

REPORT OF EXEMPT DISTRIBUTION

Issuer Information

1. State the full name, address and telephone number of the issuer of the security distributed. Include former name if name has changed since last report. If this report is filed by a vendor, other than the issuer, also state the full name and address of the vendor.

Arctic Star Diamond Corp.
Suite 1473, 595 Burrard Street
Vancouver, BC V7X 1C4
Phone: (604) 689-1799

2. State whether the issuer is or is not an exchange issuer and, if reporting, the jurisdictions in which it is reporting.

The Issuer is an exchange issuer and is a reporting issuer in the jurisdictions of British Columbia, Alberta and Ontario.

Details of Distribution

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

September 10, 2003.

4. For each security distributed:

- (a) describe the type of security, and
- (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.

√ 1,069,832 units. Each unit consists one common share without par value in the capital and one non-transferable share purchase warrant entitling the holder to purchase one additional common share without par value in the capital stock of the Company for a period of two years at a price of Cdn \$0.63 per share.

√

7,905 common shares at a deemed price of \$0.63 per share.

5. Provide details of the distribution by completing the attached schedule.

See attached.

6. Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Provide a total dollar value of all securities

distributed in all jurisdictions. Do not include in this table, securities issued as payment for commissions or finders fees disclosed under item 7, below.

Each jurisdiction where purchasers reside	Price per security (Canadian \$)	Total dollar value raised from purchasers in the jurisdiction (Canadian\$)
British Columbia	\$0.63	\$301,798.80 ^X 215,316,888.74
Ontario	\$0.63	\$245,100.00
United States	\$0.63	\$ 20,000.00
Turks & Caicos Islands	\$0.63	\$ 75,000.00
Total dollar value of distribution in all jurisdictions (Canadian \$)		\$641,898.80

Commissions and Finder's Fees

7. Provide the following information for each person who is being compensated in connection with the distribution(s). When disclosing compensation paid or to be paid, include discounts, commissions or other fees or payments of a similar nature directly related to the distribution. Do not include payments for services incidental to the trade, such as clerical, printing, legal or accounting services.

Full Name and Address of person being compensated	Compensation paid (in Canadian \$ and, if applicable, number and type of securities)	Exemption relied on and date of distribution (if applicable)	Price per share (Canadian \$)
Euro Consulting Group 208-209 South Van Dorn Street, Alexandria, Virginia, USA 22304 (Andrew Gross)	\$23,500 cash	N/A	Nil
Graham Taylor 2206 - 950 Cambie Street, Vancouver, B.C.	\$5,000 cash	N/A	Nil
#149 Seabright Holdings 15095 Royal Avenue White Rock, B.C., V4B 1M1 (Tracey Chysik)	\$11,800 cash	N/A	Nil
471300 B.C. Limited 201 - 467 Cumberland Road, Courtenay, B.C., V9N 2C5 (Kim Measor)	7,905 common shares	MI 45-103 (3.1) Sept 10, 2003	\$0.63

Full Name and Address of person being compensated	Compensation paid (in Canadian \$ and, if applicable, number and type of securities)	Exemption relied on and date of distribution (if applicable)	Price per share (Canadian \$)
Minjay Holdings Ltd. 398 New Dundee Road, Kitchener, Ontario N2P 2N7 (Jay Kelly)	\$6,000 cash	N/A	Nil

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1. \$40,500 / 7.95 CM = \$4,980.15

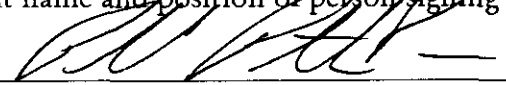
Certificate

On behalf of the issuer (or vendor), I certify that the statements made in this report and in each schedule to this report are true.

DATED at Vancouver, BC, this 27th day of September, 2003.

Arctic Star Diamond Corp.
Name of Issuer or vendor (*please print*)

PATRICK POWER PRESIDENT
Print name and position of person signing


Signature