

2012 FINAL LAND USE REPORT

NANUQ NORTH PROJECT, KIVALLIQ REGION, NUNAVUT

BLUESTONE RESOURCES INC. (*formerly INDICATOR MINERALS INC.*)

AANDC LAND USE LICENCE No.: N2009C0005

NIRB FILE No.: 09EN011

NWB Licence No.: 2BE-NQN0914

Location of Claims: **Wager Bay Area, Kivalliq Region, Nunavut Territory**
Map Sheet: **056G/06, 07, 10, 11**

Submitted: **September 2012**
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Introduction

The Nanuq North property is a joint venture between Indicator Minerals Inc. (Indicator) and Peregrine Diamonds Ltd. (Peregrine). Peregrine conducted exploration in 2011 on the property and in fall of that year, Indicator Minerals Inc. opted to dilute its interest in the Nanuq North property. In January 2012, Indicator Minerals Inc. announced a name change of the company to Bluestone Resources Inc. In spring 2012, efforts were initiated to transfer ownership of Indicator's Nanuq North claims and permits to Peregrine.

Description and Location of Land Use Area

The centre of the Nanuq North property is located approximately 250 kilometres north of Chesterfield Inlet, and 235 kilometres southwest of Repulse Bay, Nunavut. The property consists of a total 51 mineral claims staked in October and November of 2004: F88406-F88409 (JP 21, JP 22, JP 30, JP 31), F88445 (JP 5), F88450 (JP 10), F88451 (JP 11), F88457-F88460 JP 17-20), F88463-F88469 JP 23-29), F88472-F88475 (JP 32-35), F88480-F88484 (JP40-44), F88487-F88490 (JP 47-50), F88493-F88496 (JP 51, JP 46, JP 45, JP 39), F90022-F90030 (FA 1-9), F90091-F90097 (FA 10-16), totaling an area of 81,684.74 acres. The property shares the northern boundary with the southern border of Ukkusiksalik National Park surrounding Wager Bay. Refer to Table 1 for statistics and Figure 1 for an overview of land tenure. The property is centered approximately at 91° 51' W, 65° 36' N within the 1:50,000 scale National Topographic System (NTS) map areas 056G/07, 10 and 11.

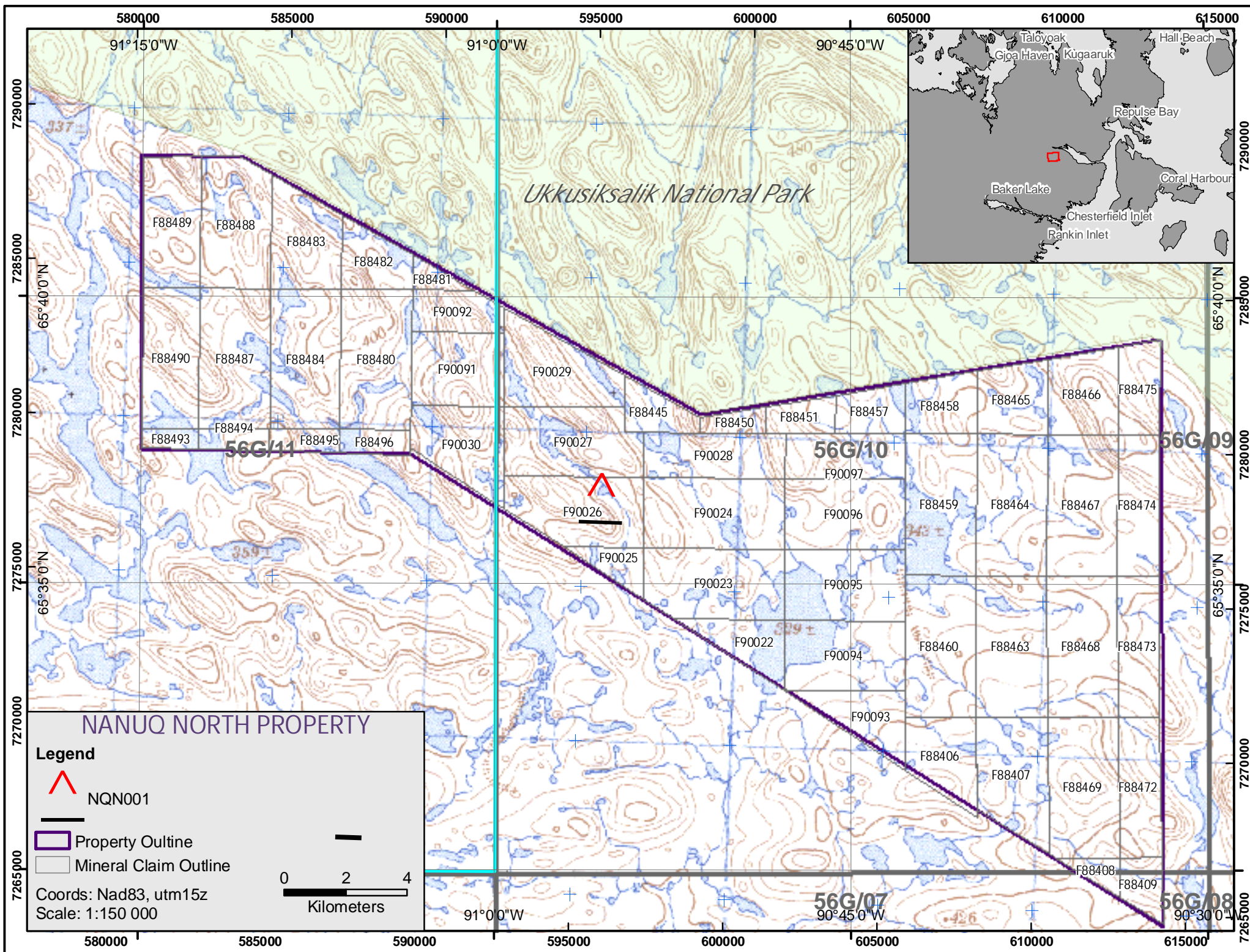
In addition to Land Use Permit #N2009C0005 granted for exploration on the Nanuq North property, Indicator submitted an amendment application in May 2009 for establishment of a camp on NTS map sheet 056G/06, and received approval for this amendment in July 2009. All field work on the Nanuq North property since receiving this land use permit and subsequent amendment has been conducted from Peregrine's Nanuq Camp and no camp was established under N2009C0005.

Table 1: Nanuq North Property Land Tenure

Fid.	Claim Name	Claim Number	Claim Status	Record Date	Anniversary Date	Claim Acreage
1	FA001	F90022	Active	08-Oct-04	08-Oct-18	1,059.00
2	FA002	F90023	Active	08-Oct-04	08-Oct-18	2,492.00
3	FA003	F90024	Active	08-Oct-04	08-Oct-18	2,582.50
4	FA004	F90025	Active	08-Oct-04	08-Oct-18	516.50
5	FA005	F90026	Active	08-Oct-04	08-Oct-18	2,273.00
6	FA006	F90027	Active	08-Oct-04	08-Oct-18	2,399.90
7	FA007	F90028	Active	08-Oct-04	08-Oct-18	1,607.70
8	FA008	F90029	Active	08-Oct-04	08-Oct-18	1,997.10
9	FA009	F90030	Active	08-Oct-04	08-Oct-18	1,870.90
10	FA010	F90091	Active	08-Oct-04	08-Oct-18	1,698.80
11	FA011	F90092	Active	08-Oct-04	08-Oct-18	1,124.90
12	FA012	F90093	Active	08-Oct-04	08-Oct-18	1,107.90

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Fid.	Claim Name	Claim Number	Claim Status	Record Date	Anniversary Date	Claim Acreage
13	FA013	F90094	Active	08-Oct-04	08-Oct-18	2,174.50
14	FA014	F90095	Active	08-Oct-04	08-Oct-18	2,186.60
15	FA015	F90096	Active	08-Oct-04	08-Oct-18	2,186.60
16	FA016	F90097	Active	08-Oct-04	08-Oct-18	1,399.40
17	JP005	F88445	Active	04-Nov-04	04-Nov-18	710.18
18	JP010	F88450	Active	04-Nov-04	04-Nov-18	355.73
19	JP011	F88451	Active	04-Nov-04	04-Nov-18	606.88
20	JP017	F88457	Active	04-Nov-04	04-Nov-18	839.31
21	JP018	F88458	Active	04-Nov-04	04-Nov-18	1,045.91
22	JP019	F88459	Active	04-Nov-04	04-Nov-18	2,582.50
23	JP020	F88460	Active	04-Nov-04	04-Nov-18	2,582.50
24	JP021	F88406	Active	04-Nov-04	04-Nov-18	1,265.42
25	JP022	F88407	Active	04-Nov-04	04-Nov-18	2,066.00
26	JP023	F88463	Active	04-Nov-04	04-Nov-18	2,582.50
27	JP024	F88464	Active	04-Nov-04	04-Nov-18	2,582.50
28	JP025	F88465	Active	04-Nov-04	04-Nov-18	1,278.34
29	JP026	F88466	Active	04-Nov-04	04-Nov-18	1,497.85
30	JP027	F88467	Active	04-Nov-04	04-Nov-18	2,582.50
31	JP028	F88468	Active	04-Nov-04	04-Nov-18	2,582.50
32	JP029	F88469	Active	04-Nov-04	04-Nov-18	2,572.50
33	JP030	F88408	Active	04-Nov-04	04-Nov-18	344.76
34	JP031	F88409	Active	04-Nov-04	04-Nov-18	604.31
35	JP032	F88472	Active	04-Nov-04	04-Nov-18	1,549.50
36	JP033	F88473	Active	04-Nov-04	04-Nov-18	1,549.50
37	JP034	F88474	Active	04-Nov-04	04-Nov-18	1,549.50
38	JP035	F88475	Active	04-Nov-04	04-Nov-18	1,007.17
39	JP039	F88496	Active	04-Nov-04	04-Nov-18	428.69
40	JP040	F88480	Active	04-Nov-04	04-Nov-18	2,582.50
41	JP041	F88481	Active	04-Nov-04	04-Nov-18	284.07
42	JP042	F88482	Active	04-Nov-04	04-Nov-18	1,149.21
43	JP043	F88483	Active	04-Nov-04	04-Nov-18	1,725.11
44	JP044	F88484	Active	04-Nov-04	04-Nov-18	2,582.50
45	JP045	F88495	Active	04-Nov-04	04-Nov-18	400.29
46	JP046	F88494	Active	04-Nov-04	04-Nov-18	387.38
47	JP047	F88487	Active	04-Nov-04	04-Nov-18	2,582.50
48	JP048	F88488	Active	04-Nov-04	04-Nov-18	2,281.32
49	JP049	F88489	Active	04-Nov-04	04-Nov-18	1,911.05
50	JP050	F88490	Active	04-Nov-04	04-Nov-18	2,066.00
51	JP051	F88493	Active	04-Nov-04	04-Nov-18	289.24



Summary of the 2011 Field Program

Peregrine submitted a Land Use Report for 2011 exploration activities that they solely conducted under Land Use Permit #N2009C0005 (with Indicator's permission) on behalf of the joint venture.

Land Use Activity Summary

Under LUP #N2009C0005 (first granted May 12, 2009), Indicator Minerals Inc. conducted one drilling program in spring 2010. During this drilling campaign, six holes were drilled into the kimberlites known as NQN-001. In addition to drilling this kimberlite, some ground geophysical surveys (magnetic and electromagnetic) were conducted, none of which were established on the land.

Peregrine operated a diamond drilling program in 2011, during which time one drill hole tested one geophysical target, and 16.8 line-kilometres of ground magnetic surveys were completed on one grid.

No camp site was established under LUP #N2009C0005. As the six 2010 drill holes tested the same target (NQN-001), the entire seven drill holes completed on the Nanuq North property under LUP #N2009C0005 total approximately one hectare of ground used. No access trails or roads were built, nor were any grid markers established for any of the ground geophysical surveying that was completed.

Current Land Use Status

In May 2012, while in the midst of changing Nanuq North permit and claim ownership from Indicator's name into Peregrine's, the renewal of Land Use Permit #N2009C0005 was overlooked and the permit consequently lapsed. Correspondence from Peregrine's Land Administrator indicated that Peregrine intended to continue exploration on the Nanuq North property, and would therefore be seeking a new land use permit under Peregrine's name, as the opportunity to transfer ownership was missed.

The transfer of the 51 Nanuq North mineral claims from Indicator/Bluestone to Peregrine Diamonds has been managed by Peregrine's Land Administrator and remains pending. As of September 7, 2012, AANDC's SID Viewer still shows "Indicator Minerals Inc" as claim owner on the property claims. Bluestone has no intentions of conducting future work on the Nanuq North property.