

stornoway
DIAMOND CORPORATION

Suite 860 - 625 Howe Street
Vancouver BC V6C 2T6 Canada
Tel: 604.331.2259 Fax: 604.689.5041

March 29, 2006

Phyllis Beaulieu
Licensing Manager
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0E 1J0

Re: NWB2SNN0305 – Annual Report Submission

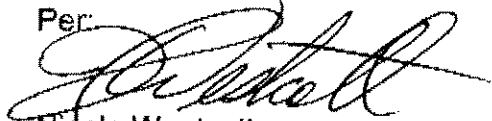
Dear Ms. Beaulieu,

Enclosed please find a duly completed annual report for the above referenced water license.

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

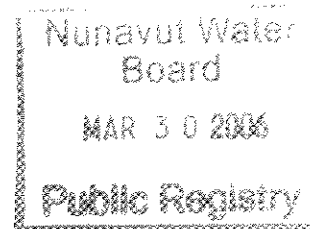
Yours truly,
STORNOWAY DIAMOND CORPORATION

Per:



Nicole Westcott
Land Administrator

Enclosures: Annual Report – NWB2SNN0305



NWB2(insert)

NWB Annual Report

Year being reported:

License No: NWB2SNN0305 Issued Date: August 6, 2003
 Expiry Date: August 31, 2005

Project Name: Aviat ProjectLicensee: Stornoway Diamond Corporation

Mailing Address: 860-625 Howe Street
Vancouver, BC
V6C 2T6

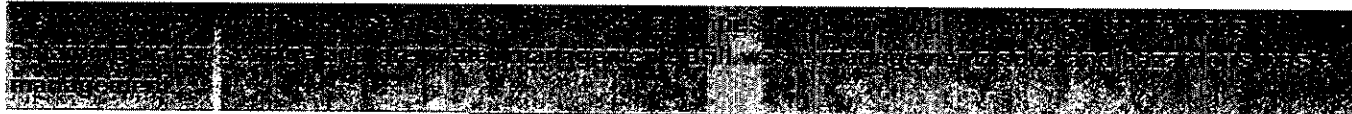
Name of Company filing Annual Report (if different from Name of Licensee please clarify relationship between the two entities, if applicable):

Stornoway Diamond Corporation.

General Background Information on the Project (optional):

The Aviat Project is operated by Stornoway Diamond Corporation ("Stornoway") and is a joint venture between Stornoway, BHP Billiton and Hunter Exploration Group. The exploration season for the Aviat project typically runs from May to October (weather permitting) during which time the project is typically supported by a 15-35 person field exploration camp, which is augmented by a small logistics team based in the hamlet of Igloodik. Field activities are supported by camp-based helicopter and by fixed-wing aircraft from Igloodik and during the 2005 exploration season exploration activities included till sampling, prospecting, ground geophysical surveys, and diamond drilling.

Licence Requirements: the licensee must provide the following information in accordance with



Water Source(s):	Camp Water Source 69° 26' 9.24", -83° 14' 27.96"	
Water Quantity:	10 cu.m/day	Quantity Allowable Domestic (cu.m)
	2.0 cu.m/day	Actual Quantity Used Domestic (cu.m)
	50 cu.m/day	Quantity Allowable Drilling (cu.m)
	4.0 cu.m/day	Total Quantity Used Drilling (cu.m)

Waste Management and/or Disposal

Water for domestic purposes was acquired from the lake located at the camp (please see co-ordinates provided above). Water was pumped from the lake filling a holding tank twice a day when camp was at full occupancy. Upon the closure of camp for the season the greywater sump was cleaned of all food debris, the greywater was allowed to drain into the ground and the sump was covered over. There were no blackwater sump locations during the 2005 season as outhouse waste was contained by a bag and bucket system and backhauled regularly to Igloodik for proper disposal. All combustible waste was burned daily and non-combustible waste was backhauled to Igloodik for proper disposal.

NWB2(insert)

All drill cuttings were contained in the area of the collar by natural depressions.

Additional Details:

N/A

Spill No.: N/A (as reported to the Spill Hot-line)
Date of Spill: N/A
Date of Notification to an Inspector: N/A
Additional Details: (Impacts to water, mitigation measures, short/long term monitoring, etc)

No unauthorized discharges occurred under the authority of this license during the 2005 exploration program.

Additional Details: Revisions to the Spill Contingency Plan were requested by the Nunavut Water Board upon issuance of the renewal to NWB2SNN0305 (Renewal license number is NWB2SNN0508). Revision was submitted to the NWB on October 7, 2005.

Additional Details: Revisions to the Abandonment and Restoration Plan were requested by the Nunavut Water Board upon issuance of the renewal to NWB2SNN0305 (Renewal license number is NWB2SNN0508). Revision was submitted to the NWB on October 7, 2005.

Additional Details (i.e., work completed and future works proposed)

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 cuttings were contained in the area of the collar by natural depressions. Upon closure of the camp for the winter the kitchen sump was cleaned of food debris, all greywater drained into the ground and the sump covered over. All combustible refuse was burned daily, and non-combustible refuse was backhauled to Igloolik for proper disposal. There were no outhouse sumps as waste was collected using a bucket and bag system and backhauled regularly to Igloolik.

Work for the 2006 exploration season is scheduled to begin in early May and run until October (weather permitting). The 15-35 person field exploration camp located approximately 50 miles west of Igloolik will be in operation for the exploration season. Field activities will be supported by camp-based helicopter and by fixed-wing aircraft from Igloolik and will likely include till sampling, prospecting, geophysical surveys and diamond drilling.

NWB2(insert)

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where sources of water are utilized;

Location Description (type)	Latitude			Longitude		
	Deg	Min	Sec	Deg	Min	Sec
Camp Water	69	26	9.24	-83	14	27.96
Drilling	69	23	30	-83	19	40
Drilling	69	22	40	-83	14	50
Drilling	69	21	20	-83	26	50
Drilling	69	17	20	-83	20	0
Drilling	69	15	20	-83	15	40
Drilling	69	15	40	-83	16	50
Drilling	69	15	50	-83	17	0
Drilling	69	16	0	-83	18	30
Drilling	69	16	20	-83	19	50
Drilling	69	15	50	-83	19	20
Drilling	69	16	0	-83	19	40
Drilling	69	17	0	-83	23	40
Drilling	69	16	40	-83	21	50
Drilling	69	17	0	-83	24	10
Drilling	69	17	20	-83	24	40
Drilling	69	17	20	-83	26	50
Drilling	69	20	20	-83	48	40
Drilling	69	17	40	-83	57	20
Drilling	69	25	0	-84	0	30
Drilling	69	19	50	-84	15	0
Drilling	69	19	30	-84	15	30
Drilling	69	21	10	-84	19	50
Drilling	69	22	0	-84	21	40
Drilling	69	19	0	-84	3	0
Drilling	69	18	40	-84	8	30

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where wastes associated with the licence are deposited;

Additional Details:

All drill cuttings were contained in the area of the collar by natural depressions.

Results of any additional sampling and/or analysis that was requested by an Inspector

As per the terms and conditions of NWB2SNN0305 and NWB2SNN0508 baseline water quality conditions were established before drilling through lake ice. Water samples were taken as applicable and tested for pH, Total Suspended Solids and Turbidity. Results are attached to this report.

NWB2(insert)

Additional Details: (date of request, analysis of results, data attached, etc)

Additional Details: (Attached or provided below)

N/A

Additional Details: (Dates of Report, Follow-up by the Licensee)

N/A

N/A

Date Submitted:

March 30, 2006

Submitted/Prepared by:

Stornoway Diamond Corporation

Contact Information:

Tel: 604-331-2259

Fax: 604-689-5041

email: nwestcott@stornowaydiamonds.com



Analytical Report

Norwest Labs
 #104, 19575-55 A Ave.
 Surrey, BC. V3S 8P8
 Phone: (604) 514-3322
 Fax: (604) 514-3323

Bill to: Stornoway Diamond Corporation
 Report to: Stornoway Diamond Corporation
 #860 - 625 Howe Street
 Vancouver, BC, Canada
 V6C 2T6
 Attn: Nicole Westcott
 Sampled By: Nicole Westcott
 Company: Stornoway

Project
 ID:
 Name:
 Location:
 LSD:
 P.O.:
 Acct. Code:

NWL Lot ID: 395674
 Control Number: E 220220
 Date Received: Jul 18, 2005
 Date Reported: Jul 19, 2005
 Report Number: 723260

Page: 1 of 2

		NWL Number	395674-1	395674-2	395674-3	
		Sample Description	AN 100	AN 290	AN 101 B	
		Matrix	Water - General	Water - General	Water - General	
Analyte		Units	Results	Results	Results	Detection Limit
Physical and Aggregate Properties						
Turbidity		NTU	0.2	0.2	0.1	0.1
Solids	Total Suspended	mg/L	<5	4	<3	1
Routine Water						
pH	@ 25 °C	pH	7.54	7.52	7.46	

		NWL Number	395674-4			
		Sample Description	AN 102 B			
		Matrix	Water - General			
Analyte		Units	Results	Results	Results	Detection Limit
Physical and Aggregate Properties						
Turbidity		NTU	0.2			0.1
Solids	Total Suspended	mg/L	<3			1
Routine Water						
pH	@ 25 °C	pH	7.64			

Approved by:

Marie England
 Consulting Scientist



Methodology and Notes

Norwest Labs
#104, 19575-55 A Ave.
Surrey, BC V3S 8P8
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Attn: Nicole Westcott
Sampled By: Nicole Westcott
Company: Stornoway

Project
ID:
Name:
Location:
LSD:
P.O.:
Acct. Code:

NWL Lot ID: 395674
Control Number: E 220220
Date Received: Jul 18, 2005
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Page: 2 of 2

Method of Analysis:

MethodName	Reference	Method	Date Analysis Started	Location
pH in water (Surrey)	APHA	* Electrometric Method, 4500-H+ B	18-Jul-05	Norwest Labs Surrey
Solids Suspended (Total, Fixed and Volatile)	APHA	* Total Suspended Solids Dried at 103-105°C, 2540 D	19-Jul-05	Norwest Labs Surrey
Turbidity in Water	APHA	* Nephelometric Method, 2130 B	19-Jul-05	Norwest Labs Surrey

* Norwest method(s) is based on reference method

References:

APHA

Standard Methods for the Examination of Water and Wastewater

Comments:

Please direct any inquiries regarding this report to our Client Services group.
Results relate only to samples as submitted

The test report shall not be reproduced except in full, without the written approval of the laboratory


**NORWEST
LABS**

Analytical Report

Norwest Labs
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Surrey, BC. V3S 8P8
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#860 - 625 Howe Street
Vancouver, BC, Canada
V6C 2T6
Attn: Nicole Westcott
Sampled By:
Company:

Project
ID:
Name:
Location:
LSD:
P.O.:
Acct. Code:

NWL Lot ID: **382278**
Control Number: E 220219
Date Received: May 13, 2005
Date Reported: May 20, 2005
Report Number: 700266

Page: 1 of 2

		NWL Number	382278-1	382278-2	382278-3		
		Sample Description	AN154 A	AN102 A	AN101 A		
		Matrix	Water - General	Water - General	Water - General		
Analyte		Units	Results	Results	Results	Detection Limit	
Physical and Aggregate Properties							
Turbidity		NTU	0.3	0.7	0.4	0.1	
Solids	Total Suspended	mg/L	11	<3	<3	1	
Routine Water							
pH	@ 25 °C	pH	8.26	7.85	8.44		
		NWL Number	382278-4	382278-5	382278-6		
		Sample Description	AN260 A	AN220	AN412 A		
		Matrix	Water - General	Water - General	Water - General		
Analyte		Units	Results	Results	Results	Detection Limit	
Physical and Aggregate Properties							
Turbidity		NTU	0.4	0.3	0.1	0.1	
Solids	Total Suspended	mg/L	<2	<2	<2	1	
Routine Water							
pH	@ 25 °C	pH	7.90	7.40	7.50		
		NWL Number	382278-7				
		Sample Description	Aviat Camp Lake				
		Matrix	Water - General				
Analyte		Units	Results	Results	Results	Detection Limit	
Physical and Aggregate Properties							
Turbidity		NTU	0.4			0.1	
Solids	Total Suspended	mg/L	2			1	
Routine Water							
pH	@ 25 °C	pH	7.62				

Approved by:

Marie England
Consulting Scientist



Methodology and Notes

Norwest Labs
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NWL Lot ID: 382278
Control Number: E 220219
Date Received: May 13, 2005
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Page: 2 of 2

Method of Analysis:

Method Name	Reference	Method	Date Analysis Started	Location
pH in water (Surrey)	APHA	* Electrometric Method, 4500-H+ B	16-May-05	Norwest Labs Surrey
Solids Suspended (Total, Fixed and Volatile)	APHA	* Total Suspended Solids Dried at 103-105°C, 2540 D	16-May-05	Norwest Labs Surrey
Turbidity in Water	APHA	* Nephelometric Method, 2130 B	18-May-05	Norwest Labs Surrey

* Norwest method(s) is based on reference method

References:

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