



TRANSMITTED ELECTRONICALLY

05 July 2010

Don Carr
Technical Advisor
Nunavut Water Board
Box 119
Gjoa Haven, NU X0B 1J0

**RE: Notice of Modification to Chidliak Water Licence #2BE-CHI0813
Regarding a Blasting Activity**

Please accept this letter as notification by Peregrine Diamonds Ltd. (Peregrine) of a modification to Type B Water Licence #2BE-CHI-0813, as required by *Part G, Item 1* of the licence. The purpose of the modification is to conduct blasting in a small area of a kimberlite outcrop on Crown land; blasting already is authorised under this licence. The blasting would occur within 1.8 km of the originally-intended blasting location approved in *Amendment #1* to Licence #2BE-CHI-0813. Peregrine would intend to complete this activity as soon as possible.

Peregrine has determined in the field that it will need to conduct a small blasting activity at the CH-7 kimberlite outcrop (*photo from August 2009 attached*). The undersigned also has included, for your convenience, a map indicating the location of CH-7 in relation to the nearest watercourse (the Discovery Camp glacial stream) and the camp itself – a distance of 1.5km. The co-ordinates are: 64° 15' 08" N lat. – 66° 21' 13" W long. As the photo shows, the proposed location is on a hill surrounded by level, bouldery terrain; vegetation and water are not present.

Blasting already is allowed under both Water Licence #2BE-CHI0813 and Land-Use Permit #N2008C0005. Peregrine is approved for collection of a mini-bulk sample at CH-7, and this activity is under way, with 35 of a total of 75 bags collected to date with pick and shovel. However, the work is extremely difficult and labour-intensive by hand, given the presence of permafrost, which requires that the crew wait until the hard, exposed permafrost at that spot melts, then continue on with the labour. If blasting does not occur, completion of the approved mini-bulk sample will be seriously compromised.

What is proposed: Fragmentation blasting with pre-made charges, so as to break up the rock to facilitate collection of the sample. (*MSDS for the Blastex explosive charge is attached*). Blasting will be preceded by use of a special hammer drill to drill a pattern of holes across the north end of the outcrop (*see location of backpack in the photo*), an area 5m x 5m; only this north end will be blasted. Holes will be 5cm in diameter, drilled to 0.6m deep, with 0.9m centres. Blasting will be carried out by a ticketed blaster employed by an Inuit-registered firm, Nunavut Excavating of Iqaluit. It is not anticipated that blasting mats will be required, as there are no watercourses in proximity, but, rather, the shallow holes

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with the charges will be tamped with sand and rocks as mitigation. Any meltwater which might collect after the blasts – unlikely due to short duration of this activity – will be pumped to containment and removed. Equipment: Because Nunavut Excavating does not have the proper drill in its inventory, Peregrine is renting and bringing to site a Special Direct System (SDS) Max Hammer drill, which is similar to a regular hand drill, except that it is somewhat heavier (around 6 or 7kg, depending on the manufacturer and model) and delivers more energy per blow than a conventional hammer drill (*photo and technical descriptive of a typical DeWalt SDS max hammer drill is attached*).

Timeframe: Peregrine is intending to carry out the blasting as soon as the drill arrives and the blaster can travel to site, which could be as soon as Wednesday, **07 July** – hence my urgency in providing this notification.

I trust that this modification will be accepted, and I thank you for your timely action.

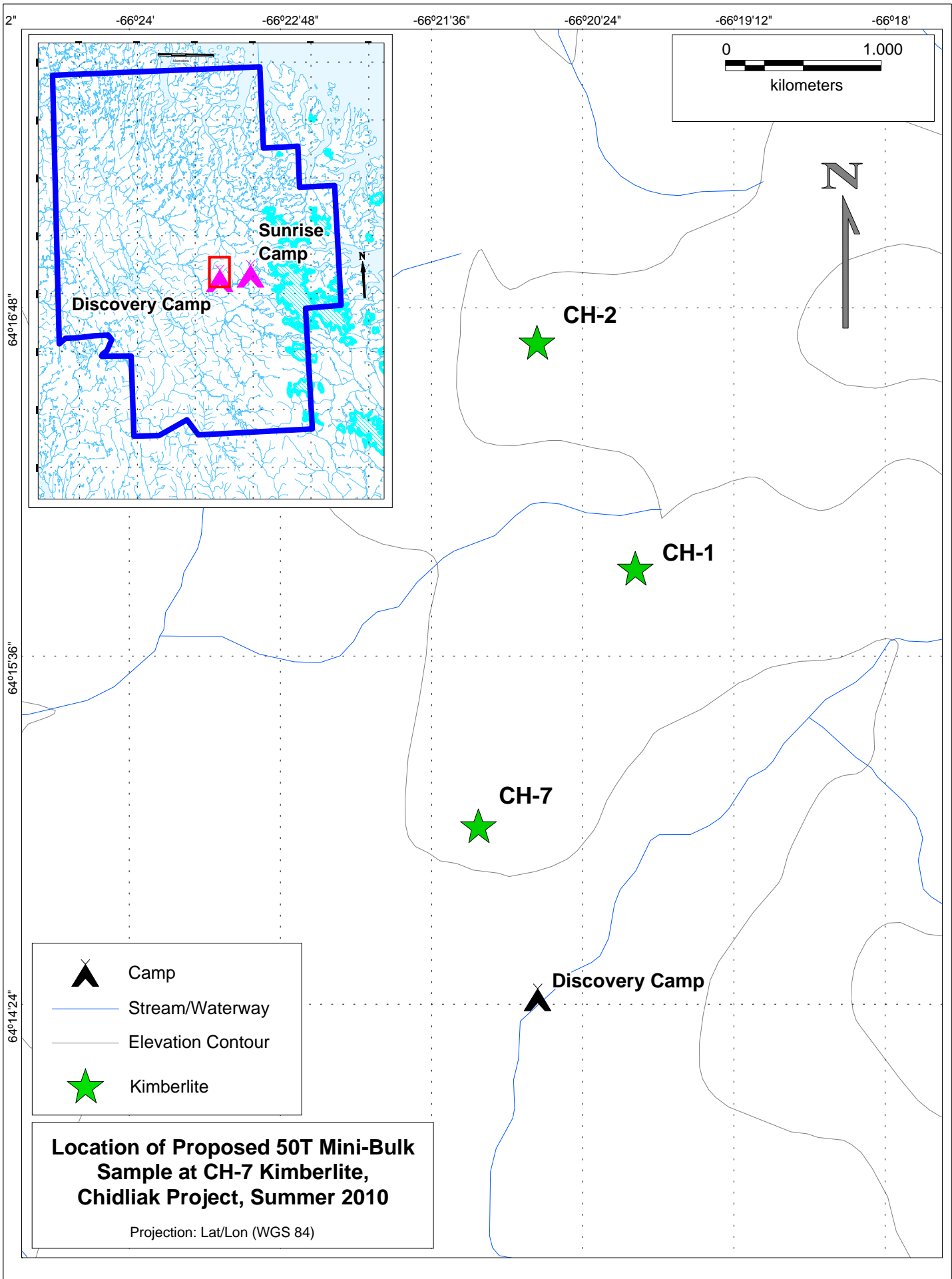


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cc: Kevin Robertson – INAC Land Inspector
David Hohnstein – NWB Technical Manager
Salamonie Shoo – QIA Lands Administrator



Project Manager Hugo Grenon, collecting sample of CH-7 kimberlite for caustic fusion diamonds analysis. (Yellow line indicates approximate outline of CH-7 outcrop)



DeWALT D25840K 7kg SDS- Max Dedicated Demolition Hammer



Features:

- Dedicated demolition hammer for medium heavy applications in brick, masonry and concrete
- DEWALT hammer philosophy design: protect mechanism from dust impact, dampen the rebound and develop a low vibration mechanism
- Variable chisel locking at 24 positions to provide the perfect angles for any applications
- Floating rear handle
- Electronic speed and impact energy control
- Lock-on lock-off switch
- Barrel grip for better comfort in horizontal applications
- Brush wear and service indicators

Standard Equipment:

- Multi-position side handle
- Grease
- Cloth
- 1 Point Chisel
- Heavy Duty Carry Case

Specification:

- Blows Per Minute: 1260-2520
- Tool Holder: SDS-Max
- Weight: 7.2kg
- Length x Height: 528 x 268mm

Material Safety Data Sheet

Dyno Nobel Inc.

2650 Decker Lake Boulevard, Suite 300
Salt Lake City, Utah 84119
Phone: 801-364-4800 Fax: 801-321-6703
E-Mail: dnnahse@am.dynonobel.com

FOR 24 HOUR EMERGENCY, CALL **CHEMTREC (USA) 800-424-9300**
CANUTEC (CANADA) 613-996-6666

MSDS # 1063**Date 07/02/07**

Supersedes
MSDS # 1063 03/27/07

SECTION I - PRODUCT IDENTIFICATION

Trade Name(s):

BLASTEX®	DYNO® 1.5 SB
BLASTEX® PLUS	DYNO® 1.5 SBC
BLASTEX® PLUS HD	DYNO® 1.5 SB30
BLASTEX® TX	DYNO® 900
BLASTEX® TX PLUS	DYNO® 1300
BLASTGEL® 1000	DYNO® 1500
BLASTGEL® 1070	DYNO® 1520
SUPER BLASTEX®	DYNO® 1540
SUPER BLASTEX® TX	DYNOTEX
SUPER BLASTEX® TX	DX-2011
	DX-2012

Product Class: Emulsion Explosives, Packaged

Product Appearance & Odor: White or pink opaque semi-solid, which will appear gray if product contains aluminum.
Little or no odor. Packaged in cylindrical cartridges of paper or plastic film.

DOT Hazard Shipping Description: Explosive, blasting, type E 1.5D UN0332 II

NFPA Hazard Classification: Not Applicable (See Section IV - Special Fire Fighting Procedures)

SECTION II - HAZARDOUS INGREDIENTS

<u>Ingredients:</u>	<u>CAS#</u>	<u>% (Range)</u>	<u>Occupational Exposure Limits</u>	
			<u>ACGIH TLV-TWA</u>	<u>OSHA PEL-TWA</u>
Ammonium Nitrate	6484-52-2	60-85	None	None
Sodium Nitrate	7631-99-4	0-12	None	None
Aluminum	7429-90-5	0-10	10 mg/m ³ (dust)	15 mg/m ³ (total)
Mineral Oil	64742-35-4	0-6	5 mg/m ³ (mist)	None
Kerosene	8008-20-6	0-6	None	None

Ingredients, other than those mentioned above, as used in this product are not hazardous as defined under current Department of Labor regulations, or are present in de minimus concentrations (less than 0.1% for carcinogens, less than 1.0% for other hazardous materials).

Material Safety Data Sheet

SECTION III - PHYSICAL DATA

Boiling Point: Not Applicable
Vapor Density: (Air = 1) Not Applicable
Percent Volatile by Volume: <20 (water)

Evaporation Rate (Butyl Acetate = 1): <1

Vapor Pressure: Not Applicable
Density: 1.15-1.35 g/cc
Solubility in Water: Product partially dissolves very slowly in water.

SECTION IV - FIRE AND EXPLOSION HAZARD DATA

Flash Point: >100°C
Extinguishing Media: (See Special Fire Fighting Procedures section.)
Special Fire Fighting Procedures: Do not attempt to fight fires involving explosive materials. Evacuate all personnel to a predetermined safe location, no less than 2,500 feet in all directions.
Unusual Fire and Explosion Hazards: Can explode or detonate under fire conditions. Burning material may produce toxic vapors.

Flammable Limits: Not Applicable

SECTION V - HEALTH HAZARD DATA

Effects of Overexposure

Eyes: May cause irritation, redness and tearing.
Skin: Prolonged contact may cause irritation.
Ingestion: Large amounts may be harmful if swallowed.
Inhalation: Not a likely route of exposure.
Systemic or Other Effects: None known.

Emergency and First Aid Procedures

Eyes: Irrigate with running water for at least 15 minutes. If irritation persists seek medical attention.
Skin: Remove contaminated clothing. Wash with soap and water.
Ingestion: Seek medical attention.
Inhalation: If irritation occurs, remove to fresh air.
Special Considerations: None.

SECTION VI - REACTIVITY DATA

Stability: Stable under normal conditions, may explode when subjected to fire, supersonic shock or high-energy projectile impact, especially when confined or in large quantities.
Conditions to Avoid: Keep away from heat, flame, ignition sources and strong shock.
Materials to Avoid (Incompatibility): Corrosives (strong acids and strong bases or alkalis).
Hazardous Decomposition Products: Nitrogen Oxides (NO_x), Carbon Monoxide (CO)
Hazardous Polymerization: Will not occur

Material Safety Data Sheet

SECTION VII - SPILL OR LEAK PROCEDURES

Steps to be taken in Case Material is Released or Spilled: Protect from all ignition sources. In case of fire evacuate area not less than 2,500 feet in all directions. Notify authorities in accordance with emergency response procedures. Only personnel trained in emergency response should respond. If no fire danger is present, and product is undamaged and/or uncontaminated, repackage product in original packaging or other clean DOT approved container. Ensure that a complete account of product has been made and is verified. Follow applicable Federal, State, and local spill reporting requirements.

Waste Disposal Method: Disposal must comply with Federal, State and local regulations. If product becomes a waste, it is potentially regulated as a hazardous waste as defined under the Resource Conservation and Recovery Act (RCRA) 40 CFR, part 261. Review disposal requirements with a person knowledgeable with applicable environmental law (RCRA) before disposing of any explosive material.

SECTION VIII - SPECIAL PROTECTION INFORMATION

Ventilation: Not required for normal handling.

Respiratory Protection: None normally required.

Protective Clothing: Gloves and work clothing that reduce skin contact are suggested.

Eye Protection: Safety glasses are recommended.

Other Precautions Required: None.

SECTION IX - SPECIAL PRECAUTIONS

Precautions to be taken in handling and storage: Store in cool, dry, well-ventilated location. Store in compliance with Federal, State and local regulations. Keep away from heat, flame, ignition sources and strong shock.

Precautions to be taken during use: Avoid breathing the fumes or gases from detonation of explosives. Use accepted safe industry practices when using explosive materials. Unintended detonation of explosives or explosive devices can cause serious injury or death.

Other Precautions: It is recommended that users of explosive materials be familiar with the Institute of Makers of Explosives Safety Library Publications.

SECTION X - SPECIAL INFORMATION

The reporting requirements of Section 313 of Title III of the Superfund Amendments and Reauthorization Act of 1986 and 40 CFR 372 may become applicable if the physical state of this product is changed to an aqueous solution. If an aqueous solution of this product is manufactured, processed, or otherwise used, the nitrate compounds category and ammonia listing of the previously referenced regulation should be reviewed.

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