PEREGRINE
DIAMONDS LTD.

December 11, 2012

BY ELECTRONIC MAIL AND CANADA POST

Dr. Karén Kharatyan
Technical Advisor
Nunavut Water Board
P.O. Box 119
Gjoa Haven, Nunavut X0B 1J0

Dear Dr. Kharatyan:

Re: NWB Approval Request for Proposed Trench at CH-6 Kimberlite

Peregrine would like to complete a trench at the CH-6 kimberlite for the purpose of collecting a bulk sample. This sample is needed to acquire a parcel of diamonds for valuation. The CH-6 kimberlite is being selected due to its encouraging results to date and shallow overburden thickness.

Peregrine Diamonds Ltd. ("Peregrine") holds Nunavut Water Board ("NWB") Land Use Licence 2BE-CHI0813 which expires in June of 2013. The permit was issued in May of 2007 and has been the subject of four amendments

April 17, 2009: Amendment 1
July 22, 2010: Amendment 2
December 14, 2010: Amendment 3
March 9, 2012: Amendment 4

Trenching and blasting were approved as activities in Amendment 1. Large diameter drill bulk sampling at CH-6 was approved in Amendment 4. The proposed trenching activities will not use any water nor generate any wastewater.

The NWB has on file current copies of Peregrine's Abandonment and Restoration Plan and Bulk Sample Monitoring Plan. The attached plan entitled *Trenching Plan – CH-6 Kimberlite* was developed with considerations specific to trenching at the CH-6 location.

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Peregrine recently made the decision to undertake the trench and would like to initiate this activity on or about February 20, 2013 to take advantage of the winter weather and frozen ground conditions. It is noted in part "F" of Amendment 1 that the Trenching Plan requires 90 days for approval. Peregrine notes this the February 20 start date does not fall within the 90 day time frame. Peregrine would like to request an earlier consideration by the NWB as this is an approved activity, at an approved bulk sample location and does not utilize any water

Thank you very much.

Yours truly,

David Willis
Land Administrator

The proposed trench location is at the CH-6 Kimberlite. This kimberlite is an approved bulk sample location (Amendment 4).

Location of Trench

- 1:250,000 NTS = 26B
- 1:50,000 NTS = 26B-07
- Latitude (y) = 64.321845, Longitude(x) = -66.529304
- UTM, NAD83, Zone 19, Easting (x) = 619,432.1mE, Northing (y) = 7,135,200.3mN

Approximate Dimensions

The trench will measure approximately 20 metres long by 15 metres wide. Most of he trench will be three to four meters deep. The sample will be collected from a smaller area to a maximum depth of 10 metres.

Approximate Mass

The estimated sample mass is 200 tonnes.

Proposed Mitigation Measures for the prevention of the transport of sediments, blasting residues, fly rock and other materials from the trench area to nearby water bodies.

1) The nearest water-body and/or watercourse is a small stream 500 metres southwest of the trenching activity.
2) The potential for direct flow into the watercourse noted above is limited.
3) The terrain is flat, thus the natural topography is favourable for preventing the transport of sediments, blasting residues, fly-rock and other materials.
4) All activities will take place in the winter under sub-zero conditions where water is frozen.
5) No water discharge from the trench is anticipated.
6) This is a small operation and bulk explosives are not required.
7) Blast shots will be small and thoroughly burnt at ignition.
8) A limited number of blast events will occur (two or three).
9) The blast radius will be small due to the small shot size.
10) Best work practices will be applied. Cover rock/sediments will be piled neatly and stockpiled for reclamation.
11) The trench will be reclaimed immediately after the sample is excavated. The trench area, once re-filled with reserved native material, will be contoured to match the surrounding landscape and prevent erosion.

Projected Volume and Quality of Water Discharge

1) Water is not being utilized for this activity.
2) No waste water will be generated from this activity.
3) No water discharge is anticipated.
4) Trenching activities will take place under frozen winter conditions.

Proposed Monitoring Program

The trench will be reclaimed after the sample is excavated. As a volume of rock has been removed, some subsidence is anticipated. This may result in a small depression in the centre of the trench where water can pool. The site will be monitored during subsequent field programs. If water is present during the summer of 2013 a water sample will be collected and sent for analysis.