



BY ELECTRONIC MAIL

February 14, 2014

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

Dear Ms. Ehloak:

RE: PEREGRINE COMMENTS ON DRAFT LAND USE PLAN

Peregrine Diamonds Ltd.'s ("Peregrine") comments on the Draft Nunavut Land Use Plan ("DNLUP") are detailed in the following paragraphs. Peregrine appreciates the Nunavut Planning Commission's ("NPC") request for comments.

The focus of these comments will be on the geological potential of Nunavut, the role the minerals industry must play in developing a sustainable Nunavut economy, and the request to grant Peregrine's exploration projects the *Encouraging Sustainable Economic Development* ("ESED-1") designation.

Background

Nunavut has a long documented history of mineral exploration and production. The evidence for this can be found in approximately 3,500 mineral assessment reports dating back to the mid-1900's. Mineral claim maps and a large number of research reports produced by government geoscientists date back to the early 1900's. Many of the numerous arctic expedition reports produced by explorers, including the 1576 Frobisher Expedition and the circa 1860 Hall Expedition, also include geological notes.

Overall, the entire territory has the potential for mineral exploration and development which includes: aggregate resources, quarry resources, gemstones, precious metals, industrial metals, industrial minerals and energy minerals.

Encouraging Sustainable Economic Development

Responsible mineral exploration and development is a critical component of the long term sustainability and economic independence of the territory. The development of more successful mining operations throughout the territory will strengthen the Nunavut economy and potentially help build a stronger



foundation for devolution. The Government of Nunavut's Mineral Exploration and Mining Strategy, Parnautit, recognizes that the "*future economic viability, and the improvement of the quality of life for Nunavummiut will depend on the development of these known and yet to be discovered (mineral) resources.*" (p.44). In the DNLUP in section 5.1.1, it is emphasized that the mining industry is a key contributor to Nunavut's economy that the NPC is committed to supporting its further development and enabling its continued growth.

As it presently exists, the DNLUP land use map in Schedule "A" entitled *Nunavut Land Use Plan Lands Use Designations* details only a small number of mineral/mining projects as *Encouraging Sustainable Economic Development* ("ESED"). The source of this information and the criteria for selecting these specific areas are unclear as are the reasons specific sites were selected and others neglected. This ESED designation should be significantly expanded to reflect all current mineral exploration projects, the exploration history of the territory and geology of the territory for which there is abundant documentation.

On the Schedule B map of the DNLUP entitled *Nunavut Land Use Plan Recommendations* the ESED designations are larger than on the Schedule "A" map. These areas are larger but still do not adequately reflect the geological potential of the territory in location or scope. As with the Schedule "A" map, the source information and selection criteria are not clear. Certainly, the preponderance of the areas on the map are dominated by the BHC-R2 designation which, in areas that do not have overlapping ESED designations, give the impression that ESED is excluded.

Geological data available in the document history can be utilized to delineate all known prospective areas. However, Nunavut's vast territory representing one fifth of Canada's land mass is still underexplored and new discoveries will undoubtedly be made in the future with new exploration initiatives and new technologies. An example of new discoveries can be found on the Hall Peninsula of Baffin Island which was largely deemed as having meager mineral potential until 2008. At this time Peregrine discovered the Chidliak kimberlite field now totaling 67 kimberlites. In 2013 the Canada-Nunavut Geoscience Office based in Iqaluit discovered layered ultramafic rocks in two places on Hall Peninsula. This discovery, along with work done by Peregrine, gives an indication of metals potential.

In developing land use plan maps the NPC should seek and review the knowledge available through historic geological documents, and utilize local territorial geological expertise (Canada Nunavut Geoscience Office, AANDC Geology and the Government of Nunavut Minerals Division) to develop a more accurate representation of the mineral potential of the territory. The ESED-1 designation should be expanded to reflect current and historic mineral projects and areas beyond these ESED-1 regions should be clearly illustrated as multi-use in anticipation of possible future mineral discoveries.

Peregrine Projects

Peregrine is a mineral exploration company that has been exploring for diamonds in Nunavut since 2004. The objective of this work is to discover and develop an economically sustainable diamond deposit. During the past 10 years Peregrine and its joint venture partners have incurred exploration



expenditures in excess of \$90 million on Nunavut projects. This work has resulted in the discovery of numerous significant mineral showings and the resulting data has contributed to the geological knowledge base of the territory.

Peregrine currently operates four projects in the territory; the Nanuq and Nanuq North Projects located North of Baker Lake, and the Chidliak and Qilaq Projects located on the Hall Peninsula of Baffin Island. The aggregate area for these projects is 1,035,000 hectares or 10,350 square kilometers. Table 1 details expenditures on each of these projects.

Table 1: Active Project Expenditures to Date

#	Project Name	Location	Area (ha)	Expenditures (\$)
1.	Nanuq North	Kivalliq Region	33,000	\$ 2,000,000.00
2.	Nanuq	Kivalliq Region	127,000	\$ 10,900,000.00
3.	Qilaq	Baffin Region	127,000	\$ 4,900,000.00
4.	Chidliak	Baffin Region	748,000	\$ 67,500,000.00
Total:			1,035,000	\$ 85,300,000.00

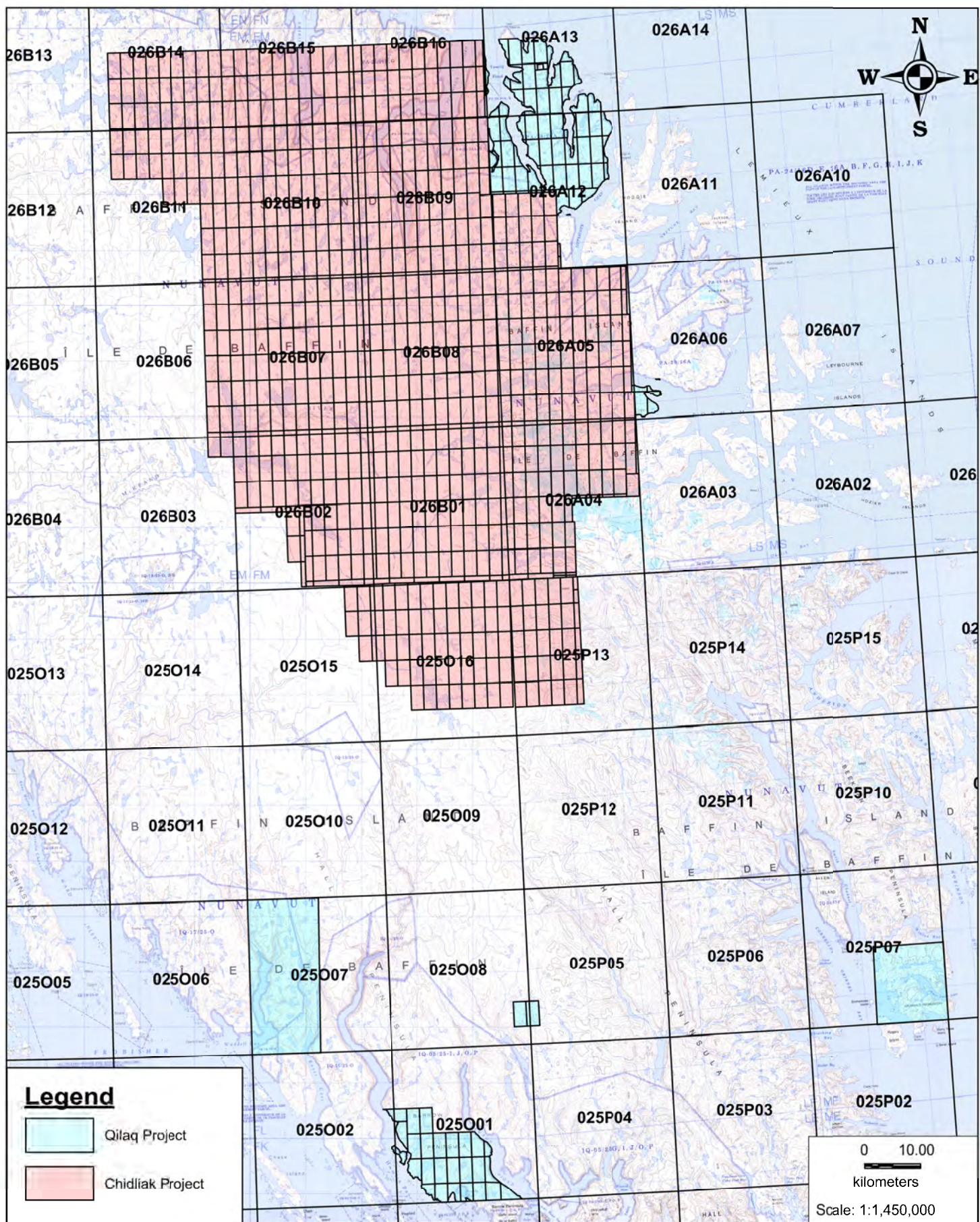
Peregrine has made a significant contribution to the economy of Nunavut in its quest to find economically sustainable mineral deposits and will continue its Nunavut work for the foreseeable future. As such, Peregrine requests that all of its projects be given the *Encouraging Sustainable Economic Development* ("ESED-1") designation as detailed in article 5.1.1 of the Draft Land Use Plan, and the Schedule "A" land use map. Two maps illustrating the location of Peregrine Projects are enclosed.

If you have any further questions on this matter please do not hesitate to contact me by email at dave@pdiam.com.

Yours truly,

PEREGRINE DIAMONDS LTD.

David Willis
Land Administrator



Map 1: Chidliak and Qilaq Projects

