ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 9, 2017

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.**

March 28, 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares (the "**Common Shares**") of Stornoway Diamond Corporation ("**Stornoway**" or the "**Corporation**") will be held at the Sofitel Montreal Golden Mile Hotel, 1155 Sherbrooke West Street, Montréal, Québec, H3A 2N3, Canada, on May 9, 2017, at 4:00 p.m. (Eastern Time) for the following purposes:

1. To receive and consider the consolidated financial statements of the Corporation for the financial year ended December 31, 2016 together with the auditor's report thereon;
2. To elect the Corporation's directors for the ensuing year;
3. To appoint the auditor of the Corporation for the ensuing year;
4. To consider and, if deemed appropriate, adopt a resolution (the full text of which is reproduced as Schedule A to the accompanying management information circular (the "**Circular**")) ratifying, confirming and approving the Deferred Share Unit Plan adopted by the Board of Directors of the Corporation on March 22, 2017, the whole as described in the accompanying Circular;
5. To consider and, if deemed appropriate, adopt a resolution (the full text of which is reproduced as Schedule C to the accompanying Circular) ratifying, confirming and approving the Performance Share Unit Plan adopted by the Board of Directors of the Corporation on March 22, 2017, the whole as described in the accompanying Circular;
6. To consider and, if deemed appropriate, adopt a resolution (the full text of which is reproduced as Schedule E to the accompanying Circular) ratifying, confirming and approving the Employee Share Purchase Plan adopted by the Board of Directors of the Corporation on March 22, 2017, the whole as described in the accompanying Circular; and
7. To transact such further or other business as may properly come before the Meeting and any adjournments thereof.

The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this notice. The board of directors of the Corporation (the "**Board of Directors**" or "**Board**") has fixed March 27, 2017 as the record date for determining Shareholders who are entitled to receive notice of and to vote at the Meeting. Only Shareholders whose names have been entered in the register of Stornoway on the close of business on that date will be entitled to receive notice of and vote at the Meeting.

Shareholders are cordially invited to attend the Meeting in person or may be represented by proxy. Shareholders are requested, whether or not they intend to attend the Meeting, to complete, sign, date and return the enclosed form of proxy by mail in the enclosed envelope addressed to Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Canada, Attention: Proxy Unit, no later than 4:00 p.m. (Eastern Time) on May 5, 2017, or, they can also vote using the telephone or over the Internet by following the instructions on the enclosed form of proxy.

DATED in the City of Longueuil, in the Province of Québec, this 28th day of March 2017.

By Order of the Board of Directors,

"Matthew Manson"

Matthew Manson,
President and Chief Executive Officer

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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 9, 2017 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 Sofitel Montreal Golden Mile Hotel, 1155 Sherbrooke West Street, Montréal, Québec, H3A 2N3, Canada, on May 9, 2017, at 4:00 p.m. (Eastern Time).

INFORMATION CONTAINED IN THIS CIRCULAR

Information contained herein is given as of March 28, 2017 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.

SOLICITATION OF PROXIES AND PURPOSE OF THE MEETING

The information contained in this Circular is provided in connection with the solicitation of proxies by or on behalf of the management of Stornoway for use at the Meeting. At the Meeting, Shareholders will be asked to consider and vote on the matters specified in the accompanying notice of meeting (the "**Notice of Meeting**"), and such other business as may properly come before the Meeting.

The Board of Directors of Stornoway recommends that Shareholders vote their Common Shares IN FAVOUR of each item scheduled to come before the Meeting. See the section titled "*Business of the Meeting*".

It is expected that solicitation of proxies will be made primarily by mail but proxies may also be solicited personally by employees or agents of Stornoway. The cost of solicitation of proxies will be borne by Stornoway.

COMPLETION AND RETURN OF PROXY

To be valid, the enclosed form of proxy must be signed, dated and returned to Computershare Investor Services Inc. (the "**Transfer Agent**") by no later than 4:00 p.m. (Eastern Time) on May 5, 2017, 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.

APPOINTMENT OF PROXYHOLDER

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**").

A Shareholder has the right to appoint a person other than a Management Proxyholder to represent the Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a Shareholder.

VOTING BY PROXY

Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. 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 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.

REVOCATION OF PROXIES

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.

NON-REGISTERED HOLDERS

Only Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares or duly appointed proxyholders are permitted to vote at the Meeting. You are a non-registered Shareholder if your bank, trust company, securities broker or dealer or other financial institution or intermediary holds your Common Shares for you. 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.

If you are a non-registered Shareholder, **you should carefully follow the instructions on the request for voting instructions or form of proxy that you receive from the intermediary, in order to vote the Common Shares that you hold with that intermediary.**

Since neither Stornoway nor the Transfer Agent generally has access to the names of non-registered Shareholders, if you wish to attend the Meeting and vote in person, you should insert your own name in the blank space provided in the request for voting instructions or form of proxy to appoint yourself as proxy holder and then follow your intermediary's instructions for returning the request for voting instructions or proxy form. Do not complete the voting section of the form as your vote will be taken at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Each Shareholder of record at the close of business on March 27, 2017 (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 828,452,337 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:

Name	***Number of Common Shares***	***% of Issued Common Shares***
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**"))	209,746,573(1)	25.32%(1)
Orion Co-Investments I LLC, a company managed by Orion Mine Finance Management I Limited, and its affiliates ("**Orion**")	130,083,596(2)	15.70%(2)

(1) Diaquem also holds warrants to purchase 3,750,000 Common Shares. Upon exercise of these warrants by Diaquem, RQ and Diaquem would, in the aggregate, exercise control and direction over approximately 25.65% of the issued and outstanding Common Shares on a partially diluted basis, 22.45% on a fully 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 17.99% of the then outstanding Common Share on a partially diluted basis, 16.11% on a fully diluted basis.*

BUSINESS OF THE MEETING

The Meeting will address the following matters:

1. To receive and consider the consolidated financial statements of the Corporation for the financial year ended December 31, 2016 together with the auditor's report thereon;
2. To elect the Corporation's directors for the ensuing year;
3. To appoint the auditor of the Corporation for the ensuing year;
4. To ratify, confirm and approve the Corporation's DSU Plan;
5. To ratify, confirm and approve the Corporation's PSU Plan;
6. To ratify, confirm and approve the Corporation's ESPP; and
7. To transact such further or other business as may properly come before the Meeting and any adjournments thereof.

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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, 2016 ("**Fiscal 2016**"), 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.

2. Election of Directors

At the Meeting, shareholders will be asked to elect nine (9) 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 are current directors. One current director, Mr. Serge Vezina, is not standing for re-election at the Meeting.

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:

Patrick GODIN[(1)]
Québec, Canada

Independent: No

Securities Held
Common Shares[(2)]: 12,500
Options[(3)]: 3,462,500

Total Compensation:
$ 1,029,975

Director since: July 2014

Committees and Attendance
Board: 6 of 6
Environmental Health and Safety Committee: 4 of 4

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

Current Occupation
Chief Operating Officer of Stornoway ("COO") since May 2010.

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

Other Public Boards
GeoMega Resources Inc.

Hume KYLE[(1)]
Ontario, Canada

Independent: Yes

Securities Held:
Common Shares[(2)]: 42,750
Options[(3)]: 990,000

Total Compensation:
$ 107,236

Director since: August 2013

Committees and Attendance
Board: 6 of 6
Audit Committee: 4 of 4
Human Resources and Compensation Committee: 4 of 4

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

John LEBOUTILLIER[1]
Québec, Canada

Independent: Yes

Securities Held:
Common Shares[2][6]: 475,000
Options[3]: 990,000

Total Compensation:
$107,236

Director since: July 2011

Committees and Attendance
Board: 6 of 6
Audit Committee: 4 of 4
Human Resources and Compensation Committee: 4 of 4

Areas of expertise
Mining Industry Experience
Governance
Strategic Leadership
Human Resources and Compensation

Current Occupation
Chairman of the board of directors of Industrial Alliance Insurance and Financial Services Inc.

Biography
Chairman of the board of directors of Industrial Alliance Insurance and Financial Services Inc. (insurance and financial services company), since 2005; Director of Mazarin Inc., Semafo Inc., Asbestos Corporation Limited; previously President & CEO of the Iron Ore Company of Canada (1996 to 2000); previously Member of the board of directors of the Société générale de financement du Québec (1996 to 2010).

Other Public Boards
Industrial Alliance Insurance and Financial Services Inc.
Mazarin Inc.
Semafo Inc.
Asbestos Corporation Limited

Matthew MANSON[1]
Ontario, Canada

Independent: No

Securities Held
Common Shares[2]: 724,979
Options[3]: 4,237,500

Total Compensation:
$ 1,029,975

Director since: March 2009

Committees and Attendance
Board: 6 of 6
Environmental Health and Safety Committee: 3 of 4

Areas of expertise
Mining Industry Experience
Capital Markets
Strategic Leadership

Current Occupation
President and CEO of Stornoway ("CEO").

Biography
Ph.D.; CEO of Stornoway since January 2009; President of Stornoway since January 2007; previously Chief Executive Officer, Contact Diamond Corporation (2005 to 2007); Vice President Marketing, Vice President Technical-Services & Control, Aber Diamond Corporation (1999 to 2005).

Other Public Boards
n/a

Gaston MORIN[1]
Québec, Canada

Independent: Yes

Securities Held
Common Shares[2]: 45,000
Options[3]: 765,000

Total Compensation:
$ 119,236 [7]

Director since: October 2014

Committees and Attendance
Board: 6 of 6
Environmental Health and Safety Committee: 4 of 4
Corporate Governance and Nominating Committee: 4 of 4

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

Peter B. NIXON[1]
Ontario, Canada

Independent: Yes

Securities Held
Common Shares[2]: 43,750
Options[3]: 990,000

Total Compensation:
$ 105,736

Director since: March 2003

Committees and Attendance
Board: 6 of 6
Audit Committee: 4 of 4
Corporate Governance and Nominating Committee: 4 of 4

Areas of expertise
Capital Markets
Accounting
Governance

Current Occupation
Corporate Director.

Biography
Corporate Director; Director of Dundee Precious Metals, Midas Gold Corp. and Reunion Gold Corp.

Other Public Boards
Dundee Precious Metals Inc.
Midas Gold Corp.
Reunion Gold Corporation
Toachi Mining Inc.

Ebe SCHERKUS[(1)]
Ontario, Canada

Independent: Yes

Securities Held
Common Shares[(2)]: 759,540
Options[(3)]: 1,400,000

Total Compensation:
$ 177,226[(7)]

Director since: April 2011

Committees and Attendance
Board: 6 of 6
Environmental Health and Safety Committee: 4 of 4

Areas of expertise
Mining Industry Experience
Environment, Health & Safety / Corporate Social Responsibility
Mining
Strategic Leadership

Current Occupation
Chairman of the Board of Directors of the Corporation.

Biography
Professional Engineer; Former President, Chief Operating Officer and Director of Agnico-Eagle Mines Limited (2005-2012). Former Director and Chairman of Premier Gold Mines Limited; Former Director of Richmont Mines Inc.

Other Public Boards
n/a

Douglas B. SILVER[(1)]
Colorado, United States

Independent: No [(5)]

Securities Held
Common Shares[(2)]: 0
Options[(3)]: 765,000

Total Compensation:
$ 105,236

Director since: July 2014

Committees and Attendance
Board: 5 of 6
Environmental Health and Safety Committee: 4 of 4

Areas of expertise
Mining Industry Experience
Capital Markets
Strategic Leadership

Current Occupation
Portfolio Manager, Orion Resource Partners (provider of senior debt, equity and royalty investments and off-take services to mining companies).

Biography
Portfolio Manager, Orion Resource Partners since 2011; former Chief Executive Officer and Chairman, International Royalty Corporation (2003 to 2010).

Other Public Boards
Aldridge Minerals Ltd.

Marie-Anne TAWIL[(1)]
Québec, Canada

Independent: Yes

Securities Held
Common Shares[(2)]: 0
Options[(3)]: 605,000

Total Compensation:
$ 104,236

Director since: October 19, 2015

Committees and Attendance
Board: 6 of 6
Corporate Governance and Nominating Committee: 4 of 4
Human Resources and Compensation Committee: 4 of 4

Areas of expertise
Governance
Strategic Leadership
Human Resources and Compensation

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; President and CEO of Iron Hill Investments Inc., a commercial brokerage and development consulting company since 2000; Director of Hydro-Québec since 2005.

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 March 28, 2017 based upon information furnished to the Corporation by individual directors. Unless otherwise indicated, such shares are held directly.
(3) Options held at March 28, 2017.
*(4) In July 2015, the Corporation changed its financial year-end from April 30th to December 31st. "**Fiscal 2015**" in this Circular refers to the Corporation's transition fiscal year started May 1, 2015 and ended December 31, 2015.*
(5) Orion Co-Investments I LLC, a company that holds 130,083,596 Common Shares, is managed by Orion Mine Finance Management I Limited, a company which is an associate of Mr. Silver.
(6) 100,000 Common Shares are registered in the name of Mr. LeBoutillier's spouse.
(7) 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 is charged with the oversight of the activities, operations and work performed for the purpose of or in connection with the development and operation of the Renard Diamond Mine property in preparation for production of diamonds, including without limitation pre-production development for the commencement of mining operations (including the engineering, construction, start-up and commissioning of the processing plant and infrastructure and procurement of equipment and consumables), the operation of the Renard Diamond Mine, as well as providing information to certain parties to the Financing Transactions with respect to all technical matters in respect thereof. The Technical Committee is not a committee of the Board of Directors of the Corporation.

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 $946[1] million entered into among the Corporation, certain of its subsidiaries, Orion, *Caisse de dépôt et placement du Québec* ("**CDPQ**"), RQ and Diaquem which included, *inter alia*, an equity investment, a forward sale of

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

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;

(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. John LeBoutillier, Mr. Gaston Morin and Ms. Marie-Anne Tawil. Mr. LeBoutillier has served as a nominee of IQ since July 2011, Mr. Morin since October 2014 and Ms. Tawil since October 2015.

Concurrently with the closing of the Financing Transactions on July 8, 2014, the Board of Directors of the Corporation appointed Mr. Douglas B. Silver as Orion's first designee under the Amended and Restated Investor Agreement.

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;

with the exception of Mr. John LeBoutillier who was, but is no longer, a director of Shermag Inc. which filed for and obtained creditor protection under the CCAA in April 2008. In August 2009, Shermag presented a plan of arrangement to its creditors and obtained the homologation from the Superior Court (district of Montreal) on September 15, 2009. Shermag closed a transaction with Groupe Bermex Inc. and implemented a plan of arrangement in October 2009 allowing it to emerge from CCAA protection. The transaction enabled Groupe Bermex Inc. to take control over Shermag and to pursue its restructuring and rebuilding plan.

3. Appointment of Auditor

PricewaterhouseCoopers LLP, Chartered Accountants, of Montreal, Québec is the auditor of the Corporation. 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 2016 are as follows:

Financial Year	Audit Fees	Audit-Related Fees(1)	All Other Fees(2)	Total
2016	$209,900	$195,000	$46,500	$451,400

(1) Audit-related fees include quarterly interim reviews and specific audit work.
(2) All other fees include consulting, tax planning, internal financial controls review and translation.

4. Ratification, Confirmation and Approval of the Corporation's DSU Plan

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, adopt an ordinary resolution to ratify, confirm and approve the deferred share unit plan for non-executive directors of the Corporation (the "**DSU Plan**") which has been adopted by the Board of Directors on March 22, 2017, upon recommendation by the Human Resources and Compensation Committee. 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 following table summarizes the key features of the DSU Plan. A copy of the DSU Plan is attached to this Circular as Schedule A.

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	The aggregate number of Common Shares available for issuance pursuant to the DSU Plan and all other security based compensation arrangements (within the meaning of the rules of the Toronto Stock Exchange ("**TSX**")) of the Corporation, 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. 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. 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.

	As at March 28, 2017, no DSUs, PSUs or Common Shares had been granted or issued under the DSU Plan, the PSU Plan or the ESPP, respectively, and there were 43,508,334 stock options outstanding under the Stock Option Plan, such that a maximum of 39,336,899 Common Shares remained issuable in the aggregate under the DSU Plan, PSU Plan and ESPP, representing 5.25% of the number of then outstanding Common Shares. 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.
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	Sizes of DSU grants are determined at the discretion of the Human Resources and Compensation Committee. 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.
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	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. A "Change of Control" is defined in the DSU Plan 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. the Corporation enters into a transaction or arrangement which would have the same effects as a transaction or arrangement referred to in subparagraphs (i), (ii) or (iii) above.

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.
Settlement of Deferred Share Units	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. 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. 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.
Amendment, Suspension or Termination of DSU Plan	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: (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. 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: (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.

Assignability	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.

The DSU Plan has been conditionally approved by the Toronto Stock Exchange, subject to the approval of the Corporation's Shareholders.

The Board of Directors unanimously recommends that the Shareholders vote FOR the DSU Plan Resolution and, unless instructed otherwise, the person named on the proxy will vote FOR the DSU Plan Resolution.

The full text of the Shareholder's ordinary resolution approving, ratifying and confirming the DSU Plan is attached to this Circular as Schedule B (the "**DSU Plan Resolution**"). Adoption of the DSU Plan Resolution requires the affirmative vote of not less than a simple majority of the votes cast by the Shareholders, in person or by proxy, at the Meeting.

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.

5. Ratification, Confirmation and Approval of the Corporation's PSU Plan

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, adopt an ordinary resolution to ratify, confirm and approve the performance share unit plan for executives and employees of the Corporation (the "**PSU Plan**") which has been adopted by the Board of Directors on March 22, 2017, upon recommendation by the Human Resources and Compensation Committee. The PSU Plan is a share based compensation plan the purpose of which is to enhance the Corporation's ability to attract, motivate and retain appropriately skilled individuals to serve as executives and key employees of the Corporation and to promote alignment of interests between such persons and the Shareholders of the Corporation.

The following table summarizes the key features of the PSU Plan. A copy of the PSU Plan is attached to this Circular as Schedule C.

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.
Number of Securities Issuable	The aggregate number of Common Shares available for issuance pursuant to the PSU Plan and all other Equity-Based Compensation Plans shall not exceed 10% of the total issued and outstanding Common Shares at any given time. 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.

	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. As at March 28, 2017, no DSUs, PSUs or Common Shares had been granted or issued under the DSU Plan, the PSU Plan or the ESPP, respectively, and there were 43,508,334 stock options outstanding under the Stock Option Plan, such that a maximum of 39,336,899 Common Shares remained issuable in the aggregate under the DSU Plan, PSU Plan and ESPP, representing 5.25% of the number of then outstanding Common Shares. 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.
Administration of the PSU Plan	The PSU Plan is administered by the Corporation and by the Human Resources and Compensation Committee of the Board.
Eligibility	Executives and key employees of the Corporation upon recommendation of the Chief Executive Officer of the Corporation to the Human Resources and Compensation Committee of the Board.
Grant Guidelines	Size of PSU grants together with applicable vesting conditions are determined at the discretion of the Human Resources and Compensation Committee.
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.
Vesting	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, will be established at the Human Resources and Compensation Committee's sole discretion and evidenced in a letter of grant ("**Vesting Conditions**"). These may be modified by the Human Resources and 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 Human Resources and Compensation Committee, a Performance Factor may not exceed 150%. Unless otherwise indicated by the Human Resources and Compensation Committee in the letter of grant, PSUs shall 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 Human Resources and Compensation Committee in circumstances deemed appropriate. Any tranche of PSUs for which the applicable Vesting Conditions have not been achieved on the applicable vesting date shall automatically be forfeited and cancelled. Notwithstanding the foregoing, the Human Resources and 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 Human Resources and Compensation Committee in its sole discretion if warranted by particular context and conditions. 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. The PSU Plan uses the same definition of Change of Control as the DSU Plan.
Dividends	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.

Settlement of Performance Shares Units	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. "**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. 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.
Termination	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: a) Termination for cause: 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) Death: 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) Voluntary resignation, termination not for cause, retirement or disability: effective as of the date 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. d) Termination not for cause within 18 months following a Change of Control: 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.
Clawback	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.
Amendment, Suspension or Termination of PSU Plan	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:

	(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. 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: (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 period; (vi) any change required pursuant to certain adjustments in the share capital of the Corporation; (vii) suspending or terminating the PSU Plan; and (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.
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.

The PSU Plan has been conditionally approved by the Toronto Stock Exchange, subject to the approval of the Corporation’s Shareholders.

The Board of Directors unanimously recommends that the Shareholders vote FOR the PSU Plan Resolution and, unless instructed otherwise, the person named on the proxy will vote FOR the PSU Plan Resolution.

The full text of the Shareholder’s ordinary resolution approving, ratifying and confirming the PSU Plan is attached to this Circular as Schedule D (the “**PSU Plan Resolution**”). Adoption of the PSU Plan Resolution requires the affirmative vote of not less than a simple majority of the votes cast by the Shareholders, in person or by proxy, at the Meeting.

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.

6. Ratification, Confirmation and Approval of the Corporation's ESPP

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, adopt an ordinary resolution to ratify, confirm and approve the employee share purchase plan (the "**ESPP**") which has been adopted by the Board of Directors on March 22, 2017, upon recommendation by the Human Resources and Compensation Committee. The ESPP is intended to enable eligible employees to acquire Common Shares in a convenient and systematic manner through payroll deductions, so as to encourage an ongoing proprietary interest in the operation, growth and development of the Corporation.

The following table summarizes the key features of the ESPP. A copy of the ESPP is attached to this Circular as Schedule E.

Employee Share Purchase Plan (ESPP)	
Number of Securities Issuable	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. 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. 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. As at March 28, 2017, no DSUs, PSUs or Common Shares had been granted or issued under the DSU Plan, the PSU Plan or the ESPP, respectively, and there were 43,508,334 stock options outstanding under the Stock Option Plan, such that a maximum of 39,336,899 Common Shares remained issuable in the aggregate under the DSU Plan, PSU Plan and ESPP, representing 5.25% of the number of then outstanding Common Shares. 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.
Administration of the ESPP	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**"). 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.
Eligibility; Participation	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.

Employee Contributions	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.
Employer Contributions	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.
Restricted Period	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 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.
Transfer of contributions to the ESPP	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): (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 (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.
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	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: (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 in the event of certain transactions, ESPP expenses, restrictions on corporate action, or use of funds; or (x) make any other change that is not expected to materially adversely affect the interests of the shareholders of the Corporation. 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: (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.
Change or Termination of the ESPP with Respect to a Participant	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. 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. 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.

	If the participant voluntarily resigns or is terminated for cause, any entitlement to employer contributions not already contributed to the ESPP will be forfeited. 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.
Assignability	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.

The ESPP has been conditionally approved by the Toronto Stock Exchange, subject to the approval of the Corporation's Shareholders.

The Board of Directors unanimously recommends that the Shareholders vote FOR the ESPP Resolution and unless instructed otherwise, the person named on the proxy will vote FOR the ESPP Resolution.

The full text of the Shareholder's ordinary resolution ratifying, confirming and approving the ESPP is attached to this Circular as Schedule F (the "**ESPP Resolution**"). Adoption of the ESPP Resolution requires the affirmative vote of not less than a simple majority of the votes cast by the Shareholders, in person or by proxy, at the Meeting.

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 ESPP, to obtain shareholder approval for all unallocated options, rights or other entitlements under such plans every three years.

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 and Ms. Tawil since October 2015. Mr. Vezina, who is not standing for re-election, is also a member of the Compensation Committee since October 2014. 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 the Chairman of the board of directors of Industrial Alliance Insurance and Financial Services Inc., a large, publicly-listed insurance and financial services company as well as a director of several publicly-traded exploration and mining companies. In addition, Mr. LeBoutillier 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.

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 key project development milestones, as measured against objectives and targets reviewed 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 only awarded if the Corporation reaches its short, medium and long-term goals. The policy is also designed to be easy to understand for executives, board members and shareholders.

Executive Compensation-Related Fees

For Fiscal 2016, the Corporation retained the services of PCI Perrault Consulting Inc. ("**PCI**"), an independent firm specializing in compensation at all levels of an organization, as an independent advisor to the Compensation Committee to assist it in establishing non-executive director and executive compensation policies, recommending non-executive director and executive compensation, and advising on alternative long term incentive programs to the current Stock Option Plan of the Corporation. More specifically, during Fiscal 2016, PCI performed a benchmarking exercise for non-executive director and executive global compensation levels and compensation components, presented alternative retention long term incentive plans to the Stock Option Plan, such as the DSU and PSU Plans and the ESPP, and performed an exercise related to employee retirement plan contributions. PCI also provided market data and recommendations with respect to fiscal 2017 total compensation for non-executive Directors and executive officers, with due consideration to appropriate levels given the Corporation's size, industry sector and other market conditions and trends. PCI also advised the Compensation Committee with respect to non-executive director and executive officer compensation policies of the Corporation to attract and retain key individuals and with a view to ensuring sound corporate governance.

Fiscal Year Ended	***Executive Compensation-Related Fees***	***All Other Fees***
December 31, 2016	$58,147.46	$9 058.79
December 31, 2015	$22,706.25	Nil

Amounts shown under "all other fees" in the table above represent the aggregate fees billed by PCI for fees unrelated to executive compensation such as with respect to advise given to the Corporation on the ESPP.

Benchmarking

For the fiscal year ended April 30, 2015, annual compensation for each of the executive officers 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 or TSX Venture Exchange (the "Comparator Group"). To be selected as a valid comparator, these companies had to be in a mine construction/major development stage or in an early production phase with large mineral deposits. Given the closing of the Financing Transactions on July 8, 2014 resulting in the commencement of construction at the Renard Diamond Mine shortly thereafter, the former comparator group was revised in the fiscal year ended April 30, 2015 to include larger companies and remove companies that are still in exploration and pre-production stages such that the new Comparator Group includes the following companies: AuRico Gold Inc.[2], Capstone Mining Corporation[2], Detour Gold Inc., Dominion Diamond Corporation[2], Guyana Goldfields Inc., Kirkland Lake Gold Inc., Lucara Diamond Corp., Mountain Province Diamonds Inc., Platinum Group Metals Limited, Richmont Mines Inc., St. Andrew Goldfields Ltd., Semafo Inc.[2], and Wesdome Gold Mines Ltd. Colossus Minerals Inc., QMX Gold Corporation and Sabina Gold & Silver Corp. were removed from the group. For Fiscal 2016, it was determined that there was no need to modify the Comparator Group. During Fiscal 2016, as the construction of the Renard Diamond Mine was nearing completion, the Corporation retained PCI to revise the Corporation's compensation comparator group (the "**Comparator Group**"). The revised Comparator Group is comprised of thirteen publicly-traded mining companies primarily in the diamond and precious metal industries listed on the TSX, TSX Venture Exchange or the London Stock Exchange, in commercial production and with revenues, assets and market capitalization comparable to the Corporation, based on expected output, and includes: Capstone Mining Corporation, Detour Gold Inc., Dominion Diamond Corporation, Gem Diamonds Ltd., Guyana Goldfield Inc., Kirkland Lake Gold Inc., Lucara Diamond

[2] *These companies were added to the Comparator Group for the fiscal year ended April 30, 2015.*

Corporation, Mountain Province Diamonds Inc., Petra Diamonds Ltd., Platinum Group Metals Ltd., Richmont Mines Inc., SEMAFO Inc. and Torex Gold Resources Inc.

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

Elements of Compensation

For Fiscal 2016, 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 a stock option plan). 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 stock options, 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 2016. 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.

For Fiscal 2016, the CEO recommended that all executive salaries be increased on average by 1.4%, except with respect to the Vice-President, Public Affairs ("**VP-PA**"), for which the CEO recommended a base salary increase of 3.1% to bring him in line with other executives of the Corporation. 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 1.4% for the CEO in line with the average salary increase of executives (excluding the VP-PA).

In Fiscal 2016, the Corporation also appointed a new Chief Financial Officer ("CFO"). The Compensation Committee approved the compensation package of the CFO.

Cash Bonuses

The Corporation's cash bonus grants for executive officers are awarded on the basis of predetermined, weighted objectives. Bonus amounts are paid out only on meeting the performance objectives set 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 completion year of the Renard Diamond Mine five months ahead of schedule and $37 million below budget was considered by the Compensation Committee as exceptional circumstances.

For Fiscal 2016, the CEO, COO and CFO were eligible to receive a cash bonus based on objectives that relate to both the Corporation's overall corporate performance (80%) and their own individual performance (20%). The corporate objectives were common to each of the CEO, COO and CFO.

Certain executive and non-executive officers of the Corporation who were expected to have a significant personal influence on the effective and timely development of the Renard Diamond Mine, including the COO, the VP-P and the Vice-President, Engineering and Construction ("VP-EC"), were eligible to receive instead (except in the case of the COO who is eligible to receive both bonuses) a project-related bonus determined by the Compensation Committee, based on the successful and timely completion of certain development milestones at the Renard Diamond Mine, which milestones were established at the start of each year in consultation with the CEO. The purpose of such project-related bonus was to incentivise key members of the Renard Diamond Mine development team towards achieving key project development milestones over several years of development and construction activities. The COO is eligible to receive both a cash bonus based on corporate and individual objectives, and a project-related bonus based on the Renard Diamond Mine objectives.

With the completion of the construction of the Renard Diamond Mine, the last project-related bonus payable to certain executives was paid in respect of Fiscal 2016. The bonus structure for the fiscal year ending on December 31, 2017 will be redesigned to reflect the new operating phase of the Renard Diamond Mine.

The following table illustrates the target and maximum bonus opportunities for Fiscal 2016, given the completion of the construction of the Renard Diamond Mine, each as a percentage of base salary, and types of objectives in respect of the annual cash bonus and project-related bonus for each of the NEOs.

Name	***Bonus Opportunity (as a % of Base Salary)***	***Objectives***
Matthew Manson, President and CEO	75% target; 125% maximum	80% Corporate[(1)], 20% Individual
Patrick Godin, COO	*15% target*	80% Corporate[(1)], 20% Individual
	And	
	50%[(2)] *target;* 100% in the last year of construction of the Renard Diamond Mine, for achieving the Renard Diamond Mine objectives and milestones on schedule and on budget, subject to the discretion of the Board.	100% Renard Diamond Mine
Robert Chausse, CFO	50% target; 75% maximum	80% Corporate[(1)], 20% Individual
Ian Holl, VP-Processing	25% target[(3)]; 50% in the last year of construction of the Renard Diamond Project, for achieving the Renard Diamond Project objectives and milestones on schedule and on budget, subject to the discretion of the Board.	100% Renard Diamond Mine
Yves Perron, VP-Engineering and Construction	25% target[(3)]; 50% in the last year of construction of the Renard Diamond Mine, for achieving the Renard Diamond Mine objectives and milestones on schedule and on budget, subject to the discretion of the Board.	100% Renard Diamond Mine

(1) *Due to the qualitative nature of the corporate objectives, there is no performance scale to determine the level of achievement of these objectives. However, their level of achievement is 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, while the maximum bonus opportunity is paid only in exceptional circumstances.*

During Fiscal 2016, performance for purposes of cash bonus grants related to corporate objectives was assessed as follows:

Performance Criteria	***Performance Threshold***	***Assessment – Fiscal 2016***	***Relative Weight***		
			CEO	***COO***	***CFO***
(i) Strong performance in overall safety and environmental performance.	Zero Lost Time Incidents ("LTI"); Zero Environmental Notices of Infraction.	Six LTIs for personnel of the Corporation (1.46 frequency) and six for contractors (1.65 frequency). Zero environmental non-compliances for personnel of the Corporation and zero for contractors	20%	20%	20%
(ii) Renard Diamond Mine development objectives achieved.	See Renard Diamond Mine objectives below.	Achieved satisfactorily. Construction completed ahead of schedule and below budget, with commercial production attained prior to end of year. Open pit mining ahead of plan	20%	30%	0%
(iii) Governance & Compliance	Compliance with covenants contained within agreements entered into in connection with Financing Transactions. Compliance with Board approved project governance standards. Maintenance of project reporting and reporting criteria contained within Financing Transactions agreements and	Achieved Satisfactorily. All material covenants have been met or waived, and regulatory reporting completed satisfactorily.	20%	10%	30%

	corporate reporting standards. Compliance with regulatory disclosure obligations.				
(iv) Corporate and project budgets presented on schedule and managed effectively throughout the period.	Zero overrun after contingency, on Board approved budgets. Achievement of program objectives.	Material saving on Renard Diamond Mine capital budget. Slight overrun on corporate budget. No overrun on Exploration Budget.	10%	20%	30%
(v) Exploration programs executed successfully with key objectives achieved and advances made.	Zero overrun after contingency, on Board approved budgets. Achievement of program objectives.	No overrun on Exploration Budget. Kimberlite discovered at Adamatin Project, but without economic potential so far. Eligibility for 150% stretch bonus.	10%	0%	0%
(vi) the attainment of individual objectives	See details on individual objectives below.	Achieved satisfactorily.	20%	20%	20%
Total			**100%**	**100%**	**100%**

In respect of the assessment of the project-related bonus for Fiscal 2016, the Renard Diamond Mine milestones and objectives were as follows:

			Relative Weight		
Renard Diamond Mine Objectives – Fiscal 2016	***Performance Threshold***	***Assessment – Fiscal 2015***	***COO***	***VP-P***	***VP-EC***
(i) Exemplary performance for environment, health & safety.	Zero LTIs; Zero Environmental Notices of Infraction.	Six LTIs for personnel of the Corporation (1.46 frequency) and six for contractors (1.65 frequency). Zero environmental non-compliances for personnel of the Corporation and zero for contractors.	25%	25%	25%
(ii) Execution of year 3 and final construction activity on schedule.	Compliance with schedule and initial development plan.	Achieved satisfactorily. Project construction completed ahead of schedule.	25%	25%	25%
(iii) Execution of year 3 and final construction activity on budget.	Compliance with budget and initial development plan.	Achieved satisfactorily. Project construction completed below budget.	25%	25%	25%

(iv) Maintenance of strong stakeholder relations and compliance with terms of Mecheshoo Agreement	Zero notices of non-compliance from the Cree parties. Achievement of engagement targets set within the Mecheshoo Agreement Implementation Committee.	Achieved Satisfactorily. Maintaining and/or increasing Cree participation in the workforce remains a priority going forward.	25%	25%	25%
Total			**100%**	**100%**	**100%**

In February 2017, the Compensation Committee, in consultation with the CEO, determined that each of the corporate and project objectives had been achieved at a 100% level. Of note, during the course of Fiscal 2016, the Corporation completed the construction of the Renard Diamond Mine, five months ahead of schedule and $37 million below the initial capital budget established in July 2014 and, on January 1, 2017, formally declared commencement of commercial production. The first sale of Renard Diamonds was held during November 2016, in Antwerp, Belgium, where a total 38,913 carats were sold at an average price of US$195 per carat, for proceeds of $10.2 million (US$7.6 million) representing un-budgeted pre-production revenues for the Corporation.

During Fiscal 2016, the CEO's, CFO's and COO's respective individual performance for purposes of cash bonus grants was assessed on the basis of each officer's achievement of individual objectives. The CEO's individual objectives included leadership and team management, maintenance of strong shareholder and stakeholder relations as well as regulatory and financing compliance. The CFO's individual objectives included financial management, regulatory and financing compliance, support of the CEO and leadership and team management. The COO's individual objectives included leadership and project development team management, maintaining strong stakeholder relations in Québec and support of executive colleagues in the Corporation's management, communications and strategic growth initiatives. It was determined that each NEO delivered a satisfactory performance in respect of each of these objectives throughout Fiscal 2016.

As measured against the percentages and results described above, cash bonuses were awarded to the CEO, COO and CFO equal to 125%, 115% and 50%, respectively, of their base salary[3]. The VP-EC and the VP-P were both awarded a cash bonus equal to 50% of their respective base salary, corresponding to their contractual bonus opportunity available in the year of construction completion of the Renard Diamond Mine.

Long-term incentives

Stock Option Plan

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 the Corporation is seeking approval of the Shareholders for the DSU and PSU Plans and the ESPP, the Corporation is not seeking re-approval of the Stock Option Plan by the Shareholders at the Meeting. The last options awarded under the Stock Option Plan were awarded on March 6, 2017.

[3] *Mr. Chausse's bonus has been prorated to take into consideration the 9 months in Fiscal 2016 he held the position of CFO.*

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, subject to their approval by the Shareholders at the Meeting.

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 if approved, 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 is not seeking the re-approval of the Stock Option Plan at the Meeting, 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.

Given that Mr. Vezina is not standing for re-election at the Meeting, the Board of Directors approved on March 22, 2017 an extension to the expiry date of the stock options then held by him to the original expiry date of such options, rather than the date which would be 90 days following May 9, 2017, in recognition of his contribution as a director. Under the terms of the Stock Option Plan, such extensions did not require shareholder approval in accordance with the amending provisions of the Stock Option Plan.

As at March 27, 2017, there were 43,508,334 stock options outstanding with a weighted average exercise price of $0.79. This represents 4.75% of the total number of Common Shares outstanding as at March 28, 2017.

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 Human Resources and 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

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"). Non-executive directors may 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 6^{th} business day following the end of the black-out period. The grant date of the Annual Director's Grant was set as the 6^{th} 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 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 6^{th} 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).

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 is 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 Meeting 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 and recommended compensation plan 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);

- the long-term incentive opportunity is greater than the short-term incentive opportunity to encourage sustainable performance over the long-term;

- 80% of the payout potential of the annual cash bonus of the CEO and CFO is based on a variety of corporate performance objectives, the COO had for the last year in Fiscal 2016 a mix of corporate performance objectives and a variety of Renard Diamond Mine performance objectives, and the payout potential of the annual cash bonus for other NEOs is 100% based on a variety of Renard Diamond Mine performance objectives, thus diversifying the risk associated with any single performance objective to the detriment of others;

- stock options 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 the stock options' three year vesting schedule (only for grants to executives in Fiscal 2014 and later), as well as their 5-year term, help align long-term performance with shareholders' interests. The Stock Option Plan will be replaced by the PSU and DSU Plans as well as ESPP, subject to their approval by Shareholders at the Meeting.

- 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 stock option grants) 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 personal shareholding in the Corporation aligns his interests with that of other Shareholders as he has a direct personal interest in the maximization of shareholder value.

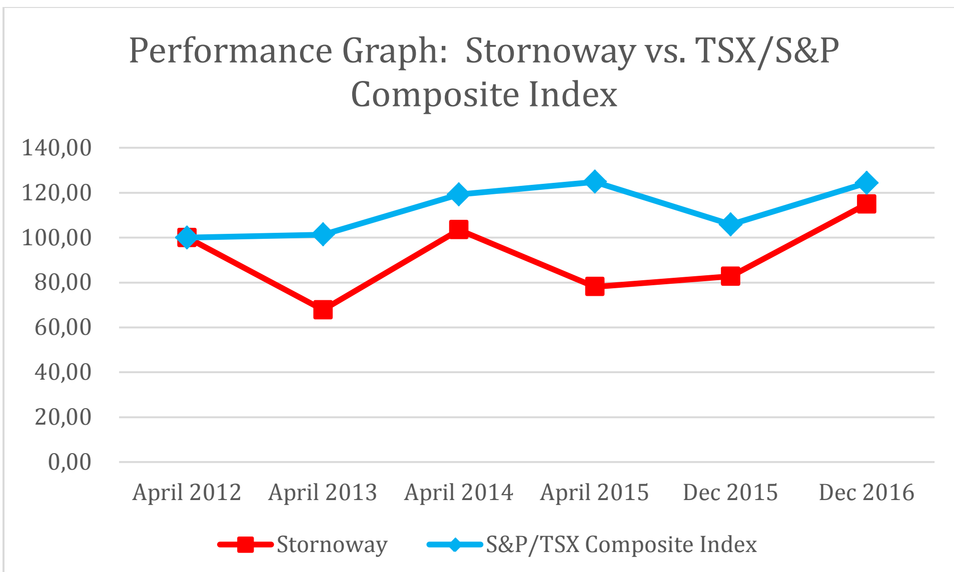
At the present time, the Corporation does not have share ownership guidelines for its directors or executive officers, but will consider implementing these guidelines in the future.

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 April 30th of each year, except with respect to Fiscal 2015 and 2016 for which it is based on closing prices as of December 31, 2015 and 2016, 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 increased 14.9% between April 30, 2012 and December 31, 2016. The performance graph set forth above is generally in line with the overall market trend that reflects of 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 2015 and 2016.

During the five financial years ended December 31, 2016, total compensation paid to the NEOs increased overall by 81%. During the five financial years ended December 31, 2016, total cash compensation (base salary, bonus and other compensation) represented 75% of the total compensation awarded, while the estimated grant date fair value of non-cash compensation (stock options) represented 25% of total compensation awarded. Total cash compensation increased by 173% over the last five financial years, or an average of 36% 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, 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.

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 plan, 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, 2016, which is accessible on SEDAR (www.sedar.com). In addition, during the five financial year period ended December 31, 2016, the Corporation has remained a pre-profit exploration and development company, and thus the market price of its shares may not fully reflect the long-term value of its underlying assets.

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, the Vice-President Finance and the other three most highly compensated executive officers of the Corporation as at December 31, 2016 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 ($)*	*Share-based awards ($)*	*Option-based awards (3)(4) ($)*	*Non-equity incentive plan compensation ($)*		*Pension value ($)*	*All other compen-sation (6) ($)*	*Total compensation including the estimated grant date fair value of option-based awards(4) ($)*
					Annual incentive plans (5)	*Long-term incentive plans*			
Matthew Manson President and CEO	2016 2015(1) 2015(2)	444,645 286,810(1) 430,551	N/A N/A N/A	Nil Nil 375,844	555,925 219,300(1) 322,500	N/A N/A N/A	N/A N/A N/A	17,339 11,099(1) 16,678	1,017,909 517,209(1) 1,145,573
Patrick Godin Chief Operating Officer	2016 2015(1) 2015(2)	413,622 266,800(1) 400,511	N/A N/A N/A	112,475 Nil 268,460	475,767 176,800(1) 260,000	N/A N/A N/A	N/A N/A N/A	28,111 18,151(1) 26,912	1,029,975 461,751(1) 955,883
Robert Chausse(7) Chief Financial Officer	2016	257,115	N/A	$449,900	131,250	N/A	N/A	20,607	858,872
Jean-Charles Dumont(8) Vice-President Finance	2016 2015(1) 2015(2)	120,868 124,231(1) 149,080	N/A N/A N/A	Nil Nil 137,569	26,010 31,667(1) 33,117(9)	NA N/A N/A	N/A N/A N/A	252,038(10) 13,062(1) 18,477	398,916 168,960(1) 338,243
Ian Holl(11) Vice-President, Processing	2016 2015(1) 2015(2)	273,446 173,500(1) 249,231	N/A N/A N/A	Nil Nil 161,076	147,690 45,000(1) 60,000	N/A N/A N/A	N/A N/A N/A	22,479 12,936(1) 18,773	443,615 231,436(1) 489,080
Yves Perron Vice-President, Engineering and Construction	2016 2015(1) 2015(2)	233,171 150,404(1) 211,808(12)	N/A N/A N/A	Nil Nil 161,076	125,939 38,333(1) 56,250(13)	N/A N/A N/A	N/A N/A N/A	20,016 12,849(1) 19,677	379,126 201,586(1) 448,811

(1) *For the eight-month transitional financial year started May 1, 2015 and ended December 31, 2015, resulting from the Corporation's financial year-end changed from April 30 to December 31.*

(2) *For the 12-month financial year ended April 30, 2015.*

(3) *The "grant date fair value" has been determined by using the Black-Scholes option pricing model. See discussions below. For the purposes of reporting executive compensation for the financial year ended April 30, 2015, the column "Option-based awards" in the table above includes the full estimated fair value of the multi-year Employee Grants which have been granted in the financial year ended April 30, 2015 to cover the 3-year construction period of the Renard Diamond Mine.*

(4) *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, 2016.*

(5) These amounts represent a cash bonus.

(6) 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.

(7) Mr. Chausse joined the Corporation as Chief Financial Officer on April 1, 2016. As part of Mr. Chausse's compensation package, Mr. Chausse received a $50,000 signing bonus and 1,000,000 stock options of the Corporation.

(8) Mr. Dumont joined the Corporation as controller in April 2013 and was Vice-President, Finance between March 13, 2015 and July 10, 2016, on which date he left the Corporation. Mr. Dumont's base salary has been prorated to take into consideration the two positions occupied by him in the financial year ended April 30, 2015. As Vice President Finance, his base salary was equal to $190,000, while as controller of the Corporation, his base salary was equal to $140,000. In addition, his Employee Grant was adjusted at the level of a Vice-President, such that he received an incremental award of stock options to bring his original Employee Grant from 210,000 stock options as awarded in his prior position as controller in July 2014 to a total of 450,000 stock options.

(9) Payout has been prorated to take into consideration the two positions occupied by Mr. Dumont in Fiscal 2015. As Vice President Finance, his target bonus was equal to 25% of his base salary, of which 80% was based on corporate objectives, and 20% on individual objectives. As controller of the Corporation, his target bonus was equal to 20% of his base salary and was entirely based on corporate objectives. See "-Compensation Discussion and Analysis - Cash Bonuses".

(10) Includes Mr. Dumont's severance payment.

(11) Mr. Holl was appointed Vice-President, Processing in March, 2014.

(12) Mr. Perron's base salary has been prorated to take into consideration that from May 1st, 2014 to November 30th, 2014 his base salary was $190,000 and as of December 1st, 2014 his base salary was increased to $225,000 bringing his salary closer to market median.

(13) Mr. Perron's cash bonus for the financial year ended April 30, 2015 was calculated based on his base salary as of December 1, 2014.

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:

	Year Ended December 31, 2016	***Fiscal 2015 (Eight-month period ended December 31, 2015)(1)***	***Year Ended April 30, 2015(2)***
Risk-free interest rate	0.71%	N/A	0.86% - 1.55%
Expected dividend yield	Nil	N/A	NIL
Forfeiture rate	0%	N/A	0%
Expected stock price volatility(3)	49.80%	N/A	53 - 64%
Expected option life in years	5 years	N/A	5 years

(1) No stock options were granted to the NEOs during Fiscal 2015.

(2) The assumptions presented in this column are in respect of the full estimated fair value of the Employee Grants which have been granted during the fiscal year ended April 30, 2015 for the 3-year construction period of the Renard Diamond Mine (See "Stock Option Grant Policy").

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

The estimated fair value of each stock option grant that is calculated using this methodology is quite different from a simple "in-the-money" value calculation. The price of the shares underlying the option can be highly volatile and as a result, the grant date fair value of stock options estimated using the Black-Scholes option pricing model may be significant, notwithstanding the fact that 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 "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) outstanding as at December 31, 2016. The closing price of the Corporation's shares on the TSX on December 31, 2016 was $1.00.

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.

	Option-based Awards				***Share-based Awards***		
Name	***Number of securities underlying unexercised options (#)***	***Option exercise price ($)***	***Option expiration date***	***Value of unexercised in-the-money options (1) ($)***	***Number of shares or units of shares that have not vested (#)***	***Market or payout value of share-based awards that have not vested ($)***	***Market or payout value of vested share-based awards not paid out or distributed ($)***
Matthew Manson President and CEO	250,000	1.04	January 4, 2017	Nil	N/A	N/A	N/A
	350,000	0.71	September 11, 2017	101,500	N/A	N/A	N/A
	2,687,500	0.70	July 10, 2019	806,250	N/A	N/A	N/A
Patrick Godin COO and Director	250,000	1.04	January 4, 2017	Nil	N/A	N/A	N/A
	250,000	0.71	September 11, 2017	72,500	N/A	N/A	N/A
	1,962,500	0.70	July 10, 2019	588,750	N/A	N/A	N/A
	250,000	1.04	April 8, 2021	Nil	N/A	N/A	N/A
Robert Chausse Chief Financial Officer	1,000,000	1.04	April 8, 2021	Nil	N/A	N/A	N/A
Jean-Charles Dumont(2) Vice-President Finance	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ian Holl Vice-President, Processing	637,500	0.70	July 10, 2019	191,250	N/A	N/A	N/A
Yves Perron Vice-President, Engineering and Construction	150,000	0.83	June 1, 2017	25,500	N/A	N/A	N/A
	150,000	0.71	September 11, 2017	43,500	N/A	N/A	N/A
	637,500	0.70	July 10, 2019	191,250	N/A	N/A	N/A

(1) As at December 31, 2016.
(2) Mr. Dumont was no longer in the employ of the Corporation on December 31, 2016.

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 2016.

Name	***Option-based awards – Value vested during the year ($)***	***Share-based awards – Value vested during the year ($)***	***Non-equity incentive plan compensation – Value earned during the year ($)***
Matthew Manson	230,792	N/A	555,925
Patrick Godin	Nil	N/A	475,767
Robert Chausse	Nil	N/A	131,250
Jean-Charles Dumont	Nil	N/A	26,010
Ian Holl	61,625	N/A	147,690
Yves Perron	61,625	N/A	125,939

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 or she 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 far right column of the table above represent the cash bonus amounts awarded to the NEO for Fiscal 2016 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 "Stock Option Plan", the Stock Option Plan sets out the terms and conditions for the 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 term is defined in the Stock Option Plan). 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 employments 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 2016. 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, 2016, 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 as at December 31, 2016 would have been as follows:

Name	***Severance Period (in months)***	***Aggregate Amount Payable for Base Salary***	***Aggregate Amount Payable for Bonus***	***Aggregate Amount Payable for Continued Benefits***	***Option-based Awards – Value of Accelerated Vesting***	***Total***
Matthew Manson	24	$889,480	$555,925	$12,685	$375,000	$1,833,090
Patrick Godin	24	$827,420	$475,767	$20,000	$277,500	$1,600,687
Robert Chausse	18	$525,000	$131,250	N/A	$Nil	$656,250
Ian Holl	12	$273,500	$147,690	N/A	$45,000	$466,190
Yves Perron	12	$233,220	$125,939	N/A	$45,000	$404,159

Director Compensation

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 2015. For Fiscal 2015, PCI did a review of board of directors' most recent compensation data from the two compensation data sources defined by PCI during the fiscal year ended April 30, 2015: (1) the executive compensation disclosed by eleven Canadian mining companies either in a pre-construction phase or in the process of building a mine (Group 1), and (2) eleven other Canadian mining companies in production phase with a stable revenue stream (Group 2). Companies included in Group 1 were: Allana Potash Corp., Avalon Rare Metals, Avanti Mining, Chieftain Metals Corp., Fortune Minerals, Guyana Goldfields, Mountain Province Diamonds, NovaGold Resources, Platinum Group Metals, Pretium Resources and Yellowhead Mining. Companies included in Group 2 were: Osisko Mining Corp., Capstone Mining, Dominion Diamond Corp., AuRico Gold Inc., Semafo Inc., Lucara Diamond, Detour Gold Corp., Kirkland Lake Gold. St. Andrew Goldfields, Richmont Mines and Wesdome Gold Mines. PCI concluded that no significant changes had occurred in the compensation data sources as well as with respect to the Corporation and as a result, non-executive director compensation should remain the same as during the financial year ended April 30, 2015.

For Fiscal 2016, 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 and stock options, to compensate Non-executive Directors for their service as directors, in line with the compensation of Non-Executive Directors for the fiscal year ended December 31, 2015, such that the compensation of Non-executive Directors for Fiscal 2016 is as follows:

Board of Directors					
Board of Directors Annual Retainer[(1)]	***Annual Retainer for Chairman of the Board***	***Board Meeting Fees***	***Chairman of the Board of Directors Meeting Fees***	***Board members Grant of options[(3)]***	***Chairman of the Board Grant of options[(4)]***
$20,000	$40,000	$1,000[(2)]	$1,000	160,000 options	265,000 options

(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 265,000 options. These stock options vested immediately on the grant date. For further details on the Stock Option Plan, see "- Stock Option Plan" and "Stock Option Grant Policy – Non-Executive Directors" above.
(4) These stock options vested immediately on the grant date. For further details on the Stock Option Plan, see "- Stock Option Plan" above.

Committees of the Board of Directors			
Name of Committee	***Annual Retainer (members)***	***Annual Retainer for Chair of Committee***	***Meeting Fees***
Audit Committee	$2,000	$5,000	$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.

In addition, a Technical Committee was established by a subsidiary of the Corporation, which Technical Committee is charged with the oversight of the activities, operations and work performed for the purpose of or in connection with the development and operation of the Renard Diamond Mine property in preparation for production of diamonds, including without limitation pre-production development for the commencement of mining operations (including the engineering, construction, start-up and commissioning of the processing plant and infrastructure and procurement of equipment and consumables), the operation of the Renard Diamond Mine, as well as providing information to certain parties to the Financing Transactions with respect to all technical matters in respect thereof. The Technical Committee is not a committee of the Board of Directors of the Corporation.

Upon the recommendation of the Compensation Committee and at the discretion of the Board, new Directors may also receive an initial grant of stock options when appointed to the Board.

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.

Name [(1)]	***Fees earned ($)***	***Share-based awards ($)***	***Option-based awards*** [(2)(3)] ***($)***	***Non-equity incentive plan compensation ($)***	***Pension value ($)***	***All other compensation*** [(4)] ***($)***	***Total ($)***
Hume Kyle	$42,000	N/A	$65,236	N/A	N/A	$Nil	$107,236
John LeBoutillier	$42,000	N/A	$65,236	N/A	N/A	$Nil	$107,236
Gaston Morin	$38,000	N/A	$65,236	N/A	N/A	$16,000	$119,236
Peter B. Nixon	$40,500	N/A	$65,236	N/A	N/A	$Nil	$105,736
Ebe Scherkus	$53,000	N/A	$110,226	N/A	N/A	$14,000	$177,226
Douglas B. Silver	$31,000	N/A	$65,236	N/A	N/A	$9,000	$105,236
Marie-Anne Tawil	$39,000	N/A	$65,236	N/A	N/A	$Nil	$104,236
Serge Vezina	$40,500	N/A	$65,236	N/A	N/A	$Nil	$105,736

(1) *Matthew Manson and Patrick Godin, who are also Directors, 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) *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. Notwithstanding the theoretical value of these options, all of the options had a nil "in-the-money" value at the date of grant.*

(3) *The "grant date fair value" has been determined by using the Black-Scholes option pricing model with the following assumptions on the date of the grant, October 23, 2015: risk-free interest rate: 0.71%; expected dividend yield: nil; expected stock price volatility: 49.80%; expected option life: 5 years.*

(4) *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 is charged with the oversight of the activities, operations and work performed for the purpose of or in connection with the development and operation of the Renard Diamond Mine property in preparation for production of diamonds, including without limitation pre-production development for the commencement of mining operations (including the engineering, construction, start-up and commissioning of the processing plant and infrastructure and procurement of equipment and consumables), the operation of the Renard Diamond Mine, as well as providing information to certain parties to the Financing Transactions with respect to all technical matters in respect thereof. The Technical Committee is not a committee of the Board of Directors of the Corporation.*

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, 2016. The closing price of the Corporation's common shares on the TSX on December 31, 2016 was $1.00.

	Option-based Awards				***Share-based Awards***		
Name (a)	***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 ($)***	***Market or payout value of vested share-based awards not paid out or distributed ($)***
Hume Kyle	100,000	0.51	August 15, 2018	$49,000	N/A	N/A	N/A
	285,000	0.70	July 10, 2019	$85,500	N/A	N/A	N/A
	160,000	0.83	June 26, 2020	$27,200	N/A	N/A	N/A
	145,000	1.04	April 8, 2021	Nil	N/A	N/A	N/A
John LeBoutillier	40,000	1.04	January 4, 2017	Nil	N/A	N/A	N/A
	100,000	0.71	September 11, 2017	$29,000	N/A	N/A	N/A
	285,000	0.70	July 10, 2019	$85,500	N/A	N/A	N/A
	160,000	0.83	June 26, 2020	$27,200	N/A	N/A	N/A
	145,000	1.04	April 8, 2021	Nil	N/A	N/A	N/A
Gaston Morin	160,000	0.70	October 21, 2019	$48,000	N/A	N/A	N/A
	160,000	0.83	June 26, 2020	$27,200	N/A	N/A	N/A
	145,000	1.04	April 8, 2021	Nil	N/A	N/A	N/A
Peter B. Nixon	40,000	1.04	January 4, 2017	Nil	N/A	N/A	N/A
	100,000	0.71	September 11, 2017	$29,000	N/A	N/A	N/A
	285,000	0.70	July 10, 2019	$85,500	N/A	N/A	N/A
	160,000	0.83	June 26, 2020	$27,200	N/A	N/A	N/A
	145,000	1.04	April 8, 2021	Nil	N/A	N/A	N/A
Ebe Scherkus	40,000	1.04	January 4, 2017	Nil	N/A	N/A	N/A
	100,000	0.71	September 11, 2017	$29,000	N/A	N/A	N/A
	390,000	0.70	July 10, 2019	$117,000	N/A	N/A	N/A
	265,000	0.83	June 26, 2020	$45,050	N/A	N/A	N/A
	245,000	1.04	April 8, 2021	Nil	N/A	N/A	N/A
Douglas Silver	160,000	0.70	July 10, 2019	$48,000	N/A	N/A	N/A
	160,000	0.83	June 26, 2020	$27,200	N/A	N/A	N/A
	145,000	1.04	April 8, 2021	Nil	N/A	N/A	N/A
Marie-Anne Tawil	160,000	0,73	October 23, 2020	$43,200	N/A	N/A	N/A
	145,000	1.04	April 8, 2021	Nil	N/A	N/A	N/A
Serge Vezina	40,000	1.04	January 4, 2017	Nil	N/A	N/A	N/A
	100,000	0.71	September 11, 2017	$29,000	N/A	N/A	N/A
	285,000	0.70	July 10, 2019	$85,500	N/A	N/A	N/A
	160,000	0.83	June 26, 2020	$27,200	N/A	N/A	N/A
	145,000	1.04	April 8, 2021	Nil	N/A	N/A	N/A

Incentive Plan Awards - Value Vested or Earned During the Year

During Fiscal 2016, the value of all incentive plan awards vested or earned during the year by Directors was nil.

Name	***Option-based awards – Value vested during the year ($)***	***Share-based awards – Value vested during the year ($)***	***Non-equity incentive plan compensation – Value earned during the year ($)***
Hume Kyle	Nil	N/A	N/A
John LeBoutillier	Nil	N/A	N/A
Gaston Morin	Nil	N/A	N/A
Peter Nixon	Nil	N/A	N/A
Ebe Scherkus	Nil	N/A	N/A
Douglas B. Silver	Nil	N/A	N/A
Marie Anne Tawil	Nil	N/A	N/A
Serge Vezina	Nil	N/A	N/A

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, 2016 with respect to compensation plans under which equity securities are authorized for issuance.

Plan Category	***Number of securities to be issued upon exercise of outstanding options, warrants and rights***	***Weighted average exercise price of outstanding options, warrants and rights***	***Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the column second from the left***
Equity compensation plans approved by security holders	28,708,334	$0.77	54,136,899
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	28,708,334	$0.77	54,136,899

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 81 and 82 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 ten directors, seven 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, Serge Vezina and Ms. Marie-Anne Tawil are each independent. Mr. Matthew Manson is not independent as he is the CEO of the Corporation; Mr. Patrick Godin is not independent as he is the COO of the Corporation; and Mr. Douglas B. Silver is not independent as he is a portfolio manager for Orion Resource Partners, an affiliate of Orion.

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.

Messrs. John LeBoutillier and Gaston Morin as well as Ms. Marie-Anne Tawil are IQ's three nominees pursuant to the Amended and Restated Investor Agreement.
Mr. Serge Vezina is not standing for re-election at the Meeting.

Consequently, the size of the Board will consist of nine 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 six of nine) 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 2016, *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 and with the external 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 2016, 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 is attached as Schedule G hereto. 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 June 2015.

Reporting to the Board of Directors, the CEO has overall leadership and accountability for:

- Directing the overall affairs of the Corporation and its subsidiaries with the objectives of providing a return on both invested capital and shareholder investments in the organization;
- Oversight and management of the Corporation as a whole including direct input into all key business units and all functions (Operations, HR, IT, etc.);
- Oversight and input into the Corporation's financial plan, both short and long-term;
- Oversight and input on the Corporation's exploration strategy and mine construction and development;
- Establishing current and long range corporate objectives, plans and policies subject to the approval of the Board of Directors;
- Development of the Corporation's corporate strategy and vision;
- Identification and evaluation of strategic opportunities for growth;
- Representing the Corporation to the financial community, investors, governments as required, and the public and maintaining strong shareholder and stakeholder relations;
- Helping to structure and securing outside financing for projects and partnerships and overseeing regulatory and financing compliance;
- Cultivating business relationships to introduce strategic investors and operations partners to projects;

- Clearly communicating with the Board of Directors to enable the Board's understanding of the financial impact of various mergers, acquisitions, divestitures, joint ventures, project feasibility, capital expenditures, and any other business plans and assumptions requiring board approval;
- Developing and maintaining good corporate governance policies and practices; and
- Establishment of a corporate culture supportive of excellent performance in health, safety and the environment as well as of ethical behaviour at all levels of the organization.

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 2016, directors on the Technical Committee participated in regular site visits conducted by the Technical Committee. 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 nine (9) 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.

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. The Board of Directors believes that having a diverse Board offers a depth of perspective and enhances Board operations. The Board is committed to increasing diversity within the boardroom. The Governance Committee does not specifically define diversity, but values diversity of experience, perspective, education, race and gender as part of its overall annual evaluation of director nominees for election or re-election. Gender is of particular importance to the Corporation in ensuring diversity within the Board, as the Corporation believes that promoting gender diversity will enrich the Board. 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 Board does not support fixed percentages for any selection criteria, and has not adopted a written policy relating to the identification and nomination of women directors, 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 2016, women constituted 10% of the Board members. If all the proposed director nominees are elected by shareholders at the Meeting, the proportion of women on the Board will be substantially maintained, at 11%. The Governance Committee is confident that the current director nominees provide a breadth of skills, experience and diversity that will allow to 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 one of 12 members, or 8.3%, of the Corporation's executive officers is female.

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.

In Fiscal 2015, the Governance Committee has also established a matrix of the skill sets of the proposed Board nominees, which it will review and update on an annual basis. The Governance Committee determined that for Fiscal 2016, no modifications were required. The skills matrix will be 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 as Board members are being 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(8) Resources and Compensation
Patrick Godin	✓	✓	✓					
Hume Kyle	✓			✓	✓			✓
John LeBoutillier	✓					✓	✓	✓
Matthew Manson	✓			✓			✓	
Gaston Morin	✓	✓	✓					
Peter B. Nixon				✓	✓	✓		
Ebe Scherkus	✓	✓	✓				✓	
Douglas B. Silver	✓			✓			✓	
Marie-Anne Tawil						✓	✓	✓

(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.

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 (Chairman), Marie-Anne Tawil and Gaston Morin, all of whom are independent 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, Marie-Anne Tawil and Serge Vezina, all of whom are independent 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.

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: Serge Vezina (Chair), Patrick Godin, Matthew Manson, Ebe Scherkus, Gaston Morin and Douglas Silver.

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 416-304-1026, ext. 2103 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 2018 must be held no later than June 30, 2018. 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 December 28, 2017.

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 28th day of March, 2017.

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

"Matthew Manson"
Matthew Manson, Chief Executive Officer

SCHEDULE A
DSU PLAN

1. PURPOSE OF THE PLAN

The Plan has been established to enhance the Corporation's ability to attract and retain talented 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.

2. DEFINITIONS

For the purposes of the Plan, the following words and expressions have the following meaning:

a) "**Blackout Period**" shall mean any period imposed by the Corporation applicable to a Participant, during which specified individuals, including Insiders of the Corporation, may not trade in the Corporation's securities (including for greater certainty any period during which specific individuals are restricted from trading because they possess material non-public information).

b) "**Board**" shall mean the Board of Directors of the Corporation.

c) "**Change of Control**" shall mean:

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. the Corporation enters into a transaction or arrangement which would have the same effects as a transaction or arrangement referred to in subsections (b)(i), (ii) or (iii) hereof.

d) "**Committee**" shall mean the Human Resources and Compensation Committee of the Board of the Corporation or such other committee of the Board comprised of members of the Board as the Board shall from time to time appoint to administer the Plan.

e) "**Corporation**" shall mean Stornoway Diamond Corporation or a successor.

f) "**Date of Grant**" shall mean the date upon which Deferred Share Units are granted to a Participant pursuant to a Letter of Grant.

g) "**Deferred Share Unit**" or "**DSU**" shall mean a deferred share unit of the Corporation credited to a Participant's notional account in accordance with the terms and conditions of the Plan.

h) "**Director Compensation**" shall mean annual cash retainers, additional retainers for committee participation and meeting fees.

i) "**Eligible Director**" shall mean a non-employee member of the Board.

j) "**Insider**" shall have the meaning ascribed to such term in the TSX Company Manual.

k) "**Letter of Grant**" shall mean the letter of grant of Deferred Share Units sent to a Participant, signed by the Participant, in the form of Schedule "A" to the Plan.

l) "**Market Value**" of a Share shall mean the Toronto Stock Exchange (TSX) volume weighted average trading price for the five (5) trading days preceding the day on which such value must be determined.

m) "**Participant**" shall mean an Eligible Director of the Corporation who has been granted DSUs.

n) "**Plan**" shall mean the Stornoway Diamond Corporation Deferred Share Unit Plan as set forth herein and as it may be amended from time to time.

o) "**Share**" shall mean a common share of the Corporation.

p) "**Termination**" shall mean the termination of the mandate of an Eligible Director as a member of the Board either by resignation, death or by 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.

q) "**Treasury Share**" shall mean a common share issued from the Corporation's treasury.

3. ADMINISTRATION OF THE PLAN

a) The Plan is administered by the Corporation and by the Committee which comes under the authority of the Board. The Committee has full power and authority to interpret the Plan, to establish any rules and regulations and to adopt any condition that it deems necessary or desirable for the administration of the Plan within the limits prescribed by applicable legislation.

b) No member of the Committee or officer of the Corporation shall be liable for any action or determination made in good faith pursuant to the Plan. To the full extent permitted by law, the Corporation shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding by reason of the fact that such person is or was a member of the Committee or officer of the Corporation and, as such, is or was required or entitled to take action pursuant to the terms of the Plan.

4. ELIGIBILITY

Periodically, the Committee shall determine, at its sole discretion, Eligible Directors who are entitled to become Participants of the Plan.

5. GRANT OF DEFERRED SHARE UNITS

Periodically, the Committee shall determine, at its sole discretion, the size of grants in respect of any Participant. The Letter of Grant shall notify each Participant in writing of the number of Deferred Share Units to be granted.

In addition, Eligible Directors may elect to receive between 0% and 100% of their Director Compensation in the form of Deferred Share Units (an "**Election**") by completing the DSU Conversion Form found in Schedule B of the Plan and delivering same to the Corporation's Corporate Secretary at least thirty (30) days before the commencement of the quarter for which the relevant Director Compensation is paid. The number of DSUs granted by way of conversion of Director Compensation is determined by dividing the cash amount by the Market Value of the Share as of the last business day of the quarter for which the Director Compensation is paid (rounded to the nearest whole Deferred Share Unit).

The Election of an Eligible Director (who has not filed a Termination Notice in respect of such election) shall be deemed to apply to Director Compensation paid to the Eligible Director in all financial quarters of the Corporation subsequent to the delivery of the DSU Conversion Form and such Eligible Director is not required to deliver any DSU Conversion Form for such subsequent financial quarters.

The Election shall relate to the Director Compensation paid to the Eligible Director in the financial quarters following the delivery of the DSU Conversion Form.

Each Eligible Director is entitled, at any time, to terminate such Eligible Director's Election by delivering to the Corporate Secretary of the Corporation a notice of termination in the form of Schedule D hereto (the "**Termination Notice**"). Such Eligible Director's Election shall be terminated with effect as of and from the first financial quarter of the Corporation following the delivery of such Termination Notice and only in respect of any such fees payable in respect of serving as an Eligible Director for financial quarters of the Corporation following the delivery of such Termination Notice. Any DSUs credited to the account of an Eligible Director who has filed a Termination Notice shall remain in such account and will be settled only in accordance with the terms of this Plan.

An Eligible Director who has delivered a Termination Notice may elect again to receive all or a portion of their Director Compensation in the form of Deferred Share Units in respect of any period following the delivery of such Termination Notice by delivering a new DSU Conversion Form in accordance with this Section 5, and so on.

Notwithstanding any other provision of the Plan, if a Blackout Period is in effect, (i) an Eligible Director subject to the Blackout Period may not make an Election until after the end of the Blackout Period, and (ii) an Eligible Director subject to the Blackout Period may not make changes to or terminate such Eligible Director's Election until after the end of the Blackout Period.

6. CREDITS FOR DIVIDENDS

When dividends are paid on Shares, unless the Committee decides otherwise, additional Deferred Share Units may be credited to each Participant who holds Deferred Share Units on the record date for such dividend, in a number (rounded to the nearest whole Deferred Share Unit) determined by dividing the aggregate dividend that would have been paid to such Participant if the Participant's Deferred Share Units had been Shares by the Market Value of a Share on the date on which the dividends were paid on the Shares.

7. CHANGE OF CONTROL

Upon a Change of Control, all outstanding Deferred Share Units will remain outstanding, unless the Participant’s Board mandate is terminated as a result of the Change of Control. In such case, the outstanding DSUs will be settled as per Section 8. The Committee may also convert outstanding DSUs as of the Change of Control by equivalent value DSUs in the new entity, subject to applicable laws, and provided that such conversion does not give rise to any immediate income tax consequence to the Participant.

8. SETTLEMENT OF DEFERRED SHARE UNITS

A Participant shall be able to select a date to receive settlement for his DSUs on any date following his Termination (the “**Settlement Date**”), but no later than December 15 of the calendar year following such Termination (the “**Outside Settlement Date**”). Such settlement election must be made by completing Schedule C (the “**Settlement Date Election Form**”) herein and delivering it to the Corporation with a minimum notice of five (5) working days. On the Settlement Date, the Corporation shall either:

a) Pay to the Participant, or his legal representative, a lump sum cash payment equal to the Market Value on the Settlement Date of one (1) Share for each Deferred Share Unit credited to the Participant’s account on the Settlement Date; or,

b) Elect, at its sole discretion, to settle the Deferred Share Units in Treasury Shares or in Shares bought on the open market, and the Corporation shall deliver or cause to be delivered to the Participant, or the Participant’s legal representative, one (1) Share for each Deferred Share Unit credited to the account of such Participant.

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 such Settlement Date may not be later than the Outside Settlement Date. If the revised Settlement Date is not a date that is prior to the Outside Settlement Date, then the Settlement Date in respect of such DSUs shall, notwithstanding any other provision of this Plan, be the Outside Settlement Date, and such DSUs shall be settled on such Outside Settlement Date for a lump sum cash payment in accordance with Section 8(a), and not pursuant to Section 8(b).

The Corporation shall enter into an agreement (the “**DSU Agreement**”) with a third party broker, trustee or administrator (the “**Administrator**”) for the purpose of managing, administering and executing all purchases of Shares on the open market at prevailing market prices under the Plan for and on behalf of Participants and, as applicable, to hold such Shares and deliver them from time to time to Participants upon settlement of DSUs. The Corporation will not exercise any direct or indirect control over the price paid for Shares acquired under the Plan or manner of Share purchases or the choice of broker through which Share purchases are made under the Plan.

The Settlement Date Election Form shall apply to all the DSUs outstanding in a Participant's account. No partial settlement of DSUs will be permitted. The Market Value of the Shares is not guaranteed.

A Participant's failure to deliver a Settlement Date Election Form to the Corporation will result in the Settlement Date being December 15 of the calendar year following the date of his Termination.

9. SHARES SUBJECT TO THE PLAN

a) The total number of Shares available for issuance pursuant to the Plan and all other security based compensation arrangements (within the meaning of the rules of the Toronto Stock Exchange) of the Corporation, including without limitation the Stock Option Plan, Performance Share Unit Plan, Deferred Share Unit Plan and Employee Share Purchase Plan (collectively, the "**Equity-Based Compensation Plans**") shall not exceed ten percent (10%) of the total issued and outstanding Shares of the Corporation, subject to adjustment pursuant to provisions of Section 12 hereof.

b) The maximum number of Shares issuable to Insiders at any time under the Equity-Based Compensation Plans shall not exceed ten percent (10%) of the issued and outstanding Shares of the Corporation.

c) The number of Shares issued to Insiders within any one-year period, under all Equity-Based Compensation Plans of the Corporation, cannot exceed 10% of issued and outstanding Shares of the Corporation.

d) Shares underlying DSUs which are settled in accordance with Section 8, or that expire, terminate, lapse or are forfeited and cancelled without being settled, shall 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.

10. PARTICIPANT ACCOUNT

The Corporation shall maintain a notional account for each Participant recording at all times the number of Deferred Share Units credited to the Participant. A written notification of the balance in the account maintained for each Participant shall be transmitted by the Corporation or by an administrator on behalf of the Corporation to each Participant at least annually.

11. RIGHTS OF PARTICIPANTS

a) No Participant shall have any claim or right associated to the holding of Shares pursuant to the Plan. Under no circumstances shall Deferred Share Units be considered Shares nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership or control of Shares, nor shall any Participant be considered the owner of any Shares pursuant to the Plan.

b) The rights and interests of a Participant in respect of the Plan are personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession. No Deferred Share Units granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

c) Neither participation in the Plan nor any action taken under the Plan shall give or be deemed to give any Participant a right to continued participation to the Board.

12. REORGANIZATION OF THE SHARE CAPITAL

The existence of any Deferred Share Units shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

In the case of an adjustment 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, an adjustment shall be made by the Corporation to the number of Deferred Share Units or to the kind of shares that are subject to the issued Deferred Share Units, as the case may be. The Committee shall make such adjustment, which shall be final and binding for purposes of the Plan.

13. VOLUNTARY PARTICIPATION

a) Participation in the Plan is completely voluntary and optional and should not be construed as granting to a Participant rights or privileges other than those that are expressly described under the rules of the Plan, and the Letter of Grant. For greater certainty, participation in the Plan is not an undertaking by the Corporation to propose the nomination of a Participant as a member of the Board.

b) The Plan offers no guarantee against the losses that may result from the market fluctuations of the price of the Shares.

c) The Corporation shall not be liable for the consequences of the participation of a Participant in the Plan in respect of income or taxes on the income of a Participant and the Participants must consult their own tax advisors in this respect.

14. WITHHOLDING TAXES

The Corporation will deduct or withhold from any payment or settlement in Shares, for the benefit of a Participant, any amount required in order to comply with the applicable provisions of any federal or provincial law relating to the withholding of tax or the making of any other source deductions, including on the amount, if any, included in income of a Participant and may adopt and apply such rules and regulations that, in its opinion, will enable the Corporation to so comply. The obligation of the Corporation to deliver payment or Shares in settlement of DSUs, for the benefit of a Participant, is conditional upon the Participant paying such amount as may be requested for the purpose of satisfying any liability in respect of such withholding.

Unless the Corporation decides otherwise, the Corporation may allow any Participant to deliver to the Corporation, or to a third party appointed or designated by the Corporation for that purpose under the Plan, an amount, in immediately available funds, that is equal to the required withholding. Such funds must be received in advance of any settlement of DSUs, or any other event in respect of which a withholding must be made. If such withholding is not fully satisfied by delivery of funds as aforesaid, the Corporation shall have the irrevocable right to, and each Participant consents to, the Corporation:

a) setting off any amount required to be withheld against amounts otherwise owing by the Corporation to the Participant (whether arising pursuant to the Participant's relationship as director of the Corporation or as a result of the Participant providing services on an ongoing basis to the Corporation or otherwise and whether or not such amount is then exigible); or

b) satisfying the withholding requirement by selling, on behalf of the Participant, such number of Shares as it determines are required to be sold, as trustee, through a trustee or broker or otherwise;

or any combination thereof, in each case in whole or in part, in its sole discretion. In respect of any sale of Shares effected pursuant to section 14(b) above, each Participant hereby acknowledges and agrees (i) that selling costs (including any brokerage commission) shall be paid by the Participant, (ii) to consent to such sale and to grant to the Corporation an irrevocable power of attorney to effect such sale, (iii) that the Corporation does not accept nor assume any responsibility for the price obtained on any such sale, and (iv) that any such sale by the Corporation is subject to securities legislation and other restrictions and may be delayed, during which delay the price of Shares may fluctuate and the price obtained by the Corporation may be lower than the price at which DSUs are settled.

15. AMENDMENT AND TERMINATION OF THE PLAN

a) The Board has the right to amend, modify, suspend or terminate the Plan or amend the terms of any then outstanding award of DSUs under the 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:

(i) any amendment to the provisions of this Section 15 other than amendments of a "housekeeping" or clerical nature or to clarify such provisions;
(ii) any amendment to increase the maximum number of Shares issuable under the Plan pursuant to Section 9(a) (other than pursuant to Section 12, and except by operation of the "rolling" maximum reserve);
(iii) any amendment to remove or to exceed the maximum number of Shares that may be issued under all Equity-Based Compensation Plans of the Corporation (other than pursuant to Section 12, 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 Plan; and
(v) any amendment which would permit any DSU granted under the Plan to be transferable or assignable other than what is already allowed under the Plan.

b) Notwithstanding any other provision of the 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 Plan or awards of DSUs under the Plan that are not contemplated above in Section 15(a), including, without limitation, the following:

(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) changes pursuant to Section 12 of the Plan;

(v) suspending or terminating the Plan; and

(vi) amendments of a "housekeeping" or clerical nature as well as any amendment clarifying any provision of the Plan, which include amendments relating to the administration of the Plan or to eliminate any ambiguity or correct or supplement any provision herein which may be incorrect or incompatible with any other provision hereof.

c) Notwithstanding anything contained herein to the contrary, no amendment to the Plan requiring the approval of the shareholders of the Corporation under any applicable securities laws or requirements or the rules of the TSX shall become effective until such approval is obtained.

No amendment, suspension or termination of the Plan or of the terms of any then outstanding award of DSUs under the Plan shall, without the consent of the Participant affected by such amendment, suspension or termination, unless required by applicable law, adversely affect the rights accrued to the Participant with respect to Deferred Share Units granted prior to the date of such amendment, suspension or termination, unless the rights of the Participant shall then have terminated in accordance with the Plan. Notwithstanding the foregoing, any amendment, suspension or termination of the Plan shall be such that the Plan continuously meets the requirements of the Income Tax Act (Canada) and other applicable laws and regulations and the rules of the TSX.

16. APPLICABLE LAW

The Plan and the Deferred Share Units granted under the Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Québec and the federal laws of Canada applicable thereto.

17. COMPLIANCE WITH LAWS AND STOCK EXCHANGE RULES

The Plan, the grant and settlement of DSUs under the Plan and the distribution of Shares will be subject to all applicable federal, provincial and foreign laws, as well as all applicable policies, rules and regulations of any stock exchange on which the Shares are listed for trading.

SCHEDULE B
DSU PLAN RESOLUTION

"BE IT RESOLVED, as an ordinary resolution of the holders of common shares ("**Common Shares**") of Stornoway Diamond Corporation (the "**Corporation**"):

THAT the deferred share unit plan of the Corporation (the "DSU Plan"), substantially as described in the management information circular of the Corporation dated March 28, 2017, is hereby ratified, confirmed and approved;

THAT the maximum number of Common Shares which may be issued from treasury under the DSU Plan, together with all other previously established or proposed share compensation arrangements of the Corporation, shall not, in the aggregate, exceed ten percent (10%) of the number of issued and outstanding Common Shares from time to time;

THAT all unallocated deferred share units under the DSU Plan are hereby ratified, approved and confirmed until May 9, 2020;

THAT notwithstanding the passing of the foregoing resolution, the Board of Directors of the Corporation may, without further notice or approval of the shareholders of the Corporation, revoke this resolution, in whole or in part, at any time prior to the DSU Plan becoming effective.

THAT any officer of the Corporation be, and is hereby authorized and directed, for and on behalf of the Corporation, to finalize, sign or deliver all documents, to enter into any agreements and to do and perform all acts and things as such individual, in his or her discretion, deems necessary or advisable in order to give effect to the intent of this resolution and the matters authorized hereby, including compliance with all securities laws and regulations and the rules and requirements of the Toronto Stock Exchange, such determination to be conclusively evidenced by the finalizing, signing or delivery of such document or agreement or the performing of such act or thing."

SCHEDULE C
PSU PLAN

1. PURPOSE OF THE PLAN

The Plan has been established to enhance the Corporation's ability to attract, motivate and retain talented individuals to serve as executives and key employees of the Corporation and to promote alignment of interests between such persons and the shareholders of the Corporation.

2. DEFINITIONS

For the purposes of the Plan, the terms contained in this Section shall have the following meanings:

a) "**Blackout Period**" shall mean any period imposed by the Corporation applicable to a Participant, during which specified individuals, including Insiders of the Corporation, may not trade in the Corporation’s securities (including for greater certainty any period during which specific individuals are restricted from trading because they possess material non-public information).

b) "**Board**" shall mean the Board of Directors of the Corporation.

c) "**Cause**" shall mean an act of wilful misconduct or gross negligence which is materially harmful to the Corporation, or the commission by the Participant of any act or omission which would entitle the Corporation to terminate, lawfully, and in accordance with its terms, the relationship between the Corporation and the Participant.

d) "**Change of Control**" shall mean:

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. the Corporation enters into a transaction or arrangement which would have the same effects as a transaction or arrangement referred to in subsections (c)(i), (ii) or (iii) hereof.

e) "**Committee**" shall mean the Human Resources and Compensation Committee of the Board of the Corporation or such other committee of the Board comprised of members of the Board as the Board shall from time to time appoint to administer the Plan.

f) "**Corporation**" shall mean Stornoway Diamond Corporation or a successor.

g) "**Date of Grant**" shall mean the date upon which Performance Share Units are granted to a Participant pursuant to a Letter of Grant.

h) "**Deferred Share Unit**" or "**DSU**" shall mean a deferred share unit of the Corporation credited to a Participant's notional account in accordance with the terms and conditions of the DSU Plan.

i) "**Disability**" means any disability with respect to a Participant which the Corporation, in its sole and unfettered discretion, considers likely to permanently prevent the Participant from:

i. being employed or engaged by the Corporation, its subsidiaries or another employer, in a position the same as or similar to that in which he/she was last employed or engaged by the Corporation or its subsidiaries; or

ii. acting as an officer of the Corporation or its subsidiaries.

j) "**Early Settlement Date**" shall mean a date determined by the Corporation in its sole discretion, in accordance with and subject to the provisions of Section 9.

k) "**Final Vesting Date**" shall mean the last or only date, as applicable, on which PSUs become vested in accordance with Section 8 or Section 9(e) hereof, as the case may be, unless determined otherwise by the Committee.

l) "**Insider**" shall have the meaning ascribed to such term in the TSX Company Manual.

m) "**Letter of Grant**" shall mean the letter of grant sent to a Participant and approved by the Board, establishing the number of PSUs granted, their Vesting Conditions and their Vesting Date(s) and signed by the Participant, in the form of Schedule "A" to the Plan.

n) "**Market Value**" of a Share shall mean the Toronto Stock Exchange (TSX) volume weighted average trading price for the five (5) trading days preceding the day on which such value must be determined.

o) "**Outside Settlement Date**" shall mean the date which is the earlier of three (3) months following the Final Vesting Date and December 31 of the calendar year during which the Final Vesting Date occurs;

p) "**Participant**" shall mean an employee of the Corporation who has been granted Performance Share Units under the Plan which have not all been cancelled or redeemed.

q) "**Performance Cycle**" shall mean each period of time during which performance is assessed with respect to the vesting of Performance Share Units as may be determined by the Committee on each Date of Grant, provided that no such period shall be prior to the calendar year during which the Date of Grant occurs.

r) "**Performance Factor**" means the factor(s) by which the applicable tranche of a Participant’s PSUs will be multiplied on a Vesting Date, as determined by the Committee in its sole discretion and set out in the applicable Letter of Grant;

s) "**Plan**" shall mean the Stornoway Diamond Corporation Performance Share Unit Plan as set forth herein and as it may be amended from time to time.

t) "**Performance Share Unit**" or "**PSU**" shall mean a unit credited to a Participant's notional account in accordance with the terms and conditions of the Plan.

u) "**Regular Settlement Date**" shall mean a date determined by the Corporation in its sole discretion, provided that it shall not in any event be earlier than the Final Vesting Date nor later than the Outside Settlement Date.

v) "**Settlement Date**" shall mean the Regular Settlement Date or Early Vesting Date, as the case may be, on which Vested Performance Share Units are settled in accordance with Section 10.

w) "**Share**" shall mean a common share of the Corporation.

x) **"Treasury Share"** shall mean a Share issued from the Corporation’s treasury.

y) "**Vesting Conditions**" shall mean the whole of time, financial or operational performance measures and performance goals, performance factors or other requirements tied to the vesting of PSUs as determined in the Letter of Grant.

z) "**Vesting Date(s)**" shall mean the Final Vesting Date and each other date, if any, on which PSUs become vested in accordance with Section 8 or Section 9(e) hereof, as the case may be, unless determined otherwise by the Committee.

aa) "**Vested Performance Share Units**" shall mean, 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, as specified in the Letter of Grant, and any additional PSUs credited to such Participant pursuant to Section 6 which relate to the Performance Cycle ending on or immediately prior to the applicable Vesting Date.

3. ADMINISTRATION OF THE PLAN

a) The Plan is administered by the Corporation and by the Committee which comes under the authority of the Board. The Committee has full power and authority to interpret the Plan, to establish any rules and regulations and to adopt any condition that it deems necessary or desirable for the administration of the Plan within the limits prescribed by applicable legislation.

b) No member of the Committee or officer of the Corporation shall be liable for any action or determination made in good faith pursuant to the Plan. To the full extent permitted by law, the Corporation shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding by reason of the fact that such person is or was a member of the Committee or officer of the Corporation and, as such, is or was required or entitled to take action pursuant to the terms of the Plan.

4. ELIGIBILITY

Periodically, the Committee designates, upon recommendation from the Chief Executive Officer, from time to time and at its sole discretion, the executives and key employees of the Corporation who are entitled to participate in the Plan.

5. GRANT OF PERFORMANCE SHARE UNITS

Periodically, the Committee will determine, at its sole discretion, the size of grants in respect of any Participant, together with the applicable Vesting Conditions. The Letter of Grant shall notify each Participant in writing of the number of Performance Share Units to be granted and of the Vesting Conditions thereof.

6. CREDITS FOR DIVIDENDS

When dividends are paid on Shares, unless the Committee decides otherwise, additional Performance Share Units may be credited to each Participant who holds Performance Share Units on the record date for such dividend, in a number (rounded to the nearest whole Performance Share Unit) determined by dividing the aggregate dividend that would have been paid to such Participant if the Participant's Performance Share Units had been Shares by the Market Value of a Share on the date on which the dividends were paid on the Shares. Performance Share Units credited to a Participant as additional credits for dividends shall be subject to the same Vesting Conditions and Vesting Date(s) as the Performance Share Units to which they relate.

7. PERFORMANCE CYCLE, PERFORMANCE GOALS AND PERFORMANCE FACTORS

The performance goals and the related Performance Cycle and Performance Factor(s) pertaining to a grant, will be established at the Committee’s sole discretion and evidenced in the Letter of Grant. These may be modified by the Committee at its sole discretion, during, and after the end of a Performance Cycle to reflect significant events that occur during such Performance Cycle. The Performance Factor may not exceed 150%, unless the Committee determines otherwise.

8. VESTING OF PERFORMANCE SHARE UNITS

Unless otherwise indicated by the Committee in the Letter of Grant, Performance Share Units shall vest in full or in tranches on the applicable Vesting Date(s), subject to the satisfaction of the applicable Vesting Conditions identified in the Letter of Grant. However, the Committee may, at its entire discretion, accelerate the terms of vesting of any Performance Share Units in circumstances deemed appropriate by the Committee.

Any tranche of PSUs for which the applicable Vesting Conditions have not been achieved on the applicable Vesting Date shall automatically be forfeited and cancelled. Notwithstanding the foregoing, the Committee may, at its sole discretion, determine that all or a portion of the PSUs granted 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 Committee in its sole discretion if warranted by particular context and conditions.

Upon a Change of Control, all outstanding Performance Share Units will continue to vest according to their original Vesting Date(s) and Vesting Conditions, subject to the Participant’s continued employment with the Corporation and Section 9 hereafter, unless the Committee decides to accelerate their vesting and/or payment.

9. TERMINATION OF EMPLOYMENT

Unless otherwise determined by the Corporation (subject to Section 18(a)), the following provisions shall apply to the Performance Share Units credited to the account of a Participant in the event that such Participant ceases to be employed by the Corporation:

a) Termination for Cause – Effective as of the date notice is given to the Participant of such termination for Cause, all Vested Performance Share Units and unvested Performance Share Units shall become null and void.

b) Death – 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 6 months following the date of death and (ii) the Outside Settlement Date.

c) Voluntary resignation, termination not for Cause, retirement or Disability – Effective as of the date 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 (3) 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 6 months prior to the date of termination, unless the Corporation decides otherwise.

d) Termination not for Cause within 18 months following a Change of Control – Notwithstanding any other provision of the 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 (3) months following the date of termination, and (ii) the Outside Settlement Date.

10. SETTLEMENT OF PERFORMANCE SHARE UNITS

On the Settlement Date and subject to Section 9 of the Plan, the Participant, or his legal representative, shall receive, at the Corporation's discretion, either:

a) 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) Share on the Settlement Date; or

b) One (1) Treasury Share or Share bought on the open market for each Vested Performance Share Unit recorded in the Participant's account;

Notwithstanding the foregoing, if the Final Vesting Date or 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 such Settlement Date may not be later than the Outside Settlement Date. If the revised Settlement Date is not a date that is prior to the Outside Settlement Date, then the Settlement Date in respect of such Vested Performance Share Units shall, notwithstanding any other provision of this Plan, be the Outside Settlement Date, and such Vested Performance Share Units shall be settled on such Outside Settlement Date for a lump sum cash payment in accordance with Section 10(a), and not pursuant to Section 10(b).

The Corporation shall enter into an agreement (the "**PSU Agreement**") with a third party broker, trustee or administrator (the "**Administrator**") for the purpose of managing, administering and executing all purchases of Shares on the open market at prevailing market prices under the Plan for and on behalf of Participants and, as applicable, to hold such Shares and deliver them from time to time to Participants upon settlement of Vested Performance Share Units. The Corporation will not exercise any direct or indirect control over the price paid for Shares acquired under the Plan or manner of Share purchases or the choice of broker through which Share purchases are made under the Plan.

11. SHARES SUBJECT TO THE PLAN

a) The total number of Shares available for issuance pursuant to the Plan and all other security based compensation arrangements (within the meaning of the rules of the Toronto Stock Exchange) of the Corporation, including without limitation the Stock Option Plan, Performance Share Unit Plan, Deferred Share Unit Plan and Employee Share Purchase Plan (collectively, the "**Equity-Based Compensation Plans**") shall not exceed ten percent (10%) of the total issued and outstanding Shares of the Corporation, subject to adjustment pursuant to provisions of Section 15 hereof.

b) The maximum number of Shares issuable to Insiders at any time under the Equity-Based Compensation Plans shall not exceed ten percent (10%) of the issued and outstanding Shares of the Corporation.

c) The number of Shares issued to Insiders within any one-year period, under all Equity-Based Compensation Plans of the Corporation, cannot exceed 10% of the issued and outstanding Shares of the Corporation.

d) Shares underlying PSUs which are settled in accordance with Section 10, or that expire, terminate, lapse or are forfeited and cancelled without being settled, shall 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.

12. CLAWBACK

If within the 36 months following the Settlement Date of Performance Share Units, the Corporation's financial statements are subject to restatement, the Vesting Conditions and/or the value of Performance Share Units paid-out will be recalculated to reflect the restated financial statements. The Participant will be responsible to reimburse the Corporation for any excess amount received, unless the Corporation decides otherwise, for example if the excess amounts are not significant.

13. PARTICIPANT ACCOUNT

The Corporation shall maintain a notional account for each Participant recording at all times the number of Performance Share Units credited to the Participant. Upon payment in satisfaction of Vested Performance Share Units pursuant to Section 10 hereof, such Vested Performance Share Units shall be cancelled. A written notification of the balance in the account maintained for each Participant shall be transmitted by the Corporation or by an administrator on behalf of the Corporation to each Participant at least annually.

14. RIGHTS OF PARTICIPANTS

a) No Participant shall have any claim or right to any Shares pursuant to the Plan. Under no circumstances shall Performance Share Units be considered Shares nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership or control of Shares, nor shall any Participant be considered the owner of any Shares pursuant to the Plan.

b) The rights and interests of a Participant in respect of the Plan are personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession. No Performance Share Units granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

c) Neither participation in the Plan nor any action taken under the Plan shall give or be deemed to give any Participant a right to continued employment with the Corporation and shall not interfere with any right of the Corporation to dismiss any Participant. The payment of any sum of money in cash in lieu of notice of the termination of employment shall not be considered as extending the period of employment for the purposes of the Plan.

15. REORGANIZATION OF THE SHARE CAPITAL

The existence of any Performance Share Units shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

In the case of an adjustment 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, an adjustment shall be made by the Corporation to the number of Performance Share Units or to the kind of shares that are subject to the issued Performance Share Units, as the case may be. The Committee shall make such adjustment, which shall be final and binding for purposes of the Plan.

16. VOLUNTARY PARTICIPATION

a) Participation in the Plan is completely voluntary and optional and should not be construed as granting to a Participant rights or privileges other than those that are expressly described under the rules of the Plan and the Letter of Grant. For greater certainty, participation in the Plan is not a condition of employment with the Corporation, or to provide employment to the Participant with the Corporation, as the case may be.

b) The Plan offers no guarantee against the losses that may result from the market fluctuations of the price of the Shares.

c) The Corporation shall not be liable for the consequences of the participation of a Participant in the Plan in respect of income taxes of a Participant and the Participants must consult their own tax advisors in this respect.

17. WITHHOLDING TAXES

The Corporation will deduct or withhold from any payment or settlement in Shares, for the benefit of a Participant, any amount required in order to comply with the applicable provisions of any federal or provincial law relating to the withholding of tax or the making of any other source deductions, including on the amount, if any, included in income of a Participant and may adopt and apply such rules and regulations that, in its opinion, will enable the Corporation to so comply. The obligation of the Corporation to deliver payment or Shares in settlement of Vested Performance Share Units, for the benefit of a Participant, is conditional upon the Participant paying such amount as may be requested for the purpose of satisfying any liability in respect of such withholding.

Unless the Corporation decides otherwise, the Corporation may allow any Participant to deliver to the Corporation, or to a third party appointed or designated by the Corporation for that purpose under the Plan, an amount, in immediately available funds, that is equal to the required withholding. Such funds must be received in advance of any Settlement Date, or any other event in respect of which a withholding must be made. If such withholding is not fully satisfied by delivery of funds as aforesaid, the Corporation shall have the irrevocable right to, and each Participant consents to, the Corporation:

a) setting off any amount required to be withheld against amounts otherwise owing by the Corporation to the Participant (whether arising pursuant to the Participant's relationship as an officer or employee of the Corporation or as a result of the Participant providing services on an ongoing basis to the Corporation or otherwise and whether or not such amount is then exigible); or

b) satisfying the withholding requirement by selling, on behalf of the Participant, such number of Shares as it determines are required to be sold, as trustee, through a trustee or broker or otherwise;

or any combination thereof, in each case in whole or in part, in its sole discretion. In respect of any sale of Shares effected pursuant to section 17(b) above, each Participant hereby acknowledges and agrees (i) that selling costs (including any brokerage commission) shall be paid by the Participant, (ii) to consent to such sale and to grant to the Corporation an irrevocable power of attorney to effect such sale, (iii) that the Corporation does not accept nor assume any responsibility for the price obtained on any such sale, and (iv) that any such sale by the Corporation is subject to securities legislation and other restrictions and may be delayed, during which delay the price of Shares may fluctuate and the price obtained by the Corporation may be lower than the price at which PSUs vested.

18. AMENDMENTS, SUSPENSION OR TERMINATION OF THE PLAN

a) The Board has the right to amend, modify, suspend or terminate the Plan or amend the terms of any then outstanding award of PSUs under the 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:

(i) any amendment to the provisions of this section 18 other than amendments of a "housekeeping" or clerical nature or to clarify such provisions;

(ii) any amendment to increase the maximum number of Shares issuable under the Plan pursuant to section 11(a) (other than pursuant to section 15, and except by operation of the "rolling" maximum reserve);

(iii) any amendment to remove or to exceed the maximum number of Shares that may be issued under all Equity-Based Compensation Plans of the Corporation (other than pursuant to section 15, 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 Plan which would have the potential of broadening or increasing participation in the Plan by Insiders;

(v) changes to the termination provisions of PSUs for an Insider which entails an extension beyond the original term except as provided for in Section 10 with respect to a Settlement Date that occurs during a Blackout Period; and

(vi) any amendment which would permit any PSU granted under the Plan to be transferable or assignable other than what is already allowed under the Plan.

b) Notwithstanding any other provision of the 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 Plan or awards of PSUs under the Plan that are not contemplated above in section 18(a), including, without limitation, the following:

(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 Plan;

(iii) amendments to the settlement process for a Vested Performance Share Unit;

(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 as provided for in Section 10 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 as provided for in Section 10 with respect to a Settlement Date that occurs during a Blackout Period;

(vi) changes pursuant to section 15 of the Plan;

(vii) suspending or terminating the Plan; and

(viii) amendments of a "housekeeping" or clerical nature as well as any amendment clarifying any provision of the Plan, which include amendments relating to the administration of the Plan or to eliminate any ambiguity or correct or supplement any provision herein which may be incorrect or incompatible with any other provision hereof.

c) Notwithstanding anything contained herein to the contrary, no amendment to the Plan requiring the approval of the shareholders of the Corporation under any applicable securities laws or requirements or the rules of the TSX shall become effective until such approval is obtained.

d) No amendment, suspension or termination of the Plan or of the terms of any then outstanding award of PSUs under the Plan shall, without the consent of the Participant affected by such amendment, suspension or termination, unless required by applicable law, adversely affect the rights accrued to the Participant with respect to Performance Share Units granted prior to the date of such amendment, suspension or termination, unless the rights of the Participant shall then have terminated in accordance with the Plan. Notwithstanding the foregoing, any amendment, suspension or termination of the Plan shall be such that the Plan continuously meets the requirements of the Income Tax Act (Canada) and other applicable laws and regulations and the rules of the TSX.

19. APPLICABLE LAWS

The Plan and the Performance Share Units granted under the Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Québec and the federal laws of Canada applicable thereto.

20. COMPLIANCE WITH LAWS AND STOCK EXCHANGE RULES

The Plan, the grant and vesting of PSUs under the Plan and the distribution of Shares will be subject to all applicable federal, provincial and foreign laws, as well as all applicable policies, rules and regulations of any stock exchange on which the Shares are listed for trading.

SCHEDULE D
PSU PLAN RESOLUTION

"BE IT RESOLVED, as an ordinary resolution of the holders of common shares ("Common Shares") of Stornoway Diamond Corporation (the "**Corporation**"):

THAT the performance share unit plan of the Corporation (the "**PSU Plan**"), substantially as described in the management information circular of the Corporation dated March 28, 2017, is hereby ratified, confirmed and approved;

THAT the maximum number of Common Shares which may be issued from treasury under the PSU Plan, together with all other previously established or proposed share compensation arrangements of the Corporation, shall not, in the aggregate, exceed ten percent (10%) of the number of issued and outstanding Common Shares from time to time;

THAT all unallocated performance share units under the PSU Plan are hereby ratified, approved and confirmed until May 9, 2020;

THAT notwithstanding the passing of the foregoing resolution, the Board of Directors of the Corporation may, without further notice or approval of the shareholders of the Corporation, revoke this resolution, in whole or in part, at any time prior to the PSU Plan becoming effective.

THAT any officer of the Corporation be, and is hereby authorized and directed, for and on behalf of the Corporation, to finalize, sign or deliver all documents, to enter into any agreements and to do and perform all acts and things as such individual, in his or her discretion, deems necessary or advisable in order to give effect to the intent of this resolution and the matters authorized hereby, including compliance with all securities laws and regulations and the rules and requirements of the Toronto Stock Exchange, such determination to be conclusively evidenced by the finalizing, signing or delivery of such document or agreement or the performing of such act or thing."

SCHEDULE E
ESPP

Section 1 — Purpose

The purpose of the Plan is to provide Employees with the opportunity to participate in the ownership of the Corporation on an ongoing basis, either through purchases of Treasury Shares or Shares bought on the secondary market, as deemed advisable by the Corporation.

Section 2 — Definitions

In this Plan, the following terms shall have the respective meanings set forth, unless the context specifically requires otherwise:

2.1 "**Administrative Agent**" means the entity that may, from time to time, be appointed as Administrative Agent by the Board to administer the Plan.

2.2 "**Blackout Period**" means any period imposed by the Corporation applicable to a Participant, during which specified individuals, including Insiders of the Corporation, may not trade in the Corporation's securities (including for greater certainty any period during which specific individuals are restricted from trading because they possess material non-public information).

2.3 "**Board**" means the Board of Directors of the Corporation or any authorized committee thereof for the purposes hereof as the same may be constituted from time to time.

2.4 "**Cause**" shall mean an act of wilful misconduct or gross negligence which is materially harmful to the Corporation, or the commission by the Participant of any act or omission which would entitle the Corporation to terminate, lawfully, and in accordance with its terms, the relationship between the Corporation and the Participant.

2.5 "**Business Day**" means a day on which there is trading on the Toronto Stock Exchange.

2.6 "**Committee**" means the Human Resources and Compensation Committee of the Board or such other committee of the Board comprised of members of the Board as the Board shall from time to time appoint to administer the Plan.

2.7 "**Contributions**" refers to Corporation Contributions and Participant Contributions:

(i) "**Corporation Contributions**" means contributions made by the Corporation or by a Participating Subsidiary to the Plan as provided for in Section 6 hereof.

(ii) "**Participant Contributions**" means contributions made by a Participant to the Plan as provided for in Section 5 hereof.

2.8 "**Corporation**" means Stornoway Diamond Corporation, or any successor corporation.

2.9 "**Employee**" means any person who is a permanent full-time employee of the Corporation or a Participating Subsidiary.

2.10 "**Enrollment/Modification Form**" means the Enrollment/Modification Form available on the Administrative Agent electronic platform made available to Participants by the Corporation or any other Enrollment/Modification Form implemented for use by the Corporation.

2.11 "**Enrollment Period**" means each of the periods from June 1st to June 20th and from December 1st to December 20th of each Plan Year, provided that if a Blackout Period is in effect on the last day of an Enrollment Period, then the end of such Enrollment Period shall automatically be extended to the date that is the tenth Business Day after the expiry of the Blackout Period.

2.12 "**Gross Annual Salary**" means the Gross Salary of the Participant on an annualized basis.

2.13 "**Gross Salary**" means the gross base salary of the Participant as it may vary from time to time in the course of any Plan Year. Gross Salary excludes payments for overtime, shift differentials, incentive compensation, bonuses and other special payments, fees, allowances or extraordinary compensation.

2.14 "**Insider**" shall have the meaning ascribed to such term in the TSX Company Manual.

2.15 "**Participant**" means an Employee, eligible to participate in the Plan, who has elected and applied to participate in the Plan and who has made Participant Contributions and shall include for purposes of Section 8 or as the context may otherwise require, a Participant who ceases to be an Employee but whose Shares are still held by the Administrative Agent on his behalf.

2.16 "**Participant's Account**" has the meaning attributed to such term in Section 7.4 of this Plan.

2.17 "**Participating Subsidiary**" means a direct or indirect subsidiary of the Corporation or a limited partnership of which the Corporation is a partner, designated by the Corporation to participate in the Plan and enumerated in Schedule "A", as such Schedule "A" may be amended from time to time to reflect any change made by the Corporation in the list of Participating Subsidiaries.

2.18 "**Pay Period**" means the Participant's pay period.

2.19 "**Plan**" means this Employee Share Purchase Plan, as it may be amended from time to time.

2.20 "**Plan Year**" means any payroll calendar year during which the Plan is in force.

2.21 "**Restricted Period**" means the six-month period commencing on the date on which Participant Contributions are contributed to the Plan pursuant to Section 5.1 hereof.

2.22 "**Retirement**" or "**Retire**", in respect of a particular Participant, means his retirement from the Corporation when he is (i) age 62 or older or (ii) age 58 or older and has cumulated more than 10 years' service with the Corporation or a Participating Subsidiary on the date of termination and has advised the Corporation in writing of his intention to retire at least 6 months prior to the date of termination, unless the Corporation decides otherwise. For more certainty, a voluntary resignation will be considered a retirement if the Participant meets the age and/or service requirements herein, unless the Corporation decides otherwise.

2.23 "**Share(s)**" means the common shares in the capital stock of the Corporation.

2.24 **"Treasury Share**" shall mean a Share issued from the Corporation's treasury.

2.25 "**Withdrawal/Termination Form**" means the Withdrawal/Termination Form available on the Administrative Agent electronic platform made available to Participants by the Corporation or any other Withdrawal/Termination Form implemented for use from time to time by the Corporation.

2.26 "**Yearly Participant Contributions**" has the meaning ascribed thereto in paragraph 3.5 hereof.

Unless the context indicates otherwise, the singular shall include the plural and the masculine gender shall include the feminine gender.

Section 3 — Eligibility and Participation

3.1 **Eligible Employees** —Each Employee who has been at the employ of the Corporation or a Participating Subsidiary for a period of at least three consecutive months shall be eligible to participate in the Plan.

3.2 **No Effect on Employment** — Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Employee's employment with the Corporation or a Participating Subsidiary. Participation in the Plan shall not give any Employee the right to be employed or to continue to be employed by the Corporation or a Participating Subsidiary, as the case may be.

3.3 **Enrollment/Modification Form** — Each eligible Employee may elect to participate in the Plan by completing and delivering the Enrollment/Modification Form to the Administrative Agent, during an Enrollment Period. Delivery of a duly executed Enrollment/Modification Form shall constitute acceptance by the Employee of all the terms and conditions of the Plan and of any policies, regulations or administrative provisions adopted pursuant to paragraph 15.2 hereof.

3.4 **Election** — In the Enrollment/Modification Form the Employee shall indicate the Yearly Participant Contributions.

3.5 **Yearly Amount of Participant Contributions** — The Participant Contributions that may be made to the Plan by a Participant during a Plan Year must be equal to 1%, 2%, 3%, 4%, 5%, 6%, 7%, 8%, 9% or 10% of the Participant's Gross Annual Salary ("**Yearly Participant Contributions**"). In the event that the Gross Salary of a Participant varies at any time in the course of any Plan Year, the Yearly Participant Contributions of such Participant shall be automatically adjusted accordingly in order to remain equal to the selected percentage of the Participant's Gross Annual Salary.

3.6 **Participation** — Participation, or modification to the participation, of the Employee in the Plan shall take effect on the first Pay Period of the month following the date of enrollment, at which time the Participant Contributions shall commence.

3.7 **Blackout Periods.** Notwithstanding any other provision of the Plan, if a Blackout Period is in effect, (i) a Participant subject to the Blackout Period may not enroll until after the end of the Blackout Period, and (ii) a Participant subject to the Blackout Period may not make changes to authorized payroll deductions, or voluntarily withdraw from the Plan until after the end of the Blackout Period.

Section 4 — Shares Subject to the Plan and Insider Participation Limits

4.1 **Shares Subject to the Plan** — The total number of Shares available for issuance pursuant to the Plan and all other security based compensation arrangements (within the meaning of the rules of the Toronto Stock Exchange) of the Corporation, including without limitation the Stock Option Plan, Performance Share Unit Plan, Deferred Share Unit Plan and Employee Share Purchase Plan (collectively, the "**Equity-Based Compensation Plans**") shall not exceed ten percent (10%) of the total issued and outstanding Shares of the Corporation, subject to adjustment pursuant to provisions of Section 9.6 hereof.

4.2 **Insider Participation Limits** — The Plan, when combined with all of the Corporation's other established Equity-Based Compensation Plans, shall not result at any time in:

(a) a number of Shares issued to Insiders within a one-year period exceeding 10% of the issued and outstanding Shares; and

(b) a number of Shares issuable to Insiders at any time exceeding 10% of the issued and outstanding Shares.

Any entitlement to acquire Shares pursuant to the Plan or other Equity-Based Compensation Arrangement prior to the Participant becoming an Insider shall be excluded for the purposes of the limits set out in this Section 4.2.

4.3 **Reloading of Treasury Shares** — For purposes of Section 4.1 and Section 4.2, Treasury Shares purchased with Contributions under this Plan shall forthwith be made available for future issuance under the Plan and other Equity-Based Compensation Plans.

Section 5 — Participant Contributions

5.1 **Payroll Deductions** — Each Participant shall make Participant Contributions to the Plan from his/her Gross Salary by regular scheduled payroll deductions at the end of each Pay Period, each payroll deduction being in an amount equal to the percentage of the Employee's Gross Salary for such Pay Period, as selected by the Participant on his Enrollment/Modification Form. The Participant Contributions will be on an after-tax basis. The Participant Contributions will continue automatically until the occurrence of an event described in Sections 5.2, 5.3, 5.4, 5.5, 5.6 or 5.7, as applicable.

5.2 **Modification of Yearly Participant Contributions** — A Participant may modify the amount of his/her Yearly Participant Contributions to the Plan during the Plan Year, by completing and delivering the appropriate sections of the Enrollment/Modification Form to the Administrative Agent during an Enrollment Period, unless the Corporation, at its sole discretion, determines otherwise. Such modification shall take effect in the first Pay Period of the month following the month in which the modification was requested by the Participant, at which time the Participant Contributions shall be adjusted accordingly.

5.3 **Paid Leave of Absence** — A Participant on authorized paid leave of absence shall continue to make Participant Contributions through payroll deductions, as provided for in paragraph 5.1, unless such Participant has accordingly updated his/her contribution percentage by completing and delivering the Withdrawal/Termination Form to the Administrative Agent, stating that he/she wishes that his/her Participant Contributions be suspended during the period of such absence, in which event the provisions of paragraph 5.6 hereof shall become applicable mutatis mutandis.

5.4 **Unpaid Leave of Absence** — In the case of unpaid leave of absence of a Participant, the Participant Contributions of such Participant shall be automatically suspended. Such suspension shall apply until the Participant returns to active status and completes a new Enrollment/Modification Form during an Enrollment Period.

5.5 **Long-Term Disability** — In the event that a Participant becomes disabled (employment or non-employment related) and is entitled to benefits under a recognized long-term disability program, such Participant's participation in the Plan shall be automatically suspended. Such suspension shall apply until the Participant returns to active status and completes a new Enrollment/Modification Form during an Enrollment Period.

5.6 **Maternity, Paternity, Adoption or Compassionate Care Leave** — In the case of maternity, paternity, adoption or compassionate care leave of a Participant, the Participant Contributions of such Participant shall be automatically suspended. Such suspension shall apply until the Participant returns to active status and completes a new Enrollment/Modification Form during an Enrollment Period.

5.7 **Suspension of Participant Contributions** — A Participant may at any time suspend its Participant Contributions by completing the appropriate sections of the Withdrawal/Termination Form. Such suspension shall take effect in the first Pay Period of the month following the month in which the Withdrawal/Termination Form is delivered to the Administrative Agent by the Participant, at which time the Participant Contributions shall be suspended until the Participant requests reactivation of Participant Contributions which may not occur before the next Enrollment Period.

Section 6 — Corporation Contributions

6.1 **Amounts to Be Contributed** — The Corporation or the relevant Participating Subsidiary shall contribute to the Plan on behalf of and for the benefit of each Participant, on or about the first Business Day following the end of each Restricted Period, an amount equal to 50% of the Participant Contributions contributed to the Plan by such Participant pursuant to Section 5.1 hereof for the Pay Period to which the Restricted Period then ended relates, provided that the 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. For greater clarity, a Participant in respect of whom any Shares purchased with Participant Contributions are no longer held in the Participant's Account through the Administrative Agent, whether as a result of the Shares having been withdrawn or sold, before the end of the applicable Restricted Period shall lose all rights to the Corporation Contributions that would otherwise have been made by the Corporation with respect to such Participant Contributions, in the proportion which the Shares that were purchased with such Participant Contributions and withdrawn from the Plan or sold bears to the total number of Shares that were purchased with such Participant Contributions related to the applicable Restricted Period.

Section 7 — Transfer to the Plan; Assets of the Plan; Allocation to Participants

7.1 **Credit or Transfer of Contributions to the Plan** — Contributions shall be remitted to the Administrative Agent by the Corporation or the relevant Participating Subsidiary, (i) in the case of Participant Contributions, as soon as practicable but not later than the 5th Business Day following the end of the month in which such Participant Contributions are withheld through payroll deduction as per Section 5.1, and (ii) in the case of Corporation Contributions, as soon as practicable but not later than the 5th Business Day following the end of the Restricted Period applicable to the Participant Contributions in respect of which such Corporation Contributions are to be contributed to the Plan as per Section 6.1.

7.2 On each Purchase Date, the Administrative Agent, using the sum of Participant Contributions for the month just ended or the sum of the Corporation Contributions for the Restricted Period just ended, as the case may be, shall purchase Shares for and on behalf and in the name of the Participants in the following manner, in accordance with and at the discretion of the Corporation (provided however that in the event a Blackout Period is in effect, Shares shall automatically be purchased in accordance with Section 7.2(i) and not pursuant to Section 7.2(ii)):

(i) **Issuance of Treasury Shares**. Treasury Shares, at a price per Share equal to the Toronto Stock Exchange (TSX) volume weighted average trading price for the five (5) trading days preceding the Purchase Date; or

(ii) **Market Purchased Shares**. Alternatively or in combination with Treasury Shares purchased as per Section 7.2(i) above, Shares directly from the open market, at prevailing market prices. The price of Shares purchased on the open market will be 100% of the average purchase price of the Shares purchased by the Administrative Agent on behalf of all the Participants on the dates on which such Shares were acquired. Neither the Corporation nor the Administrative Agent will exercise any direct or indirect control over the price paid for Shares acquired under the Plan.

For purposes herein, "Purchase Date" shall mean:

(i) In the case of Treasury Shares, as early as possible following receipt of the applicable Contributions by the Administrative Agent but in any event no later than the tenth Business Day following the end of the month during which the applicable Contributions were made as per Section 5.1 or Section 6.1, as the case may be; and

(ii) In the case of Shares purchased on the open market, the dates in the period from the 1st to the 10th Business Day following the end of the month during which the applicable Contributions were made as per Section 5.1 or Section 6.1, as the case may be, and on which Shares are purchased by the Administrative Agent as per Section 7.2(ii).

7.3 **Assets of the Plan** — The Administrative Agent shall receive from the Corporation and from the Participating Subsidiary, the Participant Contributions of all the Participants participating in the Plan as well as all the Corporation Contributions made to the Plan in accordance with the provisions of Section 6 hereof. Such Contributions, all Shares purchased with such Contributions, and such portion of the cash from the Contributions which could not be used to purchase Shares, together with all income therefrom from the date of receipt by the Administrative Agent, shall constitute the assets of the Plan and shall be held, invested, managed, administered and dealt with by the Administrative Agent pursuant to the terms of the Plan.

7.4 **Allocation to Participants** — The Administrative Agent shall maintain a separate account for each Participant (each a "**Participant's Account**") and shall credit to each Participant's Account (i) all Participant Contributions made by such Participant as well as any Corporation Contributions made by the Corporation to the benefit of such Participant, (ii) all Shares purchased with such Contributions, and (iii) such portion of the cash from the Contributions which could not be used to purchase Shares.

Section 8 — Withdrawals

8.1 **Right to Withdraw** —Upon providing the Administrative Agent with a duly completed and signed Withdrawal/Termination Form, a Participant may withdraw from the Plan all or part of his/her Shares, in the form of either Shares, cash or a combination of both, at his/her option, according to the terms and conditions set forth hereunder.

8.2 **Withdrawal in Shares or Cash; Option of the Participant** — Unless otherwise directed by a Participant, all payments upon withdrawal pursuant to paragraph 8.1 hereof shall be made in Shares to the extent practicable. If a Participant should request payment in cash, the Administrative Agent shall sell the Shares held for the benefit of such Participant at the prevailing market price of the Shares at the time of such sale and deduct any applicable brokerage and other fees as may be necessary to effect such payment.

8.3 **Withdrawal in Shares** — As soon as practicable after the Administrative Agent has received a notice of withdrawal in Shares in accordance with paragraph 8.1 hereof, the Participant shall be entitled to the Shares withdrawn, the transfer and delivery of such Shares being made to the Participant according to the procedure established by the transfer agent of the Corporation for transfer and delivery of share certificates.

8.4 **Withdrawal in Cash** — Subject to the restrictions contained herein, the Participant shall be entitled to withdraw from the Plan an amount in cash equal to the net proceeds of disposition of those Shares credited to the Participant's Account pursuant to the Plan, which have been disposed of by the Administrative Agent at the Participant's request. The sale of Shares must occur as soon as practicable within five Business Days after the receipt by the Administrative Agent of instructions from the Participant.

8.5 **Fractions of Shares** — A Participant shall not be allowed in any circumstances to withdraw a fraction of a Share pursuant to any provision of the Plan.

8.6 **Compliance with Securities Laws** — Any sale or other transfer of Shares pursuant to this Section 8 may only be made in compliance with applicable securities laws. The Participant or his or her executors or administrators, as the case may be, shall be responsible for ensuring compliance with the provisions of applicable securities laws and applicable tax laws in respect of the tax consequences resulting from any transfer or sale or Shares pursuant to this Section 8.

8.7 **Termination of employment or Termination or Winding Up of the Plan** — In the event of a termination of employment or termination or winding up of the Plan, as the case may be, the Participant's participation in the Plan shall be terminated immediately and no further Participant Contributions will be made.

(i) **In the event of voluntary resignation or termination for Cause:** Any entitlement to Corporation Contributions not already contributed to the Plan will be forfeited.

(ii) **In the event of termination without cause, Retirement, Death or Permanent Disability of a Participant, or Termination or Winding Up of the Plan:**

(a) The Participant shall be entitled to receive, automatically and without any further acts on his/her part, his/her entitlement to the Corporation Contributions not already contributed to the Plan, on 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 Plan, as the case may be.

(b) The Administrative Agent shall, as soon as practicable after receipt of satisfactory evidence of the occurrence of an event referred to in Section 8.7 (ii) above or termination or winding up of the Plan, as the case may be, but in no event later than thirty (30) days after the date determined by the Corporation in accordance with Section 8.7(ii)(a) above, sell on behalf of the Participant such number of Shares held on the Participant's behalf in the Participant’s Account and, as soon as practicable, pay to the Participant or the legal representatives of the disabled Participant or of the deceased Participant's estate, as the case may be, the net proceeds of such sale, together with any accumulated cash credited to the Participant’s Account and not yet invested towards the purchase of Shares. However, the Participant or the legal representatives of the disabled Participant or of the deceased Participant shall have the option of requesting payment in Shares in accordance with the provisions of paragraph 8.3 hereof, which provisions shall then apply *mutatis mutandis*.

(c) Notwithstanding any other provision of the Plan, the Restricted Period will be waived and Corporation Contributions shall automatically be accelerated as of the date determined by the Corporation in accordance with Section 8.7(ii)(a) above.

(iii) For the purpose of the Plan, the date of a Participant's cessation of employment shall be the date that such Participant ceases to be actually and actively employed by the Corporation or its Participating Subsidiary and shall not include any notice period required by any applicable statute, civil law or common law, whether such date is selected unilaterally by the Corporation or its Participating Subsidiary, with or without the agreement of the Participant, and whether or not advance notice is given (for greater certainty, in the case of the involuntary termination of the Participant's employment, the date of the Participant's cessation of employment shall be the date that is indicated in the letter remitted to such Participant by the Corporation or its Participating Subsidiary).

(iv) For the purpose of the Plan, the legal representatives of a Participant shall only include an inaptitude mandate holder of the disabled Participant or the administrator, the executor or the liquidator of the Participant's estate or will, as the case may be.

Section 9 — Investments

9.1 **Contributions to Be Invested Solely in Shares** — All Participant Contributions and Corporation Contributions to the Plan shall be invested solely in the acquisition of Shares.

9.2 **Registration of Shares** — All the Shares purchased by the Administrative Agent, on behalf of a Participant pursuant to the provisions hereof shall be registered in the name of the Administrative Agent, on behalf of such Participant. As long as they are governed by the provisions of the Plan, such Shares shall be held by the Administrative Agent for and on behalf of the Participant. However, subject to the provisions of the Plan, all rights and privileges with respect to Shares of a Participant, including voting rights, shall be exercised by the Participant through the Administrative Agent, and any dividends shall be credited to the Participant's account.

9.3 **Dividends**

(i) All dividends and distributions paid on Shares purchased with Contributions under this Plan and held by the Administrative Agent shall be reinvested by the Administrative Agent in the acquisition of additional Shares as soon as practicable but in no event later than ten (10) days following payment of the dividends or distributions, which Shares shall be credited to the accounts of the Participants.

(ii) For clarity, any dividends or distributions in cash or in Shares credited to a Participant’s account and applicable in respect of Shares that have been forfeited will also be forfeited.

9.4 **Shareholder Information**; **Right to Vote** — The Administrative Agent shall cause to be forwarded to each Participant with respect to Shares held in the Participant’s account all the shareholder information, documentation and reports sent by the Corporation to its shareholders. Prior to all shareholders' meetings, the Administrative Agent shall cause to be provided to each Participant a voting instruction card so that the Participant may indicate thereon his/her directions to the Administrative Agent or the Corporation’s transfer agent as to how he/she wishes the Administrative Agent to vote such Shares on his behalf and the Participant shall return such voting instruction card to the Corporation’s transfer agent, on or before the date indicated therefor. Should the Participant fail to provide its voting instructions or the voting instruction card as aforementioned, the Administrative Agent shall refrain from voting the Shares credited to the account of the Participant.

9.5 **Subdivision, Consolidation, Conversion or Reclassification** — In the event that the Shares are subdivided, consolidated, converted or reclassified by the Corporation, or any action of a similar nature affecting such Shares shall be taken by the Corporation, then the Shares held by the Administrative Agent on behalf of the Participants shall be adjusted in such manner, if any, and at such time, as the Board, in its sole discretion, may determine to be equitable in the circumstances. Failure of the Board to provide for an adjustment shall be conclusive evidence that the Board has determined that it is equitable to make no adjustment in the circumstances. If an adjustment results in a fractional share, the fraction shall be disregarded. The adjustments provided for in this Section 9.6 shall be cumulative. On the happening of each and every of the foregoing events, the applicable provisions of the Plan shall be deemed to be amended accordingly and the Board shall take all necessary action so as to make all necessary adjustments in the number and kind of securities subject to any outstanding Shares (and the Plan).

9.6 **Offer to Purchase** — In the event that, at any time, an offer to purchase is made to all holders of Shares, notice of such offer shall be given by the Administrative Agent to each Participant and the Restricted Period will be deemed to be waived with respect to Corporation Contributions so that the Administrative Agent is able to purchase on behalf of a Participant all Shares to which a Participant is entitled under the Plan prior to the Change of Control, to the extent necessary to enable a Participant to tender his/her Shares should he/she so desire.

Section 10— Taxes

10.1 Each Participant shall be responsible for paying all income and other taxes applicable to Corporation Contributions and to transactions involving the Shares held by the Administrative Agent on his or her behalf, including, without limitation, any taxes payable on:

(a) Corporation Contributions made for the benefit of the Participant;

(b) the transfer of Shares to the Participant or a person designated by the Participant, including transfers from a Participant's Account;

(c) the sale or other disposition of the Shares; and

(d) dividends (whether cash or otherwise) or other distributions paid on the Shares.

10.2 Following the end of each calendar year, the Administrative Agent shall provide each Participant with tax reporting forms as required in respect of dividend and other investment income earned during such calendar year by such Participant pursuant to the Plan.

10.3 Corporation Contributions will be a taxable benefit to a Participant for purposes of the Income Tax Act (Canada) and will be reported as such by the Corporation.

10.4 Participant Contributions deposited directly to a Participant's Account will be subject to income tax withholding, and will be reported as employment income by the Corporation.

10.5 Each of the Corporation and the relevant Participating Subsidiary is authorized to deduct or withhold from any amount payable or credited hereunder such taxes and other amounts as it may be required by applicable law to deduct or withhold and to remit the amounts deducted or withheld to the applicable governmental authority as required by applicable law. If the Corporation or the relevant Participating Subsidiary is required under applicable law to deduct or withhold and remit to the applicable government authority an amount on account of tax in respect of any amount paid hereunder and there is insufficient cash paid hereunder from which to make the required deduction or withholding, the Participant shall: (a) pay to the Corporation or the relevant Participating Subsidiary sufficient cash as is reasonably determined by the Corporation or the relevant Participating Subsidiary to be the amount necessary to permit the required remittance; (b) authorize the Corporation or the relevant Participating Subsidiary, on behalf of the Participant, to sell on the market on such terms and at such time or times as the Corporation or the relevant Participating Subsidiary determines, through a trustee or otherwise, such number of Shares purchased under the Plan as it determines are required to realize cash proceeds to be used to satisfy the required tax remittance; or (c) make other arrangements acceptable to the Corporation or the relevant Participating Subsidiary to fund the required tax remittance, including authorizing additional tax withholding from other sources of compensation.

10.6 In respect of any sale of Shares effected pursuant to Section 10.5(b) above, each Participant hereby acknowledges and agrees (i) that selling costs (including any brokerage commission) shall be paid by the Participant, (ii) to consent to such sale and to grant to the Corporation an irrevocable power of attorney to effect such sale, (iii) that the Corporation does not accept nor assume any responsibility for the price obtained on any such sale, and (iv) that any such sale by the Corporation is subject to securities legislation and other restrictions and may be delayed, during which delay the price of Shares may fluctuate and the price obtained by the Corporation may be lower than the price at which Shares were acquired under the Plan.

Section 11 — Statements of Account

11.1 **Statements** — The Administrative Agent will make available, at least on a quarterly and yearly basis, a statement of account to each Participant setting out the activity relating to the Shares credited to each Participant's Account under the Plan.

Section 12 — The Administrative Agent

12.1 **Change of Administrative Agent** — The Corporation, as agent for each Participant, may at any time after providing ninety (90) days' written notice, or such shorter notice as may be agreed upon between the Administrative Agent and the Corporation, remove the Administrative Agent and appoint a successor or successors to fill any vacancy arising for any reason whatsoever.

12.2 **Delegation by Administrative Agent** — The Administrative Agent may delegate to the Corporation or to any corporation authorized to carry on the business of a trust Corporation in Canada the duty to maintain records and to furnish statements in connection with all aspects of the Plan.

12.3 **Resignation of Administrative Agent** — The Administrative Agent may resign and be discharged from all further duties and liabilities hereunder upon ninety (90) days' written notice to the Corporation and each Participant or such shorter notice as may be agreed upon between the Administrative Agent and the Corporation.

Section 13 — Participant's Rights Not Transferable

Except as provided herein, the rights of a Participant pursuant to the provisions of the Plan 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. No attempted assignment anticipation, giving security, surrender or transfer thereof, otherwise than in accordance with the provisions hereof, shall be effective.

Section 14 — Amendment, Suspension or Termination of Plan

14.1 **Discretion to Amend the Plan**. Subject to Section 14.2, the Board may amend the Plan or Shares at any time, *provided, however*, that no such amendment may adversely alter or impair the rights that have accrued to a Participant on or prior to the date of amendment, suspension or termination without the consent of the Participant, except to the extent required by applicable law (including Toronto Stock Exchange requirements). Any amendment under this Section shall be subject to all necessary regulatory approvals. Without limiting the generality of the foregoing, the Board may make certain amendments to the Plan or Shares without obtaining the approval of the shareholders of the Corporation including, but not limited to amendments which are intended to:

(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 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 Plan 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 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 Plan;

(vi) any change pursuant to Section 9.6;

(vii) suspending or terminating the Plan;

(viii) suspend or terminate the Corporation Contributions or amend the definition of Corporation Contribution that would result in a decrease to the employer matching contribution amount;

(ix) amend the definitions of the terms used in the Plan, the dates on which Participants may become eligible to participate in the Plan, 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 Shares acquired through Participant Contributions and through Corporation Contributions, the rights to sell or withdraw 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 in the event of certain transactions, Plan expenses, restrictions on corporate action, or use of funds; or

(x) make any other change that is not expected to materially adversely affect the interests of the shareholders of the Corporation.

14.2 **Amendments Requiring Shareholder Approval**. Notwithstanding Section 14.1 no amendments to the Plan or Shares to:

(i) extend the date on which Shares will be forfeited or terminated in accordance with their terms for the benefit of an Insider;

(ii) increase the fixed maximum number of Shares reserved for issuance under the Plan (including a change from a fixed maximum number of Shares to a fixed maximum percentage of Shares) (other than pursuant to Section 9.6, and except by operation of the "rolling" maximum reserve);

(iii) revise the method for determining the purchase price of Shares set out in Section 7.2 that would result in a decrease in the purchase price of such Shares for the benefit of an Insider;

(iv) remove or exceed the Insider participation limits set out in Section 5.2; (other than pursuant to Section 9.6, and except by operation of the "rolling" maximum reserve);

(v) revise Section 13 to permit the rights of a Participant pursuant to the provisions of the Plan to be transferable or assignable other than for estate settlement purposes;

(vi) extend eligibility to participate in the Plan to non-executive directors on a discretionary basis;

(vii) amend the definition of Corporation Contribution that would result in an increase to the employer matching contribution amount; or

(viii) revise the amending provisions set forth in Section 14.1 or 14.2 other than amendments of a "housekeeping" or clerical nature or to clarify such provisions;

shall be made without obtaining approval of the shareholders of the Corporation in accordance with the requirements of the Toronto Stock Exchange.

14.3 **Amendment, Suspension or Discontinuance**. No amendment, suspension or discontinuance of the Plan or of any Shares purchased under the Plan may contravene the requirements of the Toronto Stock Exchange or any securities commission or other regulatory body to which the Plan or the Corporation is now or may hereafter be subject to. Termination of the Plan shall not affect the ability of the Corporation to exercise the powers granted to it hereunder with respect to Shares purchased under the Plan prior to the date of such termination.

14.4 **Tax Provisions**. Notwithstanding the foregoing, no amendment to the Plan shall cause the Plan or Shares purchased for the benefit of a Canadian Taxpayer hereunder to be made without the consent of such Canadian Taxpayer if the result of such amendment would be to cause the Shares to be a "salary deferral arrangement" under the Income Tax Act (Canada).

Section 15 — Interpretation and Regulations

15.1 **Regulations** — The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent herewith, as it may deem necessary or advisable generally for the proper administration and operation of the Plan. In particular, the Board may delegate to the Committee, such administrative duties and powers as it may see fit.

15.2 **Interpretation** — Notwithstanding the foregoing paragraph 15.1, the Board delegates to the Committee the power to interpret the provisions of the Plan and to make regulations and formulate administrative provisions for carrying them out and to make such changes in the Plan and to make regulations and administrative provisions as, from time to time, the Board deems proper and in its best interests, and the Administrative Agent shall observe same. All decisions and interpretations of the Board respecting the Plan and all rules and regulations made from time to time pursuant hereto shall be binding and conclusive on the Board and all Participants and their respective legal representatives and on all Employees eligible under the Plan to participate herein.

Section 16 — Liability

Neither the Board, nor any member thereof, officer or Employee of the Corporation or a Participating Subsidiary, as the case may be, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the officers and employees of the Corporation or a Participating Subsidiary, as the case may be, shall be entitled to indemnification by the Corporation or the Participating Subsidiary, as the case may be, in respect of any claim, loss, damage or expense (including legal fees and disbursements) arising therefrom to the fullest extent permitted by law.

Section 17 — Costs

Except as otherwise provided for in this Section 17, the Corporation and the relevant Participating Subsidiary shall pay the costs of administering the Plan, including without limitation all the fees and expenses of the Administrative Agent. All brokerage fees relating to the acquisition of Shares pursuant to the provisions of the Plan shall be paid by the Corporation and the relevant Participating Subsidiaries. All costs related to the issuance of share certificates and/or cheques or payments in cash shall be paid by the Participant or the Participant's legal representatives, as the case may be.

Section 18 — Regulatory Approval and Compliance with Law

This Plan is subject to all necessary regulatory approvals. The obligations of the Corporation under the Plan are subject to compliance with all applicable laws and regulations. Shares shall not be issued or delivered under the Plan unless the issuance and delivery of the Shares pursuant thereto shall comply with all applicable laws and the requirements of any stock exchange upon which the Shares may then be listed.

Section 19 — Applicable Law

The laws of the Province of Québec and the laws of Canada applicable thereof, without recourse to conflict of law rules, shall apply to this Plan, any amendments thereto and the administration thereof; and all rights and obligations thereunder shall be governed, construed and determined in accordance with such laws.

Section 20 — Effective Date

The Plan is effective as of March 22, 2017.

SCHEDULE F
ESPP RESOLUTION

"BE IT RESOLVED, as an ordinary resolution of the holders of common shares ("**Common Shares**") of Stornoway Diamond Corporation (the "**Corporation**"):

THAT the employee share purchase plan of the Corporation (the "**ESPP**"), substantially as described in the management information circular of the Corporation dated March 28, 2017, is hereby ratified, confirmed and approved;

THAT the maximum number of Common Shares which may be issued from treasury under the ESPP, together with all other previously established or proposed share compensation arrangements of the Corporation, shall not, in the aggregate, exceed ten percent (10%) of the number of issued and outstanding Common Shares from time to time;

THAT all unallocated shares under the ESPP are hereby ratified, approved and confirmed until May 9, 2020;

THAT notwithstanding the passing of the foregoing resolution, the Board of Directors of the Corporation may, without further notice or approval of the shareholders of the Corporation, revoke this resolution, in whole or in part, at any time prior to the ESPP becoming effective.

THAT any officer of the Corporation be, and is hereby authorized and directed, for and on behalf of the Corporation, to finalize, sign or deliver all documents, to enter into any agreements and to do and perform all acts and things as such individual, in his or her discretion, deems necessary or advisable in order to give effect to the intent of this resolution and the matters authorized hereby, including compliance with all securities laws and regulations and the rules and requirements of the Toronto Stock Exchange, such determination to be conclusively evidenced by the finalizing, signing or delivery of such document or agreement or the performing of such act or thing."

SCHEDULE G
BOARD OF DIRECTORS' MANDATE

I. 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.

II. 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.

III. 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.

IV. 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.