

BOARD OF DIRECTORS' MANDATE
STORNOWAY DIAMOND CORPORATION
(the “Corporation”)

General

The board of directors (the “**Board**”) is responsible for the stewardship and the general supervision of the management of the business of Stornoway Diamond Corporation (the “**Corporation**”) and to act in the best interests of the Corporation and its shareholders. The Board will discharge its responsibilities directly and through its committees. In addition, the Board may, from time to time, appoint such additional committees as it deems necessary and appropriate in order to discharge its duties. Each committee shall have its own mandate. The Board shall meet regularly, but not less than once each quarter, to review the business operations, corporate governance and financial results of the Corporation. Regularly scheduled meetings of the Board will also include meetings of the independent members of the Board without management being present. The primary functions of the Board are to:

- perform its duties and responsibilities in accordance with the laws of the jurisdiction of incorporation of the Corporation;
- oversee and monitor the performance of the Corporation in the context of the long term interests of its shareholders;
- promote a culture of integrity throughout the organization; and
- together with management of the Corporation, develop a process for the timely and accurate disclosure of information which is material to the Corporation.

Composition

The Board shall be constituted at all times of a majority of “independent directors” within the meaning of National Instrument 58-101 *Corporate Governance Guidelines*. Generally, pursuant to the Canadian corporate governance guidelines (except in respect of British Columbia), in order to be considered “independent”, directors shall have no direct or indirect material relationship with the Corporation. In British Columbia, a director shall be considered independent unless a reasonable person with knowledge of all relevant circumstances would conclude that the director is in fact not independent of management or of any significant shareholder.

Responsibilities

The Board, directly and through its committees, fulfills these functions by, among other things and without limitation to its general mandate:

- developing and implementing an approach to corporate governance;
- reviewing, approving (at least annually) and monitoring implementation of the Corporation’s strategic plan (which takes into account the risks and opportunities of the Corporation’s business), annual business plan and corporate goals for which the Chief Executive Officer is responsible;
- reviewing with senior management material transactions outside the ordinary course of business and such other major corporate matters which require Board approval;
- reviewing and discussing with senior management the significant risks and issues which could affect the Corporation and the systems that are in place to manage these risks;

- selecting, evaluating and compensating the executive officers of the Corporation and planning for senior management succession;
- reviewing and discussing the integrity of the Corporation's internal control over financial reporting;
- establishing and monitoring compliance with the policies and procedures of the Corporation. These include, but are not limited to, communications policy, financial reporting, relationship with all stakeholders and the Corporation's Code of Business Conduct and Ethics;
- assessing the effectiveness of the Board, its committees and each individual director, on a regular basis, including considering whether the size of the Board is appropriate and reviewing the independence of its members to ensure it meets independence requirements;
- establishing an appropriate review and selection process for new nominees to the Board;
- adopting an appropriate orientation and education program for new members of the Board;
- reviewing the processes for the implementation and maintenance of environmental stewardship and health and safety management systems that are consistent with industry practices and comply with the applicable laws and regulatory requirements in the communities where the Corporation conducts its business;
- with the assistance of the Audit Committee, recommending the appointment of the auditors and reviewing the performance of the auditors;
- with the assistance of the Audit Committee, reviewing the quality and adequacy of the Corporation's internal control over financial reporting; and
- performing such other functions as prescribed by law or assigned to the Board in the Corporation's constating documents and by-laws.

Miscellaneous

The members of the Board are expected to attend all meetings of the Board.

The members of the Board (and any Board committee) are required to have reviewed Board (and committee, if applicable) materials in advance of the meeting and be prepared to discuss such materials at the meeting.