stornoway
DIAMOND CORPORATION

Suite 860 - 625 Howe Street
Vancouver BC V6C 2T6 Canada
Tel: 604.331.2259 Fax: 604.689.5041

October 7, 2005

Phyllis Beaulieu
Licensing Manager
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Re: NWB2SNN0508 – Revised Spill Contingency Plan and Revised Abandonment and Restoration Plan

Dear Ms. Beaulieu,

As per Part "H" and Part "I" of the terms and conditions attached to the above referenced license enclosed please find a revised copy of the Spill Contingency Plan and a revised copy of the Abandonment and Restoration Plan for the Aviat Project, operated by Stornoway Diamond Corporation.

If you have any questions regarding this submission please contact the undersigned at your convenience.

Yours truly,
STORNOWAY DIAMOND CORPORATION
Per:

Nicole Westcott
Land Administrator

stornoway
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Spill Contingency Plan
Aviat Project

Prepared: October 2005
Effective: October 2005 to September 2008

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Project Introduction

The following Spill Contingency Plan ("the Plan") applies to the Aviat Project located on the Melville Peninsula, Nunavut, which is a joint venture between Stornoway Diamond Corporation ("Stornoway"), BHP Billiton and Hunter Exploration Group.

The exploration season for the Aviat project runs from May to October (weather permitting) with the project typically operating a 15-35 person field exploration camp that is augmented by a small logistics team based in the hamlet of Igloolik. The camp, located approximately 50 kilometers west of Igloolik consists of 14 insulated canvas tents built on plywood floors and a one small generator shack. Temporary fly camps may also be established on Crown lands for periods of up to 10 days.

Field activities are supported by camp-based helicopter(s) and by fixed-wing aircraft from Igloolik. The program planned for the 2006 exploration season consists of drilling geophysical targets, ground geophysics on additional geophysical targets and till sampling.

Spill Response Plan

A spill is classified as the discharge of petroleum products or other dangerous substances into the environment. Potential hazards created by the spill for humans, vegetation, water resources, fish and wildlife vary in severity, depending on several factors, including nature of the material, quantity spilled, location and season. The general response to be followed in the event of a spill is:

Identify the product - check container design, warning labels, markings, etc.
Protect people - prevent personnel from approaching the site and keep them at a distance sufficiently removed that they will not be injured by, or cause, a fire or explosion
Stop the flow at the source - reduce or terminate the flow of product without endangering anyone
Assess the seriousness of the spill - evaluate potential dangers of the spill to human health and safety, the aquatic environment, wildlife, ground water, vegetation and other land resources
Report the spill - provide basic information such as location of spill, name of polluter, type and amount of material spilled, date and time of the spill and any perceived threat to human health or the environment (complete NWT Spill Report form)
Clean up the spill - follow procedures appropriate for the location, environment, and material and time of year
Detailed Report – A detailed report of the spill (including GPS location) must be submitted to the DIAND Water Resources Inspector less than 30 days after the spill is reported

Detailed Response Plan

(a) *On-site person in charge, management or control of contaminants*

To Be Determined : Stornoway Diamond Corporation
(camp phone for 2006 to be determined)

(b) *Name and address of employer of personnel described in part (a)*

Stornoway Diamond Corporation
860-625 Howe St., Vancouver, B.C.
V6C-2T6
phone: (604) 331-2259
fax: (604) 689-5041

(c) *Description of the facility*

Facility – 15 - 35 Person Exploration Camp
Locations –Fuel will be stored in the appropriate facility a safe distance from the accommodations and well away (>100m) from water bodies
Size - Fuel stored at above ground facility in sealed 205 litre (45 gal.) steel drums
Storage Capacity – Maximum fuel stored at camp will typically be 19 drums (3895 litres) of Jet-B and diesel combined, plus two (2) 100lb-propane tanks. A minor amount of fuel will be stored for no more than four days at the drill site, and removed promptly upon completion of each drill hole. On-site storage will be a safe distance from drilling activities, with fuel stored in sealed steel drums. Maximum fuel storage will typically be 4 drums (820L) including Jet-B and diesel, plus one (1) 100lb propane tank.

(d) Description of the type and amount of potential contaminants normally stored at camp
JET B fuel for the helicopter – 2050 litres (10 drums)
Propane for heating, etc. - Two (2) 100 lb. tanks
Oil – Several Cases of 4 Cycle Engine Oil
Diesel for the drill - 1845 litres (9 drums)

Description of the type and amount of potential contaminants normally stored at drill site
JET B fuel for the helicopter – 410 litres (2 drums)
Diesel for the drill - 410 litres (2 drums)
Propane for heating, etc. - One (1) 100 lb. tank

(e) *Steps to be taken to report, contain, clean up and dispose of a contaminant in the case of a spill*

Preventative Measures

Fuel drums will be monitored for any signs of leakage:

(i) Immediately after they arrive on-site,
(ii) Once they have been transported to the designated storage area, and
(iii) Periodically after that time (i.e. as the stocks are accessed).

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. The contents of any drum that leaks, or shows the potential to leak, will be transferred by wobble pump to a different drum. With the exception of the container in use, all fuel container outlets will be kept sealed to prevent leakage. On-site equipment (e.g. helicopter) will be refueled at some distance from the main storage facilities to reduce potential damage should a fire occur.

Reporting

(i) Identify the product - check container design, warning labels, markings, etc.
(ii) Protect people - prevent personnel from approaching the site and keep them at a distance sufficiently removed that they will not be injured by, or cause, a fire or explosion
(iii) Stop the flow at the source - reduce or terminate the flow of product without endangering anyone
(iv) Assess the seriousness of the spill - evaluate potential dangers of the spill to human health and safety, the aquatic environment, wildlife, ground water, vegetation and other land resources
(v) Report the spill to the 24-Hour Spill Report Line (867) 920-8130 - provide basic information such as location of spill, direction of motion if any, name of contact on-site, type and amount of material spilled, cause of spill, date and time of the spill and any perceived threat to human health or the environment (complete NWT Spill Report form)
(vi) Report the spill to Stornoway Diamond Corporation's office in Vancouver
(vii) Depending on severity of the spill, report to the other appropriate authorities (i.e. Nunavut Water Board, Department of Fisheries and Oceans; Regional Inuit Association)

Containment

Oil spill containment techniques include:
(i) Earth dams - simple and effective control means for surface and small streams
(ii) Interceptor trenches - control on land and shallow subsurface seepage
(iii) Culvert weirs - not applicable
(iv) Underflow dams - effective in narrow ditch or stream
(v) Net and absorbent barriers - effective in tundra area and slow moving water
(vi) Containment booms - commercial product for large bodies of water
(vii) Space spraying or 'herding' - using a very fine water spray as a means of cleaning vegetation, shorelines, lake surface, etc.
(viii) Absorbent materials - include fine sand, soil or snow; commercial sorbents include sheets, rolls, pillows and booms that can be rapidly deployed with no preparation

On-site equipment available for employees includes:

Spill Kit (containing 1 20L Poly containment pail, 12 or more 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 and 3 lbs of All Purpose absorbent.), Shovels, and a garden sprayer will be available for spill containment measures.

Clean up

The most likely spill scenario is the partial loss of petroleum products from one of the 205 l (45 gal.) drums. Drums will be checked on arrival in camp, after transfer to the designated storage facility and periodically thereafter. Contents of any leaking drum will be immediately transferred via wobble pump to an empty, leak free drum. It is unlikely that more than one drum will leak at any time. Any spills will be contained, and pumped into empty barrels.

Disposal

No organic soils are present at the proposed storage site, and if possible, any sands and gravels contaminated by a significant spill of petroleum products will be excavated by hand, incinerated to remove hydrocarbons, and returned to their natural site.

Training

All employees and contractors will be oriented upon arrival to the site as to the location and nature of possible spill hazards, as well as the location, content, and usage of spill kits, and locally available materials to control a spill. A brief exercise will be conducted after orientation to clearly outline the spill response protocol, and ensure the employee's comfort with the plan.

Emergency Contact Information

24-Hour Spill Report Line Phone Number	(867) 920-8130
24-Hour Spill Report Line Fax Number	(867) 920-8127
DIAND Water Resources Inspector	(867) 975-4298
Environment Canada (Nunavut)	(867) 975-4644
Environment Canada 24 Hour Emergency Pager Number	(867) 920-5131
Department of Fisheries and Oceans – Nunavut Regional Office	(867) 979-8000
Indian and Northern Affairs Canada, Land Administration Minister – Nunavut Regional Office	(867) 975-4280
Stornoway Diamond Corporation – Logistics Manager in Igloolik	(867) 934-8552
Qikiqtani Inuit Association	(867) 979-5391
Kivalliq Inuit Association	(867) 645-2800 1-800-220-6581
Hall Beach Hunters' and Trappers' Association	(867) 928-8994
Igloolik Hunters' and Trappers' Association	(867) 934-8807
Igloolik Health Center (Nursing Station)	(867) 934-8837
RCMP, Igloolik Detachment	(867) 934-0123

Consultations

Contingency Planning and Spill Reporting in the NWT - A guide to the new regulations, GNWT, 8pp. June, 2002.

Oil Spill Containment and Clean up Techniques - 22 minute instructional video prepared by NWT Renewable Resources Pollution Control Division, 1988.

Report All Spills - Environment Series, GNWT Renewable Resources, Pollution Control Division, 1988.

Spill Containment and Clean-up Course, GNWT Renewable Resources, Pollution Control Division, 1991, 74pp.

Spill Contingency Planning and Reporting Regulations - Environmental Protection Act - Northwest Territories, July 22, 1993, 11pp.

Spills, Our Record in the Northwest Territories - Environment Series, GNWT Renewable Resources, Culture and Communications, 1990

Hazardous Substance Specialist
Environmental Protection Division
Renewable Resources
Government of the NWT
600, 5102-50th Ave.
Yellowknife NWT
X1A 3S8

telephone: (867) 873-7654
facsimile: (867) 873-0221

Appendix I

Spill Report Form

Northwest Territories

NWT SPILL REPORT

(Oil, Gas, Hazardous Chemicals or other Materials)

24 – Hour Report Line
Phone: (867) 920-8130
Fax: (867) 873-6924

A Report Date and Time	B Date and Time of spill (if known)	C ☐ Original Report ☐ Update no._____	Spill Number

D Location and map coordinates (if known) and direction (if moving)

E Partly responsible for spill

F Product(s) spilled and estimated quantities (provide metric volumes/weights if possible)

G Cause of spill

H Is spill terminated? ☐ yes ☐ no	I If spill is continuing, give estimated rate	J Is further spillage possible? ☐ yes ☐ no	K Extent of contaminated area (in square meters if possible)

L Factors effecting spill or recovery (weather conditions, terrain, snow cover, etc.)	M Containment (natural depression, dikes, etc.)

N Action, if any, taken or proposed to contain, recover, clean up or dispose of product(s) and contaminated materials

O Do you require assistance? ☐ no ☐ yes, describe:	P Possible hazards to person, property, or environment; eg: fire, drink water, fish or wildlife

Q Comments or recommendations

FOR SPILL LINE USE ONLY

Lead agency

Spill significance

Lead Agency contact and time

.....

.....

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Is this file now closed? ☐ yes ☐ no

Reported by	Position. Employer, Location	Telephone

Reported to	Position. Employer, Location	Telephone

Appendix II

Camp Schematic

Aviat Project – Camp Description

The following schematic of the 2005 Aviat Camp ("the camp") located at 69° 26.13' N, 83° 14.53' W is for illustration purposes only (structures are not to scale) and applies to the camp's typical layout during its operational season of May through to October (weather permitting). For a detailed description of the camp's seasonal shutdown procedure please see the Aviat Project's current Abandonment and Restoration Plan dated October 2005.

The camp is comprised of 14 tent structures of various sizes, 1 plywood generator shack, two outhouse buildings and one designated outdoor storage area. Tent dimensions and descriptions are as follows:

- Four sleeper tents measuring 12' x 16'
- Four sleeper tents measuring 12' x 16', framed
- one office tent measuring 10' x 12', framed
- one first aid tent measuring 10' x 12'
- one kitchen tent measuring 10' x 12', framed
- one dry tent measuring 10' x 12', framed
- one core shack tent measuring 12' x 32', framed with roof
- one television (and storage) tent measuring 12' x 32', framed with roof

Sumps are located behind both the "dry" tent and the "kitchen" tent, and there are two outhouse facilities located on the northern perimeter of the camp area. An animal resistant garbage box is situated outside of the kitchen tent.

Water is typically sourced from an unnamed lake approximately 45 meters southwest of the camp.

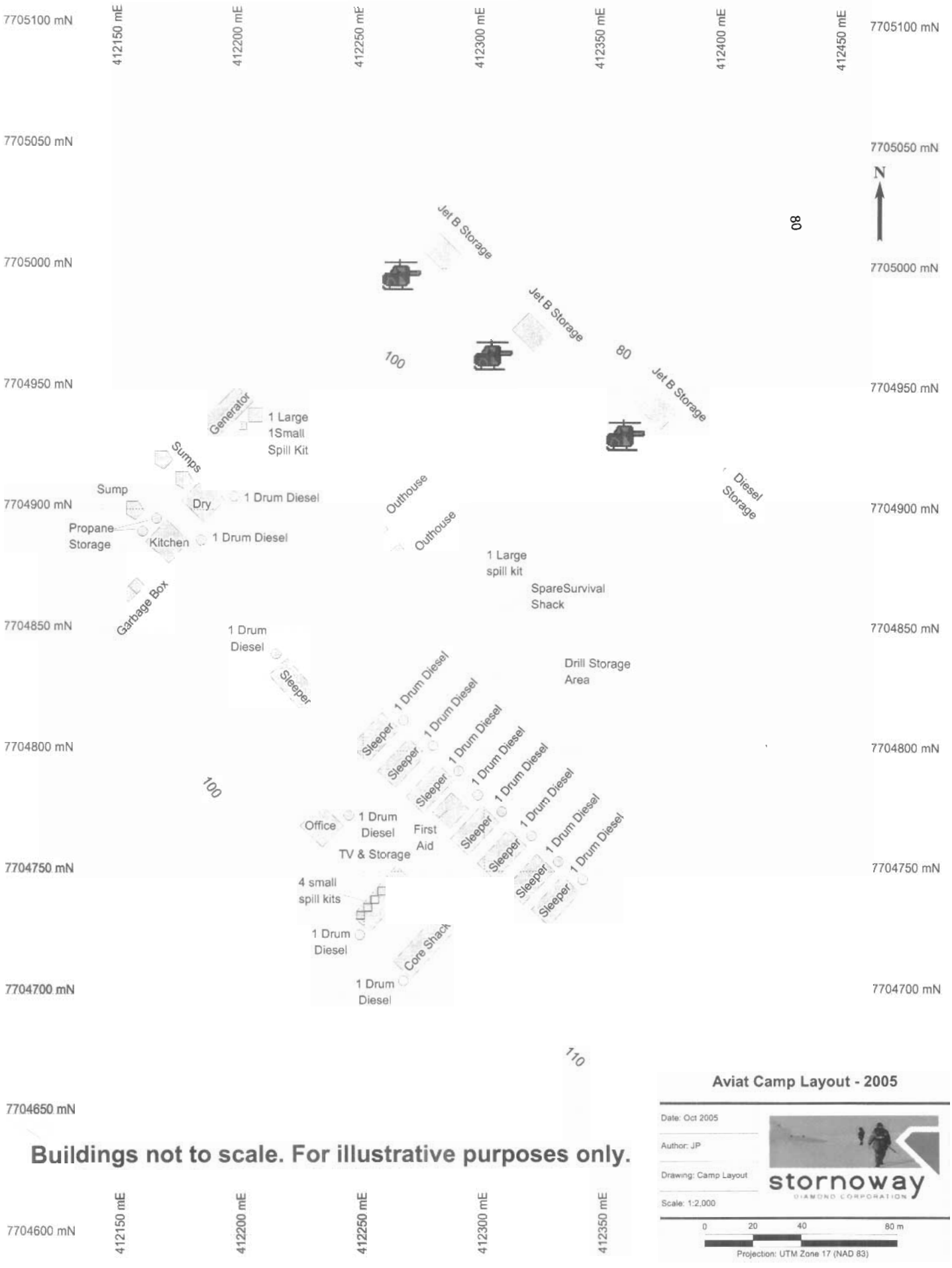
Fuel caches and chemical storage areas during the operational season are typically as follows:

- *1 Drum of Diesel* located behind each tent (total of *15 drums* within camp perimeter)
- *1 Drum of Diesel* located behind the generator
- *2 (100lb) Propane Tanks* located outside of the "Kitchen" tent

Additional fuel caches are typically located to the northeast of the camp perimeter where helicopters are stored when not in use. These caches are illustrated in the accompanying figure and are typically comprised of small amounts of Jet B drums positioned at each of the three helicopter landing sites, with an additional cache to the west comprised of only diesel. Numbers making up these caches vary throughout the exploration season as fuel is burned and then re-stocked.

One large spill kit is located at generator shack and one large spill kit is located outside of the spare survival shack in the outdoor storage area. Four small spill kits are kept inside the television/storage tent, and another small spill kit is located at the middle helicopter landing site/fuel cache.

Aerial View of 2005 Aviat Camp



Buildings not to scale. For illustrative purposes only.

Aviat Camp Layout - 2005

Date: Oct 2005

Author: JP

Drawing: Camp Layout

Scale: 1:2,000

stornoway DIAMOND CORPORATION

0 20 40 80 m

Projection: UTM Zone 17 (NAD 83)

Appendix III

Material Safety Data Sheets (See Separate Binder)