

## BUILDING QUÉBEC'S FIRST DIAMOND MINE

Precious Metals Summit September 10<sup>th</sup> – 12<sup>th</sup>, 2014



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[www.stornowaydiamonds.com](http://www.stornowaydiamonds.com)  
TSX:SWY

# Forward-Looking Information



This presentation contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements", are made as of the date of this presentation and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements relate to future events or future performance and reflect current expectations or beliefs regarding future events and include, but are not limited to, statements with respect to: (i) the amount of mineral resources and exploration targets; (ii) the amount of future production over any period; (iii) net present value and internal rates of return of the mining operation; (iv) assumptions relating to recovered grade, average ore recovery, internal dilution, mining dilution and other mining parameters set out in the Feasibility Study or Optimization Study; (v) assumptions relating to gross revenues, operating cash flow and other revenue metrics set out in the Feasibility Study or Optimization Study; (vi) mine expansion potential and expected mine life; (vii) expected time frames for completion of permitting and regulatory approvals and making a production decision; (viii) future exploration plans; (ix) future market prices for rough diamonds; and (x) sources of and anticipated financing requirements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of Stornoway to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Stornoway will operate in the future, including the price of diamonds, anticipated costs and Stornoway's ability to achieve its goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward-looking statements include, but are not limited to: (i) required capital investment and estimated workforce requirements; (ii) estimates of net present value and internal rates of return; (iii) receipt of regulatory approvals on acceptable terms within commonly experienced time frames; (iv) anticipated timelines for the commencement of mine production; (v) market prices for rough diamonds and the potential impact on the Renard Project's value; and (vi) future exploration plans and objectives. Additional risks are described in Stornoway's most recently filed Annual Information Form, annual and interim MD&As, and other disclosure documents available under the Company's profile at: [www.sedar.com](http://www.sedar.com).

When relying on our forward-looking statements to make decisions with respect to Stornoway, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Stornoway does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by Stornoway or on our behalf, except as required by law.

Readers are referred to the technical report dated as of February 28th, 2013 entitled "The Renard Diamond Project, Quebec, Canada, Feasibility Study Update, NI 43-101 Technical Report, February 28, 2013" in respect of the January 2013 Optimization Study, and the press release dated July 23, 2013 in respect of the July 2013 Mineral Resource estimate for further details and assumptions relating to the project. The Qualified Persons that prepared the technical reports and press releases that form the basis for the presentation are listed in the Company's AIF dated July 25, 2013. Disclosure of a scientific or technical nature in this presentation has been reviewed and approved by Robin Hopkins, P.Geol. (NT/NU), Vice President, Exploration, a "qualified person" under NI 43-101.

# Stornoway Diamond Corporation TSX:SWY

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## **100% Ownership in Renard, Québec's First Diamond Mine**

Fully Financed; Fully Permitted

Under Construction; First Production 2H 2016

## **One of the World's Few New Diamond Projects Under Development:**

C\$150m-C\$250m Operating Cash Flow Profile<sup>1</sup>

Top-Tier Operating Margins

Significant Resource and Diamond Price Upside

Excellent Commodity Fundamentals

### **Notes:**

1. Cash flow assumptions itemized on slide 19



## Renard is Fully Financed

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**On July 8<sup>th</sup> 2014 Stornoway Closed the Single Largest Project Financing Transaction for a Publicly Listed Diamond Company**

### *Highlights of the Transaction:*

- ▶ One-shot financing of all project costs, contingencies, working capital requirements and financing costs.
- ▶ Fully funds the project through to production.
- ▶ Careful balance of stream, debt and equity to maximize shareholder value growth from project development.
- ▶ Sponsors:
  - Orion Mine Finance
  - Investissement Québec/Ressources Québec
  - Caisse de dépôt et placement du Québec





# Publicly Listed Diamond Producers, Developers and Explorers

Consensus Analyst Views on Value

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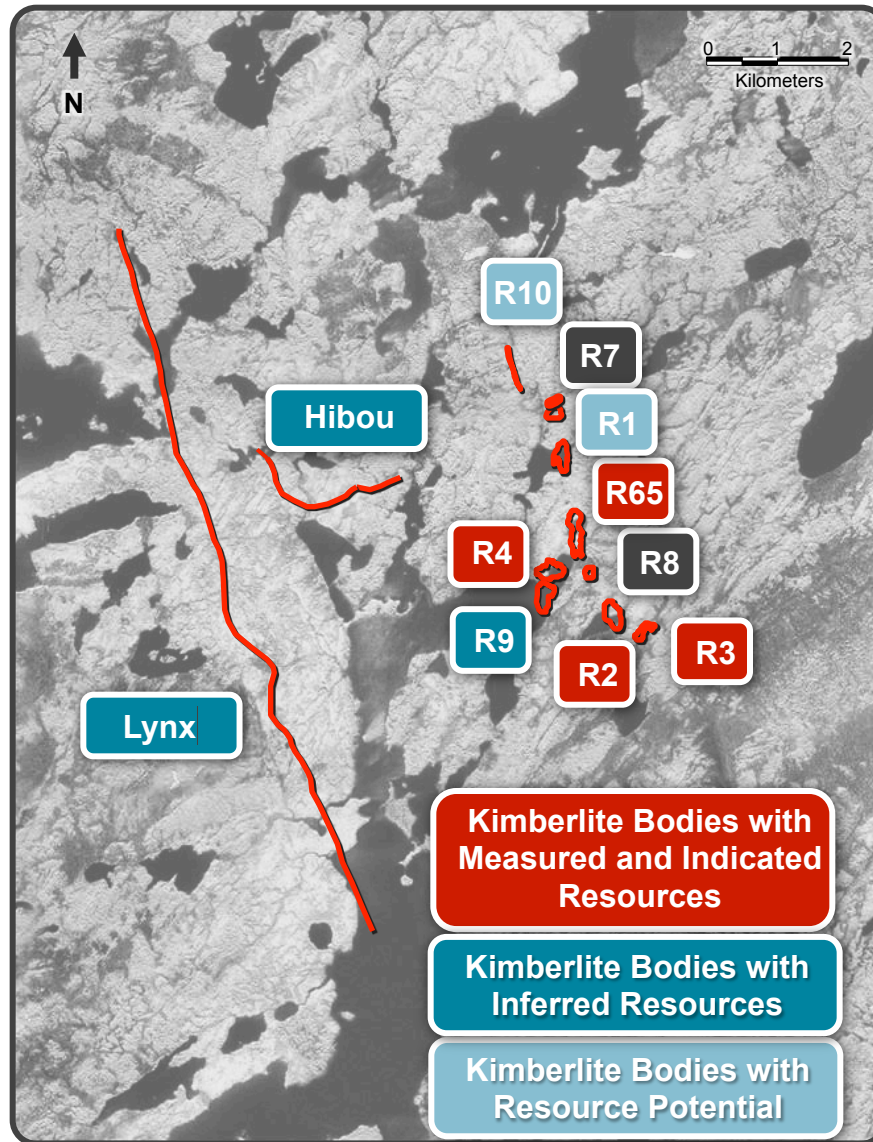
	Ticker	Price (5/9/14)	Shares O/S (mm)	Market Cap (\$mm)	NAV/sh <sup>(1)</sup>	Current P/NAV <sup>(1)</sup>	Target <sup>(1)</sup>	% Return to Target	Annual Dividend
<b>Diamond Producers</b>									
Dominion Diamonds	DDC:T	\$15.09	85.1	\$1,284.7	\$23.56	0.6x	\$20.13	<b>38%</b>	(n/a)
Gem	GEMD:LN	£2.00	138.3	£276.5	£2.40	0.8x	£2.08	<b>4%</b>	(n/a)
Lucara	LUC:T	\$2.42	378.5	\$919.6	\$2.55	0.9x	\$2.91	<b>22%</b>	\$0.04/sh
Petra	PDL:LN	£1.782	512.1	£912.6	£2.64	0.7x	£2.16	<b>21%</b>	(n/a)
<b>Diamond Developers</b>									
Firestone	FDI:LN	£0.3663	309.0	£113.2	£0.83	0.4x	£0.68	<b>84%</b>	(n/a)
Mountain Province	MPV:T	\$5.57	115.2	\$641.7	\$7.44	0.7x	\$7.02	<b>26%</b>	(n/a)
<b>Stornoway</b>	<b>SWY:T</b>	<b>\$0.61</b>	<b>730.9</b>	<b>\$445.9</b>	<b>\$1.35</b>	<b>0.5x</b>	<b>\$1.15</b>	<b>89%</b>	<b>(n/a)</b>
<b>Diamond Explorers</b>									
Kennady Diamonds	KDI:LN	\$7.50	22.9	\$171.4	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)
North Arrow Minerals	NAR:V	\$0.50	49.8	\$24.9	(n/a)	(n/a)	(n/a)	(n/a)	(n/a)
Peregrine Diamonds	PGD:T	\$0.27	143.8	\$38.8	(n/a)	(n/a)	\$1.00	270%	(n/a)
Shore Gold	SGF:T	\$0.28	224.8	\$62.9	(n/a)	(n/a)	\$1.00	257%	(n/a)

## Notes:

1. Bloomberg Analyst Consensus

# Renard Kimberlite Bodies

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## LEGEND:

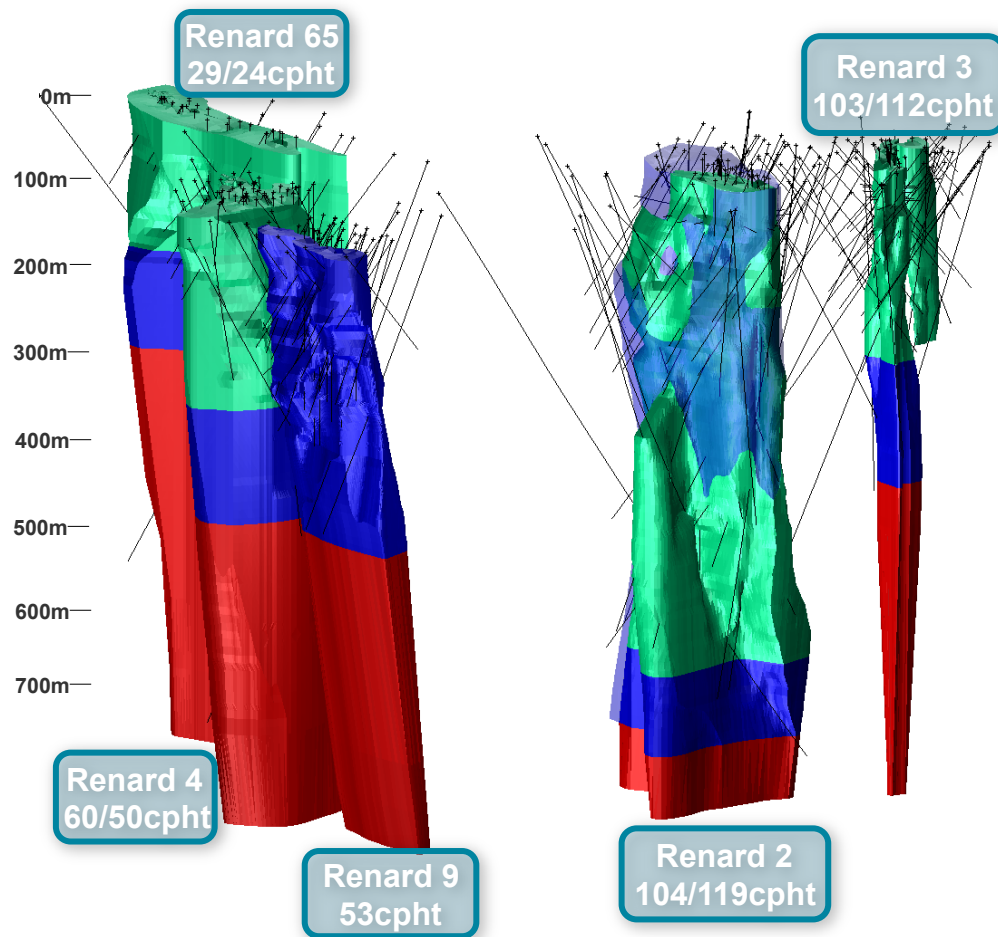
- |                       |                                       |
|-----------------------|---------------------------------------|
| Stornoway Properties  | Hydro-Québec Powerlines               |
| Hydro-Québec Facility | Route 167 Extension/ Renard Mine Road |
| Renard Kimberlites    | Road                                  |
| Kimberlitic Dyke      | Exploration/ Mining Projects          |
| Regional Kimberlites  |                                       |

# The Renard Diamond Project

*A Large, High Value Diamond Resource with a Very Long Mine Life Potential*

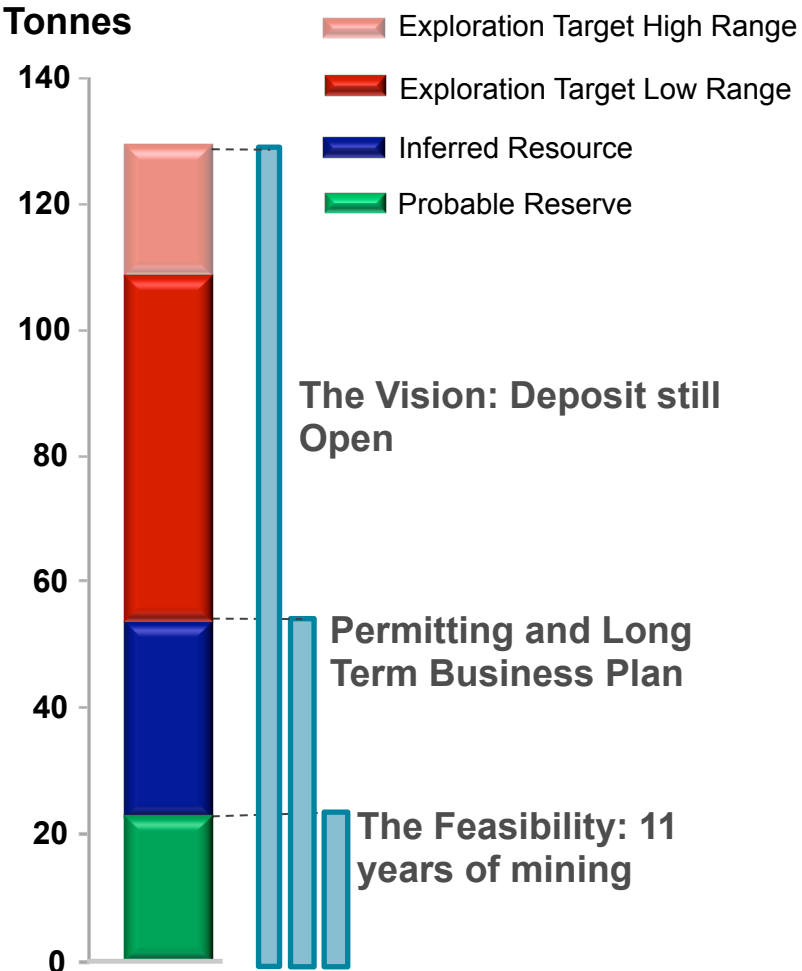
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- 27 mcarat Indicated Mineral Resource
- 17 mcarat Inferred Mineral Resource
- 26-48 mcarat Exploration Target

**Millions of Tonnes**



Grades illustrated are for Indicated and Inferred Mineral Resources respectively at a +1DTC sieve size cut-off. Reserve and Resource categories are compliant with the "CIM Definition Standards on Mineral Resources and Reserves". Mineral resources that are not mineral reserves do not have demonstrated economic viability. The potential quantity and grade of any Exploration Target (previously referred to as a "Potential Mineral Deposit") is conceptual in nature, and it is uncertain if further exploration will result in the target being delineated as a mineral resource.



# Renard Mine Plan and Key Operating Assumptions

*A Combined Open Pit and Underground Operation*

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## Reserve Based Mine Plan<sup>1</sup>

*(Jan 2013 FS Optimization and October 2013 LNG Option FS)*

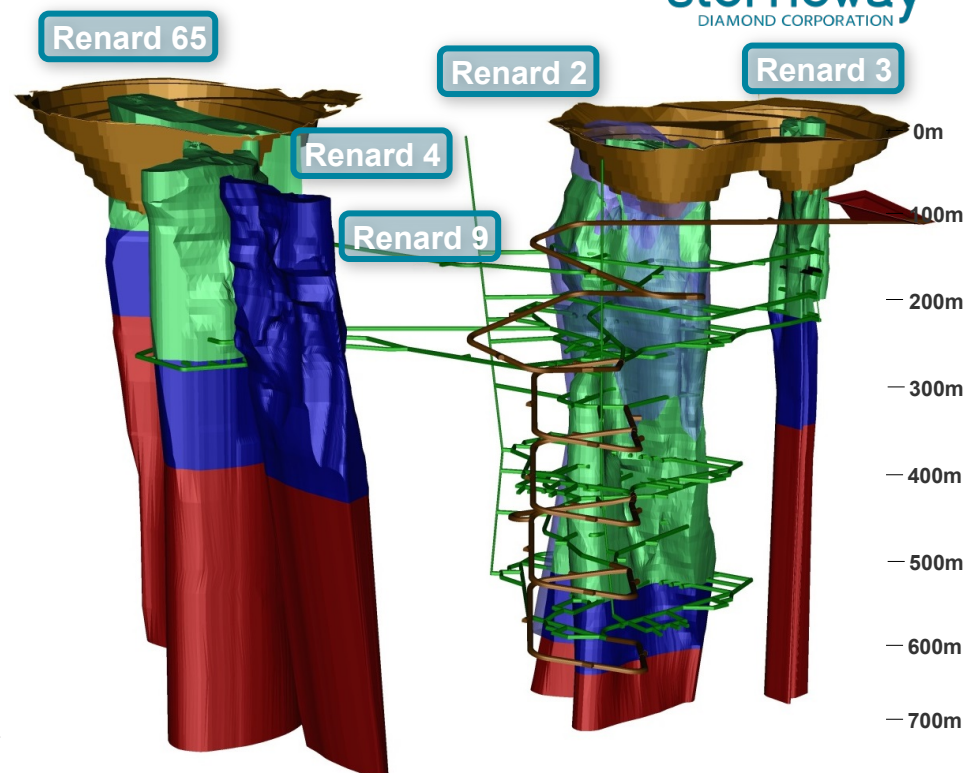
Mine Life	11 years
Mineral Reserve	17.9 mcarats
Ave. Diamond Price <sup>2</sup>	\$180/carat
Production Rate	2.2 mtonnes/yr
Ave. Diamond Production	1.6 mcarats/yr
Gross Revenue (C\$M) <sup>2</sup>	\$4,268
Initial Capital Costs <sup>3</sup>	\$811m
Operating Cost <sup>4</sup>	\$58/t (\$76/carat)
Operating Margin <sup>5</sup>	67%
Payback	4.8 years

## Resource Based Mine Plan

*(Basis of December 2012 ESIA and Mine Permitting. Not public disclosure consistent with NI 43-101)*

Includes the mining of 2.3mcarats of Indicated Resources within a Renard 65 open pit, additional Inferred Resources in Renard 2, 3, 4 and 9, and an increased annual processing capacity up to 2.5mtonnes/yr.

Increased project valuation and mine life.



### Notes

1. Key Assumptions: C\$1=US\$1, Oil US\$95/barrel, 2.5% real terms diamond price growth, 82.9% ore recovery, 23.8% mining and internal dilution, 0cphd dilution grade.
2. Expressed in May 2011 terms. Average price **US\$190/carat** in March 2014 terms.
3. Expressed in October 2012 terms, as adjusted in October 2013 LNG FS. Includes C\$754m of costs and contingencies and C\$57m of escalation allowance.
4. Expressed in October 2012 terms. Operating costs **C\$54/tonne** in October 2013 LNG FS terms. Excludes capitalized preproduction costs.
5. Before stream

Reserve and Resource categories are compliant with the "CIM Definition Standards on Mineral Resources and Reserves". Mineral resources that are not mineral reserves do not have demonstrated economic viability. The potential quantity and grade of any Exploration Target is conceptual in nature, and it is uncertain if further exploration will result in the target being delineated as a mineral resource.



# Comparison of New Diamond Mines

*Renard has Best Cost Profile*

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Project/ Company	Reserves (Mt)	Reserve Grade (cpht)	Reserve Carats (Mct)	Diamond Value (US\$/ct)	Operating Cost (US\$/t) <sup>1</sup>	Operating Margin (US\$/t) <sup>1</sup>	Cost/ Rev	Production (Mct/Year)
<b>Renard<sup>2</sup> Stornoway</b>	<b>23.8</b>	<b>75</b>	<b>18.0</b>	<b>\$190</b>	<b>\$50</b>	<b>\$94</b>	<b>0.35</b>	<b>1.63</b>
Gahcho Kué <sup>3</sup> DeBeers/MPV	35.4	157	55.5	\$118	\$67	\$109	0.38	4.45
Liqhobong <sup>4</sup> Firestone	37.2	31	11.6	\$107	\$14	\$28	0.41	1.15
Bunder <sup>5</sup> Rio Tinto	53.7	64	34.2	\$50	\$20	\$18	0.53	2.50
Ghaghoo <sup>6</sup> Gem	7.5	28	2.1	\$267	\$41	\$33	0.55	0.60

## Notes:

1. Based on US\$ Conversion at C\$0.92.
2. Source: January 2013 Optimization Study and October 2013 LNG Feasibility Study. Utilizing March 2014 Base Case Modeled Diamond Prices, Un-escalated.
3. Source: May 2014 Feasibility Study. Utilizing April 2014 Base Case Modeled Diamond Prices, Un-escalated.
4. Source: Nov 2013 Updated DFS. November 2013 Base Case Modeled Diamond Prices, Un-escalated.
5. Source: SWY Estimates
6. Source: March 2011 technical report. Utilizing Jan 2014 reserve carat values, Un-escalated.

# Stornoway will be a Significant Diamond Producer

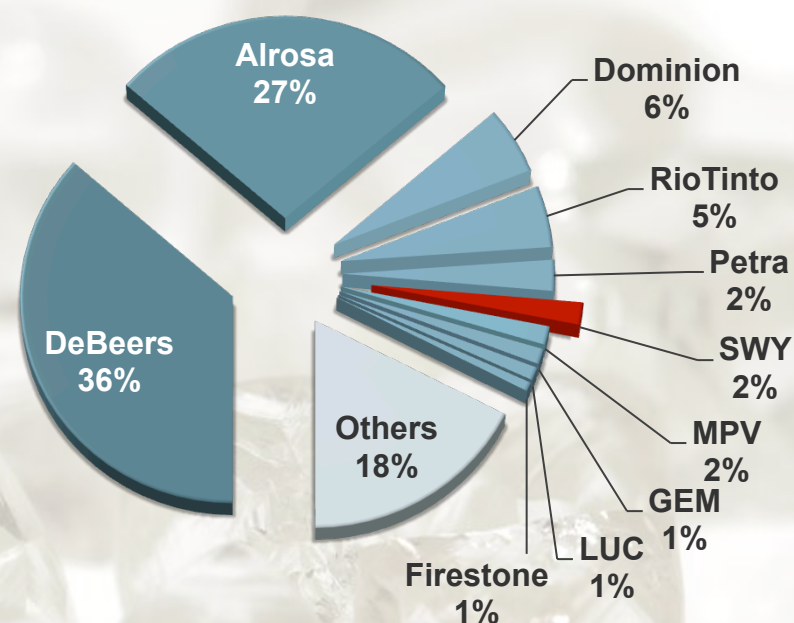
Current and Future Diamond Producers

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## 2013 World Diamond Production Data/ Forecast Future Production

1	De Beers (Anglo/Botswana)	\$6,404m
2	Alosa (Russia)	\$4,801m
3	Dominion Diamond (TSX: DDC)	\$934m
4	Rio Tinto (ASE: RIO)	\$859m
5	Petra (note 1; L: PDL)	\$432m
6	<b>Stornoway</b> (note 2; TSX: SWY)	<b>\$310m</b>
7	Mountain Province (note 3; TSX: MPV)	\$258m
8	Gem (L: GEMD)	\$213m
9	Lucara (note 4; TSX: LUC)	\$181m
10	Firestone (note 5; L: FDI)	\$123m
11	Others	\$3,076m
	<b>Total</b>	<b>\$17,592m</b>



### Notes:

1. Petra 12 month results for period ending December 31, 2013
2. Renard estimated at FS average annual diamond production of 1.63 million carats, and WWW March 2014 weighted diamond price of US\$190/ct, un-escalated
3. Gahcho Kué estimated at 49% of Revised FS average annual production of 4.45 million carats, and average modeled diamond price of US\$118/ct, un-escalated
4. Lucara 12 month results for the period ending December 31, 2013
5. Firestone estimated at FS average annual production of 1.15 million carats at an average price of US\$107/ct un-escalated

Source: Kimberly process and Company Reports



# General Project Arrangement

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# Project Execution

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## Access Infrastructure in Place

Renard Mine Road open to traffic since August 30<sup>th</sup> 2013. Aerodrome open since November 5<sup>th</sup> 2013.

## Owner's Team and EPCM in Place

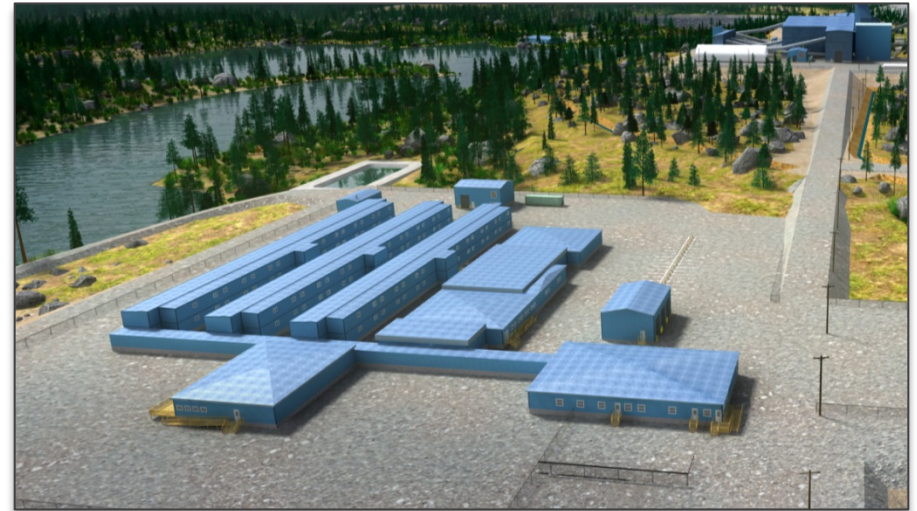
Montreal based owner's team for planning, engineering, environment, stakeholder relations and cost management. EPCM with SNC-Lavalin, DRA & AMEC.

## Favourable Construction Environment

Competitive cost environment and good contractor/ labour availability currently in Québec.

## LNG Power

LNG power option utilizes all-season access road and existing commercial LNG distribution network in Québec.



**Accommodation Complex**



**Process and Power Plants**

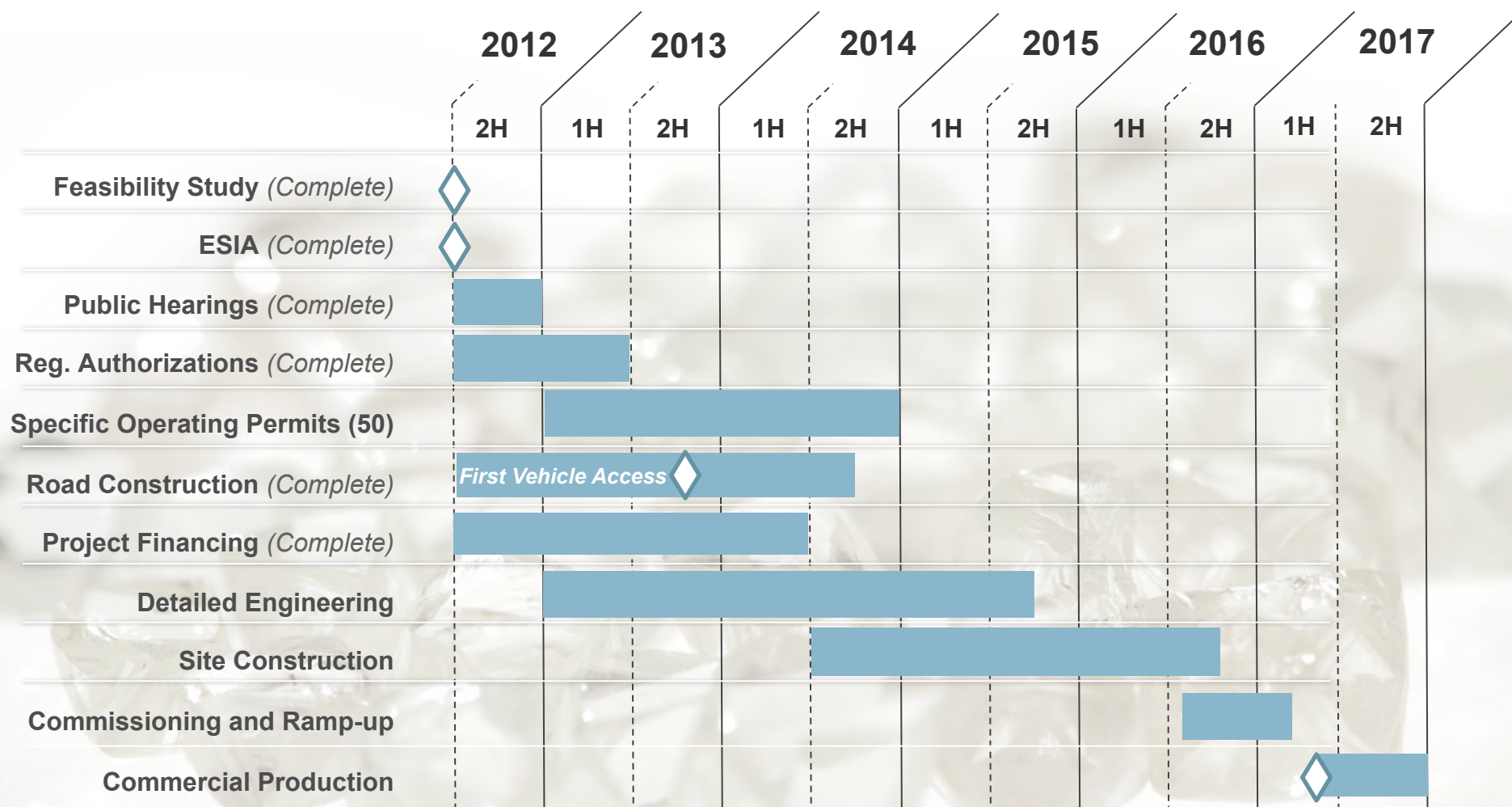


# Project Schedule

*Revised April 2014 on Basis of Renard Diamond Project Financing Schedule*

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**Based on the Renard Diamond Project Construction Schedule, Plant Commissioning is Planned for H2 2016 and Commercial Production in Q2 2017.**

# Site Progress

Ground Breaking July 10<sup>th</sup> 2014

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# Site Progress

*Borrow Pit and Pre-Strip at Renard 65*

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# Site Progress

## Civil Works

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*Construction Camp*



*Accommodation Complex Pad August 2014*



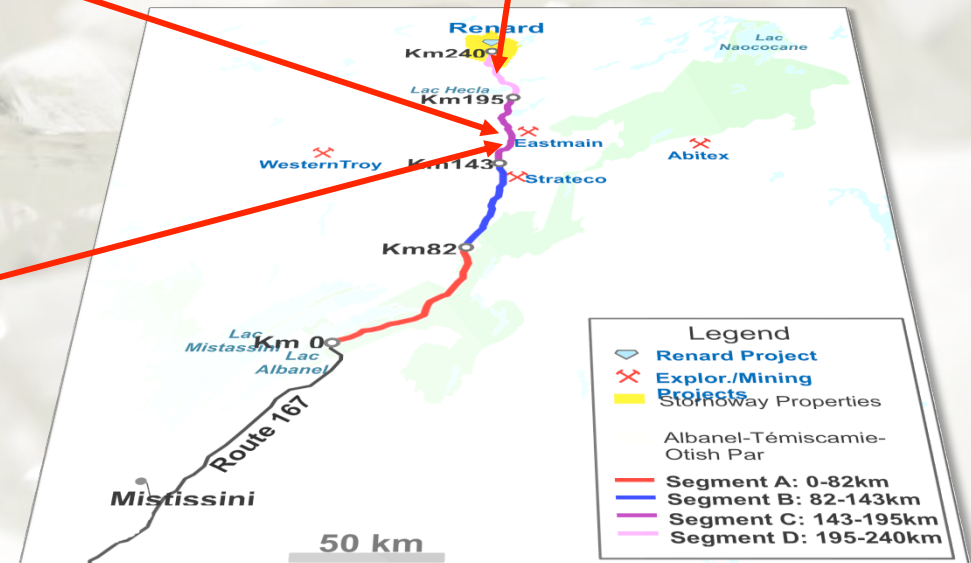
*Finished Pad*



*Water Management*



## Views of the Road





# Permitting and Social Acceptability

*Strong Regulatory and Public Support for Québec's First Diamond Mine*

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## Social Licence

- ▶ March 2012: Impact and Benefits Agreement (“IBA” or the “Mecheshoo Agreement”) with the Cree Nation of Mistissini and the Grand Council of the Crees (EI).
- ▶ July 2012: Partnership Agreements Signed with Chibougamau and Chapais.

## Permitting

- ▶ Oct. 2012: Québec Mining license issued.
- ▶ Dec. 2012: Québec Certificate of Authorization issued.
- ▶ July 2013: Positive Federal Environmental Assessment decision issued.

**All Community Agreements and Regulatory Authorizations Required to Proceed with Construction are in Place.**



## Renard's Cash Flow Potential – Base Case Economics

**Renard is Expected to Generate Substantial Cash Flow  
over its first 11 years of Mining**

***After Tax, After Stream Operating Cash Flow of between  
\$150 and \$250 million, or \$0.20 to \$0.30 per share***

### ***Assumptions***

- ▶ *Mineral reserve case only*
- ▶ *Capital and operating cost parameters as established in the January 2013 Optimization Study and October 2013 LNG FS*
- ▶ *Base case diamond pricing from March 2014; No “special” diamonds.*
- ▶ *2.5% annual real diamond price escalation*
- ▶ *C\$:US\$ conversion rate of C\$1.10*
- ▶ *Based on terms of Financing Transaction closed on July 8<sup>th</sup> 2014*
- ▶ *Assumes full conversion to equity of US\$81million of Convertible Debentures giving 825 million shares outstanding.*

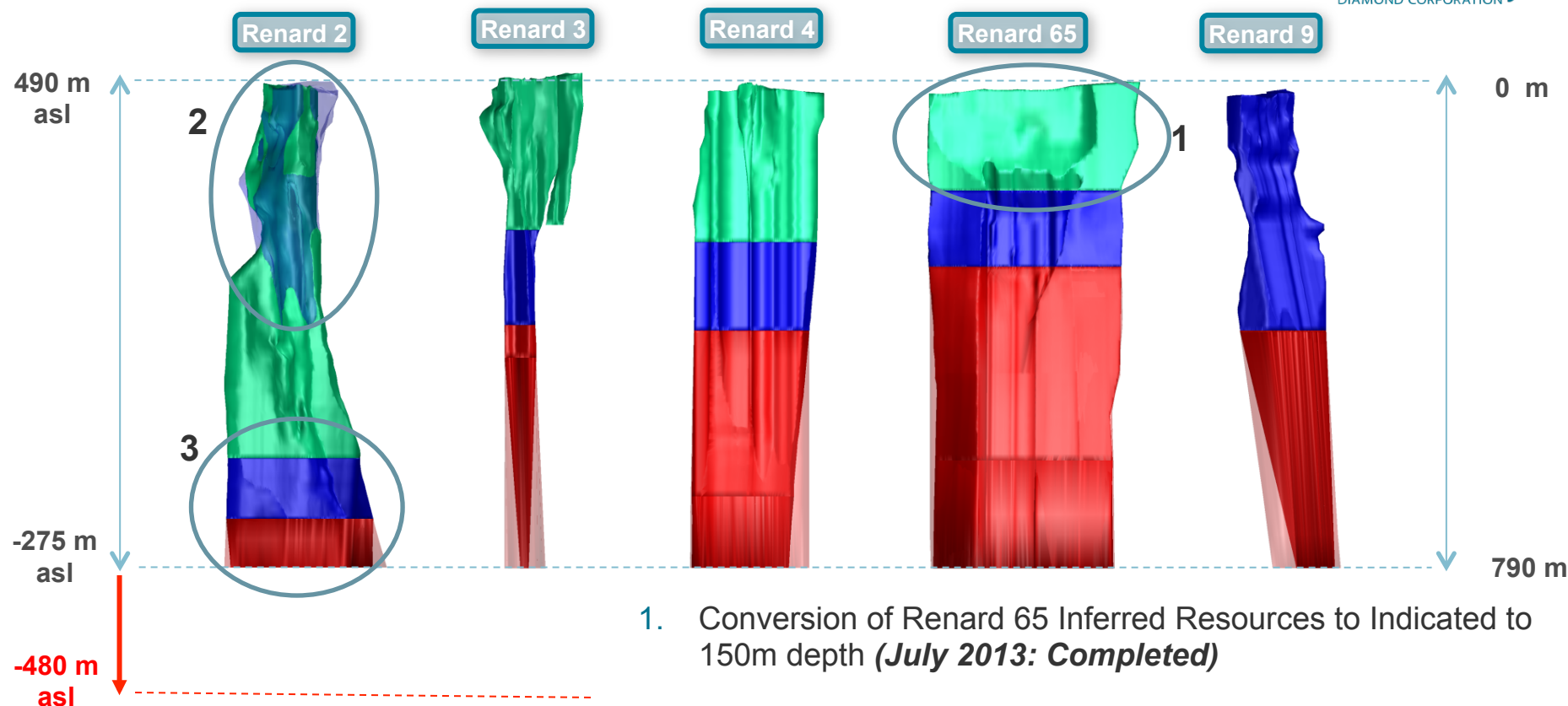


# Ongoing Resource Expansion

\$10m Drill Program for 2014 Announced on Jan 22<sup>nd</sup> 2014

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**Drilling has confirmed R2 to a 970m depth so far.**

## Legend

	Indicated Resource		Low TFFE
	Inferred Resource		High TFFE
	Inferred Resource of R2 CRB		

1. Conversion of Renard 65 Inferred Resources to Indicated to 150m depth (**July 2013: Completed**)
2. Addition of Renard 2 Country Rock Breccia to both Indicated and Inferred Resources (**July 2013: Completed**)
3. 6.2 Mcarats in 5.23 Mtonnes (at 119 cpht) in Renard 2 Inferred Resources between 610m and 700m depth: 4.2 to 7.3 Mcarats TFFE between 700m and 770m depth. Open below 770m. (**2014 Drill Program**)



# Renard's Diamonds

*Large Diamond Potential Not Included in Base Case Diamond Valuation Models*

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## Base Case Diamond Valuation Estimates Using on Best Practice Methodology

Average diamond price estimate in March 2014 for the Mineral Reserves at **US\$190/ct** (un-escalated) compared to US\$180/ct in the January 2013 Optimization Study.

## High Quality Production with Large Stone Potential

The Renard kimberlites have similar, but marginally different diamond populations exhibiting a high incidence of large white gems.

Coarse Size Distribution in Renard 2 predicts **three to six 50-100ct stones and one to two +100ct stones every 100,000 carats (two weeks).**

Substantial revenue potential from large diamonds not accounted for in the base case cash-flow model.

### March 2014 Diamond Valuations (WWW International Diamond Consultants Ltd.)

Kimberlite Body	Size of Valuation Sample (carats)	WWW March 2014 Sample Price (US\$/carat) <sup>1</sup>	WWW March 2014 Base Case Price Model (US\$/carat) <sup>1</sup>	Sensitivities (Minimum to High)
Renard 2	1,580	\$187	<b>\$197</b>	\$178 to \$222
Renard 3	2,753	\$179	<b>\$157</b>	\$146 to \$192
Renard 4	2,674	\$101	<b>\$106 (\$155)<sup>2</sup></b>	\$100 to \$174
Renard 65	997	\$262	<b>\$187</b>	\$175 to \$211

#### Notes

1. All prices in US\$/carat. Samples utilizing a +1 DTC sieve size cut-off.
2. Should the Renard 4 diamond population prove to have a diamond population with a size distribution equal to the average of Renard 2 and 3, WWW have estimated that a base case diamond price model of \$155 per carat based on March 2014 pricing. Source: WWW March 2014 Valuation Update



**Three Renard 65 diamonds: 9.78 ct and 6.41 ct diamonds recovered from bulk sampling and a 4 carat stone discovered in drillcore in 2003**

# Post-Financing Balance Sheet and Capital Structure

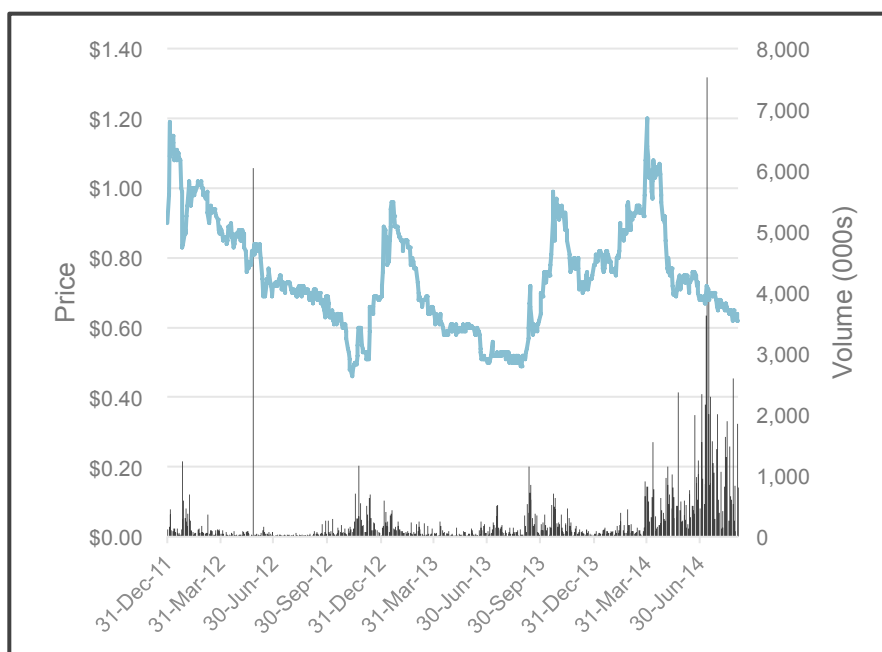
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Balance Sheet		
<b>Share Price (TSX-SWY):</b> September 5, 2014	C\$	<b>\$0.61</b>
<b>52 week High-Low</b>	C\$	<b>\$0.49–\$1.22</b>
<b>Average Daily Volume:</b> 2014 YTD		<b>608,001</b>
<b>Market Capitalization:</b>	C\$	<b>446 million</b>
<b>Total Shares Outstanding:</b>		<b>731 million</b>
<b>Total Options &amp; Warrants Outstanding:</b> (24.9m Options \$0.40-\$2.39; 123.8m warrants \$0.95-\$1.21)		<b>149 million</b>
<b>Consolidated Cash<sup>1</sup>:</b> (as of July 8, 2014)	C\$	<b>462 million</b>
<b>Consolidated Debt<sup>1</sup>:</b> (as of July 8, 2014)	C\$	<b>173 million</b>
<b>Undrawn Financing Commitments<sup>1</sup>:</b> (Subject to Financing Agreement CPs)	C\$	<b>462 million</b>

## Notes

1. Unaudited, and assuming a C\$:US\$ conversion rate of C\$1.10

Shareholding	Basic	Diluted
<b>Investissement Québec</b>	<b>28.7%</b>	<b>22.5%</b>
<b>Orion Mine Finance</b>	<b>24.8%</b>	<b>22.0%</b>
<b>CDPQ</b>	<b>6.1%</b>	<b>6.3%</b>
<b>Float</b>	<b>40.4%</b>	<b>49.2%</b>



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## **100% Ownership in the Renard Diamond Project, One of the World's Few New Diamond Projects Under Development**

Fully Permitted and Fully Financed

Québec: World Leading Mining Jurisdiction

Top Tier Profitability Profile

Now, In Construction to Build Canada's  
Next Diamond Mine

First Production 2H 2016



# Stornoway Diamond Corporation TSX:SWY

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