

May 26, 2011

Kevin Robertson
Resource Management Officer
Indian and Northern Affairs Canada
P.O. Box 100
Iqaluit, NU
X0A 0H0

Re: Notice Of Land Use – The Hammer Project
Land Use Permit N2010C0010

Dear Mr. Robertson,

As per the terms and conditions of the above referenced land use permit please accept this letter as an official notice of land use for the Hammer Project located in the Coronation Gulf Region of Nunavut.

At this time camp construction/mobilization is scheduled to begin on or around May 30, 2011, with the exploration program anticipated to start on June 5, 2011 (please note that these dates are dependent upon both weather and logistics).

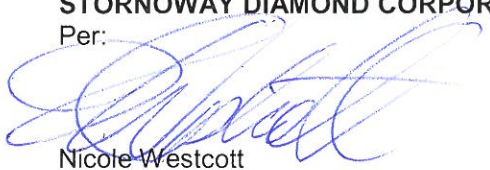
The camp is expected to be occupied for a period of no longer than six weeks. During this time till sampling, surveying and a regional drill program will be conducted within the land use area.

Water use and waste disposal for this project is authorized under Nunavut Water License 2BE-CGP1012 and the Workers' Safety and Compensation Commission has deemed the requisite Exploration Safety Plan for this project acceptable, with permission expiring on December 31, 2011.

The field supervisor for the program is Joe Kidston, however if you have any questions regarding the land use operation upon receipt of this notice please contact the undersigned. Once the communications system has been set up at the camp facility the phone number there will be provided to you.

Yours truly,
STORNOWAY DIAMOND CORPORATION

Per:



Nicole Westcott
Land Administrator

Cc: Tracey McCaie, Land Administrator Specialist – INAC
Phyllis Beaulieu, Manager of Licensing - Nunavut Water Board
Andrew Keim, Water Resources Officer, INAC