Microdiamond Results Extend the High Grade CH-6 Kimberlite to 540 Metres Below Surface and Remains Open at Depth

28.11.2017 | GlobeNewswire

VANCOUVER, Nov. 28, 2017 - Peregrine Diamonds Ltd. (TSX:PGD) (“Peregrine” or “the Company”) is pleased to report microdiamond results from the CH-6 kimberlite at its 100% owned Chidliak diamond project (“Chidliak”) in Nunavut, Canada. The 2017 resource expansion drill program at the CH-6 kimberlite has confirmed that the high-grade CH-6 kimberlite extends from surface to 540 metres below surface (“mbs”), an additional 280 metres below the 260-metre depth of the current CH-6 Inferred Resource announced on April 7, 2017. The CH-6 kimberlite remains open below 540 mbs, the current limit of drilling.

Caustic fusion microdiamond results released today from the 2017 drill program match well with pre-2017 microdiamond results for the KIM-L High Grade (“KIM-L.HG”, estimated at 4.16 carats per tonne (“cpt”) in the Inferred Resource) and the KIM-L Normal Grade (“KIM-L.NG”, estimated at 2.12 cpt in the Inferred Resource) kimberlite units. The 2017 diamond sample data below 260 metres have a very similar grade and size frequency distribution as the kimberlite contained in the Inferred Resource. The results of the 2017 program will form the basis of a revised CH-6 resource estimate, with the expectation of extending the categorized resource base from a depth of 260 mbs to 540 mbs.

Tom Peregoodoff, Peregrine’s President and Chief Executive Officer, commented: “The results we are releasing today confirm that the high-grade CH-6 kimberlite extends well below the current resource base of 260 metres. The microdiamond data from this years’ drilling clearly demonstrates that not only is the grade of this newly-defined extension of the CH-6 kimberlite very similar to that which we have previously defined, but also that we can expect the same macro diamond size distribution, which has important implications for future diamond valuations.

The Peregrine team is now using this information as the basis for a new resource statement due in mid-February, in which we expect to add significantly to the overall diamond content of the CH-6 kimberlite, especially given the apparent increase in the KIM-L.HG unit which has an estimated Inferred Resource grade of 4.16 cpt. In addition, the presence of a very rare green diamond bodes well for the presence of other rare, coloured diamonds that could have a significant impact on the overall average prices eventually received for diamonds recovered from the Chidliak project.”

DIAMONDS RECOVERED FROM CH-6 BY CAUSTIC FUSION

As reported on September 21, 2017, 10 core holes drilled in the 2017 summer season intersected a total of 2,450 metres of CH-6 kimberlite. Microdiamond assay results for all 10 core holes of CH-6 kimberlite are presented in Table 1, and represent all the kimberlite drilled in the 2017 season. Assay results for prior years are presented in Table 2, for comparative purposes. All assays were completed by caustic fusion at the Saskatchewan Research Council Geoanalytical Laboratories (“SRC”).

The 2017 caustic fusion results support a coarse stone size distribution for all material sampled and reproduce diamond recovery rates for the previously defined KIM-L.HG, KIM-L.NG, and KIM-C units at the CH-6 kimberlite (Tables 1 and 2). The Company reported +1.18 millimetres estimated resource grades of 4.16 cpt for KIM-L.HG and 2.12 cpt for KIM-L.NG on April 7, 2016. KIM-L.HG contains approximately double the amount of diamonds in each sieve class than occur in KIM-L.NG. The SRC recovered 213 diamonds weighing 9.32 carats in commercial diamond sizes at +0.85 millimetres from the 1,936 kilograms of sample submitted in 2017, with KIM-L.HG reporting 2.1 times higher +0.85 millimetre diamond content than KIM-L.NG (Table 1). Grade-size plots of 2017 and prior years’ caustic fusion results can be viewed here: https://www.pdiam.com/assets/docs/2017-11-chidliak-2017-microdiamond-results.pdf

TABLE 1: 2017 CH-6 CAUSTIC FUSION RESULTS

		Numbers of Diamonds According to Sieve Size Fraction (mm)											
Unit*	Sample Weight (dry kg)*	+0.106 -0.150	+0.150 -0.212	+0.212 -0.300	+0.300 -0.425	+0.425 -0.600	+0.60 -0.85	+0.85 -1.18	+1.18 -1.70	+1.70 -2.36	+2.36 -3.35	+3.35 -4.75	Total
KIM-L.HG	867.45	1401	907	577	359	283	165	71	50	19	4	2	3838
KIM-L.NG	996.25	887	569	334	211	126	71	33	19	8	1	2	2261
KIM-C	72.75	54	40	25	14	6	1	2	1	1	0	0	144
Totals	1936.45	2342	1516	936	584	415	237	106	70	28	5	4	6243

* Sample aggregation by unit based on Figure 14.6 of NI 43-101 Report dated August 19, 2016.

TABLE 2: PRE-2017 CH-6 CAUSTIC FUSION RESULTS

		Numbers of Diamonds According to Sieve Size Fraction (mm)											
Unit	Sample Weight (dry kg)	+0.106 -0.150	+0.150 -0.212	+0.212 -0.300	+0.300 -0.425	+0.425 -0.600	+0.60 -0.85	+0.85 -1.18	+1.18 -1.70	+1.70 -2.36	+2.36 -3.35	+3.35 -4.75	Total D
KIM-L.HG	1239.9	2685	1562	995	685	381	262	142	73	29	7	2	6823
KIM-L.NG	2813.63	2698	1750	1109	706	416	259	119	71	15	9	4	7156
KIM-C	309.3	347	252	118	69	25	17	10	1	1	1	0	841
Totals	4362.83	5730	3564	2222	1460	822	538	271	145	45	17	6	14820

Colours reported by the SRC for diamonds larger than the 0.85 millimetre sieve size are given in Table 3. The CH-6 diamonds recovered in 2017 are dominated by white and off-white colours with very minor grey or brown colours, as was the case in previous years. Yellow colours are more prominent in the 2017 batch, which also included four fragments of a unique green diamond recovered from one 8-kilogram sample. Reconstruction of the fragments produced a whole stone with dimensions of 2.4 x 1.7 x 0.8 millimetres. Green diamonds are rare, and those with saturated green body colours are exceptionally rare. Photos of the green diamond can be viewed here: https://www.pdiam.com/assets/docs/2017-11-chidliak-2017-microdiamond-results.pdf

TABLE 3: COLOURS OF +0.85 MM CH-6 DIAMONDS RECOVERED BY CAUSTIC FUSION

Colour (+0.85 mm)	Pre-2017	2017
Stones described (n=)	512	213
% White/Colourless	39	41
% Off White	45	32
% Yellow	14	25
% Grey and Brown	3	<1
% Green	0	<1

DISTRIBUTION OF KIM-L.HG AND OTHER UNITS

On September 21, 2017, the Company reported that two near-vertical core holes encountered typical CH-6 kimberlite to 532 mbs and 540 mbs respectively, beyond which the CH-6 pipe remains open at depth. The caustic fusion results reported in Table 1 permit fresh mapping of the distribution of the KIM-L.HG and KIM-L.NG units in core holes transecting the existing CH-6 resource (to 260 mbs), and extending to depths of 540 mbs. At depths shallower than 260 mbs, the 2017 results demonstrate that the KIM-L.HG unit extends beyond the volume represented in the existing resource model for KIM-L.HG. At depths beyond 260 mbs, KIM-L.HG is now recognized to 470 mbs and KIM-L.NG to 540 mbs, the latter representing the full depth range of kimberlite intersected to date at CH-6. The minor kimberlite unit KIM-C is recognized to 294 mbs in only one intersect drilled in 2017, and its distribution is consistent with the existing geological model for KIM-C. Currently all of unit KIM-C at CH-6 is defined as Target for Further Exploration (“TFFE”).

The Company expects that a forthcoming updated mineral resource for CH-6 will support an expanded distribution for the high-grade KIM-L.HG unit. The volume occupied by the KIM-L.NG unit will also expand, specifically at depths beyond 260 mbs. The Company expects to complete the upgraded resource calculation by mid-February 2018.

ON-SITE DENSE MEDIA SEPARATION PLANT

Planning for the construction of an on-site Dense Media Separation (“DMS”) plant has commenced. An on-site DMS plant would allow for the processing and recovery of diamonds at Chidliak, thus expediting the advancement of CH-6, CH-7, and other kimberlites to feasibility. The initial review is focusing on site selection for a 10 tonne per hour installation leading to final plant design and permitting.

Mr. Peregoodoff added: “The installation of an on-site DMS plant is the next step in our evolution towards a commercial diamond mine at Chidliak. An on-site plant will enable the Company to effectively and efficiently take the existing diamond resources at CH-6 and CH-7 through feasibility and allow us to add to this growing resource base through the bulk sampling of additional kimberlites, including CH-1, CH-44, and the 4 hectare, CH-31 kimberlite, which existing size frequency distribution data indicate have coarse diamond size distributions and could form the basis of a Phase II diamond development at Chidliak.”

More information regarding the DMS will be made available as plans progress.

QUALIFIED PERSONS

Dr. Herman Grütter, Peregrine’s Vice President, Technical Services, is a Qualified Person and is responsible for the design of the Diamond Resource Development Program at Chidliak. Mr. Alan O'Connor, Peregrine's Program Manager, Chidliak Resource Evaluation, is a Qualified Person and is responsible for the design and conduct of field programs at Chidliak. Dr. Jennifer Pell, Peregrine's Chief Geologist, is a Qualified Person and is responsible for geological characterization and microdiamond sampling of core drilled at Chidliak.

Dr. Grütter, Mr. O’Connor, and Dr. Pell have reviewed this release and approve of its contents.

ABOUT PEREGRINE DIAMONDS

Peregrine Diamonds is a TSX-listed diamond exploration and development company with assets located in northern Canada and Botswana.

Peregrine’s core asset is its 100-percent-owned, 277,997-hectare Chidliak Project, located 120 kilometres from Iqaluit, the capital of Nunavut, where 71 kimberlites have been discovered to date, with eight being potentially economic. A Preliminary Economic Assessment (“PEA”) of a Phase 1 Diamond Development (“CP1D”) has been completed. The PEA highlights that the CP1D represents a robust, high-margin, ten-year, open-pit mining project with very attractive economics, including after tax NPV of C$471 million, IRR of 29.8% and a two-year payback. An Inferred Mineral Resource of 11.39 million carats in 4.64 million tonnes of kimberlite at an average grade of 2.45 carats per tonne has been defined for a portion of the CH-6 kimberlite. An independent diamond valuation by WWW International Diamond Consultants, of a 1,013 carat parcel of diamonds from CH-6, returned an average market price of US$213 per carat and modeled prices that range from a minimum of US$162 per carat to a high of US$236 per carat, with a base model price of US$188 per carat (all using the February 24, 2014 price book). In addition, a Target for Further Exploration (“TFFE”) of 2.34 to 3.75 million tonnes of kimberlite to a depth of 380 metres below surface has been identified at CH-6. An Inferred Mineral Resource of 4.23 million carats in 4.99 million tonnes of kimberlite at an average grade of 0.85 carats per tonne has been defined for a portion of the CH-7 kimberlite. An independent diamond valuation by WWW International Diamond Consultants of a 735.75 carat parcel of diamonds from CH-7, returned an average market price of US$100 per carat and modelled prices that ranged from a minimum of US$94 per carat to a high of US$155 per carat, with a base model price of US$114 per carat (all using the February 1, 2016 price book). In addition, TFFE of 0.90 to 2.36 million tonnes for a depth range of 240 to 320 metres has been estimated for the CH-7 kimberlite. A TFFE of 1.27 to 3.19 million tonnes to 250 metres depth has been estimated for the CH-44 kimberlite pipe.

Additional details of the Chidliak 2016 PEA are available in a National Instrument (“NI”) 43-101 technical report titled “Preliminary Economic Assessment Technical Report on the Chidliak Project, Nunavut, Canada” and dated effective July 7, 2016, available on SEDAR and the Company’s website.

The Chidliak 2016 PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

For information on data verification, exploration information, and resource estimation procedures, see the NI 43-101 technical reports entitled “Mineral Resource Estimate for the Chidliak Project, Baffin Island, Nunavut” and dated effective June 3, 2016 and “Peregrine Diamonds Ltd. DO-27 Diamond Project Northwest Territories, Canada NI 43-101 Technical Report” dated August 7, 2008, which are available on SEDAR and the Company’s website.

The potential quantify and grade of TFFEs identified above are conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain whether further exploration will result in any of these tonnages being delineated as Mineral Resources.

Peregrine also controls the 8,494-hectare Lac de Gras Project in the Northwest Territories, located approximately 27 kilometres from the Diavik Diamond Mine. The nine-hectare, 72.1%-owned DO-27 kimberlite located at Lac de Gras hosts an Indicated Mineral Resource of 18.2 million carats of diamonds in 19.5 million tonnes of kimberlite at a grade of 0.94 carats per tonne, and it is open at depth.

For further information, please visit www.pdiam.com or contact Mr. Eric Friedland, Executive Chairman; Mr. Tom Peregoodoff, President and CEO; Dr. Herman Grütter, Vice President, Technical Services; or Peregrine Diamonds Investor Relations at 604-408-8880 or at investorrelations@pdiam.com.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Canadian securities legislation. 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,proposed exploration and development programs, funding availability, anticipated exploration results, grade of diamonds and tonnage of material, resource estimates, anticipated diamond valuations, 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 made based upon certain assumptions by the Company and other important factors that, if untrue, could cause the actual results, performances, or achievements of the Company to be materially different from future results, performances, or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the price of diamonds, anticipated costs, and ability to achieve goals. Certain important factors that could cause actual results, performances, or achievements to differ materially from those in the forward-looking statements include, but are not limited to: receipt of regulatory approvals; anticipated timelines for community consultations and the impact of those consultations on the regulatory approval process; market prices for rough diamonds and the potential impact on the Chidliak Project; and future exploration plans and objectives .

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: availability and cost of funds; timing and content of work programs; results of exploration activities; interpretation of drilling results and other

geological data; risks relating to variations in the diamond grade and kimberlite lithologies; variations in rates of recovery and breakage; variations in diamond valuations and future diamond prices; the state of world diamond markets; 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 risk; and other risks involved in the diamond exploration and development 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.