

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT dated July 21, 2006.

B E T W E E N:

STORNOWAY DIAMOND CORPORATION, a corporation incorporated under the *Business Corporations Act* (British Columbia) (the “**Corporation**”),

- and -

AGNICO-EAGLE MINES LIMITED, a corporation existing under the *Business Corporations Act* (Ontario) with an address at 145 King Street East, Suite 500, Toronto, Ontario, M5C 2Y7 (Telephone: 416-847-3708) (the “**Subscriber**”)

WHEREAS, subject to the terms and conditions hereto, the Subscriber will subscribe for and agrees to purchase from the Corporation 15,670,297 Class A Subscription Receipts (as defined herein) of the Corporation at a price of \$1.2763 per Class A Subscription Receipt (the “**Class A Purchase Price**”), which price is equal to the five day volume weighted average price of the common shares of the Corporation on the TSX (as defined herein) ending on the trading day prior to the Closing Date, for total proceeds of CDN\$20,000,000 and 1,958,787 Class B Subscription Receipts (as defined herein) of the Corporation at a price of \$1.2763 per Class B Subscription Receipt (the “**Class B Purchase Price**”), which price is equal to the five day volume weighted average price of the common shares of the Corporation on the TSX (as defined herein) ending on the trading day prior to the Closing Date, for total proceeds of CDN\$2,500,000.

NOW THEREFORE, in consideration of the foregoing and the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), and intending to be legally bound hereby, the Corporation and the Subscriber hereby agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

Whenever used in this Subscription Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and phrases shall have the respective meanings ascribed to them as follows:

“**Ashton**” means Ashton Mining of Canada Inc., a corporation existing under the *Canada Business Corporations Act*.

“**Ashton Shares**” means the common shares in the authorized capital of Ashton and “**Ashton Share**” means any one of them.

“**BMO**” means Bank of Montreal.

“**BMO Facility**” means the credit facility in the aggregate amount of up to \$32,500,000 made available to the Corporation pursuant to a Commitment Letter dated July 21, 2006 between the Corporation and BMO.

“**Business Day**” means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in Toronto, Ontario or Vancouver, British Columbia are not open for business.

“**Class A Purchase Price**” has the meaning ascribed to such term in the recitals.

“**Class B Purchase Price**” has the meaning ascribed to such term in the recitals.

“**Class A Subscription Receipt**” means the non-transferable subscription receipts offered hereunder at the Class A Purchase Price, each Class A Subscription Receipt is convertible into one Common Share or entitles the holder to have the Class A Purchase Price returned to it plus accrued interest in the circumstances described in Section 3.3 herein.

“**Class B Subscription Receipt**” means the non-transferable subscription receipts offered hereunder at the Class B Purchase Price, each Class B Subscription Receipt is convertible into one Common Share or entitles the holder to have the Class B Purchase Price returned to it plus accrued interest in the circumstances described in Section 3.3 herein.

“**Class A Triggering Event Deadline**” means 11:59 PM (Toronto Time) on the earlier of the tenth day after the expiry of the Offer and the 180th day after the date of the Offer.

“**Class B Triggering Event Deadline**” means 11:59 PM (Toronto Time) on the later of the 90th day after the expiry of the Offer and the 180th day after the date of the Offer.

“**Class A Triggering Event Notice**” means a statutory declaration executed by the Chief Executive Officer or Chief Operating Officer of the Corporation confirming that all the conditions of the Offer have been satisfied or will be waived and that the Corporation will take up securities deposited under the Offer.

“**Class B Triggering Event Notice**” means a statutory declaration executed by the Chief Executive Officer or Chief Operating Officer of the Corporation confirming that all the conditions of the Offer have been satisfied or will be waived and that the Corporation has delivered a borrowing notice to BMO to make its initial borrowing under the BMO Facility.

“**Closing Date**” shall have the meaning ascribed to such term in Section 4.1.

“**Closing Time**” shall have the meaning ascribed to such term in Section 4.1.

“**Common Shares**” means the common shares in the authorized capital of the Corporation into which the Receipts are exchangeable and “**Common Share**” means any one of them.

“**Contract**” means any agreement, indenture, contract, lease, deed of trust, licence, option, instrument or other commitment, whether written or oral.

“**Control Person**” means a person, company or combination of persons or companies described in clause (c) of the definition of “distribution” in subsection 1(1) of the *Securities Act* (Ontario).

“**Corporation**” means Stornoway Diamond Corporation.

“Corporation’s Information Record” means all press releases, material change reports, financial statements and other documents of the Corporation which have been prepared by and publicly disseminated by or with the consent of the Corporation and filed on SEDAR.

“Escrow Agent” means Pacific Corporate Trust Company.

“Escrow Agreement” means the Escrow Agreement among the Corporation, the Subscriber and the Escrow Agent in the form attached hereto as Schedule “A”.

“Expiry Date” means the earliest of: (i) August 21, 2006, if the formal takeover bid circular in respect of the Offer has not been mailed before such date; (ii) the date on which the Escrow Agent receives the Offer Withdrawal Notice; and (iii) the Class A Triggering Event Deadline in the case of the Class A Subscription Receipts and the Class B Triggering Event Deadline in the case of the Class B Subscription Receipts.

“Governmental Entity” means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board, bureau or agency, domestic or foreign, (b) any subdivision, agent or authority of any of the foregoing or (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“Insider” means (a) a director or senior officer of the Corporation, (b) a director or senior officer of a person that is an insider or subsidiary of the Corporation, or (c) any person who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all voting securities of the Corporation for the time being outstanding.

“Material Adverse Effect” means, when used in connection with a person, any change, effect, event, occurrence or state of facts that is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, prospects, assets, liabilities, obligations or financial condition of that person and its subsidiaries, taken as a whole, other than any change, effect, event, circumstance, fact or occurrence (i) relating to general political or economic conditions, (ii) affecting the diamond mining industry in general, (iii) affecting the securities market in general, (iv) attributable to the announcement of this Subscription Agreement or completion of this Offering and the transactions contemplated herein, (v) attributable to the announcement or completion of the Offer and the transactions contemplated thereby and any offer for the common shares of Contact Diamond Corporation, (vi) in applicable laws or regulations or GAAP, or (vii) relating to changes in currency exchange rates.

“NI 45-102” means National Instrument 45-102 entitled “Resale of Securities” of the Canadian Securities Administrators.

“NI 45-106” means National Instrument 45-106 entitled “Prospectus and Registration Exemptions” of the Canadian Securities Administrators.

“Offer” means the proposed offer of the Corporation by way of formal take over bid, to acquire all of the outstanding shares of Ashton which offer is to be on the following terms:

- (i) each shareholder of Ashton shall be entitled to receive, at its election:
 - (A) \$1.25 in cash for each Ashton Share held, subject to the pro ration of the maximum cash consideration; or

(B) 1.0 Stornoway Share plus \$0.01 in cash for each Ashton Share held;

(ii) the maximum cash consideration payable under the Offer is \$59,500,000 and will be pro-rated as necessary on each take-up date under the Offer to ensure that the total aggregate cash consideration payable under the Offer and in any following compulsory acquisition or subsequent acquisition transaction does not exceed the \$59,500,000 and will be based on the number of Ashton Shares acquired on a take-up date in proportion to the number of Ashton Shares outstanding on a fully-diluted basis; and

(iii) the Offer shall be subject to the Offer Conditions and other customary terms to comply with the Securities Laws.

“Offer Conditions” means those conditions to the Offer set out in Schedule “D” hereto.

“Offer Withdrawal Notice” means the notice in writing provided to the Escrow Agent by the Corporation that the Offer has been withdrawn or the Offer has expired without the conditions of the Offer being satisfied or waived by the Corporation.

“Offering” means the offering of Class A Subscription Receipts and Class B Subscription Receipts pursuant to this Subscription Agreement.

“Offering Jurisdiction” means the Province of Ontario.

“person” means any individual (whether acting as an executor, trustee administrator, legal representative or otherwise), corporation, firm, partnership, sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, and pronouns have a similar extended meaning.

“Personal Information” means any information about an identifiable individual, and includes information provided by the Subscriber in this Subscription Agreement;

“Proceeds” means the gross proceeds of the sale of either the Class A Subscription Receipts or the Class B Subscription Receipts, or both, as applicable.

“Receipt Certificate” means a certificate representing the Class A Subscription Receipts substantially in the form attached as Schedule "E" or a certificate representing the Class B Subscription Receipts substantially in the form attached as Schedule "F", as the case may be, with such additional legends as may be required by the Corporation or its counsel.

“Receipts” means Class A Subscription Receipts and/or Class B Subscription Receipts.

“Returns” means all reports, forms, elections, estimates, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with any Taxes.

“Securities” means securities of the Corporation which may take the form of Class A Subscription Receipts, Class B Subscription Receipts, Common Shares or a combination of the above.

“Securities Authorities” shall have the meaning ascribed to such term in Section 5.1(z).

“Securities Laws” means, as applicable, the securities laws, regulations, rules, rulings and orders in each of the provinces of Canada, the applicable policy statements issued by the securities regulators in each of the provinces and territories of Canada, and the rules of the TSX.

“**Stornoway**” means Stornoway Diamond Corporation, a corporation existing under the *Business Corporations Act* (British Columbia).

“**Stornoway Shares**” means the common shares in the authorized capital of the Corporation and “**Stornoway Share**” means any one of them.

“**Subscriber**” means Agnico-Eagle Mines Limited, a corporation existing under the *Business Corporations Act* (Ontario).

“**Subscription Agreement**” means this subscription agreement (including any schedules hereto) and any instrument amending this Subscription Agreement; “**hereof**”, “**hereto**”, “**hereunder**”, “**herein**” and similar expressions mean and refer to this Subscription Agreement and not to a particular Article or Section; and the expression “Article” or “Section” followed by a number means and refers to the specified Article or Section of this Subscription Agreement.

“**Subscription Price**” means collectively the Class A Purchase Price and the Class B Purchase Price for all of the Receipts subscribed for under this Subscription Agreement.

“**Taxes**” means all taxes, imposts, levies and withholdings, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“**U.S. Person**” shall have the meaning ascribed to such term in Rule 902(k) of Regulation S under the U.S. Securities Act.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

1.2 Gender and Number

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine gender and words importing persons shall include firms and corporations and vice versa.

1.3 Currency

Unless otherwise specified, all dollar amounts in this Subscription Agreement, including the symbol “CDN\$”, are expressed in Canadian dollars.

1.4 Subdivisions and Headings

The division of this Subscription Agreement into Articles, Sections, Schedules and other subdivisions and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Subscription Agreement. The headings in this Subscription Agreement are not intended to be full or precise descriptions of the text to which they refer. Unless something in the subject matter or context is inconsistent therewith, references herein to an Article, Section, Subsection, paragraph, clause or Schedule are to the applicable article, section, subsection, paragraph, clause or schedule of this Subscription Agreement.

ARTICLE 2 - SCHEDULES

2.1 Description of Schedules

The following are the Schedules attached to and incorporated in this Subscription Agreement by reference and deemed to be a part hereof:

Schedule "A"	-	Escrow Agreement
Schedule "B"	-	Registration and Delivery Instructions
Schedule "C"	-	Details as to Outstanding Convertible Securities
Schedule "D"	-	Offer Conditions
Schedule "E"	-	Form of Class A Subscription Receipts
Schedule "F"	-	Form of Class B Subscription Receipts

ARTICLE 3- TERMS OF OFFERING

3.1 Subscription for Class A Subscription Receipts

The Subscriber hereby confirms and agrees to its irrevocable subscription for and offer to purchase from the Corporation 15,670,297 Class A Subscription Receipts, on and subject to the terms and conditions set out in this Subscription Agreement, for the Class A Purchase Price per Class A Subscription Receipt which is payable as described in Article 4 hereto.

3.2 Subscription for Class B Subscription Receipts

The Subscriber hereby confirms and agrees to its irrevocable subscription for and offer to purchase from the Corporation 1,958,787 Class B Subscription Receipts, on and subject to the terms and conditions set out in this Subscription Agreement, for the Class B Purchase Price per Class B Subscription Receipt which is payable as described in Article 4 hereto.

3.3 Terms of Offer

(a) The Class A Subscription Receipts will contain provisions with the following terms:

(i) if the Corporation delivers the Class A Triggering Event Notice to the Escrow Agent before the Expiry Date, each applicable Class A Subscription Receipt will be deemed to be converted into one Common Share, without payment of additional consideration, and upon such deemed conversion the applicable Class A Subscription Receipt shall be deemed to be cancelled and of no further force or effect and the Proceeds applicable to the Class A Subscription Receipt, plus any accrued interest, will be released by the Escrow Agent forthwith to the Corporation; and

(ii) if the Expiry Date occurs before the Escrow Agent receives the Class A Triggering Event Notice, each Class A Subscription Receipt entitles the holder, upon surrender thereof to the Escrow Agent, to a return of the Class A Purchase Price plus accrued interest to the Expiry Date.

(b) The Class B Subscription Receipts will contain provisions with the following terms:

(i) if the Corporation delivers the Class B Triggering Event Notice to the Escrow Agent before the Expiry Date, each applicable Class B Subscription Receipt will be deemed to be converted into one Common Share, without payment of additional consideration, and upon such deemed conversion the applicable Class B Subscription Receipt shall be deemed to be cancelled and of no further force or effect and the Proceeds applicable to the Class B Subscription Receipt, plus any accrued interest, will be released by the Escrow Agent forthwith to the Corporation; and

(ii) if the Expiry Date occurs before the Escrow Agent receives the Class B Triggering Event Notice, each Class B Subscription Receipt entitles the holder, upon surrender thereof to the Escrow Agent, to a return of the Class B Purchase Price plus accrued interest to the Expiry Date.

3.4 Escrow

The Subscriber acknowledges that on the date of execution of this Subscription Agreement, the Proceeds will be placed in escrow with the Escrow Agent in an interest bearing account to be held and released by the Escrow Agent on the terms set out in the Escrow Agreement. The Subscriber and the Corporation further covenant and agree that if: (a) the Corporation elects to effect a transaction similar to the Offer but requiring approval by the shareholders of Ashton at a meeting of shareholders of Ashton, such as an amalgamation or a plan of arrangement, and (b) such transaction provides for cash consideration payable by the Corporation for the Ashton Shares, the Subscriber and the Corporation will agree to, and will seek to have the Escrow Agent agree to, amend the terms of the Receipts and the Escrow Agreement such that the Receipts will convert into Common Shares and the Proceeds in escrow (plus any accrued interest) released to the Corporation on completion of such transaction or entitle the Subscriber to have the Subscription Price returned to it (plus accrued interest) in the event that the necessary shareholder and regulatory approvals in respect of the transaction are not obtained or upon a reasonable period of time elapsing without the parties completing such transaction.

ARTICLE 4 - CLOSING

4.1 Closing

Delivery and sale of the Class A Subscription Receipts and Class B Subscription Receipts and payment of the Subscription Price will be completed (the “**Closing**”) at the offices of DuMoulin Black LLP, Suite 1000, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5 at 2:00 p.m. (Vancouver time) (the “**Closing Time**”) on July 21, 2006 or such other date or time as the Corporation and the Subscriber may agree (the “**Closing Date**”). If, prior to the Closing Time, the conditions contained in Subsection 4.2(b) of this Subscription Agreement have been complied with or waived by the Subscriber, the Subscriber shall deliver to the Corporation the signed Escrow Agreement and payment of the aggregate Subscription Price for the Receipts against delivery by the Corporation of certificates representing the Class A Subscription Receipts and the Class B Subscription Receipts in accordance with the Registration and Delivery Instructions attached hereto as Schedule “B”, and such other documentation as may be required pursuant to this Subscription Agreement.

If, prior to the Closing Time, the terms and conditions contained in this Subscription Agreement (other than delivery by the Corporation to the Subscriber of certificates representing the Class A Subscription Receipts and Class B Subscription Receipts) have not been complied with to the satisfaction of the Subscriber, or waived by it, the Corporation and the Subscriber will have no further obligations under this Subscription Agreement.

4.2 Conditions of Closing

- (a) The Subscriber acknowledges and agrees that the obligations of the Corporation hereunder are conditional on the accuracy of the representations and warranties of the Subscriber contained in this Subscription Agreement as of the date of this Subscription Agreement, and as of the Closing Time, and the fulfillment of the following additional conditions as soon as possible and, in any event, not later than the Closing Time:
- (i) payment by the Subscriber of the aggregate Subscription Price for the Receipts to the Escrow Agent by way of electronic money transfer as follows:
- Canadian Dollar Wire Instructions:**
- | | | |
|------------|--------------|------------------------------------------------------------------------------------------------------------------------------|
| PLEASE PAY | Beneficiary | THE BANK OF NOVA SCOTIA |
| | Bank | 510 Burrard Street, Vancouver, B.C.
Canada V6C 3B9
BIC (SWIFT CODE): NOSCCATT |
| CREDIT: | Beneficiary: | PACIFIC CORPORATE TRUST COMPANY
510 Burrard Street, Vancouver, B.C.
Canada V6C 3B9
ACCOUNT NO: 03020 0442011 |
- (ii) the Corporation obtaining the conditional approval of the TSX for the completion of the Offering.
- (b) The Corporation acknowledges and agrees that the Subscriber's obligation to purchase the Class A Subscription Receipts and Class B Subscription Receipts at the Closing Time shall be conditional upon the fulfillment at or before the Closing Time of the following conditions:
- (i) the Subscriber shall have received a certificate, dated as of the Closing Date, signed by the Chief Executive Officer and Chief Financial Officer of the Corporation, or such other officers of the Corporation as the Subscriber may agree, certifying for and on behalf of the Corporation, to the best of their knowledge, information and belief, that:
- A. no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any Securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or to the best of the Corporation's knowledge are pending, contemplated or threatened by any regulatory authority;
- B. the Corporation has duly complied with all the terms, covenants and conditions of this Subscription Agreement on its part to be complied with up to the Closing Time; and
- C. the representations and warranties of the Corporation contained in this Subscription Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated by this Subscription Agreement.
- (ii) the Subscriber shall have received at the Closing Time certificates dated the Closing Date, signed by appropriate officers of the Corporation addressed to the Subscriber and its counsel, with respect to the notice of articles and articles of the Corporation, all

resolutions of the Corporation's board of directors relating to the Offering, the incumbency and specimen signatures of signing officers, and such other matters as the Subscriber may reasonably request;

- (iii) this Subscription Agreement shall have been executed and delivered by the Corporation;
- (iv) the TSX shall have conditionally approved the Common Shares issuable on exercise of the Receipts for listing; and
- (v) the Subscriber shall have received a favourable legal opinion addressed to the Subscriber dated the Closing Date, from DuMoulin Black LLP, counsel for the Corporation, or such other counsel for the Corporation (it being understood that such counsel may rely, to the extent appropriate in the circumstances, as to matters of fact on certificates or letters executed by a senior officer of the Corporation, the transfer agent, the Corporation's auditors, public officials and officials of the TSX), with respect to the following matters:
 - A. as to the incorporation and existence of the Corporation under the laws of its jurisdiction of incorporation and as to the corporate power of the Corporation to carry out its obligations under this Subscription Agreement;
 - B. as to the authorized and issued capital of the Corporation;
 - C. that the Corporation has all requisite corporate power and authority under the laws of its jurisdiction of incorporation to carry on its business as presently carried on and to own its properties;
 - D. that none of the execution and delivery of this Subscription Agreement, the performance by the Corporation of its obligations hereunder, or the sale or issuance of the Class A Subscription Receipts and Class B Subscription Receipts, will conflict with or result in any breach of the constating documents or articles of the Corporation;
 - E. that each of this Subscription Agreement and the Receipts have been duly authorized and executed and delivered by the Corporation, and constitutes a valid and legally binding obligation of the Corporation enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity and contribution may be limited by applicable law;
 - F. that the Common Shares issuable on exercise of the Receipts have been reserved and authorized and allotted for issuance to the Subscriber and, upon the delivery of a Class A Triggering Event Notice or a Class B Triggering Event Notice in accordance with the provisions of this Subscription Agreement and the Receipts, will be validly issued as fully paid and non-assessable securities in the capital of the Corporation;
 - G. that the issuance and sale by the Corporation of the Receipts are exempt from the prospectus and registration requirements of applicable securities laws in the Offering Jurisdiction and no documents are required to be filed (other than

specified forms accompanied by requisite filing fees), proceedings taken or approvals, permits, consents or authorizations obtained by the Corporation under the applicable securities laws to permit such issuance and sale;

- H. that the issuance of the Common Shares upon the delivery of a Class A Triggering Event Notice or a Class B Triggering Event Notice in accordance with the provisions of this Subscription Agreement and the Receipts will be exempt from the prospectus and registration requirements of applicable securities laws subject to certain provisos and specified resale restrictions;
- I. that no other documents will be required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained by the Corporation under the applicable securities laws in connection with the first trade of the Common Shares, provided that a period of four months and a day have elapsed since the Closing Date, subject to the usual qualifications;
- J. that the TSX has conditionally approved the listing of the Common Shares issuable on exercise of the Receipts;
- K. that the Corporation is a reporting issuer in the provinces of British Columbia and Ontario and is not on the list of defaulting issuers in any of such jurisdictions;
- L. that Pacific Corporate Trust Company has been appointed escrow agent in relation to the Proceeds; and
- M. as to such other customary matters as the Subscriber's legal counsel may reasonably request prior to the Closing Time.

ARTICLE 5– REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CORPORATION

5.1 The Corporation hereby represents, warrants and covenants to the Subscriber that:

- (a) the Corporation: (i) has been duly incorporated and organized and is validly existing and in good standing under the laws of British Columbia; (ii) has all requisite corporate power and authority to carry on its business as presently conducted and to own, lease and operate its properties and assets; and (iii) has all required corporate power and authority to create, issue and sell the Securities, to enter into this Subscription Agreement and to carry out the provisions of this Subscription Agreement;
- (b) the Corporation is in all material respects conducting and has conducted its business in compliance with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on and is duly licensed, registered or qualified in all jurisdictions in which it owns, leases or operates its property or carries on business to enable its business to be carried on as presently conducted and its property and assets to be owned, leased and operated and all such licenses, registrations and qualifications are and will at the Closing Time be valid, subsisting and in good standing, and the Corporation has not received a notice of non-compliance, or know of, or have reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations or permits which would have a material adverse effect on the Corporation and its subsidiaries;

- (c) the Corporation has the requisite corporate power and authority to enter into this Subscription Agreement and all necessary corporate action has been taken or will have been taken prior to the Closing Time by the Corporation so as to validly issue and sell the Class A Subscription Receipts and Class B Subscription Receipts to the Subscriber and upon receipt by the Corporation of the Subscription Price as consideration for the issue thereof, the Receipts will be validly issued;
- (d) this Subscription Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.
- (e) as the close of business on July 20, 2006, the authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value and, before giving effect to the Offering, 80,915,671 Common Shares are issued and outstanding in the capital of the Corporation as fully paid and non-assessable;
- (f) the outstanding Common Shares are listed on the TSX and the Corporation is in compliance with the rules and policies of the TSX. No order ceasing or suspending trading in any securities of the Corporation or the trading of any of the Corporation's issued securities is currently outstanding and no proceedings for such purpose are, to the best knowledge of the Corporation, pending or threatened. The Corporation shall use its commercially reasonable best efforts to maintain such listings for a period of two years following the Closing Date;
- (g) attached as Schedule "C" hereto is a complete list of all outstanding convertible securities of the Corporation and, except as provided under this Agreement, as disclosed in Schedule "C", no person now has any agreement or option or right or privilege capable of becoming an agreement for the purchase, subscription or issuance of any unissued Common Shares, securities or warrants of the Corporation;
- (h) no event or circumstance has occurred or exists with respect to the Corporation or its subsidiaries or their respective businesses, properties, prospects, operations or financial condition, which, under applicable securities legislation, TSX rules and policies or other applicable law, rule or regulation, requires public disclosure or announcement by the Corporation but which has not been so publicly announced or disclosed;
- (i) there is no action, proceeding or investigation (whether or not purportedly by or on behalf of the Corporation or any subsidiary) pending or, to the best of the Corporation's knowledge, information and belief, threatened against or affecting the Corporation or any subsidiary at law or in equity (whether in any court, arbitration or similar tribunal) or before or by any federal, provincial, state, municipal or other governmental department, commission, board or agency, domestic or foreign, which in any way materially adversely affects the Corporation and its subsidiaries, on a consolidated basis, or the condition (financial or otherwise) of the Corporation and its subsidiaries, on a consolidated basis, or which questions the validity or the issuance of the Receipts or any action taken or to be taken by the Corporation pursuant to or in connection with this Subscription Agreement;

- (j) neither the Corporation nor any subsidiary is in default or in breach of, and the execution and delivery of this Subscription Agreement by the Corporation, the performance and compliance with the terms of this Subscription Agreement and the sale of the Class A Subscription Receipts and Class B Subscription Receipts by the Corporation will not result in any breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default either directly or indirectly under any term or provision of the constating documents, articles or resolutions of the Corporation or any material Contract, debt instrument, mortgage, note, indenture, contract, agreement, instrument, lease or other document to which the Corporation or any of its subsidiaries is a party or by which any of them is bound or any judgment, decree, order, statute, rule or regulation applicable to any of them which breach or default would have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation and its subsidiaries, on a consolidated basis or would create or impose a lien, charge or encumbrance on any property of the Corporation or its subsidiaries under any agreement or any commitment;
- (k) the Corporation is, or will at the Closing Time be, a “reporting issuer” (or its equivalent) in the Provinces of Ontario, British Columbia, Alberta, Manitoba, Ontario and Québec, and is not in default under the applicable Securities Laws of any jurisdiction. The Corporation shall use its commercially reasonable best efforts to remain a reporting issuer under Securities Laws in such jurisdictions and not in default of any requirement of Securities Laws or a period of two years after the Closing Date;
- (l) there has never been any reportable event (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) with the present or any former auditor of the Corporation;
- (m) the net proceeds of the Offering will be used for the sole purpose of completing the Offer or any acquisition of Ashton Shares following delivery of the Class A Triggering Event Notice or meeting expenses associated with the Offer or such acquisition;
- (n) this Subscription Agreement and all other contracts and documents required in connection with the issue, sale and distribution of the Class A Subscription Receipts and Class B Subscription Receipts shall be, at or prior to the Closing Time, duly authorized, executed and delivered by the Corporation and will be valid and binding obligations of the Corporation enforceable in accordance with their respective terms, subject to the usual qualifications;
- (o) the Receipt Certificates have been duly approved by the directors of the Corporation and comply in all material respects with the provisions of all applicable laws;
- (p) Pacific Corporate Trust Company, at its principal offices in the City of Vancouver, British Columbia, has been duly appointed as Escrow Agent with respect to the Proceeds;
- (q) the Corporation will use its best efforts to obtain the necessary regulatory consents from the TSX to the sale of the Class A Subscription Receipts and Class B Subscription Receipts on such conditions as are acceptable to the Corporation, acting reasonably;
- (r) there is no person acting or purporting to act at the request of the Corporation who is entitled to any brokerage or agency fee or any other royalty in connection with the transactions contemplated herein;

- (s) as soon as reasonably possible after the Closing, the Corporation shall execute and file with the securities regulators all forms, notices and certificates required to be filed pursuant to the Securities Laws in the time required by the applicable Securities Laws;
- (t) neither the Corporation nor any of its subsidiaries have committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any legislation, proposed a compromise or arrangement to the creditors thereof generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed for any of the assets thereof, had any person holding any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement or other security interest or receiver take possession of any of the property thereof, had an execution or distress become enforceable or levied upon any portion of the property thereof or had any petition for a receiving order in bankruptcy filed against it;
- (u) no legal or governmental proceedings are pending to which the Corporation or its subsidiaries are a party or to which their property is subject that would result individually or in the aggregate in any material adverse change in the operation, business or condition of the Corporation and its subsidiaries, taken as a whole, and no such proceedings have, to the knowledge of the Corporation, been threatened against or are contemplated with respect to the Corporation or its subsidiaries or their properties;
- (v) the Corporation does not have or maintain any shareholder rights plan;
- (w) the Corporation does not have any class of securities registered under, and is not subject to any reporting requirements pursuant to, United States securities laws;
- (x) the Corporation has no material subsidiaries;
- (y) as of their respective dates, the Corporation's audited financial statements as at and for the fiscal years ended April 30, 2006 and April 30, 2005 (including the notes thereto and related management's discussion and analysis ("**MD&A**")), (collectively, the "**Stornoway Financial Statements**") were prepared in accordance with GAAP consistently applied (except (A) as otherwise indicated in such financial statements and the notes thereto, or (B) as items in such financial statements have been reclassified) and fairly present in all material respects the consolidated financial position, results of operations and changes in financial position of the Corporation and its subsidiaries on a consolidated basis as of the dates thereof and for the periods indicated therein and reflect reserves required by GAAP consistently applied in respect of all material contingent liabilities, if any, of the Corporation and its subsidiaries on a consolidated basis. There has been no change in the Corporation's accounting policies, except as described in the notes to the Corporation's financial statements, since May 1, 2004;
- (z) all documents filed by the Corporation with the applicable securities commissions and other regulatory authorities in Canada (the "**Securities Authorities**") or the TSX since April 30, 2004: (1) did not at the time filed contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, as at the date of public dissemination, not misleading; and (2) included all documents required to be filed in accordance with Securities Laws with Securities Authorities and the TSX and complied with Securities Laws.

- (aa) the Corporation and each of its subsidiaries has duly and timely filed all Returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such Returns are complete and correct in all material respects. Each of them has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, and all other Taxes due and payable by it on or before the date hereof, other than those which are being or have been contested in good faith and in respect of which appropriate reserves have been provided in the most recently published Stornoway Financial Statements and has also remitted in a timely fashion to any competent Governmental Entity any withholding or deduction. Except as provided for in the Stornoway Financial Statements, no litigation or assessments exist with respect to Taxes of the Corporation. The Corporation is not a party to any action or proceeding for collection of Taxes and no such event has been asserted or, to the knowledge to the Corporation, threatened against the Corporation or any of its assets.
- (bb) except as disclosed in the Corporation's Information Record or the Stornoway Financial Statements, neither the Corporation nor any of its subsidiaries has any material obligations or liabilities of any nature (matured or unmatured, fixed or contingent) other than liabilities incurred since April 30, 2006 in the ordinary course of business.
- (cc) except as disclosed in the Stornoway Financial Statements or Corporation's Information Record, since April 30, 2006 there has not been any Material Adverse Effect on the Corporation.
- (dd) the Corporation and each of its subsidiaries has good and valid title to its real and immovable property interests, including legal ownership of its owned real and immovable properties, easements, servitudes, rights of way and permits permitting the use of such land or premises by the Corporation and its subsidiaries, necessary to permit the operation of its current businesses, as they are now being or are proposed to be conducted, except for such failure of title in respect of any real or immovable property or failure to hold such easements, servitudes, rights of way or permits as would, individually or in the aggregate, not have a Material Adverse Effect on the Corporation.
- (ee) the Corporation has obtained and is in compliance with all material permits and licences required by applicable laws, necessary to conduct its current businesses as they are now being conducted, other than where the absence of such material permits and licences or the failure to comply would not, individually or in the aggregate, have a Material Adverse Effect on the Corporation.

ARTICLE 6- ACKNOWLEDGEMENTS, COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE SUBSCRIBER

6.1 Acknowledgements, Representations, Warranties and Covenants of Subscriber

The Subscriber, hereby acknowledges, represents and warrants to, and covenants with, the Corporation as follows and acknowledges that the Corporation is relying on such acknowledgements, representations, warranties and covenants in connection with the transactions contemplated herein:

- (a) the Subscriber is a valid and subsisting corporation and is in good standing under the laws of the jurisdiction of its incorporation and the Subscriber has the corporate capacity and authority to execute and deliver this Subscription Agreement to observe and perform its obligations hereunder;

(b) this Subscription Agreement has been duly authorized, executed and delivered by the Subscriber and is a legal, valid and binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms;

(c) the execution and delivery of this Subscription Agreement by the Subscriber will not result in the violation of, or constitute a default under, or conflict with or cause the acceleration of any obligation of the Subscriber under (a) any contract to which the Subscriber is a party or by which it is bound; (b) any provision of the constating documents or bylaws of the Subscriber; or (c) any judgment, decree, order or award of any court, government body or arbitrator having jurisdiction over the Subscriber;

(d) the Subscriber is resident in, or otherwise subject to the Securities Laws of, the Province of Ontario;

(e) the Subscriber is a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements and therefore is an "accredited investor" by virtue of satisfying paragraph (m) of the definition of "accredited investor" contained in NI 45-106;

(f) to the best of the Subscriber's knowledge, none of the Proceeds represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of its knowledge (i) the Proceeds to be provided by the Subscriber (A) has not been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction, or (B) is not being tendered on behalf of a person or entity who has not been identified to the Subscriber, and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;

(g) the offering and sale of the Receipts to the Subscriber are not being made through an advertisement of the Receipts in printed media of general and regular paid circulation, radio or television, or any other form of advertisement, and the Subscriber has not requested, nor does it need to receive, an offering memorandum, prospectus or other document prepared by the Corporation describing its affairs, in order to assist it in making an investment decision in respect of the Receipts, and, except for this Subscription Agreement, no other documents have been delivered or otherwise furnished to the Subscriber in connection with such offering and sale;

(h) no person has made any written or oral representations:

(i) that any person will resell or repurchase the Securities;

(ii) that any person will refund the Subscription Price other than as contemplated by the terms of the Receipts and pursuant to the provisions of the Escrow Agreement; or

(iii) as to the future price or value of the Securities

- (iv) that the Securities will be listed and posted for trading on any stock exchange or that application has been made to list the common shares of the Corporation on any stock exchange other than the TSX;
- (i) no securities commission, agency, governmental authority, regulatory body, stock exchange or other regulatory body has reviewed or passed on the merits of the Class A Subscription Receipts and Class B Subscription Receipts;
- (j) the Subscriber is purchasing the Receipts as principal for its own account, not for the benefit of any other person and not with a view to the resale or distribution of all or any of the Receipts;
- (k) the Receipts are being purchased by the Subscriber for the purposes of funding the cash obligations of the Corporation under the Offer. The Subscriber acknowledges and agrees that it has been advised of the material provisions of the Offer and the proposed offer by the Corporation to acquire all of the outstanding shares of Contact Diamond Corporation. The Subscriber and the Corporation agree that, although such information has not been publicly disclosed, the disclosure of such information to the Purchaser and the completion of the transactions contemplated under this Subscription Agreement are part of the “necessary course of business” of the Corporation as such term is discussed in Section 3.3 of National Policy 51-201 – Disclosure Standards of the Canadian Securities Administrators;
- (l) the Securities shall be subject to statutory resale restrictions under the Securities Laws of the provinces of British Columbia and Ontario and the policies of the TSX;
- (m) the Subscriber understands that the Class A Subscription Receipts and Class B Subscription Receipts are being offered for sale only on a “private placement” basis and that the sale and delivery of the Class A Subscription Receipts and Class B Subscription Receipts is conditional upon such sales being exempt from the requirements to provide the Subscriber with a prospectus or the preparation of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement for the delivery of a prospectus or offering memorandum under applicable Securities Laws and, as a consequence of acquiring the Class A Subscription Receipts and Class B Subscription Receipts pursuant to such exemption, certain protections, rights and remedies provided by the Securities Laws, including statutory rights of rescission or damages, will not be available to the Subscriber;
- (n) the Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and the Corporation has no obligation to do so, and the Securities may not be offered or sold in the United States or to U.S. Persons unless registered under such act or an exemption from the registration requirements of the U.S. Securities Act and all applicable State securities laws is available. The Subscriber acknowledges that the Corporation will not register any transfer of any of the Securities not made in accordance with Regulation S of the U.S. Securities Act or pursuant to an available exemption from registration;
- (o) there is no governmental or other insurance covering the Securities;
- (p) the certificates representing the Receipts will bear legends substantially in the following form and with the necessary information inserted:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS FOUR (4) MONTHS AND ONE (1) DAY AFTER CLOSING DATE].”

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE LISTED ON THE TORONTO STOCK EXCHANGE (THE “TSX”), HOWEVER, THE SAID SECURITIES CANNOT BE TRADED THROUGH THE FACILITIES OF THE TSX SINCE THEY ARE NOT FREELY TRANSFERABLE AND CONSEQUENTLY ANY CERTIFICATE REPRESENTING SUCH SECURITIES IS NOT “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON THE TSX.”

(q) in the event that holders of Receipts are issued Common Shares prior to the expiry of the hold periods applicable to the Receipts, the Common Shares will bear legends substantially in the following form and with the necessary information inserted:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS FOUR (4) MONTHS AND ONE (1) DAY AFTER CLOSING DATE].”

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE LISTED ON THE TORONTO STOCK EXCHANGE (THE “TSX”), HOWEVER, THE SAID SECURITIES CANNOT BE TRADED THROUGH THE FACILITIES OF THE TSX SINCE THEY ARE NOT FREELY TRANSFERABLE AND CONSEQUENTLY ANY CERTIFICATE REPRESENTING SUCH SECURITIES IS NOT “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON THE TSX.”

(r) the Subscriber is neither a U.S. Person nor subscribing for the Class A Subscription Receipts and Class B Subscription Receipts for the account of a U.S. Person or for resale in the United States and the Subscriber confirms that the Class A Subscription Receipts and Class B Subscription Receipts have not been offered to the Subscriber in the United States and that this Subscription Agreement has not been signed in the United States;

(s) neither the Subscriber nor any person for whom it is acting will offer, sell, exercise or otherwise dispose of the Class A Subscription Receipts and Class B Subscription Receipts, or the Common Shares in the United States or to a U.S. Person unless the Corporation has consented to such offer, sale, exercise or distribution and such offer, sale, exercise or disposition is made in accordance with an exemption from the registration requirements under the U.S. Securities Act and the securities laws of all applicable states of the United States or the U.S. Securities and Exchange Commission has declared effective a registration statement in respect of such securities;

(t) the Subscriber does not presently beneficially own, directly or indirectly, Common Shares of securities convertible into Common shares; and

(u) the Subscriber is not an Insider of the Corporation.

ARTICLE 7 - SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1 Survival of Representations, Warranties and Covenants of the Corporation

The representations, warranties and covenants of the Corporation contained in this Subscription Agreement shall survive the Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Subscriber with respect thereto, shall continue in full force and effect for the benefit of the Subscriber following the Closing Date for a period of one year notwithstanding any subsequent disposition by the Subscriber of any of the Securities.

7.2 Survival of Representations, Warranties and Covenants of the Subscriber

The representations, warranties and covenants of the Subscriber contained in this Subscription Agreement or any certificate or document delivered pursuant to or in connection with this Subscription Agreement shall survive the Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Corporation with respect thereto, shall continue in full force and effect for the benefit of the Corporation for a period of one year notwithstanding any subsequent disposition by the Subscriber of any of the Securities.

ARTICLE 8- COLLECTION OF PERSONAL INFORMATION

8.1 Collection of Personal Information

The Subscriber hereby consents to:

- (a) the disclosure of Personal Information by the Corporation to the TSX and to the applicable securities commissions, the Corporation's registrar and transfer agent, the Corporation and the Corporation's legal counsel, and any other party involved in the purchase and sale of the Receipts;
- (b) the collection, use and disclosure of Personal Information by the TSX for the purposes set out herein, or as otherwise identified by the TSX, from time to time. The TSX, and its affiliates, authorized agents, subsidiaries and divisions collect, use, and disclose Personal Information in certain forms that are submitted by the individual and/or by an issuer and use it to (i) conduct background checks; (ii) verify the Personal Information that has been provided about each individual; (iii) to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Corporation; (iv) to consider the eligibility of the Corporation to list on the TSX; (v) to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Corporation, or its associates or affiliates; (vi) to conduct enforcement proceedings; and (vii) to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the TSX, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada. As part of this process, the TSX also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished. The Personal Information the TSX collects may also be disclosed to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and on

the TSX's website or through printed materials published by or pursuant to the directions of the TSX. The TSX may from time to time use third parties to process information and/or provide other administrative services. In this regard, the TSX may share the information with such third party service providers; and

- (c) the collection, use and disclosure of Personal Information by the applicable securities commissions as described herein. The securities commissions may indirectly collect the Personal Information under the authority granted to them by securities legislation. The Personal Information is being collected for the purposes of the administration and enforcement of the securities legislation of the jurisdiction of each securities commission. For questions about the indirect collection of Personal Information by the Ontario Securities Commission, please contact the Administrative Assistant to the Director of Corporate Finance, Suite 1903, Box 5520 Queen Street West, Toronto, Ontario, M5H 3S8, telephone: 416-593-8086.

ARTICLE 9– MISCELLANEOUS

9.1 Further Assurances

Each of the parties hereto upon the request of each of the other parties hereto, whether before or after the Closing Time, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be necessary or desirable to complete the transactions contemplated herein.

9.2 Notices

(a) Any notice, direction or other instrument required or permitted to be given to any party hereto shall be in writing and shall be sufficiently given if delivered personally, or transmitted by facsimile tested prior to transmission to such party, as follows:

- (i) in the case of the Corporation, to:

Stornoway Diamond Corporation
860-625 Howe Street
Vancouver, British Columbia
V6C 2T6

Attention: Eira Thomas, President & CEO
Fax: 604-689-5041

with a copy (which shall not constitute notice) to :

DuMoulin Black LLP
10th Floor, 595 Howe Street
Vancouver, British Columbia
V6C 2T5

Attention: C. Bruce Scott
Fax: 604-687-8772, and

(ii) in the case of the Subscriber to:

Agnico-Eagle Mines Limited
Suite 500-145 King Street East
Toronto, Ontario
M5C 2Y7

Attention: R. Gregory Laing, Legal
Fax: 416-367-4681

with a copy to, which does not constitute notice:

Cassels Brock & Blackwell LLP
Scotia Plaza
40 King Street West
Toronto, Ontario
M5H 3C2

Attention: Mark Bennett
Fax: 416-350-6933

(b) Any such notice, direction or other instrument, if delivered personally, shall be deemed to have been given and received on the day on which it was delivered, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day and if transmitted by fax, shall be deemed to have been given and received on the day of its transmission, provided that if such day is not a Business Day or if it is transmitted or received after the end of normal business hours then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following the day of such transmission.

(c) Any party hereto may change its address for service from time to time by notice given to each of the other parties hereto in accordance with the foregoing provisions.

9.3 Time of the Essence

Time shall be of the essence of this Subscription Agreement and every part hereof.

9.4 Costs and Expenses

All costs and expenses incurred by the Corporation and the Subscriber relating to the purchase of the Class A Subscription Receipts and Class B Subscription Receipts by the Subscriber shall be borne by the applicable party whether or not the Offering is completed.

9.5 Applicable Law

This Subscription Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Any and all disputes arising under this Subscription Agreement, whether as to interpretation, performance or otherwise, shall be subject to the non-exclusive jurisdiction of the courts of the Province of British Columbia and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of such province.

9.6 Entire Agreement

This Subscription Agreement, including the Schedules hereto, constitutes the entire agreement between the parties with respect to the transactions contemplated herein and cancels and supersedes any prior understandings, agreements, negotiations and discussions between the parties. There are no representations, warranties, terms, conditions, undertakings or collateral agreements or understandings, express or implied, between the parties hereto other than those expressly set forth in this Subscription Agreement or in any such agreement, certificate, affidavit, statutory declaration or other document as aforesaid. This Subscription Agreement may not be amended or modified in any respect except by written instrument executed by each of the parties hereto.

9.7 Counterparts

This Subscription Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same Subscription Agreement. Counterparts may be delivered either in original or faxed form and the parties adopt any signature received by a receiving fax machine as original signatures of the parties.

9.8 Assignment

This Subscription Agreement may not be assigned by either party except with the prior written consent of the other party hereto.

9.9 Enurement

This Subscription Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, successors (including any successor by reason of the amalgamation or merger of any party), administrators and permitted assigns.

9.10 Language

The parties hereto acknowledge and confirm that they have requested that this Subscription Agreement as well as all notices and other documents contemplated hereby be drawn up in the English language. Les parties aux présentes reconnaissent et confirment qu'elles ont convenu que la présente convention ainsi que tous les avis et documents qui s'y rattachent soient rédigés dans la langue anglaise.

In witness whereof, the Corporation and the Subscriber have caused this Subscription Agreement to be executed as of the date first written above by their respective officers thereto duly authorized.

STORNOWAY DIAMOND CORPORATION

Per:  _____
Authorized Signing Officer

AGNICO-EAGLE MINES LIMITED

Per: 
Authorized Signing Officer

SCHEDULE "A"

STORNOWAY DIAMOND CORPORATION

as the Corporation

and

PACIFIC CORPORATE TRUST COMPANY

as the Escrow Agent

and

AGNICO-EAGLE MINES LIMITED

as the Purchaser

ESCROW AGREEMENT

JULY 21, 2006

ESCROW AGREEMENT

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ESCROW AGREEMENT

THIS AGREEMENT is made as of the 21st day of July, 2006

AMONG:

STORNOWAY DIAMOND CORPORATION

(the "**Corporation**")

- and -

PACIFIC CORPORATE TRUST COMPANY

(the "**Escrow Agent**")

- and -

AGNICO-EAGLE MINES LIMITED

(the "**Purchaser**")

(collectively, the "**Parties**")

WHEREAS:

- A. This agreement is being entered into by the Parties in connection with the private placement (the "**Private Placement**") by the Corporation of an aggregate of 15,670,297 Class A Subscription Receipts of the Corporation (the "**Class A Receipts**") at a price of \$1.2763 per Class A Receipt and 1,958,787 Class B Subscription Receipts of the Corporation (the "**Class B Receipts**" and, together with the Class A Receipts, the "**Receipts**") at a price of \$1.2763 per Class B Receipt, pursuant to a Subscription Agreement dated July 21, 2006 between the Corporation and the Purchaser, a copy of which is attached as Schedule "A" hereto (the "**Subscription Agreement**");
- B. Each Receipt is exchangeable on certain terms without payment of additional consideration into one common share of the Corporation (a "**Share**") and each Receipt is evidenced by a Receipts certificate (the "**Receipts Certificate**");
- C. The gross proceeds from the Private Placement of the Class A Receipts in the amount of \$20,000,000 (the "**Class A Proceeds**") will be held in escrow by the Escrow Agent until released pursuant to the terms of this Agreement; and
- D. The gross proceeds from the Private Placement of the Class B Receipts in the amount of \$2,500,000 (the "**Class B Proceeds**" and, together with the Class A Proceeds, the "**Proceeds**") will be held in escrow by the Escrow Agent until released pursuant to the terms of this Agreement; and
- E. The above recitals and any statements of fact in this Agreement are and shall be deemed to be made by the Corporation and the Purchaser and not by the Escrow Agent.

FOR GOOD AND VALUABLE CONSIDERATION, the Parties agree as follows:

PART 1 ESCROW

1.1 Appointment of Escrow Agent

The Corporation and the Purchaser hereby appoint the Escrow Agent, and the Escrow Agent agrees to act as Escrow Agent, in accordance with the provisions of this Agreement.

1.2 Deposit of Subscription Proceeds

- (1) Upon the receipt by the Escrow Agent of the Proceeds, the Escrow Agent shall immediately place such funds in escrow to be held in trust by the Escrow Agent pursuant to the terms of this Agreement. The Escrow Agent hereby agrees to hold the escrowed Class A Proceeds, plus accrued interest thereon (if any) (together, the "**Class A Escrowed Funds**") and the escrowed Class B Proceeds, plus accrued interest thereon (if any) (together, the "**Class B Escrowed Funds**" and, together with the Class A Escrowed Funds, the "**Escrowed Funds**") as agents for and on behalf of the Corporation and the Purchaser and to release and deal with the Escrowed Funds as provided herein.
- (2) The Escrow Agent shall invest the Escrowed Funds in Authorized Investments in its name in accordance with the terms of this Agreement. "**Authorized Investments**" means any evidence of indebtedness issued or guaranteed by the Government of Canada or any province thereof, any certificate of deposit or acceptance issued by a commercial banking institution under Schedule I of the *Bank Act* (Canada) or any interest bearing bank account with a commercial banking institution under Schedule I of the *Bank Act* (Canada).

1.3 Satisfaction of Escrow Release Conditions

- (1) Subject to Section 1.4 hereof, the Class A Escrowed Funds shall be held by the Escrow Agent until it receives a statutory declaration (in the form attached as Schedule "B" hereto) executed by the Chief Executive Officer or Chief Operating Officer of the Corporation (which declaration shall also be addressed and provided to the Purchaser) confirming that all the conditions of the Offer (as defined in the Subscription Agreement) have been satisfied or will be waived and that the Corporation will take up securities deposited under the Offer (the "**Class A Triggering Event Notice**").
- (2) Subject to Section 1.4 hereof, the Escrow Agent shall release the Class A Escrowed Funds, including accrued interest thereon to the date of receipt by the Escrow Agent of the Class A Triggering Event Notice, to the Corporation forthwith upon receipt of the Class A Triggering Event Notice.
- (3) Subject to Section 1.4 hereof, the Class B Escrowed Funds shall be held by the Escrow Agent until it receives a statutory declaration (in the form attached as Schedule "C" hereto) executed by the Chief Executive Officer or Chief Operating Officer of the Corporation (which declaration shall also be addressed and provided to the Purchaser) confirming that all the conditions of the Offer (as defined in the Subscription Agreement) have been satisfied or will be waived and that the Corporation has delivered a borrowing notice to BMO (as defined in the Subscription Agreement) to make its initial borrowing under the BMO Facility (as defined in the Subscription Agreement) (the "**Class B Triggering Event Notice**").
- (4) Subject to Section 1.4 hereof, the Escrow Agent shall release the Class B Escrowed Funds, including accrued interest thereon to the date of receipt by the Escrow Agent of

the Class B Triggering Event Notice, to the Corporation forthwith upon receipt of the Class B Triggering Event Notice.

- (5) The obligation under this Section 1.3 to pay and deliver all or a portion of the Escrowed Funds to the Corporation shall be satisfied by delivery of a certified cheque, bank draft or money order or, upon the direction of the Corporation, wire transfer drawn upon the account of the Escrow Agent payable in Vancouver, British Columbia to the Corporation at the address specified in Section 4.2 hereof.

1.4 Failure to Satisfy Escrow Release Conditions

- (1) If the Escrow Agent has not received the Class A Triggering Event Notice on or before the earliest of: (i) August 21, 2006, if the Corporation has not provided the Escrow Agent with notice that the formal takeover bid circular in respect of the Offer has been mailed before such date; (ii) the date on which the Escrow Agent receives a notice in writing from the Corporation that the Offer has been withdrawn or the Offer has expired without the conditions of the Offer being satisfied or waived by the Corporation; and (iii) 11:59 PM (Toronto Time) on the earlier of the tenth day after the expiry of the Offer and the 180th day after the date of the Offer (being the date the Offer is mailed by the Corporation as set out in the notice to be provided under (i) above) (either of (i), (ii) or (iii) being the "**Expiry Date**"), then the escrow release conditions contained in Subsections 1.3(1), (2) and (5) hereof shall be null and void, and the Escrow Agent shall forthwith release the Class A Escrowed Funds, including accrued interest thereon to the Expiry Date, to the Purchaser pursuant to this Section 1.4.
- (2) If the Escrow Agent has not received the Class B Triggering Event Notice on or before the earliest of: (i) August 21, 2006, if the Corporation has not provided the Escrow Agent with notice that the formal takeover bid circular in respect of the Offer has been mailed before such date; (ii) the date on which the Escrow Agent receives a notice in writing from the Corporation that the Offer has been withdrawn or the Offer has expired without the conditions of the Offer being satisfied or waived by the Corporation; and (iii) 11:59 PM (Toronto Time) on the later of the 90th day after the expiry of the Offer and the 180th day after the date of the Offer (being the date the Offer is mailed by the Corporation as set out in the notice to be provided under (i) above) (either of (i), (ii) or (iii) being the "**Expiry Date**"), then the escrow release conditions contained in Subsections 1.3(3), (4) and (5) hereof shall be null and void, and the Escrow Agent shall forthwith release the Class B Escrowed Funds, including accrued interest thereon to the Expiry Date, to the Purchaser pursuant to this Section 1.4.
- (3) The obligation under this Section 1.4 to pay and deliver Escrowed Funds to the Purchaser shall be satisfied by delivering payment by certified cheque, bank draft or money order or, upon direction of the Purchaser, wire transfer drawn upon the account of the Escrow Agent payable in Vancouver, British Columbia to the Purchaser at the address specified in Section 4.3 hereof.

PART 2 RESIGNATION OF ESCROW AGENT

2.1 Resignation of Escrow Agent

- (1) If the Escrow Agent wishes to resign as Escrow Agent, the Escrow Agent will give written notice to the Corporation and the Purchaser.
- (2) If the Corporation, together with the Purchaser, wishes to terminate the Escrow Agent as Escrow Agent, the Corporation and the Purchaser will give written notice to the Escrow

Agent. For further clarity, neither the Corporation nor the Purchaser may terminate the Escrow Agent without the consent of the other.

- (3) If the Escrow Agent resigns or is terminated, the Corporation will be responsible for ensuring that the Escrow Agent is replaced not later than the resignation or termination date by another Escrow Agent that is acceptable to the Purchaser, which appointment will be binding on the Corporation and the Purchaser.
- (4) The resignation or termination of the Escrow Agent will be effective, and the Escrow Agent will cease to be bound by this Agreement, on the date that is 30 days after the date of receipt of the notices referred to in Subsections 2.1(1) or (2) above, as the case may be, by the Escrow Agent or the Purchaser and the Corporation, as the case may be, or on such other date as the Escrow Agent, the Corporation and the Purchaser may agree upon (the "**resignation or termination date**"), provided that the resignation or termination date will not be less than ten business days before the date on which the Escrowed Funds may be scheduled to be released pursuant to the terms hereof.
- (5) If the Corporation has not appointed a successor Escrow Agent within thirty days of the resignation or termination date, the Escrow Agent may apply, at the Corporation's expense, to a court of competent jurisdiction for the appointment of a successor Escrow Agent, and the duties and responsibilities of the Escrow Agent will cease immediately upon such appointment.
- (6) On any new appointment under this Section, the successor Escrow Agent will be vested with the same powers, rights, duties and obligations as if it had been originally named herein as Escrow Agent, without any further assurance, conveyance, act or deed. The predecessor Escrow Agent, upon receipt of payment for any outstanding amount for its services and expenses then unpaid, will transfer, deliver and pay over to the successor Escrow Agent, who will be entitled to receive all securities, records or other property on deposit with the predecessor Escrow Agent in relation to this Agreement and the predecessor Escrow Agent will thereupon be discharged from all further duties and obligations hereunder.

PART 3 OTHER CONTRACTUAL ARRANGEMENTS

3.1 Escrow Agent's Fees and Expenses

The Corporation agrees to pay the Escrow Agent's fees together with the Escrow Agent's expenses and disbursements. Notwithstanding any provision contained in the Agreement, the Corporation and the Purchaser agree that if any of the Escrow Agent's fees, expenses and disbursements are in arrears then the Escrow Agent reserves the right to withhold the release of any of the Escrowed Funds payable to the Corporation until such fees, expenses and disbursements are paid in full.

3.2 Advisors

The Escrow Agent may retain legal counsel and advisors as may be reasonably required for the purpose of discharging its duties or determining its rights under this Agreement, and may rely and act upon the advice of such legal counsel or advisor. The Corporation shall pay or reimburse the Escrow Agent for any reasonable fees, expenses and disbursements of such legal counsel or advisors.

3.3 Indemnification

The Corporation and the Purchaser hereby agree, jointly and severally, to indemnify and hold harmless the Escrow Agent, its officers, directors, employees and agents from and against any liability, loss, claim, action, cost and expense, including legal fees and disbursements (collectively, the

"Liabilities"), which may be asserted against the Escrow Agent arising from or out of this Agreement, provided that the Corporation and the Purchaser shall not be required to indemnify the Escrow Agent in the event that such Liabilities are a result of the gross negligence or wilful misconduct of the Escrow Agent. This provision shall survive the resignation or removal of the Escrow Agent or the termination of this Agreement.

3.4 Rights of Escrow Agent in Event of Disagreement

In the event of any disagreement arising regarding the terms of this Escrow Agreement, the Escrow Agent shall be entitled, at its option, to refuse to comply with any or all demands whatsoever until a settlement is reached concerning the dispute or until an order resolving such dispute is obtained from a court of competent jurisdiction and the time for appeal thereof has expired.

3.5 Reliance

The Escrow Agent shall be protected in acting and relying reasonably upon any written notice, direction, instruction, order, certificate, confirmation, request, waiver, consent, receipt, statutory declaration or other paper or document (collectively referred to as "**Documents**") furnished to it and signed by any person required to or entitled to execute and deliver to the Escrow Agent any such Documents in connection with this Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and accuracy of any information therein contained, which it in good faith believes to be genuine.

3.6 Escrow Agent has no Responsibility after Release

The Escrow Agent shall not have further responsibility for the Escrowed Funds that have been delivered to or at the direction of the Corporation in accordance with the terms of this Agreement.

3.7 Termination

Notwithstanding any provisions contained in this Agreement, if the Escrow Agent continues to hold any of the Escrowed Funds in escrow after one (1) year from the date of this Agreement, then the Escrow Agent shall return such funds to the Purchaser to be held in trust and the duties and obligations of the Escrow Agent under this Agreement shall cease immediately thereafter.

3.8 Express Duties

The Escrow Agent shall not have any duties or responsibilities except as expressly provided in this Agreement and shall have no liability or responsibility arising under any other agreement, including any agreement referred to in this Agreement, to which the Escrow Agent is not a party.

3.9 Severance of Illegal Provision

Any provision or part of a provision of this Agreement determined by a court of competent jurisdiction to be invalid, illegal or unenforceable shall be deemed stricken to the extent necessary to eliminate any invalidity, illegality or unenforceability, and the rest of the Agreement and all other provisions and parts thereof shall remain in full force and effect and be binding upon the parties hereto as though the said illegal and/or unenforceable provision or part thereof had never been included in this Agreement.

3.10 Compliance with Money Laundering Legislation

The Escrow Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Escrow Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money

laundering or anti-terrorist legislation, regulation or guideline. Further, should the Escrow Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on ten days' written notice to the Corporation and the Purchaser, provided: (i) that the Escrow Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Escrow Agent's satisfaction within such ten day period, then such resignation shall not be effective.

3.11 Privacy Provision

The Parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, no Party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation and the Purchaser will, prior to transferring or causing to be transferred personal information to the Escrow Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the Parties can rely or are not required under the Privacy Laws. The Escrow Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

PART 4 NOTICES

4.1 Notice to Escrow Agent

Documents will be considered to have been delivered to the Escrow Agent on the date of transmission, if delivered by fax during normal business hours, the date of delivery, if delivered by hand during normal business hours or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the following:

Pacific Corporate Trust Company
510 Burrard Street, 3rd Floor
Vancouver, British Columbia, V6C 3B9
Attention: Manager, Client Services

Fax: (604) 689-8144

4.2 Deliveries and Notice to Corporation

Documents will be considered to have been delivered to the Corporation on the date of transmission, if delivered by fax during normal business hours, the date of delivery, if delivered by hand during normal business hours or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the following:

Stornoway Diamond Corporation
Suite 860, 625 Howe Street
Vancouver, British Columbia, V6C 2T6
Attention: Eira Thomas, President and Chief Executive Officer

Fax: 604-689-5041

Any portion of the Escrowed Funds to be paid to the Corporation pursuant to this Agreement will be sent to the above address unless the Corporation has advised the Escrow Agent in writing otherwise at least three business days before such Escrowed Funds are to be released from escrow.

4.3 Deliveries to Purchaser

Documents will be considered to have been delivered to the Purchaser on the date of transmission, if delivered by fax during normal business hours, the date of delivery, if delivered by hand during normal business hours or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the following:

Agnico-Eagle Mines Limited
 145 King Street East, Suite 500
 Toronto, Ontario, M5C 2Y7
 Attention: R. Gregory Laing, Legal

 Fax: 416-367-4681

Any portion of the Escrowed Funds to be paid to the Purchaser pursuant to this Agreement will be sent to the above address unless the Purchaser has advised the Escrow Agent in writing otherwise at least three business days before such Escrowed Funds are to be released from escrow.

4.4 Change of Address

- (1) The Escrow Agent may change its address for delivery by delivering notice of the change of address to the Corporation and to the Purchaser.
- (2) The Corporation may change its address for delivery by delivering notice of the change of address to the Escrow Agent and to the Purchaser.
- (3) The Purchaser may change its address for delivery by delivering notice of the change of address to the Corporation and to the Escrow Agent.

4.5 Postal Interruption

A Party to this Agreement will not mail a document it is required to mail under this Agreement if the Party is aware of an actual or impending disruption of postal service.

4.6 General

The Corporation covenants to notify the Escrow Agent of the date of the Offer, the date of mailing of a formal takeover circular in respect of the Offer and the date of expiry of the Offer, if applicable (all as referenced in Subsection 1.4(1) and (2) hereof). The Escrow Agent shall forthwith forward by facsimile a copy of any notice, declaration or other instrument received under this Agreement from the Corporation to the Purchaser and shall forthwith forward by facsimile a copy of any notice, declaration or other instrument received under this Agreement from the Purchaser to the Corporation.

PART 5 GENERAL

5.1 Further Assurances

The Parties will execute and deliver any further documents and perform any further acts reasonably requested by any of the Parties to this Agreement which are necessary to carry out the intent of this Agreement.

5.2 Time

Time is of the essence of this Agreement.

5.3 Withholding of Taxes

Wherever the Escrow Agent is required to withhold taxes under this Agreement, the Escrow Agent shall withhold taxes only as specifically directed in writing by the Corporation.

5.4 Governing Laws

The laws of British Columbia and the applicable laws of Canada will govern this Agreement.

5.5 Counterparts

The Parties may execute this Agreement by fax and in counterparts, each of which will be considered an original and all of which will be one agreement.

5.6 Singular and Plural

Wherever a singular expression is used in this Agreement, that expression is considered as including the plural or the body corporate where required by the context.

5.7 Benefit and Binding Effect

This Agreement will benefit and bind the Parties and their heirs, executors, administrators, successors and permitted assigns and all persons claiming through them as if they had been a Party to this Agreement.

5.8 Entire Agreement

This is the entire agreement among the Parties concerning the subject matter set out in this Agreement and supersedes any and all prior understandings and agreements.

The Parties have executed and delivered this Agreement as of the date set out above.

STORNOWAY DIAMOND CORPORATION

Name:
Title:

PACIFIC CORPORATE TRUST COMPANY

Name:
Title:

Name:
Title:

AGNICO-EAGLE MINES LIMITED

Name:
Title:

SCHEDULE "A"

SCHEDULE "B"

STATUTORY DECLARATION

In the Matter of Subsection 1.3(1) of the Escrow Agreement dated July 21, 2006 among Stornoway Diamond Corporation, Pacific Corporate Trust Company and Agnico-Eagle Mines Limited

To: Pacific Corporate Trust Company

And to: Agnico-Eagle Mines Limited

I, ●, the Chief Executive Officer/Chief Operating Officer of Stornoway Diamond Corporation, DO SOLEMNLY DECLARE, that all the conditions of the Offer (as defined in the subscription agreement dated July 21, 2006 between Stornoway Diamond Corporation and Agnico-Eagle Mines Limited) have been satisfied or will be waived and that Stornoway Diamond Corporation will take up securities deposited under the Offer.

AND I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as it made under oath.

SWORN BEFORE ME at the City of ●, in)
the Province of ●, this ● day of ●, 20●.)
)
)
)
)
A Notary Public/Commissioner for taking)
Affidavits within ●)

_____)
●

SCHEDULE "C"

STATUTORY DECLARATION

In the Matter of Subsection 1.3(3) of the Escrow Agreement dated July 21, 2006 among Stornoway Diamond Corporation, Pacific Corporate Trust Company and Agnico-Eagle Mines Limited

To: Pacific Corporate Trust Company

And to: Agnico-Eagle Mines Limited

I, ●, the Chief Executive Officer/Chief Operating Officer of Stornoway Diamond Corporation, DO SOLEMNLY DECLARE, that all the conditions of the Offer (as defined in the subscription agreement dated July 21, 2006 between Stornoway Diamond Corporation and Agnico-Eagle Mines Limited) have been satisfied or will be waived and that Stornoway Diamond Corporation has delivered a borrowing notice to BMO (as defined in the subscription agreement dated July 21, 2006 between Stornoway Diamond Corporation and Agnico-Eagle Mines Limited) to make its initial borrowing under the BMO Facility (as defined in the subscription agreement dated July 21, 2006 between Stornoway Diamond Corporation and Agnico-Eagle Mines Limited).

AND I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as it made under oath.

SWORN BEFORE ME at the City of ●, in)
the Province of ●, this ● day of ●, 20●.)
)
)
)
)
_____)
A Notary Public/Commissioner for taking)
Affidavits within ●)
)

_____)
●

SCHEDULE "B"

REGISTRATION AND DELIVERY INSTRUCTIONS

Delivery: Please deliver the certificates representing the Receipts to:

AGNICO-EAGLE MINES LIMITED

Attention: R. Gregory Laing, General Counsel, Vice President, Legal and Corporate Secretary
Suite 500 – 145 King Street East, Toronto, ON M5C 2Y7

Registration: The certificates representing the Receipts which are to be delivered at Closing should be registered as follows:

AGNICO-EAGLE MINES LIMITED

Suite 500 – 145 King Street East, Toronto, ON M5C 2Y7

Words and terms herein with the initial letter or letters thereof capitalized and defined in the Subscription Agreement shall have the meanings given to such capitalized words and terms in the Subscription Agreement.

SCHEDULE "C"

DETAILS AS TO OUTSTANDING CONVERTIBLE SECURITIES

Description of Convertible Security	Number of Common Shares Issuable Upon Conversion	Exercise Price	Expiry Date
Option	300,000	\$0.65	April 4, 2007
Option	230,000	\$0.85	February 7, 2008
Option	485,040	\$0.97	February 11, 2008
Option	150,000	\$1.25	April 8, 2008
Option	903,256	\$1.70	January 8, 2009
Option	345,000	\$2.05	August 19, 2009
Option	145,000	\$1.80	September 28, 2009
Option	335,000	\$1.70	May 18, 2010
Option	385,000	\$1.05	December 30, 2010
Option	1,050,000	\$1.15	April 24, 2011

SCHEDULE "D"

OFFER CONDITIONS

Note: Terms not otherwise defined herein shall have the meanings ascribed to them in the lock-up agreement made as of July 21, 2006 among Stornoway Diamond Corporation, Ashton Canada Pty Limited (ABN 11 061 147 082) and Qit-Fer et Titane Inc. (the "**Lock-Up Agreement**")

Offer Conditions

Stornoway reserves the right to withdraw the Offer and not take up, purchase or pay for, and will have the right to accelerate or extend the period of time during which the Offer is open and postpone taking up and paying for, any Ashton Shares deposited under the Offer unless all of the following conditions are satisfied or waived by Stornoway at or prior to the Expiry Time:

- (a) ACPL and QIT shall have together validly tendered and not withdrawn at the Expiry Time (i) not less than 44,125,733 Ashton Shares and (ii) if the ACPL Escrow Agreement Consents have been obtained prior to the Expiry Time, an additional 4,912,249 Ashton Shares, and the lock-up agreement to which these conditions are attached shall not have been terminated;
- (b) Stornoway shall have determined in its reasonable judgment that there does not exist and there shall not have occurred since the date of Stornoway's announcement of its intention to make the Offer (or, if there does exist or shall have occurred prior to such date, there shall not have been disclosed generally) any change or effect (or condition, event or development involving a prospective change or effect) which, when considered either individually or in the aggregate, would have a Material Adverse Effect on Ashton or which if the Offer were consummated would have a Material Adverse Effect on Stornoway and Ashton taken as a whole (the "**Combined Entity**");
- (c) Stornoway shall have determined in its reasonable judgment that there shall not have occurred a Restricted Event;
- (d) the government or regulatory approvals, orders, authorizations and consents required to be obtained in order to complete the Offer shall have been obtained or concluded or, in the case of waiting or suspensory periods, such periods shall have expired or been terminated, each on terms and conditions satisfactory to Stornoway, acting reasonably;
- (e) Stornoway shall have determined in its reasonable judgement that (i) no act, action, suit or proceeding shall have been threatened in writing or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission or by any elected or appointed public official or by any other Person in Canada, the United States or elsewhere, whether or not having the force of Law and (ii) no Law, regulation or policy shall have been proposed, enacted, promulgated or applied, in either case:
 - (A) to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or the sale to Stornoway of the Ashton Shares, the right of Stornoway to own or exercise full rights of ownership of the Ashton Shares, the issue of Stornoway Shares pursuant to the Offer, or the making or consummation of the Offer;
 - (B) which, if the Offer were consummated, would have a Material Adverse Effect on the Combined Entity; or

- (C) which would materially and adversely affect the ability of Stornoway to make and successfully complete the Offer or purchase the Ashton Shares pursuant to the Offer;
- (f) Stornoway shall not have become aware of any untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings in relation to all matters covered in earlier filings), in any document filed by or on behalf of Ashton with any securities regulatory authority in Canada or elsewhere which has or may have a Material Adverse Effect on Ashton or which, if the Offer were consummated, would have a Material Adverse Effect on the Combined Entity; and
- (g) Stornoway shall have determined in its reasonable judgement that there shall not have occurred, developed or come into effect or existence any event, action, state, condition or financial occurrence of national or international consequence or any Law, regulation, action, government regulation, inquiry or other occurrence of any nature whatsoever that materially adversely affects or would reasonably be expected to materially adversely affect the financial, banking or capital markets generally.

* * * *

For the purposes of this Schedule, the following terms not defined in the Lock-Up Agreement shall have the following meanings:

“Material Adverse Effect” means, when used in connection with a Person, any change or effect that is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), businesses, operations, prospects or results of operations of that Person, its subsidiaries and its material joint ventures taken as a whole, other than any effect (i) relating to the Canadian and United States economies, political conditions or securities markets in general; (ii) affecting the diamond mining industry in general; or (iii) relating to a change in the market trading price of shares of that Person primarily resulting from the Offer or the announcement thereof;

“Restricted Event” means, with respect to Ashton and its subsidiaries, any of the following:

- (i) the issuance, sale or authorization of any additional Ashton Shares, shares of any other class or series in the capital of Ashton, other voting securities or any securities convertible into, or options, rights or warrants, conditional or otherwise, to acquire, any of the foregoing (except upon the exercise of Ashton options or warrants, in each case in accordance with their terms, which were outstanding as of April 27, 2006 and except for the grant of additional Ashton options subsequent to such date under existing Ashton option plans consistent with past practice), or any other securities or rights in respect of, in lieu of, or in substitution or exchange for any shares in the capital of Ashton;
- (ii) declaring, paying, authorizing or making any distribution, payment or dividend on any of Ashton’s securities;
- (iii) acquiring or disposing of a material value of assets or securities (except in the ordinary course of business consistent with past practice or in accordance with plans publicly disclosed by Ashton prior to July 21, 2006);

- (iv) making any material capital expenditures (except in the ordinary course of business consistent with past practice or in accordance with plans publicly disclosed by Ashton prior to July 21, 2006);
- (vi) (A) incurring or committing to incur any indebtedness for borrowed money or issuing any debt securities in a material amount, except for borrowings in the ordinary course of business consistent with past practice under existing credit facilities, (B) incurring or committing to incur, or guaranteeing, endorsing or otherwise becoming responsible for, any other material liability, obligation or indemnity or the obligation of any other Person, except in the ordinary course of business consistent with past practice, or (C) making any loans or advances to Persons other than wholly-owned subsidiaries, except in the ordinary course of business consistent with past practice;
- (ix) any default, termination, acceleration or other event under any material instrument or agreement to which Ashton or any of its subsidiaries is a party or by which any of their respective properties or assets are bound which would have a Material Adverse Effect on Ashton whether such event occurred as a result of Stormoway making the Offer, the taking up and paying for the Ashton Shares under the Offer or otherwise;
- (x) entering into or completing any material transaction not in the ordinary course of business or in accordance with plans publicly disclosed by Ashton prior to July 21, 2006;
- (xi) the authorization by the board of directors of Ashton or the Ashton Shareholders of any of the foregoing; and
- (xii) the entering into of any agreement to do any of the foregoing.

SCHEDULE "E"

FORM OF CLASS A SUBSCRIPTION RECEIPTS

SCHEDULE "F"

FORM OF CLASS B SUBSCRIPTION RECEIPTS