EXECUTION COPY

FIRST AMENDMENT TO ACQUISITION AND EXCHANGE AGREEMENT

Made as of February 8, 2011.

BETWEEN: **DIAQUEM INC.**, a company governed by Part 1A of the *Companies Act* (Quebec), with a place of business at 600 De La Gauchetière Street West, Suite 1500, Montréal, Quebec, H3B 4L8

("**Diaquem**")

AND: **STORNOWAY DIAMOND CORPORATION**, a company governed by the *Business Corporations Act* (British Columbia), with a place of business at 116 – 980 West 1st Street, North Vancouver, British Columbia, V7P 3N4

("**Stornoway**")

RECITALS

A. Diaquem and Stornoway entered into an acquisition and exchange agreement dated December 14, 2010 (the "**Acquisition and Exchange Agreement**");

B. The Meeting is scheduled to take place on February 10, 2011 and, assuming satisfaction or waiver of the conditions set forth in Article VII of the Acquisition and Exchange Agreement, and filing of the Notice of Alteration as contemplated in Section 4.5 thereof, the Closing Date would be February 17, 2011; and

C. The Parties have agreed to defer the Closing Date to April 1, 2011, and, as a consequence thereof, have agreed to amend the Acquisition and Exchange Agreement in the manner set forth herein.

NOW THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I – DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms used in this Amendment and defined in the Acquisition and Exchange Agreement shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Acquisition and Exchange Agreement.

ARTICLE II –
AMENDMENTS

2.1 Additional Definitions

The Parties agree to amend Section 1.1 of the Acquisition and Exchange Agreement by inserting the following additional definitions in the appropriate alphabetical order position:

> ""**Closing Condition Representations and Warranties**" means the representations and warranties of Stornoway set out as paragraphs 1, 15, 16, 17, 18, 20, 21, 23, 24, 25, 26 and 29 of Schedule B to this Agreement;"
>
> "**Original Closing Date**" means the fifth (5^{th}) Business Day after the satisfaction of the condition set forth in Section 7.1(a) provided that (i) the conditions set forth in Section 7.1(b) and 7.3(d) shall have then been satisfied, (ii) none of the circumstances referred to in Sections 7.1(f), (g), (h) or (j) or Section 7.3(a) shall have occurred or exist and (iii) the conditions in Sections 7.3(b) and (c) (but with references therein to the "Closing Date" being instead references to such fifth (5^{th}) Business Day) shall have been met including the delivery by Stornoway to SGF of the certificates referred to in such sections;"

2.2 Amendments to Issuance of Equity Consideration

The Parties agree to amend paragraph (a) of Section 3.4 of the Acquisition and Exchange Agreement by:

> (a) deleting the phrase "25% of the issued and outstanding Stornoway Common Shares" in item (i) of such paragraph and replacing such phrase with "such number of Stornoway Common Shares as would have constituted 25% of the issued and outstanding Stornoway Common Shares at the Original Closing Date"; and
>
> (b) deleting the phrase "37% of the issued and outstanding Stornoway Common Shares" in item (ii) of such paragraph and replacing such phrase with "such number of Stornoway Common Shares as would have constituted 37% of the issued and outstanding Stornoway Common Shares as at the Original Closing Date."

2.3 Amendment to Filing of Notice of Alteration and Closing Date

The Parties agree to replace paragraph (a) of Section 4.5 of the Acquisition and Exchange Agreement in its entirety by the following:

"(a) At any time after the satisfaction or, where not prohibited and subject to applicable Law, the waiver of the conditions set forth in Article VII by the applicable Party for whose benefit such conditions exist (excluding conditions that, by their terms, cannot be satisfied until the Closing Date, but subject to the satisfaction or, where not prohibited, the waiver of those conditions as of the Closing Date by the applicable Party for whose benefit such conditions exist), but in any event at least two (2) Business Days prior to Closing, the Notice of Alteration shall be filed by Stornoway with the Registrar. The "**Closing Date**" shall be April 1, 2011 or such other date as may be agreed upon by the Parties, on which date the transactions contemplated under this Agreement shall be completed as provided herein and by applicable Law, including the Corporations Act. The Closing shall take place at 10:00 a.m. (Montréal time) on the Closing Date at the offices of Ogilvy Renault LLP in Montréal, Quebec, or at such other time or location as may be agreed upon by the Parties."

2.4 Further Guidance Regarding Survival of Representations

The Parties agree to amend Section 5.3 of the Acquisition and Exchange Agreement by adding the following as a second paragraph in such section:

"For greater certainty, and without limiting the generality of the foregoing paragraph of this section, Stornoway acknowledges and agrees that liability for any inaccuracy in any of the representations and warranties of Stornoway, and not merely the Closing Condition Representations and Warranties, will survive Closing as provided in such paragraph."

2.5 Amendments to Covenants of the Parties

The Parties agree to amend Section 6.2 of the Acquisition and Exchange Agreement by replacing paragraph (d) in its entirety by the following:

"(d) not enter into any transaction or perform any act which would: (i) interfere or be inconsistent with the successful completion of the Transaction; (ii) render incorrect any of the Closing Condition Representations and Warranties if such Closing Condition Representations and Warranties were made at a date subsequent to such transaction or action and all references to the date hereof were to such later date; (iii) adversely affect Stornoway's ability to perform and comply with its covenants and agreements under this Agreement; or (iv) in respect of any such transaction or act entered into or performed prior to the Original Closing Date, render incorrect any of its representations and warranties set forth in this Agreement, other than the Closing Condition Representations and Warranties, if such representations and warranties were made at a date subsequent to such transaction or action and all references to the date hereof were to such later date; and"

2.6 Amendments to Mutual Covenants

The Parties agree to replace paragraph (a) of Section 6.3 of the Acquisition and Exchange Agreement in its entirety by the following:

> "(a) The Parties covenant and agree that they shall, except as otherwise contemplated in this Agreement:
>
> (i) in the case of Stornoway, (A) take all action within its control up to the Closing Date or the date this Agreement is earlier terminated to ensure that the Closing Condition Representations and Warranties remain true and correct in all material respects as of the Closing Date as if such representations and warranties were made at and as of such date except to the extent such representations and warranties speak as of an earlier date and (B) take all action within its control up to the Original Closing Date or the date this Agreement is earlier terminated to ensure that all of its representations and warranties in this Agreement other than the Closing Condition Representations and Warranties remain true and correct in all material respects as of the Original Closing Date as if such representations and warranties were made at and as of such date except to the extent such representations and warranties speak as of an earlier date;
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> (ii) in the case of SGF and Diaquem, take all action within their control up to the Closing Date or the date this Agreement is earlier terminated to ensure that their representations and warranties in this Agreement remain true and correct in all material respects as of the Closing Date as if such representations and warranties were made at and as of such date except to the extent such representations and warranties speak as of an earlier date; and
>
> (iii) enter into the Investor Agreement, the Credit Support Agreement, the Royalty Agreement and the Termination Agreement as of the Closing Date."

2.7 Amendments to Conditions Precedent

(a) The Parties agree to replace paragraph (a) of Section 7.3 of the Acquisition and Exchange Agreement in its entirety by the following:

> "(a) Since the date hereof and until the Original Closing Date, there shall not have been or occurred a Material Adverse Change or Material Adverse Effect with respect to Stornoway;"

(b) The Parties agree to replace paragraph (c) of Section 7.3 of the Acquisition and Exchange Agreement in its entirety by the following:

> "(c) all representations and warranties of Stornoway set forth in this Agreement other than Closing Condition Representations and Warranties shall be true and correct in all material respects, as though made on and as of the Original Closing Date and all Closing Condition Representations and Warranties shall be true and correct in all material respects as though made on and as of the Closing Date (except for representations and warranties expressly stated to be made as of a specified date, the accuracy of which shall be determined as of that specified date and except for representations and warranties already qualified by materiality, which shall be true and correct in all respects), and SGF shall have received a certificate addressed to SGF and dated the Closing Date of a senior executive officer of Stornoway (on its behalf and without personal liability), confirming the same as at the Original Closing Date and the Closing Date, as applicable;"

ARTICLE III – GENERAL

3.1 Expenses

Each Party shall pay its own costs and outlays connected with the preparation, negotiation and execution of this Amendment.

3.2 Declaratory Provisions and Extent of Amendments

All notices, requests, certificates and other instruments executed and delivered once this Amendment has become effective may refer to the Acquisition and Exchange Agreement without making specific reference to this Amendment, but nevertheless any such reference shall include this Amendment unless the context requires otherwise.

This Amendment shall be construed in connection with and as forming an integral part of the Acquisition and Exchange Agreement. The parties hereto acknowledge and agree that the Acquisition and Exchange Agreement is amended only in the manner and to the extent set forth herein and that all other terms and conditions of the Acquisition and Exchange Agreement remain unamended and in full force and effect.

3.3 Counterparts

This Amendment may be executed in any number of separate counterparts (including by facsimile or other electronic means) and all such signed counterparts will together constitute one and the same agreement. To evidence its execution of an original counterpart of this Amendment, a party may send a copy of its original signature on the execution page hereof to the other parties by facsimile or other means of recorded electronic transmission and such transmission with an acknowledgement of receipt shall constitute delivery of an executed copy of this Amendment to the receiving party.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed the day and year first above written.

DIAQUEM INC.

Per: *(signed)*

Name: Richard Miner

Title: Pursuant to Power of Attorney

Per: *(signed)*

Name: Gary Litwack

Title: Pursuant to Power of Attorney

STORNOWAY DIAMOND CORPORATION

Per: *(signed)*

Name: Matthew L. Manson

Title: President & Chief Executive Officer

Per: *(signed)*

Name: Zara Boldt

Title: Vice-President, Finance and Chief Financial Officer

INTERVENTION AND ACKNOWLEDGEMENT

The undersigned, Société générale de financement du Québec, hereby intervenes to this First Amendment to Acquisition and Exchange Agreement (this "**Amendment**") to specifically acknowledge and accept the amendments set forth in this Amendment. The undersigned declares having read and understood this Amendment and being fully satisfied therewith.

Dated this 8th day of February, 2011

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

Per: *(signed)*

Name: Richard Miner

Title: Pursuant to Power of Attorney

Per: *(signed)*

Name: Gary Litwack

Title: Pursuant to Power of Attorney

The undersigned, Stornoway Diamonds (Canada) Inc., hereby intervenes to this First Amendment to Acquisition and Exchange Agreement (this "**Amendment**") to specifically acknowledge and accept the amendments set forth in this Amendment. The undersigned declares having read and understood this Amendment and being fully satisfied therewith.

Dated this 8th day of February, 2011

STORNOWAY DIAMONDS (CANADA) INC.

Per: *(signed)*

Name: Matthew L. Manson

Title: President

Per: *(signed)*

Name: Eira Thomas

Title: Director