

Closure Summary

Nunavut Water Board Type “B” Water Licenses: 2BE-SNN0508 and 2BE-SNN0813

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2BE-SNN0508 Issuance Date: September 9, 2005

2BE-SNN0813 Expiry Date: October 30, 2013

Stornoway Diamond Corporation (“Stornoway”) is requesting the official closure of Nunavut Water Board License 2BE-SNN0813 and its predecessor 2BE-SNN0508.

These licenses authorized water use and waste disposal in association with exploration activities and a temporary/seasonal camp facility on the Aviat Project.

The Aviat Project is a joint venture between Stornoway Diamond Corporation and Hunter Exploration Group, and is comprised of approximately 420,000 acres located on the Melville Peninsula. The exploration season for the Aviat Project typically ran from May to September with the project operating a 15-25 person field exploration camp, which was augmented by a small logistics team based in the hamlet of Igloolik. Field activities were supported by camp-based helicopter and periodically by fixed wing aircraft from Igloolik.

During the spring and summer of the 2005 through to 2008 the exploration activities conducted on the property included prospecting, ground geophysical surveys, geological mapping, the collection of rock and till samples, and diamond drilling.

As per the Abandonment and Reclamation plan for this project progressive reclamation was completed at all drill sites, rock and till sample locations and at the camp facility (as applicable) over the course of each season.

At the end of the 2008 exploration season the camp was put into a winterized/storage state and remained inactive during the 2009 through to 2011 exploration seasons (a Stornoway representative did visit the site during the summer of 2010 in order to check over the camp facility and insure that all of the drums in the small fuel cache remaining on site were in good condition and free of leaks).

With no plans to open the camp in 2012 the decision was made to demobilize the camp facility and perform abandonment and reclamation activities on the land use area subject to the authority of Land Use Permit N2007C0003 and NWB License 2BE-SNN0813.

During July of 2012 a crew from Stornoway deconstructed the camp facility, removed all camp related structures, equipment and fuel that were stored on the land use area, insured that the greywater and latrine sumps that had been backfilled during ongoing progressive reclamation

activities conducted during previous years were sufficiently recountoured and completed the final reclamation activities on the entire land use area as per the approved Abandonment and Restoration Plan for the Aviat Project.

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.

Once the land use area associated with the Aviat Project has been reclaimed new regulatory authorizations would be obtained to reflect any work that may be conducted on the property going forward, prior to its commencement.