



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

January 16, 2004

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**stornoway**  
DIAMOND CORPORATION

Suite 860 - 625 Howe Street  
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Tel: 604.687.7545  
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Re: NWB License NWB2COR0204 (Stornoway Diamond Corp. formerly Stornoway Ventures)

Dear Ms. Beaulieu,

Please find enclosed three copies of an annual report which briefly describes Stornoway Diamond Corp.'s 2003 summer till sampling program. As mentioned in the report results from this program are still forthcoming, with complete results not expected until late February 2003. We will inform NWB of our plans for the Coronation Properties in 2004 once they have been established.

If you have any questions regarding the attached reports or license NWB2COR0204 please feel free to contact either myself or Robin Hopkins at Stornoway's technical office at (604) 668-8355 or email [navigator@telus.net](mailto:navigator@telus.net).

Yours truly,  
STORNOWAY DIAMOND CORP.

  
Ken Armstrong

Enclosures: Three Copies of Annual Report

JAN 20 2004

**Stornoway Diamond Corp.  
Coronation Gulf Diamond District, NU**

Public Registry

Nunavut Water Board License # NWB2COR0205

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Summary

During the summer of 2003, Stornoway Diamond Corp conducted exploration activities on mineral claims covering 1,252,000 acres located in the greater Coronation Gulf Area. Activities included the collection of 2682 till samples in an effort to enhance 2002 regional coverage, follow up indicator mineral anomalies from 2002, and investigate high priority geophysical targets. Limited prospecting, and minor rock sampling was carried out on anomalous areas delineated by the 2002 work. Details of the 2003 program are provided below.

Background and General Program Description

The 2003 program was conducted under the authority of the Kitikmeot Inuit Association (KIA) license number KTL302C011 (expires May 31, 2004), Nunavut Water Board license NWB2COR0205 (expires October 31, 2005), and DIAND land use permit N200230019 (expires December 5, 2004). This report is to serve as an Annual Report for the purposes outlining the land use activities as authorized under the above mentioned licenses.

The 2003 program was conducted from June 5th to August 28th, 2003. Personnel were housed in a mobile fly camp during June and in two separate campsites located on Crown Lands in July and August. The fly camp was occupied by a two person crew from June 5th to June 21st and was located at three separate locations: "Camp Lake" on the Tiara property (UTM Zone 12, 414300E, 7436200N), "Horseshoe Lake" on the Jewel property (UTM Zone 12, 407600E, 7483800N) and the "Esker Airstrip" on the Sceptre property (UTM Zone 12, 385100E, 7434500N). The second camp was occupied from June 26th to July 24th and was located at "Eureka" camp (UTM Zone 12, 384500E, 7436500N, NTS map sheet 86 P/4). The final camp location was occupied from July 29th to August 28th and was located at "Jubilee" camp (UTM Zone 12, 401600E, 7492385N, NTS map sheet 86 P/11). Project personnel included four geologists, one geology student, one geotechnician, one helicopter pilot, and one cook.

Till Sampling

Regional till samples were collected at 500m intervals along lines oriented roughly perpendicular to the direction of the last recorded ice movement ( $\pm 340^\circ$ ) and separated by 4 to 5 km. Sample lines were traversed by foot, allowing for detailed ground observations and prospecting for signs of possible kimberlitic float. Weather related delays in August necessitated helicopter assisted sampling. Detailed samples were usually taken at 250m intervals perpendicular to ice direction with a line separation of 750m, although this spacing varied with topography and some areas of high interest were pursued at tighter sample spacing. The 2682 samples collected represent an amalgamation of regional samples, as well as detailed samples intended to delineate indicator mineral trains, or test unexplained geophysical anomalies. Approximately 91 samples were collected on the Inuit Owned Lands CO-63, 64, 65, and 70.

A Bell 206 Long Ranger helicopter (July) and a Hughes 500D helicopter (August), chartered from Great Slave Helicopters of Yellowknife, were responsible for setting out and picking up of the sampling crew and ferrying of samples during the day. The helicopter also served as a safety resource for the crew. Samples were amassed in camp and flown to Yellowknife and Lupin via Twin Otter fixed wing aircraft chartered from Arctic Sunwest of Yellowknife.

### Inuit Employed

Harold Anablak (Kugluktuk) was hired as a geotechnician for the July portion of the program. He was trained in GPS usage, map navigation, computer skills (including GIS software, and data entry), and till sampling by experienced crew members. Nunavut Expediting of Yellowknife provided all expediting requirements for the program, including tent-camp building and sample-shipping control. The winter road from Yellowknife to Lupin, operated by Nuna Logistics, was utilized to position fuel for the program at Lupin Mine. Great Slave Helicopters and Arctic Sunwest Charters provided helicopter and fixed wing services respectively.

### Water Use and Waste disposal

An estimated 100 litres of water were used per day for domestic consumption (i.e. washing, food preparation, etc.) at each of the camps. Combustible wastes were burned on site, while non-combustible materials were backhauled to Yellowknife for suitable disposal. Sumps for blackwater and greywater, located more than 30 meters from the high tide mark, were backfilled prior to leaving each site. There were no fuel spills during the program and the abandonment/reclamation and contingency plans have not been changed.

### Future Plans

Samples from the 2003 till sampling program are still being processed. Results from this processing must be reviewed prior to finalizing plans for a program in 2004. Future work may include further till sampling, ground-based geophysics, and, if results warrant, exploratory drilling. An update to the information in the existing KIA land use license will be provided prior to commencement of a new program. If you have any questions or comments, do not hesitate to contact either Robin Hopkins, or Ken Armstrong at (604) 668-8355, or email at [navigator@telus.net](mailto:navigator@telus.net).

### Attached figures

Claim outlines 1:750,000

