STORNOWAY DIAMOND CORPORATION

Spill Contingency Plan
The Coronation Gulf Project, Nunavut

Effective: June 1, 2010
Revised: June 15, 2011

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1.0 Introduction

This Spill Contingency Plan has been specifically prepared for the Coronation Gulf Project exploration program. This Plan shall be posted at operational remote camps and drill shacks associated with this project.

The purpose of Stornoway Diamond Corporation's ("Stornoway's") activities under this license application is to continue to evaluate the potential for economic concentrations of minerals within the Coronation Gulf region of Nunavut by conducting a short drilling program that would utilize an existing temporary campsite as the base for operations and accommodation for a small field crew.

The proposed exploration program would take place at some point between June and September of 2010 or 2011, and last for approximately four weeks (weather and logistics permitting). The activities planned at this time would primarily be the execution of a short diamond drilling program which would utilize a small helicopter portable drill rig to evaluate a select number of targets on Stornoway's landholdings in the region.

Field crews will be working from a temporary campsite which has been utilized during past exploration programs and would accommodate approximately 10 people over the course of the four week program. Personnel will vary in number and job description but typically will consist of four to five drillers, one cook/first aid attendant, one helicopter pilot, one helicopter engineer, and two geologists.

Fixed wing support for the camp will be variable and temporary, utilizing a Twin Otter aircraft for the movement of personnel, supplies and equipment to the camp. A Hughes 500D Helicopter (or similar aircraft) will transport field crews to the drill site(s) from the camp location and will be used to transport the lightweight drill rig during drill moves.

Stornoway endeavours to take every reasonable precaution toward ensuring the protection and conservation of the natural environment and the safety and health of all employees and contractors from any potential harmful effects of stored materials and operations.

2.0 Facilities

Camp Location: The Eureka Camp is located at: 113, °39', 14" W 67°, 1', 33" N (WGS84)

3.0 Petroleum and Chemical Product Storage and Inventory

3.1 Remote Location Fuel Inventory, Storage and Handling Procedures

Fuel caches and chemical storage areas during the operational season are typically as follows:

Description of the type and amount of potential contaminants normally "in use" at camp

- *1 Drum of Diesel* located behind each tent
- *1 Drum of Diesel* located behind the generator
- *2 (100lb) Propane Tanks* located outside of the "Kitchen" tent

- *2 (100lb) Propane Tanks* located outside of the "Dry" tent

Description of the type and amount of potential contaminants normally stored at camp

- JET B fuel for the helicopter – 2050 litres (10 drums)
- Diesel - 1845 litres (9 drums)
  Drums will be stored on flat stable terrain during the summer to reduce chances of a leak. If available a natural depression situated well away from water bodies will be utilized for storage.
- Oil – Several Cases of 4 Cycle Engine Oil
  All oil containers will be removed from the packaging in which they were shipped and stored in a plywood floored tent on top of an absorbent mat.
- Propane- 4, 100 lb propane tanks
  A small cache of propane tanks will be stored at camp location. All tanks are stored upright and tied together to prevent them from falling over.
- Drilling Additives -
  All drilling muds, greases, and oils will be stored in a plywood floored tent. The floor will be lined with plastic and enviromats placed on top of the plastic liner in order to absorb any potential leakage.

One large spill kit and an ample supply of absorbent mats will be located within the camp perimeter.

In addition, at least one empty fuel drum will be located at each fuel storage area in the event of damaged or leaking drums. Extra absorbent pads will be kept with the helicopter, drill and any area where re-fuelling, transferring and/or handling is to be done.

3.2 Petroleum Product Transfer

Manual and automatic pumps (and aviation fuel filters for jet fuel) are used for the transfer of all petroleum products. Smoking, sparks, or open flames are **prohibited** in fuel storage and fuelling areas at all times.

4.0 Risk Assessment and Mitigation of Risk

4.1 Petroleum Products and Other Fuels

Following, is a list of sources:

1) Drummed product: Leaks or ruptures may occur. This includes drums of Jet B, Diesel, Gasoline, Waste Fuel, and Waste Oil.

2) Fuel cylinders: Propane, leaks may occur at the valves. All cylinders are secured at all times.

3) Vehicles and equipment: Wheeled vehicles and equipment, aircraft (fixed and rotary wing), snowmobiles, generators, pumps. Incidents involving leaking or dripping fuels and oils may occur due to malfunctions, impact damage, and lack of regular maintenance, improper storage, or faulty operation.

Regular inspection and maintenance in accordance with recognized and accepted standard practices at all camps and fuel caches, reduces risks associated with the categories listed above.

Spill response training is provided to all personnel with particular attention to those personnel who handle fuels and other petroleum products. This training will include a presentation, "mock" spill, review of spill kit contents and their use and reporting.

5.0 Responding to Failures and Spills

5.1 Spill Response Contact List

24 Hour Spill Line
(867) 920-8130

DIAND Water Resources Inspector
Iqaluit, Nunavut
(867) 975-4298

Environment Canada
Pollution Enforcement Officer
Phone: (867) 975-4644
Fax: (867) 975-4594

Stornoway Diamond Corporation
Phone: (604) 983-7750
Fax: (604) 987-7107

5.2 Basic Steps — Spill Procedure

In the case of any spill or other environmental emergency, it is necessary to react in the most immediate, safe, and environmentally responsible manner. No spill or incident is so minor that it can be ignored.

The basic steps of the response plan are as follows:

1. *Ensure* the safety of all persons at all times.

2. *Identify* and find the spill substance and its source, and, if possible, stop the process or shut off the source.

3. *Inform* the on-site coordinator or his/her designate at once, so that he/she may take the appropriate actions. Appropriate action includes the notification of the spill to the 24 hour Spill Line and DIAND Water Resource Officer, a copy of the Spill Report form can be found in Appendix I.

in Appendix I.

4. *Contain* the spill or environmental hazard, as per its nature, and as per the advice of the Spill Line and the DIAND Water Resource Officer as required.

5. *Implement* any necessary cleanup and/or remedial action.

5.3 Basic Steps — Chain of Command

1. *Immediately* notify and report to the 24-Hour Spill Line at (867) 920-8130, the DIAND Water Resources Inspector in Nunavut at (867) 975-4298, and Environment Canada personnel at 867-766-3737.

2. ***A Spill Report Form (Appendix I)*** is filled out as completely as possible before or after contacting the 24 Hour Spill Line.

3. Notify Robin Hopkins , Stornoway Diamond Corporation at (604) 983-7750.

5.4 Other contacts for spill response/assistance and further reporting

Nunavut Water Board	(867) 360-6338
Fisheries and Oceans Canada Habitat Impact Assessment Biologist	(867) 979-8007
Government of Nunavut Department of Environment	
- *General Reception*	(867) 975-7700
- *Manger of Pollution Control*	(867) 975-7748

6.0 Taking Action

6.1 Before the Fact: Preventative Measures

The following actions illustrate a proactive approach to environmental stewardship. In addition, these actions minimize the potential for spills during fuel handling, transfer and storage:

1. Fuel transfer hoses with cam lock mechanisms are used.

2. Carefully monitor fuel content in the receiving vessel during transfer. Always have additional absorbent pads on hand while transferring fuel.

3. Clean up drips and minor spills immediately.

4. Regularly inspect drums, tanks and hoses for leaks or potential to leak and for proper storage.

5. Create fuel caches in natural depressions that are located a **minimum** of 31 metres from the normal high-water mark of any water body.

6. Train personnel, especially those who will be operators, in proper fuel handling and spill response procedures.

6.2 After the Fact: Mitigative Measures

1. First steps to take when a spill occurs:
    a) Ensure your own safety and that of others around you, beginning with those nearest to the scene.
    b) Control danger to human life, if necessary.
    c) Identify the source of the spill.
    d) Notify your supervisor, request assistance if needed.
    e) Assess whether or not the spill can be readily stopped.
    f) Contain or stop the spill at the source.

2. Secondary steps to take:
    a) Determine status of the spill event.
    b) If necessary, pump fuel from a damaged and/or leaking tank or drum into a refuge container.
    c) Notify the 24-hour Spill Report Line, and receive further instructions from the appropriate contact agencies listed in *Section 5.3.* (disposal of contaminated soil or ice/snow in sealed containers for removal from site, etc.).
    d) Complete and Fax a copy of the Spill Report Form *(Appendix I).*
    e) Notify permitting authorities.
    f) If possible, resume cleanup and containment.

6.3 SPILL RESPONSE ACTIONS
DIESEL FUEL, HYDRAULIC OIL, AND LUBRICATING OIL

Take action only if safety permits – stop the source flow if safe to do so and eliminate all ignition sources. **Never smoke** when dealing with these types of spills.

On Land
Build a containment berm using soil material or snow and place a plastic tarp at the foot of the berm for easy capture of the spill after all vapours have dissipated.
Remove the spill by using absorbent pads or excavating the soil, gravel or snow.
Remove spill splashed on vegetation using particulate absorbent material.
Contact regulatory agencies for approval before commencing with the removal of any soil, gravel, or vegetation.

On Muskeg
Do not deploy personnel and equipment on marsh or vegetation.
Remove pooled oil with sorbent pads and/or skimmer.
Flush with low pressure water to herd oil to collection point.
Burn only in localized areas, e.g., trenches, piles or windrows.
Do not burn if root systems can be damaged (low water table).
Minimize damage caused by equipment and excavation.

On Water
Contain spill as close to release point as possible.
Use containment boom to capture spill for recovery after vapours have dissipated.
Use absorbent pads to capture small spills.
Use skimmer for larger spills.

On Ice and Snow
Build a containment berm around spill using snow.
Remove spill using absorbent pads or particulate sorbent material.
The contaminated ice and snow must be scraped and shovelled into plastic buckets with lids, 205 litre drums, and/or polypropylene bags.

Storage and Transfer
All contaminated water, ice, snow, soil, and clean up supplies will be stored in closed, labelled containers. All containers will be stored in a well ventilated area away from incompatible materials.

Disposal
Contaminated water, ice, soil and clean up supplies will be disposed of at a facility approved by Federal and/or Territorial regulatory agencies.

6.3 SPILL RESPONSE ACTIONS
GASOLINE AND JET B AVIATION FUEL

Take action only if safety permits – stop the source flow if safe to do so and eliminate all ignition sources. **Never smoke** when dealing with these types of spills.

On Land
Build a containment berm using soil material or snow and place a plastic tarp at the foot of the berm for easy capture of the spill after all vapours have dissipated.
Remove the spill by using absorbent pads or excavating the soil, gravel or snow.
Remove spill splashed on vegetation using particulate absorbent material.
Contact regulatory agencies for approval before commencing with the removal of any soil, gravel, or vegetation.

On Muskeg
Do not deploy personnel and equipment on marsh or vegetation.
Remove pooled gasoline or Jet B with sorbent pads and/or skimmer.
Flush with low pressure water to herd oil to collection point.
On advice from regulatory agencies, burn only in localized areas, e.g., trenches, piles or windrows.
Do not burn if root systems can be damaged (low water table).
Minimize damage caused by equipment and excavation.

On Water
Contain spill as close to release point as possible.
Use containment boom to capture spill for recovery after vapours have dissipated.
Use absorbent pads to capture small spills.
Use skimmer for larger spills.

On Ice and Snow
Build a containment berm around spill using snow.
Remove spill using absorbent pads or particulate sorbent material.
The contaminated ice and snow must be scraped and shovelled into plastic buckets with lids, 205 litre drums, and/or polypropylene bags.

Storage and Transfer
All contaminated water, ice, snow, soil, and clean up supplies will be stored in closed, labelled containers. All containers will be stored in a well ventilated area away from incompatible materials.

Disposal
Contaminated water, ice, soil and clean up supplies will be disposed of at a facility approved by Federal and/or Territorial regulatory agencies.

6.3 SPILL RESPONSE ACTIONS
PROPANE

Take action only if safety permits. Gases stored in cylinders can explode when ignited. Keep vehicles away from area. **Never smoke** when dealing with these types of spills.

On Land
Do not attempt to contain the propane release.

On Water
Do not attempt to contain the propane release.

On Ice and Snow
Do not attempt to contain the propane release.

General
It is not possible to contain vapours when released.
Water spray can be used to knock down vapours if there is no chance of ignition.
Small fires can be extinguished with dry chemical of CO_2.
Personnel should withdraw immediately from area unless a small leak is stopped immediately after it has been detected.
If tanks are damaged, gas should be allowed to disperse and no recovery attempt should be made.
Personnel should avoid touching release point on containers since frost forms very rapidly.
Keep away from tank ends.

Storage and Transfer
It is not possible to contain vapours when released.

Disposal
Contaminated water, ice, soil and clean up supplies will be disposed of at a facility approved by Federal and/or Territorial regulatory agencies.

7.0 Spill Equipment

One large spill kit as well as a supply of absorbent mats is to be located within the camp perimeter.

Large Spill Kits Contain :

- 1 20L Poly containment pail
- 12 16" x 20" oil absorbent pads
- 2 3" by 48" oil absorbent socks
- 1 heavy duty disposal bag (6 mil)
- 1 pair Chemi-pro gloves
- 3 lbs all purpose absorbent.

Shovels and a garden sprayer will also be available for spill containment measures.

In addition, at least one empty fuel drum will be located at each fuel cache in the event of damaged or leaking drums. Extra absorbent pads will be kept with the helicopter, drill and any area where re-fuelling, transferring and/or handling is done.

8.0 Training and Practice Drills

8.1 Training

At the beginning of each field season all employees and contractors will be made familiar with the location and contents of the spill kits and containment resources available at the camp facility and will be briefed on the contents of this plan. A safety drill will be held imitating a spill situation and its occurrence documented in the camp's safety records.

APPENDIX I

Spill Report Form

Northwest Territories | Nunavut | Canada

NT-NU SPILL REPORT

OIL, GASOLINE, CHEMICALS AND OTHER HAZARDOUS MATERIALS

NT-NU 24-HOUR SPILL REPORT LINE
TEL: (867) 920-8130
FAX: (867) 873-6924
EMAIL: spills@gov.nt.ca

REPORT LINE USE ONLY

A	REPORT DATE: MONTH – DAY – YEAR	REPORT TIME	☐ ORIGINAL SPILL REPORT, OR ☐ UPDATE # _____ TO THE ORIGINAL SPILL REPORT	REPORT NUMBER ____-_____
B	OCCURRENCE DATE: MONTH – DAY – YEAR	OCCURRENCE TIME		
C	LAND USE PERMIT NUMBER (IF APPLICABLE)	WATER LICENCE NUMBER (IF APPLICABLE)		
D	GEOGRAPHIC PLACE NAME OR DISTANCE AND DIRECTION FROM NAMED LOCATION	REGION ☐ NWT ☐ NUNAVUT ☐ ADJACENT JURISDICTION OR OCEAN		
E	LATITUDE DEGREES MINUTES SECONDS	LONGITUDE DEGREES MINUTES SECONDS		
F	RESPONSIBLE PARTY OR VESSEL NAME	RESPONSIBLE PARTY ADDRESS OR OFFICE LOCATION		
G	ANY CONTRACTOR INVOLVED	CONTRACTOR ADDRESS OR OFFICE LOCATION		
H	PRODUCT SPILLED	QUANTITY IN LITRES, KILOGRAMS OR CUBIC METRES	U.N. NUMBER	
	SECOND PRODUCT SPILLED (IF APPLICABLE)	QUANTITY IN LITRES, KILOGRAMS OR CUBIC METRES	U.N. NUMBER	
I	SPILL SOURCE	SPILL CAUSE	AREA OF CONTAMINATION IN SQUARE METRES	
J	FACTORS AFFECTING SPILL OR RECOVERY	DESCRIBE ANY ASSISTANCE REQUIRED	HAZARDS TO PERSONS, PROPERTY OR EQUIPMENT	
K	ADDITIONAL INFORMATION, COMMENTS, ACTIONS PROPOSED OR TAKEN TO CONTAIN, RECOVER OR DISPOSE OF SPILLED PRODUCT AND CONTAMINATED MATERIALS			

L	REPORTED TO SPILL LINE BY	POSITION	EMPLOYER	LOCATION CALLING FROM	TELEPHONE
M	ANY ALTERNATE CONTACT	POSITION	EMPLOYER	ALTERNATE CONTACT LOCATION	ALTERNATE TELEPHONE

REPORT LINE USE ONLY

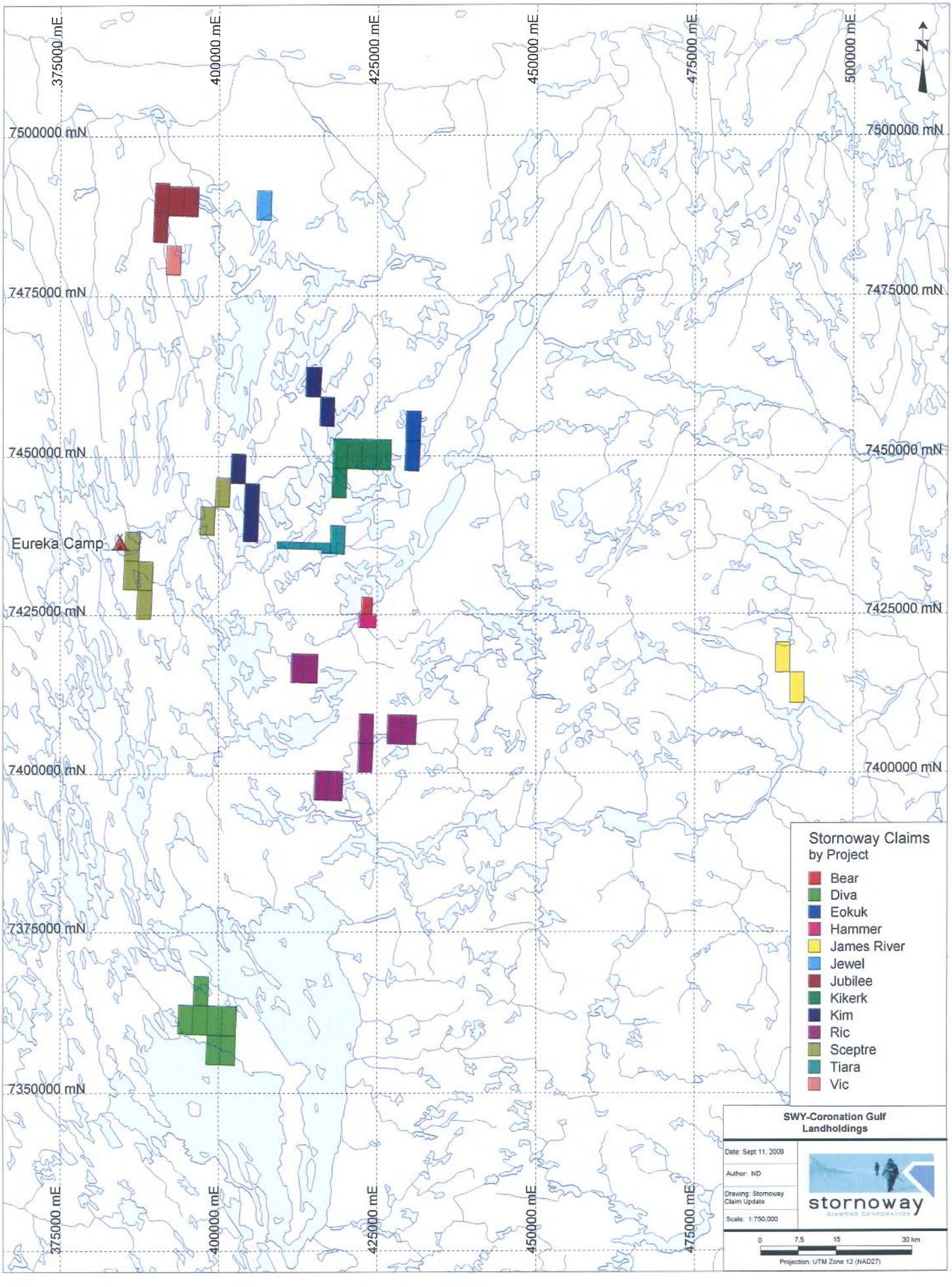
N	RECEIVED AT SPILL LINE BY	POSITION STATION OPERATOR	EMPLOYER	LOCATION CALLED YELLOWKNIFE, NT	REPORT LINE NUMBER (867) 920-8130

LEAD AGENCY ☐ EC ☐ CCG ☐ GNWT ☐ GN ☐ ILA ☐ INAC ☐ NEB ☐ TC	SIGNIFICANCE ☐ MINOR ☐ MAJOR ☐ UNKNOWN	FILE STATUS ☐ OPEN ☐ CLOSED

AGENCY	CONTACT NAME	CONTACT TIME	REMARKS
LEAD AGENCY			
FIRST SUPPORT AGENCY			
SECOND SUPPORT AGENCY			
THIRD SUPPORT AGENCY			

APPENDIX II

Maps and Figures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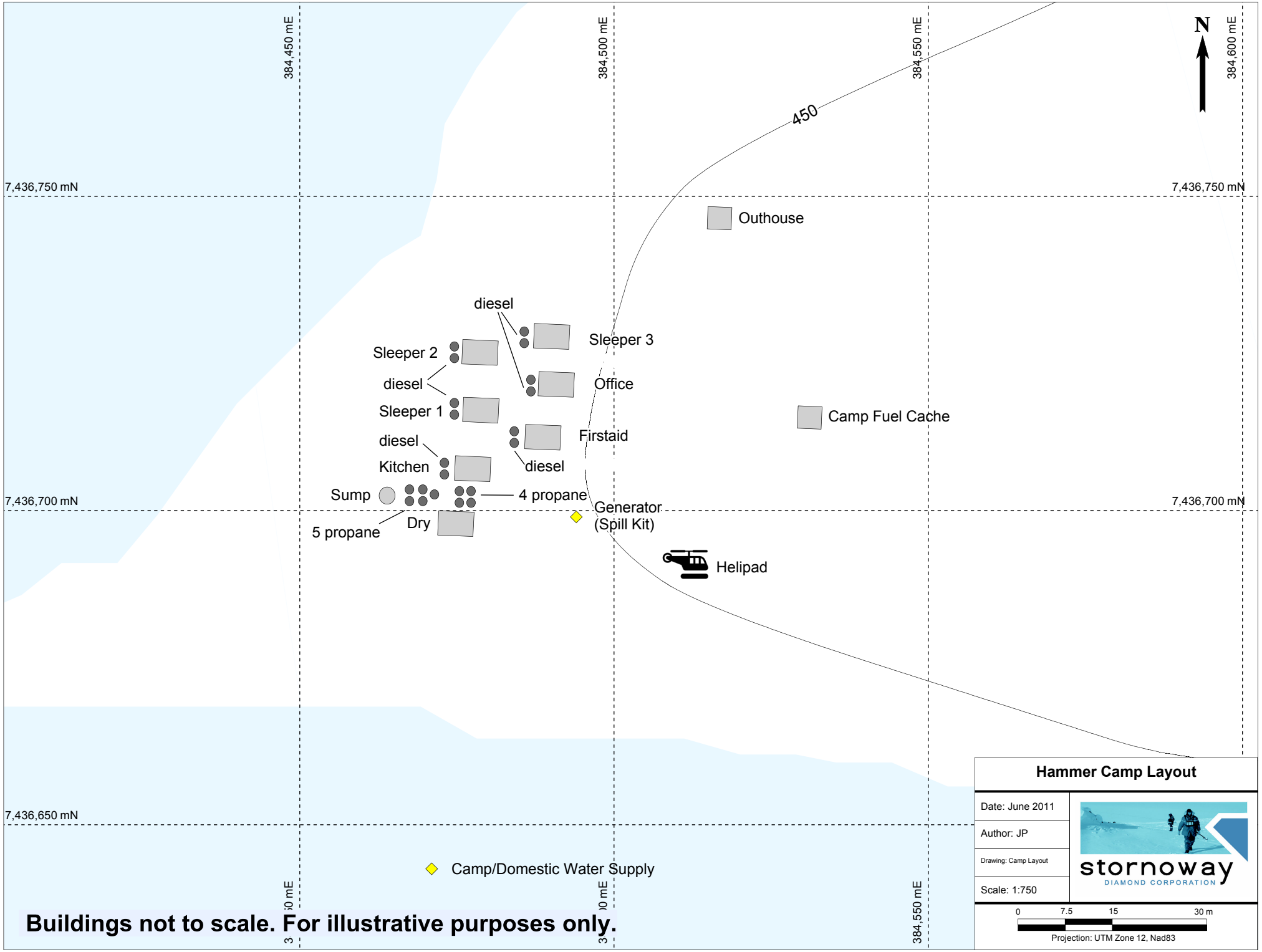
500000 mE
N
7500000 mN
7475000 mN
7450000 mN
7425000 mN
7400000 mN
7375000 mN
7350000 mN
Eureka Camp
Stornoway Claims
by Project
Bear
Diva
Eokuk
Hammer
James River
Jewel
Jubilee
Kikerk
Kim
Ric
Sceptre
Tiara
Vic
SWY-Coronation Gulf
Landholdings
Date: Sept 11, 2009
Author: ND
Drawing: Stornoway
Claim Update
Scale: 1:750,000
stornoway
DIAMOND CORPORATION
0
7.5
15
30 km
Projection: UTM Zone 12 (NAD27)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7,436,650 mN
Outhouse
diesel
Sleeper 3
Sleeper 2
diesel
Office
Sleeper 1
Camp Fuel Cache
diesel
Firstaid
Kitchen
diesel
Sump
4 propane
Generator
(Spill Kit)
5 propane
Dry
Helipad
Camp/Domestic Water Supply
Buildings not to scale. For illustrative purposes only.
Hammer Camp Layout
Date: June 2011
Author: JP
Drawing: Camp Layout
Scale: 1:750
stornoway
DIAMOND CORPORATION
0
7.5
15
30 m
Projection: UTM Zone 12, Nad83

APPENDIX III

Material Safety Data Sheets