

November 8, 2006

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

Re: Application for Water License, Qilalugaq Project -Repulse Bay, Nunavut

Dear Ms. Beaulieu,

Enclosed please find a duly completed water license application with all requisite attachments for the Qilalugaq project located in Repulse Bay, Nunavut.

Plans for the proposed project include a two phase exploration program which is to include activities such as prospecting, ground geophysics, till sampling and the drilling of both on ice and land based targets. Due to the property's proximity to the hamlet of Repulse Bay no camp facilities will be required at this time.

An application for a Land Use Permit is being submitted to the Department of Indian and Northern Affairs Canada concurrently with this application. No work is planned at this time on the mineral claims that fall on Inuit Owned Land, however if this should change an application to access the effected IOL Parcels will be made to the Kivalliq Inuit Association.

I will contact you by telephone to pay the \$30.00 application fee and the \$30.00 water use fee via credit card.

If you have any questions in regards to this submission please contact the undersigned at your earliest convenience.

Yours truly,
STORNOWAY DIAMOND CORPORATION
Per:

"Nicole Westcott"

Nicole Westcott Land Administrator

Enclosures: Completed Water License Application

Completed Exploration Camp Supplementary Questionnaire

Page Size Figure

Table – Corner Coordinates of Work Area Outline, Qilalugaq Property Executive Summary (1 copy each of English & Inuktitut version)

Spill Response Plan - Qilalugaq Project

Abandonment and Restoration Plan-Qilalugaq Project

Required Material Safety Data Sheets