PEREGRINE
DIAMONDS LTD.

201-1250 HOMER STREET, VANCOUVER, BRITISH COLUMBIA, CANADA V6B 1C6
TELEPHONE: (604) 408-8880 FAX: (604) 408-8881
www.peregrinediamonds.com

PEREGRINE DIAMONDS LTD.

BULK-SAMPLING MONITORING PLAN: CHIDLIAK PROJECT, BAFFIN, NU,

Original Plan: 20 September 2011

LIST OF REVISIONS: ADDENDUM PAGE

Original Plan: 20 September 2011
Revision 1: N/A
Revision 2: N/A

(*NOTE 1: Revisions will be identified in the text with a superscript number at the end of the revised or added sentence, phrase or paragraph. Superscript numbers added in future will appear as* [1], [2], *etc.)*

(NOTE 2: Revisions denote changes such as programme or date changes, change of phone number, change or addition of personnel, addition of equipment or products, new or adjusted maps and new appendices.)

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BULK SAMPLE PLAN - 2012

INTRODUCTION

This Peregrine Diamonds Ltd. (Peregrine) Bulk-Sample Monitoring Plan (the Plan) is in respect of the initiation of bulk sampling of diamondiferous kimberlites of economic potential on the Chidliak Project, South Baffin, NU, in winter 2012. This first bulk sample of at least 3 Chidliak kimberlites which have previously been tested by core drilling, small-diameter, waterless reverse-circulation (Hornet) drilling and/or collection of mini-bulk samples of up to 50 tonnes, will represent the initial phase of a multi-year programme of bulk sampling.

The programme is intended to be conducted between February and May 2012 from a new tent camp, the CH-6 Temporary Camp, which will serve bulk-sampling of the CH-6 kimberlite (*cf. Map 1*), and from the existing Discovery Camp, 12km southeast (*cf. Map 1*). Discovery Camp will serve bulk sampling of at least 4 neighbouring kimberlites, CH-7, CH-45. CH-44 and/or CH-31. The existing Sunrise Camp – which can accommodate landing of large freighter aircraft on a lake-ice airstrip – will serve as an additional supply base for freight travelling to or samples departing from site.

This Plan will be in effect from 01 January 2012 until 01 January 2013, and is subject to revision and extension as required.

BULK SAMPLE PLAN – 5 KIMBERLITES

The Peregrine sampling plan for the Chidliak Project for 2012 allows for collection of 100-200 tonnes of kimberlite from at the least 3 of a total of 5 kimberlites within a 16km-long "Bulk Sample Focus Area" (*cf. Map 1*) that extends from CH-6 kimberlite at the northwest of this Area to CH-31 in the southeast. A total of approximately 600 tonnes of chip sample will be collected from between 12 and 15 large-diameter (34cm) drillholes, each drilled to a maximum depth of 250m (range of from 100m to 250m depth).

The goal of the Peregrine sampling plan is to obtain at least 200 carats of diamonds from each kimberlite body sampled in order to allow a preliminary assessment of diamond value – although as little as 50 carats might be collected from some kimberlites, if this smaller sample size can still allow assessment of diamond quality. Confirmed for sampling in winter 2012 are CH-6 and CH-7 kimberlites (*cf. Map 1*). Additional sample tonnage to complete the bulk sample could be collected from one or more of the following 3 kimberlites south and southeast of CH-7: These are CH-45, CH-44 and CH-31 (*cf. Map 1*).

Further evaluation of other kimberlites with economic potential in year(s) following 2012, such as of CH-1 kimberlite, approximately 2.25km northeast of CH-7 (*cf. Map 3 below)* will be addressed in future revisions of this Plan.

It must be emphasised that all work proposed in the Peregrine sampling plan remains within the approved Project Scope area, and no increase in water allotment is sought in 2012.

Provisional Drill Plan - 2012

The provisional Chidliak Project bulk-sampling plan (the "long list") is itemised in *Table 1;* all potential large-diameter drillhole (LDDH) co-ordinates are presented by kimberlite. Kimberlites, in turn, are listed in the proposed order of drilling. The final selection of 12-15 LDDH will be made from this "long list" of 29 potential target locations. *Maps 1* and *2* follow *Table 1* below and depict all potential drillhole locations.

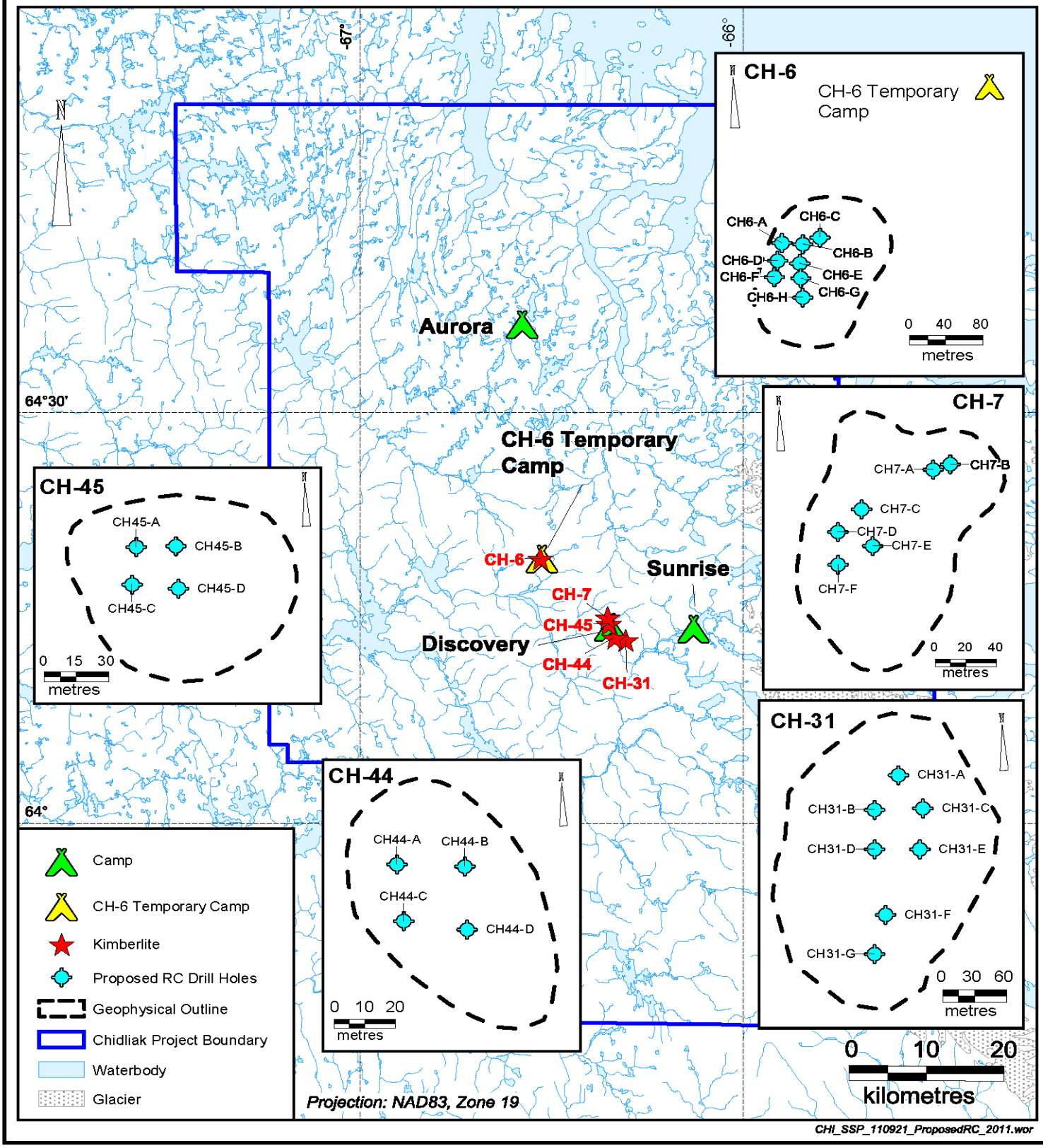
Table 1: Provisional Bulk-Sampling Drill Plan: All Potential Drillholes from which Final Selection Of Drillholes will be Made

KIMBERLITE	LDDH #	LDDH CO-ORDINATES WGS84 (Lats/Longs)	TOPOGRAPHY	MAX. HOLE DEPTH
CH-6	CH-6-A	64° 19' 19.16" -66° 31' 47.59"	Land	250m
CH-6	CH-6-B	64° 19' 19.08" -66° 31' 45.89"	Land	250m
CH-6	CH-6-C	64° 19' 19.31" -66° 31' 44.48"	Land	100m
CH-6	CH-6-D	64° 19' 18.49" -66° 31' 48.00"	Land	250m
CH-6	CH-6-E	64° 19' 18.36" -66° 31' 46.21"	Land	250m
CH-6	CH-6-F	64° 19' 17.87" -66° 31' 48.32"	Land	250m
CH-6	CH-6-G	64° 19' 17.80" -66° 31' 46.18"	Land	250m
CH-6	CH-6-H	64° 19' 17.06" -66° 31' 46.09"	Land	250m
CH-7	CH-7-A	64° 15' 2.08" -66° 21' 14.39"	Land	100m
CH-7	CH-7-B	64° 15' 2.19" -66° 21' 13.54"	Land	100m
CH-7	CH-7-C	64° 15' 1.24" -66° 21' 17.95"	Land	250m
CH-7	CH-7-D	64° 15' 0.75" -66° 21' 19.14"	Land	250m
CH-7	CH-7-E	64° 15' 0.40" -66° 21' 17.48"	Land	250m
CH-7	CH-7-F	64° 15' 0.01" -66° 21' 19.20"	Land	250m
CH-31	CH-31-A	64° 13' 21.94" -66° 18' 30.30"	Land	250m
CH-31	CH-31-B	64° 13' 20.84" -66° 18' 32.07"	Land	250m
CH-31	CH-31-C	64° 13' 20.82" -66° 18' 28.72"	Land	250m
CH-31	CH-31-D	64° 13' 19.55" -66° 18' 32.18"	Land	250m
CH-31	CH-31-E	64° 13' 19.50" -66° 18' 29.05"	Land	250m
CH-31	CH-31-F	64° 13' 17.41" -66° 18' 31.62"	Land	250m
CH-31	CH-31-G	64° 13' 16.15" -66° 18' 32.53"	Land	250m
CH-44	CH-44-A	64° 13' 33.52" -66° 20' 12.77"	Land	200m
CH-44	CH-44-B	64° 13' 33.47" -66° 20' 11.12"	Land	200m
CH-44	CH-44-C	64° 13' 32.87" -66° 20' 12.66"	Land	200m
CH-44	CH-44-D	64° 13' 32.75" -66° 20' 11.14"	Land	200m
CH-45	CH-45-A	64° 14' 33.01" -66° 21' 8.09"	Land	200m
CH-45	CH-45-B	64° 14' 33.00" -66° 21' 6.72"	Land	200m
CH-45	CH-45-C	64° 14' 32.40" -66° 21' 8.30"	Land	200m
CH-45	CH-45-D	64° 14' 32.30" -66° 21' 6.70"	Land	200m

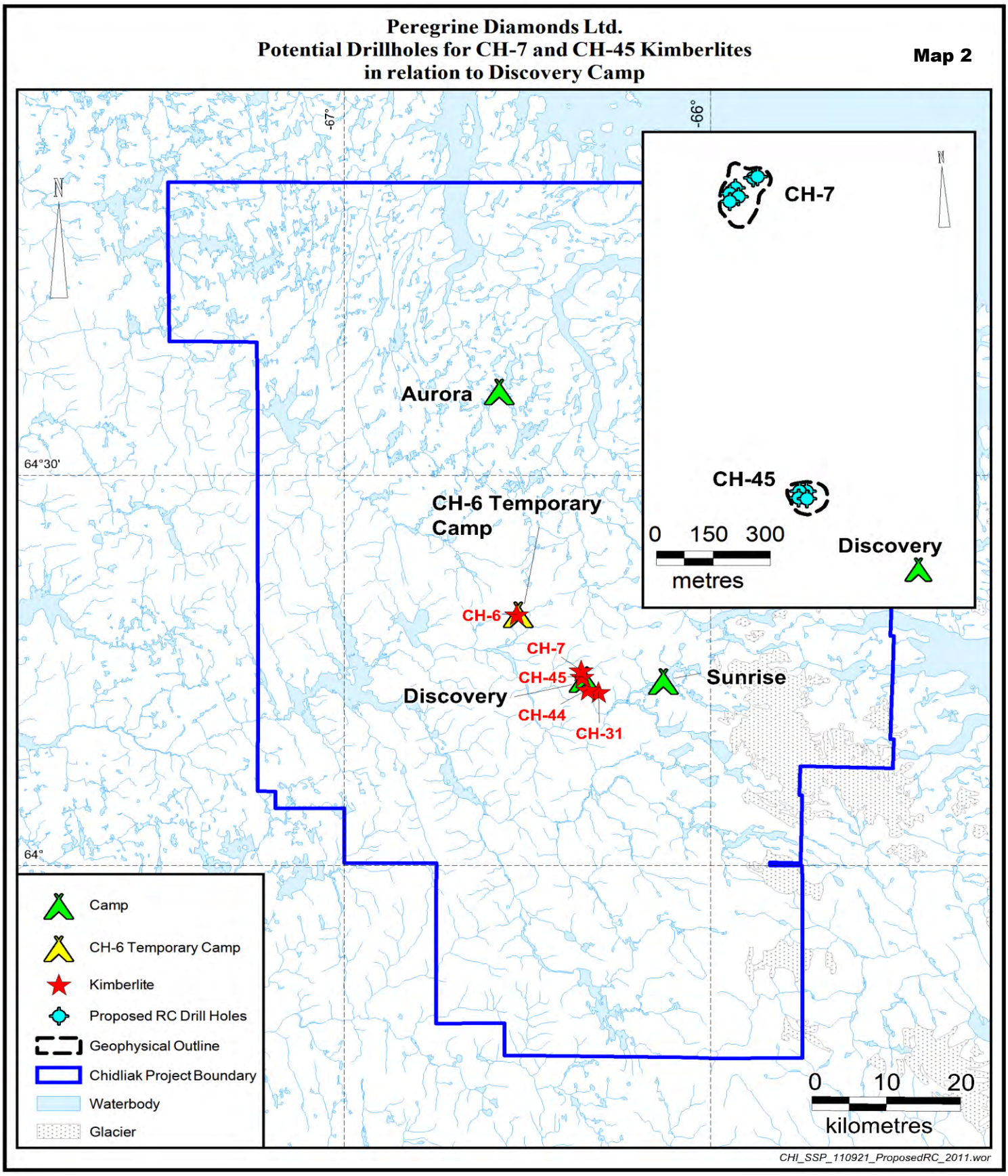
Note: Final number of holes drilled into the above kimberlites – between 12 and 15 (approx.) – will be determined by various factors, including 2011 drill results, modelling interpretation, formations encountered, weather and actual site conditions.

Peregrine Diamonds Ltd.
Provisional Bulk-Sampling Drill Plan - 2012:
All Potential Drillholes from which Final Selection of Drillholes will be Made

Map 1



Potential drillholes in relation to outlines of geophysical anomalies and camps in the Focus Area.



Potential drillholes within outlines of CH-7 and CH-45 kimberlites in relation to the proposed base of operations, Discovery Camp.

Drilling Methodology

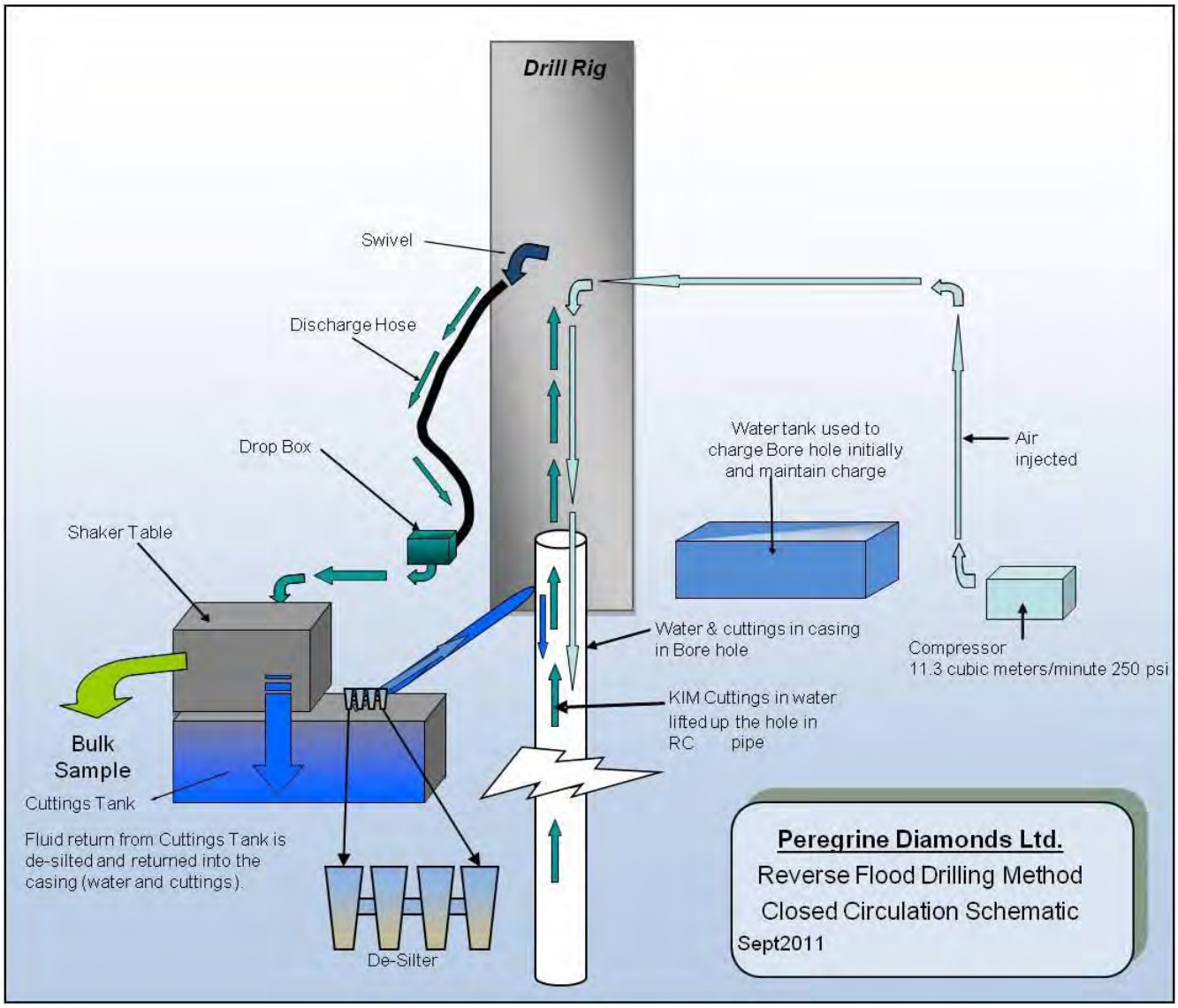
Drilling will be conducted by contractor Cooper Drilling LLC by a 7-person crew utilising a CT350 Canterra (Foremost) large-diameter reverse-circulation (RC) drill modified to the needs of the project (*cf. Appendix 8 – Additional Equipment*). As is typical in the drilling of kimberlite formations in the North, the rotary drill will use water in a closed-loop, reverse-flood method (*cf. Figure 1 below)*, with the addition of air via a compressor at the rate of 11.3m^3 per minute, to lift the kimberlite chips gently to surface inside the drill pipe to safeguard against breakage of any diamonds contained in the sample. At only 12 700kg, this rig is relatively lightweight amongst the range of RC drills, and has modest daily water consumption of 15m^3 (average use during drilling) up to a maximum of 25m^3 per day at startup and in special circumstances, such as drilling of a difficult formation, if encountered. Maximum depth of a large-diameter drillhole (LDDH) will be 250m, which is within about 50m of the maximum depth of holes drilled during the Chidliak core-drilling programme. The LDDH will be 34cm wide through 41cm-diameter casing; however, if specific hole conditions warrant, LDDH diameter may be reduced to 31cm. To safeguard the environment of the drillsite, the drill rig will have a built-in containment pan underlying all major components. All auxiliary equipment will have containment systems (berms or enviro-tainers).

As illustrated in *Figure 1* below, water conveyed to the drill in a tank is injected into the circuit through the inner drill pipe (*bottom centre of Figure 1*), along with compressed air that enters the pipe via a tube. The clean source water is injected at a maximum rate of 0.2m^3 per minute until sufficient water has been added to charge the borehole and initiate drilling, *e.g.*, 20m^3 at startup. Together, the injected water and air lift the kimberlite sample up the pipe to surface, with water recirculated within the circuit. The raw sample (kimberlite chips + fine rock flour [cuttings] + water from the circuit) then is discharged through a connecting hose to a drop-box and then onto a shaker table, where the kimberlite chips are agitated and screened to +1.0mm size, dewatered, and then directed from the table into a waiting 1-tonne mega-bag for removal, security-tagging and out-shipment for processing. The remaining water in the cuttings tank is then desilted via a bank of desilting cones, with the fines – the cuttings – reporting to a waiting 1-tonne mega-bag for transport to the designated cuttings-deposition area in a sleigh hitched to the tracked Morooka MST 3000. The desilted water is then returned to the drilling circuit.

Clean Cuttings

It should be noted that cuttings from extraction of kimberlite sample are clean rock flour mixed with water. Use of drilling mud is infrequent in Northern bulk sampling, and, when deployed, is typically represented by bentonite, an inert volcanic clay. Peregrine sanctions only environmentally-benign drill additives within its MSDS inventory of products (*cf. Appendix 2 of amendment application, or MSDS inventory list at end of the Chidiak/Qilaq/Cumberland Spill Contingency Plan*). Peregrine's contractors are required to submit their MSDS inventory list to Peregrine for approval prior to bringing any products to a Peregrine site.

Figure 1: Schematic of RC Drill Circuit



CUTTINGS-DEPOSITION LOCATIONS

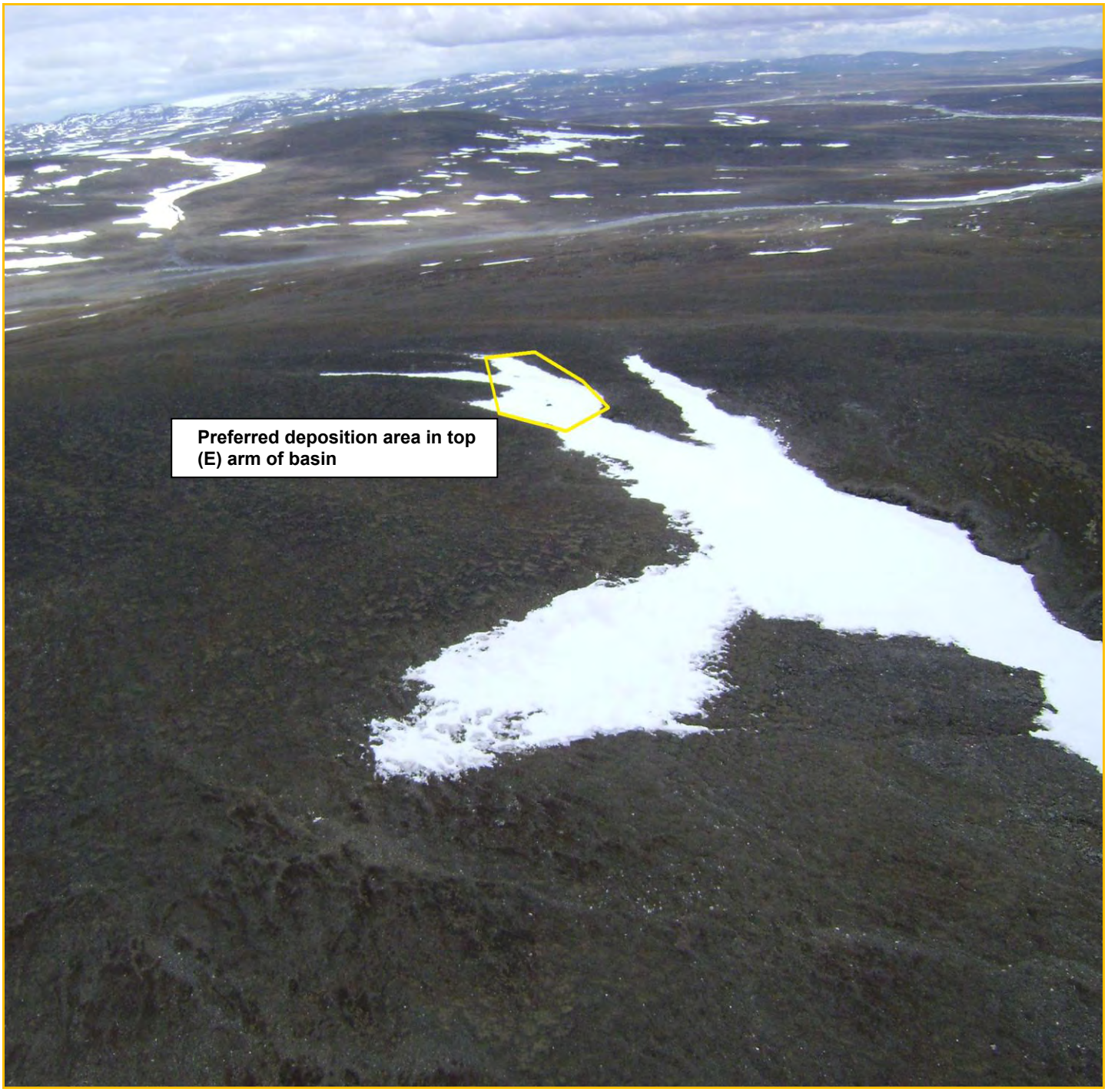
Cuttings-deposition locations with more than sufficient capacity for containment of the cuttings from the 2012 bulk sample programme were identified in the field by Peregrine's Arctic-specialist consulting geotechnical engineer in summer 2011 and ground-truthed by Peregrine and heavy-equipment contractor personnel. Locations were visited in both mid-July (*photos below, with snow filling much of the basins*) and at the end of August (*when accumulated snow had melted significantly*). Preliminary calculations reveal a potential cuttings volume per hole of between 400-500m^3.

"CH-7 Basin"

A suitable rock basin of approximately 7 000m^3 capacity (conservative estimate) was found east of CH-1 and within 2.25km (trail distance) of CH-7; basin depth was estimated at 2-3m. This "CH-7 Basin" also could accommodate cuttings from neighbouring kimberlites CH-45, CH-44 and/or CH-31. Given removal of snow in advance of bulk sampling and tailoring the natural rocky access approach with packed snow, this rock basin could easily accommodate cuttings from a number of RC holes in its higher-elevation, upper (eastern) reaches, as illustrated in *Photo 1* below.

For illustration purposes, if one uses a figure of 9 holes drilled in the area (*e.g.*, 6 holes drilled into CH-7 and 3 holes into one neighbouring kimberlite), this could result in a volume of between 3 600m^3 and 4 500m^3 reporting to the "CH-7 Basin". The cuttings and released water would then filter slowly and naturally through the rock-rubble base of the containment basin.

Photo 1



Cuttings from CH-7 and one or several of CH-45, CH-44 and/or CH-31 could be accommodated in this basin, following snow removal from the target deposition area marked above.

"Alternative Deposition Area for CH-31 and CH-44: Flat Plateau"

A flat plateau area of approximately 2 000m^3 capacity (conservative estimate) was found 1.0km northeast of CH-44. This "Flat Plateau", when encircled by a snow berm for the winter 2012 bulk sample, could accommodate cuttings from both CH-44 and CH-31 kimberlites (*Photo 2* below). Using the example provided on Page 7, cuttings of between 400-500m^3 per hole x 3 holes drilled into CH-31 and CH-44 would result in a total volume of 1 200m^3-1 500m^3 reporting to the bermed "Flat Plateau". The cuttings within the snow berm would then thaw slowly over the spring. Water released from the cuttings could be expected to infiltrate into the active soils at this site, *i.e.*, the clean granular glacial till that would naturally filter runoff from the cuttings.

Photo 2

View of terrain in Flat Plateau area proximal to CH-44 and CH-31 which could serve as a deposition area for cuttings from these kimberlites, if encircled by a snow berm. Terrain is typical of the interior of the property, *i.e.*, sparsely vegetated, with rock scatter.

"CH-6 Basin"

A suitable rock basin of approximately 4 000m^3 capacity (conservative estimate) was found approximately 1.9km west of CH-6; basin depth was estimated at 2-4m. Given removal of snow in advance of bulk sampling and tailoring the natural rocky access approach with packed snow, this rock basin could easily accommodate cuttings from CH-6 drillholes (*Photo 3* below). Using the example provided on Page 7, cuttings of between 400-500m^3 per hole x 6 holes drilled into CH-6 would result in a total volume of 2 400m^3-3 000m^3 reporting to the "CH-6 Basin".

Photo 3

Looking to the east, or upper reaches, of the preferred "CH-6 Basin" from the lower limits. This rock basin could accommodate cuttings from CH-6, following snow removal from the upper reaches (target deposition area).

Table 2: Preferred Cuttings-Deposition Areas and Volume Capacity

DISPOSAL AREA	UTM ZONE	NORTHING – EASTING (mN – mE)	VOLUME – m^3 (est.)	COMMENT
CH-6	19	7 134 913 617 845	4 000	Rock basin: 20m W x 200m L
CH-7 (and 1 or more of CH-45, CH-44, CH-31) *	19	7 129 158 629 399	7 000	Rock basin: 25m W x 300m L
CH-31, CH-44	19	7 125 616 629 729	2 000	Flat Plateau: 100m W x 100 L (requires snow berm)

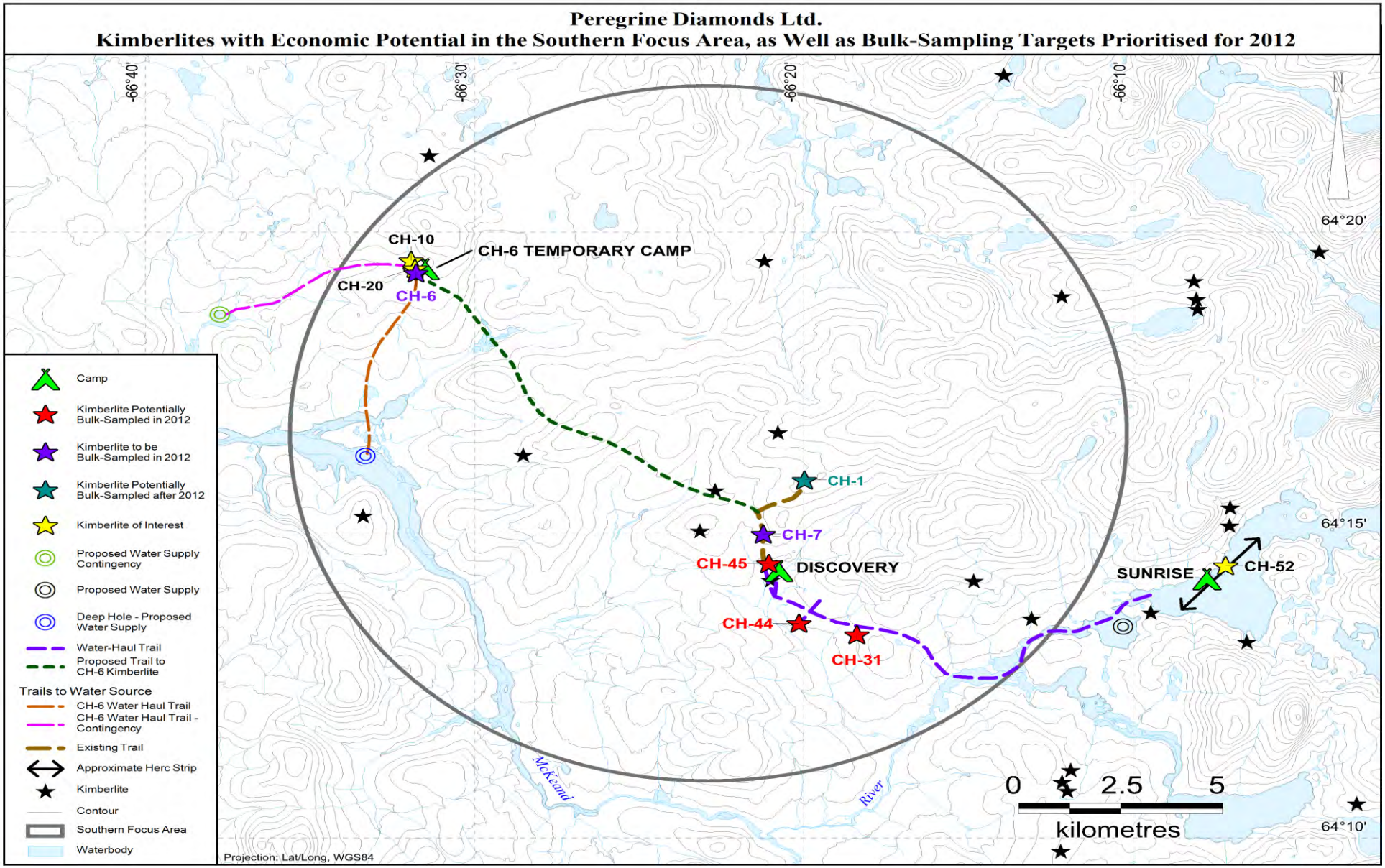
* *Use of this basin may be considered for CH-1 cuttings, if CH-1 kimberlite is sampled in future, e.g., 2013*

WATER SOURCES FOR BULK SAMPLING

Three water sources have been studied to supply the 2012 bulk sample and two associated camps (*Map 3)*, the existing Discovery Camp (proximal to CH-7, CH-45, CH-44 and CH-31) and the new CH-6 Temporary Camp (proximal to CH-6). The proposed water sources are: (1) "deep hole" in McKeand River, 5.6km south of CH-6; (2) contingency lake in a tributary of the McKeand River, 5.0km west of CH-6; and (3) lake immediately west of Sunrise Camp Lake, or 12.5km east-southeast of CH-7.

A Challenger 875C pulling a 10 000Lwater tank mounted on a sleigh will be used to haul water to the drill and to the Discovery and CH-6 camps.

Map 3



Proposed water sources are shown in the Focus Area in relation to kimberlites and the anticipated expansion of the winter-trail network.

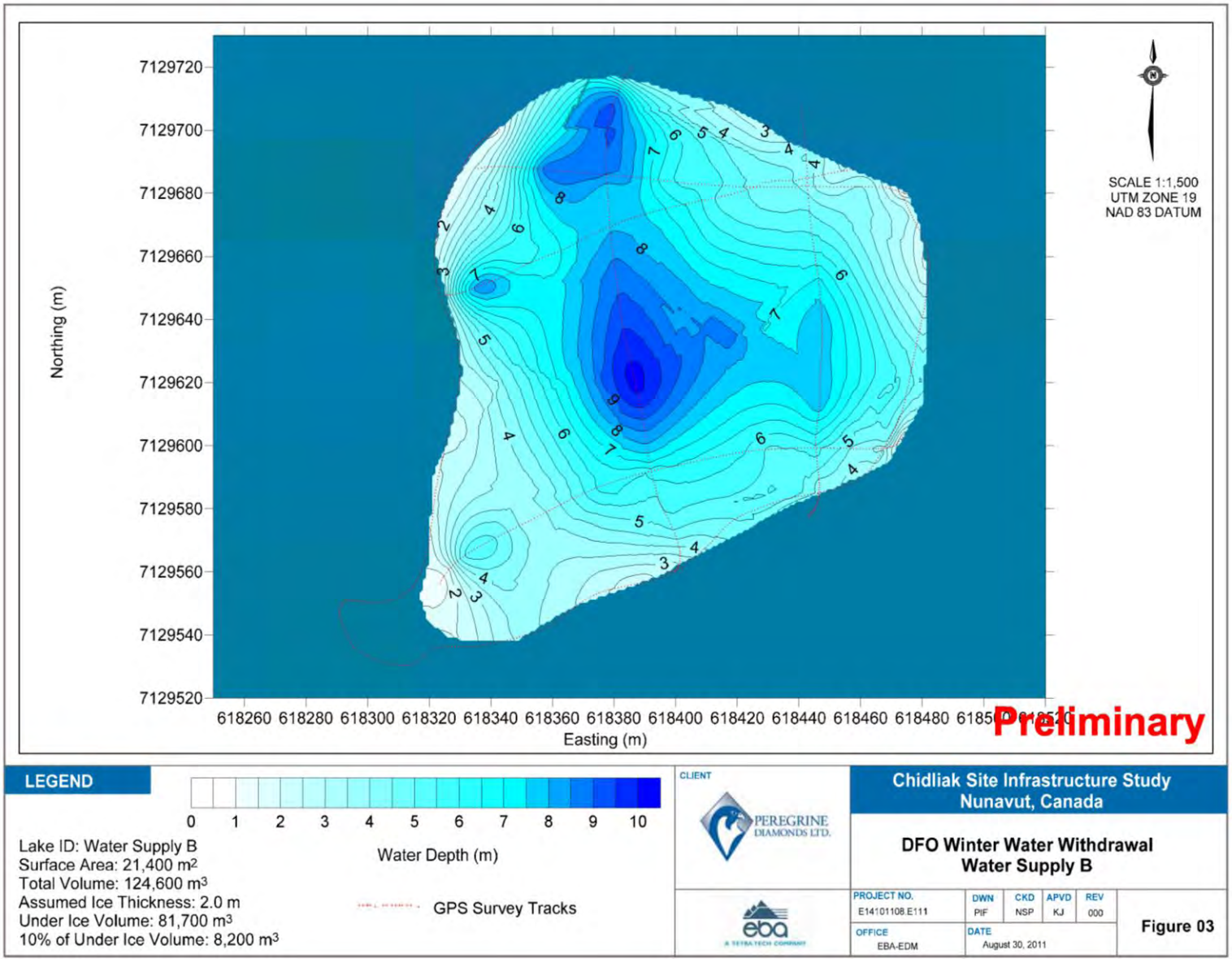
Table 3: Surface Areas and Volumes of 2012 Bulk-Sample Water Sources *
(Preliminary Data from EBA Engineering Bathymetric Survey, August 2011)

WATER SOURCE	SURFACE AREA m^2	NORTHING – EASTING (mN – mE) (centroid of deepest-water zone)	VOLUME – m^3	UNDER-ICE VOLUME - m^3	DEPTH OF DEEPEST WATER (m)
"Deep Hole" – Bathymetric Site B	21 400	7 129 620 618 380	124 600	81 700	10.0
"Contingency Lake" – Bathymetric Site C	70 900	7 133 740 614 825	135 300	35 400	7.0
Lake W of Sunrise – Bathymetric Site I	1 059 500	7 125 250 637 250	9 264 500	7 462 500	32.0

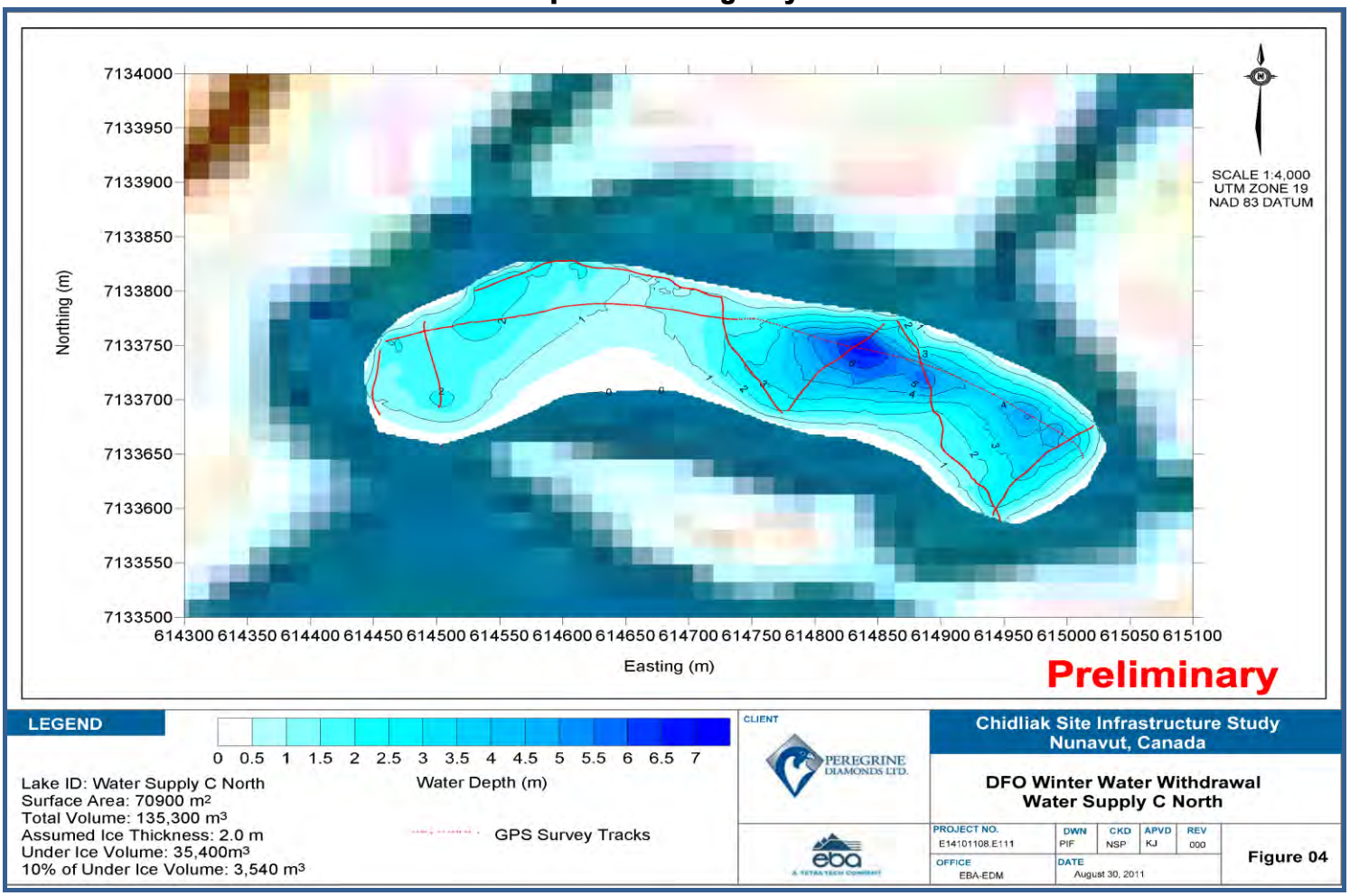
DUE CARE FOR WATER WITHDRAWAL: DEPARTMENT OF FISHERIES AND OCEANS

Maps 4a through 4c below depict NWT Winter Water Withdrawal Protocol limits, *i.e.*: Withdrawals under ice per season shall not exceed 10% of total available volume. This standard is used as reference, as corresponding "Nunavut Mineral Exploration Activities Operational Statement" (Section 11 – Water Withdrawal) does *not* specify a specific limiting percentage.

Map 4a – Deep Hole



Map 4b – Contingency Lake



Map 4c – Lake W of Sunrise

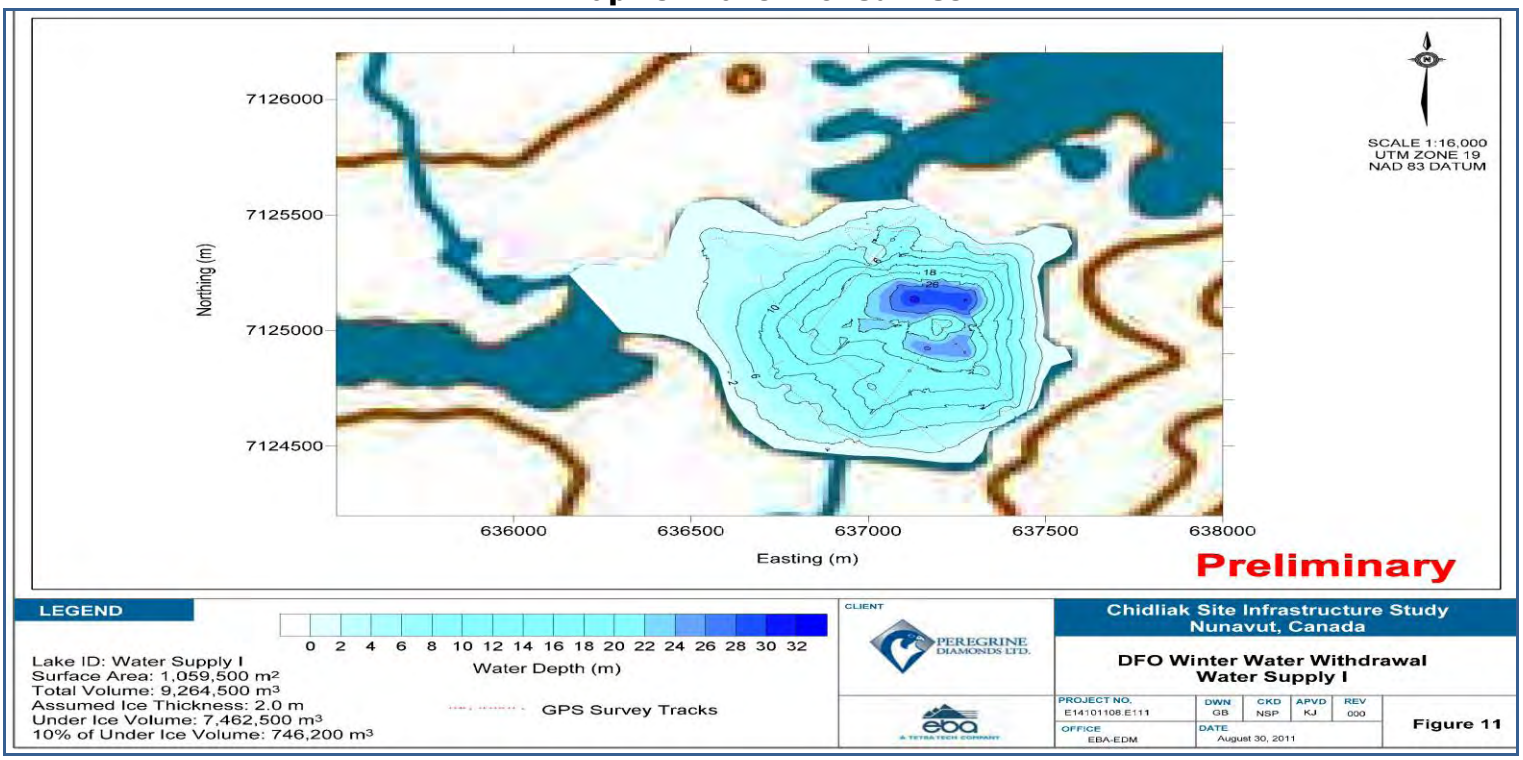


Table 4: Potential Withdrawal Volume for Drilling vs. 10% of Under-Ice Volume of Water Sources *

WATER SOURCE	TOTAL # OF HOLES (Assumed)	AVERAGE ASSUMED CONSUMPTION PER HOLE – m^3	VOLUME – m^3 FRM SOURCE (7 days/hole)	10 % OF UNDER-ICE VOLUME - m^3	DRAWDOWN Y or N
"Deep Hole" – Bathymetric Site B	6	15	630	8 200	N
"Contingency Lake" – Bathymetric Site C	6	15	630	3 540	N
Lake W of Sunrise – Bathymetric Site I	9	15	945	746 200	N

* *If it is further assumed that 5m^3/day is consumed for domestic purposes + 20m^3/day for misc. uses, such as trail-building/maintenance, the daily overall total would increase to 40m^3. Potable + misc. uses, (25m^3/day) if exercised for 30 days at either Site B or C would = 750m^3. 750 + 630m^3 = 1 380m^3, still well below drawdown level, if the NWT standard were applied. Potable + misc. uses, (25m^3/day) if exercised for 100 days at Site I would = 2 500m^3. 2 500 + 945m^3 = 3 445m^3, still well below drawdown level, if the NWT standard were applied.*