RENARD: QUEBEC'S FIRST DIAMOND MINE

stornoway

Annual Meeting of Shareholders

Montreal, May 15th, 2018

Forward Looking Information

This presentation contains "forward-looking information" within the meaning of Canadian securities legislation. This information and these statements, referred to herein as "forward-looking statements", are made as of the date of this presentation and the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law. Capitalized terms in these FLS not otherwise defined in this presentation have the meaning attributed thereto in the most recently filed AIF of the Corporation.

These forward-looking statements include, among others, statements with respect to Stornoway's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements relate to future events or future performance and reflect current expectations or beliefs regarding future events and include, but are not limited to, statements with respect to: (i) the amount of Mineral Reserves, Mineral Resources and exploration targets; (ii) the amount of future production over any period; (iii) net present value and internal rates of return of the mining operation; (iv) assumptions relating to recovered grade, size distribution and quality of diamonds, average ore recovery, internal dilution, mining dilution and other mining parameters set out in the 2016 Technical Report as well as levels of diamond breakage; (v) assumptions relating to gross revenues, cost of sales, cash cost of production, gross margins estimates, planned and projected capital expenditure, liquidity and working capital requirements; (vi) mine expansion potential and expected mine life; (vii) the expected time frames for the ramp-up and achievement of plant nameplate capacity of the Renard Diamond Mine (viii) the expected financial obligations or costs incurred by Stornoway in connection with the ongoing development of the Renard Diamond Mine; (ix) future market prices for rough diamonds; (x) sources of and anticipated financing requirements; (xi) the effectiveness, funding or availability, as the case may require, of the Senior Secured Loan and the remaining Equipment Facility and the use of proceeds therefrom; (xii) the Corporation's ability to meet its Subject Diamonds Interest delivery obligations under the Purchase and Sale Agreement; and (xiii) the foreign exchange rate between the US dollar and the Canadian dollar. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be forward-looking statements.

Forward-looking statements are made based upon certain assumptions by Stornoway or its consultants and other important factors that, if untrue, could cause the actual results, performances or achievements of Stornoway to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business prospects and strategies and the environment in which Stornoway will operate in the future, including the recovered grade, size distribution and quality of diamonds, average ore recovery, internal dilution, and levels of diamond breakage, the price of diamonds, anticipated costs and Stornoway's ability to achieve its goals, anticipated financial performance. Although management considers its assumptions on such matters to be reasonable based on information currently available to it, they may prove to be incorrect. Certain important assumptions by Stornoway or its consultants in making forward-looking statements include, but are not limited to: (i) required capital investment (ii) estimates of net present value and internal rates of return; (iii) recovered grade, size distribution and quality of diamonds, average ore recovery, internal dilution, mining dilution and other mining parameters set out in the 2016 Technical Report as well as levels of diamond breakage, (iv) anticipated timelines for ramp-up and achievement of nameplate capacity at the Renard Diamond Mine, (v) anticipated timelines for the development of an open pit and underground mine at the Renard Diamond Mine; (vi) anticipated geological formations; (vii) market prices for rough diamonds and their potential impact on the Renard Diamond Mine; and (viii) the satisfaction or waiver of all conditions under the Senior Secured Loan and the remaining Equipment Facility to allow the Corporation to draw on the funding available under those financing elements.

Forward Looking Information (continued)

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward- looking statements as a number of important risk factors could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions and intentions expressed in such forward-looking statements. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, including the assumption in many forward-looking statements that other forward-looking statements will be correct, but specifically include, without limitation: (i) risks relating to variations in the grade, size distribution and quality of diamonds, kimberlite lithologies and country rock content within the material identified as Mineral Resources from that predicted; (ii) variations in rates of recovery and diamond breakage; (iii) slower increases in diamond valuations than assumed; (iv) risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar; (v) increases in the costs of proposed capital, operating and sustainable capital expenditures; (vi) operational and infrastructure risks; (vii) execution risk relating to the development of an operating mine at the Renard Diamond Mine; (viii) failure to satisfy the conditions to the funding or availability, as the case may require, of the Senior Secured Loan and the Equipment Facility; (ix) developments in world diamond markets; and (x) all other risks described in Stornoway's most recently filed AIF and its other disclosure documents available under the Corporation's profile at www.sedar.com. Stornoway cautions that the foregoing list of factors that may affect future results is not exhaustive and new, unforeseeable factors and risks may arise from time to time.

Qualified Persons

The Qualified Persons that prepared the technical reports and press releases that form the basis for the presentation are listed in the Company's AIF dated February 23, 2017. Disclosure of a scientific or technical nature in this presentation was prepared under the supervision of M. Patrick Godin, P.Eng. (Québec), Chief Operating Officer. Stornoway's exploration programs are supervised by Robin Hopkins, P.Geol. (NT/NU), Vice President, Exploration. Each of M. Godin and Mr. Hopkins are "qualified persons" under NI 43-101.

Non-IFRS Financial Measures

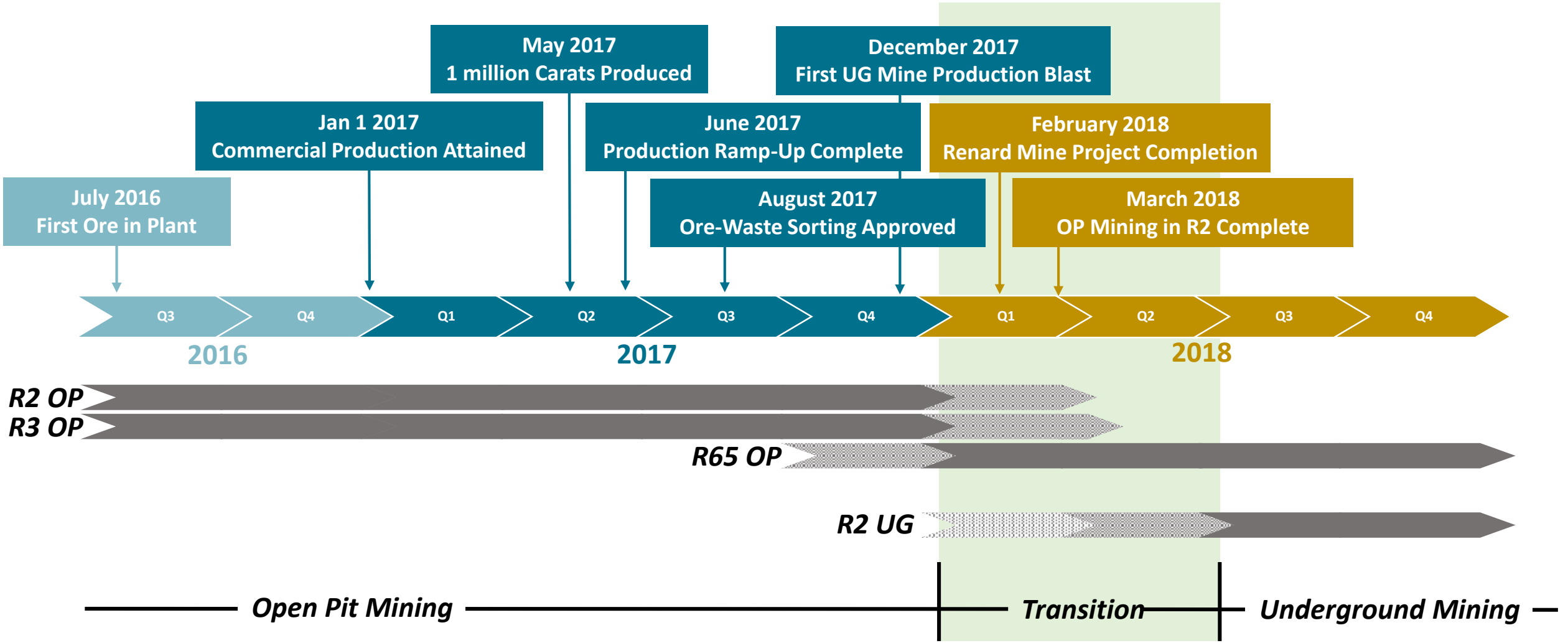
This presentation refers to certain financial measures, such Adjusted EBITDA, Adjusted EBITDA margin, Average diamond price achieved, Cash Operating Cost per Tonne of Ore Processed, Cash Operating Cost per Carat Recovered, Capital Expenditures and Available Liquidity, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS.

"Adjusted EBITDA" and "Adjusted EBITDA Margin" are used by management and investors to assess and measure the underlying pre-tax operating performance of the Corporation and are generally regarded by management as better measures to evaluate performance trends. "Adjusted EBITDA" is defined as net income (loss) before depreciation, interest and other financial (income) expenses, and income tax, adjusted for impairment charges, unrealized gains and losses related to the changes in fair value of U.S. Denominated debt and other non-recurring or unusual items that are not reflective of the Corporation's underlying operating performance and/or unlikely to occur on a regular basis. "Adjusted EBITDA Margin" is the calculation of Adjusted EBITDA divided by total revenues. "Average diamond price achieved" is a measure used by the Corporation to measure the value of diamonds sold into the market in the period, prior to adjustments to reflect the impact of the stream. This measure is used by management and investors as it reflects the average diamond price achieved during the period and is more comparable to the average diamond price achieved by to other diamond producers. Average diamond price achieved is calculated based on reported revenues adjusted for the amortization of deferred stream revenue, and remittances made to/from stream participants and gains or losses from revenue hedging activities divided by the number of carats sold in the period. "Cash Operating Cost per Tonne Processed" and "Cash Operating Cost per Carat Recovered" are used by management and investors to measure the mine's cash operating cost based on per tonne of ore processed or per carat recovered. Cash Operating Cost Per Tonne Processed is calculated based on reported operating expenses adjusted for the impact of inventory variation, excluding depreciation, divided by tonnes of ore processed for the period. Cash Operating Cost per Carat Recovered is the total cash operating cost divided by carats recovered. "Capital Expenditure" is the term used by the Corporation and investors to describe capital expenditures incurred during the period. This measure is used by management and investors to measure the amount of capital spent by the corporation on sustaining, margin improvement, and/or growth capital projects in the period. "Available Liquidity" comprises cash and cash equivalents, short-term investments and available credit facilities (less related upfront fees) and is used by the management and investors to measure the amount of cash resources available to the Corporation, over and above the cash generated from operations, to support the operating and capital requirements of the business.

2017 in Review

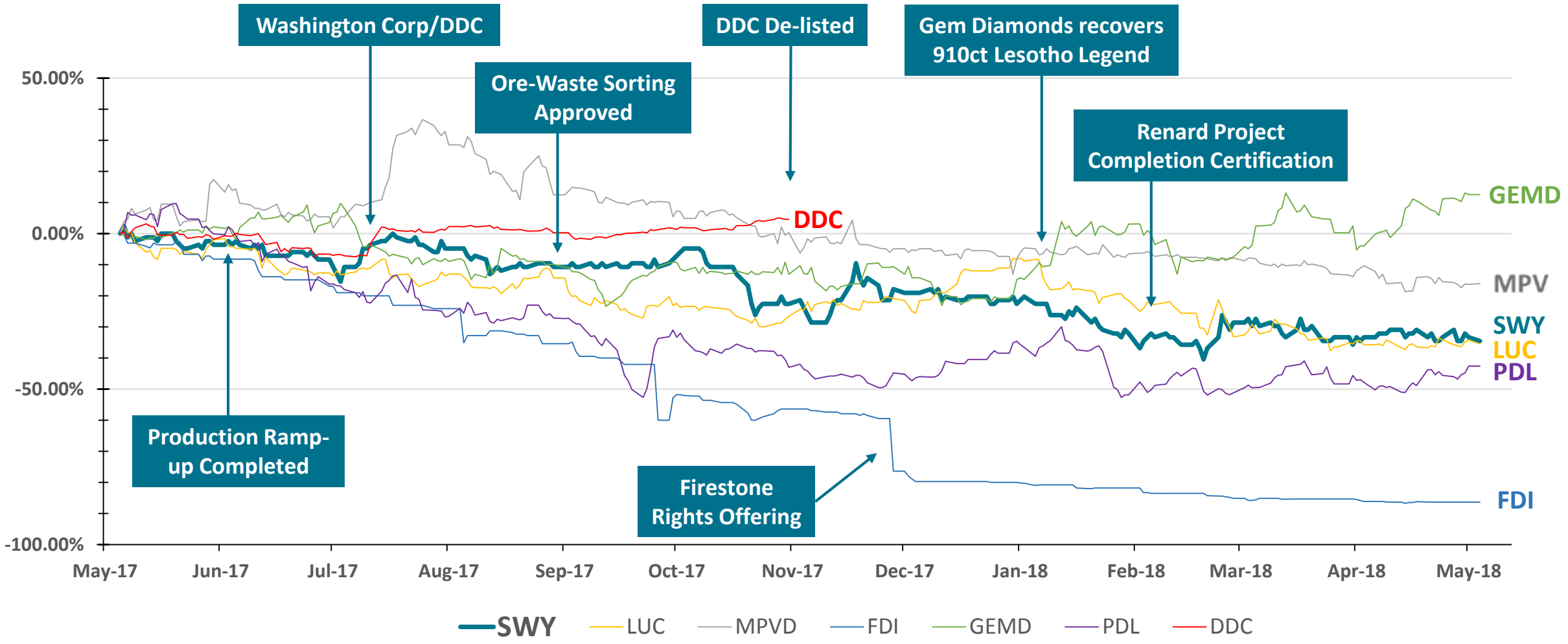
Matt Manson, President & CEO, Director

Milestones


May 2017
1 million Carats Produced
December 2017
First UG Mine Production Blast
Jan 1 2017
Commercial Production Attained
June 2017
Production Ramp-Up Complete
February 2018
Renard Mine Project Completion
July 2016
First Ore in Plant
August 2017
Ore-Waste Sorting Approved
March 2018
OP Mining in R2 Complete
Q3
Q4
Q1
Q2
Q3
Q4
Q1
Q2
Q3
Q4
2016
2017
2018
R2 OP
R3 OP
R65 OP
R2 UG
Open Pit Mining
Transition
Underground Mining

Stock Performance

12 Month Performance of Peer Diamond Equities



2017 Full Year Results Compared to FY2017 Guidance

At December 31, 2017. All quoted figures in CAD$ unless noted

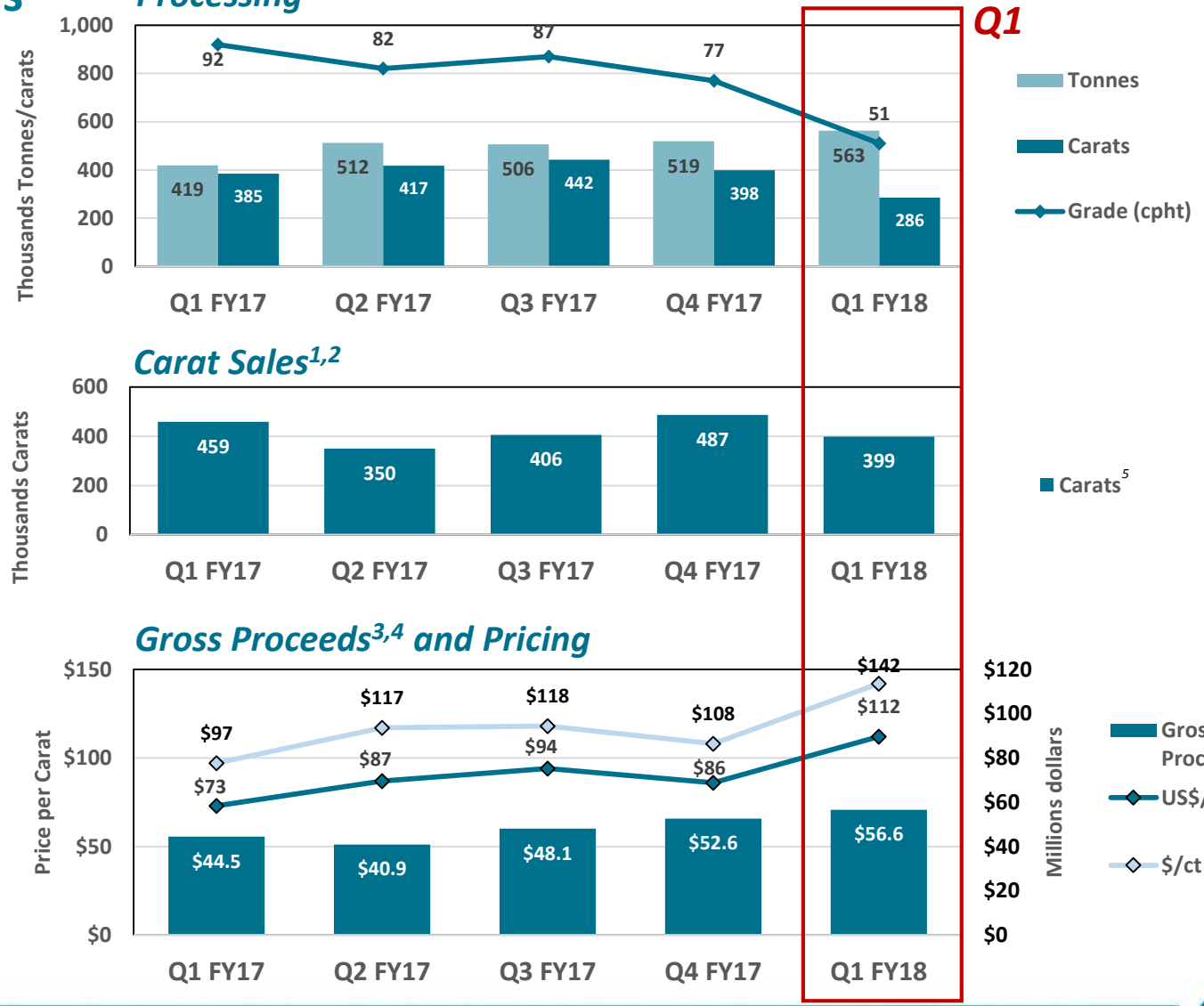
	FY2017 Guidance	FY2017 Result
Open Pit Tonnes Mined	4.4m	4.48m
Underground Tonnes Mined	0.5m	0.45m
Tonnes Processed	2.0m	1.96m
Carats Recovered	1.7m	1.64m
Grade *(cpht)*	85	84
Carats Sold	1.8m	1.70m
Price *(US$/ct)*	$100 to $132	$85
Gross Proceeds[1,2] *(US$)*	$180 to $230	$145m
Cash Operating Cost per Tonne Processed[1,3] *($/t)*	$60	$45.02
Cash Operating Cost per Carat Processed[1,3] *($/ct)*	$70	$53.60
Capital Expenditures[1,3,4]	$78.7m	$126.9m

1. *See note on "Non-IFRS Financial Measures"*
2. *Before stream and royalty*
3. *See note on "Change in Accounting Policy" in Stornoway's MD&A dated March 26, 2018. Under the changed accounting policy, cash operating costs are lower and capital expenditures are higher than was contemplated in the 2017 guidance.*
4. *FY2017 guidance excludes $22m of extraordinary capital approved by the Board of Directors in August 2017 for ore waste sorting.*

FY2017 and Q1 FY2018 Processing and Sales

At March 31, 2018. All quoted figures in CAD$ unless noted

Processing



Carat Sales[1,2]

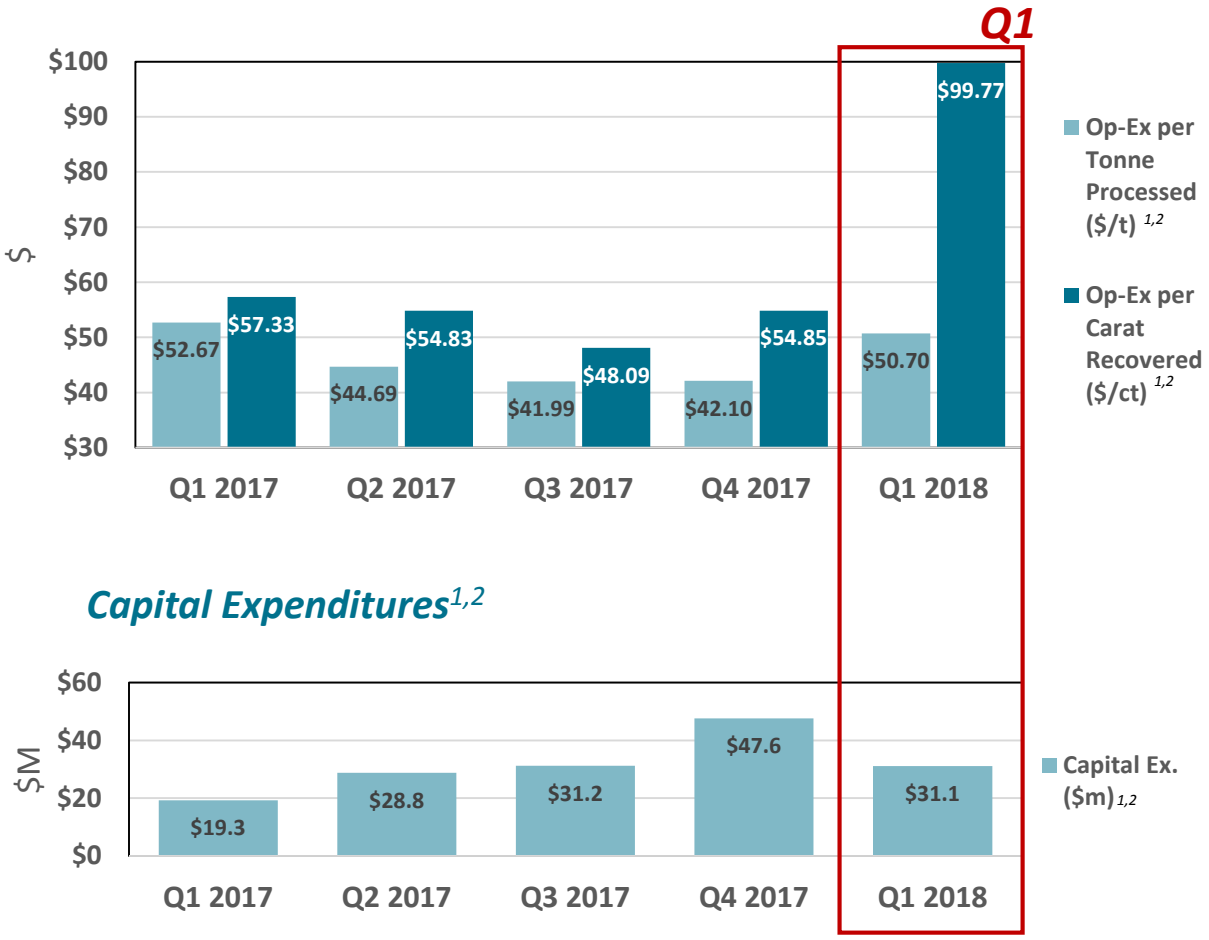
Gross Proceeds[3,4] and Pricing

1. *Q1 FY17 carat sales include 52,681 carats of smaller and lower quality goods carried over from Stornoway's first sale in November 2016. Q4 carat sales include 32,989 carats that were sold in the third quarter for which revenue was realized in the fourth quarter.*
2. *Q1 FY18 sales exclude an additional 42,663 carats of "incidental" diamonds smaller than the -7 DTC sold in an out of tender contract sale for gross proceeds of $1.0 million at an average price of US$18.50/ct*
3. *See note on "Non-IFRS Financial Measures"*
4. *Before Stream and royalty*
5. *For Q1 FY2018, revenue from the third tender sale of the year, which comprised 127,616 carats of run of mine production sold at an average price of US$123 per carat ($156 per carat), will be recognised in the second quarter since deliveries to clients were made subsequent to the quarter-end.*

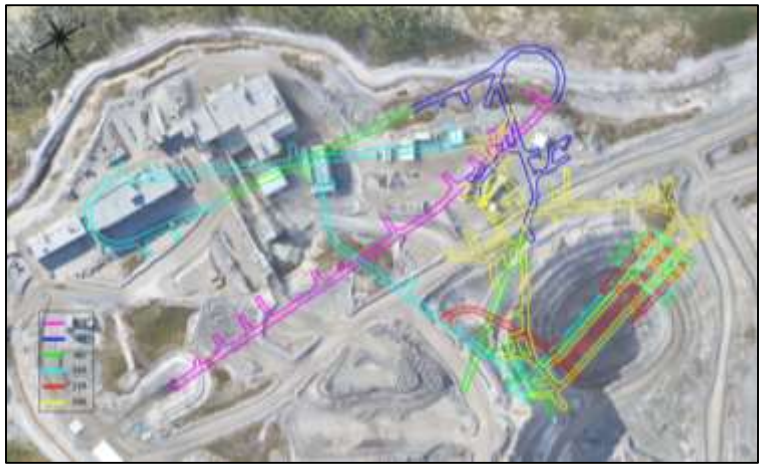
FY2017 and Q1 FY2018 Expenditures

At March 31, 2018. All quoted figures in CAD$ unless noted

Cash Costs[1,2]



Capital Expenditures[1,2]

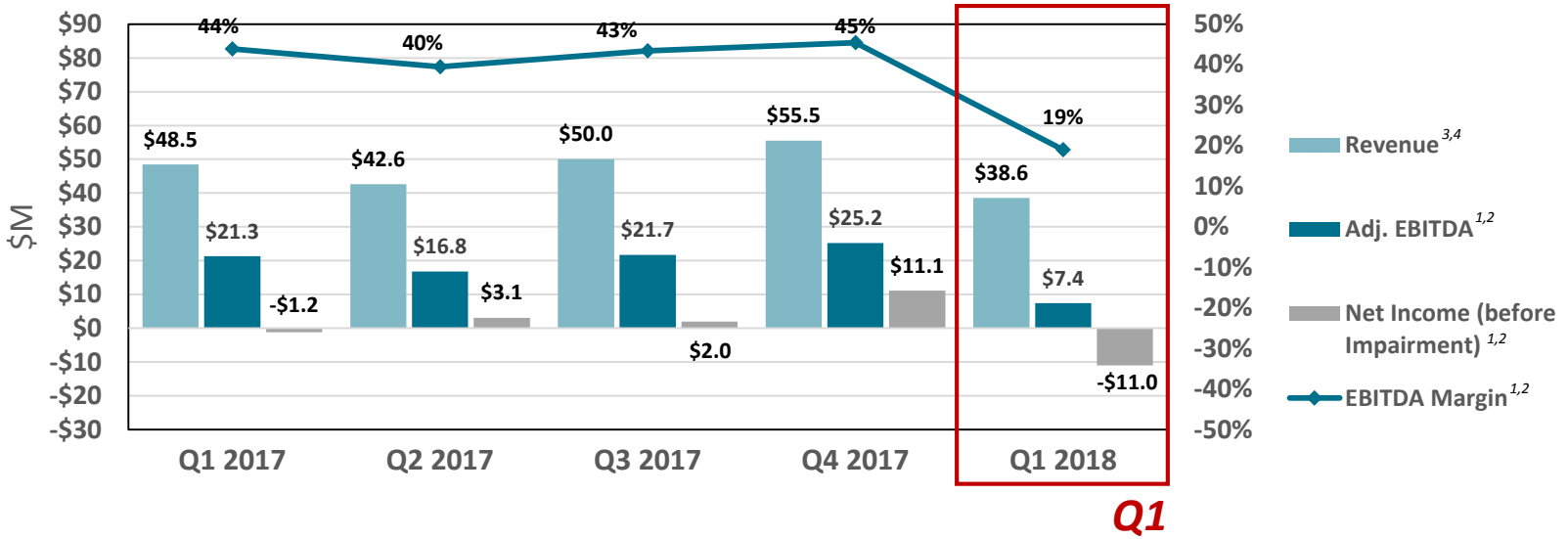


1. *See note on "Non-IFRS Financial Measures"*
2. *See note on "Change in Accounting Policy"*

FY2017 and Q1 FY2018 Financial Results

At March 31, 2018. All quoted figures in CAD$ unless noted

Revenue, Adjusted EBITDA[1], EBITDA Margin[1] and Income



FY2017 Earnings

EBITDA[1] of **$85.0m**, or **43.3%** of revenues.

FY2017 Income

Net loss of **$114.6m**. Non-cash charge of **$171m** reflecting diamond price environment upon property, plant and equipment valuation as at December 31, 2017. Income before impairment of **$15.0m**

Balance Sheet

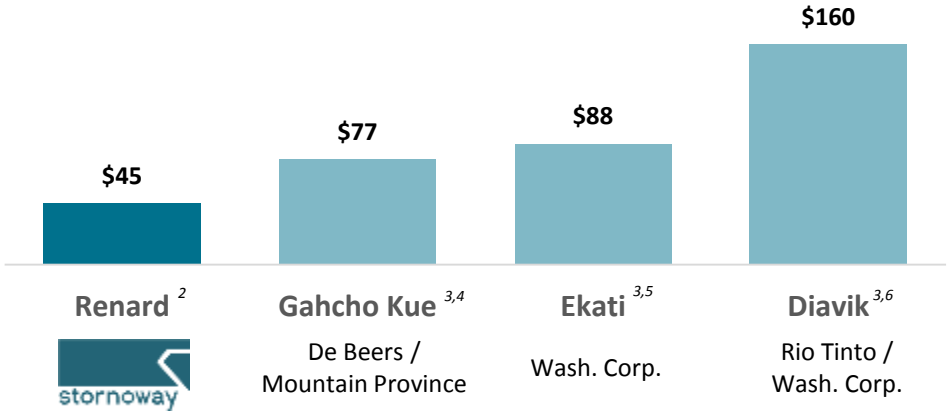
As of March 31, 2018 cash, cash equivalents and short term investments of **$51.6m.** Debt of **$306.9m.** Total liquidity[1], comprising cash, cash equivalents and available credit facilities of **$71.9m**

1. *See note on "Non-IFRS Financial Measures"*
2. *See note on "Change in Accounting Policy"*
3. *Revenue from the third tender sale of Q1 2018, comprising 127,616 carats sold for gross proceeds of $19.9 million, will be recognized as Revenue in the second quarter.*
4. *Revenues for the 1st quarter of 2018 exclude the impacts of applying IFRS 15, adopted during the quarter, which increased revenues by $17.3 million. As such, revenues presented in the Q1-2018 financial statements totaled $55.9 million.*

Lowest-Cost Canadian Diamond Mine

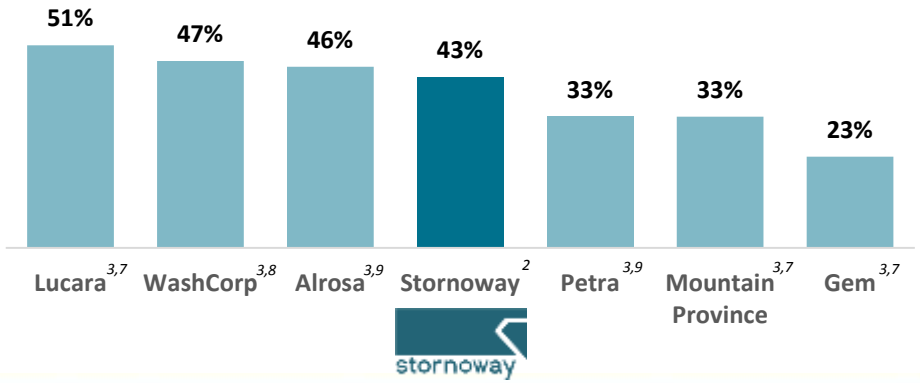
2017 Canadian Diamond Mine Cash Operating Costs[1]

$ per Tonne Processed



2017 Diamond Sector EBITDA Margins[1]

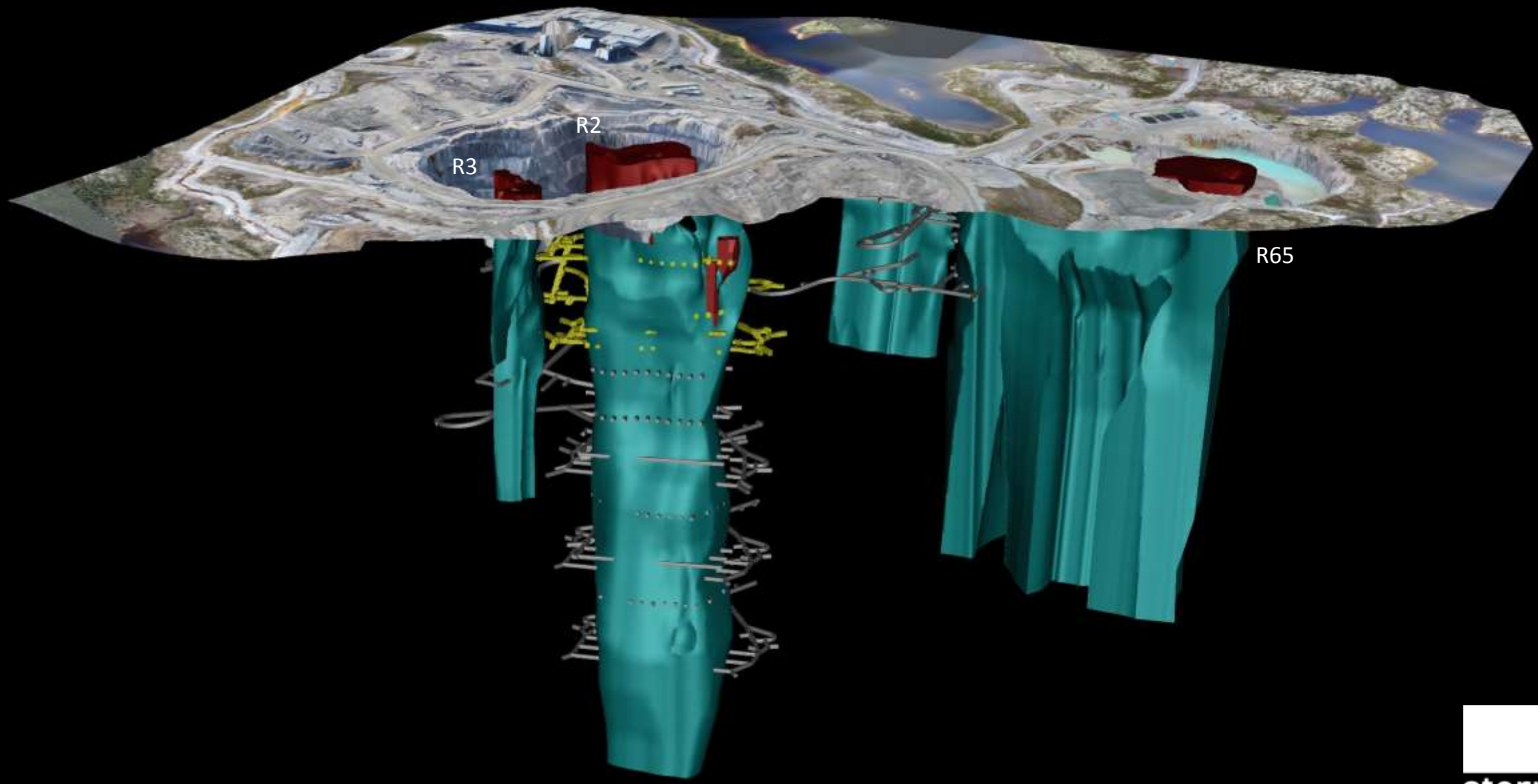
% of Gross Revenues



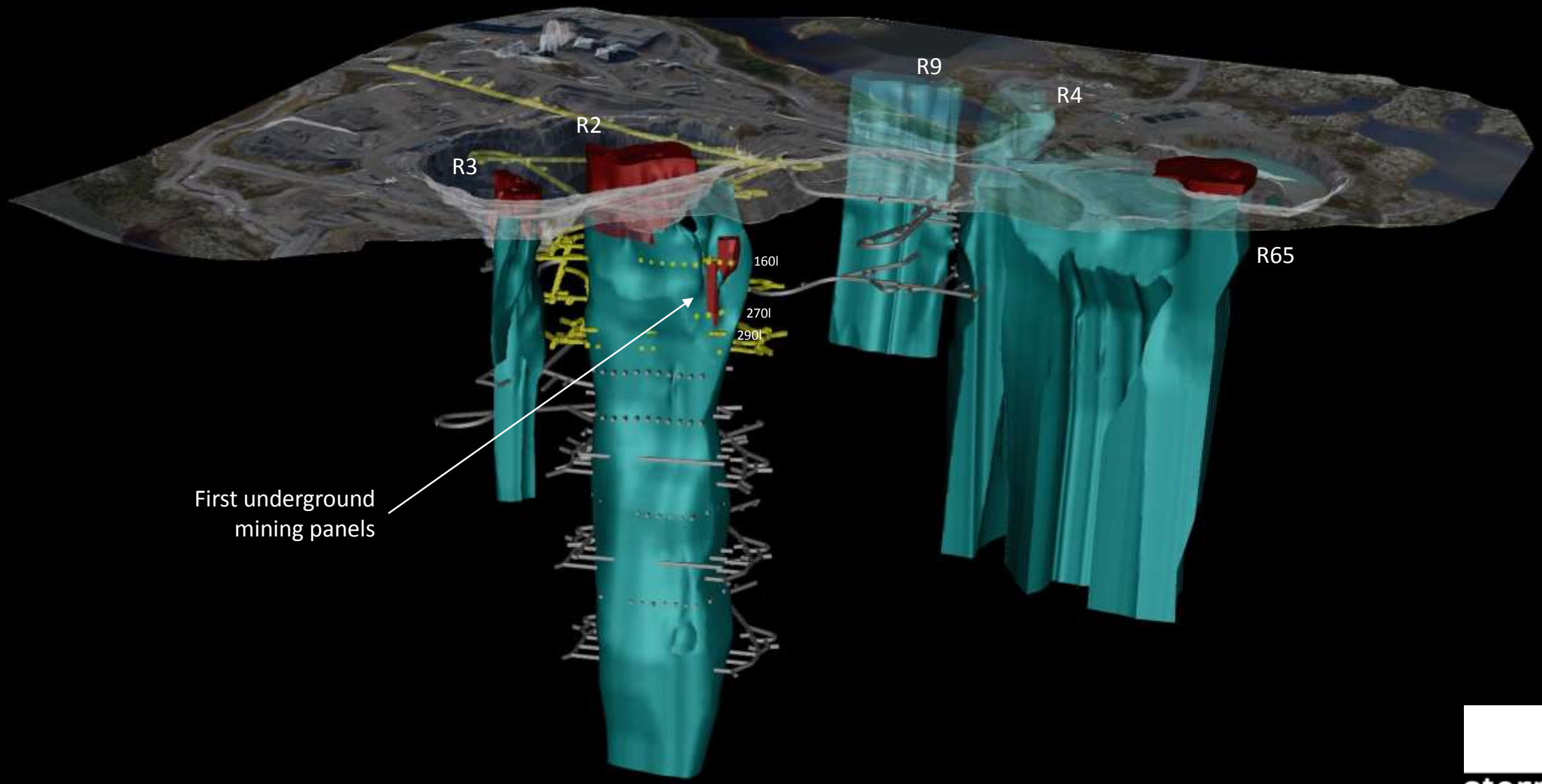
1. *See note on "Non-IFRS Financial Measures"*
2. *FY2017 full year result. See note on "Change in Accounting Policy"*
3. *Information derived from public filings of companies. Cash operating costs per tonne is not defined under IFRS and therefore may not be comparable to similar measures presented by other issuers. Companies calculate non-IFRS measures differently and as such a comparison of this measure among different companies may not be reliable*
4. *Based on cash operating costs per tonne processed, net of capitalized stripping, during the first three quarters of 2017*
5. *In respect of Ekati, based on last reported cash cost per tonne processed prior to acquisition by Washington Corp.; converted from US$ to C$ using the average Bank of Canada closing rate for the corresponding six months ended July 31, 2017 of 0.7539*
6. *In respect of Diavik, based on last reported cash cost per tonne processed prior to acquisition by Washington Corp.; converted from US$ to C$ using the average Bank of Canada closing rate for the corresponding six months ended June 30, 2017 of 0.7494*
7. *YE December 2017*
8. *Q2 YTD June 2017*
9. *YE June 2017*

Renard Operations

Patrick Godin, COO, Director



stornoway
MineRENARDMine



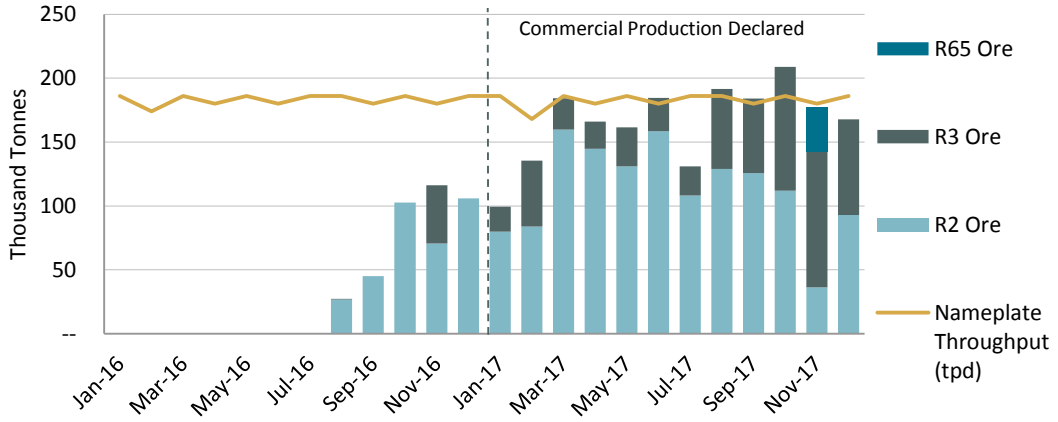
stornoway
MineRENARDMine

Renard Project Resource Reconciliation

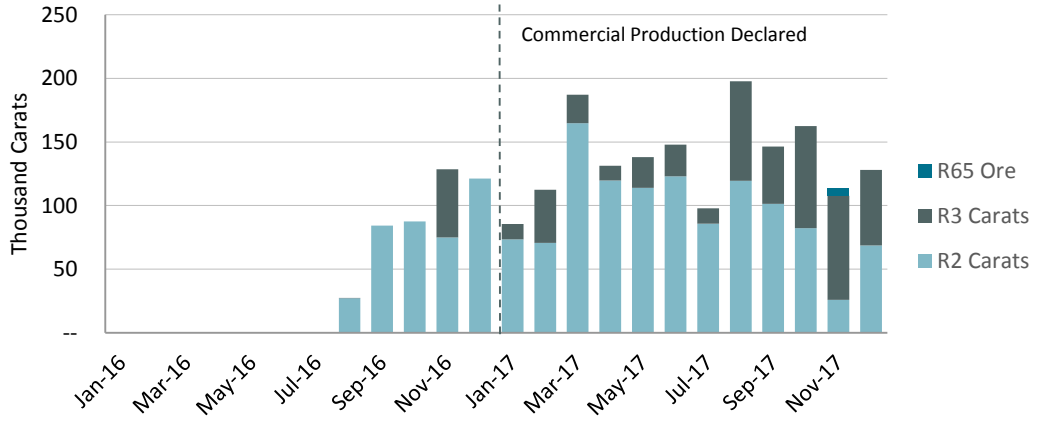
Open Pit Mining and Processing, July 2016 to December 31, 2017

	Actual	Plan	% Variance
Ore Tonnes Processed	2.35m	2.22m	+6%
Carats Recovered	2.09m	1.91m	+9%
Grade (cpht)	89	86	+3%

Monthly Ore Milled



Monthly Carats Recovered



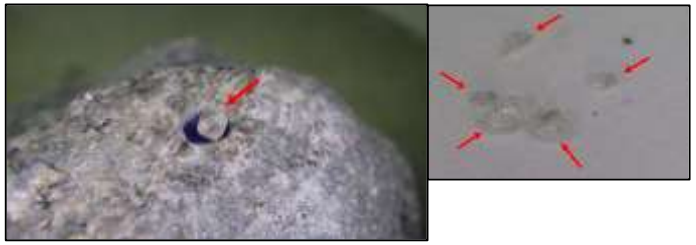
Underground Mining

- First production blast December 2017
- First production panels developed at the north pipe margin of the 290m level in highly dilute, low grade kimberlite.
- Grade is expected to increase as mining progresses towards the center of the kimberlite.
- First Experiences:
  - More competent country rock and less competent kimberlite than expected
  - Blasted stopes are caving naturally
  - Mining method will develop from Blasthole shrinkage to an Assisted Block Cave (ABC)
  - All infrastructure for ABC is in place
- Opportunity for less development costs in the long term, and the elimination of planned surface back-fill
- On track for ramp-up to 6,000 tpd by end Q2

First Year Processing Experience: High Levels of Diamond Breakage

Observed in… Diamond Samples and Size Distributions

Reproduced with… Laboratory Testing



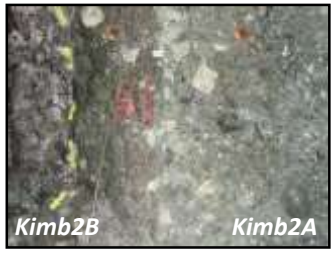
Breakage Tests, IMS Labs, May 2017.
Diamond and Kimb2a Highly Dilute: Diamond Damage. No Rock damage

Diamond and Kimb2c HK: Rock damage. No Diamond Damage

Caused by… High Waste Content in Ore

Renard 2 Kimb2b ore, 30-40% dilution, 290m level

Renard 2 Kimb2b-CRB contact, >90% dilution, 290m level



Ore Sorting Plant

- Designed to reduce waste content in Renard ore feed. Employs spectral analysis on primary feed +30mm -200mm
- Multi-Stage
  - First stage of sorting is to reject the waste
  - Second stage (scavenging) is extract kimberlite from rejection stream and return to main plant
- Benefits
  - Improves crushing efficiency and diamond preservation
  - Increases nominal plant capacity
  - Reduces plant wear and extends life
  - Improves quality of processed kimberlite for disposal
- Commissioning commenced March 25th; consistent processing since end-April
- The volume and quality of ore-waste segregation has been positive, and initial diamond recovery results encouraging

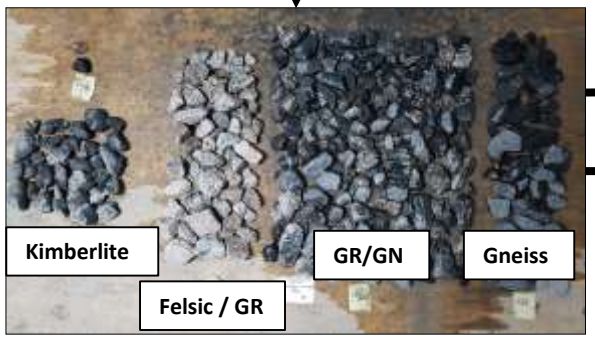
Ore Sorting Flow Sheet

Feed

Ore Accepts

Scavenger Accepts

To Plant



Waste Rejects

To Scavenger

Scavenger Rejects

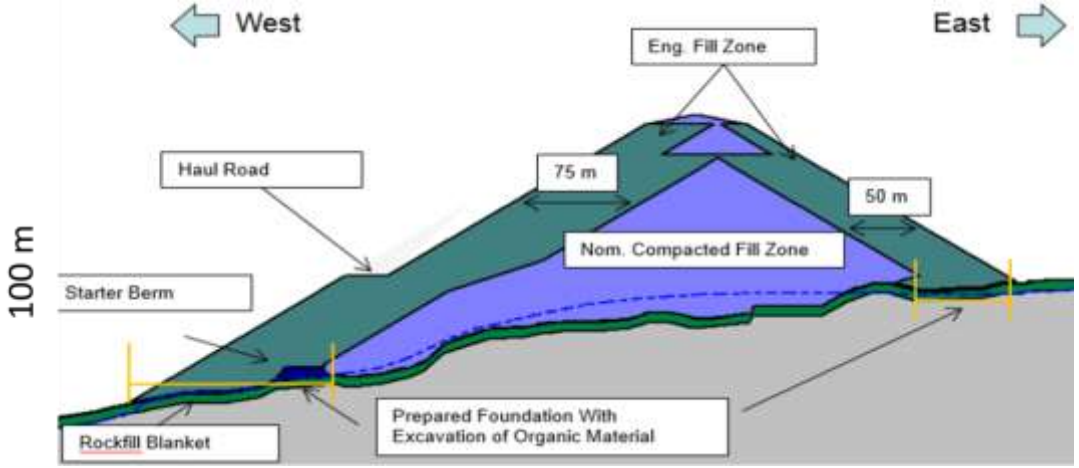
All Rejects

To MPKC

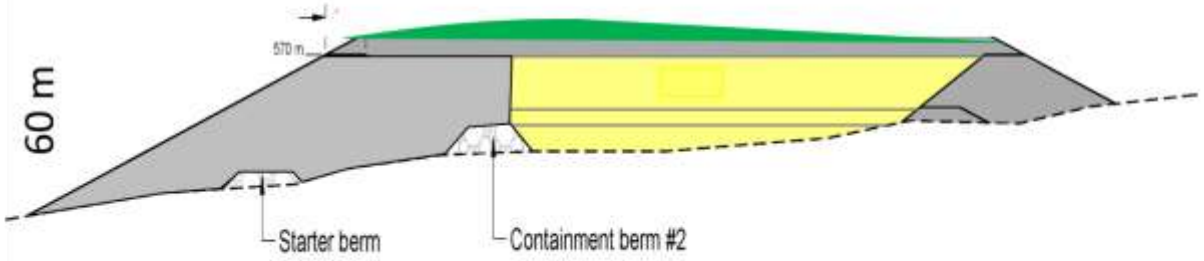
Modified Processed Kimberlite Containment Facility (MPKC)

Work completed on schedule in 2017 and operational

Original Design for PKC Storage



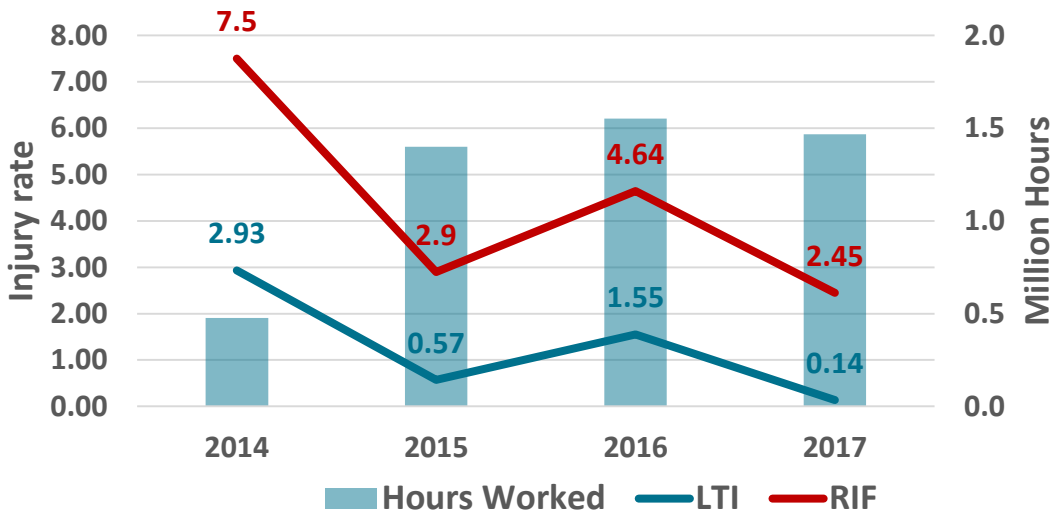
Modified Design for the MPKC Facility



- Original PKC design concept contemplated centrifugal dewatering of PK and containment by dry-stacking
- New MPKC facility uses containment berms to manage deposition of dry, coarse PK and wet, fine PK. Degrit module installed in process plant.

Stornoway's Business is People

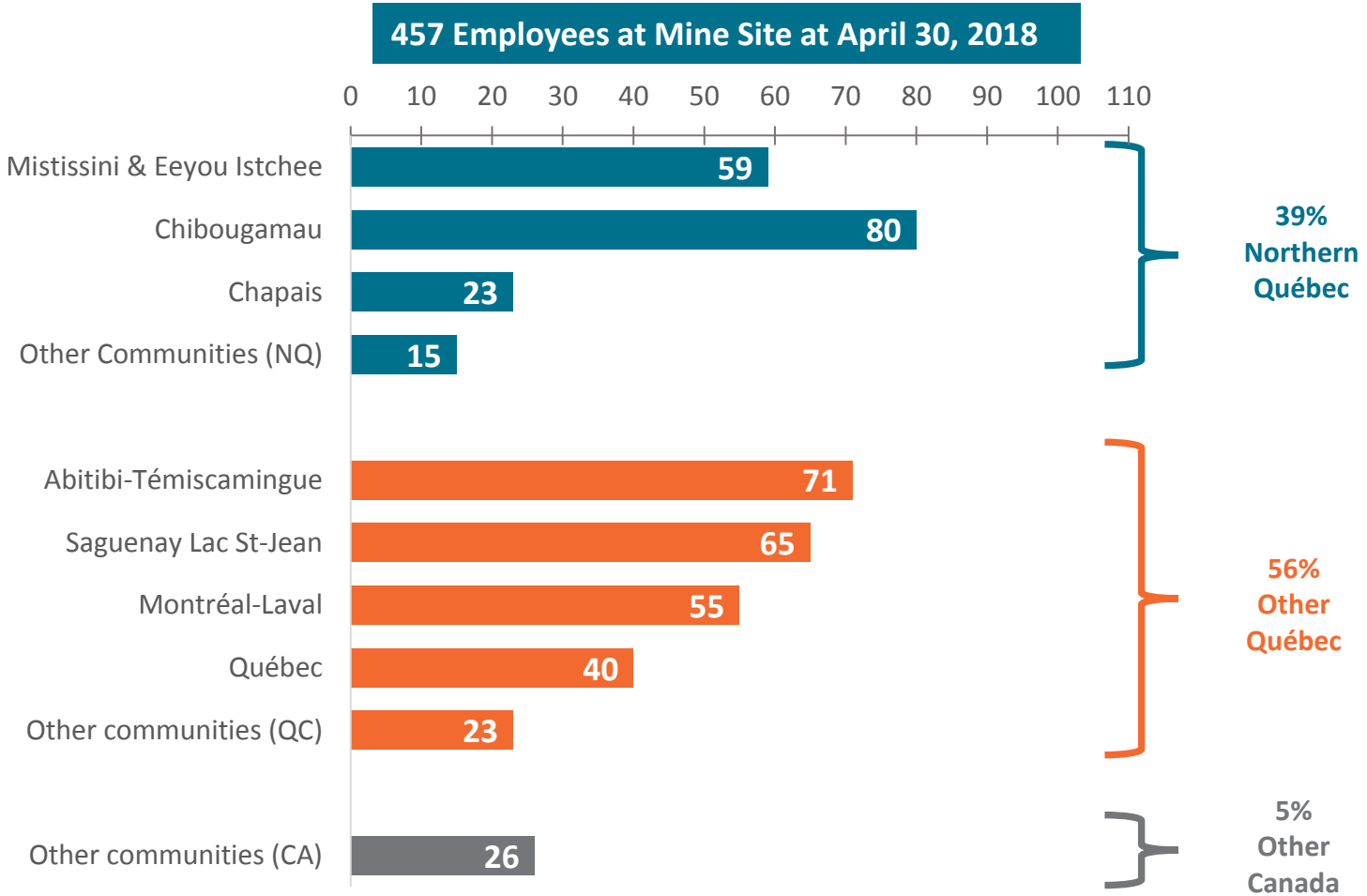
Environment, Health and Safety



- In 2017, Lost Time Incident (LTI) rate of zero for Stornoway employees and 0.4 for contractors
- In 2017, one incident of administrative environmental non-conformity in 2017 due to reporting an accidental glycol spill outside of the 24-hour prescribed delay.

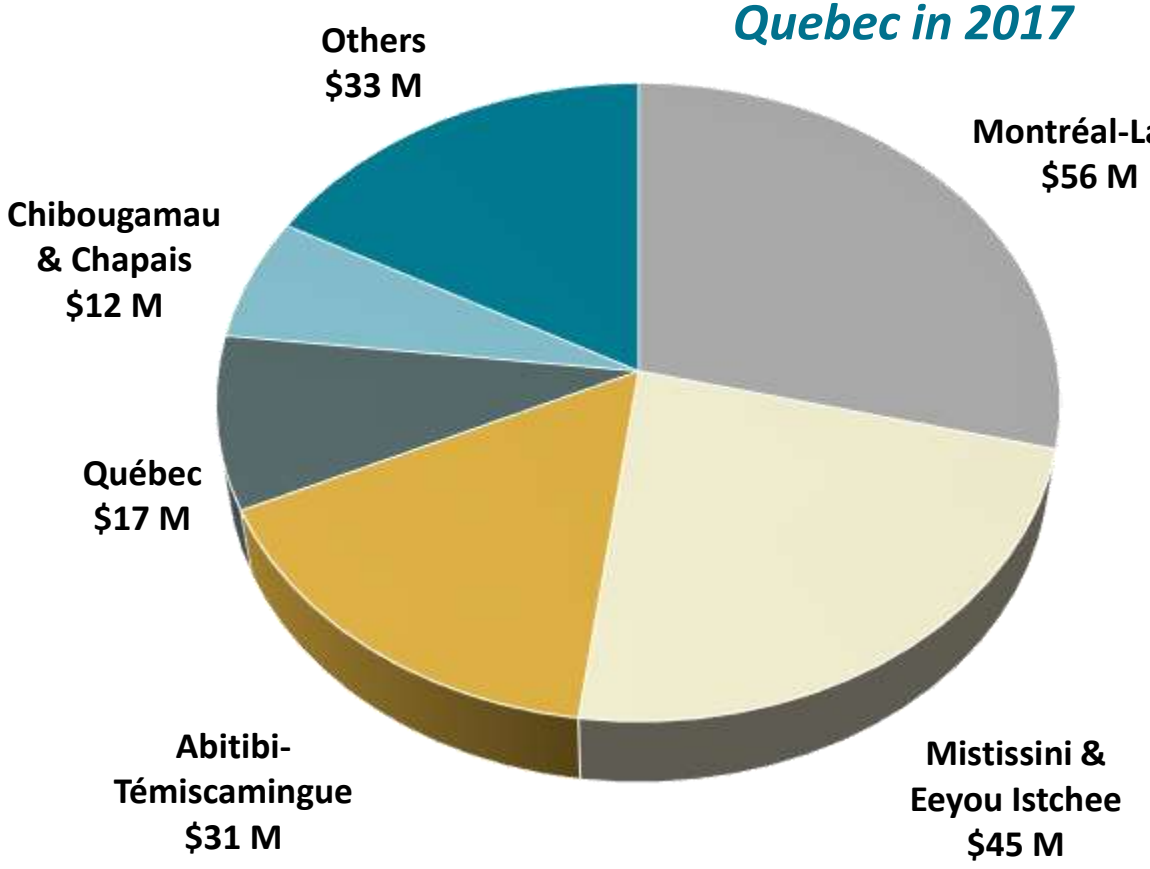
Employment at the Renard Mine

Targeting Local Hiring: Stornoway Employees at Mine Site



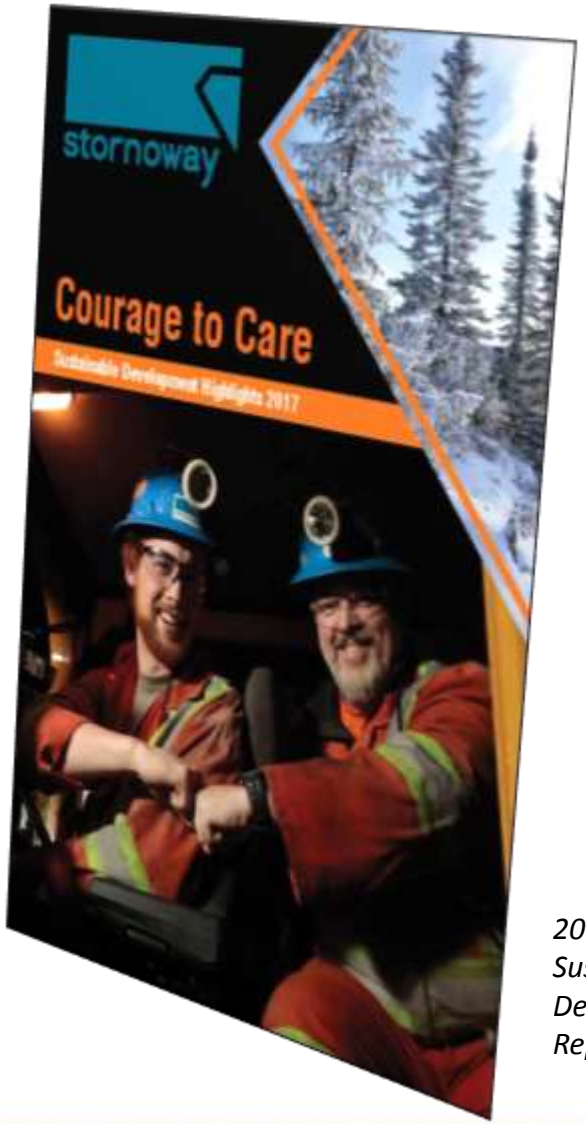
Economic Benefits

C$194 million of expenditures in Quebec in 2017



Job Creators in Quebec Award, 2017: Northern Quebec

Community Engagement



2018 Sustainable Development Report

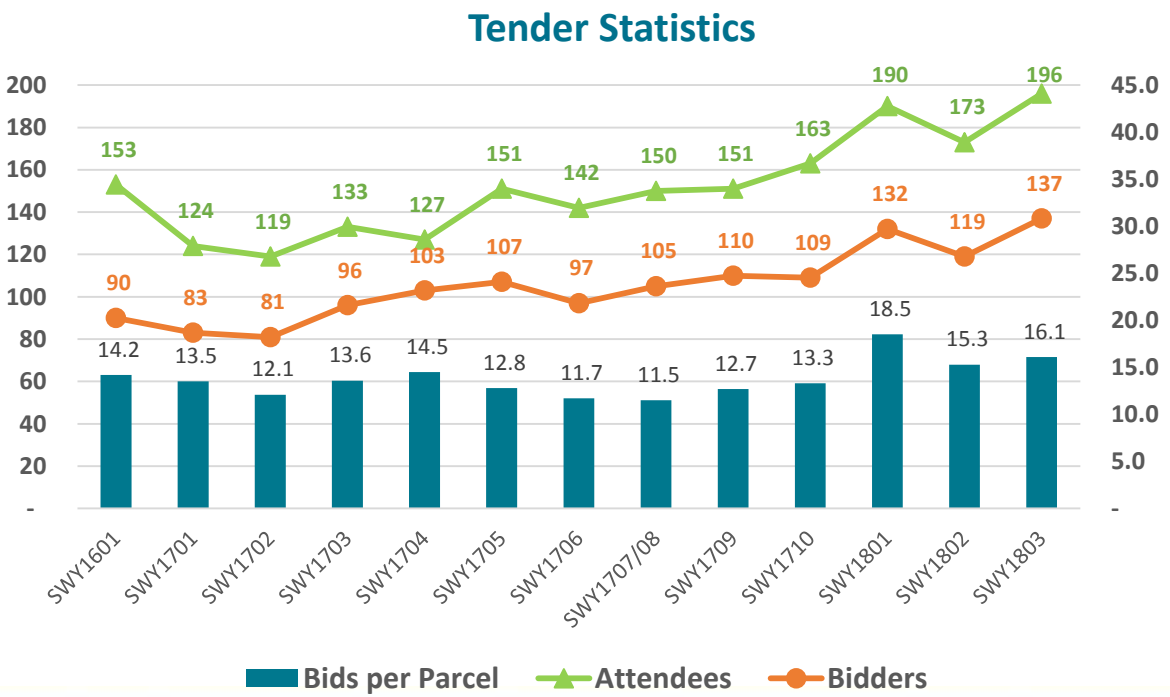
Sales and Marketing

Matt Manson, President & CEO, Director

Diamond Sales

- Stornoway sells 100% of the Renard diamond production by arms length tender in Antwerp with Bonas-Couzyn as sales commissionaire
- 9 sales are scheduled for 2018
- Strong response to Quebec diamond sales from the diamond market

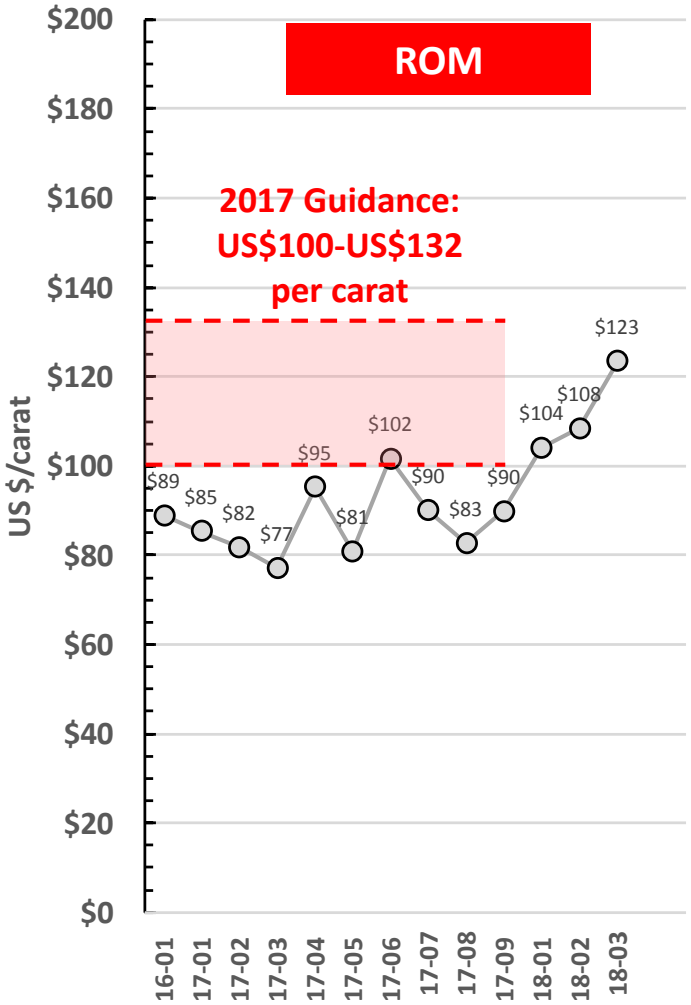
Bonas
Diamond Brokers & Consultants

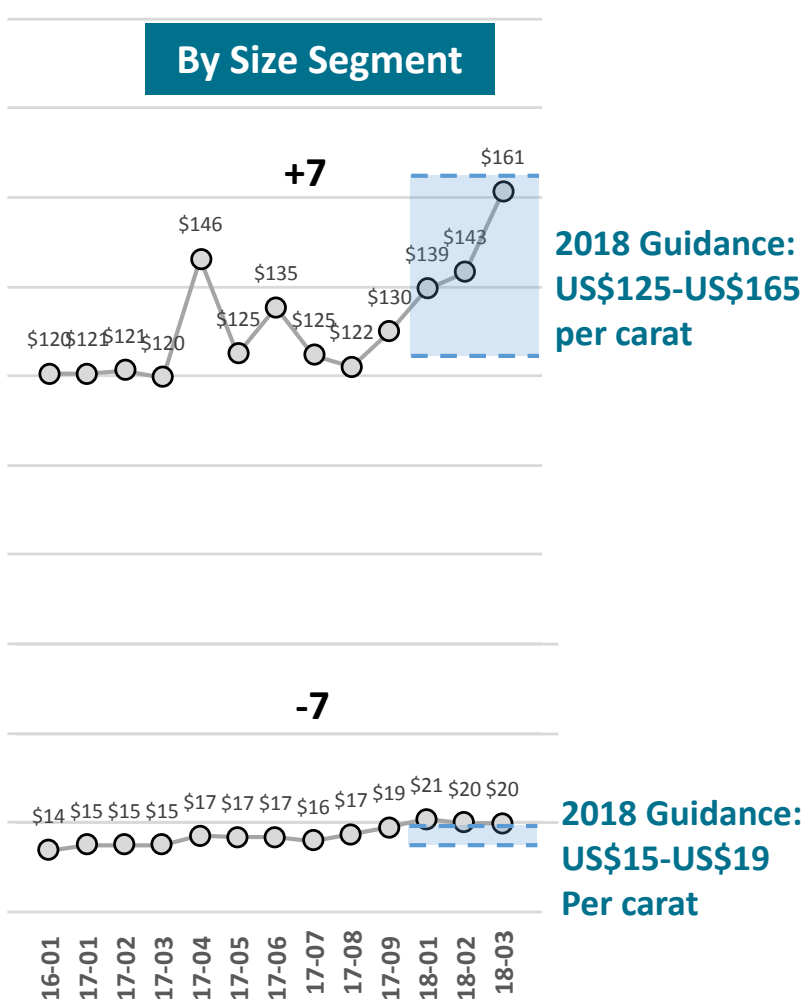


1. *Sale by sale basis, normalized for variations in quality and size distribution*
2. *Before stream and royalty*

Pricing Trends

Prices Achieved at Sale[1,2]

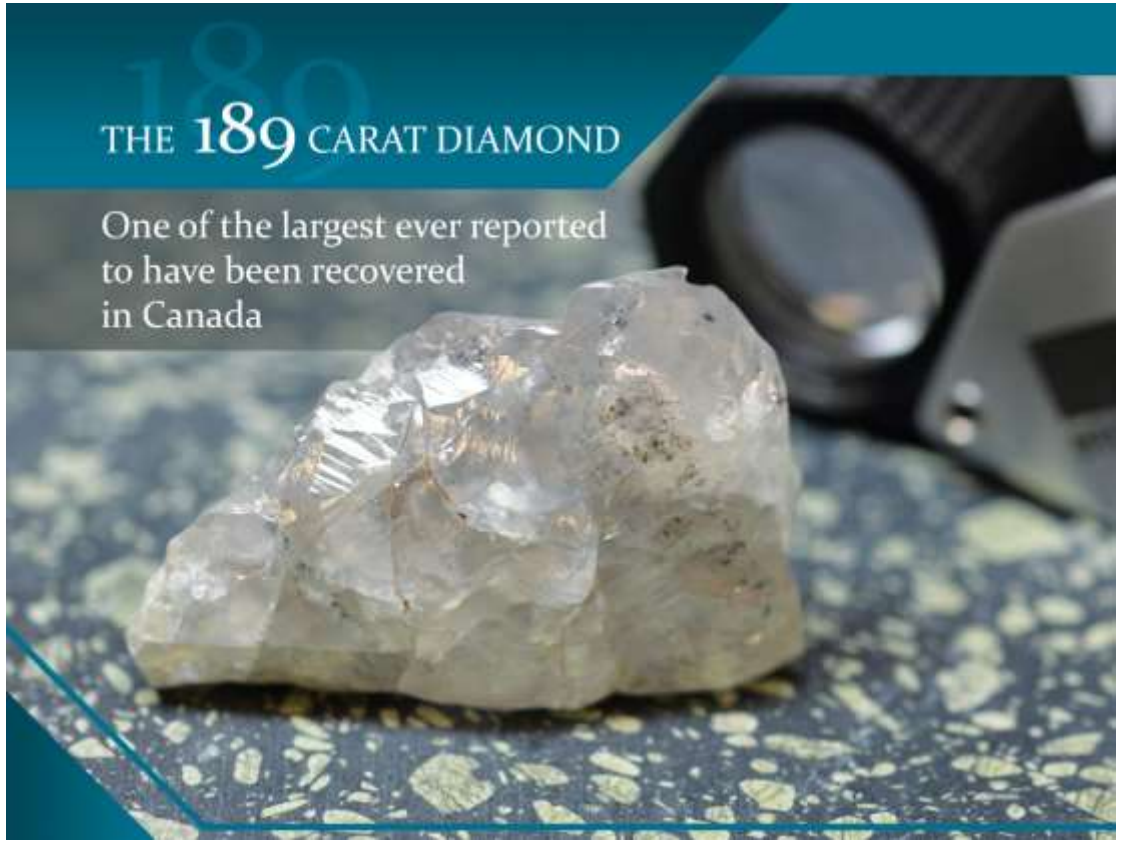




- Prices achieved so far in 2018 are within, or exceed, 2018 guidance
- Prices have increased 20% in real terms[3] since November 2016

1. *ROM pricing for sales 18-01 to 18-04 does not include withheld -7 incidentals*
2. *Before stream and royalty*
3. *Sale by sale basis, normalized for variations in quality and size distribution*

Notable Recent Diamond Recoveries



Outlook

Matt Manson, President & CEO, Director

FY2018 Guidance.

Revised May 15, 2018
All quoted figures in CAD$ unless noted

MINING AND PROCESSING	
Open Pit Tonnes Mined	2.7 million
Underground Tonnes Mined	2.2 million
Tonnes Processed	2.5 million
Carats Recovered	1.35 to 1.40 million
Grade *(cpht)*	54 to 56
Cash Operating Cost per Tonne Processed[1,2] *($/t)*	$48-50
Cash Operating Cost per Carat Recovered[1,2] *($/ct)*	$88-90

SELLING AND MARKETING	
Carats Sold	1.20 to 1.25 million
Average Diamond Pricing, +7 DTC *(US$/ct)*	US$ 125-165
Average Diamond Pricing, -7 DTC *(US$/ct)*	US$ 15-19

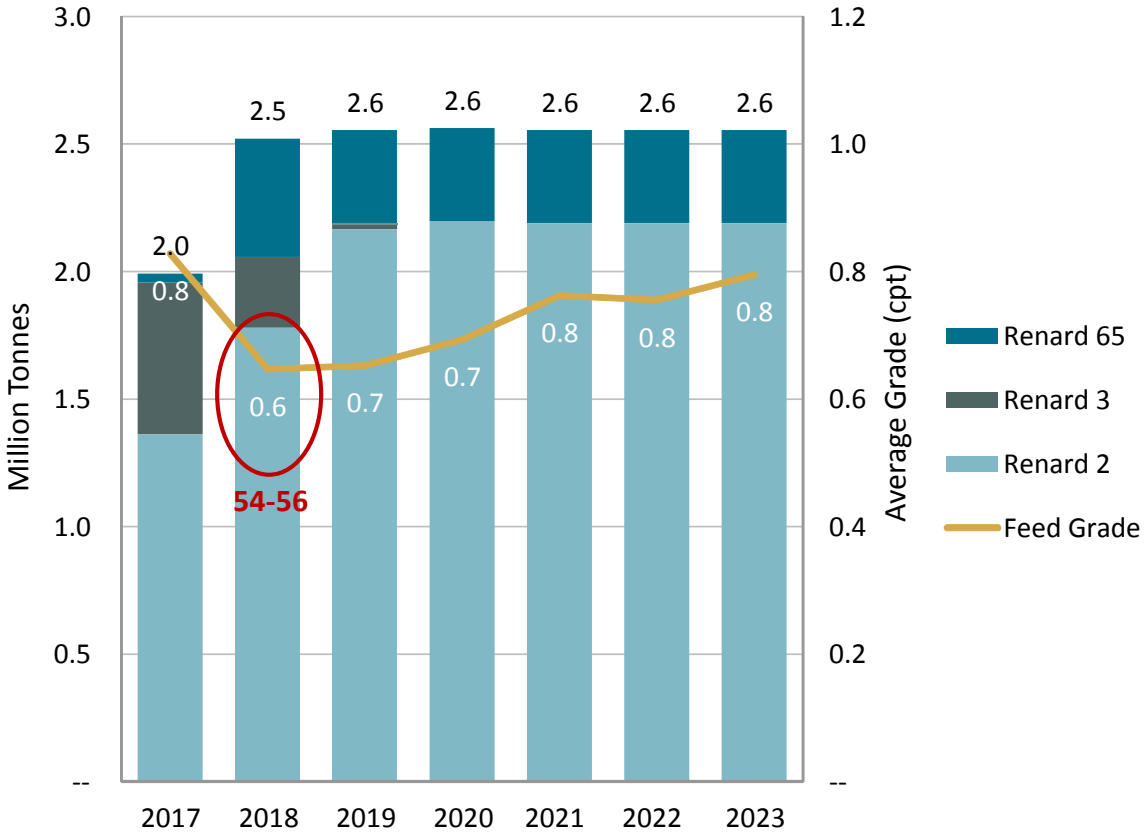
CAPITAL	
Capital Expenditures[1,2]	$100 million

1. *See note on "Non-IFRS Financial Measures"*
2. *See note on "Change in Accounting Policy"*

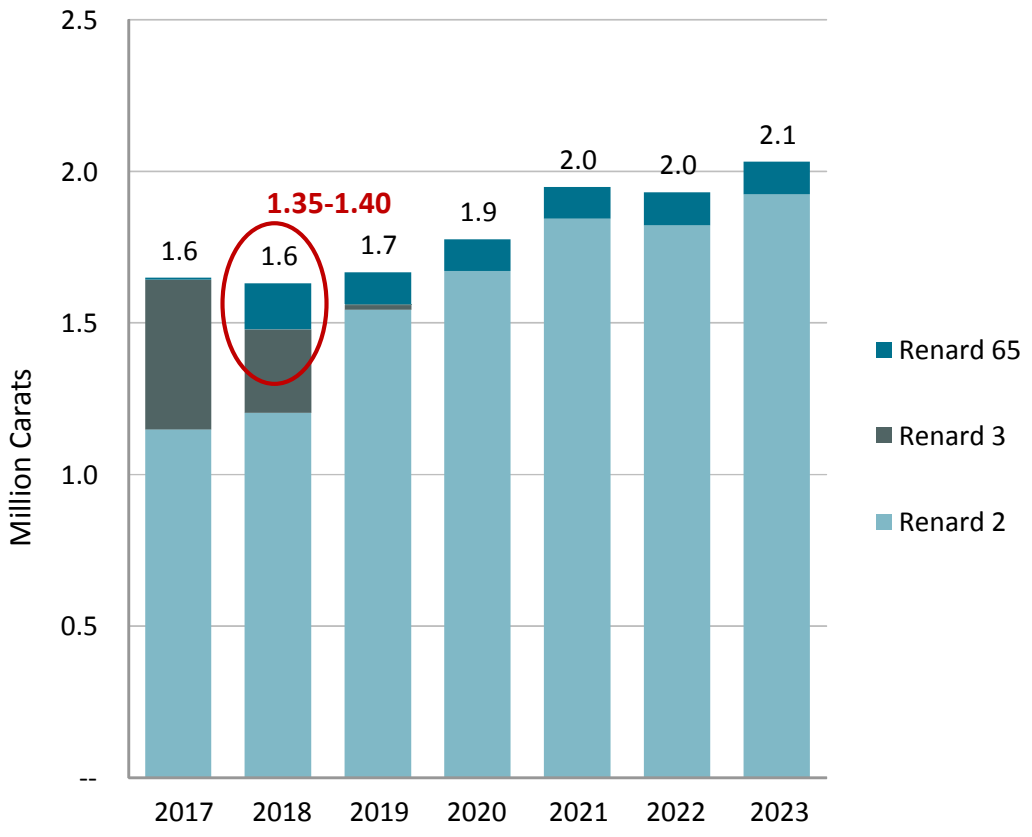
Production Outlook

March 2016 Mine Plan, Base Case (2P Reserves Only)

Ore Tonnage and Overall Grade[1,2]



Carats Recovered[1,2]



1. *Before stream and royalty*
2. *Source: March 2016 Technical Report*

Principal Diamond Producers

Canada

- **Renard** (Stornoway)
- **Ekati** (Washington 100% & 88.9% / Blusson 11.1%)
- **Diavik** (Rio Tinto 60% / Washington 40%)
- **Gahcho Kué** (De Beers 51% / Mountain Province 49%)
- Victor (De Beers)
- Snap Lake (De Beers)
- Star / Orion South (Shore Gold)

Brazil

- **Brauna** (Lipari)

Angola

- **Catoca** (Alrosa 33%, Endiama 33%, China – Sonangol 18%, Odebrecht 16%)
- Luaxe (Alrosa, Endiama)

Botswana

- **Damtshaa, Letlhakane, Jwaneng, Orapa** (De Beers 50% / Botswana Gov't 50%)
- **Karowe** (Lucara)
- Ghaghoo (Gem)
- BK11 (Firestone)

Sierra Leone

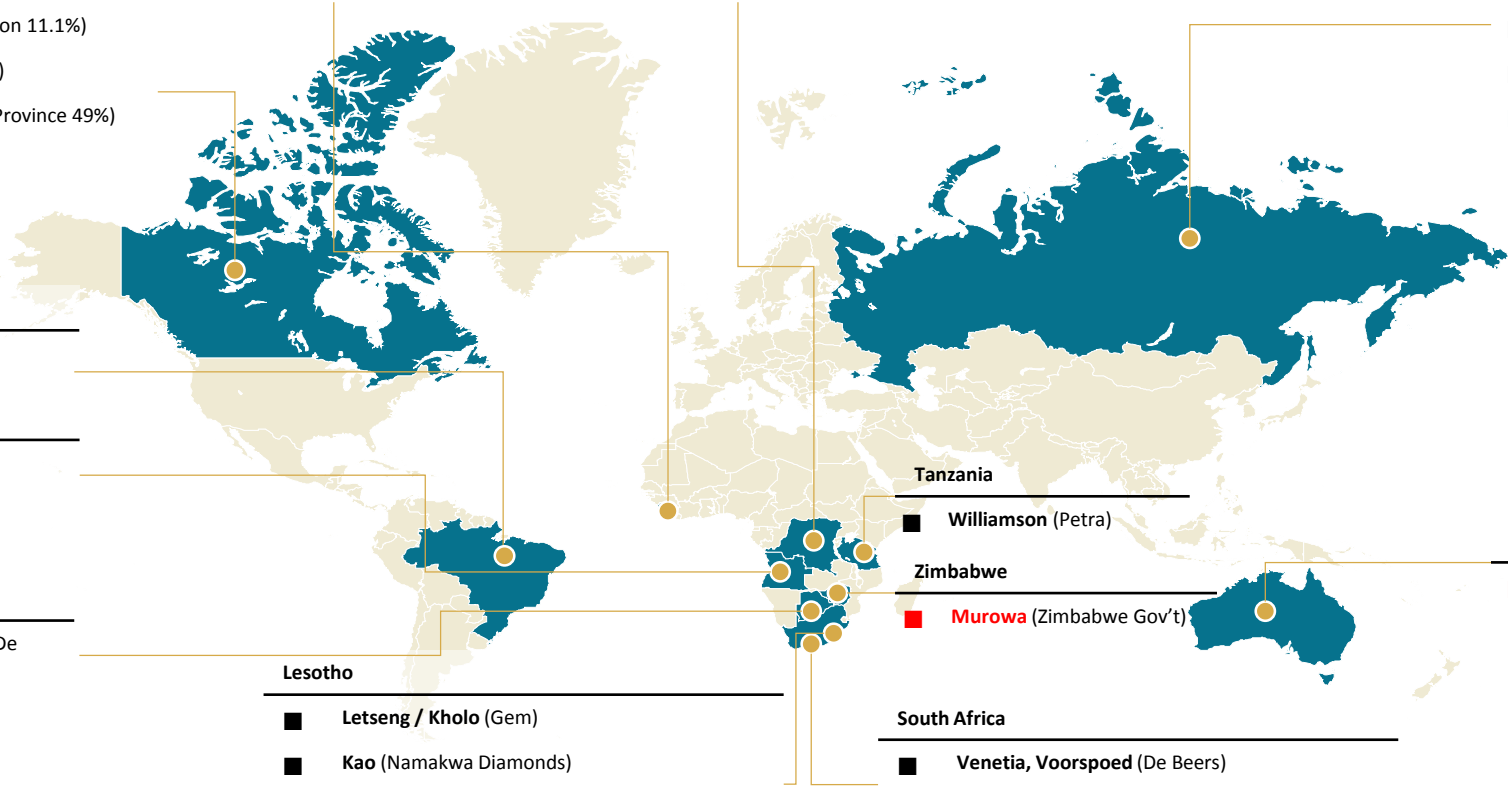
- **Koidu** (BSG)

DR Congo

- **Mbuji-Maye** (Gov't 80% / Mwana 20%)

Russia

- **Udachny, Aikhal, Jubilee** (Alrosa)
- **Nyurba** (Alrosa)
- **Grib** (Lukoil)
- Karpinsky 1, Botuobinsky (Alrosa)



Tanzania

- **Williamson** (Petra)

Zimbabwe

- Murowa (Zimbabwe Gov't)

Australia

- Argyle (Rio Tinto)

Lesotho

- **Letseng / Kholo** (Gem)
- **Kao** (Namakwa Diamonds)
- **Liqhobong** (Firestone)
- Mothae (Paragon)
- Kolo (Lucara 55% / Angel 45%)

South Africa

- **Venetia, Voorspoed** (De Beers)
- **Finsch, Premier, Cullinan** (Petra)
- **Koffiefontein, Kimberley** (Petra)

Development project

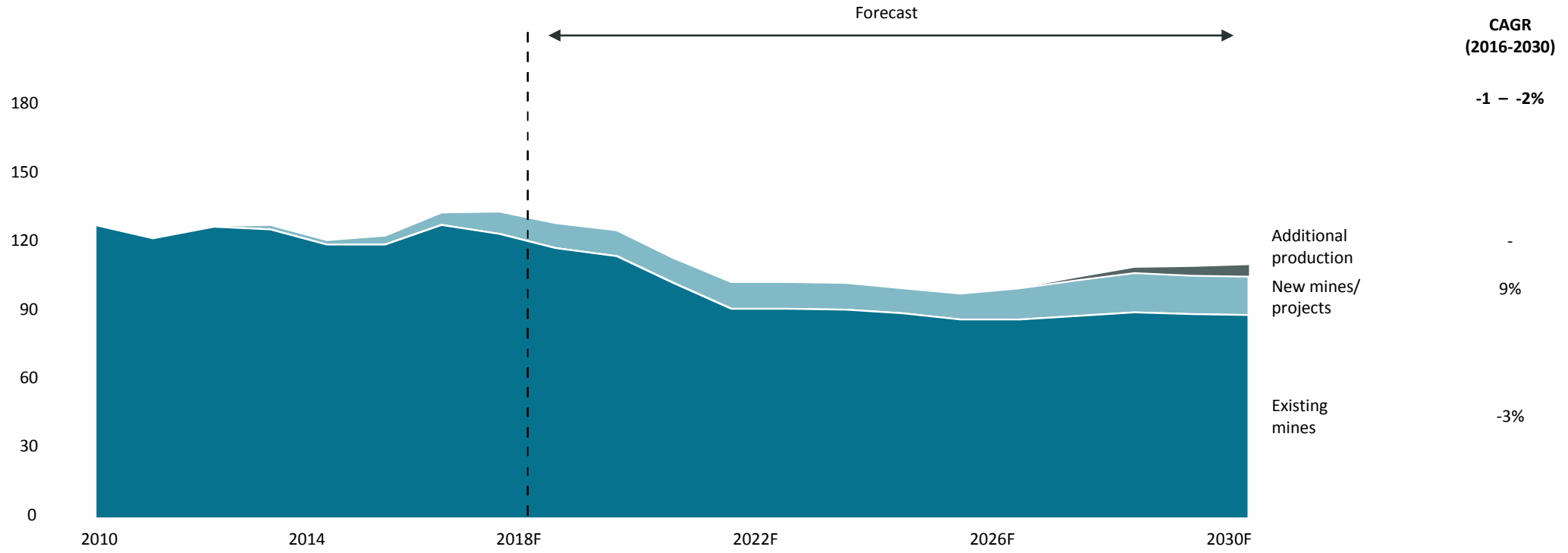
Operating mine

Approaching end of life/care and maintenance

Diamond Supply Scenarios[1] - Flat to negative mine supply expected over the long-term

- The supply outlook, driven by the depletion of existing mines and handicapped to “likely production”, shows a downward trending CAGR of -1% to -2% to 2030

Rough-Diamond Supply, Mcts, Base Scenario



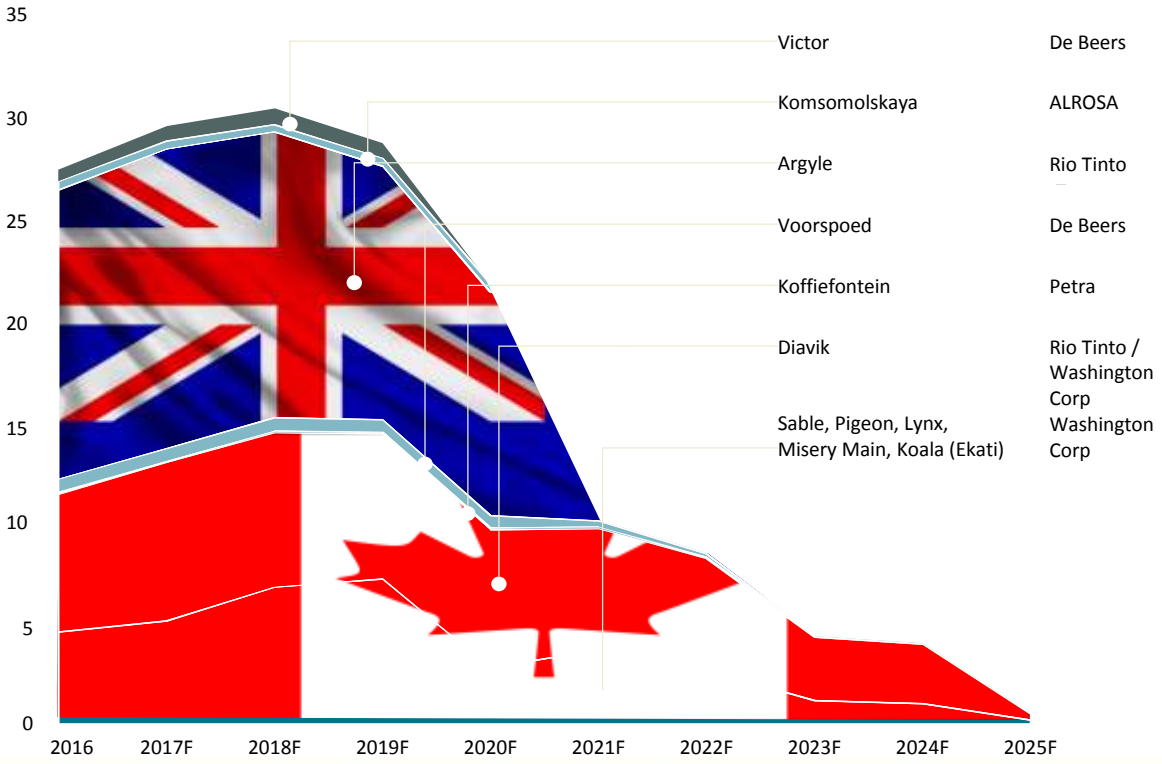
Source: Bain & Company “The Global Diamond Industry 2017: The Enduring Story in a Changing World”

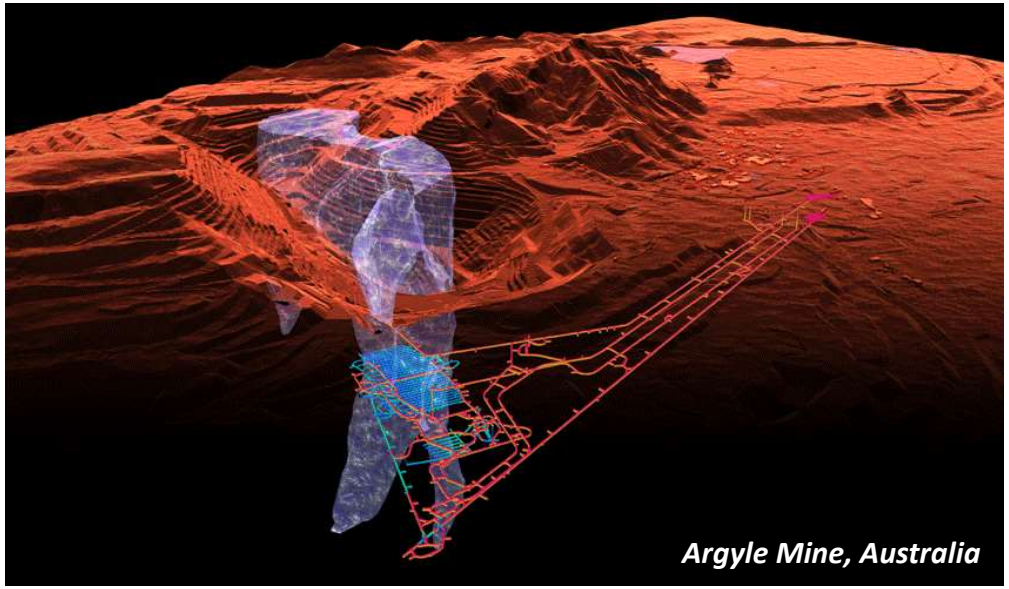
1. *Additional resources include tailings retreatment, which could be viable in older mines as run-of-mine is depleted, early-stage projects and projects currently marginal, which may become viable as rough prices increases*

The Future: Diamond Mine Depletion, 2018-2025

- The largest individual diamond mine (Argyle) and the two largest Canadian mines are expected to be depleted starting in 2020

Forecasted Rough-Diamond Production of Depleting Mines, Mcts, Optimistic Scenario



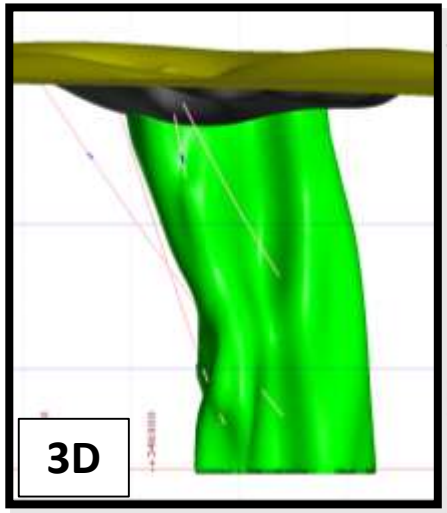


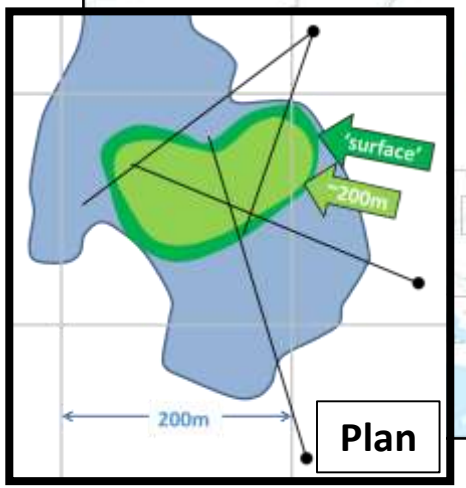
Source: Bain & Company "The Global Diamond Industry 2017: The Enduring Story in a Changing World"; Company Reports

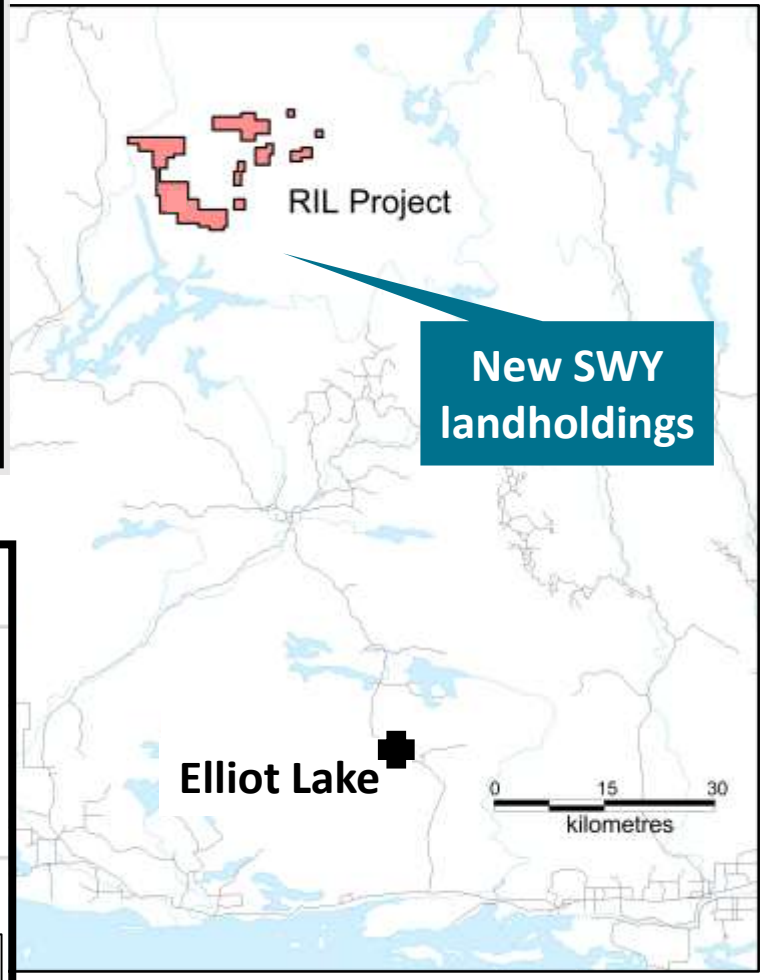
2018 Exploration

- $4.6m to be spent in 2018 on grassroots & brownfields exploration, and resource growth
- February 2018: New kimberlite discovery at grassroots “RIL” project, 80km north of Elliot Lake, Ontario
- 4 drill holes intersected volcaniclastic diatreme interpreted at 190mx100m
- Nearest kimberlite 130km away. Diamond results pending. 8600ha property acquired.
- RC drilling at Renard. 9 new “CRB” occurrences discovered
- Pending drilling at grassroots Met project, Temiscaminque, Quebec and for resource delineation at Renard 3 at Renard Mine

New Kimberlite Discovery. RIL Project, Ontario







2018 Objectives

- 1H 2018: Completion of transition to underground mining and ore-waste sorting
- 2H 2018: Steady state mining
- 2018-20223 Production growth

…and

- Balance sheet amendments in 2018 to support operations and the further growth of the business.
- Returning value to shareholders
- Growth: at Renard and new projects

56e COMPÉTITION PROVINCIALE DE **SAUVETAGE MINIER**

17-19 MAI 2018

stornoway

SAUVETAGE MINIER QUÉBEC

Ghislain Poirier

Merci, Thank You, Meegwetch

RENARD: QUEBEC'S FIRST DIAMOND MINE

stornoway

Merci, Thank You, Meegwetch
Questions