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**Annual Report - 2012: Activity under Land Permits and Water Licences
Chidliak, Qilaa, Cumberland Projects, Baffin; Nanuq and Nanuq North Projects, 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-CH10813 (Chidliak Project) and under Licence #2BE-NAN0813 (Nanuq Project).

This report contains concise information about what occurred on the properties during 2012, 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-Qilaa 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). During 2012, Peregrine was granted a harmonised extension of the Nanuq permit to 13 June 2013 and of the Chidliak permit to 17 June 2013.

Nanuq North: Addition of a Project for Reporting Purposes

In 2012, Peregrine also sought transfer of Nanuq North Project responsibilities from former Operator, Indicator Minerals Inc. (Indicator), renamed Bluestone Resources Inc. (Bluestone) in January 2012, to Peregrine. Assignment of Indicator's NWB Type B Water Licence #2BE-NQN0914 to Peregrine took effect on 11 September 2012. Application for a new AANDC Class A Land-Use Permit to replace the now-expired Indicator permit was filed in June 2012; review of this Peregrine Nanuq North application is currently in progress under a new permit number -- #N2012C0026.

2012 Annual Report Organisation

The report below is divided into the following sections: Chidliak, QIA Land Licences (Hall Peninsula and Cumberland Peninsula), Nanuq and Nanuq North. In addition, the following documents accompany this

submission: "Chidliak Project Photos, Maps, Table – 2012", "Nanuq Project Photos and Map – 2012", the NWB Annual Report Form for Chidliak and the NWB Annual Report Form for Nanuq. NWB will receive the forms electronically in their original Excel formats and, in the hard-copy versions, as .pdf documents; other report recipients will receive the NWB forms as .pdf documents only, unless they request Excel copies.

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

Exploration activity for the Chidliak Project (Chidliak) on the Hall Peninsula, South Baffin Island, occurred over a period of 57 days in spring 2012, based out of Sunrise Camp, and over a period of 72 days in summer 2012, based out of Discovery Camp. Camps were operational during the following periods: (1) Sunrise Camp: between 16 March and 11 May 2012 (with camp officially open on 25 March), accommodating an average daily population of 16 persons; and (2) Discovery Camp: between 27 June and 06 September 2012, accommodating an average daily population of 20 persons. A total of 21 local Inuit from Pangnirtung and Iqaluit were employed on Chidliak in 2012. Peregrine directly engaged the services of 36 South Baffin contractors; this total does not include expenses submitted by individual employees or contractors for other services, such as taxis, nor contractors hired indirectly through Peregrine's expeditor. The direct total for regional services in 2012 was approximately \$1.18 million, with the largest percentage expended for fixed-wing services.

Summary of Activities in the Reporting Year

A total of 2 536.40m of drilling occurred on Chidliak in 2012, all at kimberlites of interest within the bulk-sample Focus Area (see *accompanying Maps 1a and 1b*). A total of 26 shallow holes were drilled with a waterless reverse-circulation (RC) Northspan Hornet drill (total drilling depth of 157.90m) and 11 core holes (DDH) were drilled with a Boart Longyear LM-55 heli-portable conventional diamond drill (total drilling depth of 2 378.50m). Drilling was conducted between 05 July and 14 August 2012; all holes drilled were on land.

Other activities were as follows: (1) ground geophysics (5 542 line kms of magnetic surveys in winter conditions, 723 line kms in summer and 87.80 line kms of OHM Mapper surveys), (2) prospecting and (3) collection of 412 till samples, mainly within the Focus Area. No samples were collected within the boundaries of the Canadian Wildlife Service (CWS) Western Cumberland Sound Archipelago Bird Site #29 (see *accompanying Map 2*). In addition, summer water-quality sampling, other environmental surveys and an archaeological assessment were conducted in 2012. The meteorological station based at Discovery Camp was in its second year of operation under a Nunavut Research Institute Licence, #01-002-12R-M.

Two new kimberlites were discovered in 2012 by prospecting, bringing the total discovered to date on the property to 61. Two tent camps were operated in 2012: 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 Aurora tent camp – 50km north of the existing camps at 64° 36' 33" N lat. – 66° 34' 36" W long. – was downscaled late in 2011 and currently is inactive. Establishment of the new CH-6 Camp at 64° 19' 24.76" N lat. – 66° 31' 30.19" W long., which was approved to support bulk sampling of the proximal CH-6 kimberlite, commenced (see *proposed layout in Map 6*). Several sheds and seven tent floors were installed in 2012; however, completion of CH-6 Camp has been deferred to a later date.

Regarding the approved heavy-equipment mobilisation, Peregrine provides the following information. On 30 March and 01 April 2012, two experienced hunters from the Amarok Hunters and Trappers Association in Iqaluit (Amarok HTA) and a Peregrine representative scouted the approved Winter Equipment Trail as far as Qamanialuk (McKeand Lake). On 08 April 2012, a successful routing all the way to Sunrise Camp

was achieved, a distance of 185km. This activity was carried out after arrival in Iqaluit of two representatives of Nuna Logistics, the Inuit-registered firm which Peregrine had engaged to mobilise the approved tracked equipment to site and then operate it for the bulk-sampling programme. The Nuna employees and one of the Amarok HTA scouts operated the Challenger 875C, Sno-Cat BR-350 and Morooka MST 3000, then completed a return trip to Iqaluit. Ice profiling was completed on all lakes which had to be crossed, and routing datapoints were recorded real-time with a GPS Nano tracker; project personnel were able to follow skidoo and equipment travel via an internet website associated with the tracking device. Before being parked for the end of the season at Discovery Camp, the equipment made two haul trips between Iqaluit and site, 15-23 April and 04-05 May 2012, bringing to site two water tanks, rig mats, a bulk-sample bag handler, rolls of geotextile for the Discovery equipment shed and the snowblower for the existing CAT Skidsteer. The Winter Equipment Trail with two short alternate sections (see *accompanying Map 8*) was adapted from the general Pang Trail and Suka Trail routings, based on existing topography and trail conditions.

In late August 2012, Peregrine submitted an application to AANDC, NWB and NIRB for renewal of the Chidliak land-use permit and water licence, so that project activities may continue for another five years.

On 14 August 2012, Peregrine announced the postponement of the bulk-sampling programme. As a consequence, Discovery and Sunrise camps were downscaled to lessen wear-and-tear and project footprint during the inactive period. A total of 16 sleep tents were removed, along with two dry tents from Sunrise. As tent floors remain in place, tents can be re-established easily as required. In October 2012, Peregrine closed an option agreement with De Beers Canada (De Beers), whereby De Beers has the right until the end of December 2013 to enter into an earn-in and joint-venture agreement with Peregrine under which De Beers would become Operator of Chidliak and 50.1% owner of the project.

Work Plan for 2013

With the bulk-sample postponed, there currently are no exploration plans at Chidliak for the coming year. Should this change, regulators will be advised in advance. In the meantime, Peregrine awaits issuance of the renewed land-use permit and water licence, which should be received on or before late spring 2013.

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; AANDC 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 the weekly Health/Safety/Environment (HSE) meetings; (2) personnel reported and recorded sightings in a Wildlife Log (log approved in 2008 and updated in 2012) to inform proposed activities; (3) plans were altered in response to presence of animals, e.g., when the ground geophysical crew observed two caribou in the distance on a survey day in early April, they moved the survey line so it would be away from the animals, and (4) local information was used to adjust programmes, e.g., direct involvement of scouts from the Amarok HTA in selecting a routing for mobilising heavy equipment and for use of the Trail later. In addition, before season startup, as per usual, the Project Manager and Operations Manager were provided with a copy of Peregrine's 2012 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 observed upon approaching a work area. Personnel and pilots were advised to alter plans, if necessary, in response to the presence of herds of animals, 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. In 2012, diversion of activities to avoid polar bears was not required, though polar bear tracks were noted by a ground geophysical crew on one occasion. To enhance both human and wildlife safety, Peregrine requires that all field crews remain in regular contact with their helicopter pilot and camp communications.

As no caribou were observed on wildlife-survey flight lines, highlights of the July 2012 environmental survey were incidental observations of caribou, *i.e.*, observations by the survey team whilst not on transect: (1) aerial observation of two caribou whilst travelling between water-quality sampling stations on one day, then (2) aerial observation of a single caribou, followed by observation of an adjacent group of nine whilst travelling between water stations on a separate day. In the latter case, a till sampling crew also travelling through the area observed the same caribou and caused no disturbance (the environmental team directly observed the sampling crew's avoidance measures).

Environmental-survey sightings of raptors and known or suspected nests were recorded during the two-day July survey and will be mapped for the 2012 environmental report. One Peregrine Falcon (a Species at Risk) was observed on a known cliff nest. Since 2009, Peregrine has maintained conservative buffer zones of 1.5km around each documented nest site, particularly during the breeding season (early May to mid August). No sensitive habitat for other species was recorded during the environmental survey. Continued vigilance to document sightings and ensure mitigations will be a focus in future programmes, including during the wildlife component of personnel orientation, during the wildlife-log entry process and as a reminder during the regular camp HSE meetings. Peregrine will determine whether a wildlife baseline survey will be conducted in 2013, a non-active programme year.

At the end of the last Annual Report period in December 2011, Peregrine consolidated its wildlife monitoring and mitigation measures into a single Wildlife Management Plan document, which went into effect with the Chidliak spring programme in 2012.

With regard to flight-tracking records, QIA Land Licences *#Q10L1C008-Extension* (Chidliak and Qilaq IOLs on the Hall Peninsula) and *#Q10L1C014-Extension* (Cumberland IOLs on the Cumberland Peninsula) require provision of flight-tracking records for helicopter sample flights over or into IOLs. Records are to be comprised of text (Excel tables) and maps depicting the location of datapoints comprising a flight line. No flights over IOLs occurred in 2012; however, 2011 records for *#Q10L1C008-Extension* still were in preparation at the time of compiling this Annual Report in October 2012 and are expected to be submitted to QIA before year-end. Flight-tracking records required for Cumberland's *#Q10L1C014-Extension* for 2011 were provided to QIA Lands in June 2012.

A traditional-knowledge (TK) study for Peregrine by the community of Pangnirtung was being finalised during 2012. Discussion between Peregrine and the QIA regarding a traditional-knowledge study, or access to data already available, focusing on wildlife knowledge of Iqalumiut, resumed in 2012; further discussion will proceed as appropriate to the stage of the Chidliak Project. In the meantime, local knowledge provided to Peregrine by both Iqaluit and Pangnirtung land-users continues to be incorporated into programmes on a regular basis.

Wildlife Encounters and Mitigation Measures

There were no Chidliak wildlife encounters in 2012. However, on 16 April 2012, a polar bear identified as a sub-adult was observed near Sunrise Camp. Measures taken consisted of firing of bear bangers and guiding of the bear away from camp by two Inuit on skidoos for a distance of approximately 4km. The guides were careful to proceed slowly, so as not to tire the bear. The next day, an aerial reconnaissance

was conducted, and bear tracks were noted heading off toward the coast. There were no further bear sightings near either Sunrise or Discovery. For extra security during the remainder of the Sunrise programme, a night watch was instituted and extra illumination installed at camp. Peregrine has bear fences around Sunrise, Discovery and Aurora camps, and 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 2012 as in past years.

Inspector Site Visit and Followup Actions

On 20 July 2012, AANDC Water Inspector Melissa Joy and Brian Tattuinee of AANDC Lands inspected Discovery, Sunrise and Aurora and CH-6 camps and several drillsites. Camp records also were inspected. Items for rectification, consideration or where no action is required are as follows and are derived from Peregrine's notes; Peregrine awaits a copy of the Inspector's report:

1. Aurora Camp: Not operational. Minor cleanup req'd; this was completed during summer 2012.
2. CH-6 Camp: A new camp in the process of assembly; not in use, no fuel stored.
3. Sunrise Camp: Camp was closed at time of inspection. Housekeeping items: Remove water from containment berms, pails; change out fuel drums supporting satellite dish with drums of rocks [this change was already scheduled]. Three other Inspector requests were the same for Sunrise and Discovery: (a) add a hose drip-loop to tent fuel-supply line; (b) should have a Standard Operating Procedure for UV bulb disposal [note: *Peregrine has a Waste Strategy in place and does NOT incinerate any Hg-containing bulbs or tubes*], and (c) "better" mini-berms should be considered (no specific comment).
4. Discovery Camp: Inspector would like to see "more rocks" in the established greywater-drainage paths. Fuel storage adequate at Discovery and Sunrise; no action req'd. Inspector requested "water-sampling results" for Discovery; closest water-sampling station is downstream of Discovery where flow is assured, not directly at camp, but Peregrine will supply annual results, as usual, when the 2012 environmental report is available. Camp potable-water results were provided.
5. CH-7 Drillsite: Inspector requested and received a copy of the drillwater consumption record. No Inspector comment on the current hole being drilled. Inspector said further cleanup may be recommended at a 2011 drillsite, though no particulars were given; at the 2011 drillsite noted, all cuttings are clean, no additives were employed, and cuttings are not beside water.
6. CH-6 Drillsite: Peregrine provided cuttings explanation to Inspector when queried about general cuttings containment. Peregrine also explained that harmful additives are not used, so cuttings do not present a risk. Boart Longyear drill crews deploy silt fences to allow clay fines to settle out. What also has been done at CH-6 (a rocky location) is to set up the drill right over a natural rock sump, so that cuttings report right at that location. Inspector suggested using a mega-bag as a settling tank. The Inspector also asked about cutting off casing; Peregrine replied that casing is cut, threaded section welded on later and the cap twisted on. If any cutoffs are missed or deferred due to wet conditions, locations are checked before the end of the programme season.

Site Photos and Maps

Please see photos, maps and a drill-log in the document, "Chidliak Project Photos, Maps, Table – 2012", accompanying this report.

Summary of Community Consultation

Peregrine conducted a consultation visit to the South Baffin between 22 and 26 April 2012. Groups in Iqaluit, including City representatives and the Amarak HTA, were not available to meet, but were kept informed of activities, and two HTA guides participated in the equipment mobilisation during that time as discussed on Pages 2-3 above. In Pangnirtung, Peregrine's other regional community of interest, meetings

or events were held as follows: (1) meeting with Nunavut's Economic Development and Transportation Department manager and staff in Pangnirtung, on 23 April; (2) meeting with hamlet representatives on 23 April; (3) public meeting on 24 April; (3) two-day open house, 24-25 April; (4) meeting with Pangnirtung HTA on 25 April, and (5) an informal meeting with the hamlet mayor, at which Peregrine's president introduced two members of the De Beers team, on 06 September. Due to 2013 programme postponement, community site visits to Chidliak, held in August in the past three years, were not held in 2012. The purpose of the April meetings was to advise the groups of work that had occurred and was planned, including the proposed bulk sample, to solicit employment candidates, and to invite questions and address concerns. In respect of the Cumberland Project, correspondence was exchanged with the Qikiqtarjuaq Community Liaison Officer (CLO) in January 2012. There was no work on Cumberland in 2012 and no Peregrine sampling on Qikiqtarjuaq IOLs in 2012.

Peregrine met with QIA Lands representatives on 16 April. Peregrine's president also met informally with the QIA on 11 October, and was advised that QIA was planning an information session in Pangnirtung on or about 25 October, to acquaint the community with QIA's roles and responsibilities.

Progressive Reclamation Work Undertaken

No major reclamation work was required in 2012. Drillholes were closed and till-sample sites were recovered when completed and each site inspected, as per the Chidliak/Qilaaq/Cumberland Abandonment & Restoration Plan in effect. Fuel inventory at closure was as follows: Sunrise – 83 diesel drums, 17 Jet-A, 28 propane and 20L of petrol. Discovery – 77 diesel drums, 23 Jet-A, 41 propane and 40L of petrol. Aurora and CH-6 camps – no 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 total 129 days of camp operation, there was no open burning; garbage-sorting occurred, and there was no incineration of non-burnable plastics or Styrofoam, nor improper disposal of mercury-containing fluorescent light bulbs or tubes. All camp personnel underwent orientation. Camp attendants responsible for camp-waste handling, sorting, 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

Two spills at Chidliak activated the Spill Plan in 2012 (see photos on Page 6 of accompanying document). Spill #12-102 occurred on 31 March 2012 at Sunrise Camp. In this incident, 5L of stove oil leaked onto snow from a drum offloaded at Sunrise Lake ice strip; this was a spill to lake ice, not to water. Contaminated snow and ice were completely dug out and incinerated; penetration of the ice was only to a depth of 5cm. Discussion on the importance of proper bung-tightening of already-opened drums ensued at the next HSE meeting. Spill #12-315 occurred on 01 August 2012 at the Discovery Camp land-based airstrip apron. In this incident, 50L of Jet-A fuel leaked from a faulty drain valve on the Twin Otter fuel tank whilst the plane was taxiing on the apron. Of this amount, only 25L reached the ground, as the remainder was captured immediately in pails already on hand. There was no impact to water from the 25L leak. Oil-contaminated rock and soil was completely dug out and the area filled in with clean surrounding material; UN 3077 material was containerised and outshipped to Nunatta Environmental Services in Iqaluit, a Registered Waste Receiver. Peregrine advised the air carrier, Unaalik Aviation of Iqaluit, to rectify the faulty valve.

The Spill Plan itself was updated and provided to regulators on 01 April and 04 July (contact-information updates) and again on 06 July 2012 in connection with submission of the permit and water-licence renewal applications. A Spill Response Practice Drill was conducted on 17 July 2012.

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

No exploration occurred in 2012 on IOLs under the Chidliak-Qilaq or Cumberland Land Licences. No work plans have currently been developed for either area in 2013; regulators will be notified in advance, should plans change. Peregrine does plan to seek a new Qilaq land licence to replace #Q10L1C008-Extension prior to its expiry on 01 March 2013.

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

No exploration occurred on the Nanuq Project (Nanuq) in 2012. Activity was comprised of a Peregrine visit between 17 and 20 August 2012 to remove ancillary drill equipment stored at the laydown area south of Nanuq Camp and to check conditions of the camp environs. In October 2012, Peregrine submitted applications to renew the Nanuq land-use permit and water licence, which expire on 13 June and 31 May 2013, respectively.

Work Plan for 2013

The work plan for 2013 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; AANDC conditions #20 through #22, as well as Caribou Protection Measures #1.1 through #4.1 similarly apply. Although no programme was conducted in 2012, when programmes are conducted, Peregrine personnel and contractors obey these conditions in the following ways: (1) personnel are advised of wildlife obligations during camp orientation; (2) programme participants report and record sightings in a Wildlife Log (log approved with the initial permit) to inform activity planning; (3) wildlife are given the right of way, and not subjected to harassment, and (4) pilot and crews are 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 have left the area, or adjusting vertical and horizontal flight distance.

Wildlife Encounters and Mitigation Measures

No mitigation measures were necessary, as no exploration programme was conducted in 2012. Similarly, there were no wildlife encounters in 2012.

Site Visit by AANDC Inspector and Followup Action

AANDC Land Inspector Christine Wilson conducted an inspection of Nanuq Camp on 02 August 2012; Peregrine received a copy of the Inspector's report on 17 September 2012. Peregrine had notified the Inspector in advance that camp would be closed during AANDC's proposed period of inspection; in fact, camp was not open during 2012 and no exploration activities occurred. Comments made by the Inspector, who visited 16 days prior to Peregrine's internal inspection, were as follows:

(1) "Areas of ground covered in grey material and signs of erosion at the end of an outfall pipe."

Response: On 21 September 2012, Peregrine requested that the Inspector clarify this comment, as the camp had undergone an internal inspection on 18 August 2012 (*update report of 04 September 2012 to AANDC and NWB*) and no areas of concern requiring attention were observed. Any channel observed in the non-vegetated sand flat on which camp sump is located would have been very minimal (a few centimetres), and sumps were covered by plywood in 2011; no sumps were dug or greywater produced in 2012. Any covering of the sump not believed adequate from last use in 2011 will be addressed by Peregrine at the time of the next visit.

(2) "Sumps not backfilled". Response: See comment in (1) above.

- (3) "Container of ash... should be secured in a metal covered container". Response: Container was secure at time of internal inspection, but will be replaced by Peregrine at the time of the of next visit.
- (4) "Water within berms". Response: When this closed camp was inspected by Peregrine on 18 August 2012, the large storage berms were observed to be sound, with only minimal presence of precipitation. All berms, large and mini-berms, will be checked and any concerns addressed at the time of the next visit. Overall Inspector assessment was that Nanuq site was clean with "no real concerns... just a few recommendations for improvements." Peregrine thanks AANDC for its detailed inspection and will focus on improvements at the time of Peregrine's next visit and camp occupation.

Site Photos

See Nanuq photos and map in the document, "Nanuq Project Photos and Map - 2012", accompanying this report.

Summary of Community Consultation

A no-sampling protocol with Parks Canada in regard to the boundary of Ukkusiksalik National Park continued in place in 2012. Site visits to the Kangiqliq Hunters & Trappers Organisation in Rankin Inlet, and the communities of Chesterfield Inlet and Repulse Bay did not occur in 2012, as there was no programme, but letter-reports were provided to, and acknowledged by, the consultee groups in September 2012. No concerns were received.

Progressive Reclamation Work Undertaken

No major reclamation work was required at Nanuq in 2012. There were no drillholes or sample sites requiring closure under the Nanuq Abandonment & Restoration Plan in effect. Fuel inventory at Nanuq Camp at the time of the seasonal inspection on 18 August 2012 was as follows: 25 diesel, 11 Jet-A, 10 propane cylinders and 10 petrol drums. Some fuel had been stored at the camp temporarily by Natural Resources Canada for their summer 2012 programmes, but was removed prior to closure.

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

Nanuq Camp was not operational in 2012, but the Nanuq Waste Management Strategy was updated in connection with renewal applications for the land-use permit and water licence. In programme years, no incineration of non-burnable plastics or Styrofoam, nor improper disposal of mercury-containing fluorescent light bulbs or tubes occurs. Camp attendants responsible for camp-waste handling, sorting, disposal and operation of the dual-chamber incinerator unit are trained in and monitored for their 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 in 2012. Though no exploration programme was conducted in 2012, the Spill Plan was updated in connection with applications for renewal of the land-use permit and water licence. No Spill Response Practice Drill was conducted in 2012 as there was no Nanuq programme in 2012.

NANUQ NORTH PROJECT (Class A AANDC Land-Use Permit #N2012C0026 [in process])

As noted on Page 1, Peregrine assumed responsibility for the Nanuq North Project (Nanuq North), north of the Nanuq claimblock, during 2012. No exploration occurred on Nanuq North in 2012. Activity was comprised of assignment of the existing Indicator NWB Type B Water Licence #2BE-NQN0914 to Peregrine and of application for a new AANDC Class A land-use permit in Peregrine's name to replace Indicator's permit #N2009C0005, which expired on 07 May 2012.

AANDC is currently reviewing Peregrine's Nanuq North application and has assigned a new permit number to the file (#N2012C0026). Assuming acceptability of the application, issuance of a replacement permit can be anticipated in the near future, possibly during or before spring 2013. The water licence does not expire for another two years and is valid until 31 October 2014. The Nanuq North permit application was screened by NIRB in 2009 under Screening Decision #09EN011 (original decision of 28 April 2009 and an amended decision with respect to Amendment #1 for a fly camp on 13 July 2009).

CONCLUSION

Thank you for the opportunity to provide this letter-report, the accompanying two photo/map documents 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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attach.: "Chidliak Project Photos, Maps, Table – 2012"; "Nanuq Project Photos and Map – 2012";
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