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Peregrine digs up eight more kimberlites on Baffin

"Best place in the world to be looking for diamonds"

NUNATSIAQ NEWS

Peregrine Diamonds Ltd announced July 19 that its team has discovered eight more promising diamond formations called kimberlites at its Chidliak property on Baffin Island.

The new discoveries mean that Peregrine has now found a total of 26 kimberlites in the Chidliak area, located about 120 kilometres north-east of Iqaluit and 180-km south of Pangnirtung on the Hall Peninsula, inland from Cumberland Sound.

Kimberlite is a mineral that often contains diamonds, and usually occurs in big funnel-shaped structures called pipes. Only about one in 100 kimberlites turn out to be commercially viable.

But Baffin is the "best place in the world to be looking for diamonds," Peregrine's president Brooke Clements told *Nunatsiaq News* during a July 19 interview.

"We've made a discovery that's still early days, but it has the potential to graduate up to that exclusive club in the next few years if Mother Nature is kind to us."

Another promising discovery by Peregrine at Chidliak is a kimberlite structure called "CH-1." A 2.28-tonne sample of rock taken from CH-1 revealed a diamond content of 1.56 carats per tonne, a grade found in some commercially viable mines.

That sample also contained one two-carat gem quality diamond and a variety of smaller diamonds.

Peregrine claims the deposit's proximity to Iqaluit and other tidewater locations makes it easy to supply.

Peregrine also enjoys a close relationship with the Australian mining giant BHP Billiton, operator of the Ekati mine in the Northwest Territories and the world's largest mining company.

Under their deal, BHP can earn a controlling interest in Chidliak by giving Peregrine \$22.3 million to explore the site over five years.

And BIIP can earn a 58 per cent interest by doing this and paying for a feasibility study for a mine.

The companies spent \$9.2-million on the 2009 exploration program, and the budget for this year's exploration program has now been upped from \$13.5-million to \$15.3-million.

Clements said Peregrine has hired at least 15 workers from Pangnirtung and Iqaluit to work its exploration camps, which have been in operation since March.

"We sure feel there is support for us in Iqaluit and Pang," he said. "We think it would be nice to find something that warrants development and we think it can be done in an environmental friendly manner and we think it would be good for the region to generate more jobs."

Clements isn't the only person who sounds enthusiastic about Chidliak's prospects. John Kaiser, publisher of Kaiser Bottom-Fish Online, a mining industry newsletter, recently called the property "the most-promising new diamond discovery in the world."