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PEREGRINE DISCOVERS KIMBERLITE INDICATOR AND PRECIOUS METAL ANOMALIES AT QILAQ
1.5 Million Hectares of New Prospecting Permits Acquired on Baffin Island

Peregrine Diamonds Ltd. ("Peregrine" or "the Company") is pleased to announce the discovery of kimberlite indicator mineral ("KIM") and precious metal anomalies at its Qilaq Project ("Qilaq") on Baffin Island, Nunavut, Canada. Seven of the samples collected in 2009 at Qilaq returned probe-confirmed KIMs, including one sample that returned 405 KIMs, all of which were angular, which is an indication of a proximal kimberlite source. In addition, eight samples returned at least 10 gold grains, and one sample returned 350 gold grains.

On February 1, 2010, the Company was granted 119 prospecting permits covering approximately 1.5 million hectares (15,000 square kilometres) on the Cumberland Peninsula, also on Baffin Island. The new permit group was named the Cumberland Project ("Cumberland"), and its geologic characteristics are considered by Peregrine to be similar to those at Qilaq and Peregrine's 9,800 square kilometre Chidliak Project ("Chidliak"), making it an ideal diamond exploration target. Peregrine has discovered 16 kimberlites at Chidliak since 2008, with three of these having diamond size distribution characteristics that are consistent with economic potential in arctic settings. Both Qilaq and Cumberland are 100%-owned by Peregrine.

Brooke Clements, Peregrine's President, stated "The discovery of new, high-priority KIM and precious metals anomalies at Qilaq and the substantial diamond exploration successes we have had at our Chidliak and Nanuq projects since 2007 illustrate that Nunavut has tremendous mineral exploration potential and that it is under-explored relative to other regions of Canada. Both Chidliak and Qilaq started as grass-roots exploration programmes and we plan to apply the same methodology to efficiently evaluate the potential of Cumberland. We have made a strong commitment to working in Nunavut and we look forward to advancing all our exploration projects there in 2010."

QILAQ

In February, 2009, 86 prospecting permits covering 12,500 square kilometres were acquired bordering Chidliak to the north, east and south. In the summer of 2009, 516 samples were collected to evaluate the Qilaq permit area for its diamond potential. Till and stream sediment samples were collected on a five by five kilometre grid. After analysing the results from the 516 samples, Peregrine chose to acquire four new prospecting permits and relinquish 29 permits, making the new area of Qilaq approximately 854,000 hectares (8,540 square kilometres) in 61 prospecting permits.

Seven of the 516 samples collected at Qilaq returned at least one probe-confirmed KIM. Of particular note was one sample that returned 405 KIMs as follows: 370 ilmenites, 16 p-type pyrope garnets, four e-type garnets and 15 chrome diopsides. All of the 405 KIMs were angular in shape and 20 of the ilmenites and one chrome diopside were greater than one millimetre in size. Angular KIM grains larger than one millimetre are not common in till samples, and are a strong indication of a proximal source. The 16 p-type garnets were analysed by electron microprobe and one of the grains was classified as a high-chrome, low-calcium G10 garnet. G10 garnets are commonly associated with diamond mines throughout the world. One sample, collected 50 kilometres south-southeast of the sample with 405 grains, contained two p-type pyrope garnets, one ilmenite and two chromites. The remaining five samples containing KIMs returned one garnet each. The early exploration history at Chidliak, where Peregrine has discovered an important new diamond district, illustrates the potential significance of the Qilaq results. Five till samples taken in the Chidliak area in 2005 on a 15 by 15 kilometre grid returned one or more probe-confirmed KIMs, with the most positive sample containing 12 p-type garnets, 11 e-type garnets, three picroilmenites and five chrome diopsides. None of the p-type garnets from these samples were classified as G10 garnets. In 2006, 28 samples collected at Chidliak contained 265 probe-confirmed garnets, with 22, or eight percent, of them being classified as G10 garnets. In 2010, Peregrine plans to complete more detailed till sampling and prospecting programmes at Qilaq around the seven distinct and separate sites where KIMs were discovered.

The 516 Qilaq samples were also examined for the presence of minerals that may be indicative of base or precious metals mineralization with 213 of the samples containing at least one gold grain and 31 samples containing one or more grains of sperrylite. Sperrylite is a platinum-bearing mineral (PtAs_2) that is often associated with rocks that contain significant amounts of platinum, palladium and nickel. Anomalous concentrations of gold grains were found in five areas, with eight samples in these five areas each returning over 10 grains of gold. A sample in one of the anomalous areas returned 350 gold grains, with 80 percent of the grains described by the laboratory as being pristine, a possible indication of a local source. A repeat sample at the same site returned 146 gold grains. Geochemical analyses on soil from the site where the 350 gold grains were recovered returned 909 ppb gold, 2757 ppb silver and 1283 ppm copper. Several gossans were also noted in this area. A gossan consists of iron-bearing weathered material that can overlie a sulphide-associated deposit. A sample from another of the anomalous areas returned 40 sperrylite grains and 45 gold grains.

All of the samples collected at Qilaq were sent to Overburden Drilling Management in Nepean, Ontario for KIM and metamorphic or magmatic massive sulphide indicator mineral analyses. Electron microprobe analyses of the KIMs were performed by CF Minerals Research Ltd. in Kelowna, British Columbia. Geochemical analyses of the sediment samples were completed by ACME Analytical Laboratories Ltd. in Vancouver, British Columbia.

2010 follow-up work related to the metals anomalies identified at Qilaq will consist of detailed sampling, prospecting and mapping.

CUMBERLAND

The centre of Cumberland is located approximately 200 kilometres north of Chidliak and east of the community of Pangnirtung. The Cumberland project area is thought to be underlain by ancient Archean bedrock, like Chidliak and Qilaq. Most of the world's major diamond deposits are hosted in similar geologic environments.

During July and August of 2010, Peregrine plans to evaluate Cumberland's diamond potential by conducting a reconnaissance till sampling programme using Pangnirtung as a base. Pangnirtung, a hamlet with a population of 1,325 on the coast of Pangnirtung Fjord, is a modern community that continues to harvest the resources of the lands and waters of Cumberland Peninsula. Peregrine will continue to work closely with the community to minimize the impact of its operations on the environment.

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 exploration programmes carried out by the Company at Qilaq. Mr. Holmes has reviewed this news release and approves of its contents.

An updated map showing the location of the Company's projects on Baffin Island and photographs from Qilaq are available at: <http://www.pdiam.com/i/pdf/chidliak976.pdf>

For further information, please contact Mr. Brooke Clements, President, or Mike Westerlund, Vice President of Investor Relations at 604-408-8880 or at 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, 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.