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## **PEREGRINE ANNOUNCES SEVEN ADDITIONAL KIMBERLITE DISCOVERIES AND COLLECTS 50 TONNE SAMPLE FROM CH-1 AT CHIDLIAK, BAFFIN ISLAND, NUNAVUT**

Peregrine Diamonds Ltd. ("Peregrine" or "the Company") is pleased to report the discovery of seven additional kimberlites on the 9,800 square kilometre Chidliak project ("Chidliak" or "the Project"), located approximately 120 kilometres northeast of Iqaluit on Baffin Island, Nunavut, Canada. Five of the seven kimberlites were discovered by drilling geophysical anomalies (CH-10, CH-13, CH-14, CH-15 and CH-16). The CH-11 and CH-12 kimberlites were discovered at surface while prospecting geophysical anomalies.

The field portion of the 2009 Chidliak exploration programme is now complete. Between July 3 and September 8, thirteen new kimberlites were discovered at Chidliak, seven by drilling and six by prospecting and mapping, bringing the total number of kimberlites discovered to date on the Project to sixteen. Other notable accomplishments in this year's field programme include:

- the collection of a 50 tonne mini-bulk sample from an outcrop at the CH-1 kimberlite and transportation of the sample to Iqaluit
- core drilling at CH-1
- in addition to the 13 new kimberlites, the discovery of kimberlite float at five locations by prospecting; three of the five float discoveries are associated with compelling geophysical anomalies
- the collection of 1273 indicator mineral samples
- the assessment of 58 geophysical anomalies by prospecting and geochemical sampling
- the completion of over 1,100 line kilometres of ground geophysical surveys
- the completion of an initial environmental baseline study

Kimberlite samples collected from the new discoveries are currently being processed for microdiamonds at the Saskatchewan Research Council Geoanalytical Laboratories ("SRC"). The first microdiamond results from the 2009 programme will be received this month and on a regular basis thereafter. Results for the 50 tonne sample collected from CH-1 are expected in the fourth quarter of this year.

All of the 16 presently known kimberlites and four of the five kimberlite float occurrences that have yet to be definitively linked to a kimberlite source fall within a rectangular area with dimensions of approximately 30 kilometres east-west and 17 kilometres north-south. Brooke Clements, President of Peregrine stated "We are very encouraged by the rate at which kimberlites are being discovered at Chidliak. During this summer's field season, in only 68 days, our crew averaged one new kimberlite discovery every five days. In addition, the presence of both kimberlite indicator minerals with diamond inclusion chemistry and untested high priority kimberlite-type geophysical anomalies both within and well outside of the area where kimberlites were discovered in the 2008 and 2009 programmes, indicates that there is excellent potential for the discovery of many more diamondiferous kimberlites at Chidliak."

### **KIMBERLITES DISCOVERED BY DRILLING**

The CH-10 kimberlite was discovered by drilling one of the four magnetic low anomalies aligned like a "string of pearls" in a north-northwest direction just north of the CH-6 kimberlite. Further drilling to better define these four anomalies and associated structure is under consideration for 2010. The CH-14 and CH-15 kimberlites are represented by magnetic high anomalies measuring approximately 150 metres by 100 metres and 100 metres by 40 metres respectively. The CH-13 and CH-16 kimberlites are represented by magnetic low anomalies measuring 150 metres by 50 metres and 200 metres by 150 metres respectively. Prior to drilling,

kimberlite float was discovered at surface by prospecting at all of these sites except CH-10. A kimberlite outcrop measuring approximately 70 metres by 50 metres was discovered at CH-14. The CH-10, CH14 and CH-15 kimberlites are described as being dominantly magmatic. The CH-13 and CH-16 kimberlites are described as being dominated by pyroclastic material.

### KIMBERLITES DISCOVERED BY PROSPECTING

The CH-11 and CH-12 kimberlites are each represented by magnetic high anomalies measuring approximately 100 metres by 50 metres. At CH-11, kimberlite occurs as outcrop and subcrop over an area measuring approximately 10 metres by 50 metres. At CH-12, kimberlite occurs as boulders and cobbles over an area of approximately 100 metres by 50 metres, with a small area of outcrop. Angular kimberlite boulders measuring over 50 centimetres in size are present at CH-12.

### ADDITIONAL DRILLING AT CH-6

As reported on August 6, 2009, the CH-6 kimberlite was discovered by drilling three holes, all from the same setup at the southwestern edge of a magnetic low geophysical anomaly with an estimated surface expression of one to two hectares. Two of the three discovery holes were collared in kimberlite. In an effort to better constrain the contacts at the southern edge of the kimberlite, two additional holes were drilled from near the discovery setup. No kimberlite was intersected in hole number 4. In hole number 5, drilled at an azimuth of 122 degrees and an inclination of -60 degrees from horizontal, kimberlite was intersected between 26 and 43 metres and 54 and 99 metres.

The following table describes drilling completed at Chidliak between August 6 and September 5, 2009.

### SUMMARY OF DRILLING AT THE CH-6, CH-10, CH-13, CH-14, CH-15 AND CH-16 KIMBERLITES

| Kimberlite,<br>Drill Hole # | Azimuth | Inclination<br>from<br>Horizontal | Overburden (m) | Kimberlite Intercepts (m) |     |           | End of Hole (m) |
|-----------------------------|---------|-----------------------------------|----------------|---------------------------|-----|-----------|-----------------|
|                             |         |                                   |                | From                      | To  | Intercept |                 |
| CH-6, #1*                   | 057°    | -45°                              | 21             | 21                        | 85  | 64        | 180             |
| CH-6, #2*                   | -       | -90°                              | 17             | 30                        | 250 | 220       | 250             |
| CH-6, #3*                   | 022°    | -45°                              | 17             | 17                        | 152 | 135       | 185             |
| CH-6, #4                    | 202°    | -45°                              | 12             | -                         | -   | 0         | 81              |
| CH-6, #5                    | 122°    | -60°                              | 10             | 26                        | 43  | 17        | 149             |
|                             |         |                                   |                | 54                        | 99  | 45        |                 |
| CH-10, #1                   | 283°    | -45°                              | 18             | 46                        | 70  | 24        | 176             |
|                             |         |                                   |                | 92                        | 136 | 44        |                 |
| CH-10, #2                   | 023°    | -45°                              | 11             | 72                        | 86  | 14        | 116             |
|                             |         |                                   |                | 88                        | 90  | 2         |                 |
| CH-13, #1                   | 141°    | -45°                              | 5              | 81                        | 125 | 44        | 182             |
| CH-14, #1                   | 204°    | -45°                              | 2              | 25                        | 26  | 1         | 143             |
|                             |         |                                   |                | 65                        | 100 | 35        |                 |
| CH-15, #1                   | 266°    | -45°                              | 5              | 20                        | 56  | 36        | 132             |
| CH-15, #2                   | 266°    | -60°                              | 14             | 28                        | 73  | 45        | 90              |
| CH-16, #1**                 | 258°    | -50°                              | 7              | 52                        | 60  | 8         | 60              |
| CH-16, #2                   | 258°    | -45°                              | 10             | 46                        | 157 | 111       | 173             |
| CH-16, #3                   | 258°    | -60°                              | 6              | 65                        | 200 | 135       | 215             |

\* Drill intersections first reported on August 6, 2009.

\*\* This drill hole was abandoned at 60 metres due to drilling problems.

Note: All intercepts below the overburden that are not kimberlite are gneiss.

## CH-1 MINI-BULK SAMPLE

In August, a mini-bulk sample of approximately 50 tonnes was collected from an outcrop exposure at the CH-1 kimberlite. The kimberlite material was removed from the surface of the outcrop by hand and placed into 150 steel drums. The filled 205 litre (54 US gallon) drums, weighing approximately 400 kilograms (880 pounds) each, were security sealed and transported by helicopter to an airstrip at Peregrine's Discovery Camp for onward transportation to Iqaluit by Twin Otter aircraft. From Iqaluit, the sample will be shipped this month to a laboratory for processing in the fourth quarter. This mini-bulk sample was collected and shipped under strict chain of custody protocols supervised by senior Peregrine personnel.

Maps illustrating work conducted this summer at Chidliak are available on Peregrine's web-site at <http://www.pdiam.com/i/pdf/chidliak8.pdf>. A slide show with photographs from the 2009 programme is available at <http://www.pdiam.com/i/flash/chidliak1.html>.

## FUTURE WORK

Microdiamond samples weighing approximately 200 kilograms each from 12 of the 13 kimberlites discovered this year, from CH-1 and from one float occurrence have been sent to SRC and are currently being processed. Results from these samples will be received on a regular basis through the end of this year. No microdiamond sample was submitted from CH-10. All samples from the 2009 programme, including those for the 1273 indicator mineral samples and 636 geochemical samples will be analyzed as they are received by the laboratories with results reported by the Company on a regular basis.

Planning has begun for the 2010 Chidliak exploration programme which is currently scheduled to commence in April with the drilling of lake-based geophysical anomalies. The programme likely will include additional work on a number of the known kimberlites, an expanded airborne geophysical survey, ground geophysical surveys, utilization of more than one drill rig to test multiple geophysical anomalies, continued prospecting, mapping and geochemical sampling of anomalies and the collection of additional indicator mineral samples. More information regarding the 2010 exploration programme will be provided in the fourth quarter.

Peregrine is the operator of the 2009 Chidliak exploration programme which is being fully funded by BHP Billiton. As announced on November 24, 2008, BHP Billiton has elected to exercise its earn-in rights for Chidliak and, under the terms of the earn-in agreement, must incur a total of \$22.3 million dollars in exploration expenditures in order to earn a 51% interest in the Property.

Mr. Peter Holmes, P. Geo., Peregrine's Vice President, Exploration, is a Qualified Person under NI 43-101 and is responsible for the design and conduct of the programs carried out by the Company on the Chidliak property. Mr. Holmes has reviewed this release and approves of its contents.

For further information, please contact Mr. Eric Friedland, CEO, Mr. Brooke Clements, President, or Peregrine Diamonds Investor Relations, at 604-408-8880 or at [investorrelations@pdiam.com](mailto:investorrelations@pdiam.com).

*Forward-Looking Statements: This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to the proposed exploration program, funding availability, anticipated exploration results, resource estimates, and future exploration and operating plans) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, uncertainties relating to the availability and cost of funds, timing and content of work programs, results of exploration activities, interpretation of drilling results and other geological data, world diamond markets, future diamond prices, reliability of mineral property titles, changes to regulations affecting the Company's activities, delays in obtaining or failure to obtain required project approvals, any changing budget priorities of BHP Billiton, operational and infrastructure risks, and other risks involved in the diamond exploration business. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to their inherent uncertainty.*