



Expanding the universe of exploration capital.

## Analyst Note

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### **Stornoway Diamond Corporation (SWY-T)**

#### **Generating some exploration results at Adamantin**

**Event:** Potential new kimberlite field discovered.

**Impact: Slightly Positive.** Exploration discovers a potential kimberlite field, well located, a hundred km from Renard. The spatially extensive field of kimberlite emplacement in is an area with promising indicator mineral chemistry and diamond presence in till. Additional potential diamondiferous kimberlites remain to be discovered.

#### **Analysis**

- **On May 5, 2016, Stornoway announced the discovery of kimberlite at its 100% owned Adamantin Project, located approximately 100km south of the Renard Diamond project and 25km west of the Route 167 Extension in north central Québec.** The Adamantin Project covers 15,139ha of claims and 72 targets have been identified from airborne geophysical data and investigated with 2 portable RC drill rigs. Following till sampling in 2015, winter 2016 shallow RC drilling has discovered 11 distinct kimberlite bodies of up to over 10m. The kimberlites are interpreted to represent a new center of kimberlite emplacement located proximal to, but distinct from, the Renard kimberlite cluster, 100k to the NNE (see Exhibit 1)

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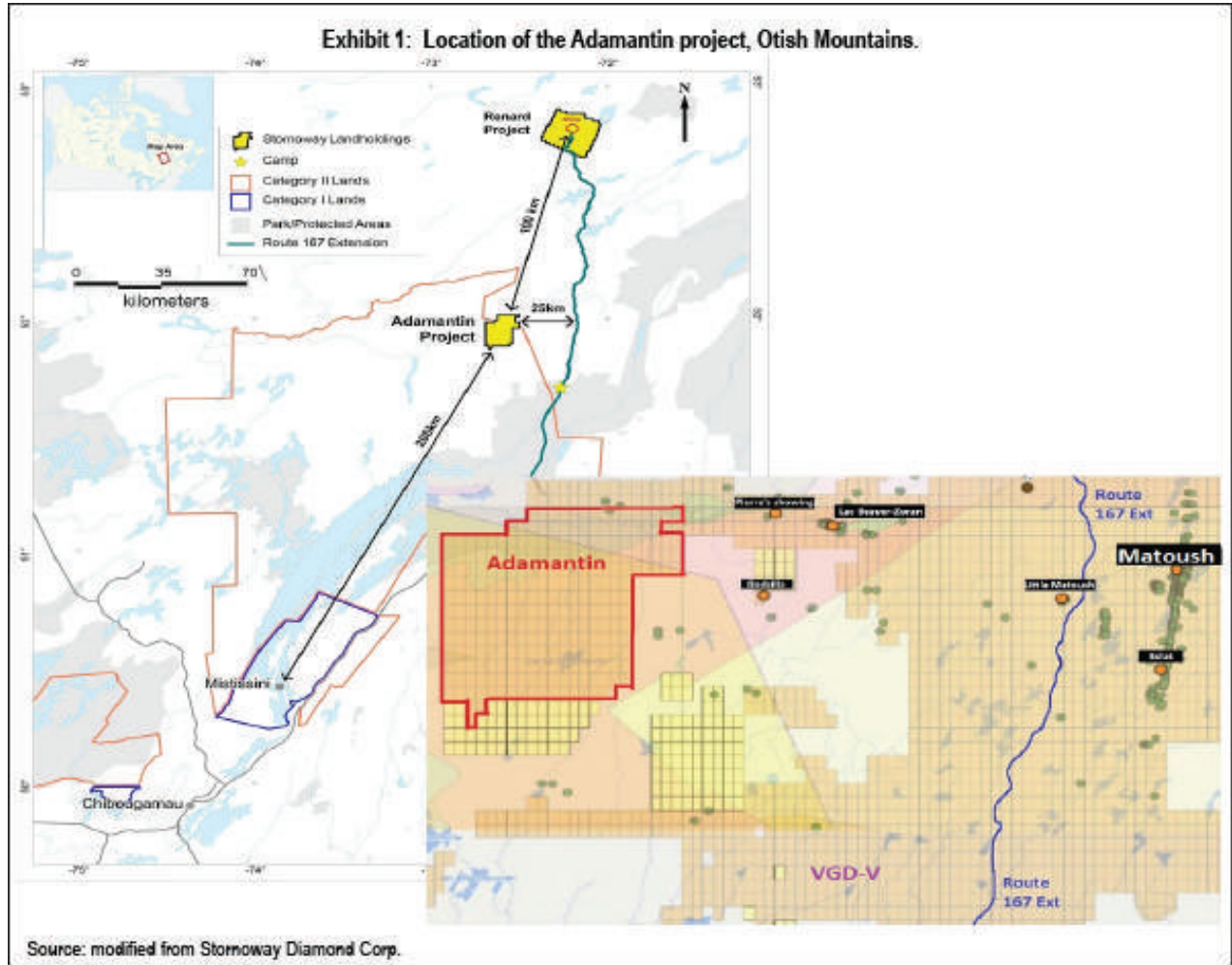


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- **Initial work looks promising at Adamantin.** Previous till sampling at Adamantin had confirmed the presence of indicator mineral anomalies interpreted to be sourced from undiscovered kimberlites with one sample containing a diamond from the +0.25mm-0.50mm size fraction. Drilling commenced in mid-March with a light weight, helicopter portable, reverse circulation (“RC”) drill rig (see Exhibit 2). Drilling from March 20 to on May 1st, 2016 has permitted to intersect kimberlite in 18 of 78 drill holes testing the 72 geophysical targets. Of those 18 kimberlite intersections identified, 14 returned intersections of undiluted (100%) hypabyssal kimberlite chips between 1.5m and 13.7m in length. Intersections of mixed chips of kimberlite and country rock were also returned up to 22.9m in length and could represent the discovery of multiple layered kimberlite bodies, and/or the inclusion of country rock xenoliths and wall rock material within a discrete kimberlite body. They may also represent breccia haloes and alteration zones proximal to larger bodies as is seen typically at the Renard Project.
- **Exploration work to continue:** Further drilling should determine the size, shape and extensions of the kimberlite bodies. The kimberlite material (chips), with samples varying from 20kg to 300kg in size, shall be sent for diamond recovery investigation and eventually give a preliminary indication of the diamond content of each target. Stornoway is well positioned to pilot such work.
- **Recall Stornoway is a Canadian diamond development company with 100% interest in its flagship Renard diamond mine in the Otish Mountains of the eastern James Bay.** The Renard Diamond project consists of 9 diamondiferous kimberlite pipes, four of which have an economic mineral reserve of 22.3M carats (33.4Mt @ 0.67cpt) - Renard 2, 3, 4, and 65. The Renard project is road accessible year-round and is set to become Québec's first-ever diamond mine (see March 31, 2016 Analyst Note). With a mineral reserve for a 14 year mine life at Renard, the Adamantin project is not necessarily a priority, but could later add optionality. We highlight that infrastructure (year round road) is a mere 25km to the east towards Strateco's uranium Matoush project. The Adamantin kimberlites would not be considered under the Renard streaming agreement, unless fast-tracked to displace ore produced at the Renard plant – which is unlikely, but does permit to envision organic growth possibilities. Nice tuck-in discovery in an area where there may be more.



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**Exhibit 2: Portable RC drill on Adamantin**



Source: Stornoway Diamond Corp.