

DE BEERS GROUP

BY ELECTRONIC MAIL

February 24, 2023

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 2022

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 2022.

- | | | |
|----|----------------------|---|
| a) | Project Description: | The Chidliak Project is a remote, seasonal diamond exploration project. 2022 was the 15 th 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. |
| 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 |

De Beers Canada inc.

1601 Airport Road NE Suite 300 Calgary Alberta T2E 6Z8
Tel + 1 403 930 0991 | www.debeersgroup.com/canada | info.canada@debeersgroup.com
Incorporated in Canada | Registration number 889569596

A member of the Anglo American plc group

DE BEERS GROUP

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 42,578 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, 2024. 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. A renewal for this licence is being prepared. The project was assigned file number 11EA050 by the NIRB in 2012.

e) Summary of Activities

Several small field programs occurred. Field programs were based out of Iqaluit in April, June and early July. Discovery Camp was opened on July 13th and occupied by a small maintenance crew until September 3. The first field program occurred in April and the site was accessed to conduct baseline data and camp reconnaissance. The second field program occurred in May to conduct spring maintenance and small ARU studies. A two-day partial demobilization of Aurora camp occurred in June with flights from Iqaluit. All activities were accessed by a Long Ranger (L4) helicopter and Twin Otter fixed wing. No geological evaluation work was conducted in 2022.

The last physical visit to this site during the snow free months was in September 2022. The poor weather in the

DE BEERS GROUP

form of low-lying cloud, rains and winds added delays to the completion of the program and it was decided to close the camp September 3rd.

Spring Field Work 2022

From April 4th-13th a Technician and hydrologist conducted baseline studies and some site reconnaissance. Work included hydrological surveys, snow surveys, and water quality. Arctic UAV also performed maintenance on Wildlife Recording Units (ARU). The purpose of their maintenance was to check on the winter condition of field installations (camps and sensors) and install new batteries and data cards in the camera array. All April site locations were accessed daily from Iqaluit by Long Ranger helicopter. Field crews would mobilize at the airport and fly to the project area daily.

A field crew consisting of one technician from Arctic UAV and one person from De Beers conducted a single day program on May 14th. The site was accessed by Twin Otter and then snowmobiles were used to deploy ARU for baseline studies. The field crew returned to Iqaluit the same day.

Summer Field Work 2022

From June 20th to 22 a partial demobilization of Aurora camp occurred. The two-day work departed daily out of Iqaluit using a helicopter.

The Discovery camp was occupied for fifty-three days from July 13th to September 3rd. During this time the camp was restored from the past few years of vacancy during the pandemic. Tents and buildings were repaired and heavy equipment started and run. Items or materials which were not salvageable were flown off site and treated according to their appropriate waste stream in

DE BEERS GROUP

Iqaluit. A small baseline field program of water quality and hydrology also occurred.

During this time the camp was generally occupied by a total of four people. For a short period a maximum occupancy of nine occurred. Water use was limited to general domestic camp use yet did not include drinking. All water was taken from the the creek adjacent to the Discovery camp. (-66° 20' 38.01" 64°14' 23.93") . Bottled water was brought in for drinking water as the camp water filtration system was replaced. All camp waste was handled in accordance with Peregrine's Chidliak Waste Management Plan

- | | | |
|----|----------------------|---|
| f) | Inspections | No CIRNAC or ECC inspections were conducted in 2022. One minor spill of a biodegradable and non-toxic substance was noted and reported to the spill line. |
| g) | Wildlife Encounters | Only arctic fox and ravens were observed at Discovery Camp. Caribou were occasionally viewed from the helicopter during Iqaluit to Discovery camp flights. |
| h) | Observed Local Users | No local users were observed in 2022 during the field expedition. The location is inland and difficult to access during the summer months. |
| i) | Local Hiring | <p>In 2022 six of 10 companies used for field work were Inuit owned businesses or partnerships.</p> <p>This includes:</p> <ul style="list-style-type: none"> • Nunatta Environmental • Arctic UAV • R.L. Hanson Construction • Nunami-Stantec • NunaPang Contracting Ltd |

DE BEERS GROUP

- Kudlik Construction Field staff included six personnel, four from Pangnirtung and two from Iqaluit.

j) Consultations

The Pangnirtung and Iqaluit working groups were active in 2022. Pangnirtung working group meetings were held virtually February 8th, June 15th, and November 24th. Iqaluit working group meetings occurred November 18th and December 5th.

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. Traditional knowledge studies occurred throughout 2022 with several in person interviews in Pangnirtung from April to November 2022.

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 2023.

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. An arctic fox was observed at Discovery Camp and intermittent signings of caribou during access flights to site. Caribou observations occurred in groups of one to four.

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

DE BEERS GROUP

than the project lease 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 2019 concludes that the area where most of the exploration 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 2022 there were two recorded wildlife sighting during field work. These observations are listed in sections "g" and "k".
- o) Work Plan for 2023 Fields plans for 2023 are being finalized. A camp maintenance program and environmental field program are currently being designed for as early as April. This program will be helicopter and fixed wing supported. The possibility of a drill program at CH-6 is currently under discussion for the mid or later part of 2023.

DE BEERS GROUP

If you have any questions regarding this report or require additional information, please do not hesitate to contact me at chad.corson@debeersgroup.com or by telephone at (249) 377-4445.

Yours Truly

A handwritten signature in black ink, reading "Chad Corson". The signature is fluid and cursive, with the first name "Chad" and last name "Corson" clearly legible.

Chad Corson – De Beers Group