



PEREGRINE
DIAMONDS LTD.

August 27, 2010

BY E-MAIL & CANADA POST

Ms. Sharon Ehaloak
Executive Director
Nunavut Planning Commission
P.O. Box 2101
Cambridge Bay, Nunavut X0B 0C0

Re: Comments on Draft Nunavut Land Use Plan dated June 22, 2010

Dear Ms. Ehaloak:

Thank you for providing Peregrine Diamonds Ltd. ("Peregrine" or the "Company") with the opportunity to provide input on the Nunavut Land Use Plan (the "Land Use Plan") that the Nunavut Planning Commission (the "NPC") has prepared. I participated in the workshop held by the NPC in Leduc, Alberta on May 18 and 19, and I have reviewed the draft Land Use Plan that was issued on June 22.

Responsible mining development has the greatest potential to produce significant economic development opportunities for the people of Nunavut in the short term. All mines are developed as a result of mineral exploration. Mineral exploration is a high-risk investment and Nunavut is competing with many other jurisdictions in Canada and the world to attract exploration investment dollars. We view the impending implementation of Bill C-25, the proposed *Nunavut Planning and Project Assessment Act*, and the formulation of a Nunavut Land Use Plan as important events in the evolution of the business and regulatory environment in the territory. Through the formulation of sound policies, Nunavut now has a unique opportunity to become one of the most attractive jurisdictions in the world for mineral exploration and mining operations.

Nunavut is a vast, remote, underexplored territory that has the right kind of geology to host major mineral deposits. Peregrine is a strong believer in the mineral potential of Nunavut and since 2005, the Company has managed more than \$40 million of exploration expenditures in the territory, primarily in the search for diamonds. These expenditures have resulted in the discovery of two promising diamond districts, Chidliak, 120 kilometres northeast of Iqaluit, and Nanuq, 250 kilometres north of Rankin Inlet. BHP Billiton, the operator and 80 percent owner of the Ekati™ Diamond in the Northwest Territories, is Peregrine's partner at Chidliak. In 2010, Peregrine is managing approximately \$16 million in exploration expenditures at Chidliak, approximately \$2.5 million at Nanuq and a further \$1.5 million on other projects for a total of \$20 million.

As our record clearly shows, Peregrine is committed to doing business in Nunavut. Nonetheless, when Peregrine, and other exploration companies consider a decision to invest in exploration in Nunavut in the future, the Land Use Plan will exert a profound influence. Proponents need to fully understand the effect the Land Use Plan might have on the activities they would like to conduct in a particular region or zone. Limitations on activities in specific zones, if any, should be spelled out in the Land Use Plan. We believe that the Land Use Plan in its current form lacks the level of detail required to allow proponents to make informed exploration investment decisions in Nunavut. Therefore, it is difficult for us to provide you with detailed comments at this time. We respectfully urge the NPC to prepare a further draft of the Land Use Plan that includes more detailed written information in support of the maps that have been provided.

Peregrine believes that one of the primary objectives of the Land Use Plan that is being formulated should be to facilitate efficient advancement of mineral exploration and development projects in Nunavut that are conducted in a responsible manner. When evaluating the many factors that influence the allocation of exploration dollars, exploration and mining companies pay close attention to the regulatory framework of each potential jurisdiction. In the November 10, 2007 document that spelled out the broad planning policies and objectives that the NPC has developed, the following two points were made:

- **Objective F, Goal 5.** It is an objective of the Nunavut Planning Commission that Land Use Planning ensures that the goals of any proposed restrictions on land use are achieved with the least possible impact on undiscovered mineral resources, while taking into account environmental and social objectives.
- **Policy F., Goal 5.** It is a policy of the Nunavut Planning Commission that Land Use Planning provides clear direction and guidance regarding the conservation, development and use of land to provide certainty to land users, encourage investment, minimize risk and costs, and streamline the regulatory process to ensure Nunavut resources can compete in a global market place.

We are pleased that these provisions of the broad policies and objectives recognize the importance of the mining industry to the future of Nunavut and understand that the NPC will be striving to work with other agencies to create a climate that enables responsible mineral development. You may recall that in the workshop on May 18 and May 19, I stressed certainty of access to land is a key criterion that the mining industry applies when making a decision to invest. It is therefore essential that exploration operations have full access to all information pertaining to any limitations or restrictions on land use, to allow them to make fully informed decisions. As one of the most active exploration companies in Nunavut at the current time, Peregrine is very familiar with the territory and the regulatory regime. We would be pleased to assist the NPC by providing comments on future drafts of the Land Use Plan and providing our recommendations as to the level of detail in the plan that we suggest is desirable.

I hope that you find this submission helpful. I would be happy to provide you with additional information or answer any questions you might have.

Yours truly,

PEREGRINE DIAMONDS LTD.



Brooke Clements
President