

NEWS RELEASE

TSX: DIAM

November 12, 2020

Saskatoon, Saskatchewan

STAR DIAMOND CORPORATION ANNOUNCES THIRD QUARTER 2020 RESULTS

Star Diamond Corporation (the “Company” or “Star Diamond”) reports that the unaudited results of its operations for the three and nine months ended September 30, 2020 will be filed today on SEDAR and may be viewed at www.sedar.com once posted. A summary of key financial and operating results for the quarter ended September 30, 2020 is as follows:

Highlights

- Announced that Rio Tinto Exploration Canada Inc. (“Rio Tinto Canada”), a wholly-owned subsidiary of Rio Tinto plc, continued processing of bulk samples from Rio Tinto Canada’s 10 trench cutter hole program conducted in 2019 on the Company’s 100% held Star and Orion South Kimberlites (the “Star - Orion South Diamond Project”, or the “Project”)
- Announced that, as part of the legal proceedings against Rio Tinto Canada related to its purported exercise in November 2019 of its four options under the Option to Joint Venture Agreement dated June 22, 2017 (the “Option Agreement”), Rio Tinto Canada will be prohibited from calling and/or conducting any meeting of the management committee under the Rio Tinto Canada /Star Diamond joint venture agreement (the “JV Agreement”) for a period of 120 days following Rio Tinto Canada completing the processing, diamond recovery and reporting of all diamond results on the samples previously taken from the 10 cutter holes completed during 2019
- Working capital of \$5.0 million at September 30, 2020
- Issued and outstanding shares of 432.8 million at September 30, 2020

Overview

Star Diamond Corporation is a Canadian natural resource company focused on exploring and developing Saskatchewan's diamond resources. In June 2017, the Company announced that it had acquired from Newmont Corporation all of its participating interest in the Fort à la Corne joint venture (the "FaLC JV"), resulting in the Company owning 100% of the Fort à la Corne mineral properties (including the Project), and concurrently entered into the Option Agreement with Rio Tinto Canada pursuant to which the Company granted to Rio Tinto Canada an option to earn up to a 60% interest in the Company’s Fort à la Corne mineral properties (including the Project) on the terms and conditions contained in the Option Agreement (see News Release dated June 23, 2017).

Activities relating to the Star - Orion South Diamond Project

During the second quarter of 2020, the Company announced that Rio Tinto Canada had commenced the processing of bulk samples from Rio Tinto Canada’s trench cutter program on the Star Kimberlite (see News Release dated April 23, 2020). The mineral concentrates produced by the on-site bulk sample plant (the “BSP”) are being shipped by Rio Tinto Canada to an off-site facility for final diamond recovery and reporting of such recovery to Star Diamond and Rio Tinto Canada.

To date, kimberlite material from nine trenches (19FALCT001, 19FALCT004, 19FALCT003, 19FALCT010, 19FALCT008, 19FALCT009, 19FALCT005, 19FALCT002 and 19FALCT007) has been processed by Rio Tinto Canada through the BSP. The preliminary results from the first four bulk sample trenches have been previously disclosed by Star Diamond (see News Releases dated August 4, 2020, August 20, 2020, September 21, 2020 and October 14, 2020).

The average diamond grades from the initial results of these first four trenches are similar to historical diamond grade results from the underground bulk sampling and large diameter drilling (“LDD”) completed on the Star

Kimberlite between 2004 and 2009. These results are also similar to the overall weighted average grade reported in the Project's independent Preliminary Economic Assessment (the "PEA"). However, as previously disclosed by Star Diamond, the Company believes that Rio Tinto Canada's extraction and diamond recovery methodologies, including its use of unproven civil engineering trenching technologies to conduct bulk sampling of Kimberlite, is causing undue diamond breakage, resulting in significant unnecessary cost overruns and materially damaging Star Diamond's interest in the Project. Comprehensive diamond breakage studies are required to assess the nature, extent and potential causes of the diamond breakage, and the possibility that larger diamonds would have been recovered absent such breakage.

Litigation Update

In November 2019, Star Diamond received notice from Rio Tinto Canada advising that it was purporting to exercise all four of its options under the Option Agreement (see News Release dated November 15, 2019). In February 2020, the Company notified Rio Tinto Canada that its purported exercise of its four options under the Option Agreement did not comply with the terms of the Option Agreement (see News Release dated February 18, 2020). In March 2020, the Company announced that it had commenced legal proceedings (the "Legal Proceedings") in the Court of Queen's Bench for Saskatchewan against Rio Tinto Canada in relation to Rio Tinto Canada's purported exercise of its options under the Option Agreement (see News Release dated March 5, 2020).

As one step in the Legal Proceedings, the Company brought an interim injunction application seeking, among other things, to restrain Rio Tinto Canada from calling any meeting of the management committee under the JV Agreement until certain conditions were satisfied (see News Release dated June 2, 2020). Rio Tinto Canada agreed, as part of its response to the injunction application, that Rio Tinto Canada would not call and/or conduct any meeting of the management committee under the JV Agreement for a period of 120 days following Rio Tinto Canada completing the processing, diamond recovery and reporting of all diamond results on the samples previously taken from the 10 cutter holes completed on the Star Kimberlite by Rio Tinto Canada during 2019. Relying on Rio Tinto Canada's commitment during the hearing of the injunction application that this represented an undertaking of Rio Tinto Canada to the Court, the Court ultimately determined, after taking account of the balance of convenience between Star Diamond and Rio Tinto Canada, that an interim injunction would not be granted, which would have extended the prohibition on Rio Tinto Canada calling and/or conducting a meeting of the management committee until a further five cutter holes on the Orion South Kimberlite were drilled and fully reported on, as had been requested by Star Diamond. In the result, Rio Tinto Canada will be prohibited from calling and/or conducting any meeting of the management committee under the JV Agreement for a period of 120 days following Rio Tinto Canada completing the processing, diamond recovery and reporting of all diamond results on the samples previously taken from the 10 cutter holes completed during 2019 (see News Release dated August 11, 2020).

Star Diamond continues to vigorously pursue the Legal Proceedings, and is committed to taking all actions necessary to protect Star Diamond and its shareholders from the practices and conduct of Rio Tinto Canada including if necessary by seeking to remove Rio Tinto Canada from the Project. The Court has not yet established a timetable for the hearing on the merits in the Legal Proceedings or the various pre-trial steps that will precede it.

Quarterly results

For the quarter ended September 30, 2020, the Company recorded a net loss of \$1.7 million or \$0.00 per share (basic and fully diluted) compared to a net loss of \$0.8 million or \$0.00 per share for the same period in 2019. The losses during these quarters were due to operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest and other income earned on cash and cash equivalents.

Year to date results

For the nine months ended September 30, 2020, the Company recorded a net loss of \$4.2 million or \$0.01 per share compared to a net loss of \$3.2 million or \$0.01 per share for the same period in 2019. The loss during the

nine month periods ended September 30, 2020 and 2019 were primarily due to ongoing operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest and other income earned.

Selected financial highlights include:

Condensed Consolidated Statements of Financial Position	As at September 30, 2020	As at December 31, 2019
Current assets	\$ 5.3 M	\$ 8.0 M
Exploration and evaluation, capital and other assets	67.8 M	67.7 M
Current liabilities	0.3 M	0.3 M
Non-current liabilities	1.5 M	1.6 M
Shareholders' equity	71.3 M	73.8 M

Condensed Consolidated Statements of Loss	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Interest and other income	\$ 0.0 M	\$ 0.0 M	\$ 0.1 M	\$ 0.0 M
Expenses	1.8 M	0.8 M	4.5 M	3.2 M
Investment in Wescan Goldfields Inc.	0.1 M	0.0 M	0.2 M	0.0 M
Net loss for the period	1.7 M	0.8 M	4.2 M	3.2 M
Net loss per share for the period (basic and diluted)	0.00	0.00	0.01	0.01

Condensed Consolidated Statements of Cash Flows	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash flows from operating activities	\$ (3.7) M	\$ (2.2) M
Cash flows from investing activities	0.0 M	0.0 M
Cash flows from financing activities	1.0 M	2.7 M
Net increase (decrease) in cash	(2.7) M	0.5 M
Cash – beginning of period	7.9 M	2.8 M
Cash – end of period	5.2 M	3.3 M

Outlook

The provincial environmental approval of the Star - Orion South Diamond Project received in 2018, alongside the previous positive federal decision, marked a major milestone for the Project. In addition, the positive results of the PEA announced in 2018 show that the Project can be economically developed and operated while providing direct employment for hundreds of people throughout the construction phase and hundreds of people continuously over its estimated 38 year mine life.

The successful completion of the 2017 consolidation of the Company's Fort à la Corne mineral properties (including the Star - Orion South Diamond Project), and the concurrent earn-in arrangement with Rio Tinto Canada, defined the start of a new phase for the Company. There are some 60 other kimberlites within the Company's Fort à la Corne diamond district, on mineral dispositions held 100 percent by the Company. The Company is also very pleased to continue to have Newmont Corporation as a significant shareholder.

As of November 12, 2020, the Company had approximately \$4.6 million in cash and cash equivalents (excluding \$0.6 million in restricted cash). A portion of the Company's cash and cash equivalents will be used for programs (including remaining flow-through commitments) to further assess, evaluate and advance certain aspects of the Company's mineral properties, as well as for general corporate matters.

About Star Diamond Corporation

Shares of the Company trade on the TSX Exchange under the trading symbol "DIAM". The Fort à la Corne kimberlites (including the Star - Orion South Diamond Project) are located in central Saskatchewan in close proximity to established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future mine development.

During 2018, the Company announced the positive results of the PEA on the Project. The PEA estimates that 66 million carats of diamonds could be recovered in a surface mine over a 38-year Project life, with a Net Present Value (7%) of \$2.0 billion after tax, an Internal Rate of Return of 19% and an after-tax payback period of 3.4 years after the commencement of diamond production (see News Release dated April 16, 2018).

During 2018, the Saskatchewan Ministry of Environment approved the Company's Star - Orion South Diamond Project (See News Release dated October 25, 2018). The Canadian Environmental Assessment Agency previously announced a positive Environmental Assessment Decision for the proposed Project by the federal Environment Minister (See News Release dated December 3, 2014).

Caution Regarding Forward-looking Statements

This news release contains forward-looking statements as defined by certain securities laws, including the "safe harbour" provisions of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project", "guidance", "may", "will", "should", "could", "estimate", "predict" or similar words suggesting future outcomes or language suggesting an outlook. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans constitute forward-looking statements. By their nature, statements referring to mineral reserves, mineral resources or the PEA constitute forward-looking statements. Forward-looking statements contained or implied in this news release include, but are not limited to, statements related to the Legal Proceedings commenced by the Company against Rio Tinto Canada; statements regarding the processing and analysis of, and reporting of results from, the bulk samples previously collected by Rio Tinto Canada and the timeline for doing so; statements related to diamond breakage; disclosure regarding the economics and project parameters presented in the PEA, including, without limitation, Internal Rate of Return, Net Present Value and other costs and economic information, carats of diamonds to be recovered, after-tax payback period, tonnes of kimberlite to be mined, carats per tonne to be recovered (grade), diamond prices, project life, life of mine, capital costs, and length of pre-production period; statements related to mineral resources and/or reserves; statements related to the approval of the development of the Star - Orion South Diamond Project; statements relating to future development of the Star - Orion South Diamond Project and associated timelines; statements with respect to environmental permitting and approvals; the Company's need for and intention to seek additional financing; statements with respect to metallurgical investigations, assessments and test work; and the potential proportion of Type IIa diamonds in the Star and Orion South kimberlites and the potential for the recovery of large high quality diamonds.

These forward-looking statements are based on the Company's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to, developments in world diamond markets, changes in diamond valuations, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of Rio Tinto Canada or the Company, the effects of competition in the markets in which the Company operates, risks related to the Legal Proceedings commenced by the Company against Rio Tinto Canada, the impact of the COVID-19 pandemic, risks related to the operation of the BSP and the processing methods being used by Rio Tinto Canada and the effectiveness thereof, risks related to diamond breakage and cost overruns and other consequences arising from Rio Tinto Canada's extraction and diamond recovery methodologies, risks related to the Company's need for additional financing and the Company's ability to raise that financing, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the additional risks described in the Company's most recently filed Annual Information Form, annual and interim MD&A, news releases and technical reports. The Company's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

Although the Company considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to it, those assumptions may prove to be incorrect. When making decisions with respect to the Company, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events. Unless required by applicable securities law, the Company does not undertake to update any forward-looking statement that is made herein.

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