

**PEREGRINE DIAMONDS LTD.**  
**SUMMARY: REQUEST TO AMEND EXISTING CHIDLIAK PROJECT**  
**LAND-USE PERMIT AND WATER LICENCE**  
**TO ALLOW A THIRD TENT CAMP ON CROWN LAND**

Peregrine Diamonds Ltd. (Peregrine) would like to amend its existing Indian and Northern Affairs Canada (INAC) Land-Use Permit #N2008C0005 and the associated Nunavut Water Board (NWB) Water Licence #2BE-CH10813 for its Chidliak Project (the Project) on the Hall Peninsula, South Baffin Island, NU. The purpose of the amendment is to request permission of INAC and NWB to add a third tent camp in order to conduct winter drilling in the north of the Project area. This proposed camp is inside the existing Project land-use area, and will be within the water licence's existing use limit. The only activities will be those that are already approved, such as camp-building, camp operation and drilling.

The main reason for the third camp is that the two existing camps are too far away to support Peregrine in safely exploring the northern Project area. Peregrine's winter camp, Sunrise Camp, is approximately 50km SSE. Due to a warm winter in 2010 with high winds and fog, only 2 of 10 originally-proposed targets were drilled. Having a camp in close proximity to where drilling is planned thus makes sense in terms of time and safety, and would mean less flying. The camp would serve a winter drill programme in March-April 2011 on a lake (informally referred to as "North Lake") less than 3km north and one or more other lake-based targets nearby. Targets that are nearby could be reached by skidoo.

The proposed camp would be similar to the two existing camps, but slightly smaller, offering accommodation for 20 persons. The co-ordinates of the proposed camp are: 64° 36' 33" N lat. – 66° 34' 36" W long., in NTS sheet 26B/10, approximately 12km west of south Ptarmigan Fjord (*Qasigijjat*).

The obligations for this camp would be the same as for the other 2 camps, in terms of environmental care and monitoring. How long the camp would be in place would depend on programme results. Peregrine chose the location following a visit by a respected Arctic engineer, Peregrine's archaeologist and the Project operations manager. It also is important to note that another reason for choosing the site is that wildlife surveys in July 2010 showed no caribou in the camp area, with only one caribou observed 6km south of the proposed camp and one set of tracks observed 7km east of the proposed camp. (Two years of wildlife surveys, along with Project wildlife logs, also have shown no caribou in the area and very few birds).

In mid-September 2010, Peregrine representatives made a special trip to the South Baffin to discuss plans for the new camp directly with the Amarok Hunters & Trappers Association (HTA) in Iqaluit and the Pangnirtung HTA; during the same period, Peregrine also held a radio call-in question-and-answer session and an open house in Pangnirtung.

The new camp would offer several more employment opportunities. In all its projects, Peregrine hires locally to the extent possible. As work associated with the new camp is small-scale and short term, the main opportunity would be for individual employment, but it also must be emphasised that Peregrine uses local business where possible; *i.e.*, Unaalik Aviation/Kenn Borek, Qikiqtaaluk Corporation's warehouse and Baffin Cannery in Iqaluit, the fish plant in Pangnirtung, and hotels in Iqaluit and Pangnirtung. Last year, approximately \$2 million went to such businesses as a result of Project activities. Peregrine also enhances its communications through regular community visits to Iqaluit and Pangnirtung, through a community newsletter in English and Inuktitut, and through regular correspondence with various interested parties. Should the project continue and expand, opportunities for direct employment, service provision and other benefits also would expand. Whatever the Project outcome, Peregrine looks forward to a co-operative and mutually beneficial relationship with the citizens of the South Baffin, principally the closest communities of Iqaluit and Pangnirtung.