

Final Land Use Report – N2010C0010
The Coronation Gulf Project
Stornoway Diamond Corporation
April 30, 2012

Introduction

Class “B” Land Use Permit N2010C0010 was granted to Stornoway Diamond Corporation on April 20, 2010 with a commencement date of May 1, 2010.

This land use permit replaced N2002J0019 which was originally issued to Stornoway Ventures (which amalgamated with Stornoway Diamond Corporation on April 30, 2005) on May 13, 2002. The original permit authorized exploration activities on 11 different claim groups/properties in the Coronation Gulf area located on NTS Map Sheets 86/O and 86/P, as well as the establishment of 2 temporary exploration camps named “Jubilee” and “Eureka” and 3 “fly camp” locations.

Abandonment and reclamation activities were completed on the Jubilee Camp location in September of 2008 and subsequently a Final Land Use report detailing all activities that occurred under that permit was submitted to INAC (now AANDC) on June 23, 2009. A “Storage Authorization” for the Eureka camp which was identified by the same number (N2002J0019) still remained in effect at this time.

On April 21, 2010 a letter was issued by INAC stating that final clearance for the activities conducted under the authority of land use permit N2002J0019 had been granted and that the activities conducted under storage authorization N2002J0019 (the existence of the Eureka Camp) will be carried over to and covered under the new land use permit N2010C0010.

Water use and waste disposal for the Eureka Camp facility and exploration activities that include diamond drilling on the licensee’s mineral claims located within the Coronation Gulf region are authorized under Class “B” Nunavut Water Board License 2BE-CGP1012. This license was issued on July 26, 2010 and holds an expiry date of July 31, 2012.

Land Use Activities

2010 - No exploration activities were conducted under N2010C0010 during 2010. The Eureka camp location remained in a winterized/storage state. (Lat / Long : N 67°01’32” / W 113°39’07”)

2011 – On May 29, 2011 personnel arrived at the Eureka camp location and began to re-construct a temporary camp facility that would serve as the base for the short drilling program and surveying activities that were to be conducted over the next several weeks. The initial crew consisted of three contracted crew members who reconstructed the camp facility and the helicopter pilot and engineer who also assisted in the mobilization efforts.

Camp components, exploration equipment and supplies were mobilized to the area via a twin otter over the next several days and the exploration crew (geologists, cook, drill foreman and 4 drillers) arrived in camp on June 4, 2011.

Camp Activity

The Eureka camp had been in a winterized/storage state for several seasons and mainly consisted of wooden tent frames and floors that had remained at the end of its last active season.

Upon arrival at the site 2 rows total of 7 tents all facing east were erected, an outhouse built and a helicopter landing area designated. Please see Appendix “B” for a camp schematic which shows the location of tents, greywater sumps, helipad, camp fuel cache, etc.

The coordinates for each of the locations depicted on the schematic are as follows:

Eureka Camp	NAD83, Zone 12	
Name_of_Point	Easting	Northing
DRY TENT	384475	7436698
FIRSTAID TENT	384490	7436712
CAMP FUEL CACHE	384532	7436715
GENERATOR	384494	7436699
HELIPAD	384511	7436691
KITCHEN TENT	384477	7436703
OFFICE TENT	384492	7436720
OUTHOUSE	384517	7436747
SLEEPER1 TENT	384479	7436716
SLEEPER2 TENT	384479	7436725
SLEEPER3 TENT	384491	7436728

Water for camp/domestic use was pumped daily to a reservoir tank that was located in the camp's dry tent. Greywater from the kitchen and dry tents was deposited into a sump located directly behind these tents.

All sewage was deposited into a latrine pit at the “outhouse” location.

Domestic garbage, empty fuel drums etc. were backhauled on a regular basis for proper disposal.

The camp population fluctuated over the course of the program however the average static occupancy over the course of the program was typically 8 to 10 personnel while drilling was being conducted. This number was reduced towards the end of the camp’s occupancy when drilling activity ceased and the surveying activities began.

Exploration Program

Drilling Activities –Beginning on June 8, 2012 a 4 week drill program was conducted on the Hammer Property, which is a joint venture with North Arrow Minerals Ltd. and is operated by Stornoway.

A total of 21 drill holes were completed on this property in 31 days between June 8, 2011 and July 8, 2011, for a total of 1,800 m of NQ drill core. A heli-portable 25A diamond drill was used throughout the duration of the drilling and no hole took more than 2 days to complete. Many of the drill sites were close to each other in proximity and therefore the same water source was utilized for all holes and drill cuttings were deposited in the same sump/location for several of the holes.

On July 13, 2011 the drill rig was moved to Stornoway's Eokuk property where an additional 2 holes and 115 m of core was drilled over a course of 2 days.

No noticeable permafrost was encountered and no producing water or artesian wells were hit during any of the drilling activities reported herein.

Please see Appendix "A" for a listing of the locations where drill cuttings were disposed of and where water was sourced for all drilling activities conducted under the authority of this license during the 2011 exploration season.

Sampling Activities – Sampling activities were limited during the 2011 exploration season however a few regional rock and till samples were collected over the course of the program.

Surveying Activities – Over a course of 5 days, beginning on July 17, 2011 and ending July 21, 2011 two professional land surveyors conducted surveying activities on two of Stornoway's mineral claims within the region. The two person crew was based out of the Eureka camp and was supported by Stornoway's contracted helicopter and crew.

Wildlife Sightings

Over the course of the program there were several wildlife sightings recorded however the animals were mainly observed from the helicopter while travelling to and from the Hammer Property.

Many musk-ox were seen, mostly in herds, and a mother grizzly bear and her two yearlings were spotted repeatedly. These sightings were observed from the air and were not human/animal encounters.

Abandonment and Reclamation

All of the exploration activities conducted under the authority of this land use permit were all relatively low impact in nature and scope.

As per the Abandonment and Restoration Plan for the Coronation Gulf Project progressive reclamation work was completed at all drill site locations once a drill hole was complete. When possible drill casings were removed (if not they were cut off at ground level), all fuel, equipment and refuse removed and the hole marked with a picket and/or tape flag for future reference. In addition the project manager would inspect each drill site upon departure to insure that little to no evidence of the land use activity remained.

The camp location was officially occupied until July 22, 2011 however due to logistical issues the final abandonment and reclamation activities of the camp location were not completed until August 21,

2011. As this lapse in occupancy was predicted prior to their departure at the end of July personnel insured that the camp was in a temporary state of storage which included removing all food, garbage and domestic waste from the camp facility, shutting off all fuel lines to each tent, disabling the generator, turning off the hot water heater and propane lines, and securing all tent doors with rope and/or wire in the event of inclement weather.

Demobilization of the camp began on August 18, 2011 and was completed on August 21, 2011 apart from a small cache of fuel that remained at the camp location.

Over the course of the three days the greywater sump and latrine pit were both filled in and reclaimed as per the Abandonment and Restoration Plan, the tent frames and the drill shack were burned and the remains raked for nails and other debris, and all equipment and other camp related materials were removed from the area.

There were fifteen partial drums of diesel, 5 empty fuel drums, 2 100lb propane tanks and a set of barrel ramps that remained at the camp location upon the reclamation crew's departure on August 21, 2011. These items were removed from the land use area on April 30, 2012.

The only items remaining on the land use area as of April 30, 2012 are 6 pallets of core which are allowable/required by regulation and are stacked neatly at the reclaimed Eureka camp location.

Please see Appendix "C" for photographs.

Conclusion

Total land use calculation for 2011 – 23 drill sites x 400 m² per site = 9,200 m² (.92 ha)

APPENDIX A

Water Use and Waste Disposal

Appendix "A" - Final Land Use Report
Class "B" Land Use Permit - N2010C0010

GPS Coordinates for water sources utilized

Source Description	Latitude			Longitude		
	Deg °	Min '	Sec "	Deg °	Min '	Sec "
<i>Camp Water Source</i>	67°	01'	38.33"	-113°	39'	19.44"
<i>Drilling Water Source</i>	67°	11'	38.29"	-112°	37'	08.43"
<i>Drilling Water Source</i>	66°	55'	56.70"	-112°	45'	32.60"

GPS Locations of areas of waste disposal

Location Description (type)	Latitude			Longitude		
	Deg °	Min '	Sec "	Deg °	Min '	Sec "
<i>Drill Cuttings</i>	66°	55'	59.4"	-112°	45'	20.64"
<i>Drill Cuttings</i>	66°	55'	59.76"	-112°	45'	20.25"
<i>Drill Cuttings</i>	66°	55'	58.6"	-112°	45'	20.33"
<i>Drill Cuttings</i>	66°	55'	59.09"	-112°	45'	19.88"
<i>Drill Cuttings</i>	66°	55'	58.49"	-112°	45'	21.15"
<i>Drill Cuttings</i>	66°	55'	57.75"	-112°	45'	15.74"
<i>Drill Cuttings</i>	66°	55'	58.33"	-112°	45'	12.33"
<i>Drill Cuttings</i>	66°	55'	59.99"	-112°	45'	14.75"
<i>Drill Cuttings</i>	66°	55'	59.7"	-112°	45'	23.3"
<i>Drill Cuttings</i>	67°	11'	47.87"	-112°	36'	44.01"
<i>Kitchen Tent (Greywater Sump located directly behind the tent)</i>	67°	01'	32.08"	-113°	39'	11.32"
<i>Dry Tent (Greywater Sump located directly behind the tent)</i>	67°	01'	31.92"	-113°	39'	11.47"
<i>Latrine Pit/Outhouse</i>	67°	01'	33.56"	-113°	39'	08.18"

Eureka Camp 2011 - Camp Water Tank Flow Meter

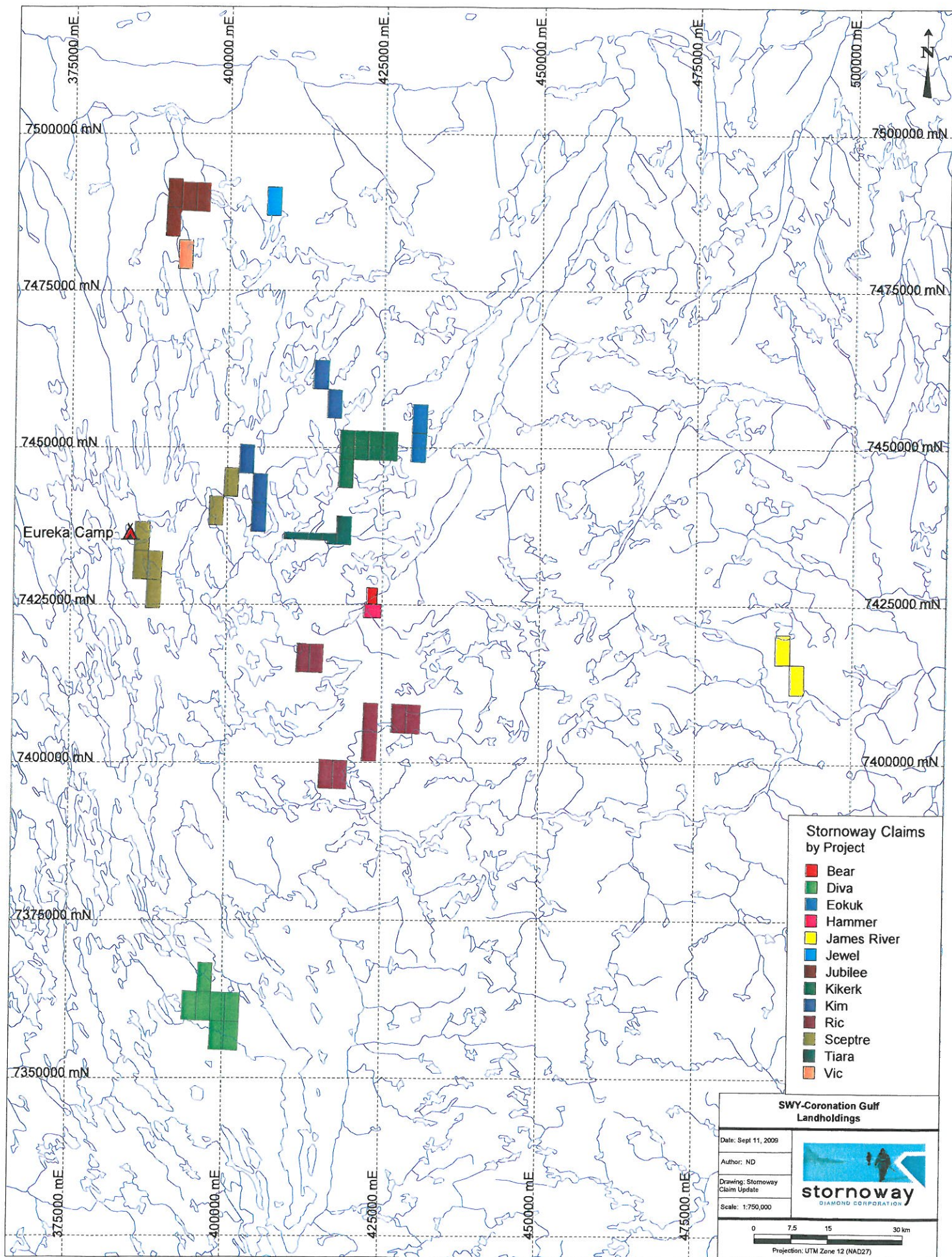
Date	Gallons Used (cumulative)	Gallons Used (each day)*	Conversion to Cubic Meters (Each Day)
7-Jun-11	249	249	0.942465
8-Jun-11	512	263	0.995455
9-Jun-11	671	159	FALSE
10-Jun-11	786	115	0.435275

Date	Gallons Used (cumulative)	Gallons Used (each day)*	Conversion to Cubic Meters (Each Day)
11-Jun-11	954	168	0.63588
12-Jun-11	1,171	217	0.821345
13-Jun-11	1,445	274	1.03709
14-Jun-11	1,610	165	0.624525
15-Jun-11	1,710	100	0.3785
16-Jun-11	1,928	218	0.82513
17-Jun-11	2,137	209	0.791065
18-Jun-11	2,300	163	0.616955
19-Jun-11	2,525	225	0.851625
20-Jun-11	2,682	157	0.594245
21-Jun-11	2,999	317	1.199845
22-Jun-11	3,120	121	0.457985
23-Jun-11	3,430	310	1.17335
24-Jun-11	3,727	297	1.124145
25-Jun-11	3,906	179	0.677515
26-Jun-11	4,064	158	0.59803
27-Jun-11	4,336	272	1.02952
28-Jun-11	4,472	136	0.51476
29-Jun-11	4,646	174	0.65859
30-Jun-11	4,903	257	0.972745
1-Jul-11	5,119	216	0.81756
2-Jul-11	5,272	153	0.579105
3-Jul-11	5,464	192	0.72672
4-Jul-11	5,719	255	0.965175
5-Jul-11	5,893	174	0.65859
6-Jul-11	6,213	320	1.2112
7-Jul-11	6,483	270	1.02195
8-Jul-11	6,650	167	0.632095
9-Jul-11	6,945	295	1.116575
10-Jul-11	7,150	205	0.775925
11-Jul-11	7,334	184	0.69644
12-Jul-11	7,493	159	0.601815
13-Jul-11	7,748	255	0.965175
14-Jul-11	7,867	119	0.450415
15-Jul-11	8,186	319	1.207415
16-Jul-11	8,472	286	1.08251
17-Jul-11	8,767	295	1.116575
18-Jul-11	9,019	252	0.95382
19-Jul-11	9,147	128	0.48448
20-Jul-11	9,229	82	0.31037
21-Jul-11	9,480	251	0.950035
TOTAL DOMESTIC WATER USAGE		9,480	35.279985

***Note : flow meter checked daily mid-day

APPENDIX B

Figures and Schematics



APPENDIX C

Photographs



Eureka camp (looking NW) July 1st, 2011.



Eureka Camp August 21, 2011



Eureka Camp – June 2011



6 Pallets of Core Boxes Remaining at Eureka Camp