

S 151783-2
Nov. 27/07
\$ 236,250.00

Form 45-106F1
Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer information

Item 1: State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

Arctic Star Diamond Corp.
Suite 2833, Three Bentall Centre
P.O. Box 49057, 595 Burrard Street
Vancouver, British Columbia
V7X 1C4
Tel. (604) 689-1799

BC Securities
Commission
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Item 2: State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The issuer is a reporting issuer in British Columbia, Alberta and Ontario

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

- | | |
|---|---|
| <input type="checkbox"/> Bio-tech | <input checked="" type="checkbox"/> Mining |
| <input type="checkbox"/> Financial Services | <input checked="" type="checkbox"/> Exploration/development |
| <input type="checkbox"/> Investment companies and funds | <input type="checkbox"/> Production |
| <input type="checkbox"/> Mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) |
-

Details of distribution

Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

Item 5: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

November 27, 2007

Item 6: For each security distributed:

- (a) describe the type of security,

Flow Through Units and Non-Flow Through Units.

- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

1,145,000 Flow-Through Units; each Flow-Through Unit consists of one flow-through common share of the Company and one non-transferable non-flow-through share purchase warrant (a "\$0.35 Warrant). Each whole \$0.35 Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.35 per share until November 27, 2009.

430,000 Non-Flow-Through Units; each Non-Flow-Through Unit consists of one non-flow-through common share of the Company and one non-transferable non-flow-through share purchase warrant (a "\$0.25 Warrant). Each whole \$0.25 Warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.25 per share until November 27, 2009.

- (c) state the exemption(s) relied on.

Section 2.3 (2) of National Instrument 45-106

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

| Each jurisdiction where purchasers reside | Number of purchasers | Price per security (Canadian \$) ¹ | Total dollar value raised from purchasers in the jurisdiction (Canadian \$) |
|--|----------------------|---|---|
| British Columbia | 8 | \$0.15 | \$106,500.00 |
| Quebec | 6 | \$0.15 | \$78,000.00 |
| Ontario | 3 | \$0.15 | \$51,750 |
| Total number of Purchasers | 17 | | |
| Total dollar value of distribution in all jurisdictions (Canadian \$) | | | \$236,250.00 |

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

| Full name and address of the person being compensated | Compensation paid or to be paid (cash and/or securities) | | | | |
|--|--|--------------------------------------|----------------------------------|---|---|
| | Cash (Canadian \$) | Securities | | | Total dollar value of compensation (Canadian \$) |
| | | Number and type of securities issued | Price per security | Exemption relied on and date of distribution | |
| Rahamin Amram 1004 – 1445 West 13 th Avenue Vancouver, BC V6H 1P2 | \$1,350.00 commission | N/A | N/A | N/A | \$1,350.00 |
| Lorraine Levine 65 Magpie Crescent Toronto, ON M2L 2E6 | \$900.00 commission | N/A | N/A | N/A | \$900.00 |
| AHR Consultants (Arnold Rosen) 11 Rostrevor Road Toronto, ON M6C 3E5 | \$630.00 commission | N/A | N/A | N/A | \$630.00 |
| Aaron Cheer 3515 Prince Albert Street Vancouver, BC V5V 4H8 | N/A | 9,000 common shares | Deemed price of \$0.15 per share | s 128(f) of the <i>Securities Act</i> (British Columbia) Rules November 27, 2007 | NA |

Item 9: If a distribution is made in Ontario, please include the attached “Authorization of Indirect Collection of Personal Information for Distributions in Ontario”. The “Authorization of Indirect Collection of Personal Information for Distributions in Ontario” is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

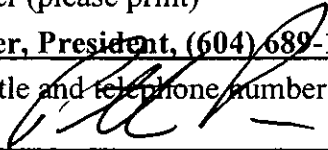
Date: December 7, 2007.

ARCTIC STAR DIAMOND CORP.

Name of issuer (please print)

Patrick Power, President, (604) 689-1799

Print name, title and telephone number of person signing


Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in the jurisdiction(s) where the form is filed, at the address(es) listed at the end of this report.