

June 21, 2012

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

**Re: Clarification - Renewal and Amendment Application for 2BE-QIL0712**

Dear Ms Beaulieu,

Further to our telephone conversations of earlier this week regarding confusion in your office regarding the intention of the application documents referenced above please accept this letter as notification that the amendment application and supporting documents submitted to the Nunavut Water Board regarding license 2BE-QIL0712 on March 20, 2012 are meant to be both a request for an amendment *and* a renewal of the existing license which holds an expiry date of March 30, 2012.

Since our last conversation I have reviewed the amendment application that was submitted and have discovered that under Section 25 there is a question that asks if the proponent is applying for a combined renewal and amendment of the existing license and the "Yes" box is clearly marked with an "X". In addition the following question asks for the length requested for the proposed term of the renewal and the new expiration date for the renewed permit and both of those questions are answered to reflect a renewed term of 2 years.

On April 11, 2012 an email was received requesting that a renewal application be completed in addition to the amendment application as the Nunavut Water Board had determined that the application had been identified as both a renewal and an amendment and the discourse following that seems to be where some of the confusion seems to have begun.

In compliance with the request I did go through the exercise of filling out the renewal application and indicating that there were changes to the size of the land use area, the location of the primary undertaking within the land use area, the scope of activities and the type of water use that would need to be authorized in the renewed license (as is asked throughout the application) and where more information was required in regards to the changes I provided it accordingly and/or directed the reader to the amendment portion of the application, but when I went to sign the document and prepare it for submission I realized that I could not execute it.

Under Section 28 of the renewal application titled "Signature" there is a qualifying statement which includes wording that indicates that the signatory certifies "that there are no changes to water use or waste disposal as previously authorized". The inclusion of this statement appears to deem this form inappropriate for an application package that is both a renewal and an amendment.

If you would like to discuss this further please contact me by telephone.

Also further to our discussions, since the submission of the combined renewal and amendment application there have been a few changes to the information submitted which are as follows;

- The land use area for the proposed bulk sample program has been identified as being within the municipal boundary of the Hamlet of Repulse Bay and therefore the proponent has been working with representatives from Community and Government Services, NU to obtain the necessary surface access permission that would be required to conduct the land use activity described in the combined renewal and amendment application for 2BE-QIL0712 on Commissioner's Land.
- The amendment application submitted in March of 2012 listed the earliest date that the proposed bulk sample program could take place as July of 2012 however scheduling has since been revised and the earliest that the work described in the amendment application could start now is July of 2013. This date is of course only a projection and is subject to change due to a number of factors that cannot be predicted at this time (logistics, world financial markets, etc.); therefore Stornoway Diamond Corporation would like to request that the term of the renewal license be for a period of 5 years and with an expiration date of September 30, 2017.
- Community consultation activities were theoretically being planned for the summer of 2012 when representatives from Stornoway Diamond Corporation will be in Repulse Bay however due to the fact that traditional harvesting activities will be taking place in the hamlet during that time arrangements are now being made to conduct information meetings during a period that is more suitable for the community members and its leadership. The timing currently being proposed is the latter half of September of 2012.

If you have any questions regarding this correspondence please contact the undersigned at your earliest convenience.

Yours truly,

**STORNOWAY DIAMOND CORPORATION**

Per:



Nicole Westcott

Manager of Community and Regulatory Affairs - Exploration