Toronto Stock Exchange **July 7, 2016**
Trading Symbol: PGD

Peregrine Diamonds announces a positive Preliminary Economic Assessment for the Chidliak Phase One Diamond Development Project

Phase One development envisages a 10 year mine life at an annual average production rate of 1.2 million carats

After-tax Net Present Value of C$ 471 million, Internal Rate of Return of 29.8% and a capital payback period of two years

Conference call and webcast on Tuesday, July 12, 2016 at 8:00AM Pacific Time

Vancouver, Canada – Peregrine Diamonds Ltd. (TSX:PGD) ("Peregrine" or "the Company") is very pleased to announce the positive findings of an independent Preliminary Economic Assessment (PEA) for the Chidliak Phase One Diamond Development ("CP1D") of the CH-6 and CH-7 kimberlite pipes on the Company's 100%-owned, Chidliak Diamond Project on Baffin Island, Nunavut, Canada. The PEA highlights that the CP1D represents a robust, high margin, ten-year, open-pit mining project with very attractive economics. Peregrine owns 100% of the 564,396 hectare Chidliak Project, where 74 kimberlites have been discovered to date, with eight currently being identified as potentially economic. The Company also owns all of the diamond marketing and sales rights and there are no non-government royalties or other encumbrances on diamond production.

The CP1D envisages an open-pit diamond mine with a mining life of approximately ten years, producing initially from an open pit at the CH-6 kimberlite pipe with production from an open pit at the CH-7 kimberlite pipe to follow. The PEA utilizes the Chidliak resource estimate prepared by Mineral Services Canada Inc. with an effective date of June 3, 2016, that includes the 11.39 million carat Inferred Resource to a depth of 260 metres at CH-6 that was announced in an April 7, 2016 news release, plus the maiden 4.23 million carat Inferred Resource at CH-7 to a depth of 240 metres that was announced in a May 5, 2016 news release. The resources at both CH-6 and CH-7 remain open at depth and represent significant expansion opportunities which have not been included in the current economic study.

The PEA was prepared by JDS Energy & Mining Inc. ("JDS"), independent consulting engineers based in Vancouver, Canada. The JDS team has a long history of northern Canadian and diamond project experience, including the current construction of the Gahcho Kué diamond mine, in the Northwest Territories, Canada.

Highlights of the 2016 Chidliak Phase One Diamond Development PEA base case are:

- **Pre-tax Net Present Value (NPV) of C$ 743.7 million, at a 7.5% discount rate and a pre-tax Internal Rate of Return (IRR) of 38.1%.**
- **After-tax NPV of C$ 471.2 million, at a 7.5% discount rate and an after-tax IRR of 29.8%.**
- **Total Life of Mine (LOM) pre-tax Free Cash Flow of C$ 1.31 billion.**
- **Pre-tax average annual Free Cash Flow of C$ 131 million per annum.**
- **After-tax payback period of two years, LOM of ten years.**
- **Operating margin of 72%.**

- **LOM average production rate of 1.2 million carats per annum, peaking at 1.8 million carats per year.**
- **LOM average mining head grade of 1.67 carats per tonne.**
- **Estimated pre-production capital requirement of approximately C$ 434.9 million, including C$ 56.7 million in contingency.**
- **Pre-production capital includes the construction of a 160 kilometre, all-weather road to connect to Iqaluit, the capital of Nunavut.**

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. There is no certainty that the PEA will be realized.

Eric Friedland, Peregrine's founder and Executive Chairman, commented: "We are very pleased with the results of this Preliminary Economic Assessment, which clearly establishes Chidliak as one of the premier undeveloped diamond resources, located in one of the world's safest, and most supportive jurisdictions for responsible mining development. With the support of all our stakeholders, including our shareholders, employees, local entrepreneurs, Nunavummiut, and the Nunavut and Federal governments, we are looking forward to advancing this outstanding diamond project to the next stage of development."

Tom Peregoodoff, Peregrine's President and Chief Executive Officer, added: "The PEA marks another significant milestone for Peregrine as we continue to advance Chidliak towards a production decision. The base case shows that a Phase One Diamond Development at Chidliak could generate more than C$ 1.3 billion in pre-tax net cash flows, deliver life-of-mine, after-tax net present value of C$ 471 million, and has a capital payback period of only two years. This economic study illustrates robust economics for the Phase One development at Chidliak, which compares very favourably with other mineral development projects currently under review or construction in Nunavut. As we develop Chidliak further, we expect to identify further upside to the economics of the project through optimization studies of the Phase One mine, including the expansion of the CH-6 resource to depth and through the development of a potential, Phase Two resource expansion from the numerous other kimberlites on the property of which six currently show economic potential."

Phase One Diamond Development Inferred Resource
Summary resource data for CH-6 and CH-7 are shown in Table 1 below.

Table 1 Phase One Inferred Mineral Resource Estimate*

Domain	Tonnes (millions)	Grade (carats per tonne)	Carats (millions)
CH-6 KIM-L.NG	3.88	2.12	8.24
CH-6 KIM-L.HG	0.76	4.16	3.15
CH-6** Total	4.64	2.45	11.39
CH-7*** Total	4.99	0.85	4.23
Phase 1 Inferred Resource Total	9.63	1.67****	15.62

* Stated at 1.18 mm square-mesh sieve bottom cut-off.
** The CH-6 Inferred Resource extends from surface to an elevation of 420 metres above sea level, or approximately 260 metres depth below surface and is open to depth.
***The CH-7 Inferred Resource extends from surface to an elevation of 450 metres above sea level, or approximately 240 meters depth below surface and is open to depth.
****Represents the Life of Mine average mining head grade.

Economic Analysis

Inputs and assumptions used in the study are shown in Table 2. In addition to the parameters shown in Table 2, the following was incorporated into the economic analysis.

- Diamond prices for both CH-6 and CH-7 used in the study were based on March, 2016 pricing received from WWW International Diamond Consultants and escalated annually from 2016 at a rate of 2.5%.
- Commercial production achieved in 2021 using a three year construction schedule.
- Owner - operated.
- Peregrine's eligible Canadian Exploration Expense and Canadian Development Expense tax pools were utilized in the post-tax calculations.
- The analysis does not include financing costs or management fees.

Table 2. Inputs – Economic Analysis

Assumptions & Inputs	**Unit**	**Value**
Base CH-6 Diamond Valuation*	US$/carat	149
Base CH-7 Diamond Valuation*	US$/carat	114
Diamond Price Escalation (from 2016)	% per annum	2.5
Foreign Exchange Rate	US$:C$	0.78
Discount Rate	%	7.5
Operating Days/Year	days/year	365
Royalties	%	0
Diamond Recovery	%	98
Selling Cost	% of price	4
Selling Cost	US$/carat	6

*Base diamond valuations provided by WWW International Diamond Consultants using the March, 2016 price book and were escalated annually from 2016 at a rate of 2.5%

Base case, pre-tax and post-tax financial outcomes are summarized in Table 3. The results are presented for the all weather road option. (see Infrastructure Trade-Off Study below)

Table 3. Base-case Financial Outcomes

Parameter	**Unit**	**Value**
Life of Mine (LOM)	Years	10
Average Mill Throughput	tonnes/day	2,000
Pre-Tax NPV / IRR	C$millions (M) / %	743.7 / 38.1
After-Tax NPV / IRR	C$M / %	471.2 / 29.8
Net Revenue (after royalties)	C$M	2,462
Total Pre-Tax LOM Free Cash Flow	C$M	1310.7
Annual Pre-Tax Free Cash Flow	C$M	131.2
Total After-Tax LOM Free Cash Flow	C$M	887.4
Annual After Tax LOM Free Cash Flow	C$M	88.8

Average Head Grade	carats / tonne	1.67
LOM Average Production	carats / year	1.2 million
Total Recovered Carats	carats	11.6 million
LOM CH-6 Average Price	US$ / carat : C$ / carat	178 : 228
LOM CH-7 Average Price	US$ / carat : C$ / carat	153 : 196
Initial Capital Expenditure (CapEx)	C$M	434.9
Sustaining Capital Expenditure	C$M	48.7
LOM Operating Expenditure (OpEx)	C$/tonne	94.4
LOM Operating Expenditure	C$/ct	57.7
Total LOM Operating Expenditure	C$ M	668
Operating Margin	%	73

Sensitivity Analysis
Sensitivity analyses to key inputs are shown in Tables 4 through to Table 6.

Table 4. Sensitivity Analysis – Diamond Price Escalation

Annual Diamond Price Escalation	Pre-Tax NPV (C$M)	Pre-Tax IRR	Pre-Tax Payback (Yrs)
0 %	$466	29.7%	2.1
0.5%	$517.8	31.4%	2.0
1.0%	$571.2	33.1%	1.9
2.0%	$684.1	36.4%	1.8
2.5% (Base Case)	**$743.7**	**38.1%**	**1.8**
3.0%	$805.5	39.7%	1.7

Table 5. Sensitivity Analysis – US$/C$ Exchange Rate

Exchange Rate US$:C$	Pre-Tax NPV (C$M)	Pre-Tax IRR	Pre-Tax Payback (Yrs)
0.65	$1,063	47.3%	1.4
0.70	$926.4	43.5%	1.6
0.75	$807.6	40.0%	1.7
0.78 (Base Case)	**$743.7**	**38.1%**	**1.8**
0.85	$612.1	33.8%	2.0
1.00	$392.1	26.0%	2.4

Table 6. Sensitivity Analysis - Discount Rate

Discount Rate	Pre-Tax NPV (C$M)	After-Tax NPV (C$M)
0%	$1,310.7	$887.4
5%	$898.2	$584.1
7.5% (Base Case)	**$743.7**	**$471.2**

10%	$614.7	$377.4
12%	$526.7	$313.5

Mr. Peregoodoff added: “We were intentionally very careful in our selection of base case input parameters. The positive base case economics are based on conservative, industry standard assumptions for all key inputs. We wanted to account for all reasonable, potential and future outcomes. To that end, the sensitivity analysis demonstrates very robust project economics. For example, if the Canadian dollar were to reach par with the US dollar, or if no annual diamond price escalation were to occur, the project still has pre-tax Internal Rates of Return of 26% and 29.7% respectively.”

Infrastructure Trade-off Study

As part of the PEA, JDS completed a rigorous cost–benefit and risk analysis of constructing an all-weather road (AWR) to connect the Chidliak Project to Iqaluit on a year-round basis, compared to using an enhanced-winter road (EWR), which would generally be open for approximately six weeks during late winter. As Table 7 illustrates, the economic trade-offs of the two options are minimal. While the pre-production capital for the AWR is somewhat higher, the NPV is higher for an AWR as the annual transportation and operating costs are significantly reduced. In addition, the AWR option eliminates the risks associated with loss of capacity on the EWR as a result of weather-related shut downs and eliminates the inherent cost implications of using aircraft to support the enhanced winter road.

Table 7. Economic Comparison – AWR / EWR trade-off study

	Unit	**All-Weather Road**	**Enhanced Winter Road**	***Pre-Tax Variance (EWR:AWR)***
Pre-Tax				
NPV (@7.5%)	C$M	$743.7	$710.9	*-$32.8*
IRR	%	38.1%	39.4%	*1.4%*
Payback	Years	1.8	1.7	*0.0*
After-Tax				
NPV (@7.5%)	C$M	$471.2	$451.3	*-$19.9*
IRR	%	29.8%	30.9%	*1.0%*
Payback	Years	2.0	1.9	*0.0*

Capital and Operating Costs

Rigorous capital and operating cost estimates were prepared on a site-specific, owner operated scenario and use JDS’s extensive experience working on Arctic projects. All costs incorporated factors specific to northern Canadian and Baffin Island locations. The LOM capital costs, including contingency of C$ 56.7 million, is C$ 483.6 million and is detailed in Table 8.

Table 8. Capital Costs

Capital Costs	**Pre-Production (C$M)**	**Sustaining or Closure (C$M)**	**Total (C$M)**
Pre-Stripping	3.2	0.0	3.2
Mining Equipment	28.4	13.2	41.6
Mining Infrastructure/Ancillary	21.0	0.4	21.4
Site Development and Roadworks	107.3	0.0	107.3
Process Facilities	65.0	17.6	82.6
Utilities	25.9	0.0	25.9

Ancillary Facilities		27.2	0.0	27.2
Indirect Costs		51.7	0.0	51.7
EPCM		27.3	0.0	27.3
Owners Costs		21.1	0.0	21.1
Closure Costs		0.0	12.9	12.9
Subtotal Capital Costs		**378.2**	**44.0**	**422.2**
Contingency	***15%***	56.7	4.7	61.4
Total Capital Costs		**434.9**	**48.7**	**483.6**

The average LOM operating expense is estimated at C$ 94 per tonne processed, or C$ 58 per carat recovered. Operating cost breakdown is shown in Table 9 below.

Table 9. Operating Costs

Operating Cost	**$/t Processed**	**$/carat**	**LOM (C$M)**
Mining	34.74	21.24	245.8
Processing	17.16	10.49	121.4
Freight	14.74	9.01	104.3
Site Services	9.65	5.90	68.2
General and Administrative	18.11	11.07	128.1
Total Operating Expenses	**94.40**	**57.71**	**667.8**

*Average LOM mining cost is based on a LOM strip ratio of 7.2:1.

Cautionary Statement

Readers are cautioned that the Chidliak 2016 PEA is preliminary in nature and is based on 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. There is no certainty that the PEA will be realised. There is no certainty that the Inferred Resources will be converted to the Indicated or Measured categories, or that the potential Indicated or Measured Resources would be converted to the Proven or Probable Mineral Reserve categories. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The estimates of Mineral Resources in the PEA and the Mineral Resource statement may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The Chidliak 2016 PEA recommends that the Chidliak Project be advanced to a pre-feasibility study level in order to increase confidence in the estimates.

Peregrine will be filing a National Instrument (NI) 43-101 Technical Report on the Chidliak 2016 PEA within 45 days of this news release.

Peregrine to host conference call for investors and analysts on July 12, 2016 to discuss details of the PEA

The company will hold a conference call and webcast to discuss the PEA results on **Tuesday, July 12, 2016 at 08:00AM Pacific Time (11:00AM Eastern Time).** The conference call may be accessed by dialing 1-866-393-4306 or 1-617-826-1698 in Canada and the United States. Callers outside of North America may refer to https://www.confsolutions.ca/ILT?oss=1P29R8662237781 for their country-specific toll-free dial-in number.

The conference call also will be webcast live over the internet and can be accessed at the following link: http://edge.media-server.com/m/p/ezbiued4. To listen to the live webcast, visit the weblink at least 10 minutes prior to the start of the call to register, download and install any necessary audio software. The conference call and webcast will be archived for later playback until December 5, 2016 at the above link.

Qualified Persons

The Chidliak 2016 PEA was prepared by JDS and is based on a Mineral Resource estimate for the Chidliak Project published as a NI 43-101 Technical Report with an effective date of June 3, 2016. JDS has a long and successful track record of delivering high-quality technical engineering and economic studies for a wide range of mineral resource companies, both in Canada and internationally. JDS is a specialized, private mineral engineering, consulting and construction company focused on adding value to mineral projects with fit-for-purpose designs and exceptional execution. The JDS team has a long history of northern Canadian and diamond experience including the current construction of the Gahcho Kué diamond mine and the Silvertip silver and base-metals mine.

The following Qualified Persons have participated in the development of the PEA, or are responsible for specific inputs into the PEA.

Table 10. Qualified Persons

Qualified Person	Company	Responsibility
Gord Doerksen, P.Eng	JDS Energy & Mining Inc.	Project Management, Economic Analysis, Costs, Infrastructure, Logistics
Dino Pilotto, P.Eng	JDS Energy & Mining Inc.	Mine Plan, Production Schedule, Mine Costs
Jennifer Pell, Ph.D.,P.Geo	Peregrine Diamonds Ltd.	Diamond Valuations

The Qualified Persons named above have reviewed the scientific and technical information contained in this news release and have approved of its contents.

ABOUT THE CHIDLIAK PROJECT

Peregrine's 100 percent-owned, 564,396 hectare Chidliak Project is located 120 kilometres from Iqaluit. A total of 74 kimberlites have been discovered to date on the project, with eight being identified as potentially economic. 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. 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 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). 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. In addition, TFFE of 0.90 to 2.36 million tonnes for a depth range of 240-320 metres below surface has been estimated for 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). A TFFE of 1.27 to 3.19 million tonnes from surface to 250 metres depth has been estimated for the CH-44 kimberlite pipe.

The TFFE's identified above are conceptual in nature and are not Mineral Resources. It is uncertain whether further exploration will result in any of these tonnages being delineated as Mineral Resources.

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 which is available on SEDAR and the company's website.

ABOUT PEREGRINE DIAMONDS

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

In addition to the Chidliak Project, Peregrine holds eleven diamond prospecting licences in Botswana that cover 661,330 hectares. Peregrine also controls the 8,493-hectare Lac de Gras Project in the Northwest Territories, 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. It is open at depth.

For information on data verification, exploration information and resource estimation procedures see the NI 43-101 technical report entitled "Peregrine Diamonds Ltd. Lac de Gras Project Northwest Territories, Canada NI 43-101 Technical Report" dated July 15, 2014, which is available on SEDAR and the company's website.

Contact information

For further information, please contact Eric Friedland, Executive Chairman; 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.

Website: www.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, statements relating to the PEA and its realization, estimates of Chidliak Phase One Diamond Project economics, proposed exploration and development programs, funding availability, anticipated exploration results, grade of diamonds and tonnage of material, resource estimates, diamond valuation 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 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 assumptions regarding the economics of the PEA, 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; availability of funding;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, uncertainties relating to the Company's ability to achieve the PEA, 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; estimates of grade and quality of diamonds, 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.*