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BY ELECTRONIC MAIL

February 7, 2022

Ms. Mia Otokiak, Technical Advisor
Nunavut Impact Review Board
PO Box 1360
29 Mitik Street
Cambridge Bay, Nunavut X0A 0C0
Email: info@NIRB.ca

Dear Ms. Otokiak:

RE: CHIDLIAK PROJECT - NIRB FILE 11EA050 – ANNUAL REPORT CALENDAR YEAR 2021

Peregrine Diamonds Ltd. (Peregrine) was purchased by De Beers Canada Inc. (De Beers) in September 2018 and is now a wholly owned subsidiary of De Beers.

The following letter is the annual Nunavut Impact Review Board (NIRB) report for the Chidliak Project (file #11EA050) for calendar year 2021.

- a) **Project Description:** The Chidliak Project is a remote, seasonal diamond exploration project. 2021 was the 14th year of the project.
- b) **Project Location** The Chidliak Project is located on the Hall Peninsula of Baffin Island 120 kilometers northeast of Iqaluit and 200 kilometers south of Pangnirtung. All activities occur within the confines of 1:250,000 scale national topographic sheets 56B. The entire project is located on Crown land.

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- c) **Project History** The original prospecting permits were acquired at the Chidliak Project in February 2007. In 2008 the Discovery Camp was established and the first kimberlites were discovered through prospecting. The first drill program was undertaken in 2009 and field programs of varying size have been conducted in each of the subsequent years 2010 to 2017 and 2019. No program was conducted in 2018. A total of 71 kimberlites were discovered in the project area between the years 2008 and 2014. Kimberlites CH-6 and CH-7 are considered the most prospective of the discoveries and inferred mineral resources are calculated for each. At present project currently consists of 41 mining leases with an aggregate area for the project of approximately 42,200 hectares.
- d) **Project Permits & Licencing** Peregrine holds class "A" land use permit N2018C0002 from CIRNAC which commenced on December 1, 2017 and expires on November 30, 2022. The permit authorizes an exploration camp and surface exploration activities at the Chidliak Project. Peregrine also holds corresponding water use permit 2BE-CHI1823 which commenced on June 1, 2018 and expires on May 31, 2023. The project was assigned file number 11EA050 by the NIRB in 2012.
- e) **Summary of Activities** Two field programs occurred. The first field program occurred in March and the site was accessed by snowmobile. The second field program occurred in August and the site was accessed by a Long Ranger helicopter and Twin Otter fixed wing. Field work occurred in August 2021 and consisted of environmental baseline work and camp maintenance. No geological evaluation work was conducted in 2021.

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The last physical visit to this site during the snow free months was in September 2019. The program was planned to be 10 days however weather delayed the arrival of the helicopter by a week and poor weather in the form of low-lying cloud, rains and winds added further delays to the completion of the program.

Winter Field Work 2021

A field crew consisting of four technicians from Arctic UAV departed Iqaluit on March 28, 2021 by snow mobile. The field crew arrived at Discovery Camp the same day and stayed there for the evening. The field crew melted snow for potable water. The purpose of the expedition was to check on the winter condition of field installations (camps and sensors) and install new batteries and data cards in the camera array. The crew returned on March 30 after completing the work.

Summer Field Work 2021

The field program occurred from August 6th to August 25th. All work was based out of Iqaluit. Field crews would mobilize at the airport and fly to the project area daily. The initial flight to the project area was by Twin Otter on August 6th and the last visit to the project area was on August 25th by helicopter.

Environmental work consisted of water studies, meteorological studies, noise studies and maintenance on a field camera array.

f) **Inspections**

CIRNAC Conducted one field inspection on August 18, 2021. The inspection was for both the land use permit N2018C0002 and water use license 2BE-CHI1823.

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- g) **Wildlife Encounters** Weather poor for the duration of the field program, consisting of high winds, low cloud cover cool temperatures and rains.. For the first time in project history (14 years) snow from earlier in the year remained in camp until mid-August. A family of arctic foxes was observed at Discovery Camp and three caribou were observed at Latitude 64.276245°, Longitude -66.564279°. These were wildlife observations not wildlife encounters.
- h) **Observed Local Users** No local users were observed in 2021 during the field expedition.
- i) **Local Hiring** Five of eight companies that participated in the project were Inuit owned businesses or partnerships. This includes:
- Nunatta Environmental
 - Arctic UAV
 - R.L. Hanson Construction
 - Nunami-Stantec
 - NunaPang Contracting Ltd
- j) **Consultations** The pandemic also affected community consultations. Two working groups (one for Pangnirtung and another for Iqaluit) were established in early 2020 in anticipation of commencing a traditional knowledge study. Inaugural meetings were held in each community on the 18th and 19th of February 2020. The Pangnirtung working group as rebooted in 2021 and held seven meeting. Meeting were interrupted by periodic COVID restrictions. The Iqaluit working group did not reconvene in 2021.

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Other activities included a project update with the Iqaluit Chamber of Commerce.

Consultation efforts have helped understand local traditional land use and the seasonal cycle in which these activities take place and communicate project details to local communities.

Since 2013 work is concentrated to the interior of Hall Peninsula and away from high use areas by local land users. Most local interest in the project continues to be with employment opportunities and now in Iqaluit with potential business collaborations. Consultation efforts will continue in 2021.

k) **Wildlife Monitoring**

Wildlife observations are recorded in field logs and compiled at the end of the season. Wildlife logs are introduced to project personnel every field season as part of the camp safety induction. Most wildlife observations are birds. A family of arctic foxes was observed at Discovery Camp and three caribou were observed at Latitude 64.276245°, Longitude - 66.564279°.

l) **Wildlife Mitigation**

Low densities of wildlife are observed in the interior of the Hall Peninsula where project activities take place. Since 2013 activities are confined to an area significantly smaller than the project claim block. Work is focused in an area around kimberlites CH-6 and CH-7 and an area around the mineral leases referred to as the local study area (LSA). This area is commonly referred to as the *priority work area*. Ecological mapping conducted in 2014, 2016 and

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2019 concludes that the area where most of takes place is bedrock and block-field with limited vegetation.

- m) **Project Specific Terms** Project specific terms are compiled and presented to the Project Manager prior to the beginning of every field season. A summary of these details are presented to all employees (De Beers and Contractor) as part of the camp safety induction. Managers are responsible for the day-to-day oversight of terms and conditions. The goal of fieldwork is good work practices and a safe work site. The terms and conditions of the permit area are consistent with good work practices.
- n) **Wildlife Report** In 2021 there were two recorded wildlife sighting during field work. These observations are listed in sections "g" and "k".
- o) **Work Plan for 2022** 2022 field work is currently being planned. During the pandemic much of the environmental field work has switched to remote sensing studies (satellite) and unmanned ground sensors. In 2022 ground sensors will require annual maintenance as will the field camps. It is anticipated that a short field maintenance program will take place in March (3 days), a hydrology program in late June (5 day) and a field camp maintenance program in July (21 days). There is also a chance that a ground geophysical survey will also be conducted at Kimberlite CH-6 in July.

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If you have any questions regarding this report or require additional information, please do not hesitate to contact me at david.willis@debeersgroup.com or by telephone at (604) 836-3284.

Yours Truly

A handwritten signature in blue ink, appearing to read 'D. Willis', with a stylized flourish at the end.

David Willis – De Beers