NOTICE OF INTENT
RENARD DIAMOND MINE

February 10, 2010

LES DIAMANTS STORNOWAY (CANADA) INC.
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PROJECT No. 167010217

Table of Contents

List of Tables

List of Figures

List of Appendices

1.0 PROJECT PROPONENT

Stornoway Diamond Corporation ("Stornoway") and SOQUEM INC. ("SOQUEM") each own a 50% interest in the Foxtrot Property through a non-incorporated joint venture partnership (the "Joint Venture"). Stornoway acts as the operator of the Joint Venture through its wholly owned subsidiary Les Diamants Stornoway (Canada) inc.

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3.0 PROJECT TITLE

"Renard Diamond Mine"

4.0 PROJECT OBJECTIVE AND JUSTIFICATION

Les Diamants Stornoway (Canada) inc. wishes to develop a diamond deposit on the "Foxtrot Property" located in the James Bay Region of Northern Québec. The diamond deposit is a significant resource that has demonstrated positive economics in initial studies with substantial resource upside potential. The subject of this Notice of Intent is the "Renard Diamond Mine", which includes both the proposed mine and local infrastructure elements such as open pits, shaft, access ramp, processing plant, processed kimberlite disposal area, accommodation complex, landing strip and related facilities. The Renard Diamond Mine would be accessed by a road that is currently the subject of a separate Notice of Intent submitted by the Ministry of Transport of Québec ("MTQ"). The objective of the Joint Venture is to develop a profitable mine in full compliance with all existing applicable regulations for the benefit of its shareholders, local communities, and government. Initial studies suggest the Renard Diamond Mine could operate successfully for up to 25 years, providing significant long-term benefits to all stakeholders.

The Joint Venture began evaluating the diamond potential of more than 400,000 km^2 of north-central Québec in 1996. Between 1996 and 2000, more than 1,700 exploration samples were collected to look for diamond indicator minerals. The Foxtrot Property, located approximately 350 km north of Chibougamau near the Otish Mountains region, was acquired in 2000 as a result of this reconnaissance exploration.

By late 2001, analysis of diamond indicator minerals and geophysical surveys identified potential drilling targets on the Foxtrot Property. Four priority geophysical anomalies were identified and kimberlite pipes, the primary host for diamond deposits, were discovered at two of the four sites by drilling. Subsequent sampling and testing showed that both kimberlite discoveries, named Renard 1 and Renard 2, were diamond-bearing.

Exploration programs in 2002 and 2003 led to the discovery of eight additional kimberlite pipes, known as Renard 3 to Renard 10. Two significant tabular or sheet-like kimberlite bodies have also been defined, the Lynx and Hibou dyke systems, both of which were found to be highly diamondiferous. Subsequent to the original discoveries, extensive work programs have included delineation drilling, bulk sampling, and the recovery of several thousand carats of diamonds for grade determination and valuation. This work has resulted in the identification of a significant undeveloped diamond deposit with a well defined formal resource.

In December 2008, Stornoway released a Preliminary Assessment for the Renard Diamond Mine. This study included a National Instrument ("NI") 43-101 compliant Mineral Resource estimate and economic evaluation. The 2008 study defined a diamond deposit with modest economics and a seven year mine life. Results suggested that expanding the resource tonnage would be an important step to improve profitability and reduce financial risk.

In December 2009, Stornoway announced the completion of a revised NI 43-101 compliant mineral resource estimate for the Renard Diamond Mine. The new estimate followed the completion of a very successful drill campaign conducted earlier in 2009, and drew upon revised geological models for each kimberlite body, a different grade estimation technique, and an updated diamond valuation. The new resource estimate includes the following:

- A total Indicated Mineral Resource of 26.5 million tonnes containing 23.0 million carats, and a total Inferred Mineral Resource of 17.8 million tonnes containing 13.3 million carats.

- An Indicated Mineral Resource grade of 87 carats per hundred tonnes ("cpht") and an Inferred Mineral Resource grade of 75 cpht.

- A diamond valuation of US$117 per carat to be applied equally to each of the Renard 2, 3, 4 and 9 kimberlite pipes for resource estimation purposes.

- A Potential Mineral Deposit which totals 12.2 to 26.5 million carats (26.8 to 45.7 million tonnes at grades ranging from 23 to 168 cpht).

- New geological models demonstrating extensive upside in multiple kimberlite bodies.

The December 2009 mineral resource estimate has outlined more than US$4 billion of contained diamond resource value, with good potential to add additional resources.

An updated Preliminary Assessment based on the 2009 Mineral Resource is currently underway. The results of this update are expected during the first quarter of 2010. Following completion of the Preliminary Assessment, a feasibility study and Environmental and Social Impact Assessment ("ESIA") of the Renard Diamond Mine are required to support a production decision.

As for most proposed mine developments, the location of the Renard Diamond Mine is selected based on a unique combination of factors, not the least of which is the presence of an economically viable mineral deposit. Therefore, based on the geology of the area and the identification of the kimberlites in the project area, there is no alternative location possible for this proposed mine development.

5.0 PROJECT LOCATION

The site of the Renard Diamond Mine is located in the James Bay territory, approximately 70 km north of the Otish mountains region. More specifically, the project is located at 72°11' west longitude and 52°49' north latitude, some 150 km southeast of the LG-4 Hydro-Québec complex and about 200 km northeast of Lake Mistassini (Figure 1, Appendix A). It is near the head of the Eastmain watershed more than 275 km upstream of the Eastmain 1 reservoir. The Renard Diamond Mine site is currently accessible only by air. Exploration activities are conducted from the Lagopede exploration camp located on the north shore of Lake Kaakus Kaanipaahaapisk (Lac Lagopede) on SNRC sheet 33A16.

The closest locality is Témiscamie, on Lac Albanel approximately 210 km to the south, which is connected by Route 167 to the Cree community of Mistissini. The town of Chibougamau, located 360 km south, serves as the major supply centre for regional resource-based industries.

6.0 OWNERSHIP OF THE LAND

6.1 LAND OWNER

The Government of Québec is the administrator of the land where the Renard Diamond Mine is to be located. The territory of the province of Québec covers an area close to 1,700,000 km², of which 92% is public land. This vast area makes up the main basin of natural resources in Québec. To stimulate economic development, the government grants rights of intervention applicable to the territory and resources, while preserving the environment. Consequently, exploration rights can be granted to entities for mining purposes.

6.2 EXPLORATION RIGHTS

A claim (including a "mineral exploration licence" or "PEM") is the only valid exploration right in Québec. It gives the holder the right to search for mineral substances in the public domain, except sand, gravel, clay and other loose deposits, on the land subjected to the claim.

The Foxtrot property comprises three groups of separate but essentially contiguous landholdings, known as the Foxtrot 1, Foxtrot 2 and Foxtrot 3 blocks, covering a total area of 68,158 ha (Figure 2, Appendix A). Foxtrot 1 encompasses PEM 1556 (12,930 ha), Foxtrot 2

encompasses PEM 1555 (32,570 ha) and Foxtrot 3 contains 460 individual mining claims (22,658 ha).

Claims and PEM's are registered in the names of Les Diamants Stornoway (Canada) inc. and Diaquem inc. in the proportions of 50% to 50%. Les Diamants Stornoway (Canada) inc. is a wholly-owned subsidiary of Stornoway Diamond Corporation, while Diaquem inc. is a wholly owned subsidiary of SOQUEM INC.

All known kimberlite occurrences, as well as the proposed infrastructure associated with the Renard Diamond Mine, are located within PEM 1555 (Foxtrot 2). The corners of PEM 1555 are defined by the following geographical coordinates in NAD 83 Zone 18 and latitude-longitude:

- 5850000.0 E and 677000.0 N (52°46' north latitude and 72°22' west longitude)
- 5865000.0 E and 682000.0 N (52°54' north latitude and 72°17' west longitude)
- 5859000.0 E and 700000.0 N (52°50' north latitude and 72°1' west longitude)
- 5841428.6 E and 694142.9 N (52°41' north latitude and 72°7' west longitude)

6.3 LAND CLAIMS AGREEMENT (JAMES BAY AND NORTHERN QUÉBEC AGREEMENT)

The Foxtrot Property, including the Renard kimberlite pipes and the Lynx and Hibou kimberlite dykes, is situated within the region of northern Québec governed by the *James Bay and Northern Québec Agreement 1975,* as amended (the "JBNQA"). This land claims agreement, outlining an environmental and social protection regime for the territorial regions of James Bay and Nunavik, was executed by the Government of Québec, the Government of Canada, the Grand Council of the Crees (Eeyou Itschee) (the "GCC(EI)") and the Northern Québec Inuit Association, amongst others in 1975.

The JBNQA provides for three categories of land, Categories I to III (Figure 3, appendix A), each with specifically defined rights. The Foxtrot Property lies within Category III lands in an area near the community of Mistissini (the Cree Nation of Mistissini, or "CNM"). Category III lands are public lands where Crees have certain rights, particularly in regard to hunting, fishing and trapping and the development of outfitter operations. Surface and mineral rights on Category III lands reside with the Government of Québec and are governed by the applicable land use laws and regulations, implemented by the relevant regulatory authorities. Members of the CNM undertake hunting, fishing and trapping activities within the Foxtrot Property, with the Renard kimberlites occurring in an area known to them as "yuus-kanchiisu-saakahiikan" (mild rock ptarmigan lake). More specifically, the Renard kimberlites lie within the CNM trapline area designated as M-11, used by Clarence and Abel Swallow (known as the 'tallymen').

Under the terms of the JBNQA, lawfully authorized persons have the right to develop Category III lands. However, developers are subject to an environmental and social protection regime, which provides for the protection of the hunting, fishing and trapping rights of the Cree.

7.0 PROJECT DESCRIPTION

7.1 DIAMOND MINING FUNDAMENTALS

7.1.1 Diamond Geology

Diamonds form under high pressures at depths greater than 150 km beneath the earth's surface. After their formation, diamonds are transported to the surface of the earth by volcanic activity. A mixture of molten magma, rock fragments and occasionally diamonds rises to the earth's surface to form vertical carrot shaped "pipes". These pipes are called kimberlites and are the primary source of diamonds. The Renard kimberlites display characteristics typical of pipes that have been extensively eroded.

7.1.2 Diamond Mining

Diamond mining can be broken down into three steps: extraction, processing and sorting. At the proposed Rernard Diamond Mine, all three steps will be undertaken.

Extraction

The nature of a diamond deposit will dictate the ore extraction technique required. Extraction methods for kimberlites include open pit and underground mining, or a combination of both.

Open pit mining consists of extracting ore that lies near the surface by first removing the overlying material (overburden) and then scooping or blasting the ore. The broken ore is removed using trucks and shovels to a processing area. A haul road is typically situated along the side of a pit, forming a ramp for carrying ore and waste rock.

In underground mining a vertical shaft or a sloping access ramp are initially driven into the ground from the surface, followed by extraction of the ore. The technique used to remove the ore is dependent upon the size and shape of the kimberlite and the properties of the rock. For the Renard kimberlites, suggested mining techniques include block caving or long-hole open stoping. Regardless of the mining method employed, broken ore is collected, crushed and conveyed via the shaft or ramp access to the surface for processing.

Processing

Liberation of diamonds from ore is achieved through mechanical crushing followed by a gravity separation process. No chemicals are used in the process. The gravity separation process starts by mixing crushed kimberlite with water and ferrosilicon (an iron-rich sand) to form a slurry. The slurry mixture is then fed through the cyclone of a Dense Media Separation ("DMS") plant where separation of the light and heavy components occurs through the use of centripetal force. The heavy fraction, termed the DMS concentrate, contains the diamonds and is collected for further processing. The separation process generates fine (-0.25 mm) and coarse (+0.25 mm) processed kimberlite ("PK") fractions which are stored in the processed kimberlite containment area.

To separate diamonds over 4 mm in size from the DMS concentrate, an X-ray diamond separator is used. X-ray separators operate on the principal that diamonds fluoresce when exposed to X-rays. In an X-ray separator, light emitted by fluorescing diamonds is detected by a sensor and converted into an electrical signal. This signal is then transmitted to an ejection gate which mechanically separates the diamond from other material, diverting it into a locked canister. The canister contains a concentrate that is a mixture of diamond and other fluorescent materials. Diamonds smaller than 4 mm in size are recovered using a "grease" separation process. The process involves washing the smaller material over panels coated in a special grease mixture containing beeswax. Diamonds stick to the grease while the waste materials flow past. Diamonds are removed from the grease to form a second concentrate, and the grease is re-used. Both the grease and X-ray processes will be conducted in a high security sorting facility located on site.

Sorting

The X-ray and grease concentrates require additional sorting to separate diamonds from any non-diamond material. The X-ray concentrate, which contains the coarse diamonds, is sorted manually, and the grease concentrate, which contains the fine diamonds, is typically subjected to a mechanical, "hands-free" process to extract diamonds from the grease. Depending on the requirements stipulated by any Government Royalty Valuation process, the diamonds are typically weighed, sorted into industry standard size classes and cleaned before being stored and ultimately shipped off-site for sale.

7.2 PROJECT OVERVIEW

The Renard Diamond Mine is expected to include both open pit and underground mining techniques to extract ore from a select number of kimberlite pipes. The primary infrastructure required for operation of the mine includes:

- Secondary roads within the site;
- Processing plant;

- Vertical mine shaft;
- Sloping access ramp;
- Overburden stockpile;
- PK and rock management area;
- Settling ponds;
- Power plant and heat recovery system;
- Tank farm with fuelling stations;
- Accommodation complex;
- Landing strip; and
- Explosives storage facility.

The site infrastructure is presented on Figure 4 (Appendix A). The operational activities of the Renard Diamond Mine will include open pit and underground mining, waste rock and overburden management, mineral processing, processed kimberlite management, water supply and waste water management, as well as solid waste management.

Various mining methods and waste disposal options are being considered to determine the optimum mining scenario, therefore the final layout and locations will be adjusted as necessary. The surface plan is not expected to vary significantly. The information deemed useful to the regulatory authorities in determining the project's ESIA requirements are presented in the following sections, whether related to the project construction or its operation.

7.3 ACCESS TO THE SITE

7.3.1 Context

Access for the Renard Diamond Project is anticipated via an all-season road which is currently the subject of a full feasibility study and ESIA commissioned by the MTQ. The MTQ plans to establish this road as a multi-use access connecting the communities of Chibougamau and Mistissini to the Otish Mountains area (Figure 5, Appendix A).

7.3.2 Permanent Access Road

Since 2006, Stornoway and SOQUEM have lent full support to a Provincial and Federal Government, Community and Industry partnership ("*Comité de la Route multiservices des*

Monts Otish") created to facilitate a permanent, multi-service road between Témiscamie and the Otish Mountains Area, including the site of the Renard Diamond Mine. On March 19, 2009, as part of its "Plan Nord" initiative, the government of Québec announced that provincial road 167 would be lengthened toward the north giving access to the Albanel-Temiscamie-Otish Park and to a series of potential mine development projects including the Renard Diamond Mine. The MTQ is the proponent of this 260 km long all-season road, re-named the "Route 167 Extension". On February 4, 2010, the MTQ submitted a Notice of Intent for this new road to the provincial administrator. A feasibility study and ESIA for the Route 167 Extension is currently being conducted by SNC-Lavallin and Roche, and submission of these studies to the regulatory authorities is expected in the fall of 2010.

A description of the proposed Route 167 Extension, at pre-feasibility study level, is available in the MTQ report "Etude Avant-Projet Préliminaire – Prolongement de la Route 167", authored by Genivar and dated September 29, 2009. The current design specifications contemplate a 70 km/hr two-lane road using one lane bridges with the appropriate security posting. It is expected that the cost of this road will be shared between the Québec government (50%) and industrial users (50%) in accordance with a formula to be agreed between the parties. The Genivar pre-feasibility study specifies a proposed road corridor, and gives route options in certain locations. However, it remains possible that the more detailed feasibility study will result in some modifications to its final location.

It is expected that to facilitate construction of the Route 167 Extension, the MTQ would establish winter access along the route of the all-season road corridor. This access would allow several contractors to construct different segments of the road simultaneously and, when available, would also be utlilized for the construction of the Renard Diamond Mine.

It is expected that construction of the Road 167 Extension would be initiated by the MTQ immediately following receipt of all necessary regulatory approvals. Stornoway and SOQUEM undertake to work in close cooperation with the MTQ to ensure its timely construction.

If construction of the Route 167 Extension encounters significant delays, it would not be possible to maintain the development schedule of the Renard Diamond Mine. If such delays occur, establishing a temporary winter access connecting the Renard Diamond Mine site with the existing all weather Trans-Taiga Road to the north would be necessary to prevent critical slip in the mine's development schedule. This temporary access would be used to support development until a southern route is available. Since utilizing a northern access route to maintain the development schedule is considered a contingency, a directive from the COMEV is not being requested at this time.

7.3.3 Landing Strip

It is expected that certain personnel and equipment would need to be transported by air during the construction period and for as long as the project site is being supplied by way of a seasonal winter road. This will require the construction of a landing strip at the project site. Following the construction period, the landing strip would be maintained to support occasional flights and for emergency purposes. Several options have been identified for the location of the landing strip (Figure 6, Appendix A). The preferred options are sites approximately 10 km south of the Renard Diamond Mine site and approximately 8 km to the northwest. At both locations, the options contemplated are an 1830 meter long, 45 meter wide gravelled landing strip oriented East-West. Further investigation is ongoing to determine the most appropriate site.

7.4 DESCRIPTION OF EXTRACTION ACTIVITIES

The production scenario for the Renard Diamond Mine comprises both open pit and underground mining methods. A feasibility level study will be required to more confidently determine the design and the associated production rate of the mine.

7.4.1 Open Pit Mining

Open pit mining is proposed for the Renard 2, Renard 3 and Renard 4 kimberlites, with pits extending to depths of approximately 130 m each (Figure 4, Appendix A). Open pit mining will commence prior to underground mining to allow time for the underground development and access to be completed. Extraction from the pits is expected to continue for two years at an anticipated production rate of approximately 5,000 tonnes per day (“tpd”), however, this could be increased to 7,000 tpd if conditions permit. An ore production rate of 5,000 tpd will amount to processing of some 1.8 million tonnes per year (“Mtpa”). The basic design parameters of the pits, including pit wall slopes as determined from a slope stability analysis, will not be known until further geotechnical work has been completed. Current open pit tonnage estimates include 4.5 Mt of ore, 11.5 Mt of waste and 3.0 Mt of overburden. It is expected that all open pit mining will be completed by a contractor using 100 t trucks.

7.4.2 Underground Mining

Underground mining will be carried out on the Renard 2, 3, 4 and 9 pipes over a period of approximately 25 years. Geotechnical data currently suggests that block caving is the most favourable underground mining technique for Renard 2 and Renard 4. Long-hole open stope mining will be required on the R3 and R9 kimberlites due to the geometry of the bodies. Underground operations will have a production rate similar to the open pit operations, approximately 5,000-7,000 tpd. The choice of mining technique, and consequently the production rate and life of mine, is dependent upon the acquisition and analysis of additional geotechnical data. Access to the underground workings will be facilitated through either a ramp

or shaft. The type of access required will be determined once the underground mine plan has been finalised at the feasibility study stage.

7.4.3 Ramps

Where ramp access is required, the floor will be inclined at -15%. The dimensions of the ramp opening will provide for the required equipment sizes to ensure that the production targets can be sustained. Adequate ancillary openings for refuge stations, electrical substations, remuck bays, safety bays, storage bays and primary and secondary sumps will be driven from the main ramp. Also located underground will be a fuel bay, lunch rooms, explosives storage area and a garage.

Power will be fed underground via a 4,160 V cable and into the substations locations, where the voltage will be stepped down to 600 V to feed the electrical motors operating underground. A leaky feeder cable will also be installed throughout the underground development to ensure reliable communications with personnel. The leaky feeder can also provide for ground monitoring instruments, feeding real time information back to surface as well as potential other uses (such as remote blasting).

Ore production from the ramp access will either be trucked to surface or dumped into an ore pass where it could be transported to surface via the shaft.

7.4.4 Shaft

It is anticipated that a shaft will provide access to Renard 2, and possibly Renard 4 and Renard 9 (Figure 4, Appendix A). The shaft is expected to extend to a depth of 700m. Materials and equipment required for the underground mine will be transported below surface via the shaft. A maintenance garage, underground crusher, lunch room and explosives and fuel storage bays will be located in close proximity to the base of the shaft. During production and development, ore and waste rock will be lifted to the surface using a skip.

7.5 PROCESSING ACTIVITIES

A diamond processing plant will be built to reduce ore to the desired size fraction through crushing, and to extract the diamonds from the ore using a DMS process (Figure 4, Appendix A). The separation system employs a simple gravity based process for recovering heavy minerals, including diamonds which have a density of 3.51 gm/cm^3. DMS processing involves passing a slurry of water and fine ferrosilicon particles through a cyclone. The density of the slurry is carefully maintained between 2.55 gm/cm^3 and 2.65 gm/cm^3. In the DMS plant, the slurry is pumped through a cyclone where centripedal force separates material based on density. Heavier particles with a density greater than 3.1 gm/cm^3 descend by gravity to the outer walls and bottom of the cyclone where they are collected (the “underflow”). Less dense particles

(below 3.1 gm/cm^3) remain inside the vortex and are forced upward to be evacuated from the top (the “overflow”).

The diamond processing plant design is based on a capacity of 5,000 tpd, or 1.8 Mtpa, with provision for possible expansion. The ore processing system will recover at least 97% by weight of all liberated diamonds above 1 mm.

Processing of the kimberlite ore is essentially mechanical. No chemicals are employed and the only additive to the ore is ferrosilicon.

The mineral processing consists of five main activities, as summarized below:

- Primary and secondary crushing via jaw crusher followed by a cone crusher to produce suitably sized plant feed (-75 mm).

- Ore preparation via High Pressure Grinding Rolls crusher (“HPGR”) to liberate locked diamonds. HPGR product will be de-agglomerated and sized using a rotary scrubber and vibrating screens. Scrubbing and screening will produce clean and suitably sized material for further size reduction (+30 mm), for DMS (-30 + 1 mm), and for fines disposal (-1 mm).

- Washed and sized feed (-30 +1 mm) will be separated on the basis of density into diamond-bearing concentrate and a reject stream. The diamond bearing concentrate will be sent to the diamond recovery plant.

- The -4 mm diamonds from the diamond-bearing concentrate will be recovered using grease technology, and +4 mm t diamonds will be recovered using X-ray luminescence.

- Fine and coarse PK is sent for storage.

7.6 WASTE MANAGEMENT

Different types of waste will be generated throughout the life of the mine: overburden, waste rock, coarse processed kimberlite (coarse PK), fine processed kimberlite (fine PK), concentrate recovery rejects and domestic solid waste and hazardous waste (such as used petroleum products and batteries).

The DMS plant will generate three types of waste, coarse PK (material >0.25 mm estimated at 74 % of the total processed tonnage), fine PK (material <0.25 mm and about 25% of the tonnage), and concentrate recovery rejects (about 1% of the tonnage). All figures are estimates from previous bulk sampling programs. The actual particle size distribution of waste material from the plant will not be known until processing commences. The fine PK will be stored in the PK containment pond. The coarse PK will be mixed with waste rock in a coarse

PK and waste rock disposal area. The concentrate recovery rejects will be stored separately for future treatment. Details on the planned waste storage are discussed in the following sections.

7.6.1 Overburden

The overburden stockpile (see Figure 4, Appendix A) will have a capacity of 3 Mt. Overburden will be removed and transported by truck to the storage area. The overburden will be used at a later date for reclamation during site closure. Runoff water from the overburden stockpile will be directed to the settling pond.

7.6.2 Coarse Processed Kimberlite and Waste Rock Disposal Area

The preliminary location of the coarse PK and waste rock disposal area is presented on Figure 4 (Appendix A). The total footprint of the disposal area is estimated at 60 ha. The capacity of the coarse PK and waste rock disposal area is estimated at 32 million m^3. Additional capacity would be available in the same watershed immediately north of the currently proposed storage area in the event of mine expansion.

Containment measures will be applied to minimize the risk of wind or water erosion. Although DMS rejects are considered low risk under Directive 019 (the *Ministère du Développement durable, de l'Environnement et des Parcs,* or “MDDEP”, regulation controlling effluent standards), the storage areas containing waste rock and coarse PK will be located upstream of the settling pond to ensure that any drainage water is channelled toward the pond where control measures will be applied.

7.6.3 Fine Processed Kimberlite Disposal Area

The capacity of the fine PK disposal area under consideration is 12 Mt, or 8 million m^3. The area is shown on Figure 4, Appendix A. The fine PK will be discharged directly in the fine PK containment pond, along with wash water in the form of a slurry. Fine PK will be transported by pipeline from the plant to the fine PK containment pond and discharged progressively to fill the impoundment. This deposition will promote the settling of solids and decanting of process water to produce reclamation water suitable for reuse in the processing plant. The water that is reclaimed for processing will be pumped through heat-traced insulated lines from the PK containment pond to the plant. If required, the fine PK disposal area could be expanded to contain up to 15 million m^3 of material, to allow for the addition of ore in the mine plan.

A dyke will be built on the northeast portion of the fine PK disposal area using coarse PK to contain the fine material. Further geotechnical assessment and design work is required to determine the internal structure of the dyke.

7.6.4 Concentrate Recovery Rejects

Once diamonds have been removed from the X-ray and grease concentrates, the remaining material will be stored for possible future treatment. The location of the storage site will be determined during the feasibility study and will have a capacity of up to 0.5 million m^3 of material.

7.6.5 Management of Solid Waste and Hazardous Waste

Mining activities will generate solid waste and residual hazardous waste. Products that can be recycled such as wood and metals and cardboard will be recovered and recycled. Recyclable wastes will be transported off-site for disposal. Hazardous waste, including corrosive waste, contaminated containers, and used oil will be stored, transported and disposed of in accordance with all applicable regulations. Other solid waste will be incinerated on site and the ash will be stored in the fine tailings disposal area.

The wastes acceptable for incineration will be:

- Organic matter including food;
- Food containers and wrappings including plastic wrappers soiled by food;
- Sludge from the sewage treatment plant (if any);
- Wood; and,
- Paper.

7.7 WATER MANAGEMENT

7.7.1 Water Supply

Water needed to supply the surface operations, including the accommodation complex, will be sourced from Lake Kaakus Kaanipaahaapisk (Lac Lagopede). Process water for the plant will be recycled from the fine PK disposal area at a rate of 150 m^3/hr. Initially, raw water will be diverted from the surface operations to support the process plant until a sufficient quantity of water is available in the fine PK disposal area.

7.7.2 Wastewater

Three different types of wastewater will be managed on the property:

- Used water from the accommodation and utility complexes.

  It is planned that a water treatment system (to be approved by the MDDEP) will be installed onsite. Treated water, within applicable standards, will be released back into the environment.

- Water used in the processing plant will be dishcharged via pipeline to the fine PK containment area.

  This water will be completely re-circulated since the DMS process does not require any specific water treatment.

- Runoff water, water that has percolated through the fine and coarse PK and waste rock disposal areas, and water pumped from open pits or underground workings.

This water will be managed at the settling pond. The settling pond will collect water seeping from the fine PK disposal area as well as the waste rock and coarse PK disposal area. The design of the drainage system will allow for the derivation of non-contact water outside the affected area. Pumping from the open pit and underground operations is estimated to be approximately 23 m^3/hr on average. The location of the settling pond is shown on Figure 4 (Appendix A).

The precise location and characteristics of the settling pond and associated pumping station will be determined upon completion of mine planning.

7.7.2.1 Final Effluent

The quality of water released from the settling pond will be compliant with Directive 019 standards. Given that the DMS rejects are considered low risk under Directive 019, the concentration of suspended solids represents the primary risk. Other related contaminants (e.g. blasting residue) will be controlled.

The final effluent shall be monitored, the parameters for which will be determined by the regional branch of the MDDEP through the authorization process and on the basis of Directive 019. Once the final effluent meets MDDEP guidelines, it will be released into the environment.

7.7.2.2 Mine Dewatering

There will be four main pumping stations underground located strategically throughout the mine. Pump sizes will vary from 40 hp up to 100 hp, with capacities from 94m of head to 315m of dynamic head at a pumping rate of 0.75 m^3 per minute. It is anticipated that the average flow rate from the mine will be approximately 20 m^3 per hour, which is relatively dry for an underground mine. The mine water will be pumped to the settling pond. Open pit dewatering will occur during the pre and postproduction periods.

7.7.3 General Operations

The operational elements presented in this section are based on a conceptual mine plan. A feasibility study will be undertaken to more accurately determine the project requirements.

7.7.3.1 Backfill

The block caving mining method will not require backfill. However in Renard 3 and Renard 9, the proposed long-hole stoping method may require some form of backfill, either as cemented rock or coarse PK. The need for backfill will be determined after further geotechnical studies have been completed.

7.7.3.2 Ventilation

Ventilation will be provided via suitably-sized ventilation raises. Two main fans providing 118 m^3 per second will provide the required volume of air. In addition, two propane mine air heating units at 12.5 MBTU each will provide the heat to raise the air temperature sufficiently to prevent freezing of the air and water lines underground and maintain a suitable working environment for mine personnel. The ventilation circuit will be a downcast system via the ventilation raise, with air drawn out to the levels as required, and the main ramp exhausting air back up to the surface.

7.7.3.3 Maintenance

Maintenance of the underground equipment will be carried out on surface in a garage and underground in a maintenance garage. The underground maintenance garage will be located on the lower working or mucking level.

7.7.3.4 Compressed Air

Compressed air will be provided from two compressors supplying 71m3 per minute (2,500 ft^3m) of compressed air at 125 psig. The compressed air line will be passed via the main ramp for the initial development, with a second line passed in the ventilation raise when it becomes available. This will reduce the line friction and improve the compressed air distribution throughout the mine workings.

7.7.3.5 Communications

Communications will be provided by a computer system and 120 unit wireless telephone system. Surface and open pit operations will use a VHF system with 50 units included. Underground communications will be via a leaky feeder providing effective communications to any area of the mine. The leaky feeder will also support other uses such as ground monitoring instruments. Communications for off-site activities will be provided by either a satellite or microwave system.

7.7.3.6 Related Infrastructure and Equipment

The following provides information on site infrastructure elements including the accommodation complex, power supply, tank farm and fuelling stations, explosives storage area and utility buildings (lab, garage and offices).

Site infrastructure will be designed to respect the applicable federal and provincial standards and regulations. The precise location and design of the infrastructure will be determined upon final mine planning.

Accommodation complex

Site buildings will include the camp complex and service complex. The camp complex is comprised of the reception area (three units), laundry area (three units), kitchen/dining area (thirteen units), recreation area (three units), dormitories (A) and (B) (six and twenty-four units) and eight units for arctic safety corridors. The complex will be modern and fully equipped to ensure comfortable lodgings and amenities for personnel on site.

The office and dry complex will include 16 private offices and 28 semi-private offices, two meeting rooms, a lunch area, photocopy room, paper room, computing room, reception, security area and a well appointed first aid room.

Power supply

The power requirements for the mine are estimated to be 10,000 kW for a shaft scenario at 7,000 tpd. All power will be supplied by diesel generators. A heat recovery system will reclaim heat from the engines and exhaust, providing heat for the plant and service complex. Power will be delivered to the various site locations at the required voltages, and substations will be required underground to step down voltage to the required motor ratings.

Tank farm with fuelling stations

The fuel depot associated with a permanent access road will consist of four reservoirs with a capacity of 90,000 litres each. The depot would be equipped with the necessary piping, an electrical room and a pump room.

Explosive storage area

All explosives at the Renard Diamond Mine site will be provided by a licensed explosive manufacturer who will install an emulsion plant on site. Storage on site will include a depot for 90,000 detonators, two 30,000 kg explosive depots and a storage area for 2,500 t of ammonium nitrate. The emulsion product will be provided for both the open pit and underground operations.

7.8 CLOSURE, DISMANTLEMENT AND RESTORATION

At a production rate of 5,000 tpd, the life of the mine is estimated to be approximately 25 years. The life of mine could increase with the addition of ore currently classified as Potential Mineral Deposit, or from other unexplored diamond bearing kimberlite in the region. Under the Mining Act, a restoration plan must be submitted to the *Ministère des Ressources Naturelles et de la Faune* ("MRNF"). This plan will clearly indicate how the mine will be decommissioned. It will include information on recycling, reclamation and monitoring. In accordance with applicable regulations, an appropriate financial instrument in support of a reclamation plan approved by the MRNF will be posted.

7.9 CAPITAL AND OPERATION COSTS

From the 2008 Preliminary Assessment report, a pre-production capital cost of Cdn$307.7 million was estimated to bring the Renard Diamond Mine into production. These costs include underground and open pit mining, construction of the process plant, site facilities and local infrastructures, PK and waste rock management, indirect costs, and allowances for contingency, sustaining capital, and closure. The estimate includes costs incurred over three years prior to the start of production, and does not include allowances for escalation during construction.

The estimated average unit operating cost from the 2008 report was Cdn$50.35 per tonne milled. The operating costs include open pit and underground mining, processing, surface services, labour force and administration.

All costs are based on the conceptual mine plan presented in the 2008 report that envisioned a seven year mine life and a production rate of 1.3 Mtpa. Revised capital and operating cost estimates are expected in the first quarter of 2010, following completion of an updated Preliminary Assessment of the project. The updated assessment will be based on the new Mineral Resource estimate and is expected to include an evaluation of additional mining techniques not previously considered in the 2008 report. The assumptions and costs generated in the revised Preliminary Assessment report will be revised again at the feasibility level.

8.0 ENVIRONMENTAL COMPONENTS AND MAIN CONSTRAINTS TO PROJECT IMPLEMENTATION

8.1 PHYSICAL ENVIRONMENT

8.1.1 Climate

The Foxtrot Property is located in the cold subpolar zone of Québec, which is characterized by long winters and short summers. Lakes freeze over in late October, thawing in April–May. The mean annual temperature is -3.9°C. The mean temperature for the three warmest months of the year is 11.6°C, whereas the mean temperature for the three coldest months is -20.9°C. There is an average of 889 mm of precipitation (water equivalent) each year. Mean precipitation for the three warmest months is 322 mm, whereas mean precipitation for the three coldest months is 149 mm. The average length of the growing season is 134 days. Forest fires can be common in the area during the spring and summer months.

8.1.2 Topography and Superficial Deposits

Relief in the region is characterized by low rolling hills covered in glacial and post-glacial deposits. The Foxtrot Property is located in the Central Zone of the Central Lacustrine Plateau physiographical region. This plateau, which is covered in moraine deposits, has the appearance of a hilly plain dotted with lakes. To the northwest, hills range between 450 and 600 m high. The southern section is generally higher with elevations ranging from 750 to 900 m, while the northeastern slopes are generally lower, between 420 and 630 m.

The Otish Mountains rise 750 m over the eastern shore of Lake Mistassini, reaching 1,060 m at their highest peak. In the immediate project area there are a series of discontinuous hills oriented more or less northeast to southwest, with peaks up to 650 m.

Relief within the Foxtrot Property consists of steep-sided hills with rounded tops separated by muskeg-covered valleys. Elevations range between 400 and 800 m. Lakes, ponds and small streams are common.

The superficial deposits, which consist essentially of sandy till with some boulders, form a very thin layer in the project area.

8.1.3 Geology

The Foxtrot Property is located within the eastern portion of the Superior Craton, which encompasses most of the James Bay area and the Ungava peninsula. The craton is considered

to be an amalgamation of small continental fragments of Meso-Archean age and Neo-Archean oceanic plates, with a complex history of aggregation. It is composed of rock that is 3.5 to 2.5 billion years old, and characterized by three geological formations:

- Volcano-sedimentary belts;
- Granite and gneiss terranes; and
- Meta-sedimentary complexes.

Diamond bearing formations in the project area are associated with kimberlitic intrusions.

8.1.4 Hydrology and Surface Water

The Foxtrot Property is located near the head of the Eastmain River, within the Eastmain watershed, which covered 46,640 km² before it was included in the La Grande hydroelectric complex (180,000 km²). The annual discharge of Northern Québec rivers is divided into three periods: the spring freshet associated with spring thaw events, the summer and fall discharge, characterized by precipitation, evaporation and infiltration phenomena, and the winter discharge, characterized by water retention in the receiving basins, with flows sustained by lacustrine and groundwater reserves.

For the James Bay basin, the spring freshet occurs from May to July, and accounts for one third of the annual discharge. Flows decline gradually thereafter and remain fairly constant owing to the large watersheds and lakes. Rainfall has a minimal impact on the distribution of summer discharge. Lakes are numerous in the project area and are linked together with small streams.

8.2 BIOLOGICAL ENVIRONMENT

The general description of the biological environment for the studied sector is based on a review of existing documentation for the region, as well as the preliminary results of field studies conducted by Stantec in 2009.

8.2.1 Vegetation

The Foxtrot Property is located in the taiga sub-region of the boreal region, an area characterized by spruce-lichen woodlands. The spruce-lichen woodlands cover the entire taiga sub-region, extending from the 52nd to the 55th parallel. These woodlands differ from spruce-moss woodlands owing to their open forest cover. Black spruce, whose vegetative propagation method of reproduction is favoured by the sub-region's harsh climate and low rainfall, punctuate the carpet of lichen. Balsam fir and jackpine are at the northern limit of their range. Fire has ravaged vast expanses of spruce-lichen woodlands. There are no forests with commercial potential at this latitude.

In the Foxtrot Property area, the forest is open and dominated by black spruce. There are extensive dry, bare areas covered in a carpet of lichen as a result of forest fires. According to the working group on exceptional forest ecosystems of the MRNF, there are no Exceptional Forest Ecosystems (“EFE”) proposed in the study area.

8.2.2 Wildlife

The region is home to most of the furbearing animals associated with the boreal forest. According to hunting surveys conducted by the MRNF Northern Québec Wildlife Management Branch, moose, fox, caribou and black bear are found in the project area. However, they have no mapped wildlife habitat on file for the project area under the Act respecting the conservation and development of wildlife (“LCMVF”; L.R.Q., c. C-61.1) and the Regulation respecting wildlife habitats (“RHF”; C-61.1, r.O.1.5).

According to the MRNF, there is a strong likelihood of encountering woodland caribou, a species that has been designated as vulnerable. However, no woodland caribou have been observed near the Foxtrot Property area since reconnaissance work began in 1996.

Trapping surveys conducted by the MRNF also indicate that the following species have been caught in the study area: beaver, marten, mink, otter, weasel, muskrat, squirrel, wolf, red fox, and silver fox.

8.2.3 Fish and Fish Habitats

Field work was conducted by Roche in 2004 and Stantec in the summer of 2009 to document the fish and fish habitat present on the Foxtrot Property and to define the existing conditions. The information was gathered to provide data in anticipation of an ESIA, and as baseline conditions for environmental monitoring and environmental surveillance, as applicable.

A total of ten lakes and 14 streams were selected for the field survey based on the location of the proposed infrastructure for the diamond mine. They were selected for the purposes of assessing the nearshore fish community and to document existing habitat conditions. The field investigation included identification and community characterization of fish species present. The streams were also described according to their potential as fish habitats.

A total of nine fish species were caught in the lakes and streams sampled during the investigation. Table 1 indicates the species caught during the study. All the species caught are common to the region. A list of the fish species potentially present in the study area according to the MRNF is presented in Table 2.

Table 1 List of fish species recorded during the 2009 field survey

Fish species		
Cyprinid	Longnose Dace	Lake Whitefish
Creek Chub	Northern Pike	Brook trout
Pearl Dace	White Sucker	Fallfish

Table 2 List of fish species potentially present in the study area according to the MRNF

Fish species		
Lake Chub	Pearl Dace	Longnose Dace
Creek Chub	Fallfish	Longnose Sucker
White Sucker	Northern Pike	Lake Whitefish
Lake Herring	Round Whitefish	Brook Trout
Lake Charr	Burbot	Ninespine Stickleback
Mottled Sculpin	Slimy Sculpin	Logperch
Walleye		

8.2.4 Special Status Species and Habitats

A request for information regarding the presence of special status species and habitat was addressed to the *Centre de données sur le patrimoine naturel du Québec* (“CDPNQ”). According to information from the CDPNQ, there are no threatened or vulnerable species in the Renard Diamond Mine area, nor any species that are likely to be designated as such (personal communication, Benoît Larouche, MDDEP, October 2009 and Liette Gauthier, MRNF, November 2009).

The CDPNQ database is not exhaustive but does make the distinction between areas known to be without such species and those that have not been inventoried. The database can only confirm the presence of special species in a given area, rather than its absence, and is not a substitute for field work. Further investigation on species with special status within the project footprint is planned.

8.3 HUMAN ENVIRONMENT

8.3.1 Land Categories

The Foxtrot Property is located within the Municipality of James Bay in the southern part of a large land area that falls under the purview of the JBNQA. The Foxtrot Property is located entirely on Category III lands. There are no Category I or II lands in the Renard Diamond Mine area.

Surface and mineral rights in Category III lands reside with the Government of Québec and are governed by the applicable land use laws and regulations implemented by the relevant regulatory authorities.

8.3.2 Land Use

The main land users in the Renard Diamond Mine area are members of the CNM. They use the land for their traditional hunting, fishing and trapping activities. The Foxtrot Property is located within the Mistissini Cree community's M-11 trapline, which is officially operated by tallymen Clarence and Abel Swallow. More specifically, the Foxtrot Property is located in an area known to the Mistissini Crees as "yuus-kanchiisu-saakahiikan" (mild rock ptarmigan lake).

According to the MRNF, *Direction régionale de la gestion du territoire public*, there are no outfitting operations or recreational uses authorized in the vicinity of the Renard Diamond Mine. In addition, no recreational or resort rights have been issued in the project sector. The mine site would be located about 70 km northwest of planned new Albanel-Témiscamie-Otish Provincial Park which covers a surface area of some 11,000 km^2 to the northeast of Mistissini.

In partnership with the CNM, the Government of Québec announced on November 9, 2005, its intention to create the future Albanel-Témiscamie-Otish Park as the first park representative of boreal forest. The future Albanel-Témiscamie-Otish Park will highlight the natural and cultural heritage of this great territory.

In order to provide access to the park, to Mistissini traplines, and to support mining projects in this region, the Québec Government recently approved funding for the extension of provincial road 167 toward the north under the "Plan Nord" initiative (the "Route 167 Extension"). This road is designed to provide access to the Albanel-Temiscamie-Otish Park and several prospective mining projects from the communities of Chibougamau and Mistissini. Completion of the Route 167 Extension is currently subject to an ESIA under the supervision of the MTQ. SNC-Lavalin and Roche have been selected to carry out this study with results expected in the fall of 2010.

8.3.3 Archaeological Resources

In compliance with the *Loi sur les biens culturels* of the *Ministère de la Culture, des Communications et de la Condition féminine* ("MCCCF"), the EISA for the Renard Diamond Mine development will report on heritage sites including archaeological resources that could be affected by project development. The ESIA will therefore include the results of current archaeological studies commissioned for the Renard Diamond Mine area.

According to information gathered by archaeologists in 2003, although no formal archaeological inventory has ever been undertaken in the Renard Diamond Mine area, informal activities undertaken to date have not identified any archaeological sites.

9.0 PRIMARY ANTICIPATED EFFECTS

Environmental effects associated with mining and processing kimberlites for diamond recovery are generally accepted to be comparatively low. Mining and process agents are usually restricted to conventional blasting and flocculation agents, and the kimberlite orebodies typically do not contain leachable heavy metals or reactive minerals (e.g., sulphides). When present, leachable heavy metals and reactive minerals are usually found at low concentrations in kimberlites. A diamond mine usually produces significant volumes of waste rock and process tailings, which require appropriate management during operational and post-operational periods. Within this context, the environmental impacts of a diamond mine are principally associated with surface disturbances necessary for PK and waste rock storage, facility installations and mined-out open pits. In addition to surface impacts, process and plant facility considerations, site specific aspects related to environmental setting and regional socio-economic aspects are often key considerations. Environmental baseline programs, initiated by the Joint Venture in 2002, have collected information about the human and biophysical environment and this information will be used to refine the mine development planning to reduce potential impacts.

9.1 BIOPHYSICAL ENVIRONMENT

9.1.1 Terrestrial Habitats

The footprint of the Renard Diamond Mine is relatively small and is anticipated to result in a minor loss of terrestrial habitat. Cutting of the sparse tree cover within the limited mine footprint will be required to establish the infrastructure. Further investigation on species with special status within the Renard Diamond Mine footprint will be undertaken to assist in development planning to reduce potential impacts.

9.1.2 Aquatic Habitats

The main anticipated impacts of the Renard Diamond Mine on aquatic habitats are the loss and alteration of fish habitat.

Processed kimberlite (fine and coarse) as well as waste rock are expected to encroach on a small lake and small streams that provide marginal fish habitat. Both the combined Renard 2 and Renard 3 pit and the Renard 4 pit will encroach on bodies of water. This impact cannot be avoided since the kimberlite pipes are located in part under existing lakes. Further investigations will be required to assess the impacts and to mitigate the effects of the project on fish habitat.

Any mine effluent will be contained in a man-made settling pond and will be released into the environment in compliance with applicable legislation.

9.1.3 Wetlands

Muskeg is the predominant type of wetland in northern Québec. Sparse muskeg is present on the site of the Renard Diamond Mine and any potential impacts will be documented in the EISA.

9.2 HUMAN ENVIRONMENT

9.2.1 Traditional Land Use

The potential impact of the Renard Diamond Mine on hunting, fishing and trapping will be addressed in collaboration with members of the Swallow family that use trapline M-11 during project design and project implementation. To this effect, the Joint Venture is presently in discussion with representatives of the CNM and the GCC(EI) to develop an Impact and Benefits Agreement (“IBA”) associated with the Renard Diamond Mine.

9.2.2 Archaeological, Paleontological, Heritage and Cultural Resources

No areas of interest have been identified to date, however work conducted to obtain approvals for the Renard Diamond Mine will include an archaeological potential study to assess the need for additional investigation. Planning will be designed to reduce any affected areas identified.

9.2.3 Health, Social Problems and Community Well-being

Due to the remote location, there is no indication that the Renard Diamond Mine will have significant adverse effects on public health or create social concerns in Mistissini or elsewhere in the region. Long-term employment and training opportunities associated with the proposed development are likely to have a significant positive effect on community well being.

9.2.4 Community Infrastructure and Municipal Services

Due to its remote location, the Renard Diamond Mine should not have significant effects on municipal infrastructure and services in Mistissini or elsewhere in the region.

9.2.5 Social Relations

The Joint Venture is committed to maintaining a strong and positive dialogue with local community stakeholders to ensure that its mining operations do not have significant adverse effects on social relations.

9.2.6 Local Employment and Economic Activities

Previous experience with the Troilus gold mine, which is also operated in the region of the community of Mistissini, indicates that employment and training is the most significant socio-economic issue related to mining. The Renard Diamond Mine would provide a significant opportunity for training and long-term employment, and would generate economic activity throughout the region. It would also benefit Cree contractors and service providers. The Joint Venture is presently in discussion with representatives of the CNM and the GCC(EI) to develop an IBA associated with the Renard Diamond Mine, designed to provide employment and business opportunities consistent with the best industry practices of sustainable development.

10.0 PROJECT IMPLEMENTATION AND WORKFORCE REQUIREMENTS

In Q4 of 2011, following receipt of a feasibility study and all of the required authorisations and permits, the Joint Venture will be in a position to make a production decision. The beginning of construction work for the Renard Diamond Mine is planned for Q1 of 2012. The actual start date will be dependent upon receipt of the required authorizations and permits and the availability of the Route 167 Extension. Construction of mine infrastructure should continue until Q3 of 2013. The construction workforce will vary during that period but up to 400 specialized workers could be employed. The operation phase will begin during Q2 of 2013, following overburden removal, and will continue until approximately 2038. During mine operations, it is anticipated that a total workforce of approximately 250 personnel will be employed. The delineation or discovery of additional diamond resources would extend the life of the mine.

11.0 SUBSEQUENT PHASES AND RELATED PROJECTS

Exploration work in and around the Renard Diamond Mine site is anticipated throughout the life of mine. This work is expected to include exploration for new kimberlites as well as further drilling on the existing bodies. The primary focus of this work will be to identify and delineate additional resources below the level of that currently known for both the kimberlites in the mine plan and Renard 65. Drilling to explore for ore at depth on the known bodies would largely be conducted underground. The potential for ore at depth is significant since kimberlites are emplaced vertically and all of the ore bodies are open to depth. The depth of investigation will be dependent upon the mining limits and the successful identification of ore.

12.0 PUBLIC/ABORIGINAL CONSULTATION METHODS

The project proponent is committed to building long-term relationships with the CNM and the GCC(EI). The Joint Venture has taken a pro-active approach to community relations through information sessions, meetings with the Mistissini Band Council, informal communications, site tours and employment opportunities, and will continue to consult with the Mistissini community and the GCC(EI) as the Renard Diamond Mine develops. To this effect, a Renard–Mistissini Working Group was established in 2007, and includes representatives of the Joint Venture, Cree Human Resources Development ("CHRD") and the affected trapline family. The mandate of this committee is to optimize the level of employment for Mistissini inhabitants, in particular those from the affected trapline family. The Joint Venture works closely with the CHRD to develop training programs adapted to local workers, and is committed to buying local goods and services when it is feasible, as well as promoting the local economy.

Since the discovery of the Renard kimberlite cluster, the Joint Venture has integrated workers from Mistissini into the Renard project workforce. From 2004 to 2009, some 32,039 person-days of employment were generated by the project (excluding specialized contractors), of which about 24% (7,539 person-days) were Mistissini Cree workers, equivalent to approximately 31 person-years of employment. The proportion of Cree workers ranged from a low of 13% in 2008 to a high of 31% in 2006. An average of 43% of the Cree employees was from the local tallyman's family.

In addition, these employment contracts are helping to develop a qualified local workforce. For example, in 2007, workers from Mistissini participated in operation of the DMS facility, drilling programs (both core and reverse circulation), exploration programs (heavy mineral sampling, geophysical surveying, prospecting and trenching), camp maintenance and housekeeping.

The Joint Venture is presently in discussion with representatives of the CNM and the GCC(EI) to develop an IBA associated with the Renard Diamond Mine, designed to provide employment and business opportunities consistent with the best industry practices of sustainable development.

As part of the requirements of the ESIA to be conducted for the Renard Diamond Mine, public consultations of the Cree communities to be affected by the project will be conducted. The affected tallymen and their families will also be consulted and informed of all project activities and components. Reports summarizing these meetings and consultations will be prepared by the project proponent.

13.0 REGULATORY REGIME

This project falls under the purview of the JBNQA and under the Canadian Environmental Assessment Act ("CEA Act"). As is customary, a single bilingual ESIA document can be provided in order to meet all legislative requirements. In addition to this process, the project proponent will need to obtain regional permits from the MDDEP once overall authorizations have been achieved.

13.1 JBNQA PROCESS

The project falls under the environmental protection regime of the JBNQA. Within the context of the JBNQA, the environment must include the natural and human elements.

The project will be presented to the federal and provincial administrators of the JBNQA to obtain the environmental regulatory requirements.

13.2 FEDERAL PROCESS

According to subsection 5(1), paragraph (d) of the CEA Act, an environmental assessment is required if a federal authority plans to issue a permit, a license, or an approval included in the list of designated legal and regulatory requirements triggering an environmental assessment.

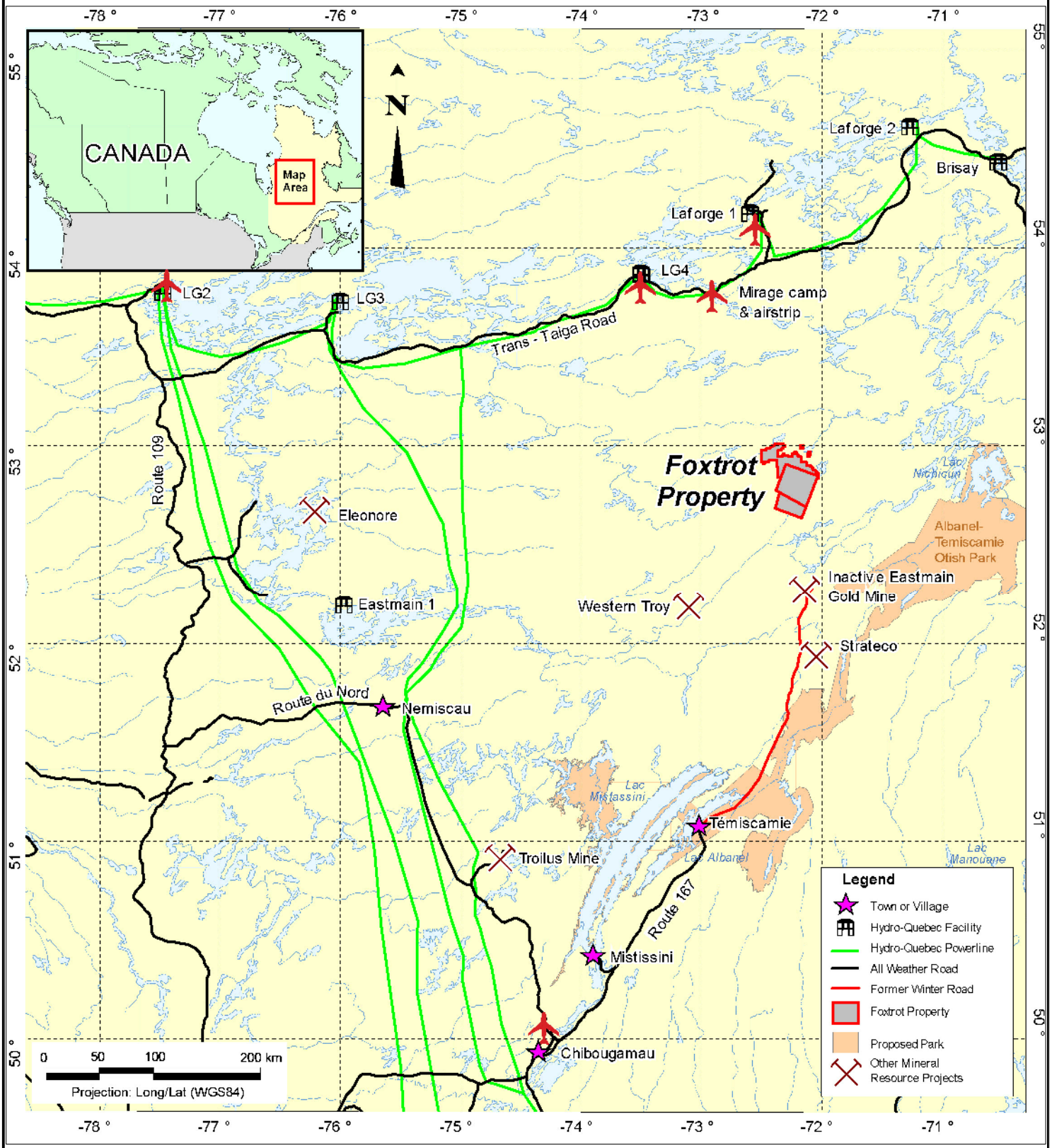
As a result of the Vanadium decision by the Québec Court of Appeal (under appeal to the Supreme Court of Canada), the CEA Act process for projects occurring within the boundaries of the administrative region governed by the James Bay and Northern Québec Agreement is to be completed pursuant to the JBNQA.

13.3 PROVINCIAL PERMITS

Once the provincial administrator and the federal government under the CEA Act have issued their authorization for project development, the proponent will need to obtain authorizations from the regional branch of the MDDEP before actual construction can take place. The project is subject to the new Directive 019 governing the mining industry (April 2005), administered by the MDDEP. According to Directive 019, a certificate of authorization is required under Section 22 of the Environmental Quality Act. Furthermore, a restoration plan will be prepared and submitted to the MRNF, as required under the Mining Act (M-13.1). Other permits are also required, including a forest management permit from the MRNF and an authorization under Article 32 for drinking water and wastewater. The proponent will also have to obtain an "industrial depollution attestation''.

APPENDIX A

Figures



SOURCE:
Stornoway Diamond Corporation

NOTICE OF INTENT
RENARD DIAMOND MINE

FOXTROT PROPERTY, QC — GENERAL PROJECT LOCATION

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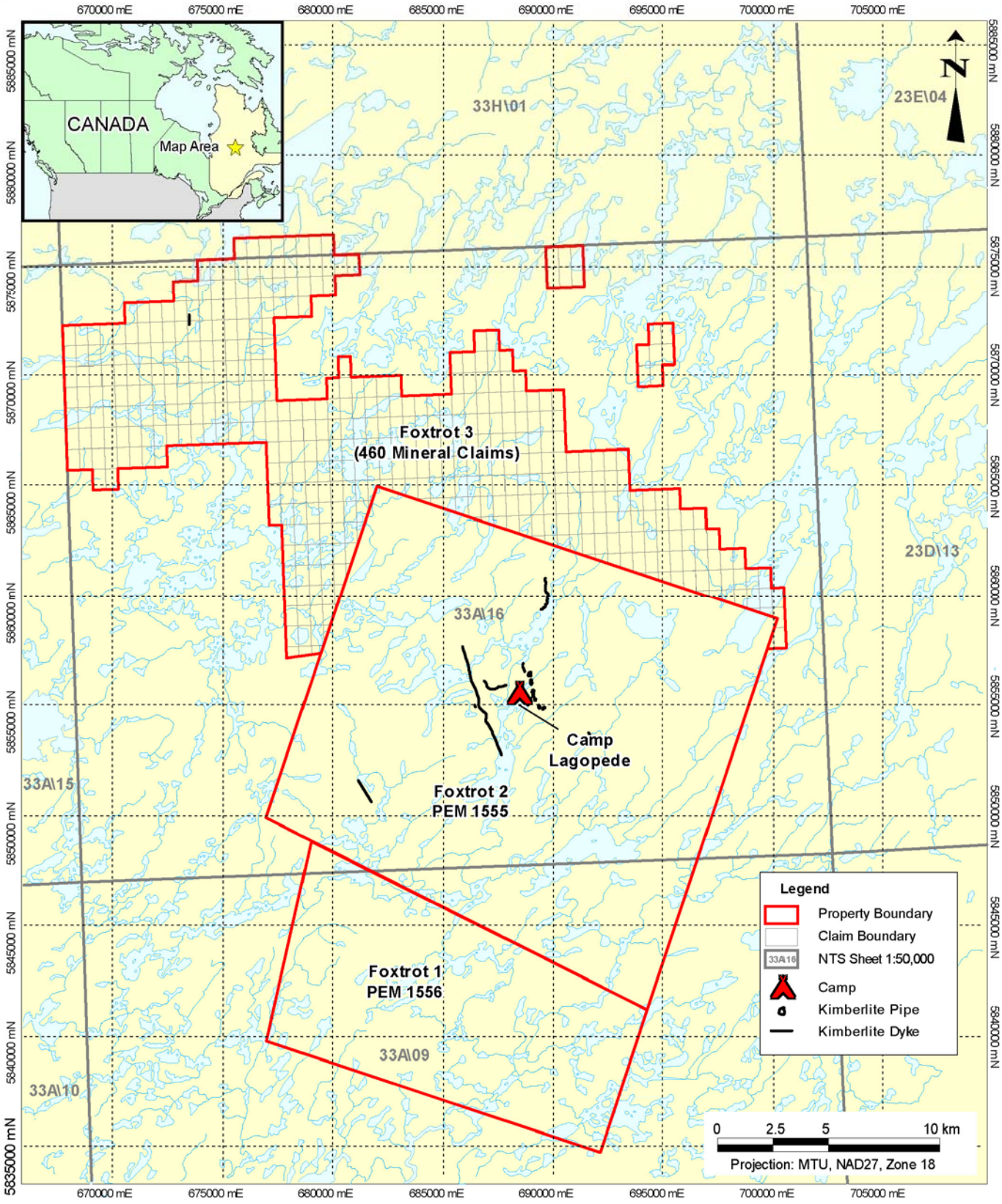
App'd By:	R.G.

Dwn. No.: 1

Stantec



SOURCE:
Stornoway Diamond Corporation

THIS DRAWING ILLUSTRATES SUPPORTING INFORMATION SPECIFIC TO A STANTEC EXPERTS-CONSEILS LTÉE. REPORT AND MUST NOT BE USED FOR OTHER PURPOSES.

NOTICE OF INTENT
RENARD DIAMOND MINE

FOXTROT PROPERTY, QC — FOXTROT PROPERTY LANDHOLDINGS

Client: LES DIAMANTS STORNOWAY (CANADA) INC.

Job No.:	167010217
Scale:	graphic
Date:	2010-02-09
Dwn. By:	M.T.
App'd By:	R.G.

Dwg. No.: 2

Stantec

SOURCE:
SDBJ

NOTICE OF INTENT
RENARD DIAMOND MINE

FOXTROT PROPERTY, QC — JAMES BAY TERRITORY

Client: LES DIAMANTS STORNOWAY (CANADA) INC.

Job No.:	167010217
Scale:	graphic
Date:	2010-02-09
Dwn. By:	M.T.
App'd By:	R.G.

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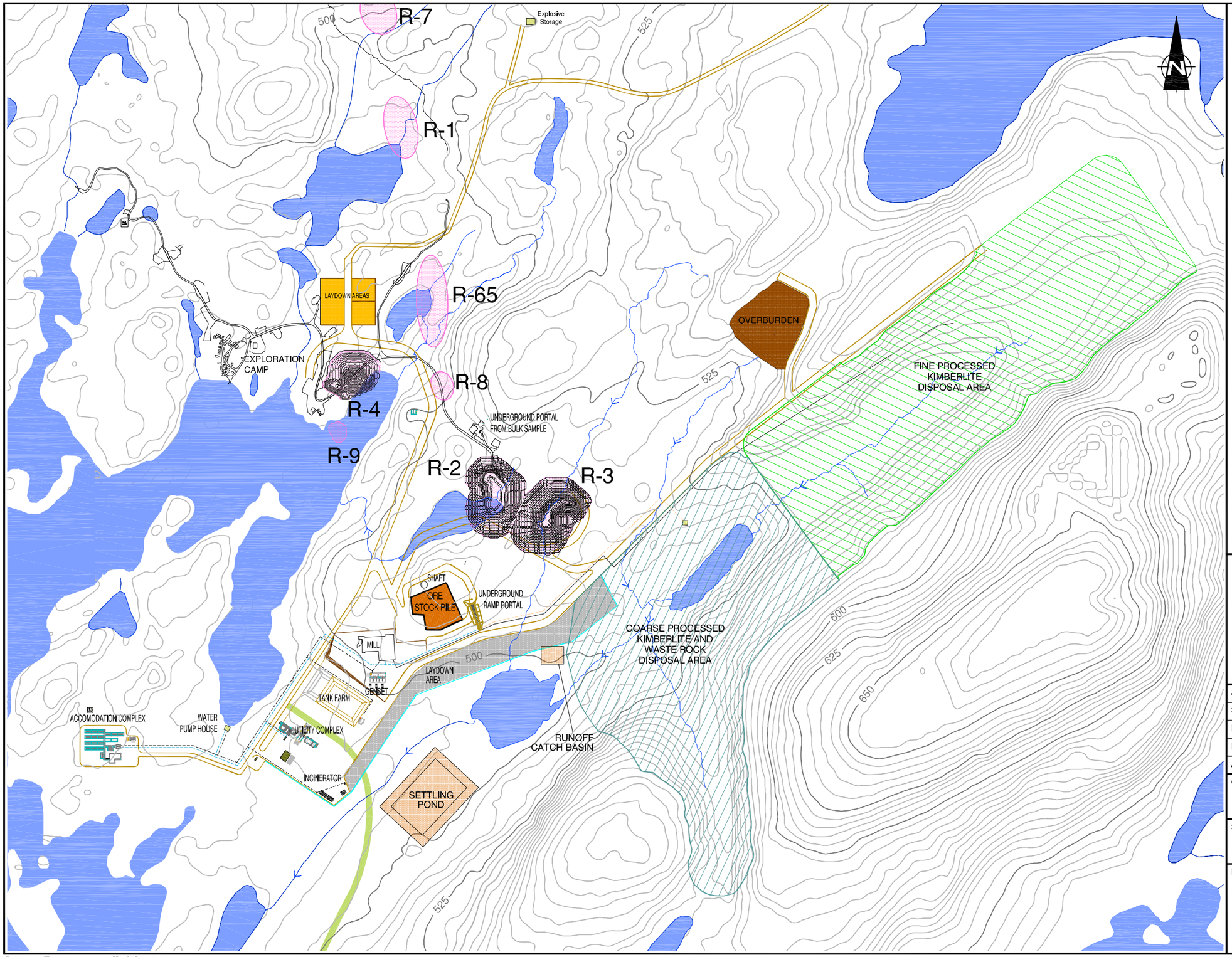


LEGEND:

- Lake
- Stream
- Stream with flow direction
- 650 — Topographical contour (m)
- Route 167 extension
- Existing road
- Projected road
- Proposed open pit
- R-2 — Identification of kimberlite deposit

SOURCE:

Base plan provided by Stornoway Diamond Corporation, drawn by Agnico-Eagle

THIS DRAWING ILLUSTRATES SUPPORTING INFORMATION SPECIFIC TO A STANTEC EXPERTS-CONSEILS LTÉE. REPORT AND MUST NOT BE USED FOR OTHER PURPOSES.

0 100 200 300 400 500 m

NOTICE OF INTENT
RENARD DIAMOND MINE

PROPOSED RENARD MINE INFRASTRUCTURES

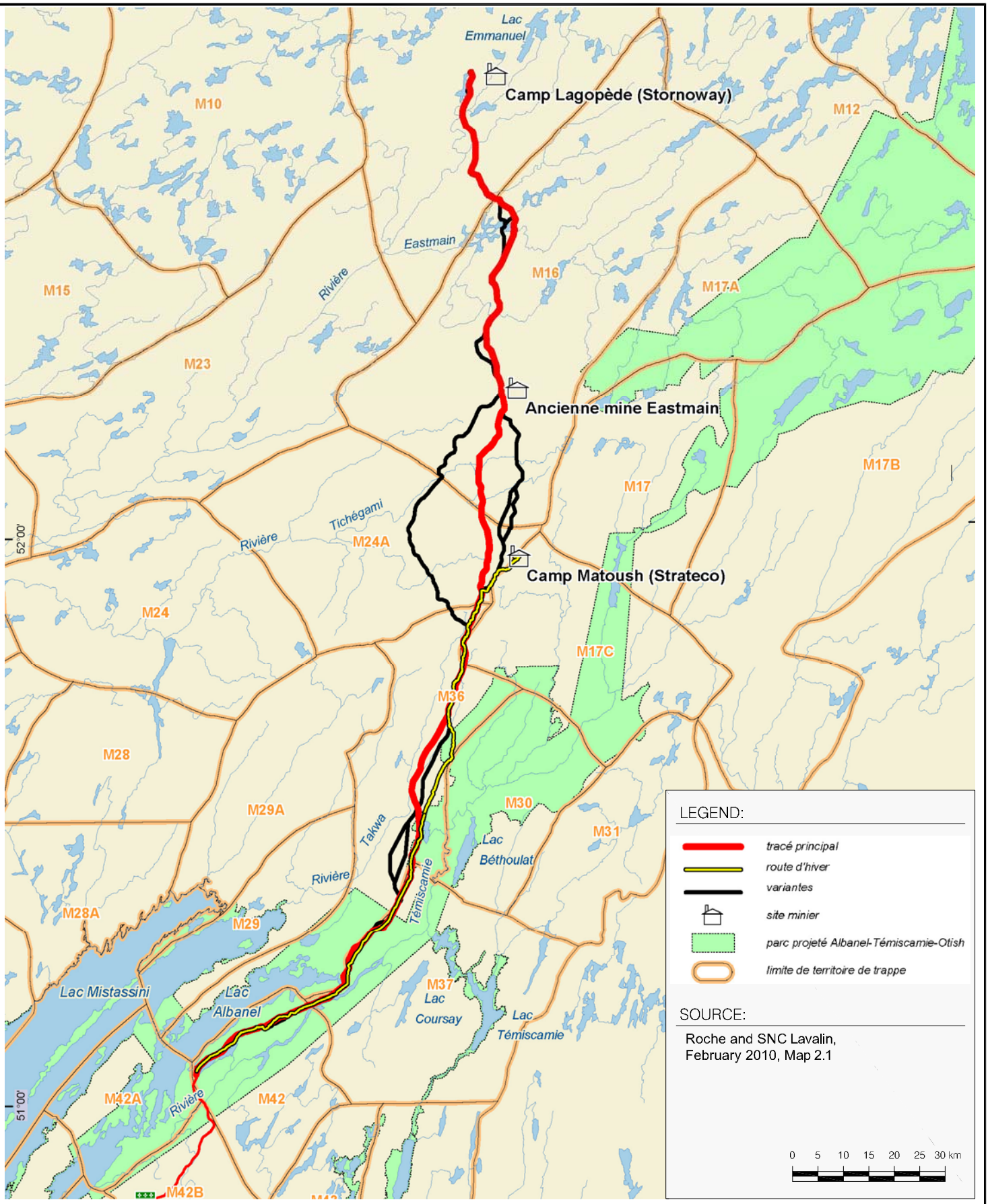
Job No.:	167010217
Scale:	graphic
Date:	2010-02-09
Dwn. By:	M.T.
App'd By:	R.G.

Client:
LES DIAMANTS STORNOWAY (CANADA) INC.

Site Address:
FOXTROT PROPERTY, QC

Dwg. No.:
4

Stantec



NOTICE OF INTENT
RENARD DIAMOND MINE

FOXTROT PROPERTY, QC — ROUTE 167 EXTENSION LAYOUT

Client: LES DIAMANTS STORNOWAY (CANADA) INC.

Job No.:	167010217
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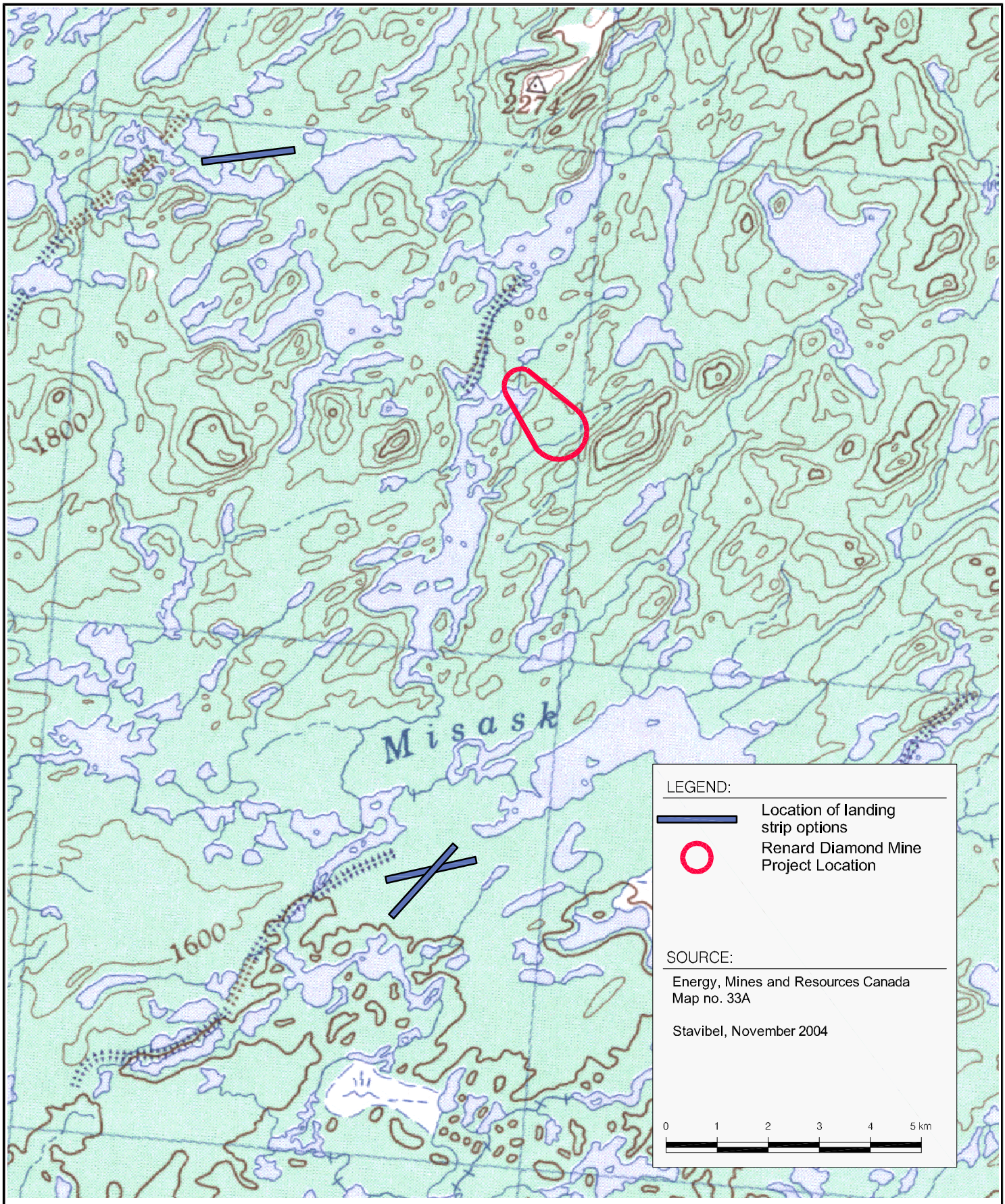
App'd By:	R.G.

Dwg. No.: 5

Stantec



NOTICE OF INTENT
RENARD DIAMOND MINE

FOXTROT PROPERTY, QC — LANDING STRIP OPTIONS

Client: LES DIAMANTS STORNOWAY (CANADA) INC.

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Date:	2010-02-09
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App'd By:	R.G.

Dwg. No.: 6

Stantec