

DE BEERS GROUP

Schedule 12 - CHIDLIAK PROJECT PROPOSAL PLAIN LANGUAGE SUMMARY

Peregrine Diamonds Ltd. (Peregrine) is a wholly-owned subsidiary of De Beers Canada Inc. (De Beers). Peregrine first began diamond exploration activities at its Chidliak Project in 2008. The project is located on the Hall Peninsula of South Baffin Island between Cumberland Sound and Frobisher Bay. The two closest communities are Pangnirtung, 200 kilometers to the northeast, and Iqaluit, 120 kilometers to the southwest.

Kimberlites are diamond bearing rock formations created by ancient volcanoes. Since 2008 Peregrine has discovered 71 kimberlites in the Chidliak area. These kimberlites were discovered using a variety of exploration techniques including heavy mineral sampling, geophysics and drilling. At present, six of these 71 kimberlites are considered to have economic potential and will undergo further geological evaluation. Evaluation methods could include additional core drilling, trenching and large diameter drilling.

The current Chidliak project area consists of 41 mining leases, covering a total of 42,578 hectares, and located exclusively on crown land. De Beers is aspiring to eventually build a diamond mine at the Chidliak exploration site. This proposed diamond mine is currently in the early stages of planning. The Project is intended to incorporate a FutureSmart Mining approach which follows a set of key principles that will minimize environmental impacts and enable relatively small kimberlites to be mined. The FutureSmart principles include the following:

- Low-carbon energy
- Small footprint
- Minimal water use
- Modular, automated, reliable, connected infrastructure
- Remote monitoring
- Modern employee operating mode

Exploration field work is currently seasonal. Winter field programs typically operate from late February to early May and summer programs from late June to early September.

Four field camps are established on the project. Discovery Camp is used as the primary base of operations and the other three camps (Aurora Camp, CH-6 Camp and Sunrise Camp) are occasionally used for logistics support or emergency refuge.

Most activities are low impact like prospecting, mapping, sampling and geophysics, all of which leave a negligible impact on the environment. Activities including exploration core drilling and

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small diameter reverse circulation drilling leave a small footprint in the near term but after one or two years, impacts are difficult to detect.

Other exploration activities, such as trenching and large diameter drilling, can leave permanent marks on the terrain but, relatively speaking, are considered localized, surficial and minor.

De Beers/Peregrine has always sought to hire local northern workers from both Pangnirtung and Iqaluit. Both of these communities utilize the Hall Peninsula. Since 2008 Peregrine has hired over 6,000 person days of northern workers and expenditures at northern businesses associated with the project are conservatively estimated at more than 20 million.

The Chidliak Project is still considered an exploration project. The Water License permit renewal scope does not change any of the uses or locations of water currently held under the existing exploration permit. The only change from the existing permit includes a slightly increased water volume taking. The increase will allow flexibility in testing, feasibility studies, and sample collection.

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