

The Qilalugaq Project

Stornoway Diamond Corporation (“Stornoway”) is a leading Canadian diamond exploration and development company listed on the Toronto Stock Exchange under the symbol SWY. Our flagship asset is the 100% owned Renard Diamond Project, on track to becoming Quebec’s first diamond mine. Stornoway also maintains an active diamond exploration program with both advanced and grassroots programs in the most prospective regions of Canada.

One of Stornoway’s advanced stage projects, the Qilalugaq Property (“the Property”), is located just outside of the hamlet of Repulse Bay, Nunavut. The Property has undergone several phases of exploration since being acquired by its previous owner, BHP Billiton, in 2001 including activities such as airborne geophysics, till sampling, and drilling.

Data collected from this past exploration work has helped Stornoway narrow down our area of interest to the Q1-4 Kimberlite approximately 10 kilometers east of Repulse Bay.

The next phase of exploration work that Stornoway proposes to conduct on the Project is a sampling program which would involve removing approximately 1,500 tonnes of kimberlite from the Q1-4 Kimberlite.

The purpose of this next phase of work is to aid in properly determining the diamond population and provide a preliminary estimate of diamond value of the kimberlite.

This land use activity would be conducted during the months of July and August in either summer 2013 or summer 2014 and last for approximately 6 weeks’ time (timing is dependent upon weather, logistics and resources).

The sample material will be dug up at the site using a small, helicopter portable Kubota (or similar style) tracked mini-excavator which will deposit the rock into large, 1m³ polypropylene mega bags.



A Tracked Mini-Excavator Like This Will Be Used

The filled bags will then be slung by helicopter back to the hamlet in preparation for shipment south, via barge, to a processing facility. Under optimal conditions it is projected that approximately 40 filled mega bags will be flown from the sample site to Repulse Bay each full working day and that approximately 1,500 tonnes of material will be extracted from the area of interest over a period of 42 days (weather and logistics dependent).

The size of the surface area that will be disturbed by the sampling activity is equivalent to approximately half the size of the Northern Store in Repulse Bay.



Mega Bags Filled With Kimberlite Being Transported By Helicopter

Personnel for the program will include an eight member field crew plus two helicopter pilots, one engineer and one cook/first aid attendant. Four of the eight field crew members will likely be hired locally from the hamlet of Repulse Bay on short term employment contracts.

Due to the proximity of the sample area to the hamlet of Repulse Bay camp facilities will not be required and all personnel will stay in the town.

The preferred fuel management plan will involve purchasing Jet-B fuel for the helicopter from the airport bulk tanks for truck delivery (if available). If this service is not available then drummed fuel will be required to support the program.

If drummed Jet-B fuel is required the preferred storage option will involve securing a site in Repulse Bay where the drums could be temporarily stored (i.e. the airport) for the duration of the six week land use operation. This scenario will require only a minimal amount of fuel to be stored on the land; one 205 liter drum of diesel to fuel the tracked mini-excavator and one 205 liter drum of Jet-B fuel (to serve as an emergency reserve for the helicopter).

Should a fuel storage location in the hamlet not be available then a temporary storage berm will be constructed at the sample site to contain the required Jet-B fuel. Should the construction of a fuel berm be required it will be temporary. All fuel drums will be removed from the area at the end of the six week program, the berm dismantled and the ground re-contoured to match the surrounding terrain.

Stornoway has a long history of working in Nunavut and recognizes concerns that have been raised throughout the north in regards to the potential disturbance to wildlife that can be associated with frequent low level flights and is committed to the mitigation measures which include, but are not limited to;

- All aircraft will maintain a flight altitude of 610m, except during take-off and landing, times of low level ceiling, and during any unforeseen emergency situations
- Should large concentrations of birds be observed all aircraft will maintain a flight altitude of 1000m vertical distance and 1500m horizontal distance from the birds
- Except for in the cases of emergency circumstances, touch-down by helicopters in areas where concentrations of wildlife are present will be avoided, including raptor nesting sites and concentrations of nesting and molting waterfowl
- During the time that the bulk sampling activities are taking place each day an initial aerial reconnaissance flight will be done to determine whether caribou or calves are present, or are migrating through the intended flight path and if so an alternate flight path will be chosen until the animals have left the area
- The proponent will advise the pilot of these mitigation measures and enforce their application throughout the course of the land use operation

If you have any questions regarding the exploration work being that is being proposed please contact Nicole Westcott, Manager of Community and Regulatory Affairs – Exploration.

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