

DRAFT

Qilalugaq Diamond Project

2014 Q1-4 Bulk Sampling Program Caribou Monitoring Protocol

Background

Stornoway Diamond Corporation and North Arrow Minerals Inc. (the "Proponent") are planning a six week exploration program in July and August 2014. The project work area is the Q1-4 kimberlite located 9km north of Repulse Bay on Hamlet lands. The program will consist of the collection of 1,500 tonnes of kimberlite. The sample will be collected in 1 tonne megabags and the bags will be slung using a helicopter to a temporary laydown area located next to a gravel pit approximately 1km north of the Hamlet. The sample will then be shipped south on the annual sea lift scheduled to arrive on August 25, 2014. The purpose of the sample is to recover approximately 500 carats of diamonds in order to get an indication of the value of the diamonds in the kimberlite.

Stornoway has applied for, and received, the required regulatory instruments approving the program. Approvals have been received from the Nunavut Planning Commission, the Nunavut Impact Review Board (NIRB), the Nunavut Water Board as well as a Commissioners Permit to use land for a fuel storage site near the quarry, located approximately 1 km north of the Hamlet. Stornoway also received a Permit to use Commissioner's Land for the bulk sample operation expiring in February 2014, and an extension of this permit is now required.

Purpose

Considering that every day there will be up to 40 helicopter round trips between the sample collection site at the Q1-4 kimberlite and the sample drop off site, the Hamlet of Repulse Bay has expressed concern over the potential impact this activity could have on local caribou and caribou harvesters. The purpose of this Caribou Monitoring Protocol is to address these concerns by outlining how the Proponent will ensure it respects the caribou and local harvesters during the program.

Objectives

The objectives of this Protocol are to clearly outline the duties and responsibilities of the Proponent and the Proponent's employees and contractors to the Hamlet of Repulse Bay (including the Hunters and Trapper Organization (HTO)) over the period of the program.

Mitigating and Preventing Disturbance to Caribou and Harvesters

The Proponent will adhere to the terms and conditions of all regulatory instruments related to the program and will comply with all applicable legislation. In particular, with regard to term and conditions that apply specifically to wildlife, the Proponent will adhere to the **Project-Specific Terms and Conditions** of the Nunavut Impact Review Board NIRB Screening Decision Report (NIRB File No. 12EN012).

In addition, the Proponent will implement and adhere to the following policies/actions:

1. All employees and contractors will be instructed to act as wildlife observers with the responsibility to report and record wildlife sightings. As part of this instruction, the Project Manager will review with each employee the terms and conditions of each regulatory instrument as they relate to wildlife and wildlife monitoring;

2. First helicopter flight out to the sample site each day will be used as an initial reconnaissance flight to check for caribou along the flight corridor and the vicinity;
3. Helicopter pilot shall continuously monitor the flight corridor for wildlife during all flight activities;
4. Local employees will be located at both the sample collection site and the sample drop off site near town. As part of their duties, these local employees will act as wildlife monitors and will be given radios to allow for direct communication with the helicopter pilot;
5. In the event caribou are observed by the helicopter pilot along the flight corridor, the pilot will notify the local employee wildlife monitors and will attempt to choose an alternative flight path until the caribou have moved on;
6. If the caribou are present in such numbers that a safe, alternative flight path is not possible then flying operations shall cease until the caribou have moved on;
7. In the event employees or contractors on the ground observe caribou, they shall notify the local employee wildlife monitors who shall notify the helicopter pilot. The pilot will attempt to use a safe, alternative flight path. If this is not possible (for instance if the caribou are within 1 km of the sample site), then flying operations shall cease until the caribou have moved on;
8. A record will be kept of all wildlife observations made from the air or on the ground using the Wildlife Log / Record of Observations attached to this protocol.

Communications and Reporting

1. Each of the Proponent, Hamlet and HTO shall designate a contact person, including email address, for the purposes of effective communication during the period of the program;
2. The Proponent will confirm the start date of the Program with the Hamlet and HTO approximately one week prior to the start of operations;
3. The Proponent will prepare a radio notification for broadcast to the community announcing: the start of the Program; a brief description of the helicopter flight schedule; and contact details of the Proponent's Project Manager who local harvesters can contact;
4. The Proponent will prepare a notice containing similar details and post the notice on prominent bulletin boards throughout the Hamlet.
5. If caribou are sighted during any of the program operations, the Proponent will send an email that day to the Hamlet and HTO that outlines: the number of caribou observed; the location of the caribou; whether the flight path of the helicopter was altered; and/or if there was helicopter shut down time as a result of caribou being present. A form of the email notice is attached to this Protocol.
6. A copy of the wildlife record will be shared with designated representatives of the Hamlet Council and the Hamlet HTO at the conclusion of the 2014 field program;