PEREGRINE
DIAMONDS LTD.

November 21, 2017

BY ELECTRONIC MAIL

Ms. Sonia Aredes, Technical Advisor
Nunavut Water Board
P.O. Box 119
Gjoa Haven, Nunavut
X0B 1J0

Ms. Robin Ikkutisluk, Licence Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, Nunavut
X0B 1J0

Dear Ms. Aredes & Ms. Ikkutisluk:

Re: NWB Approval Request for Trenches at the CH-7 Kimberlite

Peregrine Diamonds Ltd. ("Peregrine") holds Nunavut Water Board ("NWB") Water Use Licence 2BE-CHI1218. The permit was issued in December of 2012 and expires on June 1, 2018. The permit has been the subject of two amendments:

November 13, 2014 – Water usage increase to 246m^3 per day
March 10, 2017 – Additional water sources

This letter is a submission of a trench plan for two trenches at the CH-7 kimberlite. The location of the kimberlite is detailed in Table 1.

Table 1: Trench Locations Kimberlite CH-7

Location	Projection	Datum	Latitude (y) (ddmmss)	Longitude (x) (ddmmss)
CH-7 Kimberlite	Lat/Long	WGS84	64° 15'1.08"	-66° 21'13.68"

Trenching and blasting are approved as activities under both the previous licence (2BE-CHI0813) and the current licence (2BE-CHI1218). These activities are also approved under the current land use permit N2012C0024 issued by INAC. The proposed trenching activities will not use any water nor generate any wastewater however there is likelihood that post reclamation subsidence may create a hollow where water can accumulate and water will flow through the area during the freshet.

CH-7 Background

The CH-7 kimberlite was discovered in 2010. The kimberlite has been the subject of drill programs in 2010, 2011, 2012, 2014 and 2015. A 50 tonne mini-bulk sample was collected from a trench in 2010 and a large diameter drill program was completed in 2015. The new trenching is anticipated for March

2018. Two trenches are being proposed for this location. Each trench would measure approximately 10 meters by 25 meters.

Trench Plans

Attached is the following trench plan:

1) *Trenching Plan – CH-7 Kimberlite*

Peregrine recently made the decision to undertake the trench and would like to initiate this activity in March 2018 to take advantage of the winter weather and frozen ground conditions. It is noted in part "F" of the permit that a Trenching Plan requires 90 days for approval.

If you have any questions or require further information please do not hesitate to contact me directly at (604) 608-4524 or by email at dave@pdiam.com.

Yours truly,

David Willis
Manager, Lands & Community

TRENCHING PLAN – CH-7 KIMBERLITE

November 17, 2017

The proposed trench location is at the CH-7 Kimberlite. This kimberlite is an approved bulk sample location and was the subject of a previous trench sample in 2010 and large diameter drill program in 2015.

Location of Trench

- 1:250,000 NTS = 26B
- 1:50,000 NTS = 26B-01 & 26B-08 (Note: the kimberlite falls on the border between these two map sheets)
- Surface Crown Land
- Crown Minerals
- Projection: Latitude/Longitude
- Datum: WGS 84
- Latitude (y) = 64º 15'1.08" (kimberlite centre)
- Longitude(x) = -66° 21' 13.68" (kimberlite centre)
- Mineral Claim: CH392 (K12884)

Approximate Dimensions

Each trench will measure approximately 25 metres long by 10 metres wide and will be three (3) to five (5) meters deep. The maximum trench depth will be approximately six (6) meters.

Approximate Mass

The estimated sample mass is 1,500 tonnes per trench.

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 1,065 meters east of the trenching activity.
2) There is a seasonal/ephemeral drainage 500 meters to the west
3) The terrain at the kimberlite and within a radius of 150 meters of the centre of the kimberlite is flat.
4) Given the distances noted above the potential for direct flow of any sediments, blasting residues, fly-rock and other materials is limited.
5) All activities will take place in the winter under sub-zero conditions when water is frozen.
6) No water discharge from the trench is anticipated.
7) This is a small operation and bulk explosives are not required.
8) Blast shots will be small and thoroughly burnt at ignition.

9) A limited number of blast events will occur (two or three).
10) The blast radius will be small due to the small shot size.
11) Blast mats will be utilized.
12) A tracked excavator will be utilized for excavation
13) Best work practices will be applied. Cover rock/sediments will be piled neatly and stockpiled for reclamation.
14) The trench will be reclaimed immediately after the sample is excavated.
15) 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

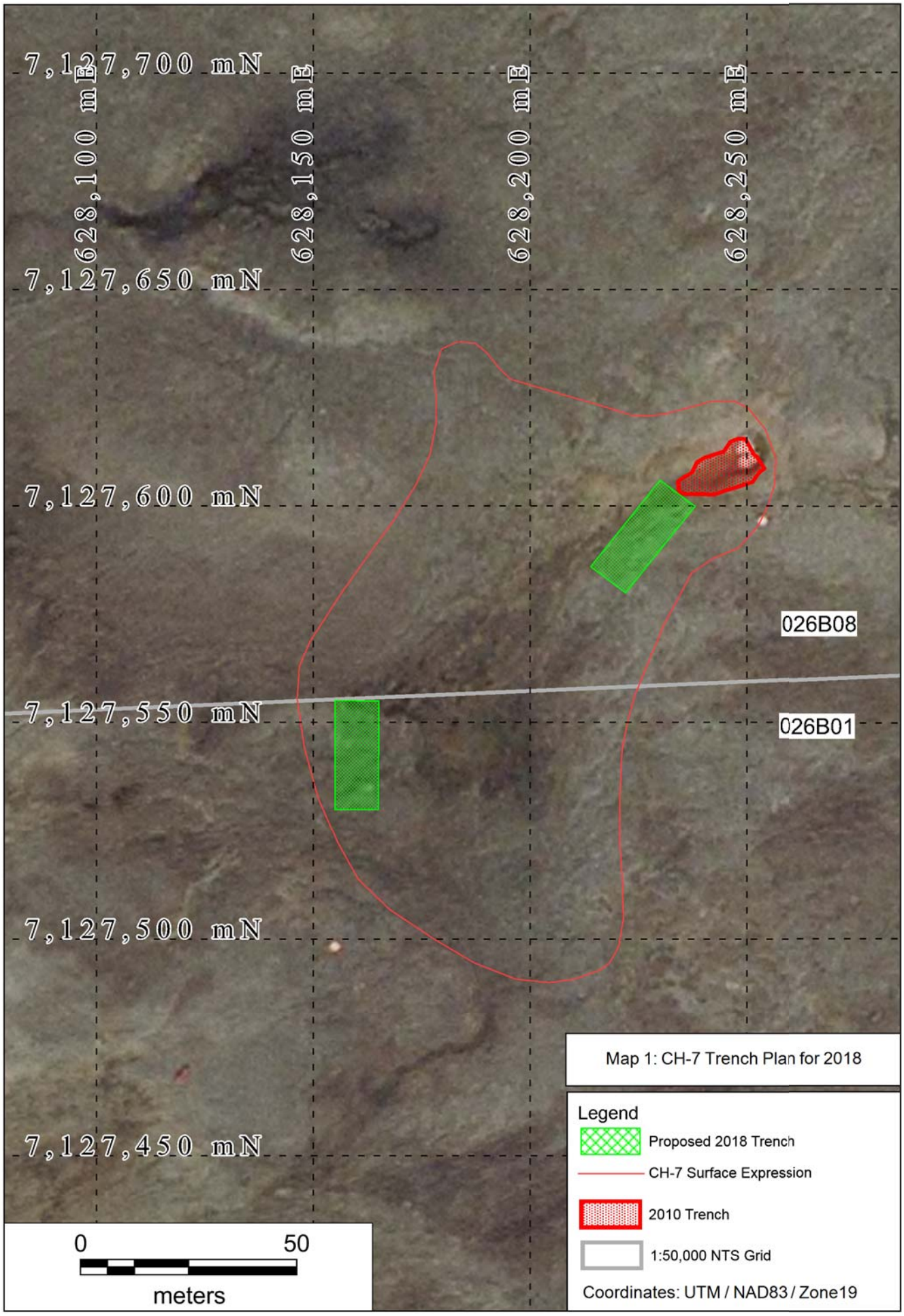
1) Water is not being utilized for this activity.
2) No waste water will be generated from this activity.
3) No water discharge is anticipated.
4) Trenching activities will take place under frozen winter conditions.

Proposed Monitoring Program

Each 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 2018 a water sample will be collected and sent for analysis. A second sample will be collected in 2019.

Maps

Maps 1 through 3 illustrate the location of the proposed trenches and the location of the CH-7 kimberlite.


7,127,700 mN
7,127,650 mN
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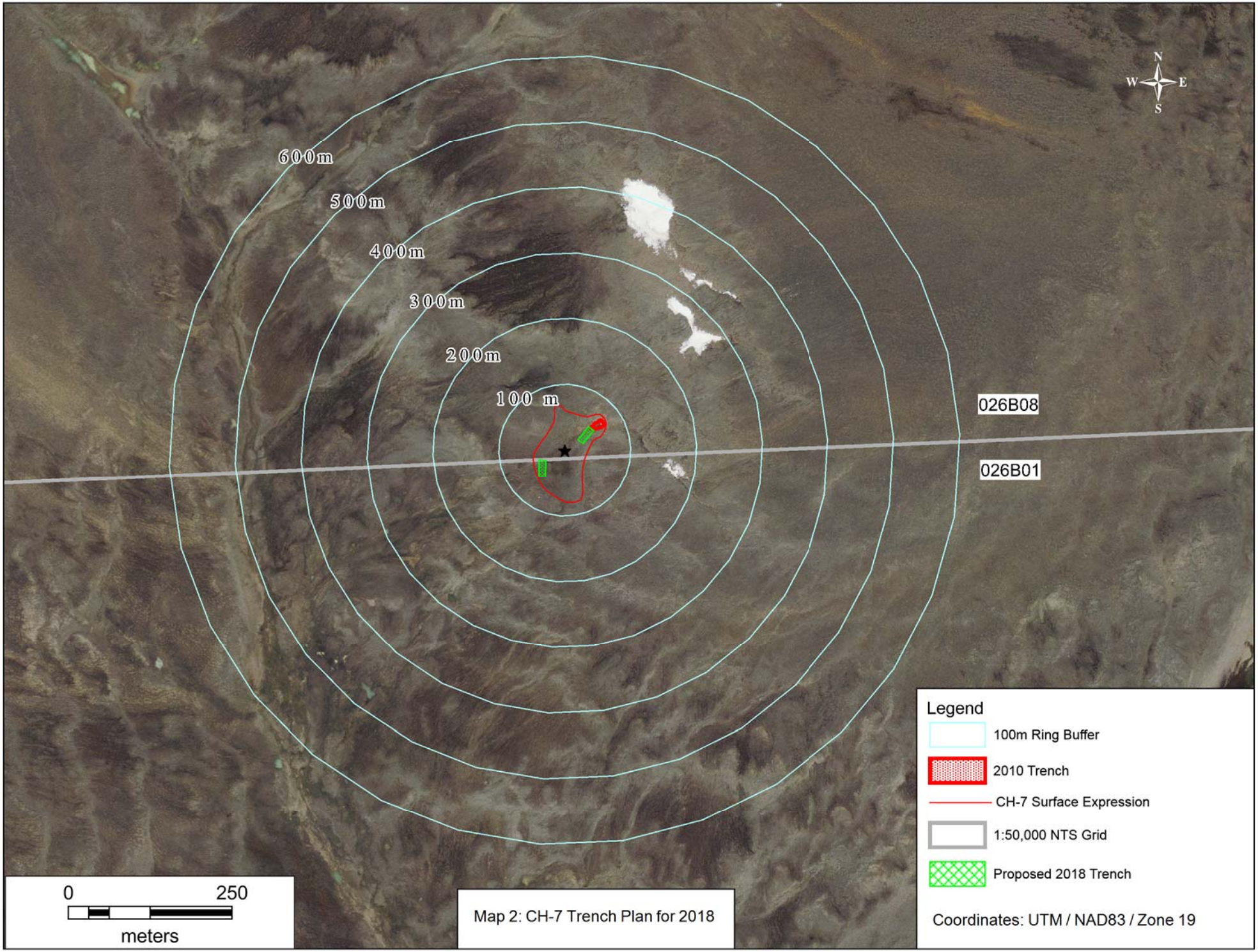
7,127,550 mN
7,127,500 mN
7,127,450 mN
628,100 mE
628,150 mE
628,200 mE
628,250 mE
026B08
026B01
0
50
meters
Map 1: CH-7 Trench Plan for 2018
Legend
Proposed 2018 Trench
CH-7 Surface Expression
2010 Trench
1:50,000 NTS Grid
Coordinates: UTM / NAD83 / Zone19



Map 2: CH-7 Trench Plan for 2018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W
E
S
BAFFIN
F I N
026B08
026B07
026A05
RIVER
N U N
ÎLE
D
026B01
026B02
026
2200
2400
2500
3000
Map 3: CH-7 Location Map
Legend
CH-7 Location
1:50,000 NTS Grid
0
10
kilometers