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January 11, 2012

File: W2011C0005

Shirley Standafar-Pfister
Peregrine Diamonds Ltd.
201 – 1250 Homer Street
Vancouver, BC
V6B 1C6

Dear Ms. Standafar-Pfister:

ISSUANCE OF A TYPE "A" LAND USE PERMIT

Attached is Land Use Permit No. W2011C0005 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 in the Public Registry at the office of the WLWB. The WLWB approved Land Use Permit W2011C0005 for a period of five (5) years commencing January 10, 2012 and expiring January 9, 2017.

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.

Your full cooperation is anticipated and appreciated. If you have any further questions or concerns, please do not hesitate to contact Sarah Elsasser at (867) 765-4583 or by email at selsasser@wlwb.ca.

Yours sincerely,

A handwritten signature in black ink, appearing to read "V. C. Blondin".

Violet Camsell-Blondin
Chair

Attachments: Land Use Permit

Reasons for Decision

Copy to: Charlene Coe, South Mackenzie District, AANDC
Distribution List



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LAND USE PERMIT

Permit Class	Permit No	Amendment No
A	W2011C0005	

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 application of:

Signature Shirley Standafar-Pfister	Date November 10, 2011
Type of Land use Operation Mineral Exploration and Camp	
Location Lac de Gras area Min. Lat. 64°18'1.962" Min. Long. 109°46'58.4004" - Max. Lat. 64°20'47.3172" Max. Long. 109°51'31.3164"	

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

Dated at Yellowknife this 9 day of January, 2012

Signature Chair

Signature Witness

Commencement Date
January 10, 2012

Expiry Date
January 9, 2017

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 by the Board.



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CONDITIONS ANNEXED TO AND FORMING PART OF LAND USE PERMIT NUMBER W2011C0005

Part A: Scope of Permit

1. This permit entitles Peregrine Diamonds Ltd. to conduct the following activities:
 - a) Mineral exploration including the establishment of camps, diamond drilling, large diameter reverse circulation drilling, winter road construction and maintenance, and fuel storage in the DO-27 Lake area, NT.
 - b) Min. Latitude: 64°18'1.962" Max. Lat. 64°20'47.3172"
Min. Long. 109°46'58.4004" Max. Long. 109°51'31.3164"
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, Tlicho, and Municipal legislation.

Part B: Definitions

“**Act**” means the *Mackenzie Valley Resource Management Act*;

“**Artesian Aquifer**” means a water-bearing stratum, which when encountered during drilling operations, produces a pressurized flow of groundwater that reaches an elevation above the ground surface;

“**Board**” means the Wek'èezhii Land and Water Board established under Part 4 of the *Mackenzie Valley Resource Management Act*;

“**Drill Waste**” means all materials or chemicals, solid or liquid, associated with the drilling of boreholes and includes borehole cuttings;

“**Inspector**” means an Inspector designated by the Minister under the *Mackenzie Valley Resource Management Act*;



“**Sump**” means a man-made pit, trench hollow or cavity in the earth's surface used for the purpose of depositing waste material therein;

“**Watercourse**” means 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 use existing lines and roads to the extent identified in the accepted application, unless otherwise authorized in writing by an Inspector. | EXISTING
LINES AND
ROADS |
| 3. | The Permittee shall not conduct any part of the land use operation within three hundred (300) metres of any privately owned or leased land or structure, unless authorized in writing by an Inspector or the Board. | PRIVATE
PROPERTY |
| 4. | Prior to the commencement of diamond drilling the Permittee shall submit to the Inspector, proposed drill targets on a 1:50,000-scale map with coordinates and map datum. | DRILL
LOCATIONS |
| 5. | When the Permittee is drilling within one hundred (100) metres of the ordinary high water mark of a watercourse, they must employ a recirculating drill and ensure that cuttings do not enter any watercourse. | LOCATION OF
DRILLSITES |
| 6. | The Permittee shall use an existing campsite. | CAMP
LOCATION |

26(1)(b) TIME

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| 7. | The Permittee's Field Supervisor shall contact an Inspector at (867) 669-2794 at least forty-eight (48) hours prior to the commencement of this land use operation. | CONTACT
INSPECTOR |
| 8. | The Permittee shall advise an Inspector at least ten (10) days prior to the completion of the land use operation 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 |
| 9. | The Permittee shall provide in writing to the Inspector and the Board, at least forty-eight (48) hours prior to commencement of this land use operation, the following information: | IDENTIFY
AGENT |



- (a) person, or persons, in charge of the field operation;
- (b) alternates; and
- (c) all methods for contacting the above person(s).

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| 10. | The Permittee shall remove all ice bridges prior to spring break-up or completion of the land use operation. | REMOVE ICE BRIDGE |
| 11. | The Permittee shall remove all snow fills from stream crossings prior to spring break-up or completion of the land use operation unless otherwise approved in writing by an Inspector. | REMOVE SNOW FILLS |

26(1)(c) TYPE AND SIZE OF EQUIPMENT

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| 12. | The Permittee shall not use any equipment except of the type and number that is listed in the accepted application, unless otherwise authorized in writing by an Inspector. | ONLY APPROVED EQUIPMENT |
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26(1)(d) METHODS AND TECHNIQUES

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| 13. | The Permittee shall not conduct vehicle travel in areas without snow-covered surfaces. | VEHICLE TRAVEL |
| 14. | The Permittee shall construct and maintain winter roads with a minimum of ten (10) centimetres packed snow at all times during this land use operation. If this cannot be done, then the Permittee shall construct <u>Ice Roads</u> in a manner authorized by an Inspector. | SNOW ROADS/
ICE ROADS |
| 15. | The Permittee shall not store material other than that required for immediate use on the ice surface of water bodies. | STORAGE ON ICE |
| 16. | The Permittee shall remove or cut off and seal all drill casings at ground level immediately upon completion of drilling. | REMOVAL AND SEALING OF DRILL CASINGS |

26(1)(e) TYPE, LOCATION, CAPACITY AND OPERATION OF ALL FACILITIES

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| 17. | The Permittee shall not locate any sump within one hundred (100) metres of the ordinary high water mark of any watercourse, unless otherwise authorized in writing by an Inspector. | SUMPS FROM WATER |
| 18. | 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 LAND

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| 19. | The Permittee shall, where flowing water from bore holes is encountered, (1) plug the bore hole in such a manner as to | PLUG ARTESIAN |
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	permanently prevent any further outflow of water; and (2) report the artesian occurrence to an Inspector immediately.	WELLS
20.	The Permittee shall slope the sides of excavations and embankments except in solid rock to a horizontal/vertical ratio of two (2) horizontal to one (1) vertical.	EXCAVATIONS AND EMBANKMENTS
21.	The Permittee shall slope the sides of waste material piles to a gradient specified in writing by an Inspector.	WASTE MATERIAL PILES
22.	The land use operation shall not cause obstruction to any natural drainage.	NATURAL DRAINAGE
23.	The Permittee shall not use any material other than water in the construction of ice bridges.	ICE BRIDGE MATERIALS
24.	The Permittee shall not use any material other than snow in the construction of snow fills.	SNOW FILLS
25.	The Permittee shall not allow any ice bridge to hinder the flow of water.	ICE BRIDGE
26.	The Permittee shall install erosion control structures as the land use operation progresses.	PROGRESSIVE EROSION CONTROL
27.	The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface.	PREVENTION OF RUTTING
28.	The Permittee shall suspend overland travel of equipment or vehicles at the first sign of rutting.	SUSPEND OVERLAND TRAVEL
29.	The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging.	VEHICLE MOVEMENT FREEZE-UP
	26(1)(g) USE, STORAGE, HANDLING AND ULTIMATE DISPOSAL OF ANY CHEMICAL OR TOXIC MATERIAL	
30.	The Permittee shall not use chemicals in connection with the land use operation that were not identified in the accepted application unless the MSDS sheets are provided to an Inspector and the Board and usage of the chemical(s) is authorized in writing by an Inspector.	APPROVAL OF CHEMICALS
31.	The Permittee shall remove all drill waste containing toxic or persistent chemical additives to an approved waste disposal facility.	DRILL WASTE DISPOSAL
32.	The Permittee shall deposit all non-toxic drill waste into a sump or natural depression at least one hundred metres above the ordinary high water mark of any watercourse, or as authorized in writing by an Inspector.	DRILL WASTE



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| 33. | The Permittee shall remove all drill waste off ice surfaces. | DRILL WASTE
DISPOSAL |
| 34. | The Permittee shall not allow any drilling waste to spread to surrounding lands or into water bodies. | DRILL WASTE
CONTAINMENT |
| 35. | When drilling on ice, the Permittee shall use a closed circuit drilling system with the disposal of cuttings into a land-based sump. | DRILLING ON
ICE |
| 36. | The Permittee shall dispose of all waste petroleum products by removal to an approved waste disposal facility. | WASTE
PETROLEUM
DISPOSAL |
| 37. | The Permittee shall report all spills immediately to the 24 hour Spill Report Line (867) 920-8130 in accordance with instructions contained in "NT-NU Spill Report" form. | REPORT
SPILLS |

26(1)(h) WILDLIFE AND FISHERIES HABITAT

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| 38. | The Permittee shall take all reasonable measures to prevent damage to wildlife and fish habitat during this land use operation. | HABITAT
DAMAGE |
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26(1)(i) STORAGE, HANDLING AND DISPOSAL OF REFUSE OR SEWAGE

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| 39. | The Permittee shall dispose of all sewage and grey water as specified in the Waste Management Plan submitted with the accepted application. | SEWAGE
DISPOSAL |
| 40. | The Permittee shall remove all non-combustible garbage and debris, including plastics from the land use area to a disposal site as specified in the Waste Management Plan submitted with the accepted application. | REMOVE
GARBAGE |
| 41. | The Permittee shall use a forced-air fuel-fired incinerator to burn all combustible garbage except plastics. | INCINERATOR |
| 42. | The Permittee shall keep all garbage and debris in a secure container that is acceptable to an Inspector until disposed of. | GARBAGE
CONTAINER |
| 43. | The Permittee shall remove all scrap metal, discarded machinery, parts, barrels and kegs, buildings and building material as specified in the Waste Management Plan submitted with the accepted application. | REMOVE
WASTE
MATERIAL |

26(1)(j) PROTECTION OF HISTORICAL, ARCHAEOLOGICAL AND BURIAL SITES

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| 44. | The Permittee shall not operate any vehicle or equipment within one hundred and fifty (150) of a known or suspected historical, archaeological, or burial site. | OPERATE
VEHICLE |
| 45. | The Permittee shall, where a suspected archaeological or burial site is | CONTACTS |



discovered: (1) immediately suspend operations on the site; and (2) notify the Board at (867) 713-2500 or an Inspector at (867) 669-2794, and the Prince of Wales Northern Heritage Centre at (867) 920-6182 or 873-7688.

26(1)(l) SECURITY DEPOSIT

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| 46. | The Permittee shall deposit with the Minister a security deposit in the amount of \$106,000 pursuant to Section 32 of the Mackenzie Valley Land Use Regulations. | SECURITY DEPOSIT |
| 47. | The Permittee shall be liable for any cost of damages over and above the amount of the security deposit. | LIABILITY FOR DAMAGES |
| 48. | All costs to remediate the area under this permit are the responsibility of the Permittee. | LIABILITY FOR REMEDIATION COSTS |

26(1)(m) FUEL STORAGE

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| 49. | The Permittee shall report in writing to an Inspector the location and quantity of all fuel caches within ten (10) days of their establishment. | REPORT FUEL LOCATION |
| 50. | The Permittee shall not place any fuel storage containers within one hundred (100) metres of the normal high water mark of any watercourse, unless otherwise authorized in writing by an Inspector. | FUEL NEAR WATER |
| 51. | The Permittee shall locate mobile fuel facilities on land when stationary for any period of time exceeding twelve (12) hours. | FUEL ON LAND |
| 52. | The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies. | FUEL CONTAINMENT |
| 53. | The Permittee shall seal all container outlets except the outlet currently in use. | SEAL OUTLET |
| 54. | The Permittee shall mark all fuel containers, including 45-gallon drums, with the Permittee's name. | MARK CONTAINERS |
| 55. | The Permittee shall ensure that adequate contingency plans and spill kits are in place, prior to commencement of operations, to respond to any potential spills. | SPILL RESPONSE |

26(1)(o) RESTORATION OF THE LANDS

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| 56. | The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of this Permit. | CLEAN-UP |
| 57. | The Permittee shall backfill and restore all sumps prior to the expiry date of this Permit. | BACKFILL SUMPS |



26(1)(p) DISPLAY OF PERMITS AND PERMIT NUMBERS

58. The Permittee shall keep on hand, at all times during this land use operation, a copy of the Land Use Permit. COPY OF PERMIT

26(1)(q) BIOLOGICAL AND PHYSICAL PROTECTION OF THE LAND

59. The Permittee shall not commence any drilling or move any equipment within five hundred (500) metres of one or more caribou. CARIBOU DISTURBANCE

