

NEWS RELEASE

TSX: DIAM

May 11, 2021

Saskatoon, Saskatchewan

STAR DIAMOND CORPORATION ANNOUNCES FIRST QUARTER 2021 RESULTS

Star Diamond Corporation (“DIAM”, “Star Diamond” or the “Company”) reports that the unaudited results of its operations for the quarter ended March 31, 2021 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 three months ended March 31, 2021 is as follows:

Highlights

- Announced the initial results from the tenth and final trench cutter hole extracted by Rio Tinto Exploration Canada Inc. (“Rio Tinto Canada”) as part of its 2019 bulk sample program on the Company’s Star and Orion South Kimberlites (the “Star - Orion South Diamond Project”, or the “Project”)
- Announced Rio Tinto Canada’s confirmation to Star Diamond that the 2019 bulk sample program had met Rio Tinto Canada’s objective of improving confidence in the diamond grade of the Project
- Advanced the legal proceedings commenced by Star Diamond against Rio Tinto Canada arising out of the purported exercise in November 2019 by Rio Tinto Canada of its four options under the Option to Joint Venture Agreement dated June 22, 2017 (the “Option Agreement”)
- Announced a geotechnical drilling program by Rio Tinto Canada on the Orion North kimberlite cluster
- Working capital of \$4.8 million at March 31, 2021
- Issued and outstanding shares of 452.8 million at March 31, 2021

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, 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 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).

In November 2019, Star Diamond received notice from Rio Tinto Canada advising that Rio Tinto Canada 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 in the Court of Queen’s Bench for Saskatchewan (Judicial Centre of Saskatoon) (the “Court”) against Rio Tinto Canada (the “Legal Proceedings”) in relation to Rio Tinto Canada’s purported exercise of its options under the Option Agreement (see News Release dated March 5, 2020).

Activities relating to the Star - Orion South Diamond Project and Fort à la Corne mineral properties

During 2019, the Company announced that Rio Tinto Canada completed the drilling of ten bulk sample holes (trenches) on the Company’s Star Kimberlite using the Trench Cutter Sampling Rig. These ten trench cutter holes included a total of 2,351 metres of trench cutter drilling and intersected a total of 1,215.5 metres of kimberlite. Kimberlite was pumped to the surface and recovered using a Kimberlite Separation Unit, with samples loaded and stored in cubic metre bulk bags. As the on-site bulk sample plant (the “BSP”) was not constructed or

commissioned by Rio Tinto Canada prior to the completion of the ten trench cutter holes, Rio Tinto Canada established a storage area where 6,848 bulk sample bags were stored by Rio Tinto Canada on-site until the BSP was fully constructed and commissioned.

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 BSP were shipped by Rio Tinto Canada to an off-site facility for diamond recovery and reporting of such recovery to Star Diamond and Rio Tinto Canada.

The initial results from the ten trench cutter holes have now been reported by Star Diamond.

During February 2021, Rio Tinto Canada provided written notice to Star Diamond that Rio Tinto Canada had successfully completed the ten-trench cutter hole bulk sample program excavated by Rio Tinto Canada in 2019 at the Project (see News Release dated February 22, 2021). Rio Tinto Canada also confirmed to Star Diamond that this bulk sample program had met Rio Tinto Canada's objective of improving confidence in the diamond grade of the Project. As well, Rio Tinto Canada stated that it had completed the processing, diamond recovery and reporting of all diamond results on the ten trench cutter holes. In response, Star Diamond notified Rio Tinto Canada that completion of a comprehensive diamond breakage study and certain other work remains outstanding. Star Diamond also notified Rio Tinto Canada that, until the comprehensive diamond breakage study and that other work are completed, the processing, diamond recovery and reporting of all diamond results from the ten cutter hole bulk sample program will not be complete. Rio Tinto Canada has previously assured Star Diamond that a comprehensive diamond breakage study would be completed by Rio Tinto Canada as part of the bulk sample program.

The initial results from the ten reported trenches continue to validate the grades outlined in the Company's independent Preliminary Economic Assessment ("PEA") that was based upon Star Diamond's own prior underground bulk sampling and large diameter drilling programs. The recovery of larger diamonds from Rio Tinto Canada's bulk sample program, including larger Type Ila diamonds, also continues to strengthen the expectation for recovery of large, high value diamonds in a future producing diamond mine. 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, caused undue diamond breakage, resulted in significant unnecessary cost overruns and materially damaged 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.

During the first quarter of 2021, the Company announced that Rio Tinto Canada commenced an eight-hole geotechnical drilling program on and in proximity to the Orion North Kimberlite in early January 2021 (see News Release dated January 19, 2021). The drill rigs utilized were capable of sonic drilling to obtain representative samples of the glacial overburden and core drilling for the underlying kimberlite or host rock sediments. Star Diamond has been advised that the aim of this drilling is to investigate the geotechnical properties of the overburden, kimberlite and host rock sediments, with this information to be used for future open pit design. Parts of the Orion North Kimberlite have shallower overburden (of approximately 95 metres) than both the Star and Orion South Kimberlite.

On January 21, 2021, the Company completed a non flow-through private placement financing whereby approximately 13.33 million non flow-through Units were issued for proceeds of \$2.0 million (see News Release dated January 21, 2021). Each Unit was comprised of one common share and one warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of \$0.25, for a period of twenty-four months from closing of the applicable private placement.

Activities relating to the Legal Proceedings

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.

Pleadings in the Legal Proceedings have been completed, with Star Diamond's delivery of its Second Amended Statement of Claim in December 2020, Rio Tinto Canada's delivery of its Second Amended Statement of Defence and Counterclaim in December 2020, and Star Diamond's delivery of its Reply and Defence to the Counterclaim in January 2021.

During March 2021, Rio Tinto Canada and Star Diamond each delivered their respective affidavits of documents to the other. Star Diamond expects that the parties will agree to a timetable for the completion of the other principal pre-trial steps, including oral questioning and the exchange of expert reports, which Star Diamond hopes will be completed during 2021. Once the pre-trial steps are completed, Star Diamond expects that the Court will schedule a pre-trial conference and set a date for trial. Star Diamond does not expect that the trial will occur in 2021.

As previously disclosed by Star Diamond, Rio Tinto Canada provided an undertaking (the "Undertaking") to the Court, which was referred to in an August 10, 2020 decision of the Court in connection with the Legal Proceedings. The Undertaking is binding on Rio Tinto Canada.

As the Undertaking is described by the Court in its August 10, 2020 decision, Rio Tinto Canada agreed that it would not call and/or conduct any meeting of the management committee under the joint venture agreement (the "Joint Venture Agreement") between Star Diamond and Rio Tinto Canada 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 ten bulk sample trenches excavated by Rio Tinto Canada in 2019.

Consistent with the Undertaking, Star Diamond has advised Rio Tinto Canada that, until all processing, diamond recovery and reporting of all diamond results from the ten cutter hole bulk sample program is completed, including the comprehensive diamond breakage study, the 120-day period under the Undertaking cannot begin to run. Notwithstanding that the comprehensive diamond breakage study has not been completed, Rio Tinto Canada advised Star Diamond on February 8, 2021 that the 120-day period commenced on that date, and that Rio Tinto Canada intends to call a management committee meeting under the Joint Venture Agreement once the 120-day period has elapsed. Rio Tinto Canada claims the completion of the comprehensive diamond breakage study that it previously said would be undertaken is not required by the Undertaking it has given.

Star Diamond has sought an Order of the Court in respect of the Undertaking, and a hearing in respect of this issue is scheduled for June 4, 2021.

Year to Date Results

For the quarter ended March 31, 2021, the Company recorded a net loss of \$1.1 million or \$0.00 per share (basic and fully diluted) compared to a net loss of \$1.0 million or \$0.00 per share for the same period in 2020. The losses during these quarters 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 March 31, 2021	As at December 31, 2020
Current assets	\$ 5.4 M	\$ 5.0 M
Exploration and evaluation, capital and other assets	67.9 M	67.6 M
Current liabilities	0.6 M	1.0 M
Non-current liabilities	1.2 M	1.2 M
Shareholders' equity	71.5 M	70.4 M

Consolidated Statements of Income (Loss)	Quarter Ended March 31, 2021	Quarter Ended March 31, 2020
Interest and other income	\$ 0.0 M	\$ 0.0 M
Expenses	1.4 M	1.1 M
Investment in Wescan Goldfields Inc.	0.3 M	0.1 M
Net loss for the period	1.1 M	1.0 M
Net loss per share for the period (basic and diluted)	0.00	0.00

Condensed Consolidated Statements of Cash Flows	Quarter Ended March 31, 2021	Quarter Ended March 31, 2020
Cash flows from operating activities	\$ (1.6) M	\$ (1.1) M
Cash flows from investing activities	0.0 M	0.0 M
Cash flows from financing activities	1.9 M	0.1 M
Net increase (decrease) in cash	0.3 M	(1.0) M
Cash – beginning of period	4.8 M	8.0 M
Cash – end of period	5.1 M	7.0 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 2018 independent PEA 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 May 11, 2021, the Company had approximately \$4.8 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.

Notwithstanding the work that has been and continues to be undertaken by Rio Tinto Canada in relation to the Project, and prior statements made by Rio Tinto Canada and its affiliates in relation to the Project including as referred to above, there can be no assurance that Rio Tinto Canada will seek to further invest in the Project or seek to develop the Project into an operating mine, nor regarding what further studies, analyses, criteria or conditions Rio Tinto Canada may consider relevant to its assessment of whether to do so.

About Star Diamond Corporation

Star Diamond Corporation is a Canadian based corporation engaged in the acquisition, exploration and development of mineral properties. Shares of the Company trade on the TSX 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 independent Preliminary Economic Assessment ("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 ("NPV") (7%) of \$2.0 billion after tax, an Internal Rate of Return ("IRR") 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 and other actions to complete the processing, diamond recovery and reporting of all diamond results on the samples previously taken from the ten bulk sample trenches excavated by Rio Tinto Canada in 2019; statements related to Star Diamond's intention to enforce the Undertaking; 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 including diamond breakage studies; 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 nature and outcome of studies, analyses, criteria or conditions that Rio Tinto Canada may consider relevant to its assessment of whether to seek to further invest in the Project or seek to develop the Project into an operating mine, the effects of competition in the markets in which the Company operates, risks related to the Legal Proceedings including regarding the counterclaim of Rio Tinto Canada against the Company and any future legal proceedings to enforce the Undertaking, 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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