land Use Permit MV2011C0005 be assigned from Peregrine Exploration Ltd. to Peregrine Diamonds Ltd., subject to the terms and conditions contained therein. The Board's determinations and reasons for this decision are set out below.

The Board’s reasons for this decision are as follows:

- The Application is in accordance with section 38 of the MVLUR;
- The Board has reviewed the information contained in the November 23, 2016 Staff Report, and is satisfied that no concerns were identified with assigning the Permit as requested during review;
- As per subsection 38(1) of the MVLUR, “the Board may approve the assignment with all of the original conditions or with amended conditions”. In keeping with standard practice, Board staff updated the Permit with standard conditions, and distributed the draft updated conditions for review with the Application. During review, the Inspector provided recommendations for changes to the Permit. Changes made to the Permit by the Board, and rationale for the changes, are detailed in Table 1 below.

Table 1: Changes made to Land Use Permit MC2011C0005

Condition	Change	Rationale
Minister - definition	Added	The addition of the “Minister” definition is to support the previously definition for “Inspector”. This is a standard definition.
Permittee - definition	Added	The addition of the “Permittee” definition is to support the scope. This is a standard definition. The corporate identity of the Permittee is found on the Permit cover page. This was updated to reflect the assignment.
Closure (Condition 8 in the draft Conditions)	Condition Removed	The Inspector recommended removal of this condition. As it is not included in the Board’s standard list of conditions, the Board concurred with the Inspector’s recommendation.
Wildlife/Man Conflict, No Wildlife Harassment, Migratory Birds, Caribou Harassment (Conditions 25-28 in the draft Conditions)	Conditions Removed	The Inspector recommended removal of these conditions, with the following rationale: “All of these conditions have been removed from the standard list used by the Land and Water Boards since they fall outside the mandate of the Boards, and mitigated through Acts and Regulations, and therefore do not need to be repeated in a land use permit.” The Board concurred with the Inspector’s recommendation.
Incineration (Condition 31 in the draft Conditions)	Condition Removed	The Inspector recommended removal of this condition, as it is redundant due to condition 30 in the draft conditions, which requires the permittee to adhere to their waste management plan. The Board agreed with the Inspector’s recommendation.
Notification to Employees	Condition Removed	The Inspector recommended deletion of this condition. This is not a standard condition. The Board agreed with the Inspector’s recommendation.

Security Deposit (Condition 29 in the Permit)	Condition Updated	The Board included the wording “Prior to commencement of this land-use operation”; this wording was added in acknowledgement that security needs to be transferred from Peregrine Exploration Ltd. to Peregrine Diamonds Ltd. Direction related to this transfer was included in the Assignment Approval Letter.
Maximum Fuel on Site (Condition 32 in the assigned Permit)	No Change	The Inspector recommended deletion or change of this condition, with the following rationale: “A person can have 4000 litres of fuel without a land use permit, and since the scope of the permit allows for fuel caches, this volume must be changed, or condition deleted.” The Board notes that this condition has been included in MV2011C0005 since issuance. The limit, although permissible without a Permit, is related to the amount of security held in association with the Permit. Furthermore, the proponent did not provide any information in the Assignment Application which would inform the Board’s decision on adjusting the fuel amount. For these reasons, the Board decided to not change or remove this condition.
Fuel on Land (Condition 42 in the draft Conditions)	Condition Removed	The Inspector recommended deletion of this condition, with the following rationale: “Condition typical of a winter road operations, and since there isn't winter road operations proposed by the Permittee, this condition must be removed.” The Board concurred with the Inspector’s recommendation.
Clean Up Spills (Condition 40 in the assigned Permit)	Condition Added	The Inspector recommended addition of this condition. This condition is from the Board’s standard list; the Board concurred with this recommendation.
Notification to All Employees/Contractors (Condition 53 in the draft Conditions)	Condition Removed	The Inspector recommended deletion of this condition. This condition is not included in the Board’s standard list of conditions and duplicates condition 35 (Notification to Employees), therefore the Board agreed with the Inspector’s recommendation.

Security

No comments were received regarding security during review of the Application. Peregrine Exploration Ltd. did not propose any changes to the project in association with their Assignment Application; therefore, the Board determined that no change to the amount of security required under the Permit was necessary. The requirement for posting of security in the amount of \$9,000.00 remains in the Permit. The condition was updated to acknowledge the requirement for transfer, as noted in the table above.

Land Use Permit MV2011C0005 contains provisions that the Board feels necessary to ensure and monitor compliance with the MVRMA and the Regulations made thereunder and to provide appropriate safeguards in respect of the Applicant's use of the land affected by the Permit.

SIGNATURE

Mackenzie Valley Land and Water Board



Floyd Adlem, A/Chair

December 5, 2016

Date