



PEREGRINE  
DIAMONDS LTD.

February 9, 2007

Peter Lennie-Misgeld  
Senior Regulatory Officer  
**Mackenzie Valley Land and Water Board**  
Phone (867) 669-0506  
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Dear Mr. Lennie-Misgeld,

**Re: Peregrine Diamonds Ltd. and Dunsmuir Ventures Ltd.**

On January 16, 2006, Peregrine Diamonds Ltd. and Dunsmuir Ventures Ltd. ("Dunsmuir"), an Exchange-listed company engaged in the exploration for diamonds (primarily in North America), effected a business combination whereby Dunsmuir amalgamated with a newly created subsidiary of Peregrine ("Subco") to form Peregrine Holdings Ltd. Pursuant to the three-cornered amalgamation under which the business combination was effected, each shareholder of Dunsmuir received 0.05 of a common share of Peregrine in exchange for one outstanding common share of Dunsmuir. The issued options, warrants and convertible debenture of Dunsmuir were also exchanged for similar convertible securities to acquire common shares of Peregrine on the basis of the same exchange ratio. As a result of the amalgamation, the securityholders of Dunsmuir became securityholders of Peregrine, and Peregrine Holdings Ltd. (Dunsmuir) became a wholly-owned subsidiary of Peregrine.

The foregoing is a matter of public record and the disclosures describing this business transaction can be accessed at [www.sedar.com](http://www.sedar.com).

Regards,

Greg Shenton  
*Chief Financial Officer*