



17 January 2011

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**Annual Report - 2010: Activity under Land Permits and Water Licences
Chidliak, Qilaq and Cumberland Projects, Baffin Island, and Nanuq Project, Kivalliq, NU**

Peregrine Diamonds Ltd. (Peregrine) is pleased to provide for your information Peregrine's annual reports as required under Nunavut Water Board (NWB) Type B Water Licence #2BE-CHI0813 (Chidliak Project) and under Licence #2BE-NAN0813 (Nanuq Project).

These reports contain concise information about what occurred on the properties during 2010, including programme activities, camp use, programme duration, water use and waste disposal, as well as camp-layout maps and photos.

As the Nunavut Impact Review Board (NIRB) also recommended preparation and circulation of an annual report for the Chidliak Project (NIRB Condition #4, attached to Permit #N2008C0005), Peregrine provides information below on each project in the format requested by NIRB. The land permits discussed below are: ⁽¹⁾ INAC Class A Land-Use Permit #N2008C0005, ⁽²⁾ Qikiqtani Inuit Association (QIA) Land Licence #Q10L1C008 (valid for access to Surface Inuit-Owned Lands [IOLs] in the Chidliak-Qilaq projects area between 01 July 2010 and 01 March 2011), ⁽³⁾ QIA Land Licence #Q10L1C014 (valid for access to IOLs in the Cumberland project area between 01 July 2010 and 01 March 2011), and ⁽⁴⁾ INAC Class A Land-Use Permit #N2007C0039 (Nanuq Project area).

CHIDLIAK PROJECT (Class A INAC Land-Use Permit #N2008C0005)

Exploration activity at the Chidliak Project on the Hall Peninsula, South Baffin Island, occurred over a 175-day period between 19 March and 09 September 2010 (at Sunrise Camp) and between 15 June and 15 September 2010 (at Discovery Camp), with an average camp population of 19 persons at Sunrise and 22 persons at Discovery. A total of 34 local employees participated, with 12% being from rental to camp groceries to accommodation to interpreting and translation, were purchased in the region, and of these, almost all were Inuit-registered firms or Inuit sole proprietors; total expenditure was \$2.6 million. On 10 November 2010, Peregrine was granted a one-year extension of the INAC permit to 17 April 2012.

Summary of Activities in the Reporting Year

A total of 9 114.37m of test drilling occurred on the Chidliak property in 2010, with a total of 50 shallow holes drilled by a waterless reverse-circulation Northspan drill and 48 holes drilled by a Boart Longyear heli-portable conventional diamond drill from 40 setups. Drilling was conducted between 02 May and 11 September 2010; two of the 48 DDH were drilled through lake ice.

Other activities were as follows: airborne and ground geophysics, prospecting, collection of 403 glacial sediment samples, a mini-bulk sample of 50T at the CH-7 kimberlite, collected by means of diamond drilling and hand drilling, with a single event of fragmentation blasting and hand-drilling by means of a Special Direct System max hammer drill. In addition, winter and summer water-quality sampling, other environmental surveys and an archaeological assessment were conducted.

A total of 34 new kimberlites were discovered in 2010 by drilling and prospecting, bringing the total discovered to date on the property to 50. Two small tent camps accommodating 25 persons each were in operation – the existing Discovery Camp, established in an area with a natural-gravel airstrip at 64° 14' 00" N lat. – 66° 21' 00" W long., and Sunrise Camp, on the shores of a lake suitable for winter landings at 64° 14' 13.56" N lat. – 66° 07' 43.38" W long. Sunrise is approximately 12km east of Discovery Camp. In December, a new northern tent camp – North Camp, 50km north of the existing camps – was approved for establishment at 64° 36' 33" N lat. – 66° 34' 36" W long. In November 2010, the land-use permit amendment allowing construction and operation of the North Camp was approved; NWB approval of water use associated with North Camp was granted in December 2010.

Work Plan for 2011

The Chidliak plan for 2011 still is being finalised, but will be similar to the programme and scope in 2010 and is expected to include the following activities: construction of the new North Camp over a two-week period between mid- and late February 2011, airborne and ground geophysical surveys in the spring, drilling of selected lake-based targets under winter conditions (where ice conditions are conducive), followed in summer by prospecting, glacial sediment sampling, drilling of selected land-based targets, and environmental and archaeological surveys in selected areas of the property.

Potential Impacts to Wildlife and Mitigation Measures Adopted

Under the Chidliak Land-Use Permit, NIRB conditions #6 through #9 apply to mitigation of potential impacts to wildlife, principally caribou and migratory birds; INAC conditions #32 and #35 similarly apply. In addition, the QIA Land Licence #Q10L1C008 (Qilaq) and #Q10L1C014 (Cumberland) have similar provisions, which enjoin the proponent to mitigate against wildlife disturbance.

Peregrine personnel and contractors obeyed the conditions in the following ways: (1) personnel were informed of wildlife obligations as part of camp orientation; (2) personnel reported and recorded sightings in a Wildlife Log (log approved with the initial permit); and (3) were prepared to alter plans in response to the presence of herds of animals or flocks of birds or nesting raptors by moving to an alternate flight corridor, diverting to areas of non-use or ceasing activity until the animals had left the area, or adjusting vertical and horizontal flight distance. On several occasions only were crews required to divert due to the presence of polar bears; otherwise, both personnel and environmental survey flights observed few animals, or animals were observed at sufficient distance so that diversion of plans was not required. Environmental-survey sightings of raptors and possible nest areas were mapped. Five observations and two known or suspected nest sites were identified as sensitive areas, and a conservative buffer zone of 1.5km from the areas was recommended, particularly during the breeding season (early May to mid August). No sensitive habitat for other species was recorded during the environmental survey. A protocol with the Canadian Wildlife Service (CWS) was in place for CWS Bird Sites (terrestrial and marine) for purposes of proper flight conduct and avoidance, if necessary, during 2010. Continued vigilance to document sightings and ensure mitigations will be a focus in 2011, including during the wildlife component of personnel orientation, during wildlife-log entry process and as a reminder during the regular Health/Safety/Environment meetings. It also is planned to continue aerial wildlife baseline surveys in 2011 in order to gain a better understanding of wildlife use of the property, including species, their distribution and use of habitat (e.g., for denning, nesting, feeding, migration).

Flight-tracking records: With QIA Land Licences #Q10L1C008 (Qilaq) and #Q10L1C014 (Cumberland), QIA required provision of flight-tracking records for helicopter sample flights over or into IOLs. Records were to be comprised of text (Excel tables) and maps depicting the location of data points comprising a flight line. These records were kept on a daily basis for both the Qilaq and Cumberland programmes in July-August 2010. A test record was supplied to QIA in July 2010 for comment and final records were provided to QIA on CDs at the beginning of December 2010.

A traditional-knowledge (TK) study was completed for Peregrine by the community of Pangnirtung at the end of November 2010, and the draft version currently is under review. A traditional-knowledge study focusing on wildlife knowledge of Iqaluimmiut is currently being discussed with the QIA who are organising a regional TK survey.

Wildlife Encounters and Mitigation Measures

There were no wildlife encounters in 2010; however, due to the observed presence of polar bears inland in both 2009 and 2010, Peregrine installed bear fences at each camp during the 2010 season. Firearms-licensed Inuit bear monitors were engaged during the 2010 programmes.

Site Visit by Land-Use Inspector and Followup Actions

INAC representatives Kevin Robertson (inspector), Peter Kusugak and Tracey McCaie visited the Chidliak camps and active drillsites on 01 September 2010. The inspector noted only two minor items at the camps; the undersigned confirmed this in a telephone discussion with the inspector on 02 September 2010. Items noted during inspection were as follows: 1) Single-drum berm at Discovery Camp tent #1 required additional support; this was rectified same-day; (2) Jet-A berm at Sunrise Camp required water to be drained; rain drain was adjusted subsequently. No concerns with drillsites were expressed. A site visit for a cross-section of INAC representatives, as well as several representatives of the Iqaluit Community Lands and Resources Committee and the Government of Nunavut occurred on 16 August 2010.

Site Photos

See Chidliak and Qilaq photos and maps in the document accompanying this letter-report. A map depicting all 2010 test-drill site locations also accompanies this annual report digitally and in hard copy.

Summary of Community Consultation

Meetings were held with the Amarok Hunters & Trappers Association in Iqaluit on 23 February, 05 August, 13 September and 23 November 2010. Meetings or events were held with Pangnirtung groups as follows: (1) youth open house: 04 August 2010; (2) hamlet meeting: 24 February, 05 July, 04 August, 23 November 2010 (includes one meeting of community/Peregrine committee on 24 February); (3) open house: 25 February, 16 April, 15 September, 24 November 2010; (4) radio call-in show: 14 September 2010; (5) public meeting: 25 February, 24 November 2010, and (6) Pangnirtung HTA: 24 February, 15 September, 23 November 2010. Plans are under way for return visits to Iqaluit and Pangnirtung during February 2011. The purpose of the 2010 meetings was to advise the groups of work that had occurred and was planned, to discuss the new North Camp prior to amending the permit and water licence to allow camp construction, to solicit and interview employment candidates, and to invite questions and address concerns. A site visit for Pangnirtung elders and hamlet representatives occurred on 18 August 2010. In respect of the Cumberland Project, various correspondence was exchanged with the Qikiqtarjuaq CLARC representative between February and September 2010, and two progress reports filed. There was no Peregrine sampling on Qikiqtarjuaq IOLs in 2010.

Peregrine representatives were scheduled to make a presentation to the South Baffin Community Lands and Resources Committees (CLARCs) during a regional meeting of their representatives in Iqaluit during the last week of November 2010. Weather and transportation delays resulted in only two Peregrine

representatives being able to attend an abbreviated meeting on 26 November; however, it is hoped that further such opportunities will exist in the future.

Peregrine met with Qikiqtani Inuit Association (QIA) lands administration on 23 February and 14 April, then with two representatives of Kakivak Corporation on 05 August; the Kakivak meeting was regarding possible Kakivak interest in a camp leadership-training pilot project. Peregrine developed a Camp Leadership Training Pilot Project at the beginning of 2010, and first discussed this initiative with the QIA in February and April 2010. QIA's busy schedule in 2010 did not allow for further in-person meetings with Peregrine, but contact was maintained through the year by means of e-mail and telephone.

Progressive Reclamation Work Undertaken

No major reclamation work was required at the Chidliak Project in 2010. Drillholes were closed and till-sample sites were re-covered, and each site inspected, as per the Chidliak/Qilaq/Cumberland Abandonment & Restoration Plan in effect.

Efforts Made to Achieve Compliance with the Canada-Wide Standards for Dioxins and Furans and for Mercury Emissions

During the 175 days that the Sunrise Camp was in operation and the 93 days that the Discovery Camp was in operation in 2010, there was no open burning; garbage-sorting occurred, and there was no incineration of non-burnable plastics or Styrofoam, nor disposal of mercury-containing fluorescent light tubes. All camp personnel underwent orientation, and attendants responsible for camp-waste handling, disposal and operation of the Inciner8 dual-chamber incinerator units were trained in and monitored for their specific duties. Related activity was in accordance with the Chidliak Waste Management Strategy.

Summary of Spills and Failures which Activated the Spill Contingency Plan

There were no spills or failures which were reportable to the Spill Line; minor incidents and improvements were discussed throughout the season during regular Health, Safety and Environment Committee meetings held at each camp; Standard Operating Procedures were in place for key activities, such as for offloading barrels of fuel at camps. The spill plan itself was updated and provided to regulators on 25 March, 07 May and 27 September 2010. A spill drill was conducted on 19 July 2010.

CHIDLIAK-QILAQ (QIA Licence #Q10L1C008) AND CUMBERLAND (QIA Licence #Q10L1C014)

Exploration on the seven IOLs in the Chidliak-Qilaq licence consisted in collecting 115 samples on Chidliak IOLs and 463 samples on Qilaq IOLs. Exploration on the nine IOLs in the Cumberland licence consisted in collecting 99 samples on Cumberland IOLs. (A sample breakdown by IOL is on Page 12 of the accompanying photos-and-maps document). No land permit was required for samples collected on Crown land. Neither of the sampling programmes required a camp and there was no water use. One fuel cache was utilised, and that was for the Cumberland Project only; this cache was located in PA-07 at 65° 42' 35.974" N lat. – 64° 26' 24.049" W long., in proximity to a Geological Survey of Canada (GSC) cache which had been used seasonally for several years. The Peregrine cache was activated on 28 July and removed on 11 September 2010. All efforts at compliance, avoidance and mitigation in place for the INAC permit were equally applied by Peregrine across the bordering IOLs, as well. There were no incidents to report. The Qilaq and Cumberland crews kept Wildlife Sightings Logs, recording sightings during activity in July-August 2010. (For Qilaq and Cumberland sampling photos and maps, see Pages 6-8 of the accompanying photos-and-maps document.)

No QIA site inspections occurred in 2010. There were no camps or drillsites associated either with the Qilaq or Cumberland projects. Removal of Peregrine drums and spill kits from the temporary fuel cache within the Cumberland Project was documented with photos for the QIA upon closure in September 2010. The airstrip presented the only suitable place for landing a fixed-wing aircraft in the project area, and thus already had been in use for several seasons by the GSC (see airstrip photo, accompanying photo-and-maps document, Page 9).

NANUQ PROJECT (Class A INAC Land-Use Permit #N2007C0039)

Exploration activity at the Nanuq Project in the north Kivalliq region near Wager Bay occurred over a 111-day period. Indicator Minerals used the camp as a base for conduct of their spring drill programme at the adjoining Nanuq North property between 03 May and 25 June; Peregrine occupied the camp for conduct of its own indicator-mineral sampling programme and drilling of the three core holes between 28 June and 15 August 2010. Average camp population for 2010 was 11 persons. Two local staff from Rankin Inlet participated in the Nanuq exploration programme and one archaeological assistant from Repulse Bay took part in an archaeological survey in August 2010. Many services, ranging from expediting to fixed-wing services to camp groceries to accommodation, were purchased either in Rankin Inlet or Baker Lake; of these, many were Inuit-registered firms. On 18 October 2010, INAC granted extension of the land permit to 13 April 2012.

Summary of Activities in the Reporting Year

A total of 493 till samples were collected and three land-based core holes drilled by means of a Boart Longyear LY-38 heliportable drill in summer 2010. An archaeological survey around the camp and other key areas was completed between 12-15 August 2010. A bear fence was installed around Nanuq Camp in late June 2010.

Work Plan for 2011

The work plan for 2011 currently is in development, but may include further till sampling, ground geophysics and lake-based or land based drilling of selected targets. All activity would be on Crown land.

Potential Impacts to Wildlife and Mitigation Measures Adopted

Under the Nanuq Land-Use Permit, NIRB conditions #5 through #12 apply to mitigation of potential impacts to wildlife, principally caribou and migratory birds; INAC conditions #20 through #22 as well as Caribou Protection Measures #1.1 through #4.1 similarly apply. Peregrine personnel and contractors obeyed these conditions in the following ways: (1) personnel were advised of wildlife obligations during camp orientation; (2) reported and recorded sightings in a Wildlife Log (log approved with the initial permit); and (3) were prepared to alter plans in response to the presence of herds of animals or flocks of birds or nesting raptors by moving to an alternate flight corridor, diverting to areas of non-use or ceasing activity until the animals had left the area, or adjusting vertical and horizontal flight distance. In 2010, it was not necessary to alter plans in order to achieve non-disturbance.

Seven new archaeological sites were identified and mapped for avoidance; none were in close proximity to the camp or work sites. Vigilance for wildlife and possible archaeological sites will continue in 2011.

Wildlife Encounters and Mitigation Measures

There were no wildlife encounters in 2010; however, due to observations of wolves, a grizzly bear and polar bears in the general project area in 2009, a bear fence was erected around Nanuq Camp in late June 2010. Wildlife observations were made between 07 May and 15 August 2010 and recorded both by Indicator and Peregrine personnel in the camp wildlife log.

Site Visits by INAC Inspectors and Followup Actions

INAC representatives Kevin Robertson, lands inspector, and Brian Rayner, water inspector, visited the camp and a drillsite on 16 July; a written inspection report was provided to Peregrine on 12 December 2010. Key items in Land Inspector's report: (1) "Heli-berms" on order at time of inspection were to be placed under tent drums; how this was resolved: secondary containment for tent drums was added after inspection; (2) secondary containment should be supplied for jerry cans at incinerator; how this was resolved: jerry can was placed in drip pail. (3) several ancillary equipment items observed < 31m from

waterbody during demobilisation of first drillsite; how this was resolved: Undersigned discussed with inspector on 04 January 2011 and was able to obtain confirmation from inspector that a few items were placed temporarily near shore whilst drill move was in progress. Undersigned assured inspector that Peregrine will continue to obey setback limits in the Nanuq permit and water licence during drilling, and, if a variance is deemed necessary for a particular drill target, Peregrine will negotiate this with inspector(s) in advance. Mitigation was in place at time of inspection (berming and booms to channel cuttings). The inspector told the undersigned that cuttings management at this drillhole was not a concern.

Site Photos

See Nanuq photos and maps in the document accompanying this letter-report. A map depicting the 2010 Nanuq drill site locations also accompanies this annual report digitally and in hard copy.

Summary of Community Consultation

A no-sampling protocol with Parks Canada in regard to the boundary of Ukkusiksalik National Park continued in place in 2010. Site visits to Rankin Inlet, Chesterfield Inlet and Repulse Bay did not occur prior to the end of 2010; however, a letter-report to the communities and Hunters & Trappers Organisations is in preparation and will be circulated in the first quarter of 2011.

Progressive Reclamation Work Undertaken

No major reclamation work was required at the Nanuq Project in 2010. Drillholes were closed and till-sample sites were re-covered, and each site inspected, as per the Nanuq Abandonment & Restoration Plan in effect.

Efforts Made to Achieve Compliance with the Canada-Wide Standards for Dioxins and Furans and for Mercury Emissions

During the 111 days in 2010 that Nanuq Camp was operational, there was no open burning; garbage-sorting occurred, and there was no incineration of non-burnable plastics or Styrofoam, nor disposal of mercury-containing fluorescent light tubes. Camp personnel underwent orientation, and the camp attendant responsible for camp-waste handling, disposal and operation of the dual-chamber incinerator unit was trained in and monitored for his specific duties.

Summary of Spills and Failures which Activated the Spill Contingency Plan

There were no spills or failures which were reportable to the Spill Line; minor incidents and improvements were discussed throughout the season during regular Health, Safety and Environment Committee meetings; Standard Operating Procedures were in place for key activities, such as for offloading barrels of fuel at camps. The spill plan itself was updated and provided to regulators on 14 July and 17 November 2010. A spill drill was conducted on 11 May 2010.

CONCLUSION

Thank you for the opportunity to provide this letter-report and the NWB Annual Reports. We trust that you will find the information to be in order, and that it will meet your needs.



Shirley Standafer-Pfister | Manager – Regulatory and Environmental Affairs

PEREGRINE

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cc: Environmental Administration – NIRB; R. Eno, Environmental Protection – GN-DOE

attach.: “Chidliak, Qilaq, Cumberland Photos and Maps – 2010”; “Nanuq Photos and Maps – 2010”;
Chidliak drill log; Nanuq drill log; Chidliak drill locations map; Nanuq drill locations map

NWB Annual Report

Year being reported: 2010 ▼

Licence No: #2BE-NAN0813 Issued Date: 18 April 2008
 Expiry Date: 31 May 2013

Project Name: Nanuq Project

Licensee: Peregrine Diamonds Ltd.

Mailing Address: 201 - 1250 Homer Street
 Vancouver, BC V6B 1C6

Name of Company filing Annual Report (if different from Name of Licensee please clarify relationship between the two entities, if applicable):

General Background Information on the Project (*optional):

Exploration continued from the tent camp that had been relocated in spring 2008. In May-June 2010, Indicator Minerals used Peregrine's camp as a base for its drill programme on Nanuq North; a Boart Longyear LY-38 was utilised, for both the Indicator and Peregrine programmes. Peregrine personnel arrived on 28 June for a surficial sediment sampling programme and drilling of 3 land-based holes on the Nanuq property. An archaeological survey was completed in August 2010, prior to camp closure.

Licence Requirements: the licensee must provide the following information in accordance with

Part B ▼ Item 2 ▼

A summary report of water use and waste disposal activities, including, but not limited to: methods of obtaining water; sewage and greywater management; drill waste management; solid and hazardous waste management.

Water Source(s):	water intake at 65° 13' 45.15" - 91° 05' 21.76"	
Water Quantity:	10.00 m ³ /day	Quantity Allowable Domestic (cu.m)
	0.86 m ³ /day	Actual Quantity Used Domestic (cu.m)
	50.00 m ³ /day	Quantity Allowable Drilling (cu.m)
	9.165 m ³ /day	Total Quantity Used Drilling (cu.m)

Waste Management and/or Disposal

- ☒ Solid Waste Disposal
☒ Sewage
☐ Drill Waste
☒ Greywater
☒ Hazardous
☐ Other:

Additional Details:

Sewage of avg. **22.38** L/day reported to 2 outhouses. Solid waste of avg. **237.84** L/day burnt in camp dual-chamber incinerator; rest flown out, incl. total of **1059.5** L of clean ash. Greywater from water use of 0.86 m³/day reported to camp greywater sumps (kitchen + dry sumps) at 65° 13' 44.23" - 91° 05' 25.76". A total of **2303.80**L of hazardous waste were shipped off site in 2010.

A list of unauthorised discharges and a summary of follow-up actions takenSpill No.: Date of Spill: Date of Notification to an Inspector:

Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

Revisions to the Spill Contingency Plan

Other: (see additional details) ▼

Additional Details:

SCP was updated to reflect 2010 programme + new camp phone number (Rev. #3 - 14 Jul 2010) and again to include updated Camp Layout Map (Rev. #4 - 17 Nov 2010).

Revisions to the Abandonment and Restoration Plan

AR plan submitted and approved - no revision required or proposed ▼

Additional Details:

Last revision (Revision #2) occurred on 11 November 2009.

Progressive Reclamation Work Undertaken

Additional Details (i.e., work completed and future works proposed)

No major reclamation under way. The camp was cleaned up and secured prior to overall seasonal closure on 29 August 2010; seasonal cleanup/closure was effected by Discovery Mining Services of Yellowknife, a professional camp setup and cleanup service. Further project work may occur in 2011.

Results of the Monitoring Program including:

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where sources of water are utilized;

Details described below ▼

Additional Details:

River water intake at 65° 13' 45.15" - 91° 05' 21.76" at camp shore immediately NW of camp compound was utilised in 2010. Water use was limited and quantity is given above.

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where wastes associated with the licence are deposited;

Details described below ▼

Additional Details:

Sewage reported to 2 camp outhouses (65° 13' 41.82" - 91° 05' 26.24") and combustible kitchen wastes were burnt in camp incinerator, with the remaining waste (e.g., clean ash) flown out for landfill disposal. Peregrine has formal authorisation to use the Rankin Inlet landfill (authorised since Aug 2009). Empty fuel drums were returned to the expeditor. Waste solids and liquids were outshipped with requisite TDG forms and GN-DOE waste manifests.

Results of any additional sampling and/or analysis that was requested by an Inspector

No additional sampling requested by an Inspector or the Board



Additional Details: (date of request, analysis of results, data attached, etc)

Any other details on water use or waste disposal requested by the Board by November 1 of the year being reported.

No additional sampling requested by an Inspector or the Board



Additional Details: (Attached or provided below)

Any responses or follow-up actions on inspection/compliance reports

Inspection Report received by the Licensee (Date):



Additional Details: (Dates of Report, Follow-up by the Licensee)

Water + Land Inspectors visited project **16 July 2010**. Rpt. received **12 December 2010**. Key items in Inspector's rpt.: (1) "Heli-berms" on order at time of inspection; to be placed under tent drums; how this was resolved: secondary containment for tent drums was added after inspection; (2) secondary containment should be supplied for jerry cans at incinerator; how this was resolved: jerry cans placed in drip pails. (3) some drill equipment < 31m from waterbody; how this was resolved: Undersigned discussed with Inspector on **04 January 2011** + was able to obtain confirmation from Inspector that drill was being demobed at time of inspection; as a result, some equipment was simply stored temporarily near shore whilst drill move was in progress. Undersigned assured inspector that Peregrine will continue to obey setback limits in permit + water licence, and, if a variance is deemed necessary for a particular drill target, Peregrine will negotiate this with Inspector(s) in advance. Mitigation was in place at time of inspection (berming and booms to channel cuttings.) Inspector told the undersigned (04 January 2011) that cuttings management at this drillhole was not a concern.

Any additional comments or information for the Board to consider

Thank you for the opportunity to provide information relative to the 2010 field programme conducted between the dates of 03 May and 25 June (Indicator Minerals using Peregrine's camp) and 28 June and 15 August (Peregrine Diamonds). The camp population consisted of an avg. of 11 people per day over the 111 total days of camp operation in 2010. A document with photos and a map of camp layout as of 2010 closure is included with this report.

Date Submitted:

17 January 2011

Submitted/Prepared by:

Shirley Standafer-Pfister on behalf of Peregrine Diamonds

Contact Information:**Tel:** 250-686-1769 (direct phone)**Fax:** 604-408-8881**email:** shirley@pdiam.com

GPS Co-ordinates for water sources utilised for camp

Source Description	Latitude			Longitude		
	° Deg	' Min	" Sec	° Deg	' Min	" Sec
River intake beside camp.	65	13	45.15	91	5	21.76

GPS Locations of areas of waste disposal

Location Description (type)	Latitude			Longitude		
	° Deg	' Min	" Sec	° Deg	' Min	" Sec
Camp Outhouses	65	13	41.82	91	5	26.24
Incinerator	65	13	42.76	91	5	22.42
Greywater Sumps (Dry + Kitchen)	65	13	44.23	91	5	25.76

GPS Co-ordinates for water sources utilised for diamond drilling (3 holes)

DRILL HOLE NAME	Latitude			Longitude		
	° Deg	' Min	" Sec	° Deg	' Min	" Sec
NNQ10_355_01	65	30	26.90	90	51	27.02
NNQ10_230_01	65	21	4.41	90	36	46.55
NNQ10_227_01	65	20	57.46	90	35	3.39

Sumps for these land-based holes were adjacent.

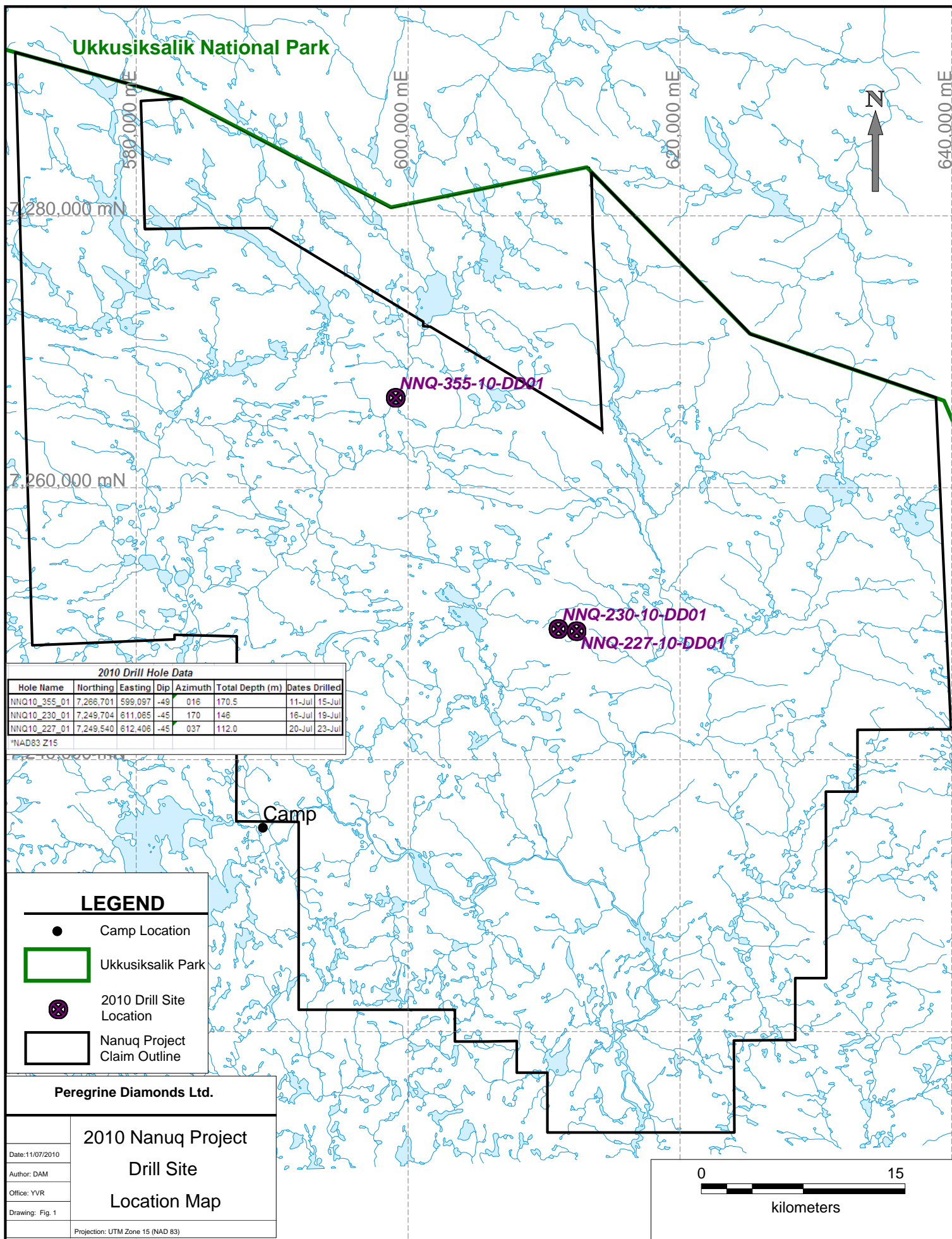
**PEREGRINE DIAMONDS LTD.
INAC LAND-USE PERMIT #N2007C8C0039
NWB WATER LICENCE #2BE-NAN0813
NANUQ PROJECT DRILLING SUMMARY 2010**

HOLE #	LATITUDE -N	LONGITUDE-W	ELEV.	DEPTH (m)	TOPOLOGY	START DATE	END DATE
NNQ10_355_01	65° 30' 26.90"	90° 51' 27.02"	306	170.5	Land	11/07/2010	15/07/2010
NNQ10_231_01	65° 27' 36.95"	91° 00' 20.53"	385	146.0	Land	16/07/2010	19/07/2010
NNQ10_227_01	65° 27' 36.95"	91° 00' 20.53"	385	112.0	Land	20/07/2010	23/07/2010

Total Depth:

428.50

Datum is NAD 83, Zone 15N



**PEREGRINE DIAMONDS LTD.
NANUQ PHOTOS AND MAPS – 2010**



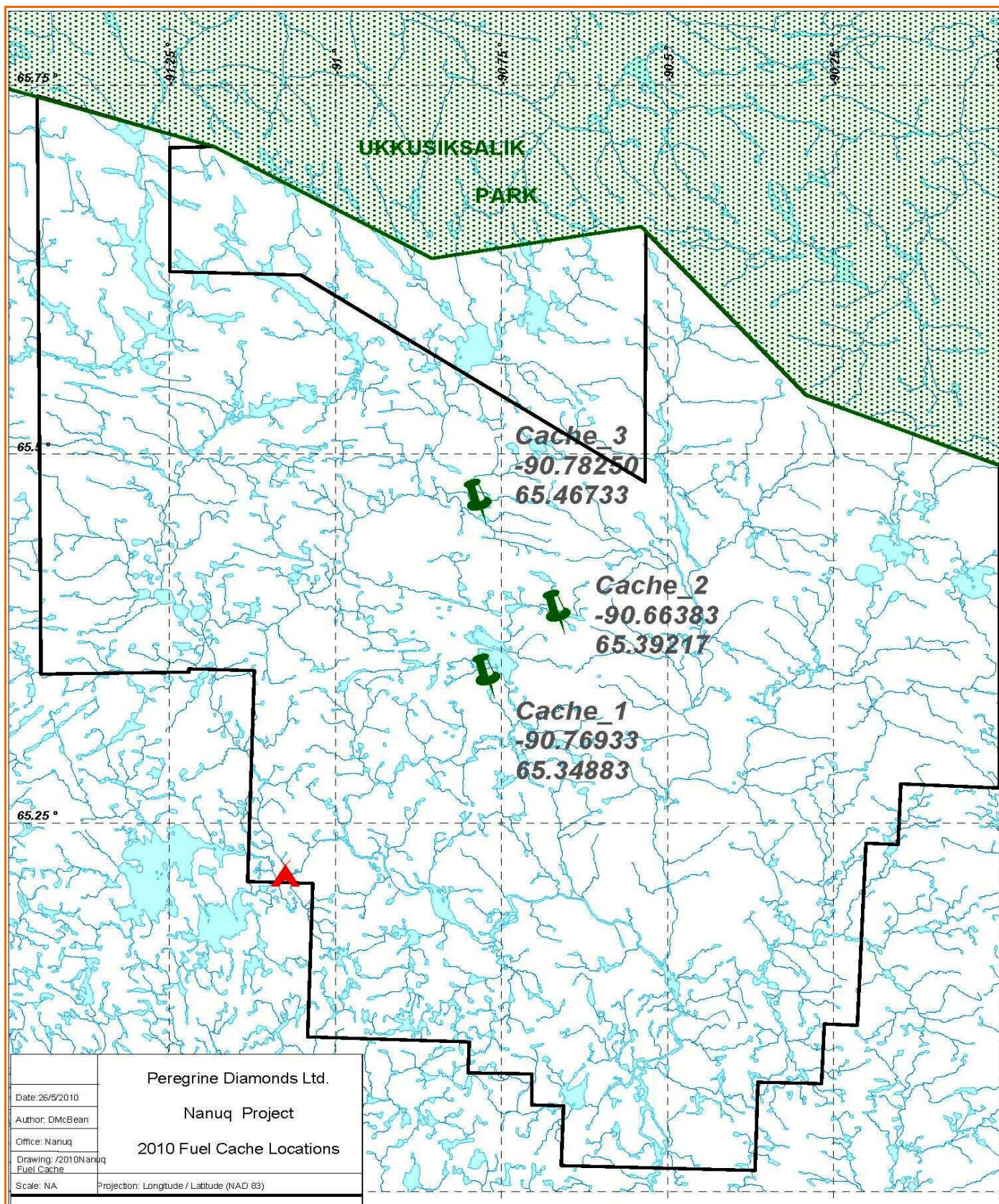
**TOP: Nanuq Camp with new bear fence visible; sump box in foreground – July 2010.
ABOVE: Nanuq crew assembles manufactured mini-berm in camp office – July 2010.
(Drums behind tents were installed in the mini-berms).**



TOP: Aerial view E-W of Nanuq Camp during shutdown – 15 August 2010. ABOVE: Whilst Indicator Mineral personnel were staying in camp, a first-aid stretcher drill was held on 22 May. A spill-response drill was held in camp on 11 May.



TOP: An archaeological survey on the Nanuq claimblock occurred 12-15 August 2010. ABOVE: Typical sampling location. A total of 493 till samples were collected on the Nanuq Project in 2010.



ABOVE: Location of three 18-drum temporary fuel caches which were established in May 2010. Caches were entirely removed in early August 2010.

