



**ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD
ON MAY 14, 2019**

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
and
MANAGEMENT INFORMATION CIRCULAR**

**This Notice and Management Information Circular,
along with accompanying materials, require your immediate attention.**

April 1, 2019

April 1, 2019

Dear Shareholders:

This year's Annual Meeting will be held at the offices of Norton Rose Fulbright Canada LLP located at 1 Place Ville-Marie, suite 2500, Montréal, Québec, H3B 1R1, on Tuesday, May 14, 2019, at 4:00 p.m. (Eastern Time). Items to be considered at this meeting, namely the election of Directors and the appointment of auditors are described in the accompanying Notice of Annual Meeting of Shareholders and management information circular. The contents and filing of this information circular have been approved by the Board of Directors.

We hope you find that this year's information circular contains all the information you require in order to make well-informed decisions. We take our disclosure obligations seriously and we invite you to read the entire information circular carefully. For the first time, Stornoway Diamond Corporation ("the **Corporation**") is using notice-and-access to send the Notice of Annual Meeting of Shareholders and management information circular to beneficial owners and registered holders of its common shares.

Your participation in the affairs of Stornoway Diamond Corporation is important to us and we encourage you to exercise your voting right. If you are unable to attend the Annual Meeting in person, you may complete and return the proxy form or voting instructions form in the envelope provided for this purpose.

Finally, we would like to thank you for your continued confidence and support of Stornoway Diamond Corporation. We look forward to your participation at the meeting.

Sincerely,

"Ebe Scherkus"

Ebe Scherkus,

Chair



NOTICE OF 2019 ANNUAL GENERAL MEETING

You are receiving this notice as a shareholder of Stornoway Diamond Corporation (the “**Corporation**”). Please read the meeting materials carefully before voting your common shares.

When

Tuesday, May 14, 2019 at 4:00 p.m. (Eastern Time)

Where

Norton Rose Fulbright Canada LLP located at 1 Place Ville-Marie, suite 2500, Montréal, Québec, H3B 1R1.

What The Meeting Is About

1. Receiving the consolidated financial statements of the Corporation for the financial year ended December 31, 2018 together with the auditor’s report thereon;
 2. Electing the Corporation’s directors for the ensuing year;
 3. Appointing the auditor of the Corporation for the ensuing year; and
- Transacting such further or other business as may properly come before the Meeting and any adjournments thereof.

Right To Vote

Please note that you cannot vote by returning this notice. You may vote your common shares on the Internet, by telephone or mail. Please refer to the instructions on your separate proxy or voting instruction form on how to vote using these methods. You may also vote in person by following the instructions in the section of the circular entitled “Questions and Answers on Voting”.

Registered Shareholders

Computershare Investor Services Inc. (“**Computershare**”), our transfer agent, must receive your proxy form or you must have voted by Internet or telephone before Friday, May 10, 2019 at 4:00 p.m. (Eastern Time).

Non-Registered Shareholders

Your intermediary must receive your voting instructions with sufficient time for your vote to be processed before Friday, May 10, 2019 at 4:00 p.m. (Eastern Time). If you vote by Internet or telephone, you must do so prior to Friday, May 10, 2019 at 4:00 p.m. (Eastern Time). Alternatively, you may be a non-registered shareholder who will receive from your intermediary a proxy form that has been pre-authorized

by your intermediary indicating the number of shares to be voted, which is to be completed, dated, signed and returned to Computershare by mail before Friday, May 10, 2019 at 4:00 p.m. (Eastern Time).

Meeting Materials

For the first time, the Corporation has opted to use “notice-and-access” to deliver the management information circular to both registered and non-registered shareholders. This means that the circular is being posted online to access, rather than being mailed out. Notice-and-access substantially reduces printing and mailing costs and is environmentally friendly as it reduces paper and energy consumption. You will still receive a form of proxy or a voting instruction form that you can use to vote your shares of the Corporation.

The circular was mailed to shareholders who requested it.

How To Access The Circular

The circular is available on the Corporation’s website at www.stornowaydiamonds.com or on SEDAR at www.sedar.com.

How To Request A Paper Copy Of The Circular

The Corporation will provide a paper copy of the circular to any shareholder, free of charge, for a period of 1 year from the date the circular is filed on SEDAR. You may request such a paper copy by calling +1 (866) 964-0492 (toll free in Canada and the United States) or +1 (514) 982-8714 (from other countries) and following the instructions. Please allow a period of three (3) business days for processing your request as well as usual mailing times.

By Order of the Board of Directors,

“Patrick Godin”

Patrick Godin,
President and Chief Executive Officer

Montreal, Québec
April 1, 2019

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#400, 1111 St.-Charles Street West
Longueuil, Québec, J4K 5G4

MANAGEMENT INFORMATION CIRCULAR

GENERAL

Stornoway Diamond Corporation (“**Stornoway**” or the “**Corporation**”) is providing this Management Information Circular (the “**Circular**”) and a form of proxy in connection with management’s solicitation of proxies for use at the annual general meeting (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (the “**Common Shares**”) of the Corporation to be held on May 14, 2019 and at any adjournment(s) or postponement(s) thereof. Unless the context otherwise requires, when we refer in this Circular to the Corporation, its subsidiaries are also included.

DATE, TIME AND PLACE OF MEETING

The Meeting will be held at the offices of Norton Rose Fulbright Canada LLP located at 1 Place Ville-Marie, suite 2500, Montréal, Québec, H3B 1R1, on May 14, 2019, at 4:00 p.m. (Eastern Time).

INFORMATION CONTAINED IN THIS CIRCULAR

Information contained herein is given as of April 1, 2019 except as otherwise noted. Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters in connection herewith.

QUESTIONS AND ANSWERS ON VOTING

The following questions and answers provide guidance on how to vote your Common Shares.

WHO CAN VOTE?

Only Shareholders of record as at the close of business on April 1, 2019 (the “**Record Date**”) are entitled to receive notice of and to vote at the Meeting, and no person becoming a Shareholder after the Record Date shall be entitled to receive notice of and to vote at the Meeting or any adjournment thereof.

WHAT WILL I BE VOTING ON?

Shareholders will be voting: (i) to elect the Directors of the Corporation (the “**Directors**”) for the ensuing year; (ii) to appoint the auditors of the Corporation for the ensuing year; and (iii) on any other business matter as may properly come before the Meeting and that may require the vote of the Shareholders.

HOW WILL THESE MATTERS BE DECIDED AT THE MEETING?

A simple majority of the votes cast by Shareholders, in person or by proxy, will constitute approval of these matters.

WHO IS SOLICITING MY PROXY?

Management is soliciting your proxy. It is expected that the solicitation will be made primarily by mail but proxies may also be solicited by telephone, over the Internet, in writing or in person, by Directors, officers or regular employees of the Corporation, who will receive no other compensation therefor in addition to their regular remuneration.

WHO CAN I CALL WITH QUESTIONS?

If you have questions about the information contained in this Management Information Circular or require assistance in completing your form of proxy, please call Computershare Investor Services Inc., the Corporation's transfer agent, at 1-514-982-7555 or toll-free at 1-800-564-6253.

HOW DO I VOTE?

If you are eligible to vote and you are a Shareholder of record as at the close of business on the Record Date, you can vote your Common Shares in person at the Meeting or by proxy, as explained below. If your Common Shares are held in the name of a depositary or a nominee such as a trustee, financial institution or securities broker, please see the instructions below under "How do I vote if I am a Non-Registered Shareholder?"

HOW DO I VOTE IF I AM A REGISTERED SHAREHOLDER?

1. VOTING BY PROXY

If you are eligible to vote you may appoint someone else to vote for you as your proxy holder by using the form of proxy. The purpose of a proxy is to designate persons who will vote the proxy on a Shareholder's behalf in accordance with the instructions given by the Shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Corporation (the "**Management Proxyholders**").

Each Shareholder is entitled to appoint a person other than the Management Proxyholders in the form of proxy to represent such Shareholder at the Meeting. A Shareholder who wishes to appoint some other person (who need not be a Shareholder) to represent him, her or it at the Meeting may do so either by striking out the names set forth in the form of proxy and by inserting such person's name in the blank space provided therein or by completing another proper form of proxy.

WHERE DO I SEND MY FORM OF PROXY AND WHAT IS THE DEADLINE FOR RECEIVING THE FORM OF PROXY?

To be valid, the enclosed form of proxy must be signed, dated and returned to Computershare Investor Services Inc. (the "**Transfer Agent**" or "**Computershare**") by no later than 4:00 p.m. (Eastern Time) on May 10, 2019, or in the event the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before the time the adjourned Meeting is reconvened or the postponed meeting is held. Such form of proxy must be returned in the enclosed envelope addressed to Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Canada, Attention: Proxy Unit. A Shareholder can also vote using the telephone or over the Internet by following the instructions on the enclosed form of proxy.

HOW WILL MY COMMON SHARES BE VOTED IF I GIVE MY PROXY?

Common Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

If a Shareholder does not specify a choice and the Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting. The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

IF I CHANGE MY MIND, HOW CAN I REVOKE MY PROXY?

A registered Shareholder who has given a proxy may revoke such proxy by:

- completing and signing a proxy bearing a later date and depositing it with the Transfer Agent as described above;
- depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing (a) at the registered office of Stornoway at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement of the Meeting, at which the proxy is to be used or (b) with the scrutineers of the Meeting, to the attention of the chair of the Meeting, prior to the commencement of the Meeting on the day of the Meeting, or any adjournment or postponement thereof; or
- in any other manner permitted by law.

If you are a non-registered Shareholder, you may revoke voting instructions that you have given to your intermediary at any time by written notice to the intermediary. However, your intermediary may be unable to take any action on the revocation if you do not provide your revocation sufficiently in advance of the Meeting.

2. VOTING IN PERSON

If you wish to vote in person, you may present yourself to a representative of Computershare at the registration table at the Meeting. Your vote will be taken and counted at the Meeting.

HOW DO I VOTE IF I AM A NON-REGISTERED SHAREHOLDER?

All of the Common Shares beneficially owned by a non-registered Shareholder (a “**Non-Registered Shareholder**”) are registered in the name of a depositary or a nominee such as a trustee, financial institution or securities broker. For example, Common Shares listed in an account statement provided by the broker of a Shareholder are not registered in the Shareholder's name. If you are not sure whether you are a non-registered Shareholder, please contact Computershare by telephone at 1-514-982-7555 or toll-free at 1-800-564-6253 or by e-mail at service@computershare.com.

Non-registered Shareholders are either “objecting beneficial owners” or “OBOs”, who object that intermediaries disclose information about their ownership in the Corporation or “non-objecting beneficial owners” or “NOBOs”, who do not object to such disclosure. The Corporation does not intend to pay for brokers or intermediaries to

forward to OBOs the proxy-related materials and voting instruction form. Accordingly, OBOs will not receive these materials unless the OBO’s broker or intermediary assumes the cost of delivery.

There are two (2) ways, listed below, for Non-Registered Shareholders to vote their Common Shares.

1. GIVING YOUR VOTING INSTRUCTIONS

Applicable securities laws require Shareholders’ nominees to seek voting instructions from them in advance of the Meeting. Accordingly, Shareholders will receive or have already received from their nominees a request for voting instructions for the number of Common Shares they beneficially own. Every nominee has its own mailing procedures and provides its own signature and return instructions, which should be carefully followed by Non-Registered Shareholders to ensure that their Common Shares are voted at the Meeting.

2. VOTING IN PERSON

If Non-Registered Shareholders wish to vote in person at the Meeting, they have to insert their own name in the space provided on the request for voting instructions provided by their nominee to appoint themselves as a proxy holder and follow the signature and return instructions of their nominee. Non-Registered Shareholders who appoint themselves as proxy holders should present themselves to a representative of Computershare at the registration table at the Meeting. Such Shareholders do not otherwise have to complete the request for voting instructions sent to them as they will be voting at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Each Shareholder of record at the close of business on April 1, 2019 (the “**Record Date**”) is entitled to receive notice of, and will be entitled to vote at, the Meeting. As of the Record Date, Stornoway had a total of 924,411,023 issued and outstanding Common Shares, each carrying one vote. Each holder of Common Shares is entitled to one vote at the Meeting or any adjournment thereof for each Common Share registered in the holder’s name as at the Record Date, notwithstanding any transfer of any Common Shares on the books of Stornoway after the Record Date. To the knowledge of the Directors and executive officers of the Corporation, as of the Record Date, the only persons who beneficially own, directly or indirectly, or exercise control or direction over shares carrying 10% or more of the voting rights attached to all shares of the Corporation are as follows:

<i>Name</i>	<i>Number of Common Shares</i>	<i>% of Issued Common Shares</i>
Ressources Québec (“ RQ ”) and its affiliates (including Diaquem Inc. (“ Diaquem ”), a wholly-owned subsidiary of SOQUEM INC., itself a wholly-owned subsidiary of Investissement Québec (“ IQ ”))	238,318,001	25.78 % ⁽¹⁾
Orion Co-Investments I LLC, a company managed by Orion Mine Finance Management I Limited, and its affiliates (“ Orion ”)	130,083,596	14.07 % ⁽²⁾
Caisse de dépôt et placement du Québec (“ CDPQ ”) and its affiliates	101,867,518	11.02% ⁽³⁾

(1) RQ holds 14,285,714 share purchase warrants for conversion into Common Shares at any time prior to maturity on December 7, 2023 at an exercise price of C\$0.455 (the “**2018 Warrants**”). Assuming conversion of its 2018 Warrants, RQ and its affiliates (including Diaquem) would hold an aggregate of 252,603,715 Common Shares, representing approximately 26.91% of the then outstanding Common Share on a partially diluted basis.

(2) Orion Co-Investments I (Convert) LLC, a company managed by Orion Mine Finance Management I Limited, holds US\$20,500,000 aggregate principal amount of convertible debentures of Stornoway (the “**Convertible Debentures**”), which are convertible into Common Shares at any time prior to maturity on July 8, 2021 at a conversion rate of US\$0.8863. Assuming

conversion of its Convertible Debentures, Orion would hold an aggregate of 153,213,461 Common Shares, representing approximately 16.17% of the then outstanding Common Share on a partially diluted basis.

- (3) CDPQ holds 14,000,000 warrants for conversion into Common Shares at any time prior to maturity on July 8, 2019 at an exercise price of C\$0.945 and an affiliate of CDPQ holds 28,571,429 warrants for conversion into Common Shares at any time prior to maturity on October 2, 2023 at an exercise price of C\$0.455. Assuming conversion of all its warrants, CDPQ and its affiliates would hold an aggregate of 144,438,947 Common Shares, representing approximately 14.94% of the then outstanding Common Share on a partially diluted basis.

BUSINESS OF THE MEETING

The Meeting will address the following matters:

1. Receiving the consolidated financial statements of the Corporation for the financial year ended December 31, 2018 together with the auditor's report thereon;
2. Electing the Corporation's directors for the ensuing year;
3. Appointing the auditor of the Corporation for the ensuing year; and
4. Transact such further or other business as may properly come before the Meeting and any adjournments thereof.

1. Receiving the Consolidated Financial Statements of Stornoway Diamond Corporation

The audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2018 (“**Fiscal 2018**”), together with the report of the Independent Auditor thereon are available on SEDAR at www.sedar.com or on the Corporation's website at <http://www.stornowaydiamonds.com> and will be available at the Meeting. The audited consolidated financial statements of the Corporation for Fiscal 2018 were mailed to shareholders who requested them.

2. Election of Directors

At the Meeting, shareholders will be asked to elect eight (8) directors to succeed the present directors. Each director elected will hold office until the conclusion of the next annual meeting of Shareholders of the Corporation at which a director is elected, unless the director's office is earlier vacated in accordance with the Articles of Incorporation of the Corporation and the provisions of the *Canada Business Corporations Act*.

Management of the Corporation proposes to nominate each of the following persons for election as a director. All nominees for election as directors of the Corporation, other than Mr. John Hadjigeorgiou, are current directors. Four (4) current directors, Mr. Eberhart Scherkus, Mr. Matthew L. Manson, Mr. Peter B. Nixon and Mr. John LeBoutillier, are not standing for re-election at the Meeting. The Corporation wishes to express its thanks to each of these directors for their many years of valuable service and contribution.

In the absence of instructions to the contrary, the enclosed proxy will be voted FOR the nominees herein listed. Information concerning such persons, as furnished by the individual nominees, is as follows:

DIRECTORS PROFILE

Michele S. DARLING Ontario, Canada ⁽¹⁾



Independent: Yes

Securities Held

Common Shares ⁽²⁾: 0

Options ⁽³⁾: 0

DSUs ⁽³⁾: 688,228

Total Compensation:

\$102,781 ⁽¹¹⁾

Director since: June 13, 2018 ⁽⁴⁾

Committees and Attendance

Board: 6 of 6 ⁽⁵⁾

Human Resources and Compensation Committee: 4 of 4 ⁽⁵⁾

Corporate Governance and Nominating Committee: 2 of 2 ⁽⁵⁾

Areas of expertise

Human Resources and Compensation

Governance

Strategic Leadership

Current Occupation

President and CEO of Michele Darling & Associates

Biography

President and CEO of Michele Darling & Associates since 2003; former Executive Vice President, Human Resources at CIBC (1991-1996); former Executive Vice President, Corporate Governance with Prudential Financial, Inc. (1996-2002). Director of Nickel Creek Platinum Corp., the Denihan Hospitality Group (New York), Trillium Health Partners; former director of Osisko Mining Corp. and Hewitt Equipment Ltd. Ms. Darling is a graduate of the Institute of Corporate Directors (ICD) in partnership with the Rotman School of Management, and holds a B.A. (Honours) from the University of Sydney and a Master's degree in Education from the University of Toronto.

Other Public Boards

Nickel Creek Platinum Corp.

Patrick GODIN Québec, Canada ⁽¹⁾



Independent: No

Securities Held

Common Shares ⁽²⁾: 184,400

Options ⁽³⁾: 3,212,500

PSUs ⁽³⁾: 1,975,260

Total Compensation:

\$691,265

Director since: July 2014

Committees and Attendance

Board: 9 of 9

Environmental Health and Safety Committee: 4 of 4

Areas of expertise

Mining Industry Experience

Environment, Health & Safety / Corporate Social Responsibility

Mining

Current Occupation

President and Chief Executive Officer of Stornoway ("CEO").

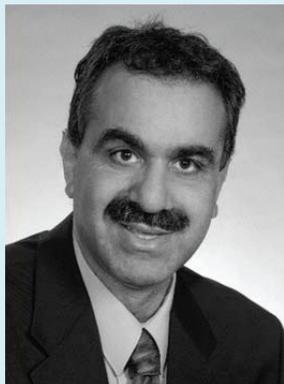
Biography

Professional Engineer; President and CEO of Stornoway since January 2019; former COO of Stornoway (2010-2018); former Vice-President, Project Development for G Mining Services Inc. (2009-2010); former Vice-President, Operations for Canadian Royalties Inc. (2007-2008); former Chairman of the board of directors of GeoMega Resources Inc.; former Director of Orbit Garant Drilling Inc.

Other Public Boards

Mason Graphite Inc., Nemaska Lithium Inc.

John HADJIGEORGIOU ⁽⁶⁾
Ontario, Canada ⁽¹⁾



Independent: Yes

Securities Held

Common Shares ⁽²⁾: 20,000
Options ⁽³⁾: 0
DSUs ⁽³⁾: 0

Total Compensation:

n/a

Committees and Attendance

Board: n/a ⁽⁶⁾

Areas of expertise

Mining
Engineering
Human Resources
Health & Safety

Current Occupation

Pierre Lassonde Chair in Mining Engineering of the University of Toronto;

Biography

Professional Engineer in Quebec and Ontario; Pierre Lassonde Chair in Mining Engineering at the University of Toronto; President and Director of Georock Inc; Former Head of Department of Mining, Metallurgical & Materials Engineering at Université Laval (2001-2005); Former Professor, Dept. of Mining & Metallurgy at Université Laval (1990-2009); Former Director of the *Consortium de Recherche Minérale* ("COREM") (2001-2005) and the Canada Mining Innovation Council (CMIC) (2008-2014); Led multi-million-dollar research projects for the mining industry; Fellow of the Canadian Institute of Mining, holds a PhD in Mining Engineering and a Masters' in Mining Engineering both from McGill University, and is a graduate of the Institute of Corporate Directors (ICD).

Other Public Boards

n/a

Hume KYLE
Ontario, Canada ⁽¹⁾



Independent: Yes

Securities Held:

Common Shares ⁽⁷⁾: 42,750
Options ⁽³⁾: 890,000
DSUs ⁽³⁾: 688,228

Total Compensation:

\$154,000 ⁽⁸⁾⁽¹¹⁾

Director since: August 2013

Committees and Attendance

Board: 8 of 9
Audit Committee: 5 of 5
Human Resources and Compensation Committee: 6 of 6

Areas of expertise

Mining Industry Experience
Capital Markets
Accounting
Human Resources and Compensation

Current Occupation

Executive Vice President and Chief Financial Officer of Dundee Precious Metals Inc.

Biography

Chartered Professional Accountant, Chartered Accountant and Chartered Financial Analyst; Executive Vice President and Chief Financial Officer of Dundee Precious Metals Inc. (precious metals mining company) (June 2011 to current); former Vice President, Treasurer and Controller of TransAlta Corporation (2009-2011).

Other Public Boards

n/a

Hubert T. LACROIX
Québec, Canada ⁽¹⁾



Independent: Yes

Securities Held

Common Shares ⁽²⁾: 100,000
Options ⁽³⁾: 0
DSUs ⁽³⁾: 510,000 ⁽¹²⁾

Total Compensation:

n/a

Director since: January 21, 2019 ⁽¹⁰⁾

Committees and Attendance

Board: n/a

Areas of expertise

Governance
Human Resources and Compensation
Mergers and Acquisitions
Strategic Leadership
Mining Industry Experience

Current Occupation

Strategic Counsel at Blake, Cassels & Graydon LLP (Blakes).

Biography

Strategic Counsel at Blakes since February 2019; Former President and CEO of CBC/Radio-Canada (2008-2018), the longest mandate in the history of the corporation; former Senior Advisor of Stikeman Elliott LLP (Montreal) (2005-2008); former Executive Chairman of Telemedia Corporation (2000-2005). Most of Mr. Lacroix's legal career was spent with McCarthy Tétrault LLP, where he spent close to twenty years concentrating on mergers and acquisitions of public companies and securities. Former director of many public companies including Cambior, Mitel/Zarlink Semiconductors, Transcontinental and Fibrek, and non-profit organizations like Montreal General Hospital Foundation and the Martlet Foundation of McGill University. Member of the Quebec Bar since 1977, Mr. Lacroix holds a Bachelor of Civil Law (1976) and an MBA (1981) from McGill University. He also holds the certified designation of ICD.D from the Institute of Corporate Directors (ICD) Corporate Governance College Program.

Other Public Boards

n/a

Angelina MEHTA
Québec, Canada ⁽¹⁾



Independent: Yes

Securities Held

Common Shares ⁽²⁾: 0
Options ⁽³⁾: 0
DSUs ⁽³⁾: 510,000 ⁽¹²⁾

Total Compensation:

n/a

Director since: January 21, 2019 ⁽¹⁰⁾

Committees and Attendance

Board: n/a

Areas of expertise

Mining
Engineering
Mining Industry Experience
Capital Markets
Accounting

Current Occupation

Founder of AM Consulting; Senior Mining Advisor for Paradigm Capital; Vice-President of Operations for North American Nickel

Biography

Founder of AM Consulting; Senior Mining Advisor with Paradigm Capital in investment banking since 2017, and Vice-President of Operations for North American Nickel. Former Investment Manager of Sentient Asset Management Canada; the Foundation of Greater Montreal and Azimut Exploration; former director of Meridian Mining, Pershimco Resources Inc. and Women in Mining Canada. Ms. Mehta holds a bachelor's degree in mining engineering and a Business Administration degree from McGill University, as well as a Master of Law degree from the Osgoode Hall Law School of York University.

Other Public Boards

Azimut Exploration Inc.
Falco Resources Ltd.

Gaston MORIN
Québec, Canada ⁽¹⁾



Independent: Yes

Securities Held

Common Shares ⁽²⁾: 45,000
Options ⁽³⁾: 765,000
DSUs ⁽³⁾: 688,228

Total Compensation:

\$153,500 ⁽⁸⁾⁽⁹⁾⁽¹¹⁾

Director since: October 2014

Committees and Attendance

Board: 9 of 9
Environmental Health and Safety Committee: 4 of 4
Corporate Governance and Nominating Committee: 5 of 5

Areas of expertise

Mining Industry Experience
Environment, Health & Safety / Corporate Social Responsibility
Mining

Current Occupation

Director of the Corporation.

Biography

Professional Engineer; Former Vice-President, Technology of Arcelor Mittal Mines Canada (formerly Québec Cartier Mining Company) (integrated steel and mining company) until 2013, Director of Quebec Iron Ore.

Other Public Boards

n/a

Marie-Anne TAWIL
Québec, Canada ⁽¹⁾



Independent: Yes

Securities Held

Common Shares ⁽²⁾: 0
Options ⁽³⁾: 605,000
DSUs ⁽³⁾: 688,228

Total Compensation:

\$145,500 ⁽⁸⁾⁽¹¹⁾

Director since: October 19, 2015

Committees and Attendance

Board: 9 of 9
Human Resources and Compensation Committee: 6 of 6
Corporate Governance and Nominating Committee: 5 of 5

Areas of expertise

Governance
Strategic Leadership
Human Resources and Compensation
Accounting
Mergers and Acquisitions

Current Occupation

Corporate Director and President and CEO of Iron Hill Investments Inc.

Biography

Member of the Barreau du Québec, she holds a license in Civil Law, a Bachelor of Common Law, an MBA and is certified by the Institute of Corporate Directors (ICD); President and CEO of Iron Hill Investments Inc., a commercial brokerage and development consulting company since 2000; President and CEO of One Drop since 2017; Director of Centraide du Grand Montréal and Kruger Holdings s.e.c; former Director of Hydro-Québec (2005 to 2017).

Other Public Boards

Dundee Precious Metals Inc.

(1) The information as to country and province or state of residence, and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective nominees.

(2) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at April 1, 2019 based upon information furnished to the Corporation by individual directors. Unless otherwise indicated, such shares are held directly.

- (3) Options, PSUs and DSUs held at April 1, 2019, including DSUs awarded to non-executive Directors on December 17, 2018, as part of their fiscal 2019 compensation (the “**Fiscal 2019 DSU Grant**”).
- (4) Ms. Darling was appointed to the Board of Directors on June 13, 2018 as Orion Mine Finance’s nominee to the Board.
- (5) Ms. Darling became a member of the Corporate Governance and Nominating Committee as well as the Human Resources and Compensation Committee following her appointment to the Board on June 13, 2018.
- (6) Mr. Hadjigeorgiou is not currently a member of the Board and is seeking election at the Meeting.
- (7) The Common Shares are registered in the name of a family trust the beneficiaries of which are Mr. Kyle’s spouse and children based upon information furnished to the Corporation by the director.
- (8) Includes an amount of \$1,000 relating to the 2018 AGM (as defined herein).
- (9) Includes an amount of \$1,000 per meeting of the Technical Committee attended by such director as a member of the Technical Committee established by a subsidiary of the Corporation, which Technical Committee was to remain in place until the Corporation attains full completion certification at the Renard Diamond Mine. The Technical Committee ceased to formally exist on February 7, 2018, following the announcement by the Corporation that it had attained full completion certification at the Renard Diamond Mine. However, certain site visits and meetings were held informally throughout the year 2018. The Technical Committee was not a committee of the Board of Directors of the Corporation.
- (10) Mr. Lacroix and Ms. Mehta were appointed to the Board of Directors on January 21, 2019. Mr. Lacroix was appointed as the Buyers’ (as defined herein) nominee to the Board and Ms. Mehta as CDPQ’s nominee to the Board.
- (11) Total compensation includes cash compensation as well as the value of the DSU grants awarded as compensation for Fiscal 2018, calculated on the date of each grant.
- (12) This reflects the Non-Executive Director Welcome Grant awarded on January 21, 2019, as part of the Director’s Fiscal 2019 compensation.

Arrangements or Understandings Pursuant to which Directors are Nominated

Except as described below, no proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.

In accordance with the terms of the series of financing transactions totaling \$946¹ million entered into among the Corporation, certain of its subsidiaries, Orion, CDPQ, RQ and Diaquem which included, *inter alia*, an equity investment, a forward sale of diamonds, debt financing facilities and an equipment facility (the “**Financing Transactions**”) and the approval of the Corporation’s shareholders at the special meeting held on June 26, 2014, the Corporation, RQ, Diaquem, IQ, CDPQ and Orion entered into an Amended and Restated Investor Agreement on July 8, 2014 (the “**Amended and Restated Investor Agreement**”), amending and restating the Investor Agreement dated April 1, 2011 between the Corporation, Diaquem and IQ (the “**Investor Agreement**”). The Amended and Restated Investor Agreement was filed under the Corporation’s SEDAR profile (www.sedar.com) on July 18, 2014. The Amended and Restated Investor Agreement provides, *inter alia*, that RQ, Diaquem and IQ, and Orion, will be entitled to designate candidates for election or appointment to the Board of Directors of Stornoway as follows:

- (a) if the Common Share ownership of IQ and its affiliates, including Diaquem and RQ, is twenty percent (20%) or more, RQ, Diaquem and IQ shall be entitled to three (3) nominees on the Board of Directors;
- (b) if the Common Share ownership of IQ and its affiliates, including Diaquem and RQ, is less than twenty percent (20%) but equal to or more than ten percent (10%), RQ, Diaquem and IQ shall be entitled to two (2) nominees on the Board of Directors;

¹ Assumes a C\$-US\$ exchange rate of \$1.10.

- (c) if the Common Share ownership of IQ and its affiliates, including Diaquem and RQ, is less than ten percent (10%), RQ, Diaquem and IQ shall not be entitled to any nominee on the Board of Directors, unless Stornoway is indebted to IQ or its affiliates, in which case RQ, Diaquem and IQ shall be entitled to designate one (1) nominee but only for such time as such indebtedness of Stornoway (or any permitted assignee) in favour of IQ or its affiliates is at least the lesser of: (i) \$40 million, and (ii) 10% of the market capitalization of Stornoway; and
- (d) if the Common Share ownership of Orion and its affiliates is five percent (5%) or more, Orion shall be entitled to one (1) nominee on the Board of Directors.

For purposes of the Amended and Restated Investor Agreement, the Common Share ownership of a party is calculated on a fully-diluted basis, assuming the exercise, exchange or conversion of the outstanding convertible securities of the Corporation held by such party and its affiliates or any other outstanding securities held by such party and its affiliates that may from time to time be exercisable for, exchangeable or convertible into Common Shares.

Pursuant to the Amended and Restated Investor Agreement, IQ's current three nominees to the Board of Directors are Mr. Gaston Morin, Ms. Marie-Anne Tawil and Mr. John LeBoutillier. Mr. Gaston Morin has served as a nominee of IQ since October 2014, Mr. LeBoutillier since July 2011 and Ms. Tawil since October 2015. Mr. LeBoutillier is not standing for re-election at the Meeting and Ms. Tawil is standing for re-election as a non-IQ nominee. Their replacement as IQ's nominees on the Board of Directors of the Corporation have not yet been designated by IQ and could be appointed at a later date by the Board of Directors in compliance with the contractual obligations of the Corporation.

Orion's current nominee on the Board of Directors of the Corporation under the Amended and Restated Investor Agreement is Ms. Michele Darling. She has served as nominee of Orion on the Board of Directors of the Corporation since June 2018.

Furthermore, in accordance with a series of financing transactions with lenders and key stakeholders entered into on October 2, 2018, representing additional consideration and liquidity for the Corporation of up to \$129 million (the "**2018 Financing Package**"), the Corporation entered into a board representation agreement pursuant to which it granted the right to nominate one member of the Board of Directors to CDPQ, based on its exclusive shareholding in the Corporation remaining above 5%, and a further right to the buyers under the Corporation's amended and restated diamond streaming agreement (collectively, the "**Buyers**") (currently including Osisko Gold Royalties Ltd., CDPQ, Triple Flag Mining Finance Bermuda Ltd., Albion Exploration Fund LLC and Washington State Investment Board) to nominate an additional member to the Board, based on their collective shareholding in the Corporation remaining above 5% (the "**2018 Board Representation Agreement**"). As part of the nomination rights conferred to CDPQ, on one part, and to the Buyers, on the other part, under the 2018 Board Representation Agreement, the Board of Directors of the Corporation appointed Mr. Hubert T. Lacroix, as the nominee of the Buyers, and Ms. Mehta as the nominee of CDPQ, on January 21, 2019.

Our Policy on Majority Voting

The Board of Directors adopted a majority voting policy pursuant to which, in an uncontested election of directors, if a nominee for election as a director receives a greater number of votes "withheld" or "abstained" than votes "for", with respect to the election of directors by Shareholders, he or she must immediately tender his or her resignation to the Board of Directors following the meeting of Shareholders at which the Director is elected. Upon receiving such resignation, the Corporate Governance and Nominating Committee will consider such resignation and make a recommendation to the Board of Directors whether or not to accept it. The Board of Directors will determine whether to accept the resignation in question and announce such decision in a press release to be issued within 90 days following the meeting of

Shareholders, a copy of which must be provided to the Toronto Stock Exchange. Absent exceptional circumstances, the Board of Directors shall accept the resignation. If the Board of Directors determines not to accept the resignation, the news release will fully state the reasons for that decision. The director who tendered his or her resignation pursuant to this policy will not participate in any committee or Board of Directors deliberations and decisions pertaining to the resignation.

Cease Trade Orders, Bankruptcies and Penalties and Sanctions

To the knowledge of the Corporation, no proposed director:

- (a) is, as at the date of the Circular, or has been, within 10 years before the date of the Circular, a director, CEO or CFO of any company (including the Corporation) that:
 - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
 - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

3. Appointment of Auditor

PricewaterhouseCoopers LLP, Chartered Accountants, of Montreal, Québec is the auditor of the Corporation. Prior to 2015, PricewaterhouseCoopers LLP was the auditor of the Corporation in Vancouver, British Columbia. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted FOR the re-appointment of PricewaterhouseCoopers LLP as the auditor of the Corporation to hold office for the ensuing year at a remuneration to be fixed by the Directors.

The aggregate fees billed by the Corporation's external auditors for Fiscal 2018 are as follows:

Financial Year Ending	Audit Fees	Audit-Related Fees ⁽¹⁾	Tax Consulting	All Other Fees ⁽²⁾	Total
December 31, 2018	\$274,000	\$204,000	Nil	\$99,000	\$578,000

(1) *Audit-related fees include quarterly interim reviews and specific audit work.*

(2) *All other fees include consulting, internal financial controls review and translation.*

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The purpose of the Human Resources and Compensation Committee (the “**Compensation Committee**”) is to assist the Board of Directors in discharging its oversight responsibilities with respect to establishing compensation for directors and key executives and appropriate human resources policies, programs and compensation framework, including appropriate incentive programs, so that the Corporation can employ, motivate and retain employees having the qualities required to reach its business goals. The Compensation Committee is responsible for reviewing the position description and performance goals and objectives set at the beginning of the year relevant to the compensation of the CEO and for evaluating the performance of the CEO in light of these goals and objectives. The Compensation Committee recommends to the Board the aggregate compensation for the CEO based on such evaluation. The CEO provides the Compensation Committee with recommendations for compensation of other executive officers, supported by relevant factual data and an assessment of their performance based on goals and objectives set at the beginning of the year. Based on the review of such recommendations, the Compensation Committee approves executive compensation, including performance incentives, for the Corporation's executive officers. The Compensation Committee also approves the terms of any employment agreement for executive officers, including severance and change of control arrangements and any special or supplemental benefits. The Compensation Committee monitors the performance of the Corporation's executive officers and is responsible for reviewing the design, competitiveness and potential risks associated with the Corporation's executive compensation plans.

Mr. John LeBoutillier has served as a member of the Compensation Committee since October 2011. Mr. Hume Kyle has served as a member of the Compensation Committee since October 2014, Ms. Tawil since October 2015 and Ms. Darling since June 2018. All committee members are independent directors.

The Board believes that the members of the Compensation Committee collectively have the knowledge, experience and background required to fulfill their mandate. Such knowledge, experience and background enables them to make decisions regarding the sustainability of the Corporation's compensation policies and practices. Mr. LeBoutillier has been the Chair of the Compensation Committee since October 2015. He is presently Chairman of the board of directors of Semafo Inc., a Canadian-based mining company with gold production and exploration activities in West Africa, as well as a director of several publicly-traded exploration and mining companies. In addition, Mr. LeBoutillier was the Chairman of the board of directors of Industrial Alliance Insurance and Financial Services Inc., a large, publicly-listed insurance

and financial services company and was the President and CEO of the Iron Ore Company of Canada for several years. Mr. Hume Kyle is presently Executive Vice President and Chief Financial Officer for Dundee Precious Metals Inc. Prior to his current position, Mr. Kyle held several senior financial executive positions in a number of large, publicly traded, multinational energy and natural resource businesses. Mr. Kyle is a Chartered Professional Accountant, Chartered Accountant and Chartered Financial Analyst and holds a Bachelor of Arts degree in economics and accounting from the University of Western Ontario and a Graduate Diploma in accounting from McGill University. Ms. Tawil is president and CEO of Iron Hill Investments Inc., a commercial brokerage and development consulting company since 2000, as well as a director of Dundee Precious Metals Inc., and a number of private corporations and non-profit organisations. She previously acted as Legal Counsel and Corporate Secretary of Québecor Inc. and practiced law in two major Canadian law firms. Ms. Michele Darling is presently President and CEO of Michele Darling and Associates Inc. Prior to her current position, Ms. Darling served as Executive Vice President, Human Resources at CIBC, and as Executive Vice President, Corporate Governance with Prudential Financial, Inc. She currently serves on the boards of directors of Nickel Creek Platinum Corp., the Denihan Hospitality Group (New York) and Trillium Health Partners, and is a former director of Osisko Mining Corp. and Hewitt Equipment Ltd. Ms. Darling is a graduate of the Institute of Corporate Directors (ICD) in partnership with the Rotman School of Management, and holds a B.A. (Honours) from the University of Sydney and a Master's degree in Education from the University of Toronto.

Compensation Philosophy

The compensation of the Corporation's executive officers has been established with regard to its business strategies and objectives and with a view to:

1. attract and retain top quality, experienced executives critical to the Corporation's short, medium and long-term success, in the mining industry,
2. provide executives with compensation that is generally consistent with existing market practices,
3. align the interests of the executive officers with those of the Corporation's shareholders, and
4. link individual executive compensation to the performance of both the Corporation and the individual executive officer.

Compensation objectives

The Corporation's compensation policy is designed to recognize and reward executive officers for corporate performance and the achievement of corporate objectives, as measured against performance indicators that have been determined by the Compensation Committee, as well as individual contributions measured against personal goals that support the Corporation's objective of building shareholder value and enhancing the Corporation's success. The Corporation's compensation policy is designed so that a reasonable amount of overall compensation for the executive officers is "at risk" and is awarded on the basis of objectives, determined by the Compensation Committee at the beginning of each fiscal year, to be achieved and relating to both short, medium and long-term goals of the Corporation and each executive officer. The policy is also designed to be easy to understand for executives, board members and shareholders.

Executive Compensation-Related Fees

Perrault Consulting Inc. ("PCI"), an independent firm specializing in compensation at all levels of an organization, acts as an independent advisor to the Compensation Committee to establish non-executive director and executive officers compensation policies, recommending non-executive director and executive officer compensation, with due consideration to appropriate levels given the Corporation's size, industry sector and other market conditions and trends. To set executive compensation for Fiscal 2018, the Compensation Committee relied on a benchmarking exercise for non-executive director and executive

global compensation performed by PCI in the third quarter of Fiscal 2016 for the purpose of Fiscal 2017 compensation. In 2018, PCI also provided support in the implementation of its PSU plan through costs simulations and the design and calibration of the performance measures and advice to the Compensation Committee with respect to certain market compensation analyses.

<i>Fiscal Year Ended</i>	<i>Executive Compensation-Related Fees</i>	<i>All Other Fees</i>
December 31, 2018	\$16,578.75	\$5,473.75 ⁽¹⁾
December 31, 2017	\$19,433.75	\$4,137.50 ⁽²⁾

(1) *These fees represent the aggregate fees billed by PCI primarily for advice provided to the Compensation Committee on financial terms of consulting agreements.*

(2) *These fees represent the aggregate fees billed by PCI primarily for advice given to the Corporation on the ESPP, DSU and PSU plans (in each case as defined below).*

Benchmarking

In the third quarter of Fiscal 2016, given the Corporation would be entering into commercial production in Fiscal 2017, and for the purpose of Fiscal 2017 executive officer compensation, annual compensation for each of the CEO, COO and CFO was benchmarked by PCI against the executive compensation disclosed by thirteen publicly-traded mining companies primarily in the diamond or precious metal industry listed on the TSX, TSX Venture Exchange or the London Stock Exchange. Given that the Corporation was entering commercial production in early Fiscal 2017, the comparator group used in previous fiscal years was revised at the end of Fiscal 2016 to include only corporations that were in production or scheduled to be in production shortly, with revenues, assets and market capitalization comparable to the Corporation, based on expected output, and companies that were still in exploration and pre-production stages were removed. The revised comparator group includes the following companies: Capstone Mining Corporation, Detour Gold Inc., Dominion Diamond Corporation, Gem Diamonds Ltd., Guyana Goldfield Inc., Kirkland Lake Gold Inc., Lucara Diamond Corp., Mountain Province Diamonds Inc., Petra Diamonds Ltd., Platinum Group Metals Ltd., Richmond Mines Inc., SEMAFO Inc. and Torex Gold Resources Inc. (the “**Comparator Group**”).

The market median or percentile 50 (“**P50**”) of the Comparator Group is used as a guideline to set executive compensation.

For Fiscal 2018, it was determined by the Compensation Committee that it would continue to rely on the benchmarking exercise performed for Fiscal 2017 as there were no circumstances that required a new benchmarking exercise.

Elements of Compensation

For Fiscal 2018, the Corporation’s executive compensation program was comprised of three elements: (i) base salary; (ii) cash bonuses and (iii) long-term equity incentives (share ownership opportunities through Equity-Based Compensation Plans). The compensation program also includes severance and change of control benefits. Limited perquisites (including parking, health and insurance benefits) are available to both executive officers and full-time employees. The Corporation does not provide a pension plan to its executive officers but it does have an RRSP program for both executive officers and employees. The Corporation maintains an insurance policy for its Directors and Officers against liability incurred by them while performing their duties, subject to certain limitations.

As an executive officer’s level of responsibility increases, a greater percentage of total compensation is based on performance (as opposed to base salary and standard employee benefits) as the mix of total compensation shifts towards a greater emphasis on bonus and equity-based incentive awards, thereby increasing the mutual interest between executive officers and shareholders.

The Compensation Committee approved the base salaries and bonuses for the executive officers in respect of Fiscal 2018. The Compensation Committee made recommendations for the CEO’s base salary and bonus to the Board of Directors of the Corporation and the Board approved these recommendations.

Base Salary

Base salaries for executive officers are reviewed annually by the Compensation Committee. For the Corporation to compete for and retain executives critical to the Corporation’s long-term success, base salaries must be set at levels that are competitive within the mining industry. Base salaries are a fixed element of compensation for each executive officer for the performance of the executive officer’s specific responsibilities. Several factors are considered when setting the base salary for each executive officer, including: the level of responsibility related to each position; the importance of the position to the Corporation; comparable base salaries for equivalent roles within the Comparator Group; the individual executive officer’s experience and his or her overall performance.

In the context of PCI’s benchmarking exercise for Fiscal 2017 executive officer compensation, which was also relied on for Fiscal 2018 executive officer compensation by the Compensation Committee, it was determined that executive base salaries were on average at or slightly above the fourth quartile (“P25”) of the Comparator Group. For Fiscal 2018, owing to the challenges faced by the Corporation, the CEO recommended that all executive salary increases be limited to, on average 3.0%, except with respect to the Vice-President, Sustainable Development (“VP-SD”), for which the CEO recommended a base salary increase of 7.6% to reflect his increasing responsibilities and excellent performance. The Compensation Committee and the Board approved the CEO’s recommendations and increased the base salaries of all executives. The Compensation Committee also recommended to the Board of Directors a base salary increase of 3.0% for the CEO in line with the average salary increase of executives (excluding the VP-SD).

Cash Bonuses

The Corporation’s cash bonus grants for executive officers are awarded on the basis of predetermined, weighted corporate and individual performance. More specifically, bonus amounts are paid out based on corporate and individual performance relative to objectives and criteria established at the beginning of the year, as determined by the Compensation Committee, in consultation with the CEO. Payments can be higher or lower than target based on the level of achievement of the objectives (down to zero). When all objectives are achieved at a 100% level, the target bonus opportunity is paid. The maximum bonus opportunity is paid only in exceptional circumstances.

The following table illustrates the target and maximum bonus opportunities for Fiscal 2018, each as a percentage of base salary, and types of objectives in respect of the annual cash bonus for each of the NEOs.

<i>Name</i>	<i>Bonus Eligibility (as a % of Base Salary)</i>	<i>Objectives</i>
Matthew Manson, President and CEO ⁽¹⁾	75% target 125% maximum	80% Corporate 20% Individual
Patrick Godin, COO ⁽²⁾	65% target 115% maximum	80% Corporate 20% Individual
Orin Baranowsky, CFO	50% target 75% maximum	80% Corporate 20% Individual
Ian Holl, VP Processing	30% target 50% maximum	60% Corporate 40% Individual
Annie Torkia Lagacé, VP Legal Affairs	30% target 50% maximum	60% Corporate 40% Individual

(1) Mr. Manson was President and CEO of the Corporation until December 31, 2018.

(2) Mr. Godin was COO of the Corporation until December 31, 2018. He was appointed President and Chief Executive Officer of the Corporation with effect from January 1, 2019.

During Fiscal 2018, assessment criteria for purposes of the cash bonus grant, based on corporate and individual objectives, were as follows:

Corporate Assessment Criteria

a. Environmental, Health and Safety Record

- Target 2.75 for “Reportable Incident” Rate (“RIR”)
- Target of 1 for Environmental Derogations

RIR frequency	3	2.75	2.5
% Incentive	0%	100%	200%

and,

One derogation	No derogation
0%	200%

Evaluation: RIR frequency gave a 4.96% combined ratio for both the Corporation’s employees and contractors resulting in 0% score on that criteria. No environmental derogations occurred resulting in a 200% score on that criteria, with an overall combined score of 100% of target.

b. Operations (SMART)

- Performance against budgeted cash flows. Calculation based on Board of Directors approved annual business plan of the Corporation. Diamond price and exchange rate as fixed in budget assumptions. Cash flow based on diamond production and expected revenue per carat less costs of goods sold.

% Achievement	90%	100%	110%
% Incentive	0%	100%	200%

Evaluation: Operational objectives were not achieved at or above 90% of the target which resulted in a 0% score.

c. Governance & Compliance

- Compliance with covenants contained within financing agreements of the Corporation
- Compliance with Board approved governance standards
- Maintenance of reporting and reporting criteria contained within financing agreements and Corporate reporting standards
- Compliance with regulatory disclosure obligations

Non-compliance	Compliance	Material Risk Reduction
0%	100%	200%

Evaluation: The Corporation maintained compliance with financing agreements covenants and Board of Directors approved governance standards. Reporting standards were maintained as well as regulatory compliance, resulting in a 100% score on Governance and Compliance.

d. Community Relations

- Compliance under the impact and benefit agreement.
- Achievement of engagement targets set within the impact and benefit agreement.

% Achievement	80%	100%	120%
% Incentive	0%	100%	200%

Evaluation: There were no non-compliance notices received throughout the year. While engagement targets were not all met, it was determined that there were several mitigating factors resulting in a score of 100% of the target.

e. Exploration

- Zero overrun after contingency, on board approved budgets.
- Program objectives achieved.

Achievement	Program objectives not achieved	Program objectives achieved	Discovery of insitu Kimberlite with economic potential
% Incentive	0%	100%	200%

Evaluation: The exploration program objectives were achieved resulting in a 100% score on this component.

Individual Assessment Criteria for Fiscal 2018

Matt Manson, Chief Executive Officer (“CEO”)

The component of the CEO’s Short-Term Incentive Bonus based on individual performance was assessed by the Board upon the recommendation of the Compensation Committee on the basis of the following criteria (weightings shown in parenthesis):

- Leadership and Team Management (50%)
- Maintenance of Strong Shareholder and Stakeholder Relations (40%)
- Regulatory and Financing Compliance (10%)

Patrick Godin, Chief Operating Officer (“COO”)

The component of the COO’s Short-Term Incentive Bonus based on individual performance was assessed by the Board upon the recommendation of the CEO to the Compensation Committee on the basis of the following criteria (weightings shown in parenthesis):

- Leadership and Operating Team Management (40%)
- Stakeholder Relations in Quebec (40%)
- Support for Executive Colleagues in the Corporation’s management, communications and Strategic Growth Initiatives (20%)

Orin Baranowsky, CFO (“CFO”)

The component of the CFO’s Short-Term Incentive Bonus based on individual performance was assessed by the Board upon the recommendation of the CEO to the Compensation Committee on the basis of the following criteria (weightings shown in parenthesis):

- a) Financial Management (40%)
- b) Overall Regulatory and Financing Compliance (30%)
- c) Stakeholder Relations in the Investment Community (10%)
- d) Leadership and Team Management (20%)

Ian Holl, Vice-President Processing (“VP P”)

The component of the VP Processing’s Short-Term Incentive Bonus based on individual performance was assessed by the Board upon the recommendation of the CEO to the Compensation Committee on the basis of the following criteria (weightings shown in parenthesis):

- a) Oversight and management of the Corporation’s Process Plant and Processing Team (25%)
- b) Average annual plant availability as per Annual Business Plan (30%)
- c) Zero over-run in approved plant operating and capital budgets (25%)
- d) Support for Executive Colleagues in the Corporation’s management, communications and Strategic Growth Initiatives (25%)

Annie Torkia Lagacé, Vice-President Legal Affairs, General Counsel & Corporate Secretary (“VP L”)

The component of the VP Legal Affairs’ Short-Term Incentive Bonus based on individual performance was assessed by the Board upon the recommendation of the CEO to the Compensation Committee on the basis of the following criteria (weightings shown in parenthesis):

- a) Compliance and Governance (40%)
- b) Legal support to the leadership team and the Corporation’s operations (40%)
- c) Support for the Board (20%)

During Fiscal 2018, each NEO’s respective individual performance for purposes of cash bonus grants was assessed on the basis of each NEO’s performance relative to the foregoing criteria with the resulting score and bonus eligibility set out in the table below. Despite each NEO’s bonus eligibility score, taking into consideration the overall performance of the Corporation, and based on the recommendation of the Compensation Committee, the Board reduced the bonus of each NEO to nil. As a result, no bonuses were paid to NEOs for fiscal 2018.

Performance Assessments – Short Term Cash Bonus

Assessment Criteria	Executives									
	CEO		COO		CFO		VP, P		VP, L	
	Target	Score								
Corporate										
EH&S	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Operations (Smart)	30%	0%	40%	0%	30%	0%	35%	0%	20%	0%
Governance, Compliance	10%	10%	10%	10%	30%	30%	-	-	20%	20%
Community Relations	10%	10%	10%	10%	-	-	5%	5%	-	-
Exploration	10%	10%	-	-	-	-	-	-	-	-
Corporate Sub-total	80%	50%	80%	40%	80%	50%	60%	25%	60%	40%
Individual										
Leadership	10%	10%	10%	10%	4%	4%			-	-
Oversight of the applicable executive team					-	-	10%	5%	-	-
Financial Management	-	-	-	-	8%	4%	-	-	-	-
Shareholder and Stakeholder Relations	8%	8%	8%	8%	2%	2%	-	-	-	-
Support to other executives and special projects	-	-	2%	2%	-	-	8%	4%	16%	16%
Regulatory and Financing Compliance	2%	2%	-	-	6%	6%	-	-	16%	16%
Productivity metrics within annual business plan	-	-	-	-	-	-	12%	0%	-	-
No over-run in operating and capital budgets	-	-	-	-	-	-	10%	10%	-	-
Support for the Board									8%	6%
Individual Sub-total	20%	20%	20%	20%	20%	16%	40%	19%	40%	38%
Total Bonus Score & Eligibility	100%	70%	100%	60%	100%	66%	100%	44%	100%	78%
Bonus awarded		0⁽¹⁾								

1) Given the financial performance of the Corporation in Fiscal 2018, based on the recommendation of the Compensation Committee, the Board concluded that no bonus would be paid to NEOs for Fiscal 2018.

Long-term incentives

Stock Option Plan

The last options awarded under the Stock Option Plan were awarded on March 6, 2017 and are described below.

The Corporation's Stock Option Plan, as amended (the "Stock Option Plan") provides share ownership opportunities in order to provide an additional, long-term incentive and to better align the interests of the executive officers and other optionees with the longer-term interests of shareholders. The Stock Option Plan is administered by the Board of Directors, and its approval was renewed at the annual general meeting of the Corporation held on October 21, 2014. TSX policies require that stock option plans without a fixed maximum number of securities issuable be approved by shareholders every three years. Given that at the 2017 AGM, the Corporation sought, and obtained, approval by the Shareholders of the DSU and PSU Plans and the ESPP, the Corporation did not seek re-approval of the Stock Option Plan by the Shareholders at the 2017 AGM.

Under the Stock Option Plan, the Compensation Committee made recommendations to the Board for grants of stock options. The Stock Option Plan was designed to give directors, officers, employees of, and consultants to, the Corporation and its subsidiaries (collectively, the "Optionees") an interest in preserving and maximizing shareholder value in the longer term, to enable the Corporation to motivate, attract and retain key individuals with experience and ability and to reward such individuals for past performance and reflect expected future performance by affording such persons with an opportunity to acquire an equity interest in the Corporation through the exercise of stock options. Going forward, the

Corporation will seek to achieve these objectives with the DSU and PSU Plans as well as the ESPP approved by the Shareholders at the 2017 AGM.

The maximum number of Common Shares issuable under the Stock Option Plan and all of the Corporation's other previously established or proposed share compensation arrangements, such as the PSU and DSU Plans as well as ESPP, is 10% of the total number of Common Shares issued and outstanding at any given time, permitting the Corporation to have, on an ongoing basis, a maximum of 10% of the issued and outstanding Common Shares available for issuance pursuant to the exercise of options under the Stock Option Plan, the DSU and PSU Plans and ESPP, and all of the Corporation's other previously established or proposed share compensation arrangements. In the event that options are exercised, cancelled or expire in accordance with their terms, as the Corporation did not seek the re-approval of the Stock Option Plan at the 2017 AGM, an equivalent number of such options will not be "reloaded" under the Stock Option Plan but the underlying Common Shares which were issuable under these exercised, cancelled or expired options will be available under the DSU and PSU Plans as well as the ESPP.

The exercise price of an option under the Stock Option Plan was determined by the Board of Directors at the time of grant but could not be set at less than the volume weighted average trading price of the Common Shares (calculated by dividing the total value by the total volume of Common Shares traded) on the TSX for the five trading days immediately preceding the date of the option grant or, if no Common Shares were traded during such five trading days, the fair market value of such Common Shares as determined by the Board of Directors in its sole discretion. The options may be exercisable for a period of up to five years, subject to the provisions applicable to blackout periods, such period to be determined by the Board of Directors of the Corporation. Unless otherwise determined by the Board at the time of grant, stock option grants to officers, employees and consultants generally vest and become exercisable over a two to four-year period. Options granted to directors vest immediately on the grant date. Options are not assignable and not transferable by the Optionee.

If an Optionee ceases to be a director, officer, employee or service provider of the Corporation or its subsidiaries for cause, no Option held by such Optionee shall be exercisable following the date on which such Optionee ceases to be so engaged. If an Optionee ceases to be a director, officer, employee or service provider of the Corporation or its subsidiaries because of early retirement, voluntary resignation or termination other than for cause, the vested options held by such Optionee shall be exercisable up to the earlier of the original expiry date of such options and the date which is 90 days after the date of cessation or, if the Optionee dies or becomes disabled, within the earlier of 365 days and the original expiry date of the option, subject in each case to the provisions applicable to blackout periods.

On the occurrence of a change of control, all outstanding options will become vested and exercisable in whole or in part by the Optionee. "Change of control" is defined in the Stock Option Plan as the acquisition by any person or by any person and all joint actors, whether directly or indirectly, of voting securities (as defined in the *Securities Act* (Québec)) of the Corporation which, when added to all other voting securities of the Corporation at the time held by such person or by such person and a joint actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Corporation or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board.

If the expiry date in respect of any option occurs during or within five (5) trading days following a trading black-out period imposed by the Corporation, the expiry date shall be automatically extended to the date that is ten (10) trading days following the end of such black-out period (the "**Extension Period**"); provided that if an additional black-out period is subsequently imposed by the Corporation during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional black-out period to enable the exercise of such options within ten (10) trading days following the end of the last imposed black-out period.

Subject to the discretionary approval of the Board and subject to the terms and conditions set out in the option agreement, vested options may be surrendered to the Corporation in consideration for cash having an aggregate value equal to the excess of the market price of one Common Share, at the time of such surrender, over the exercise price of the option, times the number of Common Shares subject to the option so surrendered, as the case may be. Options which have been surrendered to the Corporation in consideration for cash shall again be available for issuance under the Stock Option Plan.

The Stock Option Plan does not provide for financial assistance by the Corporation to any Optionee.

The Stock Option Plan contains adjustment provisions upon the occurrence of certain events such as in the case of stock splits, consolidations, reclassifications, special distributions or reorganizations.

If a *bona fide* offer (an “Offer”) for Common Shares is made to the Optionee or to shareholders of the Corporation generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Corporation, within the meaning of the *Securities Act* (Québec), the Corporation shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Common Shares subject to such option will become vested and the option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Common Shares received upon such exercise, pursuant to the Offer.

If at any time an Offer is made, the Board may declare all Common Shares issuable upon the exercise of options granted under the Stock Option Plan as vested, and declare that the expiry date for the exercise of all unexercised options granted under the Stock Option Plan is accelerated so that all options will either be exercised or will expire prior to the date upon which Common Shares must be tendered pursuant to the Offer.

If and whenever there shall be a compulsory acquisition of the Common Shares of the Corporation following a takeover bid or issuer bid, or any amalgamation, merger or arrangement in which securities acquired in a formal takeover bid may be voted under the conditions described in Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*, then following the date upon which such compulsory acquisition, amalgamation, merger or arrangement is effective, an Optionee shall be entitled to receive, and shall accept, for the same exercise price, in lieu of the number of Common Shares to which such Optionee was theretofore entitled to purchase upon the exercise of his or her options, the aggregate amount of cash, shares, other securities or other property which such Optionee would have been entitled to receive as a result of such bid if he or she had tendered such number of Common Shares to the takeover bid.

The Stock Option Plan permits the Board of Directors, in addition to its powers under the Stock Option Plan, to amend any of the provisions of the Stock Option Plan or suspend or terminate the Stock Option Plan or amend the terms of any then outstanding award of options under the Stock Option Plan, provided, however, that the Corporation shall obtain shareholder approval for:

- i. any increase to the maximum number of Common Shares issuable under the Stock Option Plan, except for certain permitted adjustments in the share capital of the Corporation, such as in the case of stock splits, consolidations, reclassifications, special distributions or reorganizations, and except by operation of the “rolling” maximum reserve;
- ii. any amendment to the classes of persons eligible for grants of options under the Stock Option Plan which would have the potential of broadening or increasing participation in the Stock Option Plan by insiders;

- iii. any amendment which would permit any option granted under the Stock Option Plan to be transferable or assignable other than what is already allowed in the Stock Option Plan (i.e. by will or pursuant to succession laws);
- iv. any amendment resulting in the addition, in the Stock Option Plan, of deferred or restricted share unit provisions or any other provisions pursuant to which participants may receive Common Shares while no cash consideration is received by the Corporation;
- v. any reduction in the exercise price of an option for an insider after the option has been granted to the insider or any cancellation of an option for an insider and the substitution of that option by a new option with a reduced exercise price granted to the same insider, except for certain permitted adjustments in the share capital of the Corporation, such as in the case of stock splits, consolidations, reclassifications, special distributions or reorganizations;
- vi. any change to the termination provisions of an option for an insider which entails an extension beyond the original expiry date, subject to the provisions applicable to blackout periods;
- vii. any amendment resulting in an increase to the maximum number of Common Shares that may be issued under the Stock Option Plan and other share compensation arrangements of the Corporation to (i) insiders, or (ii) any one insider in any one-year period, except for certain permitted adjustments in the share capital of the Corporation, such as in the case of stock splits, consolidations, reclassifications, special distributions or reorganizations;
- viii. the addition in the Stock Option Plan of any form of financial assistance and any amendment to a financial assistance provision which is more favourable to participants; and
- ix. any amendment to the amendment procedure set out in the Stock Option Plan.

The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion, without obtaining Shareholder approval, make all other amendments to the Stock Option Plan or to any award of options under the Stock Option Plan that are not contemplated above, including, without limitation, the following:

- i. amendments of a “housekeeping” or clerical nature as well as any amendment clarifying any provision of the Stock Option Plan;
- ii. a change to the vesting provisions of an option or of the Stock Option Plan;
- iii. a change to the termination provisions of an option beyond the original expiry date for a participant who is not an insider;
- iv. a change to the termination provisions of an option for an insider which does not entail an extension beyond the original expiry date, subject to the provisions applicable to blackout periods;
- v. any reduction in the exercise price of an option for a participant who is not an insider after the option has been granted to the participant or any cancellation of an option for a participant who is not an insider and the substitution of that option by a new option with a reduced exercise price granted to the same participant;
- vi. any change required pursuant to certain adjustments in the share capital of the Corporation, such as in the case of stock splits, consolidations, reclassifications, special distributions or reorganizations; and

vii. suspending or terminating the Stock Option Plan.

As at December 31, 2018, there were 34,965,834 stock options outstanding with a weighted average exercise price of \$0.80. This represents 3.79% of the total number of Common Shares outstanding as at December 31, 2018.

The table below shows the burn rate in respect of the Stock Option Plan, the Performance Share Unit Plan, the Deferred Share Unit Plan and the Employee Share Purchase Plan for the last three fiscal years, calculated by dividing the number of stock options, Performance Share Units, Deferred Share Units and Common Shares granted under the Stock Option Plan, the Performance Share Unit Plan, the Deferred Share Unit Plan and the Employee Share Purchase Plan in the fiscal year by the weighted average number of outstanding Common Shares for the year:

(as at December 31)	2018	2017	2016
Number of stock options granted under the Stock Option Plan	0 ⁽¹⁾	16,040,000	4,310,000
Number of Performance Share Units granted under the Performance Share Unit Plan	7,031,470	0 ⁽²⁾	0
Number of Deferred Share Units granted under the Deferred Share Unit Plan	4,565,339	0 ⁽³⁾	0
Number of Common Shares granted under the Employee Share Purchase Plan	2,173,973	0 ⁽⁴⁾	0
Weighted average number of Common Shares outstanding	852,183,339	829,545,793	779,192,150
Burn Rate	1.62%	1.93%	0.55%

(1) The last options awarded under the Stock Option Plan were awarded on March 6, 2017.

(2) Performance Share Units were awarded under the Performance Share Unit Plan for the first time on April 19, 2018.

(3) Deferred Share Units were awarded under the Deferred Share Unit Plan for the first time on April 19, 2018.

(4) Common Shares were granted under the Employee Share Purchase Plan for the first time on January 4, 2018.

Stock Option Grant Policy

Effective for the financial year ended on April 30, 2010, the Compensation Committee recommended, and the Board adopted, a formal Stock Option Grant Policy (“**SOGP**”), which has been periodically amended since then. The SOGP was adopted by the Board in order to, *inter alia*, ensure objectivity around stock option grants, in support of best corporate governance practices, and to ensure consistent practices in the administration of stock option grants by the Board, the Compensation Committee and the CEO. The Compensation Committee reviewed the SOGP annually, and any changes were recommended to the Board for approval.

Grants made under the SOGP were administered by the Corporation’s CEO within the guidelines established by the Board in compliance with the Stock Option Plan. The Board, upon recommendation by the Compensation Committee, was responsible for approving grants of options under the Stock Option Plan, which approval could take the form of a delegation to the CEO within parameters approved by the Board. In such circumstances, the grants were subsequently reviewed by the Compensation Committee. Performance or specific performance measures were not formally considered to determine regular stock option grants.

Prior to the fiscal year ended April 30, 2015, the SOGP established target levels for option grants to specific categories of officers and employees based on their level of responsibility, pursuant to which each officer or employee within a specific category was eligible for a pre-determined number of stock options, which were typically granted on an annual basis. Following the closing of the Financing

Transactions, the Compensation Committee, in consultation with PCI and management, considered various alternatives to its practices in respect of stock option grants, as a result of which certain changes were made in the Corporation's approach to the granting of stock options.

During the fiscal year ended April 30, 2015, pursuant to a recommendation of the Compensation Committee, the Board of Directors, in consultation with the CEO and PCI, approved the replacement of annual stock option grants for existing officers and employees, including NEOs, with single grants (the "**Employee Grants**") covering the 3-year construction period of the Renard Diamond Mine, substantially equivalent in size, for each specific category of officer or employee, to three (3) times the number of stock options granted as part of the most recent annual grants. The purpose of the Employee Grants was to retain and align the employees towards the achievement of the construction of the Renard Diamond Mine, with all optionees working towards a common goal and timeframe to operationalize the mine and build value.

The stock options granted as part of the Employee Grants vest annually in thirds, with the first third having vested on the 1st anniversary of the date of grant. The term of the options granted pursuant to the Employee Grants is 5 years. These options were granted at an exercise price of \$0.70, being the price per share issued in July 2014 as part of the Financing Transactions.

New Hires during Construction Period

Individuals in a supervisory role who were hired during the construction period of the Renard Diamond Mine received a single grant of stock options in a size equivalent to the Employee Grants (for equivalent positions). The vesting and term of these options were as described in respect of the Employee Grants. However, the exercise price was set at the higher of the market price on the grant date (as determined in accordance with the provisions of the Stock Option Plan) and \$0.70.

Ad-hoc Grants

The Compensation Committee, on an ad-hoc basis, recommended that additional stock options be granted outside of the above program, to recognize exceptional performance on the part of an individual or in connection with the promotion of an individual, or in connection with the hiring of an individual not covered by the guidelines for newly-hired employees set out in the SOGP. Such additional option grants were subject to approval by the Board of Directors and vest as determined at the time of grant at the discretion of the Board of Directors. On January 10, 2017, given that the construction of the Renard Diamond Mine was completed five months ahead of schedule, \$37 million below the initial capital budget of July 2014 and that commencement of commercial production was declared on January 1, 2017, the Board of Directors of the Corporation, upon the recommendation of the Compensation Committee in consultation with PCI, approved a final *Ad-Hoc Grant* of 13,000,060 options to employees of the Corporation in supervisory roles prior to the Stock Option Plan being terminated by the Corporation. While the grant of options was approved on January 10, 2017, the options were issued on March 6, 2017, being the 6th business day following the end of the blackout period in effect at the time of the filing of the Corporation's 2016 year-end financial statements (the "**2017 Ad-Hoc Employee Grant**"). The stock options granted as part of the 2017 Ad-Hoc Employee Grant vest annually in thirds, with the first third vesting on the 1st anniversary of the date of grant. The term of the options granted pursuant to the 2017 Ad-Hoc Employee Grant is five years. These options were granted at an exercise price of \$0.85, being the market price on the grant date (as determined in accordance with the provisions of the Stock Option Plan) on March 6, 2017.

Non-Executive Directors' Option Grants

Pursuant to the SOGP, non-executive directors were granted options on an annual basis at the same time as the approval of the annual financial statements of the Corporation. The number of options to be granted

annually to non-executive directors was calculated based on a compensation value of up to \$100,000 for the Chairman of the Board and up to \$60,000 for other Board members, using the Black-Scholes option pricing model, with the specific number of options to be finally determined by the Chair of the Compensation Committee on such basis (the “**Annual Director’s Grant**”). Prior to the termination of the Stock Option Plan, non-executive directors could also be granted options upon their initial appointment or election to the Board, as a welcome grant, in an amount consistent with the Annual Director’s Grant (the “**Non-Executive Director Welcome Grant**”).

The date of the Non-Executive Director Welcome Grant was set as the date of the director’s first appointment or election to the Board or, if in a black-out period, the 6th business day following the end of the black-out period. The grant date of the Annual Director’s Grant was set as the 6th business day following the end of the black-out period in effect at the time of the filing of the Corporation’s annual financial statements.

On January 10, 2017, given that the construction of the Renard Diamond Mine was completed 5 months ahead of schedule, \$37 million below the initial capital budget of July 2014 and that commencement of commercial production was declared on January 1, 2017, the Board of Directors of the Corporation, upon the recommendation of the Compensation Committee and in consultation with PCI, approved an annual grant of 300,000 options to non-executive directors and 400,000 options to the Chairman of the Board. While the grant of options was approved on January 10, 2017, the options were issued on March 6, 2017, being the 6th business day following the end of the blackout period in effect at the time of the filing of the Corporation’s 2016 year-end financial statements (the “**2017 Non-Executive Director Annual Grant**”). The stock options granted as part of the 2017 Non-Executive Director Annual Grant vested immediately. The term of the options granted pursuant to the Non-Executive Director Annual Grant is five years. These options were granted at an exercise price of \$0.85, being the market price on the grant date (as determined in accordance with the provisions of the Stock Option Plan).

Performance Share Unit Plan

The Performance Share Unit Plan (the “**PSU Plan**”) was approved by shareholders at the 2017 AGM. The PSU Plan entitles the participant to receive cash or Common Shares in an amount and according to a vesting schedule determined and based on the participant’s and/or the Corporation’s performance as measured against pre-determined targets, thereby rewarding such participant for achieving specific performance objectives. The PSU Plan provides a long-term incentive for executive officers and other selected employees and aligns their interests with the longer-term interests of shareholders. The PSU Plan is administered by the Board of Directors. The TSX requires listed issuers that adopt security based compensation arrangements that involve the issuance from treasury or the potential issuance of securities from treasury of an issuer which are listed on the TSX and that do not have a fixed maximum number of securities issuable (as opposed to a fixed maximum aggregate number of Common Shares issuable), such as the PSU Plan, to obtain shareholder approval for all unallocated options, rights or other entitlements under such plans every three years.

The following table summarizes the key features of the PSU Plan

Condition	Performance Share Units (PSUs)
PSUs	PSUs are notional securities that entitle the participant to receive cash or Common Shares in an amount and according to a vesting schedule determined based on the participant’s and/or the Corporation’s performance as measured against pre-determined targets, thereby rewarding such participant for achieving specific performance objectives.

<p>Number of Securities Issuable</p>	<p>The aggregate number of Common Shares available for issuance pursuant to the PSU Plan and all other security based compensation arrangements of the Corporation (within the meaning of the rules of the Toronto Stock Exchange (“TSX”)), including without limitation the Stock Option Plan, the PSU Plan, the DSU Plan and the ESPP (collectively, the “Equity-Based Compensation Plans”), shall not exceed 10% of the total issued and outstanding Common Shares at any given time.</p> <p>In the event that Common Shares underlying PSUs are settled in accordance with the terms of the PSU Plan, or expire, terminate, lapse or are forfeited and cancelled without being settled, such Common Shares will be available (or “reloaded”) for future issuance pursuant to the provisions of the Plan and other Equity-Based Compensation Plans upon such settlement, expiration, termination, lapse, or forfeiture and cancellation, as the case may be. Any increase in the number of issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Equity-Based Compensation Plans, and any settlement or expiration, termination or lapse or forfeiture and cancellation of PSUs will make new grants available under the Equity-Based Compensation Plans.</p> <p>In addition, the PSU Plan provides that (i) the maximum number of Common Shares issuable to insiders at any time under all Equity-Based Compensation Plans shall not exceed ten percent (10%) of the issued and outstanding Common Shares; and (ii) the number of Common Shares issued to insiders within any one-year period, under all Equity-Based Compensation Plans, cannot exceed 10% of issued and outstanding Common Shares.</p> <p>The PSU Plan contains adjustment provisions in the case of adjustments to the issued shares of the Corporation following a dividend in shares, a special cash dividend, an amalgamation, a combination, merger or consolidation, a share-for-share exchange or any other similar change in the capital structure of the Corporation.</p>
<p>Administration of the PSU Plan</p>	<p>The PSU Plan is administered by the Corporation and by the Compensation Committee of the Board.</p>
<p>Eligibility</p>	<p>Executive Officers and key employees of the Corporation upon recommendation of the Chief Executive Officer of the Corporation to the Compensation Committee of the Board.</p>
<p>Grant Guidelines</p>	<p>Size of PSU grants together with applicable vesting conditions are determined at the discretion of the Compensation Committee.</p>
<p>Market Value</p>	<p>Refers to the TSX volume weighted average trading price of a Common Share for the five (5) trading days preceding the day on which such value must be determined.</p>
<p>Vesting</p>	<p>Performance goals and the related periods of time during which the performance is assessed (“Performance Cycles”) and the factors by which the participant’s PSUs will be multiplied (“Performance Factor(s)”) pertaining to a grant, are established at the Compensation Committee’s sole discretion and evidenced in a letter of grant (“Vesting Conditions”). These may be modified by the Compensation Committee, at its discretion, during and after the end of a Performance Cycle, to reflect significant events that occur during such Performance Cycle. Unless determined otherwise by the Compensation Committee, a Performance Factor may not exceed 150%.</p> <p>Unless otherwise indicated by the Compensation Committee in the letter of grant, PSUs will vest in full or in tranches on the applicable vesting date(s), subject to the satisfaction of the applicable Vesting Conditions. However, the vesting of any PSUs may be accelerated at the discretion of the Compensation Committee in circumstances deemed appropriate.</p> <p>Any tranche of PSUs for which the applicable Vesting Conditions have not been achieved on the applicable vesting date will automatically be forfeited and cancelled. Notwithstanding the foregoing, the Compensation Committee may, at its sole discretion, determine that all or a portion of the PSUs credited to a participant's account, for which the Vesting Conditions have not been achieved, vest to such participant at the end of the applicable Performance Cycle at a deemed Performance Factor determined by the Compensation Committee in its sole discretion if warranted by particular context and conditions.</p> <p>Upon a Change of Control, all outstanding PSUs will continue to vest according to their original vesting date(s) and Vesting Conditions, subject to the provisions of the PSU Plan related to the early termination of PSUs, unless the Human Resources and Compensation Committee decides to accelerate their vesting and/or payment.</p>

	<p>A “Change of Control” is defined in the PSU Plan as:</p> <ul style="list-style-type: none"> (a) an acquisition of 50% or more of the voting rights attached to all outstanding voting shares of the Corporation by a person or combination of persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, or by virtue of a related series of such events, and whether by transfer of existing shares or by issuance of shares from treasury or both; (b) the amalgamation or consolidation of the Corporation with, or merger of the Corporation into, any other person, unless 1) the Corporation is the surviving person or the person formed by such amalgamation or consolidation, or into which the Corporation has merged, is a corporation and 2) immediately after giving effect to such transaction at least 40% of the voting rights attached to all outstanding voting shares of the Corporation or the corporation resulting from such amalgamation or consolidation, or into which the Corporation is merged, as the case may be are owned by persons who held at least 40% of the voting rights attached to all outstanding voting shares of the Corporation immediately before giving effect to such transaction; (c) the direct or indirect transfer, conveyance, sale, lease, or other disposition, by virtue of a single event or a related series of such events, of 90% or more of the assets of the Corporation in terms of gross fair market value to any person unless 1) such disposition is to a corporation and 2) immediately after giving effect to such disposition, at least 40% of the voting rights attached to all outstanding voting shares of such corporation are owned by the Corporation or its affiliates or by persons who held at least 40% of the voting rights attached to all outstanding voting shares of the Corporation immediately before giving effect to such disposition; or (d) the Corporation enters into a transaction or arrangement which would have the same effects as a transaction or arrangement referred to in subparagraphs (a), (b) or (c) above.
Dividends	<p>As dividends are paid on Common Shares, additional PSUs may be credited to each participant who holds PSUs on the record date for such dividend, unless the Human Resources and Compensation Committee decides otherwise.</p>
Settlement of Performance Shares Units	<p>On a settlement date determined by the Corporation in its sole discretion following the last vesting date of a grant but not later than the earlier of three months following the last vesting date of the grant and December 31 of the calendar year during which such last vesting date occurs (the “Outside Settlement Date”), the participant shall receive at the Corporation’s discretion, either: (i) a lump sum cash payment equal to the number of Vested Performance Share Units credited to the participant’s account multiplied by the Market Value of one (1) Common Share on the settlement date; or (ii) one Common Share issued from treasury or bought on the open market for each Vested Performance Share Unit recorded in the participant’s account.</p> <p>“Vested Performance Share Units” means, in respect of any vesting date, the number of PSUs equal to the product of (i) the applicable Performance Factor and (ii) the sum of the number of PSUs in the tranche vesting on such vesting date and any additional PSUs credited as dividends which relate to the Performance Cycle ending on or immediately prior to the applicable vesting date.</p> <p>Notwithstanding the foregoing, if the settlement date in respect of any Vested Performance Share Units occurs during a blackout period, or within 10 business days after the expiry of a blackout period, then the settlement date shall be the date that is the tenth business day after the expiry of the blackout period, provided that if the revised settlement date is not prior to the Outside Settlement Date, then such Vested Performance Share Units shall only be settled for a lump sum cash payment.</p>
Termination	<p>Unless otherwise determined by the Corporation (subject to the amendment provisions of the PSU Plan), the following provisions shall apply to the Performance Share Units credited to the account of a participant in the event that a participant ceases to be employed by the Corporation:</p> <ul style="list-style-type: none"> a) <u>Termination for cause</u>: effective as of the date notice is given to the participant of such termination for cause, all Vested Performance Share Units and unvested PSUs shall become null and void. b) <u>Death</u>: effective as of the date of such participant's death, all unvested Performance Share Units shall become null and void, and all Vested Performance Share Units shall be settled on an early settlement date determined by the Corporation that will be no later than the earlier of (i) the date which is six months following the date of death and (ii) the Outside Settlement Date. c) <u>Voluntary resignation, termination not for cause, retirement or disability</u>: effective as of the date

	<p>on which the Corporation receives communication of a voluntary resignation or as of the date of such participant's termination not for cause, retirement or disability, all unvested Performance Share Units shall become null and void, and all Vested Performance Share Units shall be settled on an early settlement date determined by the Corporation that will be no later than the earlier of (i) the date which is three months following the date of voluntary resignation, termination not for cause, retirement or disability and (ii) the Outside Settlement Date. For greater certainty, a voluntary resignation will be considered as a retirement if the participant is (i) age 62 or older or (ii) age 58 or older and has more than 10 years' service with the Corporation on the date of termination and has advised the Corporation in writing of his intention to retire at least six months prior to the date of termination, unless the Corporation decides otherwise.</p> <p>d) <u>Termination not for cause within 18 months following a Change of Control</u>: Notwithstanding any other provision of the PSU Plan, effective as of the date of such participant's termination not for cause within 18 months following a Change of Control, all Performance Share Units not yet vested will become Vested Performance Share Units, notwithstanding any Vesting Conditions, at a deemed Performance Factor of 100%, and shall be settled on an early settlement date determined by the Corporation that will be no later than the earlier of (i) the date which is three months following the date of termination, and (ii) the Outside Settlement Date.</p>
Clawback	<p>If within the 36 months following the settlement date of PSUs, the Corporation's financial statements are subject to restatement, the Vesting Conditions and/or the value of PSUs paid-out will be recalculated to reflect the restated financial statements, as applicable. The participant will be responsible to reimburse the Corporation for any excess amount received, unless the Corporation decides otherwise.</p>
Amendment, Suspension or Termination of PSU Plan	<p>The Board has the right to amend, modify, suspend or terminate the PSU Plan or amend the terms of any then outstanding award of PSUs under the PSU Plan at any time if and when it is advisable in the absolute discretion of the Board, provided that shareholder approval shall be required for the following matters, to the extent and in the manner required by applicable securities laws and regulatory requirements and the rules of the TSX:</p> <ul style="list-style-type: none"> (i) any amendment to the amendment procedure set out in the PSU Plan other than amendments of a "housekeeping" or clerical nature or to clarify such provisions; (ii) any amendment to increase the maximum number of Common Shares issuable under the PSU Plan (except for certain permitted adjustments in the share capital of the Corporation, and except by operation of the "rolling" maximum reserve); (iii) any amendment to remove or to exceed the maximum number of Common Shares that may be issued under all Equity-Based Compensation Plans of the Corporation (except for certain permitted adjustments in the share capital of the Corporation, and except by operation of the "rolling" maximum reserve) to (a) insiders at any time or (b) to any one insider in any one-year period; (iv) any amendment to the classes of persons eligible for grants of PSUs under the PSU Plan which would have the potential of broadening or increasing participation in the PSU Plan by insiders; (v) changes to the termination provisions of PSUs for an insider which entails an extension beyond the original term except with respect to a settlement date that occurs during a blackout period; and (vi) any amendment which would permit any PSU granted under the PSU Plan to be transferable or assignable other than what is already allowed under the PSU Plan. <p>Notwithstanding any other provision of the PSU Plan, the Board may, subject to receipt of regulatory approval, where required, in its sole discretion, without obtaining shareholder approval, make all other amendments to the PSU Plan or awards of PSUs under the PSU Plan that are not contemplated above, including, without limitation, the following:</p> <ul style="list-style-type: none"> (i) amendments to ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or stock exchange; (ii) changes to the vesting provisions of PSUs or of the PSU Plan; (iii) amendments to the settlement process for Vested Performance Share Units; (iv) changes to the termination provisions of PSUs which entails an extension beyond the original term for a participant who is not an insider except with respect to a settlement date that occurs during a blackout period; (v) changes to the termination provisions of PSUs for an insider which does not entail an extension beyond the original term except with respect to a settlement date that occurs during a blackout

	<p>period;</p> <p>(vi) any change required pursuant to certain adjustments in the share capital of the Corporation;</p> <p>(vii) suspending or terminating the PSU Plan; and</p> <p>(viii) amendments of a "housekeeping" or clerical nature as well as any amendment clarifying any provision of the PSU Plan, which include amendments relating to the administration of the PSU Plan or to eliminate any ambiguity or correct or supplement any provision herein which may be incorrect or incompatible with any other provision hereof.</p>
Assignability	The rights and interests of a participant in respect of the PSU Plan are not assignable or transferable by the participant, whether voluntarily or by operation of law, except by will or by the laws of succession.
Status as at December 31, 2018 under Equity-Based Compensation Plans	<p>As at December 31, 2018, 7,031,470 PSUs had been granted under the PSU plan.</p> <p>As at December 31, 2018, 4,565,339 DSUs, 7,031,470 PSUs and 2,173,973 Common Shares had been granted or issued under the DSU Plan, the PSU Plan and the ESPP, respectively, and there were 34,965,834 stock options outstanding under the Stock Option Plan, such that a maximum of 43,578,543 Common Shares (assuming a 100 % Performance Factor in relation to the vesting of PSUs) remained issuable in the aggregate under the DSU Plan, PSU Plan and ESPP, representing 4.72% of the number of then outstanding Common Shares.</p>

PSU Grant Policy

In March 2018, the Compensation Committee recommended, and the Board adopted, a formal PSU Grant Policy (“**PSUGP**”). The PSUGP was adopted by the Board in order to, *inter alia*, ensure objectivity around PSU grants, fix the yearly PSU grant date to the third Monday of January of each fiscal year and to ensure consistent practices in the administration of PSU grants by the Board and the Compensation Committee.

The PSUGP establishes target values for PSU grants to specific categories of officers and employees based on their level of responsibility, pursuant to which each officer or employee within a specific category is eligible for a pre-determined value of PSUs to be typically granted on an annual basis, with the specific number of PSU to be finally determined in accordance with the PSU plan on the date of the grant (the “**PSU Annual Grant**”). The target values for Fiscal 2018, approved under the PSUGP, were as follows for executives of the Corporation:

Position	Dollar Value ⁽¹⁾
CEO	\$274,704
COO	\$228,920
CFO	\$200,305
Vice-Presidents	\$103,014

1) *The number of PSUs granted is determined on the basis of such value for each NEO divided by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to the date of grant.*

The performance criteria of each PSU Annual Grant shall be determined by the Board of Directors upon recommendations by the Compensation Committee prior to each grant.

Given that the PSU grant date under the PSUGP had already passed for fiscal 2018 at the time the PSUGP was adopted by the Compensation Committee, the Compensation Committee also agreed that for fiscal 2018, a PSU grant would be approved during the second quarter of 2018 on the basis of the pre-determined value of PSU grants determined under the PSUGP for specific categories of officers and employees.

In line with the recommendations of the Compensation Committee and approval of the Board, on April 18, 2018, the Corporation granted 5,835,000 PSUs to executives and employees of the Corporation (the “**April 2018 PSU Grant**”). The Compensation Committee also approved the individual and corporate performance criteria established for the April 2018 PSU Grant as follows:

	Weight			
Relative Total Shareholder Return (“ RTSR ”) The reference group is composed of 5 peer listed companies: Petra Diamonds Ltd., Mountain Province Diamonds Inc., Gem Diamonds Limited, Lucara Diamond Corp. and Firestone Diamonds plc (the “ Peer Group ”).	50%	Stornoway total shareholder return (“ TSR ”) growth rank compared to the Peer Group ⁽¹⁾	% of TSR Target Earned	Fiscal 2018 score
		Stornoway is 1 st or 2 nd on the ranking of the Peer Group	100%	
		Stornoway is 3 rd or 4 th on the ranking of the Peer Group	50%	
		Stornoway is 5 th or 6 th on the ranking of the Peer Group	0%	0%
EBITDA ⁽²⁾ Target as per annual budget: \$71,844,919	25%	Target and over	100%	
		90% of target	50%	
		Below 89.9% of target	0%	0%
Employee contribution, assessed on an individual basis, at the discretion of the Board.	25%	Yes	100%	100% ⁽³⁾
		No	0%	

(1) The evaluation of the TSR considers the average stock price for the 10 days preceding the opening and the closing of each performance cycle

(2) Defined as net income (loss) before depreciation, interest and other financial expenses (income), and income tax.

(3) The contribution of each employee under the April 2018 PSU Grant was evaluated at 100% of the target.

The PSUs vest in thirds on each anniversary of the grant with the number of PSUs being based on the performance criteria established for each vesting period. For Fiscal 2018, based on the performance criteria applied to the first tranche of the April 2018 PSU Grant, it was determined that performance was equal to 25% of target, resulting in 417,083 PSUs in respect of the first tranche of the April 2018 PSU Grant being earned by executives and other employees employed by the Corporation on December 31, 2018.

Ad-hoc PSU Grants

The Compensation Committee, on an ad-hoc basis, can recommend that additional PSU be granted outside of the above program, to recognize exceptional performance on the part of an individual, in connection with the promotion of an individual, in connection with the hiring of an individual not covered by the guidelines for newly-hired employees set out in the PSUGP or in connection with other circumstances deemed appropriate. Such additional PSU grants are subject to approval by the Board of Directors.

On April 3, 2018, the Board of Directors, based on the recommendation of the Compensation Committee, approved a PSU grant representing the payment of 75% of each executive bonus for fiscal 2017, in the form of PSUs, in lieu of cash (the “**Special 2018 PSU Grant**”). These PSUs will vest in thirds on each

anniversary of the grant date and will be payable on April 18, 2021, subject to the terms of the PSUs relating to early settlement and/or termination.

Employee Share Purchase Plan

The Employee Share Purchase Plan (the “**ESPP**”) was approved by shareholders at the 2017 AGM. The ESPP entitles the participant to participate in the success of the Corporation by facilitating the acquisition of Common Shares of the Corporation and serves as a medium-term incentive plan given the Corporation contributes only following a 6-month restricted period, as further described below.

The following table summarizes the key features of the ESPP

Employee Share Purchase Plan (ESPP)	
Number of Securities Issuable	<p>The aggregate number of Common Shares available for issuance pursuant to the ESPP and all other Equity-Based Compensation Plans shall not exceed 10% of the total issued and outstanding Common Shares at any given time.</p> <p>Common Shares purchased from treasury with participant contributions or employer contributions under the ESPP will forthwith be made available for future issuance (or “reloaded”) under the ESPP and other Equity-Based Compensation Plans. Any increase in the number of issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Equity-Based Compensation Plans, and any purchase of Common Shares from treasury under the ESPP will make new grants available under the Equity-Based Compensation Plans.</p> <p>In addition, the ESPP provides that (i) the maximum number of Common Shares issuable to insiders at any time under all Equity-Based Compensation Plans shall not exceed ten percent (10%) of the issued and outstanding Common Shares; and (ii) the number of Common Shares issued to insiders within any one-year period, under all Equity-Based Compensation Plans, cannot exceed 10% of issued and outstanding Common Shares.</p> <p>The ESPP contains adjustment provisions in the event that the Common Shares are subdivided, consolidated, converted or reclassified by the Corporation, or any action of a similar nature affecting such Common Shares shall be taken by the Corporation.</p>
Administration of the ESPP	<p>The ESPP is administered by the Corporation and the Human Resources and Compensation Committee of the Board. An administrative agent may, from time to time, be appointed as administrative agent by the Board to administer the ESPP (the “Administrative Agent”).</p> <p>Except as otherwise provided in the ESPP, the Corporation will pay the costs of administering the ESPP, including without limitation all the fees and expenses of the Administrative Agent, and all brokerage fees relating to the acquisition of Common Shares pursuant to the provisions of the ESPP.</p>
Eligibility; Participation	<p>All employees who have been at the employ of the Corporation or a participating subsidiary for a period of at least three consecutive months will be eligible to participate in the ESPP. Participation in the ESPP will be voluntary.</p>
Employee Contributions	<p>An eligible employee may elect to contribute up to 10% of his/her gross base annual salary, annually. The participant contributions are deducted by the Corporation from the payroll of the participants and paid over to the Administrative Agent for the account of such participants.</p>
Employer Contributions	<p>Following the end of each six-month period commencing on the date on which participant contributions are contributed to the ESPP (each such period being a “Restricted Period”), the Corporation will contribute to the ESPP for the benefit of the participant and remit to the Administrative Agent an amount equal to 50% of such participant contributions, provided that the Common Shares purchased with such participant contributions have not been withdrawn from the participant’s account with the Administrative Agent or sold by the participant prior to the end of the applicable Restricted Period.</p>
Restricted Period	<p>A participant in respect of whom any Common Shares purchased with participant contributions are no longer held in the participant’s account through the Administrative Agent, whether as a result of</p>

	<p>the shares having been withdrawn or sold, before the end of the applicable Restricted Period shall lose all rights to the employer contributions that would otherwise have been made by the Corporation with respect to such participant contributions, in the proportion which the Common Shares that were purchased with such participant contributions and withdrawn from the ESPP or sold bears to the total number of Common Shares that were purchased with such participant contributions related to the applicable Restricted Period. On March 23, 2018, the Board of Directors of the Corporation approved an amendment to the plan, which amendment shall be effective June 1, 2018, subject to approval by the TSX, so that the Common Shares purchased with participant contributions may no longer be traded before the end of the applicable 6-month Restricted Period. Such amendment to the ESPP is not subject to shareholder approval in accordance with the amending provisions of the ESPP.</p>
Transfer of contributions to the ESPP	<p>Common Shares will be purchased by the Administrative Agent for and on behalf and in the name of the participants and credited to their accounts under the ESPP, using the sum of participant contributions for the month just ended or the sum of the employer contributions for the Restricted Period just ended, as the case may be, in the following manner, in accordance with and at the discretion of the Corporation (provided however that when a blackout period is in effect, Common Shares shall automatically be purchased from treasury and not from the open market):</p> <p>(i) from treasury, at a price per Common Share equal to the TSX volume weighted average trading price for the five (5) trading days preceding the purchase date; or</p> <p>(ii) alternatively, or in combination with Common Shares purchased from treasury, directly from the open market, at prevailing market prices. The price of Common Shares purchased on the open market will be 100% of the average purchase price of the Common Shares purchased by the Administrative Agent on behalf of all the participants on the dates on which such Common Shares were acquired. Neither the Corporation nor the Administrative Agent will exercise any direct or indirect control over the price paid for Common Shares acquired under the ESPP.</p>
Discount	No discount will apply on the purchase price of the Corporation's Common Shares.
Dividends	Any dividends declared and paid on Common Shares held by the Administrative Agent on behalf of a participant will be reinvested by the Administrative Agent in the acquisition of additional Common Shares and will be credited to the accounts of the participants.
Amendment, Suspension or Termination of ESPP	<p>Subject to the following paragraph, the Board may make certain amendments to the ESPP or Common Shares without obtaining the approval of the shareholders of the Corporation including, but not limited to amendments which are intended to:</p> <ul style="list-style-type: none"> (i) ensure compliance with applicable laws, regulations or policies, including, but not limited to the rules and policies of any stock exchange on which the Common Shares are listed for trading; (ii) provide additional protection to shareholders of the Corporation; (iii) remove any conflicts or other inconsistencies which may exist between any terms of the ESPP and any provisions of any applicable laws, regulations or policies, including, but not limited to the rules and policies of any stock exchange on which the Common Shares are listed for trading; (iv) cure or correct any typographical error, ambiguity, defective or inconsistent provision, clerical omission, mistake or manifest error; (v) facilitate the administration of the ESPP; (vi) any change pursuant to the adjustment provision of the ESPP in the event that the Common Shares are subdivided, consolidated, converted or reclassified by the Corporation, or any action of a similar nature affecting such Common Shares shall be taken by the Corporation; (vii) suspending or terminating the ESPP; (viii) suspend or terminate the employer contributions or amend the employer contributions that would result in a decrease to the employer matching contribution amount; (ix) amend the definitions of the terms used in the ESPP, the dates on which participants may become eligible to participate in the ESPP, the minimum and maximum permitted yearly participant contributions, the amount of participants' contributions and the procedures for making, changing, processing, holding and using such contributions, vesting, the Restricted Period, the rights of holders of Common Shares acquired through participant contributions and through employer contributions, the rights to sell or withdraw Common Shares and cash credited to a participant's account and the procedures for doing the same, the interest payable on cash credited to a participant's account, the adjustments to be made

	<p>in the event of certain transactions, ESPP expenses, restrictions on corporate action, or use of funds; or</p> <p>(x) make any other change that is not expected to materially adversely affect the interests of the shareholders of the Corporation.</p> <p>Notwithstanding the foregoing, none of the following amendments to the ESPP or Common Shares may be made without obtaining approval of the shareholders of the Corporation in accordance with the requirements of the TSX:</p> <ul style="list-style-type: none"> (i) extend the date on which Common Shares will be forfeited or terminated in accordance with their terms for the benefit of an insider; (ii) increase the fixed maximum number of Common Shares reserved for issuance under the ESPP (including a change from a fixed maximum number of Common Shares to a fixed maximum percentage of Common Shares) (other than pursuant to the adjustment provision of the ESPP in the event that the Common Shares are subdivided, consolidated, converted or reclassified by the Corporation, or any action of a similar nature affecting such Common Shares shall be taken by the Corporation, and except by operation of the "rolling" maximum reserve); (iii) revise the method for determining the purchase price of Common Shares that would result in a decrease in the purchase price of such Common Shares for the benefit of an insider; (iv) remove or exceed the insider participation limits set out in the ESPP (other than pursuant to the adjustment provision of the ESPP in the event that the Common Shares are subdivided, consolidated, converted or reclassified by the Corporation, or any action of a similar nature affecting such Common Shares shall be taken by the Corporation, and except by operation of the "rolling" maximum reserve); (v) permit the rights of a participant pursuant to the provisions of the ESPP to be transferable or assignable other than for estate settlement purposes; (vi) extend eligibility to participate in the ESPP to non-executive Directors on a discretionary basis; (vii) amend the employer contributions that would result in an increase to the employer matching contribution amount; or (viii) revise the amendment procedure set out in the ESPP other than amendments of a "housekeeping" or clerical nature or to clarify such provisions.
<p>Change or Termination of the ESPP with Respect to a Participant</p>	<p>Participants may cease their contributions to the ESPP by notifying the Administrative Agent at any time or modify the amount of their contributions to the ESPP by notifying the Administrative Agent during determined enrolment periods, being from June 1 to June 20 and from December 1 to December 20 of each year, subject to 10-business day extensions during blackout periods.</p> <p>In the case of unpaid leave of absence of a participant, or if the participant becomes disabled (employment or non-employment related) and is entitled to benefits under a recognized long-term disability program, or in the case of maternity, paternity, adoption or compassionate care leave of a participant, the contributions of such participant will be automatically suspended until the participant returns to active status and completes a new enrolment form during an enrolment period.</p> <p>In addition, death, retirement or termination of employment of a participant or termination or winding up of the ESPP will automatically terminate the participant's participation in the ESPP and no further participant contributions will be made.</p> <p>If the participant voluntarily resigns or is terminated for cause, any entitlement to employer contributions not already contributed to the ESPP will be forfeited.</p> <p>If the participant is terminated without cause, retires, dies or is permanently disabled, or if the ESPP is terminated or wound up, the participant shall be entitled to receive, automatically and without any further acts on his/her part, his/her entitlement to employer contributions not already contributed to the ESPP, the Restricted Period will be waived and employer contributions will automatically be accelerated, in each case as of a date determined by the Corporation in its sole discretion no later than ninety (90) days following the occurrence of the applicable event or termination or winding up of the ESPP, as the case may be.</p>
<p>Assignability</p>	<p>The rights of a participant pursuant to the provisions of the ESPP are not capable of being assigned, charged, anticipated, given as security, transferred or surrendered, in whole or in part, either directly charged or by operation of law or otherwise in any manner.</p>
<p>Status as at December 31, 2018 under Equity-</p>	<p>As at December 31, 2018, 2,173,973 Common Shares had been issued under the ESPP.</p> <p>As at December 31, 2018, 4,565,339 DSUs, 7,031,470 PSUs and 2,173,973 Common Shares had</p>

Based Compensation Plans	been granted or issued under the DSU Plan, the PSU Plan or the ESPP, respectively, and there were 34,965,834 stock options outstanding under the Stock Option Plan, such that a maximum of 43,578,543 Common Shares remained issuable in the aggregate under the DSU Plan, PSU Plan and ESPP, representing 4.72% of the number of then outstanding Common Shares.
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Risks Associated with the Corporation's Compensation Policies and Practices

It is the responsibility of the Compensation Committee to consider the implications of the risks associated with the Corporation's compensation policies and practices when determining compensation for NEOs and Directors. With the assistance of PCI, the Compensation Committee completed in Fiscal 2014 an evaluation of the risks associated with its compensation policies and practices. During Fiscal 2015, PCI reviewed the Corporation's compensation program, policies, practices and their regulatory disclosure, and assessed any potential risk implications and the mitigation measures in place. Based on that analysis, PCI concluded that there were no significant risks arising from the Corporation's compensation programs and practices that are reasonably likely to have a material adverse effect on the Corporation. The Compensation Committee considered PCI's assessment in concluding that the Corporation's compensation practices do not encourage excessive or inappropriate risk-taking. However, given that the Corporation was transitioning from a construction phase to an operation phase, the Compensation Committee with the assistance of PCI, completed in Fiscal 2016 a complete review of the Corporation's compensation program and long-term incentive plans which led to the submission for approval by Shareholders at the 2017 AGM of the PSU and DSU Plans as well as ESPP to replace the Stock Option Plan.

As discussed above, the Corporation's compensation philosophy has been established with regard to its business strategies and objectives and with a view to: (i) attract and retain top quality, experienced executives critical to the Corporation's short, medium and long-term success in the mining industry, (ii) provide executives with compensation that is generally consistent with existing market practices, (iii) align the interests of the executive officers with those of the Corporation's shareholders, and (iv) link individual executive compensation to the performance of both the Corporation and the individual executive officer. It is designed so that a reasonable amount of overall compensation for the NEOs is "at risk" and is only awarded if the Corporation reaches its short, medium and long-term goals. The Compensation Committee believes that the structure of the existing compensation plans is designed so that there are sufficient features to mitigate the incentive for excessive risk taking, such as:

- a balanced design between fixed and variable pay and between short and long-term incentives;
- a consistent program design amongst executive officers and within the Corporation as a whole, including realistic targets which are reviewed and approved annually by the Compensation Committee (and approved by the Board of Directors for the CEO);
- 80% of the payout potential of the annual cash bonus of the CEO, COO and CFO, and 60% for the VP, P and VP, L, is based on a variety of corporate performance objectives, thus diversifying the risk associated with any single performance objective to the detriment of others;
- Equity-Based Compensation Plans represent an incentive to enhance shareholder value by providing the executives with a form of compensation which is only valuable if Stornoway's share price increases over time (and in the case of PSUs, meet or exceed specific performance objectives), and the Equity-Based Compensation Plans' respecting vesting schedules help align long-term performance with shareholders' interests. The Stock Option Plan has been replaced since the 2017 AGM by the PSU and DSU Plans as well as ESPP.

- the perquisites available to executive officers and full-time employees are not affected by business decisions nor risk taking measures;
- the variable short term and long-term compensation elements (annual cash bonuses and equity-based incentive awards) represent a percentage of overall compensation that is sufficient to motivate executives to produce superior short-term, medium and longer-term results, while the fixed compensation element (base salary) is also considered sufficient to discourage executives from taking inappropriate or excessive risks;
- the Compensation Committee engages an independent consultant annually (PCI) to provide an external perspective of marketplace trends and best practices related to compensation design and governance, and objective advice regarding the appropriate level of compensation for executive officers and directors in the context of the Corporation's performance, with due consideration to appropriate levels given the Corporation's size, industry sector, stage of development and other market conditions and trends; and
- the Compensation Committee uses comparator groups of companies in the mining sector which are comparable to the Corporation in terms of size, mineral base and/or stage of development to evaluate executive and director compensation.

In addition, the CEO's, COO's and CFO's personal shareholdings in the Corporation aligns their interests with that of other shareholders as they have a direct personal interest in the maximization of shareholder value.

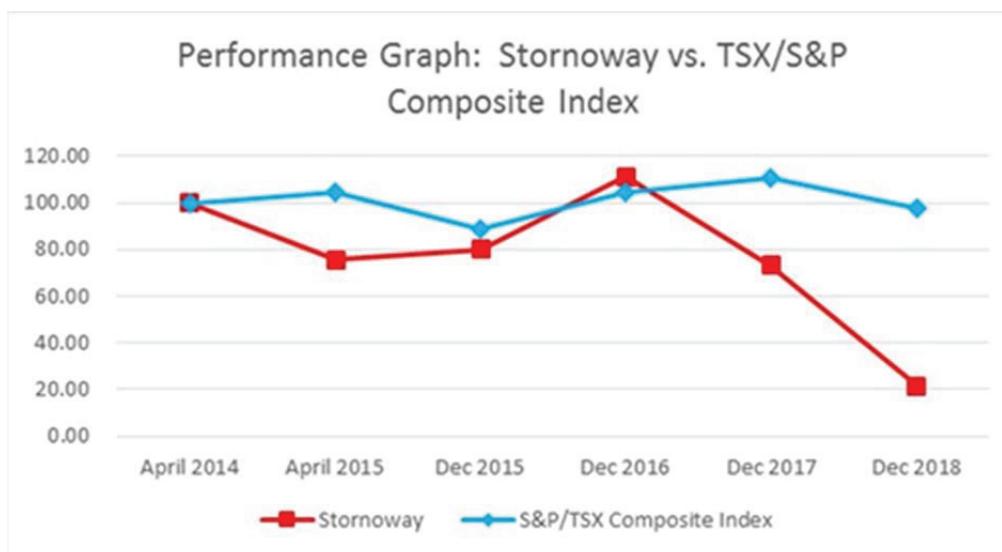
At the present time, the Corporation does not have share ownership guidelines for its directors or executive officers but will consider implementing these guidelines in the future.

NEO Purchases of Financial Instruments

The Corporation's Directors and executive officers are not permitted to purchase financial instruments (such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or Director.

Performance Graph

The following graph compares the yearly percentage change in the cumulative total shareholder return of the Common Shares of the Corporation, for the last five financial years (based on closing prices as of December 31st of each year, except with respect to Fiscal 2014 and 2015 for which it is based on closing prices as of April 30, 2014 and 2015, respectively, as a result of the Corporation's year-end change in July 2015 from April 30 to December 31), with the cumulative total return of the Toronto Stock Exchange ("TSX") 300 composite index. The Common Share trading data is as reported by the TSX.



The trend in cumulative total shareholder return shown in the above graph does not correspond to the trend in total compensation paid to the Corporation's NEOs during the same period.

Total shareholder return declined 88.3% between April 30, 2014 and December 31, 2018. The performance graph set forth above is generally in line with the overall market trend for diamond and mining equities that reflected a challenging environment for pre-financing exploration and development stage mining companies, and the difficult economic and market conditions faced by the mining industry in general. Following the closing of the Financing Transactions in July 2014, and as a result of the Renard Diamond Mine being kept on schedule and on budget, the share price steadily increased over calendar years 2015 and 2016. Share price performance in 2017 was impacted by revenues lower than expected resulting from an overall weakness in the diamond sector as well as diamond size distribution factors and share price performance in 2018 was impacted by a reduction in the company's guidance, reflecting a slower than anticipated ramp up of the underground mine and the processing of lower grade stockpiles as a result.

During the five financial years ended December 31, 2018, total compensation paid to the NEOs decreased overall by 12.6%. During the five financial years ended December 31, 2018, total cash compensation (base salary, bonus and other compensation) represented approximately 70% of the total compensation awarded, while the estimated grant date fair value of non-cash compensation (stock options and PSUs) represented approximately 30% of total compensation awarded. Total cash compensation increased by 1.8% over the last five financial years, or an average of 0.4% per year. During the financial year ended April 30, 2014 ("Fiscal 2014"), although total cumulative shareholder return was increasing, the Corporation implemented a freeze on executive salaries and a roll-back of 15% on the CEO's base salary given the financial condition of the Corporation and challenging market conditions faced by the Corporation at that time, despite a report from the Corporation's compensation consultant indicating that, in relation to the Comparator Group applicable at such time, the base salaries for most of the NEOs were significantly below the market median P50 and the performance of the Corporation's entire senior

executive team, and the CEO in particular, had been exceptional given the extremely difficult market conditions. With the Financing Transactions concluded on July 8, 2014, total compensation for Fiscal 2014 increased by 73% as compared to the previous financial year, a reflection of the value of an incremental special financing bonus payment in respect of Fiscal 2014 and of stock options awarded in respect of Fiscal 2014 but paid subsequent to Fiscal 2014, including the “make-up” and “financing bonus” option grants described in detail in the Corporation’s management information circular dated September 17, 2014 (the “2014 Circular”) (see “Summary Compensation Table” below for details). For the fiscal year ended April 30, 2015, total cumulative shareholder return decreased slightly, while total compensation increased by 34% as compared to Fiscal 2014, resulting from increases to the NEOs’ base salaries and target and maximum cash bonus opportunities as a result of the benchmarking exercise conducted with the Corporation’s compensation consultant, and due to the inclusion in that year’s compensation of the full estimated fair value of the multi-year Employee Grants which were granted during the fiscal year ended April 30, 2015 to cover the 3-year period of the construction of the Renard Diamond Project. In line with a slight increase in total shareholder return, total compensation for Fiscal 2015 increased by 4% as compared to the fiscal year ended April 30, 2015, despite the Renard Diamond Project meeting on time and on budget its milestones (with Fiscal 2015 compensation amounts having been annualized to take into consideration the eight-month period of Fiscal 2015, and excluding former CFO total compensation). During the financial year ended December 31, 2016, compensation increased by 74% as compared to fiscal year ended December 31, 2015 (annualized over a 12-month period) resulting from NEOs receiving special construction bonuses following completion of the Renard Diamond Mine construction and commencement of commercial production on January 1, 2017. This compares with a 38.9% increase in shareholder return for the same annualized 12-month period. During the financial year ended December 31, 2017, total compensation decreased by 6.2% as compared to fiscal year ended December 31, 2016 due to the previously mentioned special construction bonus paid following the completion of the Renard Diamond Mine construction. For the financial year ended December 31, 2017, total cash compensation (base salary, bonus and other compensation) represented approximately 55.1 % of the total compensation awarded, while the estimated grant date fair value of non-cash compensation (stock options and PSUs) represented approximately 44.9% of total compensation awarded. During the financial year ended December 31, 2018, total compensation decreased by 23.18% as compared to the year ended December 31, 2017, as NEOs did not receive a cash bonus under the Corporation’s annual incentive plan. For the financial year ended December 31, 2018, total cash compensation (base salary, bonus and other compensation) represented approximately 67% of the total compensation awarded, while the estimated grant date fair value of non-cash compensation (PSUs) represented approximately 33% of total compensation awarded.

As such, a substantial portion of NEO pay is at-risk. Moreover, a significant proportion of executive compensation is granted in the form of long-term equity-based incentives, which are calculated based on grant date fair values, despite the fact that actual values will be realized only to the extent that any applicable performance targets are met and the Corporation’s share price increases over time. The price of the shares underlying long-term equity-based incentives can be highly volatile. As a result, as shown in this Circular and in previous years’ circulars, stock options have been well out-of-the money several times during the last five financial years, and actual results have been below target in respect of the first tranche of the April 2018 PSU Grant, in which cases actual gains were never realized, or will only be realized in part. In the longer term, NEO compensation is directly affected by the Corporation’s share price performance. Stock option, DSU and PSU awards directly correlate to the share price and are therefore aligned with shareholder returns.

The Corporation’s executive compensation is reviewed annually and approved by the Compensation Committee, excluding with respect to the CEO, which compensation is approved by the Board upon recommendation of the Compensation Committee. As discussed above under the various elements of the Corporation’s compensation program, the Compensation Committee considers a number of factors and performance objectives when determining compensation for the executive officers. As the Compensation Committee evaluates executive performance with an emphasis on the Corporation’s business plan, rather

than based on short-term changes in share price, share price or total shareholder return has not been included as a performance measure of the Corporation's executive compensation program. The Compensation Committee believes that the share price may fluctuate due to external factors beyond the Corporation's control that do not necessarily reflect the Corporation's performance or the achievement of milestones. Some of these factors are mentioned and analyzed in the "Risks" section of the Corporation's Annual Information Form for the year ended December 31, 2018, which is accessible on SEDAR (www.sedar.com).

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 – “Statement of Executive Compensation”) (“**Form 51-102F6**”) sets forth all direct and indirect compensation provided for, or in connection with, services in all capacities to the Corporation for the three most recently completed financial years in respect of each of the individuals comprised of the CEO, CFO and the other three most highly compensated executive officers of the Corporation as at December 31, 2018 whose individual total compensation for the most recently completed financial year exceeded \$150,000 (collectively, the “**Named Executive Officers**” or “**NEOs**”).

NEO Name and principal position	Fiscal Year	Salary (\$)	Share-based awards (PSUs) (\$)	Option-based awards ⁽²⁾⁽³⁾ (\$)	Non-equity based (cash-based) incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽⁵⁾ (\$)	Total compensation including the estimated grant date fair value of option-based awards and share-based awards (\$)
					Annual incentive plans	Long-term incentive plans			
Matthew Manson President and CEO ⁽¹²⁾	2018	469,535	274,704 ⁽¹⁾	Nil	Nil	N/A	N/A	30,570 ⁽¹¹⁾	774,809 ⁽¹¹⁾
	2017	455,859	200,008 ⁽⁹⁾⁽¹⁰⁾	410,251	66,669 ⁽⁴⁾	N/A	N/A	29,718	1,162,506
	2016	444,645	N/A	Nil	555,925	N/A	N/A	17,339	1,017,909
Patrick Godin Chief Operating Officer ⁽¹³⁾	2018	436,775	228,920 ⁽¹⁾	Nil	Nil	N/A	N/A	25,570	691,265
	2017	424,053	161,246 ⁽⁹⁾	341,876	53,749 ⁽⁴⁾	N/A	N/A	109,847 ⁽⁸⁾	1,090,771
	2016	413,622	N/A	112,475	475,767	N/A	N/A	28,111	1,029,975
Orin Baranowsky ⁽⁶⁾ Chief Financial Officer	2018	309,000	200,305 ⁽¹⁾	Nil	Nil	N/A	N/A	20,570	529,875
	2017	254,712	72,113 ⁽⁷⁾⁽⁹⁾	153,844	24,038 ⁽⁴⁾⁽⁷⁾	N/A	N/A	14,377	519,084
	2016	179,615	N/A	107,976	45,000	N/A	N/A	11,007	343,598
Ian Holl VP Processing	2018	288,748	103,014 ⁽¹⁾	Nil	Nil	N/A	N/A	20,570	412,332
	2017	280,338	36,794 ⁽⁹⁾	153,844	12,265 ⁽⁴⁾	N/A	N/A	22,796	506,037
	2016	273,446	N/A	Nil	147,690	N/A	N/A	22,479	443,615
Annie Torkia Lagacé VP Legal Affairs	2018	257,500	103,014 ⁽¹⁾	Nil	Nil	N/A	N/A	18,178	378,692
	2017	233,257	42,188 ⁽⁹⁾	153,844	14,063 ⁽⁴⁾	N/A	N/A	15,345	349,653
	2016	217,964	N/A	67,485	35,833	N/A	N/A	15,233	269,030

- (1) This “grant date fair value” represents a value determined by the Board of Directors of the Corporation to be awarded as compensation to the NEO. The number of PSUs granted was determined on the basis of such value determined by the Board of Directors for each NEO divided by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to the date of grant.
- (2) The “grant date fair value” has been determined by using the Black-Scholes option pricing model. See discussions below.
- (3) All options shown were granted with an exercise price equal to or greater than the market price of the Corporation’s common shares on the date of grant. Accordingly, the values shown for these options are not the “in-the money” value at the time of grant, but the theoretical value of the options at that time based on the Black-Scholes option pricing formula. Please see the table under “outstanding share-based and option-based awards” for the in-the money value of stock options on December 31, 2018.
- (4) This cash amount represents 25% of the value of the bonus approved by the Compensation Committee and/or Board for the NEO for Fiscal 2017. The remaining 75% of the value of the Fiscal 2017 bonus was paid by the grant to the NEO of Special 2018 PSUs.
- (5) Other compensation amounts represent employer paid RRSP contributions and contributions or premiums paid

by the Corporation on behalf of an NEO under group life, health, hospitalization and medical reimbursement plans. The value of all perquisites provided to the NEOs is neither in aggregate worth \$50,000 or more nor does it exceed 10% or more of any NEO's salary for the fiscal year presented.

- (6) Mr. Baranowsky joined the Corporation as Director Investor Relations in June 2013, he was appointed Vice-President, Investor Relations and Corporate Development in April of 2016, as interim Chief Financial Officer in April of 2017 and as Chief Financial Officer on August 10, 2017. Mr. Baranowsky's base salary has been prorated to take into consideration the three positions occupied by him in the financial year ended December 31, 2017. As Vice President, Investor Relations and Corporate Development, his base salary was equal to \$184,500, as Interim Chief Financial Officer, his base salary was equal to \$240,000 while as Chief Financial Officer of the Corporation, his base salary was equal to \$300,000.
- (7) Payout has been prorated to take into consideration the two positions occupied by Mr. Baranowsky in Fiscal 2017. As CFO, his target bonus was equal to 50% of his base salary, of which 80% was based on corporate objectives, and 20% on individual objectives. As Vice President, Investor Relations, his target bonus was equal to 25% of his base salary of which 80% was based on corporate objectives, and 20% on individual objectives. See "Compensation Discussion and Analysis - Cash Bonuses".
- (8) This includes an amount of \$81,549 paid to the executive during Fiscal 2017 for past accumulated vacation time.
- (9) This "grant date fair value" represents 75% of the value of the bonus approved by the Compensation Committee and/or Board for the NEO for Fiscal 2017 that was paid by a grant of Special 2018 PSUs on April 17, 2018, in lieu of cash. The number of Special 2018 PSUs granted was determined on the basis of the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to the date of grant.
- (10) Mr. Manson's Special 2018 PSUs were settled in cash on February 18, 2019, in accordance with the terms of the Special 2018 PSU grant letter following his resignation as CEO as of December 31, 2018, for a total value of \$69,861.25 on the basis of the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to the settlement date.
- (11) This amount excludes a value of \$42,500 reflecting 5/12 of a non-executive director DSU grant for the first five months of Fiscal 2019. Mr. Manson's non-executive director DSU grant was made on December 17th, 2018 for the following year, at the same time as all other grants for non-executive directors, in compliance with the DSU grant policy of the Corporation.
- (12) Mr. Manson was President and CEO of the Corporation until December 31, 2018.
- (13) Mr. Godin was COO of the Corporation until December 31, 2018. He is President and Chief Executive Officer since January 1, 2019.

The Corporation has calculated the "grant date fair value" amounts in the column "Option-based awards" of the "Summary Compensation Table" presented above using the Black-Scholes option pricing model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors, including the exercise price of the option, the price of the underlying security on the date that the option was granted, and assumptions related to the volatility of the price of the underlying security and the risk-free rate of return. This is consistent with the fair value determined in accordance with IFRS 2 *Share-based Payment*. The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes Option Pricing Model, with the following weighted average assumptions:

	<i>Year Ended December 31, 2018 ⁽²⁾</i>	<i>Year Ended December 31, 2017</i>	<i>Year Ended December 31, 2016</i>
Risk-free interest rate	n/a	1.16%	0.71%
Expected dividend yield	n/a	Nil	Nil
Forfeiture rate	n/a	0%	0%
Expected stock price volatility ⁽¹⁾	n/a	44.80%	49.80%
Expected option life in years	n/a	5 years	5 years

(1) Expected volatility has been based on historical volatility of the Corporation's publicly traded shares.

(2) The last options granted under the SOP were granted on March 6, 2017.

The estimated fair value of each stock option grant that is calculated using the Black-Scholes option pricing model methodology is quite different from a simple value calculation for "in-the-money" value

calculation for stock options. The price of the shares underlying the option can be highly volatile and as a result, the grant date fair value of the stock options estimated using the applicable methodology above may be significant, notwithstanding the fact that with respect to stock options, at any time after the grant date, the stock options may be well out-of-the money. Accordingly, readers of this information should exercise caution when comparing the estimated grant date fair amounts reported in the table with the NEO's cash compensation or an "in-the-money" option value calculation. The same caution should be exercised when reviewing the total compensation amounts in the far-right column of the "Summary Compensation Table" presented above, which includes the grant date fair value amounts set out under "Share-based awards (PSU)" and "Option-based awards" above. The total cash compensation, in the form of base salary and cash bonuses paid to each NEO is included in the table above.

Outstanding Share-Based and Option-Based Awards

The following table sets out for each NEO, the incentive stock options (option-based awards) and PSUs (Share-Based awards) outstanding as at December 31, 2018. The closing price of the Corporation's shares on the TSX on December 31, 2018 was \$0.195.

Grants made to officers, employees and consultants in respect of Fiscal 2014 pursuant to the SOGP vest annually in thirds, with the first third vesting on the date of grant, while prior grants vested immediately on the date of grant. The stock options granted as part of the Employee Grants vest annually in thirds, with the first third vesting on the 1st anniversary of the date of grant. The stock options granted as part of the 2017 Ad-Hoc Employee Grant vest annually in thirds, with the first third vesting on the 1st anniversary of the date of grant.

<i>Name</i>	<i>Option-based Awards</i>				<i>Share-based Awards (PSU)</i>		
	<i>Number of securities underlying unexercised options (#)</i>	<i>Option exercise price (\$)</i>	<i>Option expiration date</i>	<i>Value of unexercised in-the-money options ⁽¹⁾ (\$)</i>	<i>Number of shares or units of shares that have not vested (#)</i>	<i>Market or payout value of share-based awards that have not vested (\$) ⁽²⁾⁽³⁾</i>	<i>Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽³⁾⁽⁴⁾</i>
Matthew Manson President and CEO ⁽⁵⁾	2,687,500	0.70	July 10, 2019	Nil	320,000	14,577	7,289
	400,000	0.85	March 6, 2022	Nil			
Patrick Godin COO ⁽⁶⁾	1,962,500	0.70	July 10, 2019	Nil	266,667	12,148	6,074
	166,666	1.04	April 8, 2021	Nil			
	333,333	0.85	March 6, 2022	Nil			
Orin Baranowsky CFO	160,000	1.04	April 8, 2021	Nil	233,333	10,629	5,315
	150,000	0.85	March 6, 2022	Nil			
	637,500	0.70	July 10, 2019	Nil			
Ian Holl VP Processing	150,000	0.85	March 6, 2022	Nil	120,000	5,467	2,733
	450,000	0.70	July 10, 2019	Nil			
Annie Torkia Lagacé VP Legal Affairs	100,000	1.04	April 8, 2021	Nil	120,000	5,467	2,733
	150,000	0.85	March 6, 2022	Nil			
	2,687,500	0.70	July 10, 2019	Nil			

(1) As at December 31, 2018.

(2) This is an estimated value based on the projected minimum number of PSUs to be earned by each NEO in Fiscal 2019 and Fiscal 2020 multiplied by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to December 31, 2018.

- (3) The Fiscal 2018 PSUs will only be payable in the first quarter of fiscal 2021. The amount payable will equal the number of PSUs earned during the 3-year term of the Fiscal 2018 PSU grant multiplied by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to the Settlement Date, subject to early settlement provisions under the PSU Plan.
- (4) This is an estimated value based on the number of PSUs earned by the NEO in Fiscal 2018 following the application of the Fiscal 2018 performance factor multiplied by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to December 31, 2018.
- (5) Mr. Manson was President and CEO of the Corporation until December 31, 2018.
- (6) Mr. Godin was COO of the Corporation until December 31, 2018. He is President and Chief Executive Officer since January 1, 2019.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth, for each NEO, the value of all incentive plan awards vested during Fiscal 2018.

<i>Name</i>	<i>Option-based awards – Value vested during the year (\$)</i>	<i>Share-based awards – Value vested during the year (\$) ⁽¹⁾</i>	<i>Non-equity incentive plan compensation – Value earned during the year (\$)</i>
Matthew Manson	Nil	7,289	Nil
Patrick Godin	Nil	6,074	Nil
Orin Baranowsky	Nil	5,315	Nil
Ian Holl	Nil	2,733	Nil
Annie Torkia Lagacé	Nil	2,733	Nil

(1) This is an estimated value only based on the number of PSUs earned by the NEO in Fiscal 2018 following the application of the Fiscal 2018 performance factor multiplied by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to December 31, 2018. The Fiscal 2018 PSUs will only be payable in the first quarter of fiscal 2021. The actual amount payable will then equal the number of PSUs earned multiplied by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to the then settlement date, subject to early settlement provisions under the PSU Plan.

The values shown in the second column from the left in the table above represent the amount that the NEO could have realized had he exercised the stock option on the date that the stock option vested. The value is determined by taking the difference between the market price of the Corporation's shares on the vesting date and the exercise price of the stock option. The values shown in the third column from the left in the table above represent the amount that the NEO could have realized had the PSUs earned in Fiscal 2018 been payable on December 31, 2018. The actual value will be determined by taking the number of PSUs earned in Fiscal 2018 following the application of the applicable performance factor multiplied by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to the actual Settlement Date, subject to early settlement provisions under the PSU Plan.

The values shown in the far-right column of the table above represent the cash bonus approved by the Compensation Committee and/or Board for the NEO for Fiscal 2018 and paid subsequent to the fiscal year-end.

Termination and Change of Control Benefits

The Corporation has entered into employment agreements with its executive officers that provide for severance payments to be made to the executive officer in the event of a change of control, or if the Corporation terminates the executive officer without cause. These employment agreements provide for a severance payment of either one or two times the executive's annual salary and bonus, as well as a provision for benefits, should the Corporation terminate the executive officer's employment, other than for cause. No amounts, other than accrued wages up to the date of resignation and accumulated vacation pay, are payable to the executive officer should he or she voluntarily terminate his or her employment.

The benefits provided by the Corporation include life and disability insurance, extended health and dental benefits and RRSP contributions. As described above under “Performance Share Unit Plan” and “Stock Option Plan”, each of these plans sets out the terms and conditions, as applicable, for the payment of the PSUs to, and exercise of stock options by, the executive officer in the event that his or her employment terminates, with or without cause and in the case of a change of control (as such terms are defined in the PSU Plan and Stock Option Plan). Pursuant to the PSU Plan, on the occurrence of a change of control (as such term is defined in the PSU Plan), all outstanding PSUs will continue to vest according to their original vesting date(s) and vesting conditions, subject to the provisions of the PSU Plan related to the early termination of PSUs, unless the Compensation Committee decides to accelerate their vesting and/or payment. Pursuant to the Stock Option Plan, on the occurrence of a change of control (as such term is defined in the Stock Option Plan), all outstanding options will become vested and exercisable in whole or in part by the Optionee.

For purposes of the employment agreements with the Corporation’s executive officers, a “change in control” is defined as: (i) an acquisition of 50% or more of the voting rights attached to all outstanding voting shares of the Corporation by a person or combination of persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, or by virtue of a related series of such events, and whether by transfer of existing shares or by issuance of shares from treasury or both; (ii) the amalgamation or consolidation of the Corporation with, or merger of the Corporation into, any other person, unless 1) the Corporation is the surviving person or the person formed by such amalgamation or consolidation, or into which the Corporation has merged, is a corporation and 2) immediately after giving effect to such transaction at least 40% of the voting rights attached to all outstanding voting shares of the corporation or the Corporation resulting from such amalgamation or consolidation, or into which the Corporation is merged, as the case may be are owned by persons who held at least 40% of the voting rights attached to all outstanding voting shares of the Corporation immediately before giving effect to such transaction; (iii) the direct or indirect transfer, conveyance, sale, lease or other disposition, by virtue of a single event or a related series of such events, of 90% or more of the assets of the Corporation in terms of gross fair market value to any person unless 1) such disposition is to a corporation and 2) immediately after giving effect to such disposition, at least 40% of the voting rights attached to all outstanding voting shares of such corporation are owned by the Corporation or its affiliates or by persons who held at least 40% of the voting rights attached to all outstanding voting shares of the Corporation immediately before giving effect to such disposition; or (iv) a sale of all or substantially all of the Corporation’s assets.

Within twelve months of a “change in control”, the executive officer may trigger a “good reason” clause, which would trigger a severance payment as described below. Each employment agreement defines several events, occurring without the executive officer’s written consent, which would constitute “good reason”. These include: (i) termination of the employee’s employment by the employer, without just cause; (ii) a material change in the employee’s status, duties or responsibilities as an employee of the employer; (iii) a material decrease in the employee’s salary or benefits in effect at the time of the change in control; (iv) a failure by the employer to increase the employee’s salary or benefits after the change in control in a manner consistent (both as to frequency and as to percentage increase) with increases or improvements granted generally to the employer’s other executives; (v) a relocation of the employee’s principal place of employment; or (vi) any breach by the employer of any provision of the employment agreement. Severance payments are triggered by the occurrence of both a change in control and the occurrence of a specified event constituting “good reason”.

Employment agreements were in effect with each of the NEOs as of December 31, 2018. Pursuant to the terms of their respective employment agreement, should the Corporation terminate the NEO’s employment, other than for cause, or in the event of a change in control and the occurrence of a specified event constituting “good reason”, the NEO would be entitled to a severance payment equal to one time (two times in the case of Matthew Manson, CEO, and Patrick Godin, COO) his or her annual salary and bonus, as well as a provision for benefits.

For illustrative purposes, in accordance with Form 51-102F6, if an NEO had been terminated without notice or cause on December 31, 2018, or in the event of a change in control and the occurrence of a specified event constituting “good reason”, as described above, the applicable compensation period (relevant for base salary, bonus and continued participation in the Corporation’s benefits plans), the amount payable and the value of the accelerated vesting of outstanding options and PSUs as at December 31, 2018 would have been as follows:

<i>Name</i>	<i>Severance Period (in months)</i>	<i>Aggregate Amount Payable for Base Salary</i>	<i>Aggregate Amount Payable for Bonus⁽¹⁾</i>	<i>Aggregate Amount Payable for Continued Benefits</i>	<i>Option-based Awards – Value of Accelerated Vesting</i>	<i>Share-based Awards – Value of Accelerated Vesting⁽⁴⁾</i>	<i>Total</i>
Matthew Manson	24	\$939,070	\$266,677	\$27,785 ⁽²⁾	Nil	\$70,970	\$1,304,502
Patrick Godin	24	\$873,550	\$214,995	\$22,785 ⁽²⁾	Nil	\$57,414	\$1,168,744
Orin Baranowsky	12	\$309,000	\$96,151	\$2,785 ⁽³⁾	Nil	\$28,275	\$436,211
Ian Holl	12	\$288,748	\$49,059	\$2,785 ⁽³⁾	Nil	\$14,448	\$355,040
Annie Torkia Lagacé	12	\$257,500	\$56,251	\$1,672 ⁽³⁾	Nil	\$16,166	\$331,589

1) This amount represents the aggregate value of the bonus approved by the Compensation Committee and/or Board for the NEO for Fiscal 2017, which was paid as to 25% in cash and as to the remaining 75% in the form of Special 2018 PSUs.

2) This includes annual RRSP contribution and 6 months of insurance benefits.

3) This includes 6 months of insurance benefits.

4) This amount has been calculated on the basis of the number of PSUs earned in Fiscal 2018 following the application of the performance factor on the first tranche of the Fiscal 2018 PSUs and the number of Special 2018 PSUs for each NEO multiplied by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to December 31, 2018.

Director Compensation

In the third quarter of Fiscal 2016, given that Renard Diamond Mine was expected to achieve commercial production in January 2017, the Corporation retained the services of PCI as an independent advisor to the Compensation Committee to assist it in reviewing and establishing Non-executive Director compensation for Fiscal 2017. PCI did a review of board of directors’ most recent compensation data from the Comparator Group and concluded that, i) the cash portion of the annual retainer was significantly below P25 for both the Chair of the Board and Board members, ii) the annualized value of long-term incentives for non-executive directors in the past 3 years was at P25 for the Chair of the Board and significantly lower than P25 for the other Board members and, iii) the additional retainer for chairing a Board committee or being a member of a Board committee was 60% or less of P25.

Despite the Board's compensation being low when compared to the Comparator Group, the Compensation Committee recommended to the Board of Directors, and the Board of Directors approved, the payment of annual retainers for Non-executive Directors, in addition to meeting fees, in line with the compensation of Non-Executive Directors for the fiscal year ended December 31, 2016, except with respect to the Chairman of the Audit Committee whose retainer to act as Chair of that Committee was increased to \$12,500. In addition, the Compensation Committee also recommended to the Board, for Non-Executive Directors, a grant of DSUs, such that the compensation of Non-executive Directors for Fiscal 2018 is as follows:

Board of Directors					
<i>Board of Directors Annual Retainer⁽¹⁾</i>	<i>Annual Retainer for Chairman of the Board</i>	<i>Board Meeting Fees</i>	<i>Chairman of the Board of Directors Meeting Fees</i>	<i>Board members Grant of DSUs^{(3) (4)}</i>	<i>Chairman of the Board Grant of DSUs^{(3) (4)}</i>
\$20,000	\$40,000	\$1,000 ⁽²⁾	\$1,000	\$102,000	\$136,000

- (1) For members of the Board of Directors, except the Chairman of the Board who receives an annual retainer fee of \$40,000.
- (2) Meetings of less than an hour held by phone are compensated \$500.
- (3) For members of the Board of Directors, excluding the Chairman of the Board who was granted a value of \$136,000.
- (4) These DSUs vested immediately on the grant date. For further details on the DSU Plan, see "- DSU Plan" and "DSU Grant Policy – Non-Executive Directors" above.

Committees of the Board of Directors			
<i>Name of Committee</i>	<i>Annual Retainer (members)</i>	<i>Annual Retainer for Chair of Committee</i>	<i>Meeting Fees</i>
Audit Committee	\$2,000	\$12,500	\$1,000 ⁽¹⁾
Human Resources and Compensation Committee	\$2,000	\$5,000	\$1,000 ⁽¹⁾
Corporate Governance and Nominating Committee	\$1,000	\$2,500	\$1,000 ⁽¹⁾
Environmental and Health and Safety Committee	\$1,000	\$2,500	\$1,000 ⁽¹⁾

- (1) Meetings of less than an hour held by phone are compensated \$500.

Non-Executive Directors Long-term incentives

DSU Plan

The Deferred Share Unit Plan (the "**DSU Plan**") was approved by shareholders at the 2017 AGM. The DSU Plan is a share-based compensation plan for non-executive directors the purpose of which is to enhance the Corporation's ability to attract and retain appropriately skilled individuals to serve as members of the Board of the Corporation and to promote alignment of interests between such persons and the shareholders of the Corporation by ensuring they hold a significant ownership investment in the Corporation. The DSU Plan is administered by the Board of Directors. The TSX requires listed issuers that adopt security based compensation arrangements that involve the issuance from treasury or the potential issuance of securities from treasury of an issuer which are listed on the TSX and that do not have a fixed maximum number of securities issuable (as opposed to a fixed maximum aggregate number of Common Shares issuable), such as the DSU Plan, to obtain shareholder approval for all unallocated options, rights or other entitlements under such plans every three years.

The following table summarizes the key features of the DSU Plan.

Deferred Share Units (DSUs) for Directors	
DSUs	DSUs are notional securities that entitle the participant to receive cash or Common Shares upon the termination of his or her mandate as a Director, either by resignation, death, or failure to be elected at the Corporation's annual general meeting of shareholders or at any other meeting of shareholders called for the purpose of electing directors.
Number of Securities Issuable	<p>The aggregate number of Common Shares available for issuance pursuant to the DSU Plan and all other Equity-Based Compensation Plans shall not exceed 10% of the total issued and outstanding Common Shares at any given time.</p> <p>In the event that Common Shares underlying DSUs are settled in accordance with the terms of the DSU Plan, or expire, terminate, lapse or are forfeited and cancelled without being settled, such Common Shares will be available (or "reloaded") for future issuance pursuant to the provisions of the DSU Plan and other Equity-Based Compensation Plans upon such settlement, expiration, termination, lapse, or forfeiture and cancellation, as the case may be. Any increase in the number of issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Equity-Based Compensation Plans, and any settlement of DSUs will make new grants available under the Equity-Based Compensation Plans.</p> <p>In addition, the DSU Plan provides that (i) the maximum number of Common Shares issuable to insiders at any time under all Equity-Based Compensation Plans shall not exceed ten percent (10%) of the issued and outstanding Common Shares; and (ii) the number of Common Shares issued to insiders within any one-year period, under all Equity-Based Compensation Plans, cannot exceed 10% of issued and outstanding Common Shares.</p> <p>The DSU Plan contains adjustment provisions in the case of adjustments to the issued shares of the Corporation following a dividend in shares, a special cash dividend, an amalgamation, a combination, merger or consolidation, a share-for-share exchange or any other similar change in the capital structure of the Corporation.</p>
Administration of the DSU Plan	The DSU Plan is administered by the Corporation and by the Human Resources and Compensation Committee of the Board.
Eligibility	A non-employee Director is eligible to receive DSUs at the discretion of the Human Resources and Compensation Committee of the Board and may elect to receive his or her Board of Directors' annual cash retainers, additional retainers for committee participation and meeting fees, in part or in total, in DSUs.
Grant Guidelines	<p>Sizes of DSU grants are determined at the discretion of the Human Resources and Compensation Committee.</p> <p>In addition, Directors may elect to receive up to 100% of their Director compensation (annual cash retainers, additional retainers for committee participation and meeting fees) in the form of DSUs. The number of DSUs granted by way of conversion of Director compensation is determined by dividing the retainer cash amount by the Market Value of a Common Share as of the last business day of the quarter for which the Director compensation is paid.</p>
Market Value	Refers to the TSX volume weighted average trading price of a Common Share for the five (5) trading days preceding the day on which such value must be determined.
Change of Control	<p>Upon a Change of Control (as defined below), all outstanding DSUs remain outstanding unless the participants' Board mandate is terminated as a result of the Change of Control, in which case the DSUs shall be settled in accordance with the terms of the DSU Plan.</p> <p>The DSU Plan uses the same definition of Change of Control as the PSU Plan.</p>
Dividends	As dividends are paid on Common Shares, additional DSUs may be credited to each participant who holds DSUs on the record date for such dividend, unless the Human Resources and Compensation Committee decides otherwise.

<p>Settlement of Deferred Share Units</p>	<p>A holder of DSUs shall be able to select a date to receive settlement for his or her DSUs on any date following termination of his or her mandate as a Director either by resignation, death, or failure to be elected by the Corporation's shareholders, but no later than December 15 of the calendar year following such termination.</p> <p>The Corporation may elect to settle DSUs by paying cash in an amount equal to the Market Value on the settlement date of one Common Share for each DSU credited to the participant's account, or issuing or causing to deliver, Common Shares issued from treasury or bought on the open market, equal to the number of DSUs credited to the participant's account.</p> <p>Notwithstanding the foregoing, if the settlement date in respect of any DSUs occurs during a blackout period, or within 10 business days after the expiry of a blackout period, then the settlement date shall be the date that is the tenth business day after the expiry of the blackout period, provided that if the revised settlement date is not a date that is prior to December 15 of the calendar year following the participant's termination, then such DSUs shall only be settled for a lump sum cash payment.</p>
<p>Amendment, Suspension or Termination of DSU Plan</p>	<p>The Board has the right to amend, modify, suspend or terminate the DSU Plan or amend the terms of any then outstanding award of DSUs under the DSU Plan at any time if and when it is advisable in the absolute discretion of the Board, provided that shareholder approval shall be required for the following matters, to the extent and in the manner required by applicable securities laws and regulatory requirements and the rules of the TSX:</p> <ul style="list-style-type: none"> (i) any amendment to the amendment procedure set out in the DSU Plan other than amendments of a "housekeeping" or clerical nature or to clarify such provisions; (ii) any amendment to increase the maximum number of Common Shares issuable under the DSU Plan (except for certain permitted adjustments in the share capital of the Corporation, and except by operation of the "rolling" maximum reserve); (iii) any amendment to remove or to exceed the maximum number of Common Shares that may be issued under all Equity-Based Compensation Plans of the Corporation (except for certain permitted adjustments in the share capital of the Corporation, and except by operation of the "rolling" maximum reserve) to (a) insiders at any time or (b) to any one insider in any one-year period; (iv) any amendment to the classes of persons eligible for grants of DSUs under the DSU Plan; and (v) any amendment which would permit any DSU granted under the DSU Plan to be transferable or assignable other than what is already allowed under the DSU Plan. <p>Notwithstanding any other provision of the DSU Plan, the Board may, subject to receipt of regulatory approval, where required, in its sole discretion, without obtaining shareholder approval, make all other amendments to the DSU Plan or awards of DSUs under the DSU Plan that are not contemplated above, including, without limitation, the following:</p> <ul style="list-style-type: none"> (i) amendments to ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or stock exchange; (ii) amendments to the settlement process for DSUs; (iii) changes to the termination provisions of DSUs; (iv) any change required pursuant to certain adjustments in the share capital of the Corporation; (v) suspending or terminating the DSU Plan; and (vi) amendments of a "housekeeping" or clerical nature as well as any amendment clarifying any provision of the DSU Plan, which include amendments relating to the administration of the DSU Plan or to eliminate any ambiguity or correct or supplement any provision herein which may be incorrect or incompatible with any other provision hereof.
<p>Assignability</p>	<p>The rights and interests of a participant in respect of the DSU Plan are not assignable or transferable by the participant, whether voluntarily or by operation of law, except by will or by the laws of succession.</p>
<p>Status as at December 31, 2018</p>	<p>As at December 31, 2018, 4,565,339 DSUs had been granted under the DSU Plan.</p> <p>As at December 31, 2018, 4,565,339 DSUs, 7,031,470 PSUs and 2,173,973 Common Shares had</p>

under Equity-Based Compensation Plans	been granted or issued under the DSU Plan, the PSU Plan or the ESPP, respectively, and there were 34,965,834 stock options outstanding under the Stock Option Plan, such that a maximum of 43,578,543 Common Shares remained issuable in the aggregate under the DSU Plan, PSU Plan and ESPP, representing 4.72% of the number of then outstanding Common Shares.
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DSU Grant Policy

In March 2018, the Compensation Committee recommended, and the Board adopted, a formal DSU Grant Policy (“**DSUGP**”).

Pursuant to the DSUGP, non-executive directors will be granted DSUs, in replacement of options, on a yearly basis. The value of the DSUs granted will be calculated based on an amount recommended by the Compensation Committee to the Board of Directors, with the specific number of DSU to be finally determined in accordance with the DSU plan on the date of the grant (the “DSU Annual Director Grant”). Non-executive directors may also be granted DSUs upon their initial appointment or election to the Board, as a welcome grant, in a number of DSUs equal to the applicable Annual Director’s Grant (the “Non-Executive Director DSU Welcome Grant”).

The date of the DSU Annual Director Grant for the following fiscal year was set to December 15th of each year, or if December 15th is not a business day, on the following business day. The date of the Non-Executive Director DSU Welcome Grant was set as the date of the director’s first appointment or election to the Board or, if in a black-out period, the 6th business day following the end of the black-out period.

DSU Grants to Non-Executive Directors

Given that the DSU grant date under the DSUGP had already passed for Fiscal 2018 at the time the DSUGP was recommended by the Compensation Committee and approved by the Board, the Board also agreed that for Fiscal 2018, a DSU grant for Fiscal 2018 would be approved during the second quarter of 2018 on the basis of the pre-determined value of DSU grants determined under the DSUGP for the non-executive directors of the Corporation.

In line with the recommendations of the Compensation Committee and approval of the Board, on April 18, 2018, the Corporation granted 1,128,778 DSUs to non-executive directors as follows (the “**April 2018 DSU Grant**”):

Office	Value (\$)	# of DSUs ⁽¹⁾
Chairman	136,000	237,638
Directors	102,000	178,228

1) Calculated on the basis of the dollar value divided by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to the grant date.

On June 13, 2018, Michele Darling was appointed to the Board and was awarded 178, 228 DSUs in line with the Fiscal 2018 grant of other non-executive directors and the DSUGP.

On December 14, 2018, the DSU Annual Director Grant for the following year was approved by the Board of Directors. The value of each Fiscal 2019 DSU Grant was based on the same value used as for the April 2018 DSU grant and where applicable, prorated for the number of months for which a director served on the Board of Directors during 2019.

Ad-hoc DSU Grants

The Compensation Committee, on an ad-hoc basis, can recommend that additional DSUs be granted outside of the above program, in connection with exceptional circumstances. Such additional DSU grants are subject to approval by the Board of Directors.

Stock Options Grants to Non-Executive Directors

On January 10, 2017, given that the construction of the Renard Diamond Mine was completed 5 months ahead of schedule, \$37 million below the initial capital budget of July 2014 and that commencement of commercial production was declared on January 1, 2017, the Board of Directors of the Corporation, upon the recommendation of the Human Resources and Compensation Committee and in consultation with PCI, approved an annual grant of 300,000 options to non-executive directors and 400,000 options to the Chairman of the Board. While the grant of options was approved on January 10, 2017, the options were issued on March 6, 2017, being the 6th business day following the end of the blackout period in effect at the time of the filing of the Corporation's 2016 year-end financial statements (the "**2017 Non-Executive Director Annual Grant**"). The stock options granted as part of the 2017 Non-Executive Director Annual Grant vested immediately. The term of the options granted pursuant to the Non-Executive Director Annual Grant is five years. These options were granted at an exercise price of \$0.85, being the market price on the grant date (as determined in accordance with the provisions of the Stock Option Plan).

In Fiscal 2018, the Corporation had no arrangements, except as described above and in the table below, pursuant to which Directors were compensated by the Corporation or its subsidiaries for their involvement in special assignments or for services as a consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Circular.

The following table sets forth all compensation paid, payable, or granted to the Corporation’s Directors, other than the two directors who are also NEOs, for the most recently completed financial year. For a description of the compensation paid to the Corporation’s NEOs who also act as Directors, see “*Summary Compensation Table*” above.

<i>Name</i> ⁽¹⁾	<i>Fees earned</i> (<i>\$</i>)	<i>Share-based awards</i> (<i>\$</i>) ^{(2) (7)}	<i>Option-based awards</i> (<i>\$</i>)	<i>Non-equity incentive plan compensation</i> (<i>\$</i>)	<i>Pension value</i> (<i>\$</i>)	<i>All other compensation</i> ⁽³⁾ (<i>\$</i>)	<i>Total</i> (<i>\$</i>)
Hume Kyle	52,000	102,000	Nil	Nil	Nil	Nil	154,000
John LeBoutillier	47,500	102,000	Nil	Nil	Nil	Nil	149,500
Gaston Morin	42,500	102,000	Nil	Nil	Nil	9,000	153,500
Peter B. Nixon	44,500	102,000	Nil	Nil	Nil	Nil	146,500
Ebe Scherkus	55,000	136,000	Nil	Nil	Nil	7,000	198,000
Douglas B. Silver ⁽⁴⁾	13,500	Nil	Nil	Nil	Nil	2,000	15,500
Marie-Anne Tawil	43,500	102,000	Nil	Nil	Nil	Nil	145,500
Michele S. Darling ⁽⁵⁾	22,000	80,781 ⁽⁵⁾⁽⁶⁾	Nil	Nil	Nil	Nil	102,781

- (1) *Matthew Manson and Patrick Godin, who were also Directors for fiscal 2018, are not included in the table above as they are both NEOs. Directors who are also NEOs do not receive compensation for attendance at Board meetings.*
- (2) *This “grant date fair value” represents a value determined by the Board of Directors of the Corporation to be awarded as compensation to each Director. The number of DSUs granted was determined on the basis of such value determined by the Board of Directors for each Director divided by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to the DSU date of grant.*
- (3) *Includes an amount of \$1,000 per meeting of the Technical Committee attended by such director as a member of the Technical Committee established by a subsidiary of the Corporation, which Technical Committee was to remain in place until the Corporation attains full completion certification at the Renard Diamond Mine. The Technical Committee ceased to exist on February 7, 2018, following the announcement by the Corporation that it had attained full completion certification at the Renard Diamond Mine. However, certain site visits and meetings were held informally throughout the 2018 fiscal year. The Technical Committee was not a committee of the Board of Directors of the Corporation.*
- (4) *Douglas B. Silver ceased to be a director on May 15, 2018.*
- (5) *Michele S. Darling was appointed to the Board of Directors on June 13, 2018. This amount includes the value for the DSU grant awarded upon her appointment for Fiscal 2018.*
- (6) *The value of Ms. Darling’s DSU Welcome Grant was \$80,781 and was calculated on the basis of the number of DSUs awarded, in line with other non-executive directors for Fiscal 2018, divided by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to the DSU grant date.*
- (7) *This excludes the DSU value received for the Fiscal 2019 DSU Grant, which was awarded on December 17, 2018.*

Outstanding Share-Based and Option-Based Awards to Directors

The following table sets out, for each Director who is not an NEO, the option-based awards outstanding as at December 31, 2018. The closing price of the Corporation's common shares on the TSX on December 31, 2018 was \$0.195.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$) ^{(1) (2)}
Hume Kyle	285,000	0.70	July 10, 2019	Nil	Nil	Nil	125,407
	160,000	0.83	June 26, 2020				
	145,000	1.04	April 8, 2021				
	300,000	0.85	March 6, 2022				
John LeBoutillier	285,000	0.70	July 10, 2019	Nil	Nil	Nil	71,197
	160,000	0.83	June 26, 2020				
	145,000	1.04	April 8, 2021				
	300,000	0.85	March 6, 2022				
Gaston Morin	160,000	0.70	October 21, 2019	Nil	Nil	Nil	125,407
	160,000	0.83	June 26, 2020				
	145,000	1.04	April 8, 2021				
	300,000	0.85	March 6, 2022				
Peter B. Nixon	285,000	0.70	July 10, 2019	Nil	Nil	Nil	125,407
	160,000	0.83	June 26, 2020				
	145,000	1.04	April 8, 2021				
	300,000	0.85	March 6, 2022				
Ebe Scherkus	390,000	0.70	July 10, 2019	Nil	Nil	Nil	94,930
	265,000	0.83	June 26, 2020				
	245,000	1.04	April 8, 2021				
	400,000	0.85	March 6, 2022				
Douglas B. Silver	Nil	Nil	Nil	N/A	N/A	N/A	N/A
Marie-Anne Tawil	160,000	0.73	October 23, 2020	Nil	Nil	Nil	125,407
	145,000	1.04	April 8, 2021				
	300,000	0.85	March 6, 2022				
Michele S. Darling	N/A	N/A	N/A	N/A	Nil	Nil	125,407

(1) Calculated on the basis of the number of DSUs vested for each non-executive director multiplied by the volume weighted average trading price of the Common Shares of the Corporation on the TSX for the five trading days prior to December 31, 2018.

(2) This includes the DSU value received for the Fiscal 2019 DSU Grant, which was awarded on December 17, 2018.

Incentive Plan Awards - Value Vested or Earned During the Year

During Fiscal 2018, the value of all incentive plan awards vested or earned during the year by Directors was \$1,378,447 at the date of grant.

<i>Name</i>	<i>Option-based awards – Value vested during the year (\$)</i>	<i>Share-based awards – Value vested during the year (\$)^{(3) (4)}</i>	<i>Non-equity incentive plan compensation – Value earned during the year (\$)</i>
Hume Kyle	Nil	204,000	N/A
John LeBoutillier	Nil	144,500 ⁽⁵⁾	N/A
Gaston Morin	Nil	204,000	N/A
Peter Nixon	Nil	204,000	N/A
Ebe Scherkus	Nil	192,667 ⁽⁵⁾	N/A
Douglas B. Silver ⁽¹⁾	Nil	N/A	N/A
Marie Anne Tawil	Nil	204,000	N/A
Michele S. Darling ⁽²⁾	Nil	182,781 ⁽²⁾	N/A

(1) Douglas B. Silver ceased to be a director on May 15, 2018.

(2) Michele S. Darling was appointed to the Board of Directors on June 13, 2018.

(3) As of the date of each grant.

(4) This includes the value for the Fiscal 2019 DSU Grant which was made on December 17, 2018 in respect of Fiscal 2019 and vested immediately.

(5) The Fiscal 2019 DSU Grant was prorated for 5 months taking into consideration the director is not standing for re-election at the Meeting.

The stock options which are included in the “*Summary Compensation Table (Directors) – Option based awards*” above vested on the date of grant. However, because the closing price of the Corporation’s common shares on the TSX on the grant date was less than the exercise price, the vested options had no “in-the-money” value.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes relevant information as of December 31, 2018 with respect to compensation plans under which equity securities are authorized for issuance.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i>	<i>Weighted average exercise price of outstanding options, warrants and rights</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the column second from the left)</i>
Equity compensation plans approved by security holders	Stock options: 34,965,834 PSUs ⁽¹⁾ : 6,167, 122 DSUs: 4,565,339 ESPP: 2,173, 973	Stock options: \$0.80 PSUs: N/A DSUs: N/A ESPP: N/A	43,578,543
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	47,872,268	\$0.80	

(1) Assuming a Performance Factor of 100%.

INDEBTEDNESS TO CORPORATION OF DIRECTORS AND EXECUTIVE OFFICERS

There is no indebtedness outstanding of any Director, executive officer, proposed nominee for election as a Director or associate of them, to or guaranteed or supported by the Corporation or any of its subsidiaries either pursuant to an employee stock purchase program of the Corporation or otherwise, or at any time during the most recently completed financial year.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, no proposed nominee of management of the Corporation for election as a director of the Corporation and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors and the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No "informed person" or proposed director of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Corporation or any of its subsidiaries. Applicable securities legislation defines an "informed person" as meaning any one of the following: (a) a director or executive officer of a reporting issuer; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; (c) any person or company who beneficially owns, or who exercises control or direction over directly or indirectly, voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

AUDIT COMMITTEE

Information relating to the Audit Committee of the Corporation can be found under the heading "*Audit Committee Information*" on pages 87 and 88 of the Annual Information Form, which disclosure is incorporated by reference herein. Shareholders may obtain a copy of the Annual Information Form from the Corporation's SEDAR profile (www.sedar.com). Shareholders may contact the Corporation at 416-304-1026, ext. 2103 to request copies of the Annual Information Form.

CORPORATE GOVERNANCE DISCLOSURE

National Policy ("NP 58-201") establishes corporate governance guidelines which apply to all public companies. The Corporation has reviewed its own corporate governance practices in light of these guidelines and, as prescribed by National Instrument 58-101 ("NI 58-101"), discloses its corporate governance practices.

Independence of Members of Board

The Corporation's current Board consists of eleven directors, nine (9) of whom are independent based upon the test for independence referred to in NI 58-101. Messrs. Hume Kyle, John LeBoutillier, Gaston Morin, Peter B. Nixon, Ebe Scherkus, Hubert T. Lacroix, and Mrs. Marie-Anne Tawil, Michele S. Darling and Angelina Mehta are each independent. Mr. Manson (the CEO of the Corporation up to and including December 31, 2018) and Mr. Patrick Godin, the current CEO of the Corporation, were not independent directors as they were both executives of the Corporation during Fiscal 2018. Mr. Matthew L. Manson, Mr. Peter B. Nixon, Mr. John LeBoutillier and Mr. Eberhart Scherkus are not standing for re-election at the Meeting.

On July 8, 2014 and concurrently with the closing of the Financing Transactions, the Board of Directors of the Corporation appointed Mr. Douglas B. Silver as Orion's first designee under the Amended and Restated Investor Agreement. Mr. Douglas B. Silver did not stand for re-election at the AGM meeting held May 15, 2018 and Ms. Michele S. Darling was designated as Mr. Silver's replacement as Orion's designee on the Board of Directors of the Corporation.

During Fiscal 2018, Messrs. John LeBoutillier and Gaston Morin as well as Ms. Marie-Anne Tawil were IQ's three nominees pursuant to the Amended and Restated Investor Agreement. While Mr. LeBoutillier is not standing for re-election at the Meeting and Ms. Tawil is standing for re-election as a non-IQ nominee, their replacement as IQ's nominees on the Board of Directors of the Corporation have not yet been designated by IQ and could be appointed at a later date by the Board of Directors in compliance with the contractual obligations of the Corporation.

On January 21, 2019, the Board of Directors, in accordance with the nomination rights conferred to CDPQ, on one part, and to the Buyers, on the other part, under the 2018 Board Representation Agreement, appointed Mr. Hubert T. Lacroix, as the nominee of the Buyers, and Ms. Mehta as the nominee of CDPQ.

Pursuant to the terms of the 2018 Financing Package, each of CDPQ and the Buyers has the right to nominate one member to the Corporation's Board of Directors, on the condition that CDPQ, on its part, maintains over 5% ownership of the Corporation's shares, and that the Buyers, on their part, maintain collectively over 5% of the Corporation's shares.

Consequently, the size of the Board for the upcoming year will consist of eight (8) directors, assuming the election of the candidates proposed by management at the Meeting. At the present time, the Corporation believes that the size of the board proposed is appropriate, and that the number of independent directors (at seven of eight) proposed for election at the Meeting is sufficient.

Management Supervision by Board

The Board, a majority of which is comprised of directors who are independent, oversees the operations of the Corporation, and, in so doing, is responsible for monitoring management on an ongoing basis. The Board Chair, who is independent, chairs each Board meeting. An *in camera* session, involving the independent directors, is on the agenda at the conclusion of every regular Board meeting. During Fiscal 2018, *in camera* meetings were held without the presence of members of management after each Board meeting. The Audit Committee, which is comprised entirely of independent directors, assists the Board in fulfilling its oversight responsibilities, particularly around financial reporting related matters and at each meeting meets independently with the CFO, the external auditors and the internal auditors. In addition, both the Human Resources and Compensation and Corporate Governance and Nominating Committees are comprised of only independent directors. The Environmental, Health and Safety Committee includes members of management as well as independent directors. As is the case with the Board, an *in camera* session is on the agenda at the conclusion of every Board committee meeting.

Individual directors or committees of the Board may, in appropriate circumstances, engage outside advisors at the Corporation's expense subject to approval of the Board or an appropriate committee of the Board. During Fiscal 2018, the Compensation Committee engaged PCI for independent advice on executive and non-executive director compensation.

Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Circular.

Board Mandate

The Board has adopted a formal mandate, a copy of which can be found on the Corporation's website at www.stornowaydiamonds.com. The mandate of the Board includes, among others, the following roles and responsibilities.

In general, the Board:

- performs its duties and responsibilities in accordance with the laws of the jurisdiction of incorporation of the Corporation;
- oversees and monitors the performance of the Corporation in the context of the long-term interests of its shareholders;
- promotes a culture of integrity; and
- together with management of the Corporation, develops a process for the timely and accurate disclosure of information which is material to the Corporation.

Specifically, the Board:

- is responsible for the stewardship of the Corporation and has final accountability for the governance of the Corporation's business;
- is actively involved, with senior management, in the development of the Corporation's strategic direction and takes responsibility for monitoring the implementation of strategic growth initiatives;
- has delegated the day-to-day management of the business and affairs of the Corporation to the senior management of the Corporation, subject to compliance with strategic and capital plans approved from time to time by the Board;
- is responsible for succession planning, including the recruitment, training, supervision, compensation and performance assessment of senior management of the Corporation;
- keeps its shareholders informed through its interim statements and annual reports and maintains a website that is designed to provide summary information on the Corporation, as well as easy access to press releases and regulatory filings; and
- monitors and assesses the integrity of the internal controls, disclosure controls and management information systems designed and implemented by management.

Position Descriptions

The Board has adopted a position description for the Chair of the Board, as well as for the committee chairs. The position description for the Chair of the Board was reviewed by the Compensation Committee in June 2015 and no significant changes were made.

The Chair of the Board helps to create an environment in which the relationships between the Board and management, shareholders and other shareholders and between individual Board members are effective, efficient and in the best interests of the Corporation. The significant responsibilities of the Chair of the Board are as follows:

- chair all Board meetings and attend committee meetings, as appropriate;
- act as Board spokesperson;
- endeavour to see that the Board members understand their legal responsibilities; provide leadership of the Board;
- make certain that the Board is kept up-to-date on major developments (and potential major developments);

- in conjunction with the Governance Committee ensure that the committee mandates accurately reflect the responsibilities of each committee and that the composition of these committees is satisfactory;
- in conjunction with the Governance Committee, review and assess annually the size and composition of the Board and provide assistance with the recruitment of new members, as required;
- in conjunction with the Governance Committee, monitor Board attendance and the performance of each of its members;
- work closely with the CEO to provide a framework for the future growth of the Corporation;
- in conjunction with the Human Resources and Compensation Committee, support the CEO in building a strong senior management group;
- coordinate with the CEO so that the Board is kept fully aware of management's strategy and plans for the Corporation and to be sure that, where appropriate, these issues are fully discussed and approved by the Board;
- work with the Human Resources and Compensation Committee and the Board to monitor and evaluate the performance of the CEO and senior executives and address management performance, remuneration and succession issues on an ongoing basis;
- chair all meetings with shareholders;
- in conjunction with the Board, oversee management's efforts to develop an active and open dialogue with shareholders and other interested parties on the current status of the Corporation, its operations and its future plans; and
- be prepared to assist the CEO and other senior management, if requested by the CEO or the Board, in representing the Corporation in its dealings with all interested parties, including employees, governments, regulators, local communities and the press.

The significant responsibilities of each committee chair are as follows:

- provide effective committee leadership, overseeing all aspects of the direction and administration of the committee in fulfilling its mandate;
- oversee the mandate, structure, composition, membership and activities delegated to the committee;
- report the results of each committee meeting at the next Board meeting and make available to each Director copies of the Committee meetings' materials and minutes;
- schedule Committee meetings in consultation with the Chair of the Board, other committee members, the CEO and the appropriate members of management;
- set the agenda for committee meetings in consultation with the the appropriate members of management;
- chair all committee meetings;
- communicate with appropriate members of management in fulfilling the mandate of the committee;
- confirm that committee members are receiving written information and are exposed to presentations from management consistent with fulfilling the mandate of the committee;
- allot sufficient time during Committee meetings to fully discuss agenda items of relevance and importance to Directors;
- retain, in consultation with the Chair of the Board, expert consultants on behalf of the committee, as needed; and
- oversee the assessment of the performance of the committee annually.

In addition, the chairs of the committees also take guidance from the mandates adopted by each committee.

The Board has adopted a position description for the CEO and, through the Compensation Committee, discusses and monitors with the CEO his role, including the limits of management's responsibilities and the corporate objectives against which his performance is measured. The position description for the CEO was most recently reviewed in November 2018.

Reporting to the Board of Directors, the CEO is responsible for leading the Corporation to sustainable long-term commercial success, and is accountable for the following:

- **Deliver long term value.**
 - Create value for the Corporation's shareholders over the long term while ensuring that the Corporation's critical short-term performance goals are met in a way that optimizes the Corporation's ability to build value over the longer term.
- **Build, adjust and sustain the Corporation's strategic vision.**
 - Lead the strategic planning process, along with management, and recommend to the Board of Directors goals and objectives for the Corporation.
- **Develop and shape the Corporation's culture.**
 - The CEO identifies the key values and drivers for the right organizational culture to sustain long term performance.
- **Develop talent management plans and systems.**
 - Attract, retain and motivate a top-level team with the necessary skills and experience, and the right values. Establish a top-level organizational structure and a robust succession plan. Establish performance management systems in place throughout the organization, to reward performance that is aligned with Corporation goals and objectives.
- **Investor Relations and Disclosure.**
 - Together with the management team, and subject to the approval of the Board of Directors, develop policies regarding the Corporation's public disclosures. Ensure that communications with all stakeholders of the Corporation (shareholders, the investment community, media, governments and their agencies, employees, commercial counterparties and the general public) are managed with applicable legal and regulatory requirement.
- **Risk Management and Controls.**
 - Together with the management team, establish, maintain and ensure the implementation of the Corporation's disclosure controls and procedures, internal controls over financial reporting, and processes for the certification of the public disclosure documents required under the applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators concerning such reporting and disclosure. In addition, ensure that the appropriate budgeting, internal controls, disclosure and risk management systems are implemented and that risks are managed within acceptable levels.
- **Government, shareholder, investor and community relations.**
 - Ensure that the Corporation continues to meet its "License to Operate".
- **Assume responsibilities as assigned to the CEO by the Board of Directors from time to time.**

Orientation and Continuing Education

The Corporation is continuously trying to improve orientation for new directors as well as continuous education. New Board members are encouraged to spend time with senior management to become familiar with the business, operations and internal controls of the Corporation and informal training sessions are organised by senior management for new Board members.

Board members are encouraged to communicate with senior management, auditors and technical consultants to assist them in maintaining the skills and knowledge necessary to meet their obligations as directors; to keep themselves current with industry trends, developments and changes in legislation; and to attend relevant conferences and seminars and visit the Corporation's operations. In August 2016, all Board members attended a site visit of the Renard Diamond Mine's facilities. Also, during Fiscal 2017, directors on the Technical Committee participated in regular site visits conducted by the Technical Committee. Newly appointed directors are also invited to visit the mine site as part of the on-boarding

process. Such visits by directors contribute to their better understanding of the nature and complexity of the Corporation's business and operations as well as inform directors as to construction and operation progress of the Renard Diamond Mine.

Board members have full access to the Corporation's records.

Ethical Business Conduct

The Board has adopted a formal Code of Business Conduct and Ethics (the "Code"). A copy of the Code has been posted to the Corporation's website at www.stornowaydiamonds.com and under the Corporation's SEDAR profile (www.sedar.com). Each director, officer and employee of the Corporation indicates his or her agreement to abide by and comply with the terms of this Code, as evidenced by his or her execution of the Code on an annual basis.

Any director, officer or employee who becomes aware of any existing or potential violation of the Code is to notify the CEO, the Chair of the Audit Committee or the Vice-President, Legal Affairs, General Counsel and Corporate Secretary in accordance with the procedures set out in the Corporation's Whistleblower Policy (the "**Whistleblower Policy**"). In addition, key managers must complete a quarterly questionnaire where they are asked a series of questions related to the individual's knowledge of fraud, illegal acts or behaviours that are or may appear unethical. These questionnaires are reviewed by the CFO before the annual and interim certifications are filed by the CEO and CFO. Any issues which may arise from this process, including any breaches of the Code, are reported to the Board of Directors either through the Audit Committee or through the Corporate Governance and Nominating Committee. The Corporation has never filed any material change report that pertains to any conduct of a director, officer or employee that constitutes a departure from the Code.

The Board of Directors seeks to foster a culture of ethical conduct by striving to ensure the Corporation carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board:

- encourages management to consult with legal and financial advisors to ensure the Corporation is meeting those requirements;
- is cognizant of the Corporation's timely disclosure obligations and reviews material disclosure documents such as the annual and interim financial statements and the annual and interim Management's Discussion and Analysis, Annual Information Form and Management Information Circular prior to their distribution;
- relies on its Audit Committee to annually review the systems of internal financial control and discuss such matters with the Corporation's external auditor;
- actively monitors the Corporation's compliance with the Board's directives and ensures that all material transactions are thoroughly reviewed and authorized by the Board before being undertaken by management; and
- has established a 'whistleblower' policy which details complaint procedures for financial concerns and a grievance procedure whereby stakeholders can contact the Corporation to ask questions, express concern or make a complaint related to the Corporation's operations and conduct related to the Renard Diamond Mine.

The Board has adopted a Corporate Disclosure Policy governing the timeliness and content of the Corporation's disclosure. The purpose of this Policy is to clearly outline procedures and practical guidelines for the consistent, transparent, regular and timely public disclosure and dissemination of material and non-material information about the Corporation and its subsidiaries and rules regarding employee trading in the Corporation's securities.

The Board has also adopted a Sustainable Development Policy and a Risk Management Policy. All of these policies can be found on the Corporation's website at: www.stornowaydiamonds.com. All directors, officers, employees of and consultants to the Corporation are expected to understand and comply with these policies.

In addition, the Corporation has a Treasury Policy which establishes the criteria to be used for investing excess cash. The Corporation has no investments in asset-backed securities.

All directors of the Corporation have the obligation to perform their duties and assume their responsibilities in the best interests of the Corporation. The Corporation expects all of its directors to comply with the laws and regulations governing its conduct and further is committed to promoting integrity and maintaining the highest standard of ethical conduct in all of its activities. The Board requires that directors and executive officers who have an interest in a material transaction or material agreement with the Corporation promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the interest is material or if required to do so by corporate or securities law.

Nomination of Directors

The Board considers the size of the Board on a regular basis and has determined eight (8) as an appropriate number of members for the Board for the ensuing year. The members of the Board have been chosen on the basis of their skill, expertise and experience in the resource exploration industry and other businesses, as well as their ability to actively contribute on the broad range of issues with which the Board or the Corporation must deal.

In accordance with the Amended and Restated Investor Agreement, Orion designated Ms. Michele S. Darling as its nominee on the Board of Directors of the Corporation and Ms. Darling was appointed on the Board of Directors of the Corporation on June 13, 2018.

On January 21, 2019, the Board of Directors, in accordance with the nomination rights conferred to CDPQ, on one part, and to the Buyers, on the other part, under the 2018 Board Representation Agreement, appointed Mr. Hubert T. Lacroix, as the nominee of the Buyers, and Ms. Mehta as the nominee of CDPQ.

The Corporation's Corporate Governance and Nominating Committee (the "**Governance Committee**") assumes responsibility for, among other things, assessing the size and composition of the Board of Directors. The Governance Committee is responsible for proposing new nominees to the Board when deemed necessary, and for the evaluation and assessment of Directors on a regular basis. Potential director nominees are identified by the Governance Committee through referrals from members of the Board and senior management who informally put forth candidates for the Governance Committee to consider.

In March 2018, the Board of Directors of the Corporation, following the recommendation of the Corporation's Governance Committee, adopted a diversity policy. Under the diversity policy, the Board of Directors recognises that diversity is an important consideration in determining the composition of the board of directors of the Corporation and senior leadership of the Corporation. The Corporation believes that a Board made up of highly qualified individuals from diverse backgrounds promotes better corporate governance and performance and effective decision-making. The Corporation, therefore, attempts to recruit and select Board candidates that represent both genders and possess an understanding of the Corporation's business and relevant experience. However, the policy does not establish any fixed targets for any selection criteria as the selection of candidates as potential Board members is based on numerous factors and it is ultimately the skills, experience, character and behavioural qualities that are most valued by the Governance Committee as part of the selection process.

During Fiscal 2018, women constituted 22 % of the Board members, which represents an increase of 11% compared to Fiscal 2017. If all the proposed director nominees are elected by shareholders at the Meeting, the proportion of women on the Board will be substantially increased, at 37.5%. The Governance Committee is confident that the current director nominees provide a breadth of skills, experience and diversity that will enhance the Board's decision-making process and overall management of the business and affairs of the Corporation in light of the anticipated growth and development of the Corporation.

The Corporation not only recognizes the benefits of diversity, including gender diversity, at the level of the Board, but these benefits are also recognized at the level of executive management. While the level of representation of women is considered, merit, capabilities, experience and performance are the fundamental considerations in the recruitment and appointment of executive management. The Corporation has not yet set measurable objectives or targets for ensuring women are represented at the executive officer level, however the Corporation is committed to an inclusive and diverse workplace, including advancing women to executive officer positions. Currently two of nine members, or 22%, of the Corporation's executive officers are female, which represents an increase of 12% compared to Fiscal 2017.

In accordance with the diversity policy and to support the Corporation's board and senior leadership diversity objectives, the Governance Committee will, when identifying and considering the selection of candidates for election or re-election to the Board, and the Human Resources and Compensation Committee and the President and Chief Executive Officer will, when identifying and considering the selection of candidates for senior leadership positions:

- a) consider only candidates who are highly qualified based on their experience, functional expertise and personal skills and qualities;
- b) consider diversity criteria including gender, age, ethnicity, disability and geographical background of the candidate;
- c) consider the level of representation of women on the Board or in senior leadership positions, as applicable; and
- d) in addition to its own searches, as and when appropriate from time to time, engage qualified independent external advisors to conduct a search for candidates who meet the Board's and the Corporation's expertise, skills and diversity criteria to help achieve the Corporation's diversity goals in relation to Board members and senior leadership positions.

The Governance Committee, as and when appropriate from time to time, will review the diversity policy and assess the Corporation's progress in achieving its diversity objectives. Such review will enable the Governance Committee, on an ongoing annual basis, to assess the effectiveness of the diversity policy. In measuring the effectiveness of the policy, the Governance Committee will consider, among other matters, its and the Human Resources and Compensation Committee's and President and Chief Executive Officer's identification and consideration of any individuals to become Board members or executive officers in the previous year and whether and how the policy influenced such identification and consideration.

The Corporation does not impose term limits on its directors as it takes the view that term limits can result in valuable, experienced directors being forced to leave the Board solely based on length of service. Merit, in view of the knowledge, skills, competencies and experiences that the Board should possess from time to time, and performance, are the focuses in director recruitment, nomination and renewal processes. The Board does not believe that long tenure impairs a director's ability to act independently of

management and the imposition of arbitrary term limits may result in an effective director being disqualified and discounts the value of experience and continuity. Merit of each director is assessed yearly in the context of the annual performance assessment process that takes place under the leadership of the Governance Committee.

The Governance Committee has also established a matrix of the skill sets of the proposed Board nominees, which it reviews and updates periodically. The Governance Committee determined that for Fiscal 2018, no modifications were required. The skills matrix is used in connection with the selection process of director nominees as a reference tool for the ongoing assessment of Board composition to ensure that diversity is considered as new candidates for the Board are assessed.

	Mining Industry Experience ⁽¹⁾	Environmental Health & Safety / Corporate Social Responsibility ⁽²⁾	Mining ⁽³⁾	Capital Markets ⁽⁴⁾	Accounting ⁽⁵⁾	Governance ⁽⁶⁾	Strategic Leadership ⁽⁷⁾	Human Resources and Compensation ⁽⁸⁾
Patrick Godin	✓	✓	✓					
John Hadjigeorgiou	✓	✓	✓					✓
Hume Kyle	✓			✓	✓			✓
John LeBoutillier ⁽⁹⁾	✓					✓	✓	✓
Matthew Manson ⁽⁹⁾	✓	✓		✓			✓	
Gaston Morin	✓	✓	✓					
Peter B. Nixon ⁽⁹⁾				✓	✓	✓		
Ebe Scherkus ⁽⁹⁾	✓	✓	✓				✓	
Marie-Anne Tawil					✓	✓	✓	✓
Michele S. Darling						✓	✓	✓
Hubert T. Lacroix	✓			✓		✓	✓	✓
Angelina Mehta	✓		✓	✓	✓			

- (1) Knowledge of the mining industry and in exploration and production; knowledge of markets, operational challenges, strategies and regulatory matters.
- (2) Experience in industry requirements related to workplace health, safety and environment or understanding of and experience with corporate responsibility practices and management of stakeholder relations.
- (3) Experience as an executive with a leading mining or resource company with reserves, explorations and operations expertise, including cultivating and maintaining a culture focused on safety, the environment and operational excellence.
- (4) Executive experience, including as a chief executive officer or chief financial officer in corporate finance and capital markets.
- (5) Executive experience in financial accounting, reporting and knowledge of other considerations and issues associated with auditing requirements of public companies.
- (6) Expertise in public company governance practices and policies.
- (7) Experience operating a company or division of a company with responsibility for strategic insight, direction and leadership.
- (8) Experience in designing or implementing market-based executive compensation plans and good understanding of compensation, benefits, incentives, equity and perquisites.
- (9) Not standing for re-election at the Meeting.

In assessing a candidate's suitability, the Governance Committee also takes into consideration the existing commitments of the individual to ensure that he or she has sufficient time to discharge his or her duties.

The Governance Committee is also responsible for developing, making recommendations to the Board with regard to, and monitoring the implementation of the Corporation's approach to governance issues.

The Governance Committee is currently comprised of Peter B. Nixon (Chair), Marie-Anne Tawil, Michele Darling and Gaston Morin, all of whom are independent directors. Mr. Peter B. Nixon will not stand for re-election at this Meeting and his replacement as Chair of the Governance Committee, as well as the composition of the Governance Committee for Fiscal 2019, will be determined following the Meeting based on the skills of the Directors.

Compensation of Directors and Officers

The Board of Directors, through the Compensation Committee, reviews the adequacy and form of compensation of directors and confirms that the compensation realistically reflects the responsibilities and risks involved in being an effective director.

The Compensation Committee consists of John LeBoutillier (Chair), Hume Kyle, Michele Darling and Marie-Anne Tawil, all of whom are independent directors. Mr. John LeBoutillier will not stand for re-election at this Meeting and his replacement as Chair of the Compensation Committee, as well as the composition of the Compensation Committee for Fiscal 2019, will be determined following the Meeting based on the skills of the Directors. The Compensation Committee recommends to the Board the base salary and benefits of the Corporation's CEO, approves the base salary and benefits of senior executives of the Corporation (other than the CEO), determines the general compensation structure, policies and programs of the Corporation, makes recommendations on long term incentive plans and delivers an annual report to shareholders on executive compensation.

To determine compensation payable, the Compensation Committee reviews compensation paid to directors and senior executives of companies of similar size and stage of development in the mining industry and determines an appropriate compensation reflecting the need to provide both an incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. See the section titled "*Compensation Discussion and Analysis*" above.

Other Board Committees

In addition to the Audit Committee, the Governance Committee and the Compensation Committee, the Board also has an Environmental, Health and Safety Committee and created in January 2019 a Strategic Committee.

The Environmental, Health and Safety Committee monitors compliance with environmental and safety standards and sets environmental and safety policies. The members of the Environmental, Health and Safety Committee are: Gaston Morin (chair), Patrick Godin, Matthew Manson and Ebe Scherkus. Matthew Manson and Ebe Scherkus will not stand for re-election at the Meeting. The composition of the Environmental, Health and Safety Committee will be determined following the meeting based on the skills of the Directors.

The Strategic Committee is responsible for supporting management's efforts in de-risking the Corporation, strengthening the Corporation's balance sheet, contemplating financing strategies and growth opportunities. The members of the Strategic Committee are Hubert T. Lacroix (Chair), Marie-Anne Tawil and Angelina Mehta.

Assessments

The Governance Committee annually reviews and makes recommendations to the Board regarding evaluations of the Board, the Chairman of the Board, the committees of the Board and the individual directors. The Governance Committee has designed a written questionnaire that is sent to each Director on an annual basis to evaluate the Board as a whole, each committee, their peers and to conduct an individual self-assessment evaluation. The questionnaires were designed to produce feedback on the effectiveness with which the Board and committees addressed their most significant business matters during the year and identify areas for future improvement so that any issues that may arise from this process can be addressed through the Chairman in consultation with Committee Chairs.

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including the Annual Information Form and annual and interim financial statements and MD&A, can be found on the Corporation's SEDAR profile (www.sedar.com). Shareholders may contact the Corporation at 450-616-5555, ext. 2264 to request copies of the Corporation's financial statements and MD&A.

Financial information is provided in the Corporation's comparative financial statements and MD&A for its most recently completed financial year which are filed on the Corporation's SEDAR profile (www.sedar.com), however, such documents are not and shall not be deemed to form part of or be incorporated by reference into this Circular.

OTHER MATTERS

Management of the Corporation is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

The Corporation's annual meeting of shareholders in 2020 must be held no later than June 30, 2020. A Shareholder intending to submit a proposal at an annual meeting of shareholders must comply with the applicable provisions of the *Canada Business Corporations Act* and submit their proposal(s) to the Corporation no later than January 7, 2020.

ADVANCE NOTICE REQUIREMENT FOR DIRECTOR NOMINATIONS

Stornoway's By-Law Two contains an advance notice requirement in circumstances where nominations of persons for election to the Board of Directors of the Corporation are made by shareholders of the Corporation other than pursuant to: (a) a requisition of a meeting made pursuant to the provisions of the *Canada Business Corporations Act*; or (b) a shareholder proposal made pursuant to the provisions of the *Canada Business Corporations Act* (the "**Advance Notice Requirement**"). In the case of an annual meeting of shareholders, notice to the Corporation must be given not less than 30 days prior to the date of the annual meeting; provided, however that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. In addition, the Advance Notice Requirement sets forth the information that a shareholder must include in the notice for it to be valid. Stornoway's By-Law Two is which is accessible on SEDAR (www.sedar.com).

DATED this 1st day of April, 2019.

The contents and the sending of this Circular have been approved by the Board of Directors.

"Patrick Godin"
Patrick Godin, Chief Executive Officer

