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PGD 06-01

**PEREGRINE DIAMONDS AND DUNSMUIR VENTURES
BUSINESS COMBINATION COMPLETED**

PEREGRINE'S \$50 MILLION FINANCING COMPLETED

**PEREGRINE TO BEGIN TRADING ON WEDNESDAY, JANUARY 18, 2006
ON TSX-VENTURE EXCHANGE, TRADING SYMBOL "PGD"**

January 17, 2006 – Vancouver, Canada - Peregrine Diamonds Ltd. ("Peregrine") (TSX-V: PGD) and Dunsmuir Ventures Ltd. ("Dunsmuir") (TSX-V: DVV) are pleased to announce the following:

Completion of Business Combination with Dunsmuir Ventures Ltd.

On January 16, 2006, Peregrine, a non-reporting issuer, and Dunsmuir completed their business combination (the "Transaction") as jointly announced on November 15, 2005. As a result, all of the shareholders of Dunsmuir have become shareholders of Peregrine and a corporation into which Dunsmuir was amalgamated has become a wholly-owned subsidiary of Peregrine. Pursuant to the Transaction, every 20 common shares of Dunsmuir has been exchanged for one common share of Peregrine.

Peregrine will be listed as a "Tier 1 Issuer" on the TSX Venture Exchange ("TSX-V") and the common shares of Peregrine will commence trading at 6:30 am Pacific Standard Time (9:30 am Eastern Standard Time) on Wednesday, January 18, 2006 in substitution for the common shares of Dunsmuir which will be delisted. The trading symbol for Peregrine will be "PGD" and the CUSIP no. for the common shares of Peregrine is 713916104 and the ISIN no. is CA 7139161045.

Further information on Peregrine, its business and properties and the Transaction is contained in Dunsmuir's Information Circular dated December 7, 2005 and in the Technical Report dated November 16, 2005, as amended December 6, 2005, entitled "Technical Report on the 2005 Program, DO-27 Kimberlite Pipe, WO Property, Northwest Territories, Canada", each of which is filed on SEDAR under "Dunsmuir Ventures Ltd." and under "Peregrine Diamonds Ltd."

The transfer agent for the common shares of Peregrine is Computershare Investor Services Inc. (“Computershare”). A letter of transmittal will be sent to the former Dunsmuir shareholders with instructions for the exchange through Computershare of their existing Dunsmuir share certificates for certificates representing the common shares of Peregrine to which they are entitled under the Transaction.

Completion of \$50 Million Financing

Peregrine has completed the \$50 million financing (the “Financing”) organized by a syndicate led by Canaccord Capital Corporation and including Dundee Securities Corporation, Orion Securities Inc., TD Securities Inc., and Westwind Partners Inc. (collectively, the “Agents”), as announced on November 15, 2005. As a result of the Transaction, Peregrine has effectively issued 10,000,000 units at \$5.00 per unit in exchange for the securities previously issued in connection with the Financing. Each unit consists of one common share of Peregrine and one-half of one warrant of Peregrine, with each whole warrant being exercisable to purchase one common share of Peregrine at \$7.00 per share for an 18-month term from completion of the Transaction.

In connection with the Financing, the Agents received a cash commission of 6% of the gross proceeds from the Financing and agents’ warrants for the purchase of 600,000 shares of Peregrine, each warrant being exercisable to purchase one share at \$5.00 per share for an 18-month term from completion of the Transaction.

With currently more than \$53 million in its treasury, Peregrine is well-financed to fund all of its exploration and pre-feasibility commitments at the WO Diamond Project as well as exploration drilling programs planned for other diamond projects that it currently controls in Northern Canada.

Share Capital

As a result of the Transaction and the Financing, Peregrine has 48,672,625 shares outstanding and has an aggregate of 16,034,771 shares reserved for issuance under outstanding options, warrants and convertible debentures. The following table updates the details on the share capital of Peregrine on completion of the Transaction and the Financing on a fully-diluted basis:

	Number	Percentage
Total Peregrine shares outstanding on completion of the Transaction	48,672,625	75.22%
Peregrine shares reserved for issuance on exercise of stock options	9,292,200	14.36%
Peregrine shares reserved for issuance on exercise of warrants	6,696,625	10.35%
Peregrine shares reserved for issuance on conversion of convertible debentures	45,946	0.07%
Total Peregrine shares outstanding on fully diluted basis	64,707,396	100%

Of the outstanding and reserved Peregrine shares, 8,617,000 shares and 5,535,000 stock options are subject to the escrow requirements of the TSX-V and will be releasable from escrow in stages over the next 18 months (25% of the escrowed securities on the issuance of the TSX-V's final bulletin on the Transaction and 25% on each date that is 6, 12 and 18 months thereafter).

All of the currently outstanding shares and other securities of Peregrine are otherwise not subject to any hold period in Canada.

Directors and Officers of Peregrine

Peregrine's Board of Directors consists of the following directors:

Eric Friedland, B.Sc.-Geophysics — Chairman, President and Chief Executive Officer

Alan Carter, Ph.D.-Geology — Chief Operating Officer

Myron Goldstein, Ph.D.-Geophysics — Non-executive Vice-Chairman

Jonathan Challis, B.Sc.-Mining, MBA

Richard Cohen, B.A.Sc.-Mineral Engineering, MBA

Gordon Keep, B.Sc.-Geological Sciences, MBA

Bernard Poznanski – B.Sc., LLB and LL.M.

The management team of Peregrine also includes the following officers:

Wendy Mathison, B.Sc.-Geological Sciences — Vice President, Operations

Peter Holmes, B.Sc.-Geology — Manager, DO-27 Project

Jennifer Pell, Ph.D.-Geology — Vice President, Exploration—Diamonds

More information on Peregrine's directors and management is available on Peregrine's website: www.pdiam.com.

Stock Option Plan

Peregrine has a Stock Option Plan (the "Plan") which provides for the grant of stock options to eligible directors, officers, employees and consultants of Peregrine, as well as the issuance of options under the Transaction in exchange for former Dunsmuir stock options. An aggregate of 9,701,525 common shares of Peregrine may be subject to options granted under the Plan (including shares issuable under currently outstanding stock options). The exercise price for options granted under the Plan will not be less than the market price of the common shares of the Company less applicable discounts permitted by the TSX-V. Options are generally non-assignable and will be exercisable for a term of up to five years, subject to earlier termination in certain events. The Plan is subject to final TSX-V approval.

Peregrine Diamonds Ltd.

Eric Friedland – President and C.E.O.

Alan Carter – C.O.O.

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