



04 September 2012

**BY E-MAIL AND CANADA POST**

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Dear Regulatory Managers:

**Re: Update of 2012 Activities at Peregrine's Nanuq Project**  
**Land-Use Permit #N2007C0039 and Water Licence #2BE-NAN0813**

Peregrine Diamonds Ltd. (Peregrine) is pleased to advise our regulators of activities that occurred at the Nanuq Project, Kivalliq Region, NU, in 2012. Because no exploration programme was undertaken this year, no notice of programme startup and conclusion was provided; instead, we trust that this letter will suffice to provide information on activities. Peregrine's required Annual Report will be provided as per usual early in 2013 to Aboriginal Affairs and Northern Development Canada (AANDC), the Nunavut Water Board (NWB) and the Nunavut Impact Review Board (NIRB). The applicable NIRB screening decision is #08EN002.

**Activities Conducted:**

There was no exploration programme in 2012. Site activities occurred between 17 and 20 August 2012, served mainly out of Rankin Inlet, and consisted of an in-house inspection of and securing of Nanuq Camp for the winter by a Peregrine contract employee, as well as removal by two Boart Longyear personnel of some Boart Longyear ancillary drilling equipment and supplies which had been stored on site since the last drill programme in 2011. Photos of the secured camp and current empty drill laydown area are displayed at the end of this letter.

Fuel inventory stored on site at seasonal closure is as follows: 15 diesel drums (tent fuel) in one berm; 10 P50 diesel drums in a separate berm; 11 Jet-A drums in the aviation berm by the heli pad, and 10 petrol (gasoline) drums stored together in the same berm as the tent fuel. Ten propane cylinders were secured in a separate group behind the dry. Fuel stored at the camp temporarily by Natural Resources Canada for their summer 2012 programmes has now been removed.

There was no water use at Nanuq Project during 2012.

Because camp was not operational in 2012, there was no spill drill in 2012.

The LY-38 core drill was removed in 2011. Remaining items which had been stored in the laydown area at the south end of the natural-sand airstrip were removed during the recent visit and included the following: NQ drill rod and casing, tubes, action packers with tools, fuel tanks, baskets, a pump shack, coil stove, bags of salt (unused), waterline, miscellaneous parts and metal, oxygen and acetylene (welding) bottles and chains. The only items left in the drill-equipment storage area (*cf. Photo 1 below*) are an existing wooden storage platform supported by old empty drums, and some timbers.

### **Camp Cleanup:**

Nanuq Camp at the north end of the airstrip was last cleaned up and secured at the end of the 2011 season. Peregrine representative Grant Lockhart reported the bear fence to be intact, closed and wires tight (*cf. Photo 3 below*). There was no sign of animal visitation. Tents were undamaged and doors secure. There was no debris or garbage in the compound or around the incinerator; two empty trash drums and an empty wooden trash box were proximal. The manufactured single-drum mini-berms behind tents were undisturbed and covers closed. The three manufactured berms for multiple-drum storage were intact and drums inspected (*cf. Photos 8-10 below*). The core-storage racks behind camp were tidy and undisturbed. The only change from closure 2011 was that one of the two outhouse sheds at the south end of the camp had blown over due to high winds in the spring or winter (*cf. Photo 7*); this has occurred at this camp in the past. The latrine-pit depressions were covered with clean sandy soil from the camp compound.

### **Transport and Logistical Services:**

Logistical and camp closure assistance was provided by M&T Enterprises of Rankin Inlet, 17-20 August 2012, with fixed-wing support from Unaalik Aviation (Rankin Inlet) and Ookpik Air (Baker Lake) via Twin Otter. A helicopter was provided by Great Slave Helicopters of Yellowknife to position heavy pieces of equipment for removal.

### **Wildlife Sightings:**

A log of camp wildlife sightings was not kept in 2012, as there was no programme. One sighting of a Peregrine Falcon adult was made by the Peregrine contractor during the camp inspection and closure on 18 August 2012; the bird was observed "sitting on a post at the camp"; no co-ordinates were recorded.

### **Environmental Activities:**

A land-use inspection under AANDC Class 1 Permit #N2007C0039 and NWB Type B Water Licence #2BE-NAN0813 was conducted by AANDC inspector Christine Wilson on 02 August 2012. No report has yet been supplied, but it is assumed that all was found to be in order, as this was the case when Peregrine and Boart Longyear visited the site a few weeks later.

### **What Is Planned after this Activity?:**

Peregrine currently is preparing to apply for renewal of the permit and water licence, which expire on 13 June 2013 and 31 May 2013, respectively. Future programmes will be determined at a later date, but would be within the parameters of activities already allowed under the current permit and licence.

### **Conclusion**

We thank you for the opportunity to provide this information on 2012 activities. Peregrine also looks forward to continuing in compliance with existing regulatory obligations under #N2007C0039 and #2BE-NAN0813.

Yours truly,

**PEREGRINE DIAMONDS LTD.**



Shirley Standafer-Pfister  
Manager, Regulatory and Environmental Affairs

cc: Kelli Gillard, Technical Advisor – Nunavut Impact Review Board

**PHOTO 1**



**PHOTO 2**



**TOP: Drill-equipment laydown area after demobe – 20 August 2012.**  
**ABOVE: Boart Longyear fuel tanks and pump tray just prior to demobe – 19 August 2012.**



**PHOTO 3**



**PHOTO 4**



**TOP: View from bear-fence south gate toward camp compound – 18 August 2012.  
ABOVE: Interior of empty kitchen after removal of tent skin – 18 August 2012.**





**PHOTO 5: Looking E across covered tent-drum berms – 18 August 2012.**



**PHOTO 6: Inciner8 in foreground; old spare incinerator in background – 18 August 2012.**



**PHOTO 7: One of two outhouse shacks was found blown over during site inspection; pits were covered -- 18 August 2012.**





**PHOTO 8:** Petrol and tent drums in foreground; diesel berm in background -- 18 August 2012.



**PHOTO 9:** Aviation-fuel berm with spill kits -- 18 August 2012.



**PHOTO 10:** Propane and komatik storage -- 18 August 2012.