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DIAMONDS LTD.

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Annual Report - 2011: 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 report as required under Nunavut Water Board (NWB) Type B Water Licence *#2BE-CHI0813* (Chidliak Project) and under Licence *#2BE-NAN0813* (Nanuq Project).

This report contains concise information about what occurred on the properties during 2011, including programme activities, inspections, camp use, programme duration, water use and waste disposal, as well as camp-layout and drill-summary 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) Aboriginal Affairs and Northern Development Canada (AANDC) Class A Land-Use Permit *#N2008C0005* (Chidliak Project), (2) Qikiqtani Inuit Association (QIA) Land Licence *#Q10L1C008-Extension* (valid for access to Surface Inuit-Owned Lands [IOLs] in the Chidliak-Qilaq projects area between 01 March 2011 and 01 March 2013), (3) QIA Land Licence *#Q10L1C014-Extension* (valid for access to IOLs in the Cumberland project area between 01 March 2011 and 01 March 2013), and (4) AANDC Class A Land-Use Permit *#N2007C0039* (Nanuq Project area). On 13 December 2011, Peregrine was granted a one-year extension of the Nanuq permit to 13 April 2013. Peregrine currently is awaiting from AANDC a one-year extension of its Chidliak permit from 17 April 2012 to 17 April 2013.

CHIDLIAK PROJECT (Class A AANDC Land-Use Permit *#N2008C0005*)
Exploration activity for the Chidliak Project on the Hall Peninsula, South Baffin Island, occurred over a maximum of 178 days (Sunrise Camp), with the new Aurora Camp established and operating for 165 days; Discovery Camp was open for 78 days. Camps were operational during the following periods: (1) Aurora Camp: between 19 February (beginning of construction) and 28 July 2011, with an average daily population of 19 persons; (2) Sunrise Camp: between 08 March and 07 September 2011 (including a six-day closure period in July during lake-ice breakup), with an average daily population of 17 persons; and (3) Discovery Camp: between 28 June and 13 September 2011, with an average daily population of 17 persons. A total of 46 local Inuit from Pangnirtung and Iqaluit were employed on the Chidliak Project in 2011; two local Inuit each were employed by the Qilaq and Cumberland projects. Peregrine directly engaged the services of 47 South Baffin contractors, not counting individuals providing services such as

translation, expenses submitted by individual employees or contractors (who may have used additional contractors, such as taxi companies), and contractors hired through Peregrine's expeditor. The direct total for regional services in 2011 was approximately $4.3 million, with the largest percentage expended for fixed-wing services.

Summary of Activities in the Reporting Year

A total of 10 370.04m of drilling occurred on the Chidliak property in 2011. A total of 34 shallow holes were drilled by a waterless reverse-circulation (RC) Northspan drill (total drilling depth of 1 506.92m) and 55 core holes (DDH) were drilled by two Boart Longyear heli-portable conventional diamond drills (total drilling depth of 8 863.12m). Drilling was conducted between 18 April and 07 September 2011. Eight of the holes were drilled through lake ice.

Other activities were as follows: airborne magnetic/EM geophysical surveys (11 323 line kms), ground geophysics (1 949 line kms of magnetic surveys and 47 line kms of OHM Mapper surveys), prospecting, collection of 447 surficial samples (441 soil, 2 stream) and a mini-bulk sample of 32.54T at the *CH-28* kimberlite, collected in situ from surface material. A total of 61 samples were collected within the boundaries of the Canadian Wildlife Service (CWS) Western Cumberland Sound Archipelago Bird Site #29, with crew and pilot exercising due vigilance for any migratory bird flocks which may have been nesting or rearing young in the vicinity of planned coastal activities; no such presence was documented. In addition, winter and summer water-quality sampling, other environmental surveys and an archaeological assessment were conducted in 2011.

Nine new kimberlites were discovered in 2011 by drilling and prospecting, bringing the total discovered to date on the property to 59. Tent camps operating in 2011 included the existing Discovery Camp, located 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. The new Aurora tent camp – 50km north of the existing camps – was erected at 64° 36' 33" N lat. – 66° 34' 36" W long. between mid-February and early March 2011, and was in operation until 28 July 2011. (Establishment of Aurora Camp was authorised by AANDC and the NWB in late 2010). Engineering field surveys also were conducted to determine suitable locations for future bulk-sampling sumps and water sources, as well as the most viable routing for the winter trail to kimberlites which may be bulk-sampled in the Southern Focus Area of the Chidliak property.

Work Plan for 2012

Collection of a 600T bulk sample from up to five kimberlites within the Southern Focus Area has been postponed until winter-spring 2013. A smaller programme is now anticipated for 2012, comprised provisionally of the following: (1) helicopter-supported ground geophysics in March-April, based out of Sunrise Camp; (2) potential mobilisation of three pieces of heavy equipment from Iqaluit to Discovery Camp, utilising the existing Pang Trail (already authorised under the Chidliak permit); (3) potential winter drilling, if any suitable lake-based targets are identified through the ground geophysical survey; (4) core drilling between July and September with one Boart Longyear LM-55 drill, comprised of delineation drilling at CH-1, CH-6, CH-7, CH-44 and possibly CH-31 kimberlites, as well as drilling of any identified exploration targets; (5) possible drilling of up to 20 sites with the Northspan waterless drill, if warranted; (6) collection of approximately 400 heavy mineral samples on the property; (7) prospecting and mapping at about 50 sites on the property; (8) a possible airborne survey around Discovery Camp; (9) establishment of CH-6 Temporary Camp; (10) upgrading of Discovery Camp to serve the 2013 programme, and (11) continuation of environmental baseline and archaeological surveys in summer.

Potential Impacts to Wildlife and Mitigation Measures Adopted

Under the Chidliak 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, QIA land licences *#Q10L1C008-Extension* and *#Q10L1C014-Extension* 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, and the topic was reinforced during weekly Environment, Health and Safety meetings; (2) personnel reported and recorded sightings in a Wildlife Log (log approved with the initial permit) to inform proposed activities; (3) plans were altered in response to presence of animals, *e.g*., avoidance of a proposed work area until a polar bear observed there during reconnaissance had moved on, and (4) local information was used to adjust programmes, *e.g*., exploration activities were completed by the end of July 2011 at the request of some Pangnirtung land-users who have camps on the Hall Peninsula coast. In addition, before season startup, the Project Manager and Operations Manager were provided with a copy of Peregrine's 2011 Wildlife Protocol with the Canadian Wildlife Service (CWS) and boundaries of the Western Cumberland Sound Archipelago Bird Site #29. Peregrine co-operatively implements avoidance measures when groups of birds are encountered upon approaching a work area. Personnel and pilots were advised to alter plans in response to the presence of herds of animals or flocks of birds or nesting raptors (where human safety permitted) 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, known or suspected nests or perches were mapped – three areas identified from three surveys in 2011 – 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. The CWS Protocol was in place for CWS Bird Sites (terrestrial and marine) for purposes of proper flight conduct and avoidance, if necessary, during 2011. Continued vigilance to document sightings and ensure mitigations will be a focus in 2012, 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 surveying in 2012 in order to continue gaining understanding of wildlife use of the property, including species, their distribution and use of habitat (*e.g*., for denning, nesting, feeding, migration).

In December 2011, at the request of the QIA and during the Chidliak permit amendment process, Peregrine consolidated its wildlife monitoring and mitigation measures into a single Wildlife Management Plan document. NIRB placed this Plan on its public registry whilst NIRB's screening of the amendment was under way. Addition of this Plan now brings the number of Chidliak monitoring plans to five.

Flight-tracking records: With QIA Land Licences *#Q10L1C008-Extension* (Chidliak and Qilaq IOLs) and *#Q10L1C014-Extension* (Cumberland IOLs), QIA requires 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. In 2011, helicopter on-board tracking was implemented during summer sampling, as per 2010. Due to the large volume of flight records and maps which are associated with even a modest sampling programme over a large, challenging terrain, this activity still is under way. Records will be provided to QIA separately when completed.

A traditional-knowledge (TK) study for Peregrine by the community of Pangnirtung was being finalised during 2011. A traditional-knowledge study focusing on wildlife knowledge of Iqaluimmiut has been discussed by Peregrine and the QIA since 2010; further discussion is expected in 2012. In the meantime, local knowledge provided to Peregrine by both Iqaluit and Pangnirtung land-users is being incorporated into programmes on a regular basis.

Wildlife Encounters and Mitigation Measures

There were no Chidliak wildlife encounters in 2011; however, due to the observed presence of polar bears inland in 2009, 2010 and 2011, Peregrine has installed bear fences at each of its three camps. Firearms-licensed Inuit bear monitors also are part of all remote work crews. Proper disposal and incineration of food at camps, and pack-out of food supplies at drillsites, was strictly enforced in 2011.

Inspector Site Visits and Followup Actions

On 21 April 2011, Environment Canada (EC) Inspector Curtis Didham, AANDC Land Inspector Kevin Robertson and Water Inspector Andrew Keim, and Government of Nunavut officer Meaghan Pizzo-Lyall conducted an unannounced inspection of Discovery, Sunrise and Aurora camps and several drillsites. Camp records also were inspected. Items for rectification and their resolution are as follows:

1. More consolidation of fuelling within berms at small fuel stations required, *e.g*., at heli-pads, gen-set, petrol station. Outcome: Peregrine addressed constructing platforms for berms during summer programme.
2. Need to complete missing tent-stove fuel berms. Outcome: Mini-berms already were on order at time of inspectors' visit and were subsequently installed.
3. More formal sumps with earth filters required at Discovery, Aurora, as per Sunrise. Outcome: This task was completed in summer 2011.
4. Query: Why no berm under 21kVA gen-set at Aurora Camp? Response: Internal dual-walled tank is built into skid. Outcome: Inspectors pleased to see this and how well it runs.
5. EC comment for consideration: Peregrine should record and report even small spills to EC, even if under reportable limits, as EC watches companies more closely that do not have reportable spills. Response: Peregrine has been fortunate to not have had reportable spills in 2011, but will consider this recommendation. (Peregrine voluntarily reports spills of 50L and more, in any event, which is 50% below the mandatory government. reporting limit.)

On 14 August 2011, INAC Land Inspector Kevin Robertson and Water Inspector Christine Wilson inspected Discovery, Sunrise and Aurora camps and several drillsites. Camp records also were inspected. Items for rectification and their resolution are as follows:

1. One mini-berm lacking under tent drum at recreation tent. Outcome: Installed after visit.
2. Wooden frame required for helicopter mini-berm. Outcome: Installed after visit.
3. Ensure cutting of casing and marking of old drill collars. Outcome: addressed after visit.
4. Consider relocating Sunrise Jet-A fuel berm to a less bouldery location. Outcome: This camp area is comprised of glacial rubble, and Peregrine has spent considerable effort to manage this challenging site. Both the diesel berm (which the Inspector found acceptable) and the aviation-fuel berm (which he identifies as "helter-skelter") are identical commercial berms with rain-drain attachments, accompanied by a spill kit and easy access to additional absorbents and refuge drums. Whilst the diesel berm is established on an area of less angular, more uniform cobbles and boulders, the aviation-fuel berm to the north is established on an area with more angular cobbles and boulders of assorted sizes, making for an uneven appearance in the interior of the berm, even though the drums are just as carefully stored and inspected as in the diesel berm. A long-term remedy for this site – a large volume of quarried material – is not a practical option for this camp unless it were to be considered for long-term usage. Peregrine will continue to work on stabilising the aviation-fuel berm to the degree possible. Where it is practical to do so, further plywood underlayment and supports will be employed.
5. Incinerator may be too close to lakeshore. Outcome: The incinerator has been at its current location, approximately 72m from shoreline, since it was installed in 2009; AANDC may reference this by referring to past versions (2009 and 2010) of the Sunrise Camp layout map. Locations of each camp structure are GPS-recorded and then mapped by a professional GIS specialist.

6. A meter should be employed for measuring water use in camps. Outcome: Peregrine explained to AANDC Water Resources officers Eva Paul and Ian Parsons during a meeting in November 2011 that water is measured with each filling of a known volume – a tank with gradations -- and each fillup volume is recorded in a log. Records support consistent water-use volume for a known population, and this volume remains consistent across not only this exploration camp but similar exploration camps elsewhere in the North. Peregrine discussed with Ms. Paul and Mr. Parsons that, based on experience, it is a concern that, once a meter is installed, camp personnel tend to have a false sense of security, which can result in data gaps occurring when a meter malfunctions and readings are no longer taken and recorded manually. It is the regular, uninterrupted recording of water-use data that is of primary importance to Peregrine. Ms. Paul and Mr. Parsons agreed that this explanation was acceptable, and that Peregrine should repeat it in its Annual Report.
7. Inspector requested an accounting of what fuel remained at Aurora Camp, which he understood was closing. Outcome: In an e-mail to the Inspector on 04 November 2011, the Manager of Regulatory and Environmental Affairs (the Manager) advised that only six propane, and no fuel drums, remained at Aurora Camp over the winter, and eight sleeper tents as well as the recreation tent were moved from Aurora to Discovery Camp in August 2011. In comments to the Inspector in December 2011, the Manager further advised that Aurora had closed seasonally but might be reopened in future, if required.
8. Inspector noted that maintaining greywater sumps in the rocky soil of Sunrise Camp is more challenging than at Discovery Camp and suggested that a series of natural-depression cells might be employed to spread greywater over a greater area. Outcome: In comments supplied to the Inspector in December 2011, Peregrine stated that it feels the Inspector would agree that the box sumps implemented have resulted in improvements. Evaluation of the method of channelling outflow to a series of cells/depressions leading away from and downgradient of the outfall point, has been under way intermittently since 2009, and will continue in 2012. Any such improvements which are planned for implementation will be discussed with the Inspector, as Peregrine continues in its commitment to manage greywater.

Site Photos and Maps

Please see photos and maps in the document, “Chidliak, Qilaq, Cumberland Photos and Maps – 2011”, accompanying this report. In addition, two broadsheet-sized maps of 2011 Chidliak and Qilaq drill-collar locations accompany this report digitally and in hard copy.

Summary of Community Consultation

Meetings were held with the Amarok Hunters & Trappers Association (HTA) in Iqaluit on 14 February and 23 November 2011. Other Iqaluit meetings were as follows: (1) Mayor and City staff on 15 February and Mayor and Council on 23 November; (2) Baffin Regional Chamber of Commerce on 15 February and 23 November, and (3) community site visit to Chidliak on 29 August, comprised of Mayor and City representatives, Amarok HTA representatives and elders. In Pangnirtung, Peregrine’s other regional community of interest, meetings or events were held as follows: (1) hamlet meeting on 21 November; meeting planned for 16 February was cancelled due to Mayor’s unavailability; (2) meeting of the Community Strategy Working Group on 16 February; (3) public meetings on 16 February and 21 November; (4) open houses on 17 February and 22 November; (4) meetings with Pangnirtung HTA on 17 February and 22 November, and (5) community site visit to Chidliak on 15 and 16 August, comprised of Mayor and hamlet representative, HTA representatives and elders. Plans are under way for the next consultation meetings in Iqaluit and Pangnirtung during March 2012. The purpose of the 2011 meetings was to advise the groups of work that had occurred and was planned, including the proposed bulk sample, to solicit and interview employment candidates, and to invite questions and address concerns. In respect of the Cumberland Project, various correspondence was exchanged with the Qikiqtarjuaq Community Liaison Officer (CLO) between July and December 2011, with a final Cumberland Progress Report filed

with the CLO in January 2012, in English and Inuktitut, and copied to the CLO in Pangnirtung. There was no Peregrine sampling on Qikiqtarjuaq IOLs in 2011.

Peregrine met with Qikiqtani Inuit Association (QIA) lands administration on 15 February and 23 November, and with new Lands Director Bob St. Eloi on 05 April 2011.

Progressive Reclamation Work Undertaken

No major reclamation work was required at the Chidliak Project in 2011. 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. Fuel inventory at closure was as follows: Sunrise – 83 diesel drums, 32 Jet-A, 12 propane and 68L of petrol. Discovery – 81 diesel drums, 53 Jet-A, 61 propane and 91L of petrol. Aurora – 6 propane and no fuel drums.

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

During the 178 days that the Sunrise Camp was in operation, the 78 days of the Discovery Camp and the 165 days of the Aurora Camp in 2011, 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. 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 and for helicopter operations. The spill plan itself was updated and provided to regulators on 17 January, 23 March, 11 May and 20 September 2011. A Spill Response Practice Drill was conducted on 31 August 2011.

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

Exploration under the Chidliak-Qilaq licence consisted in collecting two samples on one Chidliak IOL and 272 samples on five Qilaq IOLs, as well as drilling six RC holes (five on a Qilaq IOL and one on Crown land within the Qilaq Project) for a total of 183.34m. Exploration under the Cumberland licence consisted in collecting 246 samples on six Cumberland IOLs. (Sample breakdowns *by IOL are found on Pages 9-10 of the accompanying photos-and-maps document)*. No Cumberland land permit was required for samples collected on Crown land. Chidliak and Qilaq sampling on IOLs was conducted out of one of the Chidliak camps; no camp was required for the Cumberland sampling. No water use was associated with either land licence. 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. The Peregrine cache was activated on 10 July and removed on 05 August 2011. All efforts at compliance, avoidance and mitigation in place for the AANDC permit on the Hall Peninsula were equally applied across the Cumberland Project, as well, and the Spill Plan and Abandonment and Restoration Plan apply equally across all Baffin projects. There were no spill incidents to report in 2011. Any Qilaq wildlife sightings were incorporated into the general Chidliak Wildlife Sightings Log. The Cumberland crew kept a separate log. *(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 2011. Removal of Peregrine drums and spill kits from the Cumberland temporary fuel cache was documented with a photo upon closure in August 2011. The *PA-07* location,

which Peregrine first utilised in 2010, presents the only suitable strip 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 closure photo, accompanying photo-and-maps document, Page 8).*

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

Exploration activity at the Nanuq Project in the north Kivalliq region near Wager Bay occurred over a 56-day period, from 05 June through 08 July, then from 23 July through 13 August 2011. On behalf of its Nanuq North Project joint-venture with Indicator Minerals, Peregrine also drilled one hole on the Nanuq North property during the drill programme. Average camp population for 2011 was 11 persons. Five local staff from Rankin Inlet participated in the programme. Services ranging from expediting to fixed-wing services to camp groceries to accommodation, were purchased either in Rankin Inlet or Baker Lake; of these, most were Inuit-registered firms.

Summary of Activities in the Reporting Year

Activities conducted were as follows: ground geophysics (111 line kms of magnetic surveys and 7 line kms of OHM Mapper surveys), collection of 49 kimberlite indicator mineral samples and drilling of eight core holes on five targets by means of a Boart Longyear LY-38 heliportable drill in summer 2011. One fuel cache of 15 drums was utilised at 65° 29' 26.08" N lat. – 90° 50' 05.13" W long. (Zone 15N) for eight days between 22 June and 30 June 2011. At closure, the Nanuq Camp fuel inventory was comprised of 15 diesel drums, 21 Jet-A, 10 petrol and 10 propane.

Work Plan for 2012

The work plan for 2012 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) programme participants reported and recorded sightings in a Wildlife Log (log approved with the initial permit) to inform activity planning; (3) wildlife were given the right of way, and not subjected to harassment, and (4) pilot and crews were prepared to alter plans in response to presence of herds of animals or flocks of birds or nesting raptors in a proposed work area 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 2011, it was not necessary to alter plans in order to achieve non-disturbance.

Wildlife Encounters and Mitigation Measures

During a period when the bear fence was not operational due to electrical parts being on order, a wildlife encounter occurred in Nanuq Camp in the early hours of 09 July 2011, which resulted in destruction of a rabid wolf that entered the camp and associated injury to Anna Strumecki, a contract camp cook/first-aider, due to bullet ricochet. At least two persons with valid firearms licences are present at Nanuq Camp at all times. The encounter was investigated by Government of Nunavut Wildlife Officer Joanne Coutu-Autut and the RCMP, and reported to the Workers' Safety and Compensation Commission. The Wildlife Officer conducted a reconnaissance flight several days later, to ensure no wolves were visibly present in the camp area. Within 14 days, on 23 July, the camp reopened and exploration continued until programme conclusion in August. Because of the location of the camp on the Lorillard River, sightings of various wildlife – caribou, wolves, sandhill cranes and grizzly and polar bears occasionally – are not uncommon, and thus a high level of vigilance is always warranted at this camp, including proper operation of the bear fence during any periods of camp occupancy.

Site Visit by AANDC Inspector and Followup Action

AANDC Lands Inspector Kevin Robertson visited Nanuq Camp on 22 July 2011, one day before the camp was reopened (*cf. "Wildlife Encounters" section on Page 7*), thus camp systems were closed at the time of the inspection. Most observations were positive regarding this small, well-maintained camp. One comment provided in the inspector's written report in November 2011 was that there appeared to be "lack of berms in and at fuel transfer locations". Outcome: Peregrine responded that what the inspector had observed likely was empty drums awaiting outshipment after camp operations resumed, as Peregrine always ensures that fuel transfer occurs within a berm. Use of secondary containment will continue.

Site Photos

See Nanuq photos and maps in the document, "Nanuq Photos and Maps - 2011", accompanying this report. A map depicting the 2011 Nanuq and Nanuq North drill site locations also accompanies this 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 2011. Site visits to Rankin Inlet, Chesterfield Inlet and Repulse Bay occurred between 30 May and 01 June 2011; Peregrine provided an update on the 2010 programme and proposed programme for 2011, and responded to questions from community attendees and members of Hunters & Trappers Organisations.

Progressive Reclamation Work Undertaken

No major reclamation work was required at the Nanuq Project in 2011. Repairs to tents and equipment as a result of the wolf attack on 09 July was completed without incident prior to programme resumption on 23 July. Drillholes were closed and till-sample sites were re-covered, and each site inspected, as per the Nanuq Abandonment & Restoration Plan in effect. A total of 39 twenty-litre bags of contaminated soil – stored in secondary containment since 2009 – was removed off site in summer 2011; the delay in outshipment was due to a mis-communication with the local expeditor.

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

During the 56 days that Nanuq Camp was operational in 2011, there was no open burning. Garbage-sorting occurred, as per the Nanuq Waste Management Strategy, 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 and helicopter operations. The Spill Plan itself was updated and provided to regulators on 28 June 2011. A spill drill was conducted on 10 August 2011.

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.

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Kelli Gillard, Technical Advisor – Nunavut Impact Review Board

attach.: "Chidliak, Qilaq, Cumberland Photos and Maps – 2011"; "Nanuq Photos and Maps – 2011"; Chidliak and Qilaq drill log; Nanuq drill log; Chidliak and Qilaq drill locations map – RC holes; Chidliak drill locations map – DDH holes.