

MONTREAL, QUEBEC--(Marketwired - Jun 17, 2015) - [Stornoway Diamond Corp.](#) (TSX:SWY)(the "Corporation" or "Stornoway") announced today its fourth quarter results for the three months ended April 30, 2015 and full year results for Fiscal Year 2015.

Matt Manson, President and CEO, commented "During the fiscal year just ended, Stornoway successfully completed a C\$946million⁽¹⁾ project financing transaction for the Renard Diamond Project and commenced its construction. The Stornoway team has achieved a good start over the project's first 10 months, with both cost and schedule tracking within plan. We have benefited from a favourable construction and labour market, and from having all funding, authorizations and the project's access infrastructure in-hand up-front. Over the previous three quarters we have also seen a strengthening of our balance sheet as the depreciating Canadian dollar serves to create a foreign exchange gain on the US dollar denominated portions of our funded and committed financing sources compared to our original funding plan. As we ramp up construction, we have prioritized employment and contracting amongst the Crees of the Eeyou Istchee, including the Cree Nation of Mistissini, and the communities of Chibougamau and Chapais, and maintained a commendable environmental, health and safety record. These achievements are consistent with our stated commitments, and will remain our focus as we prepare for the transition to mine operations starting in late 2016. Our objective at Renard is an efficient and profitable operation, socially and environmentally responsible, delivering high quality Québec diamonds for sale starting in a little over 18 months' time."

(1) For illustrative purposes. Assumes a C\$: US\$ conversion rate of \$1.10. Actual proceeds of each financing tranche are measured at the C\$: US\$ exchange rate in effect the date the funds are received.

Fourth Quarter 2015 Highlights

(All quoted figures as at April 30, 2015, in C\$)

- Construction at the Renard Diamond Project continues in line with planned schedule and budget.
- Incurred costs and commitments at the quarter-end totaled \$293.4 million, or 36.2% of budget.
- Overall construction progress stood at 22.4% compared to a planned 21.7%. Engineering progress stood at 56% compared to a planned 62%.
- On site manpower during the month of April averaged 330 workers, of which 32% were Crees of the Eeyou Istchee.
- At the end of the quarter, significant milestones achieved included the commencement of the pour of concrete for the process plant and maintenance facility foundations, the commencement of the pre-strip on the Renard 2-Renard 3 open pit, and the completion of the mine administration facility and camp facilities. All of these milestones were achieved on, or ahead of, planned schedule.
- On March 31 the drawdown of the first US\$80 million tranche of diamond stream funding from Orion Mine Finance ("Orion") and the Caisse de dépôt et placement du Québec occurred as planned. On April 30 Stornoway announced that Blackstone Tactical Opportunities, an affiliate of Blackstone (NYSE-BX), had acquired a meaningful equity position in Stornoway and a minority ownership interest in the Renard diamond stream by way of a secondary market transaction with Orion.
- During the quarter, the Corporation reported a net loss of \$8.5 million or \$0.01 per share (\$0.01 per share fully diluted). The corporation closed its year ending April 30, 2015 with a net loss of \$0.6 million or \$Nil per share (\$Nil fully diluted)
- Cash, cash equivalents and short-term investments stood at \$363.6 million⁽²⁾.

(2) Assuming C\$: US\$ conversion rate of \$1.2119

Financial Summary

Stornoway ended the quarter with cash, cash equivalents and short-term investments of \$363.6 million, compared with \$321.6 million at the end of the previous quarter. Stornoway's current cash resources are sufficient to cover planned mine development expenses, financing and corporate costs during calendar 2015. The second and third payment deposits under the stream agreement of US\$80 and US\$90 million are expected to be received in September 2015 and March 2016, respectively, following which Stornoway expects to draw on a \$100 million senior secured loan in late 2016 to complete mine development at Renard.

Mine development capital expenditures incurred during the quarter were \$48.9 million (\$183.8 million for the year ending April 30, 2015), with total capital expenditures of \$293.4 million having been committed against the total project cost estimate of \$811 million (including contingencies and capital escalation allowances) as at April 30, 2015.

Net loss for the three and twelve months ended April 30, 2015 totaled \$8.5 million and \$0.6 million respectively, and include other income (expenses) of \$(7.7) million and \$8.7 million, respectively. Net losses were impacted by several items not reflective of Stornoway's underlying operating performance, including changes in the fair value of a derivative and unrealized gains and losses from foreign exchange. Operating expenses for the three and twelve months ended April 30, 2015 totaled \$2.4 million and \$10.7 million, respectively. Net loss of \$0.6 million in the Current Year declined by \$11.7 million from loss in the Comparative Year of \$12.3 million.

The 2015 Q4 financials again reflect the impact of the recent devaluation of the Canadian dollar. While this can be expected to

create volatility in our earnings statements going forward (due to a fair value calculation on a portion of our carried debt) a lower Canadian dollar serves to create a significant foreign exchange gain on our funded and committed cash balance (both actual and unrealized) and increases the future potential operating margins of the project. These are both highly positive factors in the outlook for the Corporation.

Construction Highlights

At quarter end, overall construction progress stood at 22.4% based on man-hour estimates compared to a planned 21.7%. Calendar 2015 construction activities represent approximately 36% of the total execution plan, with 46% of work scheduled for 2016 and 3% for 2017. Engineering progress stood at 56% compared to a planned 62%. No loss time incidents were recorded during the quarter.

A key construction milestone achieved during the quarter was the commencement of the principal concrete pour for the foundations of the project's process plant, which was achieved 3 weeks ahead of schedule on April 7. Concrete pouring commenced at the same time at the truck maintenance facility, a full 12 weeks ahead of schedule. By the end of April a total of 2,307 cubic meters of concrete had been produced at site and poured. Structural steel erection at both of these major facilities commenced on June 15 and May 18 respectively.

Construction of the 2.2mtonne per annum process plant represents the project's critical path activity. The plant building is scheduled to be completed and heated by the fourth quarter of calendar 2015, allowing the installation of the temperature sensitive crushing and recovery circuits through the first half of calendar 2016. The plant is scheduled to be energized in the second half of calendar 2016 with wet commissioning beginning in the fourth quarter of that year. An 8 month commissioning ramp-up is planned, with a view to commercial production being achieved in the second quarter of calendar 2017 and full production by the summer of 2017. The project remains on schedule to achieve these milestones.

The project's accommodation and administration facilities were completed during the quarter and fully occupied, with total on-site permanent and temporary beds at site now standing at 599.

In July 2014, Stornoway entered into an Engineering, Procurement and Construction Management contract ("EPCM") with SNC-Lavalin Inc. for a portion of the Renard Diamond Project scope of construction work, with sub-contracted services from AMEC Americas Ltd. and DRA Americas Inc. relating to the project's diamond processing plant and diamond recovery circuits. During the quarter Stornoway elected to assume additional construction management and procurement duties that had initially been under the EPCM and expanded its owner's team in these areas. Principal engineering work under the EPCM is expected to be completed in the 3rd calendar quarter of this year.

Mining

Development of the ramp for the underground mine, which had been suspended during January and February, recommenced on March 18. Ramp progress by the end of April stood at 55 meters against a plan of 95 meters, or 58%, as the mining team dealt with very cold weather and difficult initial ground conditions. Progress subsequent to the quarter end has accelerated, and stood at 79% against plan by June 15. By quarter end 1,614,126 tonnes of overburden and waste rock had been extracted from the Renard 65 pit for use as construction aggregate against a plan of 1,209,498 tonnes, or 133%. Pre-stripping of the Renard 2-Renard 3 open pit commenced on March 4, with 276,273 tonnes of overburden and waste rock being extracted by the end of April compared to a plan of 516,000 tonnes, or 54%. Kimberlite ore was uncovered for the first time on the northeastern boundary of Renard 3 on May 2, earlier than anticipated and 10m before the expected contact. Open pit mining of Renard 2 and Renard 3 during the construction phase of the project is expected to result in the availability of a 700,000 tonne ore stockpile by the time plant commissioning begins in late 2016. In support of these activities, procurement of mining equipment stood at 92% for the mobile open pit mining fleet, 71% for the mobile underground fleet, and 68% for general surface mobile equipment by the end of April.

Employment and Contracting

Total manpower at site in April averaged 330 workers, of which 32% were Crees of the Eeyou Istchee. Stornoway employees, at site and in the development team, stood at 232 on April 30, of which 31% were Crees, 23% were from Chibougamau and Chapais, and 46% were from outside the region. Of all on-site construction procurement to date, 25% of contracts have been awarded to Cree owned businesses originating in Mistissini, 20% in Chibougamau and Chapais, 25% in Saguenay-Lac St. Jean, 11% in the Abitibi region, and 19% in other regions of Québec.

Renard Resource Update

Fieldwork for the 2014 resource expansion program at Renard concluded in November 2014, and work has been ongoing since this time on a revised geological model for Renard 2 to a depth of at least 1,000 meters, at which level the kimberlite is interpreted to maintain a substantial cross-sectional area. In support of this work approximately 4.8 tonnes of Renard 2 samples have been processed for microdiamond analysis by caustic dissolution and 57.4 tonnes of samples processed for

macrodiamond analysis by dense media separation, with additional thin section analysis, indicator mineral characterization, geochemical analysis, density determinations and dilution measurements. This Renard 2 work is well advanced.

Since the completion of the Renard 2 drilling, the scope of the Mineral Resource update has been broadened to include additional work on certain other kimberlites which contain Inferred Mineral Resources outside of the current Mineral Reserve, such as Renard 3, Renard 4, Renard 9, Lynx and Hibou, and on bodies outside of the current Mineral Resource, such as Renard 1, Renard 7, Renard 8, Renard 10. In support of these studies, 2.6 tonnes of samples have been submitted for microdiamond analysis by caustic dissolution, 8.8 tonnes of samples have been submitted for macrodiamond analysis by dense media separation and additional analytical studies are underway. A revised geological model for Renard 3 to 1,000 meters in depth is also under preparation following the recognition that a discrete 126.6m intersection of kimberlite observed in Renard 2 drill hole R2-81J between 942.2m and 1,068.8m down hole likely represented an extension of the Renard 3 kimberlite pipe more than 550m deeper than any previous drilling.

It is expected that this broadened Renard Mineral Resource update will be completed over the course of the summer. The reader is cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. In addition, the potential quantity and grade of any exploration target is conceptual in nature, and it is uncertain if further exploration will result in it being delineated as a mineral resource.

Exploration Update

Stornoway retains an ownership interest in two diamond exploration projects operated by [North Arrow Minerals Inc.](#) ("North Arrow"). During 2014, North Arrow collected a sample of approximately 1,500 tonnes at the Qilalugaq Project in Nunavut with a view to the recovery of a diamond parcel for valuation purposes. On May 5, 2015, North Arrow reported that processing of the sample by dense media separation at Microlithics Laboratories Inc. in Thunder Bay, Ont. had recovered 384.28 carats from 1,353.37 dry tonnes for an overall diamond content of 28.4 carats per hundred tonnes ("cph"). Yellow diamonds, representing a range of hues and tones, comprised approximately 9.0% of the sample by stone count and 21.5% by carat weight. On June 9, 2015 North Arrow announced that WWW International Diamond Consultants had estimated an average price of US\$36 per carat on the total valuation parcel utilizing their May 2015 price book, with a range of modeled values between a "possible low" of US\$43 per carat and a "possible high" of US\$92 per carat.

North Arrow's Qilalugaq work program is being undertaken under the terms of a 2013 option agreement that allows North Arrow to earn an 80% interest in the project, subject to a one-time back-in right by Stornoway to earn an additional 20%, bringing its interest to 40%. Upon the completion of the diamond recovery portion of the work program and the subsequent independent valuation of the diamonds, North Arrow will have completed the option work program. Thereupon, Stornoway has a 60 day period within which to exercise its back-in right, should it so elect.

Exploration is also being conducted with North Arrow at the Pikoo Project in northern Saskatchewan under an 80-per-cent (North Arrow)/20-per-cent (Stornoway) participating joint venture arrangement. Kimberlites were first discovered at the Pikoo project in 2013, with the PK150 kimberlite showing encouraging early microdiamond counts. Follow-up exploration in 2014 confirmed the presence of additional kimberlite indicator mineral trains indicative of further undiscovered kimberlite bodies on the property. On March 30, 2015 North Arrow announced the discovery of additional kimberlite bodies at Pikoo in a follow-up 3,000m winter drill program, the most significant of which is the PK314 kimberlite interpreted as a vertically emplaced diatreme-like body with a true width of 25m and a minimum length of approximately 40m. At time of writing, microdiamond results from the PK314 kimberlite remain outstanding. Exploration of the Pikoo diamond project is being conducted under an 80% (North Arrow) / 20% (Stornoway) participating joint venture arrangement.

In addition to the exploration ongoing under the North Arrow option agreements, Stornoway's Board of Directors has approved a budget of \$1 million for 100% owned generative diamond exploration in Canada for the upcoming fiscal year. This work is expected to include kimberlitic indicator mineral sampling, claim acquisition and drilling, if warranted.

Financial Summary

Consolidated Statements of Financial Position

(millions of Canadian dollars)	April 30, 2015	April 30, 2014
Cash, cash equivalents and short-term investments	363.6	27.4
Property, plant and equipment	541.5	260.7
Other assets	40.0	11.2
Total Assets	945.1	299.3
Debt and convertible debentures	208.0	57.2
Deferred revenue	101.5	209.7
Other liabilities	58.1	32.4
Equity	577.5	209.7
Total Liabilities and Equity	945.1	299.3

Key Financial and Operating Highlights

(millions of Canadian dollars, except earnings (loss) per share and common shares outstanding)				Three Months Ended	
		Apr 30,	Apr 30,		
		2015	2014		2014
Cash provided by (used in) operating activities		101,990	(2,252	)	79,347
Cash used in investing activities		(136,786	) (3,825	)	(4,000)
Cash provided from (used in) financing activities		(1,192	) 12,347		43,111
Effect of foreign exchange rate changes on cash and cash equivalents		(8,198) ?Ã¶Ã‡		10,250
Net increase (decrease) in cash and cash equivalent		(44,186	) 6,270		62,708
Net loss for the period ended April 30, 2015		(8,478	) (7,886	)	(6,440)
Net loss per share - basic and diluted		(0.01	) (0.04	)	Ni
Weighted Average Number of Common Shares issued and outstanding (basic and diluted)		732,310,440	183,040,855		62,708

The Corporation's consolidated Financial Statements are prepared in Canadian dollars in accordance with International Financial Reporting Standards. Consolidated financial statements for the year ended April 30, 2015 and Management's Discussion and Analysis have been posted on the Corporation's website www.stornowaydiamonds.com and on SEDAR at www.sedar.com.

About the Renard Diamond Project

The Renard Diamond Project is located approximately 250 km north of the Cree community of Mistissini and 350 km north of Chibougamau in the James Bay region of north-central Québec. On July 8th 2014 Stornoway announced the completion of a \$946 million(3) project financing transaction to fully fund the project to production, and construction commenced on July 10th, 2014. First ore is scheduled to be delivered to the plant in the second half of 2016 with commercial production scheduled for the 2nd quarter of 2017.

(3) For illustrative purposes. Assumes a C\$: US\$ conversion rate of \$1.10. Actual proceeds of each financing tranche are measured at the C\$: US\$ exchange rate in effect the date the funds are received.

In January 2013, Stornoway released the results of an Optimized Feasibility Study at Renard which highlighted the potential of the project to become a significant producer of high value rough diamonds over a long mine life. Probable Mineral Reserves, as defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), stand at 17.9 million carats. Total Indicated Mineral Resources, inclusive of the Mineral Reserve, stand at 27.1 million carats, with a further 16.85 million carats classified as Inferred Mineral Resources, and 25.7 to 47.8 million carats classified as non-resource exploration upside. Average annual diamond production is forecast at 1.6mcarats/year over the first 11 years of mining, at an average valuation of US\$190/carat based on a March 2014 assessment by WWW International Diamond Consultants Ltd.

Readers are cautioned that the potential quality and grade of any target for further exploration is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the target being delineated as a Mineral Resource. All kimberlites remain open at depth. Readers are referred to the technical report dated February 28th, 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. Disclosure of a scientific or technical nature in this press release was prepared under the supervision of Patrick Godin, P.Eng. (Québec), Chief Operating Officer and Robin Hopkins, P.Geol. (NT/NU), Vice President, Exploration, both "qualified persons" under NI 43-101.

About Stornoway Diamond Corporation

Stornoway is a leading Canadian diamond exploration and development company listed on the Toronto Stock Exchange under the symbol SWY and headquartered in Montreal. Our flagship asset is the 100% owned Renard Diamond Project, on track to becoming Québec's first diamond mine. Stornoway is a growth oriented company with a world class asset, in one of the world's best mining jurisdictions, in one of the world's great mining businesses.

On behalf of the Board

[Stornoway Diamond Corp.](http://www.stornowaydiamonds.com)

Matt Manson, President and Chief Executive

This press release contains "forward-looking information" within the meaning of Canadian securities legislation. This information and these statements, referred to herein as "forward-looking statements", are made as of the date of this press release and the Corporation 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 the Optimization Study; (v) assumptions relating to gross revenues, operating cash flow and other revenue metrics set out in the Feasibility Study or the 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; (xii) the economic benefits of using liquefied natural gas rather than diesel for power generation; (xiii) sources of and anticipated financing requirements; (xiv) the completion, effectiveness or availability, as the case may require, of the other elements of the Financing Transactions and the use of proceeds therefrom; and (xv) the impact of the Financing Transactions on the Corporation's operations, infrastructure, opportunities, financial condition, access to capital and overall strategy.. 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", "schedule" 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 by Stornoway or its consultants and other important factors that, if untrue, could cause the actual results, performances or achievements of Stornoway to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business prospects and strategies and the environment in which Stornoway will operate in the future, including the price of diamonds, anticipated costs and Stornoway's ability to achieve its goals, anticipated financial performance, regulatory developments, development plans, exploration, development and mining activities and commitments. Although management considers its assumptions on such matters to be reasonable based on information currently available to it, they may prove to be incorrect. Certain important assumptions by Stornoway in making 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) the assumption that a production decision will be made, and that decision will be positive; (v) anticipated timelines for the commencement of mine production; (vi) market prices for rough diamonds and the potential impact on the Renard Diamond Project; (vii) Stornoway's ability to consummate the Financing Transactions to enable it finance the development and construction of the Renard Diamond Project; (viii) Stornoway's interpretation of the geological drill data collected and its potential impact on stated Mineral Resources and mine life, and (ix) future exploration plans and objectives. Additional risks are described in Stornoway's most recently filed Annual Information Form, annual and interim MD&A, and other disclosure documents available under the Corporation's profile at: www.sedar.com.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important risk factors could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions and intentions expressed in such forward-looking statements.

These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, including the assumption in many forward-looking statements that other forward-looking statements will be correct, but specifically include, without limitation, (i) risks relating to variations in the grade, kimberlite lithologies and country rock content within the material identified as mineral resources from that predicted; (ii) variations in rates of recovery and breakage; (iii) the uncertainty as to whether further exploration of exploration targets will result in the targets being delineated as mineral resources; (iv) developments in world diamond markets; (v) slower increases in diamond valuations than assumed; (vi) risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar; (vii) increases in the costs of proposed capital and operating expenditures; (viii) increases in financing costs or adverse changes to the terms of available financing if any; (ix) tax rates or royalties being greater than assumed; (x) uncertainty of results of exploration in areas of potential expansion of resources; (xi) changes in development or mining plans due to changes in other factors or exploration results; (xii) changes in project parameters as plans continue to be refined; (xiii) risks relating to the receipt of regulatory approvals or the implementation of the existing Impact and Benefits Agreement with aboriginal communities; (xiv) the effects of competition in the markets in which Stornoway operates; (xv) operational and infrastructure risks; (xvi) timeframe and potential benefits relating to the issuance of an updated Mineral Resource Estimate in 2015; (xvii) failure to receive regulatory approvals (including stock exchange), or other approvals or otherwise satisfy the conditions to the completion, effectiveness or availability, as the case may require, of each of the elements of the Financing Transactions; (xviii) the funds of some of the elements of the Agreement not being available to the Corporation; (xix) future sales or issuances of Common Shares lowering the Common Share price and diluting the interest of existing shareholders; (xx) Stornoway being unable to meet its diamond delivery obligations under the Streaming Agreement, and (xxi) the additional risks described in Stornoway's most recently filed Annual Information Form, annual and interim MD&A and Stornoway's anticipation of and success in managing the foregoing risks. Stornoway cautions that the foregoing list of factors that may affect future results is not exhaustive, and new, unforeseeable risks may arise from time to time.

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