

NEWS RELEASE

TSX: DIAM

March 29, 2022

Saskatoon, Saskatchewan

STAR DIAMOND CORPORATION ANNOUNCES 2021 YEAR END RESULTS

Star Diamond Corporation (“DIAM”, “Star Diamond” or the “Company”) reports that the audited results of its operations for the year ended December 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 is as follows:

Highlights

- Announced binding agreements and revised arrangements with Rio Tinto Exploration Canada Inc. (“Rio Tinto Canada”) that comprehensively resolve all disputes

Overview

Star Diamond Corporation is a Canadian natural resource company focused on exploring and developing Saskatchewan's diamond resources. As a result of the December 2021 agreements (as discussed below), the Company is now in an enhanced position for the advancement of the Star - Orion South Diamond Project (“Project”) and other kimberlite bodies in the Fort à la Corne diamond district.

Fort à la Corne mineral properties (including the Project) Agreements with Rio Tinto Canada

In December 2021, the Company entered into binding agreements with Rio Tinto Canada that comprehensively resolved all disputes between them (see News Release and related filings dated December 9, 2021). As part of these agreements, Star Diamond and Rio Tinto Canada agreed to revised arrangements. Under these new arrangements:

- All expenditures on the Fort à la Corne properties prior to December 31, 2021 are the sole responsibility of Rio Tinto Canada;
- All expenditures incurred between January 1, 2022 and the public announcement of a decision to develop a diamond mining operation, based upon the completion of a positive feasibility study, will initially be advanced by Rio Tinto Canada. Star Diamond is not required to begin reimbursing Rio Tinto Canada for Star Diamond’s share of these expenditures unless and until commercial production has been achieved. As a result, Star Diamond is under no obligation to contribute additional investment to the project until a decision to develop the mine is made and publicly announced;
- Once the decision to develop the mine has been announced, Star Diamond will have six months to begin contributing Star Diamond’s share of the capital costs and expenditures required to build the mine; and
- In exchange for these amendments, the participating interests of Rio Tinto Canada and Star Diamond in the joint venture agreement were adjusted to 75% for Rio Tinto Canada and 25% for Star Diamond (from 60% and 40%, respectively, as per the previous Option Agreement).

These arrangements are intended to ensure that key project milestones, and the certainty associated with them, will have been achieved before Star Diamond has to contribute any additional capital.

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. 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 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 results reported from the ten trench cutter holes were reported by Star Diamond in 2020 and 2021. The results reported from these ten reported trenches continue to validate the grades outlined in the independent Preliminary Economic Assessment (the "PEA") which 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.

During February 2021, Rio Tinto Canada provided written notice to Star Diamond that Rio Tinto Canada had successfully completed its ten-trench cutter hole bulk sample program (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.

During the first quarter of 2021, the Company announced that Rio Tinto Canada had commenced an eight-hole geotechnical drilling program on and in proximity to the Orion North Kimberlite (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 was advised that the aim of this drilling was to investigate the geotechnical properties of the overburden, kimberlite and host rock sediments, with this information to be used for open pit design. Parts of the Orion North Kimberlite have shallower overburden than the Star and Orion South Kimberlites.

Rio Tinto Canada has indicated to the Company that a number of desktop studies have been undertaken to evaluate the mineability and economic viability of the Project (see News Release dated February 17, 2022). Star Diamond recently received presentations from both Rio Tinto Canada and Rio Tinto personnel concerning data analysis and exploration activities that have been underway by Rio Tinto Canada over the last two years (see News Release dated March 9, 2022). Topics of interest covered during these technical meetings included: 1) Star Kimberlite trench cutter bulk sampling program results, 2) Diamond size and quality analysis, 3) 'Orbit' project update, 4) Mineability study, 5) Geological model and resource update, 6) Community and stakeholder engagement, 7) Environmental and permitting and, 8) Green energy and carbon mineralization.

Rio Tinto Canada has informed Star Diamond that it intends to submit an additional program and budget to the "FalCon Project Joint Venture Management Committee" of the Fort à la Corne project (the "JVMC") for the period commencing May 31, 2022. Star Diamond will be reviewing materials relating to these topic areas with Rio Tinto Canada as the Company collaborates on 2022 programs and the budget to be approved by the JVMC.

Star Diamond, in concert with a number of external consultants, is also in the process of completing a diamond breakage study.

Year to Date Results

For the year ended December 31, 2021, the Company recorded a net loss of \$7.7 million or \$0.02 per share (basic and fully diluted) compared to a net loss of \$6.1 million or \$0.01 per share in 2020. The losses during 2021 and 2020 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:

	As at December 31, 2021	As at December 31, 2020
Condensed Consolidated Statements of Financial Position		
Current assets	\$ 1.5 M	\$ 5.0 M
Exploration and evaluation, capital and other assets	67.9 M	67.6 M
Current liabilities	3.1 M	1.0 M
Non-current liabilities	1.1 M	1.2 M
Shareholders' equity	65.2 M	70.4 M

	Year Ended December 31, 2021	Year Ended December 31, 2020
Consolidated Statements of Income (Loss)		
Interest and other income	\$ 0.0 M	\$ 0.1 M
Expenses	8.0 M	6.1 M
Loss before undernoted items	8.0 M	6.0 M
Investment in Wescan Goldfields Inc.	0.3 M	0.1 M
Contingent consideration	0.0 M	(0.2) M
Net loss for the period	7.7 M	6.1 M
Net loss per share for the period (basic and diluted)	0.02	0.01

	Year Ended December 31, 2021	Year Ended December 31, 2020
Condensed Consolidated Statements of Cash Flows		
Cash flows from operating activities	\$ (5.4) M	\$ (4.7) M
Cash flows from investing activities	(0.0) M	(0.0) M
Cash flows from financing activities	1.9 M	1.6 M
Net increase (decrease) in cash	(3.5) M	(3.1) M
Cash – beginning of period	4.8 M	7.9 M
Cash – end of period	1.3 M	4.8 M

Outlook

The provincial environmental approval of the 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 Fort à la Corne mineral properties (including the Project) and the amended Fort à la Corne joint venture agreement that was announced in December 2021 defines a new phase for the Company. Under the amended Fort à la Corne joint venture agreement, expenditures incurred at the Fort à la Corne properties ("carried interest costs") from and after January 1, 2022 are to be 100% advanced by Rio Tinto Canada in the first instance until, among other things: (a) the completion of a feasibility study demonstrating that extraction of diamonds is reasonably justified (economically mineable) and that contemplates the construction and operation of a diamond mining operation having certain minimum requirements; (b) a positive decision has been made to develop such mine; (c) a development program and budget for the construction of such mine has been approved; and (d) public disclosure has been made of the decision to develop such mine. Star Diamond will have no obligation to fund or contribute to carried interest costs until the commencement of commercial production, which will not occur until after the completion of construction of the diamond mine with it generally operating at certain specified thresholds for 90 days. Once a decision to develop the mine has been made and publicly announced, Star Diamond will have six months before it is required to begin contributing to its share of capital costs and expenditures incurred for construction of the mine. As part of the December 2021 amendments, the respective participating interests of Rio Tinto Canada and Star Diamond were adjusted to 75% for Rio Tinto Canada and 25% for Star Diamond.

As of March 29, 2022, the Company had approximately \$1.3 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.

The Company recently announced that it intends to raise up to \$5 million by way of a non-brokered private placement of units of the Company (collectively, the "Units") at a price of \$0.30 per Unit (the "Offering") (see News Release dated March 16, 2022). Each Unit will consist of one common share in the capital of the Company (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.40 for a period of 24 months from the date of issuance.

About Star Diamond Corporation

Star Diamond Corporation is a Canadian based corporation engaged in the acquisition, exploration and development of mineral properties. Shares of Star Diamond trade on the Toronto Stock Exchange under the trading symbol "DIAM". Star Diamond holds, through a joint venture arrangement with Rio Tinto Canada (a wholly-owned subsidiary of Rio Tinto), a 25% interest in certain Fort à la Corne kimberlites (including the Star – Orion South Diamond Project). These properties 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. Rio Tinto refers to their Fort à la Corne mineral properties as "Project FalCon". During 2018, Star Diamond announced the positive results of an independent Preliminary Economic Assessment on the Project. The PEA (on a 100% basis) estimated 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).

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 relating to the Company's ability to continue as a going concern; statements regarding programs previously performed by Rio Tinto Canada; statements regarding future programs by Rio Tinto Canada; statements related to diamond breakage and other reporting; disclosure regarding the economics and project parameters presented in the PEA, including, without limitation, IRR, NPV 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 and diamond investigations, assessments and test work including diamond breakage studies; 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, the impact of the COVID-19 pandemic, risks related to diamond breakage from extraction and diamond recovery, 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 laws, the Company does not undertake to update any forward-looking statement that is made herein.

For further information: stardiamondcorp@stardiamondcorp.com or (306) 664-2202
www.stardiamondcorp.com

- END -