

**PEREGRINE DIAMONDS LTD.  
REQUIREMENT FOR A WATER LICENCE  
CHIDLIAK PROJECT SUMMARY**

Peregrine Diamonds Ltd. (Peregrine) acquired a block of 35 Prospecting Permits on South Baffin Island, between Cumberland Sound and Frobisher Bay, on 01 February 2007. Peregrine is primarily interested in exploring for diamonds on the Chidliak Property in 2008-2009.

In order to begin exploration activities on these new Prospecting Permits in 2008, Peregrine is requesting permission from the Nunavut Water Board (NWB) for a Type B Water Licence. Peregrine also is applying for a Class A Land-Use Permit from Indian and Northern Affairs Canada (INAC) and a Land Licence I from the Qikiqtani Inuit Association (QIA). The company is proposing a programme to be conducted between June and September 2008, consisting of airborne geophysics (helicopter), ground geophysics and possible sediment sampling. Transportation will be by air only, with a Twin Otter equipped with skis or tundra tires landing on a natural-gravel area (used as an airstrip); a helicopter also will support the programme, as required for the geophysical survey and moving a till-sampling crew. Several Inuit will be hired to participate in the programme and Inuit companies will be used, e.g., Qikiqtaaluk Corporation and Unaalik Aviation, as well as local hotels.

The Chidliak property is located across 11 NTS 1:50 000 mapsheets in 26A and 26B on the mainland of Baffin Island, between Iqaluit (approximately 85 km from the southwest corner of the property) and Pangnirtung (approximately 133 km from the northeast corner of the property). A seasonal tent camp for 15 persons will be set up in 26B/01 (not in an IOL). Water for camp use will be obtained from the closest neighbouring stream, about 30-50 m west, which flows through the area. Once the camp is set up, any relocation of the camp would be done in consultation with regulators and after complete cleanup of the site.

A standard 5-year water licence is requested – from 03 March 2008 to 03 March 2013. If results in 2008 are favourable, Peregrine may propose to conduct a helicopter-borne diamond-drill programme in 2009. An amendment to the licence would be sought, if warranted.

Peregrine looks forward to working co-operatively with its regulators and the Nunavumiut of Iqaluit and Pangnirtung in conducting the Chidliak Project.