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STORNOWAY DIAMOND CORPORATION

Spill Contingency Plan
Remote Fly Camp, Nunavut

Effective: June 1, 2010

Unit 116 - 980 West 1st Street North Vancouver BC V7P 3N4 Tel: 604.983.7750 Fax: 604.987.7107

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List Of Appendices

1.0 Introduction

This Spill Contingency Plan will become effective on June 1, 2010. Any proposed changes and/or amendments will be submitted to the Nunavut Water Board as soon as is practicable.

This Spill Contingency Plan has been specifically prepared for the small two to four person fly camp to be established in the Coronation Gulf region of Nunavut by Stornoway Diamond Corporation. This Plan shall be posted at operational remote camp that it applies to.

Stornoway Diamond Corporation 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: To Be Determined (The exact coordinates for the camp location are yet to be determined however a suitable site will be chosen along the 5.7 km stretch of lakeshore that is indicated Figure 2 in Appendix II depicting the land use area).

Stornoway plans to establish a small, temporary, two to four person fly camp in the Coronation Gulf region in order to carry out a short term, extremely low impact exploration program on landholdings in the area. The program will take place at some point between June and late September of 2010 or 2011 and will see a small fly camp established along the shoreline of the unnamed lake to the northeast of Kiglikavik Lake (NTS 86I/15 NE). For a period of no longer than 14 days the small crew will occupy a base camp comprised of pup tents and recreational style camping equipment.

3.0 Petroleum and Chemical Product Storage and Inventory

3.1 Remote Location Fuel Inventory, Storage and Handling Procedures

Due to the small and temporary nature of this land use operation determining the exact type and quantity of each of the fuels and/or chemical products that will be in use and stored at the camp is not practicable at this time. The following contains a listing of all of the petroleum and chemical products that could possibly be utilized during the course of the fly camp in quantities typically required to maintain a land use operation of this type and size for a 14 day period.

- *Gasoline - most likely stored in jerry cans*
- *Propane Tanks* - 100 lb tank
- *Naptha (White Gas) Tanks* –
- *Oil (4 Cycle Engine Oil)* – a case of twelve, 1 litre plastic bottles

Liquid fuel will be stored on flat stable terrain situated well away from water bodies, and at least 31 meters above the high water mark.

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: There will be no drummed products stored at the camp facility. Gasoline will be stored in jerry cans and motor oil in the sealed, one litre bottles that they are sold in.

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), 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.

Absorbent mats will be placed under any area where re-fuelling, transferring and/or handling is done and under fuel storage areas.

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
Iqaluit, Nunavut
24 Hour Duty Officer
Phone: (867) 766-3737
Fax: (867) 873-8185

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.

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

The following items will be on hand to aid personnel

- One extra storage container (jerry can) for gasoline will be kept at the site in the rare event that the primary storage container should develop a leak.
- A supply of absorbent mats will kept at the site and will be placed under any area where re-fuelling, transferring and/or handling is done and under fuel storage areas.
- One garden shovel
- A supply of disposal bags

8.0 Training and Practice Drills

8.1 Training

At the beginning of the land use operation all employees and contractors will be made familiar with the Spill Contingency Plan for this project, the protocols to be followed regarding the handling, storage and transfer methods of all fuel on site, and the proper procedures to follow should a fuel spill occur.

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APPENDIX I

Spill Report Form

Unit 116 - 980 West 1st Street North Vancouver BC V7P 3N4 Tel: 604.983.7750 Fax: 604.987.7107

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			

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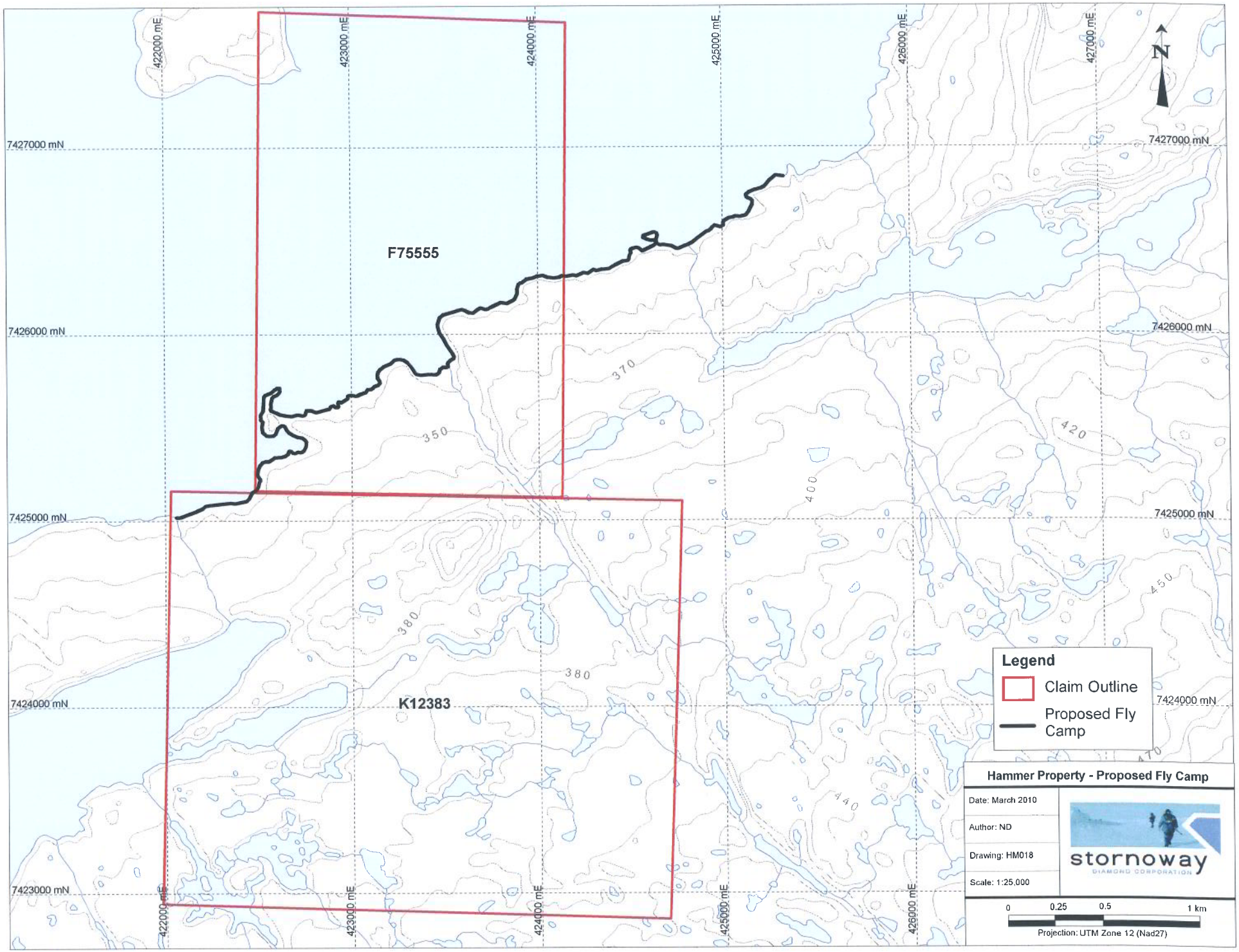
APPENDIX II

Maps and Figures

Unit 116 - 980 West 1st Street North Vancouver BC V7P 3N4 Tel: 604.983.7750 Fax: 604.987.7107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7423000 mN
F75555
K12383
370
350
420
400
380
380
450
440
470
N
Legend
Claim Outline
Proposed Fly Camp
Hammer Property - Proposed Fly Camp
Date: March 2010
Author: ND
Drawing: HM018
Scale: 1:25,000
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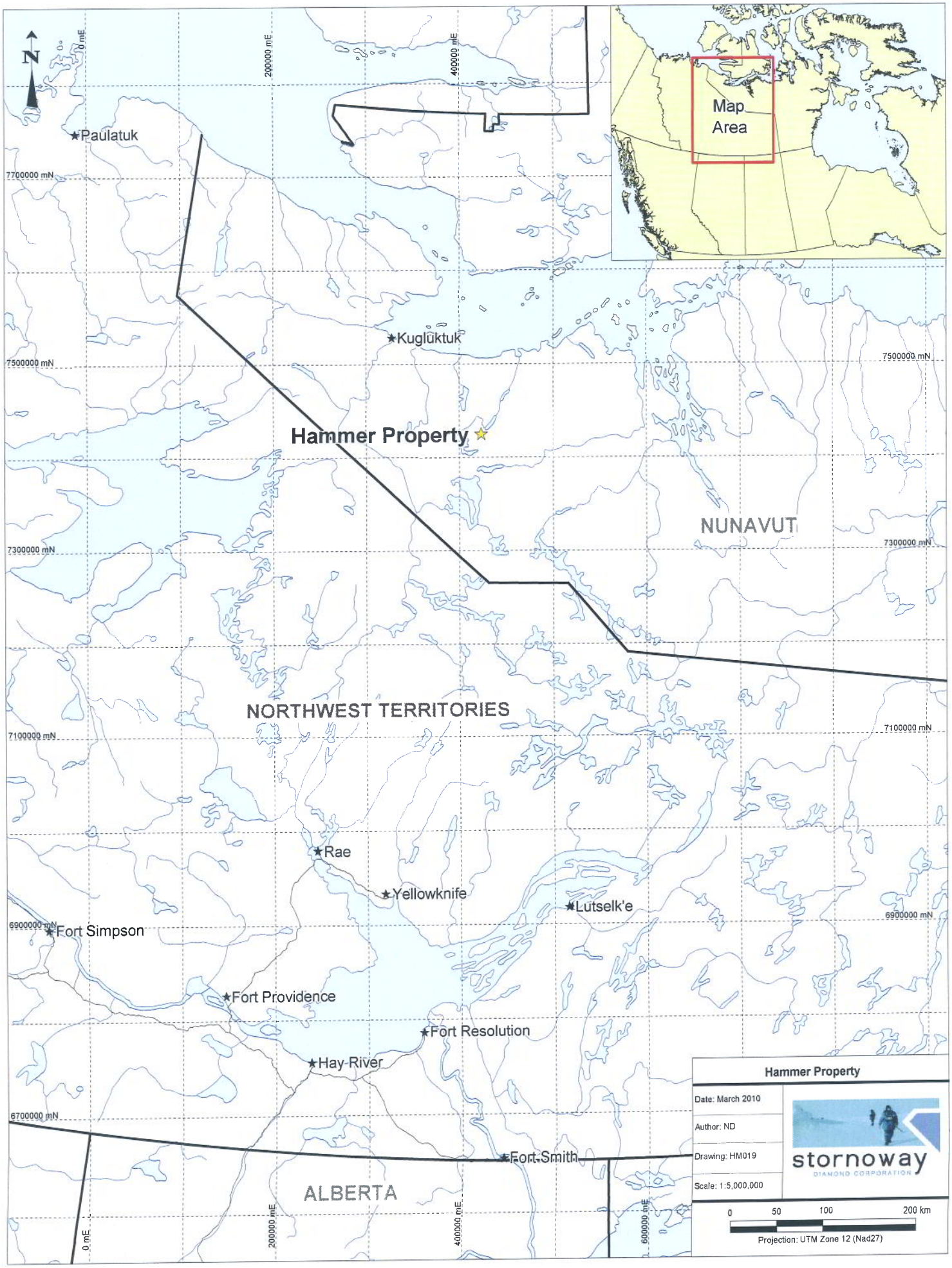
1 km
Projection: UTM Zone 12 (Nad27)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400000 mE
600000 mE
Map Area
Paulatuk
Kugluktuk
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7500000 mN
7300000 mN
7100000 mN
6900000 mN
6700000 mN
Hammer Property
NUNAVUT
NORTHWEST TERRITORIES
ALBERTA
Rae
Yellowknife
Lutselk'e
Fort Simpson
Fort Providence
Fort Resolution
Hay River
Fort Smith
Hammer Property
Date: March 2010
Author: ND
Drawing: HM019
Scale: 1:5,000,000
stornoway
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0 50 100 200 km
Projection: UTM Zone 12 (Nad27)

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APPENDIX III

Material Safety Data Sheets

Unit 116 - 980 West 1st Street North Vancouver BC V7P 3N4 Tel: 604.983.7750 Fax: 604.987.7107