

TSX: SWY**SWY 11-25**
December 28, 2011Unit 116-980 West 1st Street
North Vancouver BC Canada V7P 3N4
Tel: 604-983-7750 Fax: 604-987-7107**STORNOWAY ANNOUNCES FILING OF THE RENARD ENVIRONMENTAL AND SOCIAL
IMPACT ASSESSMENT**

Stornoway Diamond Corporation (TSX-SWY) is pleased to announce the completion and filing of an Environmental and Social Impact Assessment (ESIA) for the Renard Diamond Project located in North Central Québec. The submission of the ESIA, which was authored by Roche Ltd., is an important milestone in the permitting of the project. It follows upon the completion of a positive Feasibility Study for Renard in mid-November, and the release of a Certificate of Authorization for the Route 167 Extension highway development project by the *Ministère du Développement durable, de l'Environnement et des Parcs of Québec* (the "MDDEP") in early December.

Matt Manson, Stornoway's President and CEO, commented: "The Renard ESIA is a comprehensive document that incorporates many years of social and environmental baseline study and stakeholder consultations within the communities of Mistissini, Chibougamau and Chapais. In particular, it has benefitted from the participation of individual community members in the Renard Environmental Exchange Group which has met regularly throughout 2011 in the Cree community of Mistissini. The Renard ESIA describes a small-footprint project with modest impacts on local land, water and air quality, all of which are well within existing Quebec and federal standards. At the same time, the project offers substantial economic benefits in the form of long term employment and business opportunities across the James Bay region of Québec."

The Renard Diamond Project falls under the environmental protection regimes of the James Bay and Northern Québec Agreement (the "JBNQA") and the Canadian Environmental Assessment Act. The purpose of the Renard ESIA is to allow the relevant Quebec and federal regulators to properly assess the impact of the project and to seek input from local stakeholders on the proposed development. In this context, the Renard ESIA has been filed with both the MDDEP and the Canadian Environmental Assessment Agency (the "CEAA"). Subject to a schedule to be established by the Review Committee of the JBNQA ("COMEX") and the CEAA, it is currently expected that public hearings will be held in the first half of 2012 and, upon the satisfaction of all regulatory requirements, the project will be eligible for the receipt of Québec and federal Certificates of Authorization by the middle of 2012. Once the provincial and federal administrators have issued authorizations for project development, final mine permits will be sought from the MDDEP, the *Ministère des Ressources Naturelles et de la Faune*, and all relevant federal authorities.

The Feasibility Study for the Renard Diamond Project that was released on November 16th 2011 contemplates an 11 year mine life based on an initial National Instrument ("NI") 43-101 compliant Mineral Reserve of 18 million carats (23.0 mtonnes at an average grade of 78 carats per hundred tonnes). Stornoway has also developed a Long Term Business Plan ("LTBP") based on the project's total Indicated and Inferred Mineral Resources to a depth of 700m, all of which are within the scope of the Feasibility Study mine infrastructure. The LTBP contemplates a longer mine life, and an increased production rate within the scope of the process plant's design parameters. In accordance with NI 43-101, the project's Inferred Mineral Resources are not included in the Feasibility Study economic analysis. However, in order to allow a proper assessment of the project's full environmental and social impact, the Renard ESIA is based upon the extended mine plan contained within the LTBP, which thus forms part of the project's public disclosure under applicable federal and provincial legislation. A copy of the ESIA will be available on the Stornoway website at <http://stornowaydiamonds.com/renard/esia>.

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. In November 2011, Stornoway released the results of a Feasibility Study for Renard that highlighted the potential of the project to become a significant producer of high value rough diamonds over a long mine life. Current NI 43-101 compliant Probable Mineral Reserves stand at 18.0 million carats, with a further 17.5 million carats classified as Inferred Mineral Resources and 23.5 to 48.5 million carats classified as non-resource exploration upside, as detailed in Stornoway's press release dated November 16th, 2011 (the "FS press release"). All kimberlites remain open at depth. Pre-production capital cost stands at C\$802 million, with a life of mine operating cost of C\$54.71/tonne giving a 68% operating margin over an initial 11 year mine life. Production start-up is scheduled for 2015. In addition to the FS press release, readers are referred to Stornoway's company profile on Sedar (www.sedar.com) for further details and assumptions relating to the Renard Diamond Project. A technical report for the Feasibility Study announced on November 16th will be filed with regulatory authorities and made available on Sedar on or before December 31, 2011.

About Stornoway Diamond Corporation

Stornoway is a leading Canadian diamond exploration and development company listed on the Toronto Stock Exchange under the symbol SWY. Our flagship asset is the 100% owned Renard Diamond Project, on track to becoming Québec's first diamond mine. Stornoway also maintains an active diamond exploration program with both advanced and grassroots programs in the most prospective regions of Canada. 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 CORPORATION

/s/ "Matt Manson"

Matt Manson

President and Chief Executive Officer

For more information, please contact Matt Manson (President and CEO) at 416-304-1026 or Nick Thomas (Manager Investor Relations) at 604-983-7754, toll free at 1-877-331-2232

Pour plus d'information, veuillez contacter M. Ghislain Poirier, Vice-président Affaires publiques de Stornoway au 418-780-3938, gpoirier@stornowaydiamonds.com

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This press release 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 press release 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 capital costs, operating costs and other cost metrics set out in the Feasibility Study; (v) assumptions relating to gross revenues, operating cash flow and other revenue metrics set out in the Feasibility Study; (vi) assumptions relating to recovered grade, average ore recovery and other mining parameters set out in the Feasibility Study; (vii) mine expansion potential and expected mine life; (viii) expected time frames for completion of permitting and regulatory approvals and making a production decision; (ix) future exploration plans; (x) future market prices for rough diamonds; and (xi) 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 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 strategies and the environment in which Stornoway will operate in the future, including the price of diamonds, anticipated costs and ability to achieve 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) estimated completion date for the Environmental and Social Impact Assessment; (ii) required capital investment and estimated workforce requirements; (iii) estimates of net present value and internal rates of return; (iv) receipt of regulatory approvals on acceptable terms within commonly experienced time frames; (v) the assumption that a production decision will be made, and that decision will be positive; (vi) anticipated timelines for the commencement of mine production; (vii) anticipated timelines related to the Route 167 extension and the impact on the development schedule at Renard; (viii) anticipated timelines for community consultations and the conclusion of an Impact and Benefits Agreement; (ix) market prices for rough diamonds and the potential impact on the Renard Project's value; and (x) future exploration plans and objectives.

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 greater uncertainty of exploration targets; (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) 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 of Stornoway; (xii) changes in project parameters as plans continue to be refined; (xiii) risks relating to receipt of regulatory approvals or the conclusion of an Impact and Benefits Agreement with aboriginal communities; (xiv) the effects of competition in the markets in which Stornoway operates; (xv) operational and infrastructure risks; and (xvi) 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.

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.