

PEREGRINE DIAMONDS LTD.
SUMMARY: REQUEST TO AMEND EXISTING CHIDLIAK PROJECT
LAND-USE PERMIT AND WATER LICENCE
TO ALLOW 2012 BULK-SAMPLE PROGRAMME

Peregrine Diamonds Ltd. (Peregrine) is seeking to amend its existing Aboriginal Affairs and Northern Development Canada (AANDC)* 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 AANDC and NWB to add four new components to the approved permit and licence. The components are necessary so that Peregrine may conduct a bulk-sampling programme in the coming winter of 2012; this programme will be the initial phase of a multi-year programme of bulk sampling.

The four proposed new components are as follows: (1) additional equipment: a large-diameter reverse-circulation (RC) drill to collect bulk-sample material as chips, and five additional pieces of heavy equipment; (2) expansion of the existing Discovery Camp from 24 to 40 people; (3) establishment of a new, 30-person temporary camp (CH-6 Temporary Camp at 64° 19' 24.76" N lat. – 66° 31' 30.19" W long.) to serve bulk sampling of the CH-6 kimberlite; and (4) expansion of the existing winter-trail network to link camps to bulk-sample sites, water sources and drill-sump locations. (Peregrine already has permission to use several core drills and a lightweight, waterless reverse-circulation Hornet drill under this permit and licence.)

The bulk-sampling programme would be conducted between February and May 2012 and is to be comprised of collection of kimberlite sample from at least three kimberlites with economic potential – or 100-200 tonnes from each, for a total of approximately 600 tonnes from an estimated 12-15 large-diameter (34 cm) drillholes. The goal is to obtain at least 200 carats of diamonds from each kimberlite body in order to allow a preliminary assessment of diamond value, although as little as 50 carats might be collected from some kimberlites, if this smaller sample size can still allow assessment of quality. The five kimberlites which could be sampled in 2012 are within a 16-km “focus area”. Confirmed for sampling are CH-6 and kimberlite CH-7, which is 12 km southeast. Additional sample tonnage to complete the bulk sample could be collected from one or more of the following three kimberlites, all within an area of just 3.8km: CH-45, CH-44 and CH-31. All proposed work remains within the approved Project Scope area, and no increase in water allotment is sought.

What sets this programme apart from the core-drilling programmes before it is that most transportation will be via equipment travelling over snow-covered and groomed winter trails rather than via helicopters. Spur trails which will connect to the main trail network will allow collection and transport of water in tanks for drilling and for drinking at CH-6 Temporary Camp and Discovery Camp, and transport of cuttings in bags to large natural sumps selected by Peregrine’s consulting engineer.

Peregrine will continue to be guided by strict safety and environmental practices. In addition, Peregrine will continue its environmental-baseline and archaeological studies. In November 2011, Peregrine representatives will visit Iqaluit and Pangnirtung to discuss the planned 2012 programme in detail. It is likely that local hiring will increase in 2012; Peregrine also will continue its commitment to use of local services wherever possible. Should the project continue and expand beyond 2012, opportunities for direct employment, service provision and other economic opportunities 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.

* AANDC was formerly known as “INAC”, or Indian and Northern Affairs Canada