



Water Resources Division
Nunavut Regional Office
Iqaluit, NU
X0A 0H0

NWB File: 2BE-NQN0914
CIDMS #: 570574

Aug 30, 2012

**Re: 2BE-NQN0914 – Water License Assignment Application – Nanug
Property – Bluestone Resources Inc.**

Please be advised that the Water Resources Division of Aboriginal Affairs and Northern Development Canada (AANDC) have completed a review of the water license assignment application of 2BE-NQN0914 from Bluestone Resources Incorporated to Peregrine Diamonds Limited submitted by Bluestone Resources. The NWB circulated the water license assignment application for comments on July 30, 2012. All documents related to the application posted on the NWB ftp site under 2BE-NQN0914 were included in my review (See attached Technical Review Memo).

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4282 or by email at Ian.Parsons@aandc-aadnc.gc.ca.

Sincerely,

Original signed by

Ian Parsons
Regional Coordinator



Technical Review Memorandum

To: Phyllis Beaulieu – Manager of Licensing, Nunavut Water Board

From: Ian Parsons – Regional Coordinator, Aboriginal Affairs and Northern Development Canada.

Re: 2BE-NQN0914 – Water License Assignment Application – Nanuq Property – Bluestone Resources Inc.

Background

The Nanuq property was previously a joint venture between Indicator Minerals, now Bluestone resources and Peregrine Diamonds. This assignment will make Peregrine Diamonds the sole owner of the Nanuq property.

The Nanuq property is situated in the Kivalliq Region of Nunavut approximately 220km Northeast of Baker Lake.

Recommendations/Comments

AANDC has no concerns with the assignment of water license 2BE-NQN0914, from Bluestone Resources to Peregrine Diamonds at this time

AANDC looks forward to the opportunity to working with and reviewing any and all plans and reports from Peregrine Diamonds in the future.

Cc. Andrea Cull, A/Manager of Water Resources – Aboriginal Affairs and Northern Development Canada, Nunavut Regional Office
Andrew Keim, A/Manager of Field Operations – Aboriginal Affairs and Northern Development Canada, Nunavut Regional Office