THE RENARD PROJECT
BUILDING A CANADIAN DIAMOND RESOURCE BASE

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The Renard kimberlite cluster is located in the Monts Otish region of Quebec, Canada. A Canadian National Instrument (NI) 43-101 compliant resource statement for the Renard kimberlites 2, 3, 4 and 9 and the Lynx kimberlite dyke was first issued in 2008 followed by a Preliminary Economic Assessment and the development of a conceptual mine plan. Following a successful drill program in 2009 that greatly expanded the amount of kimberlite in Renard 2, a revised resource statement was issued in December 2009 comprising 23 million carats of Indicated Mineral Resources and 13 million carats of Inferred Mineral Resources, a threefold increase on the previous estimate. The project is currently the focus of a second Preliminary Economic Assessment and it is expected that a full feasibility and permitting program will commence in 2010 leading to the creation of Quebec's first diamond mine by 2013.

1.0 Introduction

The Renard kimberlite cluster is located on the Foxtrot Property in the Monts Otish (Otish Mountains) region of the province of Quebec, Canada, approximately 820 km north of the city of Montreal and 360 km north-northeast of the mining town of Chibougamau (Fig. 1). The cluster consists of nine kimberlitic bodies discovered in 2001 by Ashton Mining of Canada Inc. and its joint venture partner SOQUEM Inc. Exploration leading to the acquisition of the Foxtrot Property commenced in 1996 under a 50:50 joint venture agreement between Ashton Mining Canada Inc. and SOQUEM Inc, with Ashton as operator. Stornoway acquired Ashton in January 2007, and currently operates the project through its wholly owned subsidiary Les Diamants Stornoway (Canada) Inc.

The cluster is located in the northeast portion of the Archean Superior structural province, which is bordered by Proterozoic rocks of the Labrador Trough in the east and the Grenville Province in the south. Granite-gneiss and retrograde granulite gneiss are the predominant lithologies in the region with lesser amounts of granite and granodiorite. The kimberlites are located at the southern end of the structural feature known as the Mistassini-Lemoyne Tectonic Zone (MLZ) that is defined by north-northeast trending lineaments and faults (Portella, 1980; Thériault and Chevé, 2001). Moorhead et al. (2003) believe the MLZ may have had some control on the emplacement of the Renards. The larger kimberlites in the cluster are elongate in a general north-northwest orientation, aligned parallel to late faults and diabase dykes of the 2475 Ma Mistassini swarm (Heaman, 1994). In close proximity to the Renard cluster are the Lynx and Hibou dykes, discovered in 2003 and 2005 respectively. Lynx is oriented in a north-northwest direction whereas Hibou is east-west. Post-glacial

deposits up to 30 metres thick cover the Renard kimberlites but are on average 10 to 12 metres.

Work completed to date includes till sampling, geophysical surveying, core and reverse circulation drilling, surface trenching and underground sampling. Results indicate Renards 2, 3, 4, and 9 are the kimberlites of economic interest, however all of the other bodies are diamondiferous. The Lynx and Hibou dykes are also diamondiferous returning grades well over 100 cpht. A National Instrument (NI) 43-101 compliant resource statement for Renards 2, 3, 4, 9, and Lynx was issued in 2008 followed by a Preliminary Economic Assessment ("PEA") and development of a conceptual mine plan. NI 43-101 is a Mineral Resource classification scheme used for the public disclosure of information relating to mineral properties in Canada. Resource definitions for NI 43-101 reporting must conform to Canadian Institute of Mining Metallurgy and Petroleum standards. The resource statement was revised in 2009 following a successful drill program that tripled the resource (Fig. 2).

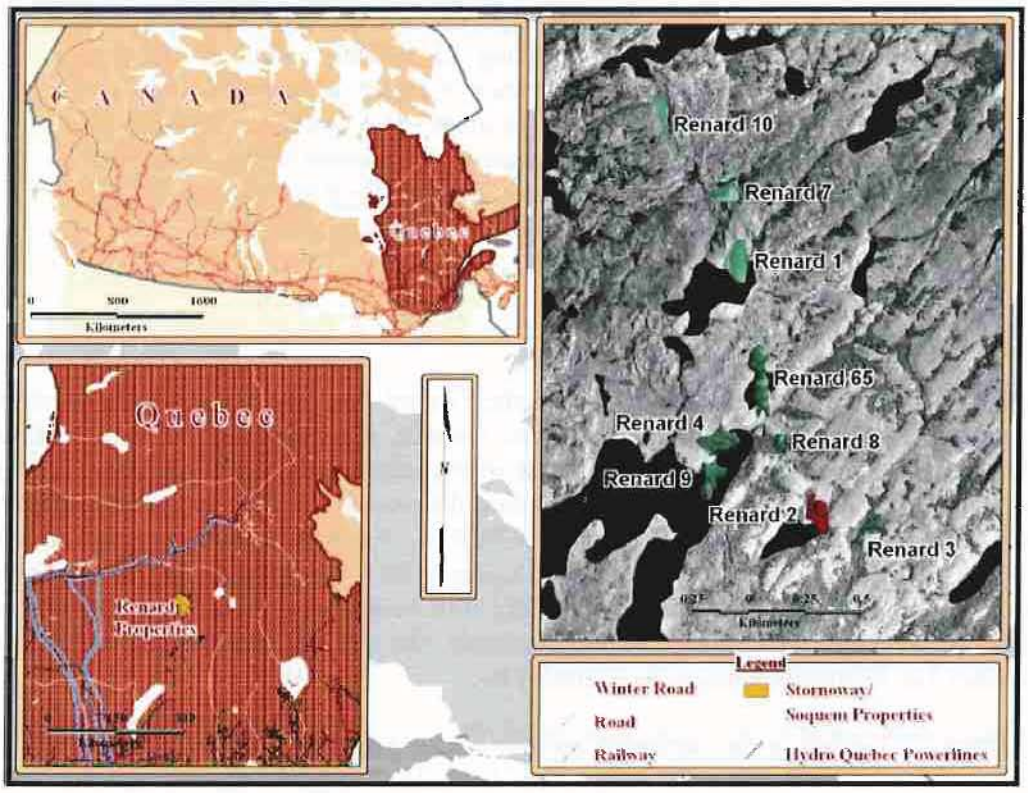

Figure 1: The Renard kimberlite cluster, in Quebec, Canada. On the right are plan view outlines (green) of the Renard bodies and the relative location of Renard 2 (brown).

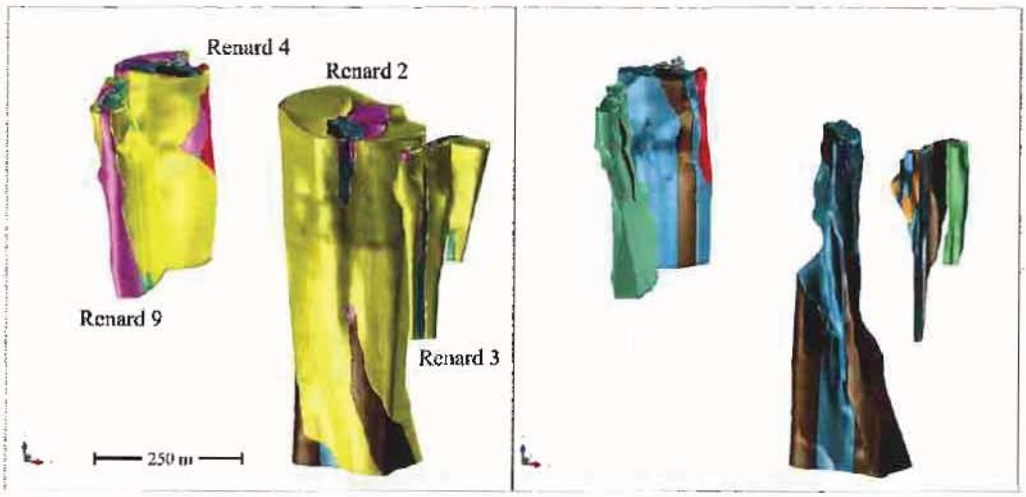

Figure 2: The Renard kimberlites of economic interest. Shown are the bodies with cracked country rock and country rock breccia halos (yellow and magenta, respectively, left image) and kimberlite only (right image).

2.0 Work History

Initial exploration by the joint venture comprised heavy mineral sampling of till and glaciofluvial material. This grassroots work defined a number of areas with anomalous indicator mineral counts. Following the initial work, magnetic and electromagnetic geophysical surveys were completed over the geochemical anomalies to identify targets for drilling. Core drill testing of these targets led to the discovery of the Renard 1 and Renard 2 kimberlites in September 2001. The remaining kimberlites were discovered in 2002 and 2003. The 3.7 km long Lynx kimberlitic dyke occurrence was found in 2003 and the 850 m long Hibou kimberlite dyke in 2005. The Renard 5 and Renard 6 kimberlites were subsequently found to be one kimberlitic body, and the occurrence was renamed Renard 65. The work is summarised in Table I.

Following mini-bulk sampling programs consisting of core drilling and trenching, bulk sampling was initiated in 2005. Initial bulk samples of reverse circulation material ranging from 100-250 tonnes were collected from Renards 2, 3, 4, 9, and 65. Results from the first round of bulk sampling prompted further large-scale sampling of Renard 2, 3 and 4 in 2006-2007. Bulk sampling at Renards 2 and 3 was completed through an underground excavation and surface trenching was undertaken on Renard 4.

The underground exploration program was designed to extract a minimum of 2,000 tonnes of kimberlite from each of Renard 2 and Renard 3 at an average depth of 55 m below the surface. A total of 749.1 m of underground workings was ultimately completed, with the main ramp length totalling 435.6 m, lateral excavation in waste of 111 m and lateral excavation in ore of 202 m. Horizontal drifts to access the Renard 2 and Renard 3 kimberlites were each approximately 100 m long. A total of 60 individual samples of kimberlite was collected: 29 from Renard 2 (5,010 calculated tonnes) and 31 from Renard 3 (5,161 calculated tonnes). A calculated total of 2,104 tonnes was recovered from the Renard 4 surface trench. To facilitate processing of the bulk sample material, a modular 10-tonne per hour dense media separation (DMS) test facility was established on the Foxtrot Property. The

facility was engineered by Hatch Inc. and the plant supplied by Bond Industries. Sample material sufficient to produce a diamond parcel of at least 2,000 carats was processed for each of Renard 2, 3 and 4. A summary of the bulk sample results is presented in Table II.

Results of this work formed the basis of an economic assessment study jointly completed by Agnico-Eagle Mines Limited ("Agnico-Eagle") and AMEC Americas Ltd. ("AMEC) in December 2008. This study was incorporated into a 2008 NI 43-101 report titled "Technical Report on the Preliminary Assessment of the Renard Project" authored by Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson"). The technical report was filed on the System for Electronic Document Analysis and Retreival (SEDAR), a system developed to facilitate the public dissemination of information as required by Canadian securities regulators.

Table I
Summary of Work History on Foxtrot Property

Work Type		Total
Till Samples	Number collected	8,140
Geophysics	Airborne (total line km)	35,488
	Ground magnetic survey (total line km)	274
	Electromagnetic survey (total line km)	204
Drill Holes	Core (m)	104,019
	Reverse Circulation (m)	6,151

Table II
Summary of Bulk Sampling Results

Kimberlite	Bulk Sample Total (t)	Collection Method	Diamond Content (cpht)
Renard 2	2,448.8[1]	Underground sample	89[2]
Renard 3	2,113.8[1]	Underground sample	132[2]
Renard 4	2,104.2	Trenching	130
Renard 65	266	Trenching	19
Lynx Dyke	494.3	Trenching	106
Hibou Dyke	543.86	Trenching	144

Notes:
1. This is processed tonnage. Approximately 2,000 additional tonnes from each of Renard 2 and Renard 3 remain in storage.
2. Combined grade of all samples in Renard 2 and Renard 3, regardless of lithology

3.0 Geology

The Renard kimberlite pipes comprise root zone to diatreme facies rocks characterized by a complex internal geology (Fig 3). These pipes can be classified as "typical" South African-style kimberlites (Hawthorne, J.B., 1973; Clement and Skinner, 1979; Clement, 1982; and Field and Scott Smith, 1999). Geophysical data and drill information indicate that in general, most of the Renard kimberlites are irregular and elliptical in plan view. Surface areas of the kimberlite portion of the bodies range from 0.3 ha to 1.7 ha. Whole rock trace element compositions suggest that the Renards have a close affinity to Group 1 kimberlite (after Skinner, 1989), with some melnoitic overlap, likely due to contamination by country rock (Birkett et al., 2004). In most pipes, with the exception of Renard 3 and Renard 10, the dominant phase is a massive volcaniclastic kimberlite (MVK) that can be classified as a "tuffisitic" kimberlitic breccia (TKB) (sensu stricto: Clement and Skinner, 1979; Clement, 1982; Clement and Reid, 1989; Field and Scott Smith, 1999; and Hetman, 2008). In general, these TKBs are extensively altered and have a massive texture. They consist of varying amounts of olivine, juvenile clasts and country rock xenoliths that are poorly sorted, all set within a highly altered interclast matrix. In many pipes a more coherent secondary pipe-filling phase is present that is characterized by lower country rock xenolith content and higher olivine content set within a dominantly crystalline groundmass (Fitzgerald et al., 2009). In all bodies, later stage hypabyssal kimberlite (HK) is present as both dykes and irregularly shaped intrusions. The HK intrusions can vary in thickness from a few centimetres to several metres and, in the case of the Lynx and Hibou dyke systems, are laterally extensive.

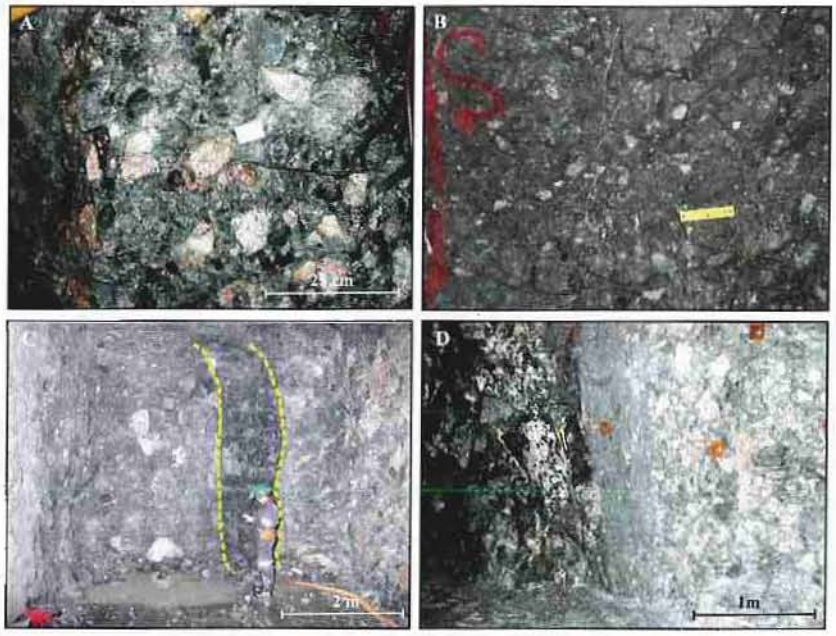

Figure 3. As observed in the underground excavation: (A) Renard 2 MVK, showing the typical texture of MVK observed in all Renard bodies: (B) Renard 3 transitional kimberlite, illustrating the more magmatic texture observed in typical Renard coherent pipe-filling phases: (C) hypabyssal dyke intruding country rock breccia: (D) contact between the main-pipe filling phases of Renard 2 (CK on the left, MVK on the right).

The Renard bodies are all associated with extensive cracked country rock (CCR) halos and are typically associated with a significant marginal country rock breccia (CRB) peripheral to the main pipe infills. The CCR surrounding the pipes consists of both broken and solid country rock with minor amounts of HK dykes and veins throughout. Minor zones of extensively fractured to brecciated country rock are also present in this unit. The CRB typically lies between the main kimberlite units and the CCR and is characterized by dominantly broken and pulverized country rock, with an overall dilution of 95% or greater. CRB may contain from zero to 5% kimberlite, present as olivine in the pulverized country rock matrix. Locally, the CRB may also contain more than 10% diamond-bearing kimberlitic material, in the form of late-stage, cross-cutting HK dykes.

The Lynx and Hibou dykes are two large hypabyssal kimberlite dyke systems on the Foxtrot property. The dykes lie in close proximity to the Renard kimberlite pipes. The Lynx system was discovered in 2003 and is characterized as continuous or semi-continuous dykes located approximately 2 kilometres north-northwest of the Renards. Individual components of the system have been referred to as Lynx, Lynx North and Lynx South and collectively extend for a minimum of 3.7 km along a roughly north-south strike. It has a maximum true thickness of approximately 3 metres and has a variable dip from 10° to 50° to the east.

The Hibou dyke system was discovered in 2005 and lies approximately 1.3 kilometres northwest of the Renard pipes and 900 metres east of Lynx. The dyke has a west-northwest strike extent of at least 850 metres with a shallow dip of approximately 10° to the north north-east. It is open down dip and along strike to the northwest. Drill intersections and trench excavations suggest kimberlite thicknesses of up to 3.5 metres with an average thickness of 2 metres.

Recent data obtained for the main rock-types in Renards 2 and 3 using U-Pb dating of groundmass perovskite suggests an emplacement age of 640.5 ± 2.8 Myr. Even though Lynx is less than 2 kilometres west of the Renard pipes, it is almost 100 Myr younger, with an age of 522 ± 30 Myr, determined from a U-Pb groundmass ilmenite isochron.

4.0 Mineral Resource Estimate

December 2008

In 2008, a National Instrument (NI) 43-101 compliant Mineral Resource for Renards 2, 3, 4, 9 and Lynx was developed by AMEC. The work was completed using geological models for each kimberlite body developed by Stornoway personnel and the existing database of exploration drilling and diamond sampling. Block models for grade and tonnage were created for a 5mx5mx5m block size with geology and grade interpolation using inverse distance squared estimation methodology to estimate both the probability of each kimberlite phase within an estimated block and stones per tonne for each block. Resource tonnages were derived by combining rock volumes from the geological solid models with representative specific gravity measurements, and were estimated to a depth of 550 m below surface for Renard 2, 400 m below surface for Renards 3, 4 and 9, and 100 m below surface for Lynx.

The resultant resource estimate comprised 7.0 million carats of Indicated Mineral Resources (11.6 million tonnes at an average grade of 60 carats per hundred tonnes, or "cpht") and 4.5 million carats of Inferred Mineral Resources (7.2 million tonnes at an average grade of 63

cpht). Of this, 3.36 million tonnes of Renard 2 represented an Indicated Mineral Resource at 81 cpht and 1.8 million tonnes represented an Inferred Mineral Resource at 86 cpht. In Renard 3, 1.53 million tonnes were classified as Indicated Mineral Resource at 116 cpht and 0.05 million tonnes as Inferred Mineral Resource at 121 cpht.

Diamond grades were calculated separately for different lithological phases within each kimberlite body by integrating diamond recovery data from reverse circulation drilling with the diamond size frequency distribution characteristics of each unit as determined from the bulk samples. Where reverse circulation data were not available, such as with the Lynx dyke, or where the reverse circulation drill holes were judged to be unrepresentative of kimberlite geology as determined from diamond core drilling, such as with Renard 3, grades were determined primarily from bulk sample recoveries. For each kimberlite body, diamond resource grades were estimated on a +3 DTC sieve size cut-off with allowance for the non-recovery of small diamonds typical in a commercial diamond production plant.

In an open market valuation exercise undertaken in March 2008, WWW International Diamond Consultants ("WWW") determined "modelled" diamond price estimates of US$121/carat for Renard 2 and Renard 3, US$79/carat for Renard 4, and US$66/carat for the Lynx kimberlite dyke. Based on the use of a +3 DTC sieve size cut-off for the Mineral Resource estimate, these price estimates were US$123/carat for Renard 2 and Renard 3, US$80/carat for Renard 4, and US$68/carat for Lynx. In a review of the complete data set of Renard size frequency distributions available for each of the Renard kimberlite bodies, Martinus Oosterveld, an AMEC associate, concluded that "a large degree of similarity in the diamond size distributions" existed within the Renard kimberlite cluster. Accordingly, AMEC has recommended use of US$123/carat for each of Renard 2, 3, 4 and 9 in the declaration of the NI 43-101 Mineral Resource.

December 2009

In 2009, additional drilling and revised geological models, combined with a new approach to determining the grade models, resulted in a revised NI 43-101 compliant estimate of Indicated and Inferred Mineral Resources, summarized in Table III. This work was completed in association with Golder Associates Ltd. ("Golder"). All three-dimensional geologic models were prepared by Stornoway and reviewed by Golder. The Mineral Resource estimate demonstrates a substantial increase in both tonnage and carats when compared to the Mineral Resource documented in the 2008 NI 43-101 resource estimate.

Table III
December 2009 NI 43-101 Mineral Resource Estimate

Kimberlite	Grade (cpht)[1,2]	Tonnes (millions)	Contained Carats (millions)
		Indicated Resource[3]	
Renard 2	103	17.48	17.96
Renard 3	106	1.71	1.81
Renard 4	44	7.32	3.20
Renard 9	--	--	--
Lynx	--	--	--
Hibou	--	--	--
Total Indicated[4]	87	26.50	22.96
		Inferred Resource[3]	
Renard 2	120	5.36	6.42
Renard 3	122	0.15	0.19
Renard 4	41	4.57	1.87
Renard 9	46	5.75	2.63
Lynx	107	1.80	1.92
Hibou	144	0.18	0.26
Total Inferred[4]	75	17.81	13.29

[1]Carats per Hundred Tonnes
[2]Estimated at a +1 DTC sieve size cut-off
[3]Resource categories are compliant with the "CIM Definition Standards on Mineral Resources and Reserves". Mineral resources that are not mineral reserves do not have demonstrated economic viability.
[4]Totals may not add due to rounding.

For each kimberlite pipe, 5mx5mx5m block models were created for tonnage and grade estimation using solid body geological models for each pipe. Resource tonnages were derived by combining rock volumes from the block models with representative specific gravity measurements for each kimberlite lithology. Cut-off depths for the Mineral Resource categories were defined within each pipe based on density of drill control and the consistency of grade data within the geological models. Indicated Mineral Resources at Renard 2 encompass kimberlite from surface to a depth of 600 m, and Inferred Mineral Resources extend vertically for another 100 m. Indicated Mineral Resources for Renard 3 and 4 extend from surface to a vertical depth of 250 m. Inferred Mineral Resources extend from 250 m to 395 m below surface for Renard 3, and from 250 m to 380 m below surface for Renard 4. Renard 9 does not have a large tonnage bulk sample, and consequently the Inferred Mineral Resource extends from surface to 380 m below surface. Inferred Mineral Resources for the Lynx and Hibou dyke systems are restricted to the areal extent of modelled kimberlite within 100 m of surface trenches.

Grades for the kimberlite pipes were estimated by first establishing a "dilution model" derived from drill core and underground data. Representative "undiluted" grade models were constructed for each kimberlite lithology using diamond datasets obtained from caustic fusion and DMS processes. These undiluted grade models were then mapped onto the dilution model for each pipe, with the resulting resource models comprising blocks with lithology, grade and dilution parameters. For each kimberlite body, diamond resource grades are estimated on a +1 DTC sieve size cut-off.

As part of the current resource work, the diamond size frequency distributions of all bodies were examined in detail with consideration given to the diamond breakage and plant recovery characteristics of each diamond sample. The results suggest that the diamond size frequency distributions of Renards 2, 3, 4 and 9 are similar, and that it is appropriate to use a single size frequency distribution to determine value on the basis that there exists a similar diamond population within the four kimberlite pipes. In conjunction with the updated resource work, WWW were commissioned to provide an updated diamond valuation of the Renard diamond bulk samples that had been previously valued in September 2007 and again in March 2008. The new diamond value models were obtained by applying WWW's September 2009 rough diamond price book to the existing valuation models established during the earlier exercises. WWW have recommended a modelled "Base Case" diamond price estimate for both the Renard 2 and Renard 3 valuation samples of US$117 per carat (estimated at a +1 DTC sieve size cut-off), with a "High" modeled price estimate of US$131 per carat and a "Low" modeled price estimate of US$103 per carat. This is a 3% decrease compared to the previous diamond price model of $121 per carat determined in March 2008 (Stornoway press release dated April 28th 2008). Consistent with the approach recommended by Golder, the price of $117 per carat will also be applied to Renard 4 and Renard 9.

5.0 Preliminary Economic Assessment

The 2008 Mineral Resource for Renards 2, 3, 4, 9 and Lynx formed the basis for the first PEA, produced by Scott Wilson (Lecuyer et al., 2008). The PEA comprised a conceptual mine plan, capital cost and operating cost parameters, and an economic assessment prepared by Agnico-Eagle based on the Mineral Resource block models supplied by AMEC. Process plant design, as well as capital cost and operating cost estimates for the diamond processing plant, were prepared by AMEC.

To generate the conceptual mine plan, Agnico-Eagle established a "Base Case" resource of 5.8 million carats taken from the Renard 2, Renard 3 and Renard 4 kimberlite bodies. The resource consisted of 5.9 million tonnes of Indicated Mineral Resource at an average grade of 74 cpht and 1.5 million tonnes of Inferred Mineral Resource at an average grade of 95 cpht. No provision has been made for the mining of other resources such as the Lynx dyke inferred resource or the lower grade Inferred Mineral Resource contained within Renard 4 and Renard 9. Two diamond price scenarios were assessed, applying Renard 4 diamond prices of $80/ct and $123/ct.

The conceptual mine plan combined open pit mining and long hole open stope underground mining. The mining sequence and design were determined by optimizing the pit depth and underground stopes to achieve a production rate of 3,500 tonnes/day or 1.3 million tonnes per annum and one million carats of production annually. The capital expense was estimated to be $308 million, including $73 million for a diamond processing plant and a contingency fund of $50 million. Operating costs were anticipated to average C$50.35/tonne, including $14.06/tonne for open pit mining, $22.74/tonne for underground mining, C$14.92/tonne for processing and C$16.13/tonne for surface services and general administration.

This first PEA, based on the initial 2008 Mineral Resource Statement, indicated a modestly positive project with a pre-tax IRR of 14.2% and NPV (8% discount rate) of C$56m based on a seven year mine life. At time of writing, this study is being updated based on the greatly

expanded Mineral Resource established in December 2009, and a significantly better economic return than the previous study is expected.

6.0 Next Steps

Economic Studies

A revised PEA, including an updated conceptual mine plan, is currently being prepared by Scott Wilson, with contributions from AMEC (plant) and Stantec Ltd (environmental and permitting). Changes to the resource, in particular the size of Renard 2 and the grade and value of Renard 4, have prompted a re-thinking of the mining method. Block caving underground mining techniques are now being considered for the larger Renard 2 and Renard 4 bodies. The benefits of introducing block caving include lower opex costs and the opportunity to increase the production rate beyond 3,500 tpd. Results of the PEA are expected before the end of the first quarter, 2010. A formal decision to proceed to a full Feasibility Study will be made once the revised PEA has been received.

Permitting

The permitting process for a mining project in Quebec consists of a number of stages with an expected duration of 24 months. In the James Bay region of Quebec, the process involves review by both federal and provincial regulators and is governed by a unique regional agreement known as the James Bay and Northern Quebec Agreement (JBNQA). Integral to the permitting process is completion of an Environmental and Social Impact Study (ESIA).

The JBNQA is a social and economic agreement signed by the Government of Quebec, the Government of Canada and the Grand Council of the Crees of Quebec. Representatives from each signatory to the agreement administrate the review process for development projects. The first step in permitting a development project in the James Bay area is to submit a Project Notice to the JBNQA administrators, the provincial Committee of Examination (COMEX) and the Federal Review Panel (COFEX). The review process for the James Bay area is unique compared to other jurisdictions in Canada where the federal review would be administered by the Canadian Environmental Assessment Agency. It should be noted that the Canadian Environmental Assessment Act applies despite the difference in the administrative agency. The Project Notice is a document that describes the proposed project in detail, highlighting areas where impacts are expected.

Once the Project Notice has been accepted, work on a full ESIA can commence. The ESIA involves the collection of biophysical and socio-economic data (including Traditional Environmental Knowledge, or TEK workshops), assessment of environmental impacts and mitigation measures, and development of an environmental management and monitoring plan. Community consultation, including consultation with local First Nations, is a critical component of the ESIA. Completion of the ESIA is expected to take less than 12 months.

Following receipt of the ESIA, regulators will review the study and provide comments or recommendations. The review process is expected to take approximately eight months. A successful project will then be granted separate global authorizations from the COMEX and COFEX. In addition to the global authorizations, both federal and provincial permits are required. The process to obtain the appropriate permits begins once the ESIA has been

finalized. Provincial permitting starts with a general certificate of authorization and can include additional permits for road construction, water quality and quarrying, depending upon the specific regulatory triggers of the project. Provincial permits and certificates are issued under the Ministry of Sustainable Development, Environment and Parks and the Ministry of Natural Resources and Fauna. Federal permits can include a Harmful, Alteration, Destruction or Disruption Permit, where fish habitat is impacted, and a Species at Risk Permit, where either plants, birds or animals classified as "Species at Risk" are affected.

It is expected that, pending unforeseen circumstances, full permits will have been received by the end of 2011, allowing a formal production decision leading to mine construction and production by the end of 2013.

First Nations
The project is located in the traditional territories of the Cree Nation of Mistissini. Band members from Mistissini have participated in the project as employees and contractors throughout its history and Stornoway continues to engage various groups in the community on a regular basis to provide updates and information. It is anticipated that an Impact and Benefits Agreement ("IBA") will be entered into with the Mistissini Cree and the Grand Council of the Crees to facilitate employment and business opportunities that develop from the project.

Access
The project is currently a fly-in/fly-out operation, however road access will be required to construct and support a mine development. Road options include a winter or all-season road from the north (165 km) or a southern route (270 km). The southern option, termed the Route 167 extension, is currently the subject of a provincially sponsored feasibility study. The route is supported by a partnership of the federal and provincial governments, community and industry, and it could support four potential mines in the area as well as a park. The Government of Quebec has pledged $130 million for the road and committed $10 million thus far to complete the feasibility study, an environmental assessment and permitting. The feasibility study is scheduled for completion in the fourth quarter of 2010. The northern route is also an option as winter conditions are amenable to operating on a frozen surface for three months of the year.

7.0 Conclusions

The initial grass roots exploration that resulted in the discovery of the Renard Project began in 1996. Since that time, a substantial diamond resource has been defined in four pipes within the Renard cluster. The potential for additional ore at depth is significant, as indicated by the amount of Inferred Mineral Resource in Renard 2 between 600 m and 700 m where 6.4 million carats are contained and the deposit is over 2 hectares in size. At time of writing, an updated conceptual mine plan and PEA are under preparation. The new PEA is expected to show a project with substantial mine life and an attractive rate of return. Pending receipt of this study, a decision to proceed to full feasibility and permitting is expected, with a view to first commercial production at the end of 2013. Results to date suggest that Renard will be the first diamond mine in Quebec, and a significant future producer.

8.0 References

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The Author

David N Skelton, *Vice President, Project Development*, Stornoway Diamond Corporation

A graduate at the University of western Ontario (B.Sc. Geology), Dave Skelton has worked in the mineral exploration industry since 1987. Between 1997 and 2003, Mr Skelton managed Ashton Mining of Canada's Buffalo Head Hills diamond exploration operations in Alberta where 36 kimberlites were discovered, his work in Alberta included reconnaissaince sampling through to bulk sampling.

In 2003,Mr Skelton was chosen to manage the advance operations of Stornoway Diamond Corporation's Renard diamond project in the Otish Mountains region of Quebec. Operations included large diameter drilling and an underground sampling program followed by completion of a Preliminary Assessment of the project. In 2009 he was appointed Vice President, Project Development and currently manages the Renard project. Renard is Stornoway's most advanced diamond project and remains on track to be developed as Quebec's first diamond mine.

Mr Skelton is a Qualified Person under N1-43-101. He is a member of APEGGA and OGQ.