

**Final Land Use Report N2007C0003**  
**The Aviat Project**  
**Stornoway Diamond Corporation**  
**August 31, 2012**

**Introduction**

The Aviat Project is a joint venture between Stornoway Diamond Corporation ("Stornoway") and Hunter Exploration Group, and is comprised of approximately 0.4 million acres on the Melville Peninsula. The exploration season for the Aviat Project typically runs from May to September (weather and logistics permitting) with the project operating a 15-25 person field exploration camp which is augmented by a small logistics team based in the hamlet of Igloolik. Field activities are supported by a camp based helicopter and fixed wing aircraft from Igloolik.

**Regulatory History**

Class "A" Land Use Permit N2007C0003 was granted to Stornoway on April 16, 2007. This permit authorizes "mining (exploration) and a campsite" on NTS Map Sheets 46/O, 46/P, 47/A, 47/B, 47/C, and 47/D. It was originally issued with an expiry date of April 11, 2009 but since that time has been granted several extensions by which it currently holds an expiration date of April 11, 2012.

This land use permit replaced N2003C0020, N2003C0021 and N2003C0022 which were originally issued to Apex Geosciences Ltd. ("Apex") on June 13, 2003. At that time Apex was retained by Stornoway's predecessor company and its partners to conduct work on a large number of dispositions covering much of the Melville Peninsula that were held either wholly by Stornoway or by Stornoway in part via their participation in various JV Agreements that were active at that time.

These original permits fell under a group of authorizations received from Indian and Northern Affairs Canada, the Kivalliq Inuit Association, the Qikiqtani Inuit Association, and the Nunavut Water Board under which exploration work on Stornoway dispositions on the Melville Peninsula was conducted, including the early stage activities carried out on what is now known as the Aviat Project.

A final land use plan was submitted for these permits (N2003C0020, N2003C0021 and N2003C0022) and a letter was issued by INAC on April 30, 2007 confirming receipt of the plan in their office on January 16, 2007.

On July 28, 2007 Kevin L. Robertson, Resource Management Officer, issued an Inspection Report for the 3 original licenses as a "paper exercise" which facilitated the closure of N2003C0020, N2003C0021 and N2003C0022. This report also indicated that these files were closed and that they had been absorbed by the newly issued N2007C0003.

In addition, over the years, permits to conduct work on portions of the Aviat Project that fell on Inuit Owned Land ("IOL") Parcels were also obtained.

A Class III Land Use License was issued to Stornoway by the Kivalliq Inuit Association authorizing the activities of "staking, prospecting, exploration and drilling" on IOL Parcels RE 01 to RE 11, RE 15, RE 25, RE 28 and RE 38. This license held an expiry date of May 12, 2006 and after the submission of a final land use plan the Kivalliq Inuit Association issued a final clearance letter for Class III Land Use License KVL305C03 on July 13, 2006.

A series of Class III Land Use Licenses has also been issued to Stornoway by the Qikiqtani Inuit Association beginning with Q07L3C01 which authorized “mineral exploration” on IOL Parcels IG 09, IG 10, IG 13, IG 14, IG 18, IG 19, IG 20, IG 21, IG 22, IG 23, IG 25, IG 26, HB 01, HB 04, HB 05, HB 06, HB 07, HB 08, HB 10, HB 11, HB 12, and HB 13. This license held an expiry date of May 24, 2007 and was replaced by renewal license Q07L3C02 on May 25, 2007. This license authorized “mineral exploration” on IOL Parcels HB 01, HB 07, IG 13 and IG 14 until its expiry date of May 24, 2009. By this time the land use area for the Aviat property had undergone a significant reduction and therefore the third and final license in this series, Q09L3C09, authorized “staking, prospecting, exploration and drilling” only on IOL Parcels IG 13 and IG 14. This third and final license expired on October 31, 2011. A copy of this report will be cc’d to the Qikiqtani Inuit Association accompanied by an IOL specific final land use plan and an official request to close Q09L3C09.

Water use and waste disposal for the Aviat camp facility and exploration activities has been authorized since 2003 under a series of Type “B” water licenses issued by the Nunavut Water Board under the 2BE-SNN prefix. The third license in this series is 2BE-SNN0813 and it holds an expiry date of September 30, 2013. A request to cancel this license will be submitted to the Nunavut Water Board accompanied by a copy of this report as soon as is practicable.

#### **Land Use Activities - 2007**

Camp was mobilized beginning on May 5, 2007 and continued through to May 15, 2007. The spring drill program commenced on May 16, 2007 and ran through to June 25, 2007. During this time 18 drill holes were completed, and a total of 2,225 meters was drilled.

During the spring break up period a small prospecting and sampling program was conducted from June 25 through to July 10, 2007.

The summer program commenced on July 11, 2007 and ran through to August 21, 2007. During this time the sampling and prospecting program that began during the break up period continued and the summer drill program commenced. During the course of the 2007 sampling program 1, 177 till samples and 600 rock and soil samples were collected. The summer drill program saw 27 holes completed and a total of 2,600 meters drilled.

#### ***Water Source and Waste Deposit Locations for 2007***

Water for domestic purposes was acquired from the lake located at the camp (see coordinates provided below). Water was pumped from the lake, filling a holding tank twice a day when camp was at full occupancy

All drill cuttings were contained in the area of the collar by natural depressions and all water sources for drilling activities were located within the direct proximity of the collar location.

# GPS Coordinates for water sources utilized

Source Description	Latitude			Longitude		
	Deg	Min	Sec	Deg	Min	Sec
Water Source, Camp/Domestic		N 69° 26' 9.24"			W 83° 14' 27.96"	
Water Source, Drilling		N 69° 16' 19"			W 83° 17' 21"	
Water Source, Drilling		N 69° 16' 19"			W 83° 17' 21"	
Water Source, Drilling		N 69° 16' 19"			W 83° 17' 21"	
Water Source, Drilling		N 69° 16' 19"			W 83° 17' 21"	
Water Source, Drilling		N 69° 16' 19"			W 83° 17' 21"	
Water Source, Drilling		N 69° 15' 52"			W 83° 17' 42"	
Water Source, Drilling		N 69° 15' 52"			W 83° 17' 42"	
Water Source, Drilling		N 69° 15' 56"			W 83° 17' 21"	
Water Source, Drilling		N 69° 15' 56"			W 83° 17' 21"	
Water Source, Drilling		N 69° 15' 56"			W 83° 17' 21"	
Water Source, Drilling		N 69° 15' 54"			W 83° 18' 40"	
Water Source, Drilling		N 69° 15' 54"			W 83° 18' 40"	
Water Source, Drilling		N 69° 15' 54"			W 83° 18' 40"	
Water Source, Drilling		N 69° 15' 54"			W 83° 18' 40"	
Water Source, Drilling		N 69° 16' 06"			W 83° 18' 32"	
Water Source, Drilling		N 69° 16' 06"			W 83° 18' 32"	
Water Source, Drilling		N 69° 16' 06"			W 83° 18' 32"	
Water Source, Drilling		N 69° 16' 06"			W 83° 18' 32"	
Water Source, Drilling		N 69° 16' 06"			W 83° 18' 32"	
Water Source, Drilling		N 69° 15' 52"			W 83° 17' 36"	
Water Source, Drilling		N 69° 16' 06"			W 83° 18' 32"	
Water Source, Drilling		N 69° 16' 06"			W 83° 18' 32"	
Water Source, Drilling		N 69° 15' 54"			W 83° 19' 21"	
Water Source, Drilling		N 69° 15' 54"			W 83° 19' 21"	
Water Source, Drilling		N 69° 15' 46"			W 83° 18' 17"	
Water Source, Drilling		N 69° 15' 46"			W 83° 18' 17"	
Water Source, Drilling		N 69° 15' 46"			W 83° 18' 17"	
Water Source, Drilling		N 69° 15' 46"			W 83° 18' 17"	
Water Source, Drilling		N 69° 16' 26"			W 83° 19' 05"	
Water Source, Drilling		N 69° 16' 26"			W 83° 19' 05"	
Water Source, Drilling		N 69° 16' 26"			W 83° 19' 05"	
Water Source, Drilling		N 69° 16' 06"			W 83° 18' 32"	
Water Source, Drilling		N 69° 16' 19"			W 83° 16' 34"	
Water Source, Drilling		N 69° 16' 15"			W 83° 15' 40"	
Water Source, Drilling		N 69° 16' 15"			W 83° 15' 40"	
Water Source, Drilling		N 69° 16' 19"			W 83° 16' 24"	
Water Source, Drilling		N 69° 16' 19"			W 83° 16' 24"	

Water Source, Drilling		N 69° 16' 26"			W 83° 19' 05"	
Water Source, Drilling		N 69° 16' 26"			W 83° 19' 05"	
Water Source, Drilling		N 69° 16' 26"			W 83° 19' 05"	
Water Source, Drilling		N 69° 16' 54"			W 83° 18' 11"	
Water Source, Drilling		N 69° 16' 54"			W 83° 18' 11"	
Water Source, Drilling		N 69° 16' 19"			W 83° 17' 21"	

#### GPS Locations of areas of waste disposal

Location Description (type)	Latitude			Longitude		
	Deg °	Min '	Sec "	Deg °	Min '	Sec "
Drilling		N 69° 16' 13"			W 83° 17' 24"	
Drilling		N 69° 16' 12"			W 83° 16' 45"	
Drilling		N 69° 16' 11"			W 83° 17' 19"	
Drilling		N 69° 16' 11"			W 83° 17' 19"	
Drilling		N 69° 16' 11"			W 83° 17' 19"	
Drilling		N 69° 15' 53"			W 83° 18' 09"	
Drilling		N 69° 15' 53"			W 83° 18' 09"	
Drilling		N 69° 16' 02"			W 83° 17' 34"	
Drilling		N 69° 16' 02"			W 83° 17' 34"	
Drilling		N 69° 16' 02"			W 83° 17' 34"	
Drilling		N 69° 15' 54"			W 83° 18' 24"	
Drilling		N 69° 15' 54"			W 83° 18' 24"	
Drilling		N 69° 15' 51"			W 83° 18' 37"	
Drilling		N 69° 16' 02"			W 83° 18' 46"	
Drilling		N 69° 16' 02"			W 83° 18' 46"	
Drilling		N 69° 16' 04"			W 83° 18' 33"	
Drilling		N 69° 16' 04"			W 83° 18' 33"	
Drilling		N 69° 16' 11"			W 83° 17' 47"	
Drilling		N 69° 16' 11"			W 83° 17' 47"	
Drilling		N 69° 16' 11"			W 83° 17' 47"	
Drilling		N 69° 15' 58"			W 83° 17' 43"	
Drilling		N 69° 16' 04"			W 83° 18' 04"	
Drilling		N 69° 16' 04"			W 83° 18' 04"	
Drilling		N 69° 15' 56"			W 83° 19' 24"	
Drilling		N 69° 15' 56"			W 83° 19' 24"	
Drilling		N 69° 15' 46"			W 83° 18' 22"	
Drilling		N 69° 15' 47"			W 83° 18' 25"	
Drilling		N 69° 15' 46"			W 83° 18' 25"	
Drilling		N 69° 15' 46"			W 83° 18' 25"	
Drilling		N 69° 16' 19"			W 83° 19' 00"	
Drilling		N 69° 16' 19"			W 83° 19' 00"	
Drilling		N 69° 16' 16"			W 83° 18' 23"	
Drilling		N 69° 16' 16"			W 83° 18' 23"	
Drilling		N 69° 16' 13"			W 83° 18' 41"	

Drilling		N 69° 16' 16"		W 83° 16' 16"	
Drilling		N 69° 16' 20"		W 83° 15' 39"	
Drilling		N 69° 16' 12"		W 83° 15' 54"	
Drilling		N 69° 16' 12"		W 83° 16' 21"	
Drilling		N 69° 16' 12"		W 83° 16' 21"	
Drilling		N 69° 16' 39"		W 83° 18' 44"	
Drilling		N 69° 16' 35"		W 83° 19' 22"	
Drilling		N 69° 16' 35"		W 83° 19' 22"	
Drilling		N 69° 16' 43"		W 83° 18' 39"	
Drilling		N 69° 16' 44"		W 83° 18' 23"	
Drilling		N 69° 16' 25"		W 83° 17' 38"	

### ***Progressive Reclamation Work Conducted During 2007***

- All drill set-ups were cleaned up and the surrounding area restored as per the project's Abandonment and Restoration Plan. Anchors were cut as closely as possible to the ground and any cuttings were contained in the area of the collar by natural depressions.
- Upon closure of the camp for the winter the screening mechanism for the kitchen and dry sumps were cleared of debris, all greywater was allowed to drain into the ground, and the sump covered over.
- There were no outhouse sumps as waste was collected by a bag and bucket system and backhauled regularly to Igloolik (authorization for this disposal is available upon request).
- All empty fuel drums were returned to Igloolik, crushed, and taken south for recycling.
- All garbage was backhauled regularly to Igloolik for proper disposal (authorization for this disposal is available upon request).

***Total land use calculation for 2007– 28 drill sites x 400 m<sup>2</sup> per site = 11,200 m<sup>2</sup> (1.12 ha)***

### **Land Use Activities - 2008**

Camp was mobilized between May 15<sup>th</sup> and May 18<sup>th</sup>, 2008 and operated until August 20<sup>th</sup>, 2008 when winterization of the facilities was completed. During this time the camp population fluctuated while drilling, sampling and ground geophysical work was conducted.

The spring drill program began on May 19<sup>th</sup>, 2008 and continued through to June 28<sup>th</sup>, 2008. One drill was in operation during this time with two shifts (day and night) typically worked each day (weather permitting). A total of 12 drill holes were completed during the spring program and a total of 1,360 meters drilled.

The summer drill program took place during the period of July 15<sup>th</sup>, 2008 to August 16<sup>th</sup>, 2008. As in the spring one drill was in operation during this time with two shifts (day and night) typically worked each day (weather permitting). A total of 13 drill holes were completed during the summer drilling program and a total of 1,865 meters drilled.

The collection of a large sample of kimberlite, commenced on June 25, 2008 and was completed by July 22, 2008. This project was designed to collect 200 tonnes of material from two separate areas and incorporated the limited use of explosives in order to fracture the kimberlite.

A crew of anywhere between 4 and 8 personnel weighed the kimberlite samples with hand scales and filled megabags which were then flown to Igloodik via helicopter. The megabags were placed in wooden crates and shipped south as retrograde cargo on the sealift. Approximately 200 tonnes of material was collected during this time.

From May 15<sup>th</sup> to June 4<sup>th</sup>, 2008 a crew of 2 personnel conducted magnetic surveys. During this time 6 geophysical grids were completed for a total of approximately 40 line kilometers.

### ***Water Source and Waste Deposit Locations for 2008***

Water for domestic purposes was acquired from the lake located at the camp (see coordinates provided below). Water was pumped from the lake, filling a holding tank twice a day when camp was at full occupancy

All drill cuttings were contained in the area of the collar by natural depressions and all water sources for drilling activities were located within the direct proximity of the collar location.

#### **GPS Coordinates for water sources utilized**

Source Description	Latitude			Longitude		
	Deg °	Min '	Sec "	Deg °	Min '	Sec "
Water Source Camp/Domestic	69	26	9	-83	14	27
Water Draw Location	69	16	4	-83	19	8
Water Draw Location	69	16	5	-83	18	28
Water Draw Location	69	15	50	-83	18	57
Water Draw Location	69	15	50	-83	19	9
Water Draw Location	69	15	43	-83	16	58
Water Draw Location	69	15	56	-83	17	14
Water Draw Location	69	15	52	-83	17	46
Water Draw Location	69	15	27	-83	16	8
Water Draw Location	69	15	13	-83	15	44
Water Draw Location	69	15	25	-83	17	13
Water Draw Location	69	15	50	-83	18	42

#### **GPS Locations of areas of waste disposal**

Location Description (type)	Latitude			Longitude		
	Deg °	Min '	Sec "	Deg °	Min '	Sec "
Camp/Sump Location	69	26	15	-83	14	32

Waste Deposit Associated With Drilling	69	16	3	-83	18	58
Waste Deposit Associated With Drilling	69	16	7	-83	18	49
Waste Deposit Associated With Drilling	69	16	11	-83	18	23
Waste Deposit Associated With Drilling	69	16	11	-83	18	6
Waste Deposit Associated With Drilling	69	15	46	-83	17	40
Waste Deposit Associated With Drilling	69	15	59	-83	18	9
Waste Deposit Associated With Drilling	69	15	49	-83	17	52
Waste Deposit Associated With Drilling	69	15	39	-83	16	39
Waste Deposit Associated With Drilling	69	15	38	-83	17	21
Waste Deposit Associated With Drilling	69	15	59	-83	17	11
Waste Deposit Associated With Drilling	69	15	26	-83	16	1
Waste Deposit Associated With Drilling	69	15	29	-83	16	29
Waste Deposit Associated With Drilling	69	15	19	-83	16	34
Waste Deposit Associated With Drilling	69	15	8	-83	15	46
Waste Deposit Associated With Drilling	69	15	27	-83	17	1
Waste Deposit Associated With Drilling	69	15	45	-83	18	20
Waste Deposit Associated With Drilling	69	15	49	-83	18	27
Waste Deposit Associated With Drilling	69	15	47	-83	18	18
Waste Deposit Associated With Drilling	69	15	47	-83	18	18
Waste Deposit Associated With Drilling	69	15	46	-83	18	33
Waste Deposit Associated With Drilling	69	15	44	-83	18	27
Waste Deposit Associated With Drilling	69	15	45	-83	18	28

### ***Progressive Reclamation Work Conducted During 2008***

#### Drill Hole Locations

- Each drill hole was restored to previous conditions after completion of the hole (with each site occupied on average less than one week) as per the Abandonment and Restoration Plan for this project.
- All drilling sumps were back-filled and any cuttings and sludges buried if appropriate.
- All fuel drums, drilling equipment and other materials were removed from the site immediately upon completion of the hole.
- A final inspection of each site was made before leaving to insure that there were no remaining materials at the site and that there was little/no evidence of Stornoway's land use operation.

#### Sample Locations

- The collection of soil and till samples has little to no effect on the terrain however it was ensured that any disturbed ground was recontoured so as to not endanger any wildlife.
- In the 2 areas where blasting activities were conducted what minor excavation that was created was left "as is". The limited surface expression of the excavations matched the topographic variations in the immediate vicinity of the sample sites and the removal of the rock for sampling actually lessened the steepness of the natural occurring gradient that surrounded the sample site creating a much more hospitable terrain for humans and wildlife who may be passing through the area.

## Camp Facility

- All refuse was kept in an animal resistant garbage box and transported regularly to Igloolik for proper and authorized disposal.
- Where were no outhouse sumps as all black waste was collected transported to Igloolik on a regular basis for proper and authorized disposal.
- Upon closure of the camp for the season the screening mechanism for the kitchen and dry sump was cleaned of all debris, the greywater was allowed to drain into the ground and the sump was prepared for winter and eventual re-use
- During the winter closure of the camp the generator was removed from the site and stored in Igloolik and all wiring from the electrical system was spooled and stored for use during subsequent seasons.

***Total land use calculation for 2008– 22 drill sites x 400 m<sup>2</sup> per site = 8,800 m<sup>2</sup> (.88 ha)***

### **Land Use Activities – 2009**

The camp remained in a winterized/storage state during the 2009 exploration season. No exploration activities were conducted on the Aviat property this year.

### **Land Use Activities – 2010**

The camp remained in a winterized/storage state during the 2010 exploration season. No exploration activities were conducted on the Aviat property this year.

In June 2010 a Stornoway representative visited the camp location and found the camp to still be in an acceptable winterized/ storage state and that the small cache of fuel drums and propane canisters that were stored on site were free of leaks and ruptures and still in good condition.

### **Land Use Activities - 2011**

The camp remained in a winterized/storage state during the 2011 exploration season. No exploration activities were conducted on the Aviat property this year.

### **Land Use Activities – 2012**

A small crew of personnel arrived in Igloolik on July 2, 2012 with land use activities beginning on July 5, 2012.

The primary functions of the land use operation were to demobilize the Aviat Camp (which had been in a winterized/storage state for several season) and perform abandonment and reclamation activities on the land use area subject to the authority of Land Use Permit N2007C0003.

Crews accessed the land use area each day via a helicopter which was also used to sling items to Igloolik during the camp demob.



Please see the “Final Abandonment and Reclamation” section for a detailed account of the restoration activities that were performed during this time.

In addition, beginning on July 16, 2012, a team of professional surveyors accessed the land use area via helicopter to perform legal surveys on a selected number of claims on the Aviat property. This activity took approximately 5 days to complete.

The camp facility did not house any personnel during this time. All crew members including the surveyors stayed either at Stornoway’s logistics house or at rental accommodation in Igloolik.

### **Final Abandonment and Reclamation**

All final abandonment and reclamation activities were conducted in accordance with the approved “Abandonment and Reclamation Plan for the Aviat Project” which forms a part of all of the applications for the regulatory authorizations under which this project operated.

#### ***Drill Sites***

- Progressive reclamation work was completed at all drill site locations once a drill hole was complete and therefore there was no additional drill site reclamation required in 2012.
- All equipment associated with drilling activities was removed from the land use area.

#### ***Excavation and Surface Blasting Restoration***

- In the 2 locations where blasting activities were conducted what minor excavation that was created was left "as is" upon completion of the sample removal during the 2008 exploration season.
- The limited surface expression of the excavations matched the topographic variations in the immediate vicinity of the sample sites and the removal of the rock for sampling actually lessened the steepness of the natural occurring gradient that surrounded the sample site creating a much more hospitable terrain for humans and wildlife who may be passing through the area.
- There was no overburden stockpiled upon completion of the excavation and therefore there was none to replace.
- There was little to no vegetation in the area where this activity took place however the ground was scarified to promote any natural re-vegetation that may occur.

#### **Fuel Storage**

- Any empty fuel drums that had been stored at the camp location were slung from the camp location to Igloolik where they were crushed and shipped south to be disposed of in a proper facility.
- Any full fuel drums and/or canisters that had been stored at the camp location were sold to the hamlet of Igloolik and are now in their possession (any markings indicating Stornoway’s previous ownership of the drums will be removed).

## **Camp**

- The Aviat camp was located approximately 50 km west of Igloolik at 69° 26.13' N, 83° /14.53' W, and had been in a winterized/storage state for several seasons.
- The camp was comprised of 14 tent structures of various sizes, 1 plywood generator shack, two outhouse buildings, a secondary containment shack for the storage of all drilling muds, greases and oils, and one designated outdoor storage area. Tent dimensions and descriptions were as follows:
  - Four sleeper tents measuring 12' x 16', framed
  - One office tent measuring 10' x 12', framed
  - One first aid tent measuring 10' x 12' framed
  - One kitchen tent measuring 12' x 32', framed
  - One dry tent measuring 12' x 32', framed
  - One core shack tent measuring 12' x 32', framed with roof
  - One television (and storage) tent measuring 12' x 32', framed with roof
  - One plywood secondary containment shack
  - One generator shack
  - Two wooden outhouse facilities (no latrine sumps)
  - Animal resistant garbage box
- All tent canvases, appliances, camp equipment, water pumps, fuel drums, and drilling machinery were removed from the camp location over the course of the 3 week reclamation program.
- The greywater sumps behind the kitchen and dry tents were filled in and recontoured.
- All wood (tent floors, frames etc.) were incinerated in a controlled burn on bare ground.
- The remaining coals and ash were raked for non-combustible items such as nails and scrap metal and collected for disposal (over 6 buckets of metal waste was extracted from the ashes).
- The only items remaining at the camp location are neatly piled boxes of drill core which is allowable/required by regulation.
- Upon completion of the camp reclamation activities there was little/ to no evidence of Stornoway's land use activity at the site.

Please see Appendix "B" for photographs of the reclamation activities. Additional photographs will be submitted as an addendum to this report in the near future.

## **Conclusion**

The final abandonment and restoration activities associated with the activities authorized under Class "A" Land Use Permit N2007C0003 have now been completed.

Please note that the deconstruction of the camp facility and the pursuit of closure for the current regulatory authorizations associated with the Aviat Project does not mean that the partners will not be conducting further exploration activities on the property at a later date.

The current camp location was chosen several years ago when the land package associated with the project covered a significantly larger area than it does at the present time. Now that a narrower area of interest has been identified it is evident that any future exploration work conducted on the project would be better supported by a camp facility located closer to this region.

Now that the land use area associated with the Aviat Project has been reclaimed and closure for the current licenses and permits sought, new regulatory authorizations would be obtained to reflect any work that may be conducted on the property going forward, prior to its commencement.