

NEWS RELEASE

TSX: DIAM

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Saskatoon, Saskatchewan

STAR DIAMOND CORPORATION ANNOUNCES THIRD QUARTER RESULTS

Star Diamond Corporation (the “Company”) reports that the unaudited results of its operations for the three and nine months ended September 30, 2018 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 period is as follows:

Highlights

- Announced the independent Preliminary Economic Assessment (“PEA”) on the Company’s 100% held Star and Orion South Kimberlites (the “Star - Orion South Diamond Project”, or “Project”): 66 million carats of diamonds could be recovered in a surface mine over a 38-year Project life:
 - **Base Case scenario** (Model diamond price): Net Present Value (“NPV”) (7%) of \$3.3 billion and an Internal Rate of Return (“IRR”) of 22% before taxes and royalties, and an after-taxes and royalties NPV (7%) of \$2.0 billion with an IRR of 19% and payback period of 3.4 years after the commencement of diamond production;
 - **Case 1 scenario** (High Model diamond price): NPV (7%) of \$5.4 billion for an IRR of 32% before taxes and royalties
- Announced environmental approval of the Project by the provincial Ministry of Environment;
- Announced technical updates on bulk sampling program by Rio Tinto Exploration Canada (“RTEC”);
- Announced Brownfields exploration program by RTEC on Fort à la Corne kimberlites outside of the Star and Orion South kimberlites;
- Working capital of \$1.6 million at September 30, 2018;
- Issued and outstanding shares of 384.0 million at September 30, 2018

Overview

Star Diamond Corporation is a Canadian natural resource company focused on exploring and developing Saskatchewan's diamond resources. In February 2018, the Company announced that it had changed its name from Shore Gold Inc. to Star Diamond Corporation and its trading symbol on the Toronto Stock Exchange to “DIAM” (see News Release dated February 12, 2018). This new corporate name is in honour of the Star Kimberlite, located in the Fort à la Corne forest of Saskatchewan, Canada. It was the exploration and evaluation work completed on the Star Kimberlite, which demonstrated the significant quality, size and value of the contained diamond populations. These high value diamonds facilitated the consolidation and advancement of the Company’s Fort à la Corne area kimberlites, including the Star - Orion South Diamond Project.

As a result of the 2017 mineral property consolidation and concurrent earn-in agreement with RTEC (see News Release dated June 23, 2017), the Company is now in an enhanced position to advance its 100% held Star - Orion South Diamond Project.

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

During the second quarter of 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).

The Saskatchewan Ministry of Environment (“Ministry”) recently approved the Star - Orion South Diamond Project (See News Release dated October 25, 2018). The Ministry indicated that they have conducted a thorough environmental assessment for the Project, including a detailed environmental impact statement, and carried out in-depth consultation prior to the decision to approve the Project. This included fulfilling the Province’s duty to consult with local First Nations and Métis communities. 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).

During the nine months ended September 30 2018, RTEC, Bauer Maschinen GmbH (“Bauer”) and Nuna Logistics Limited finalized contractual arrangements for the manufacture, supply and operation of equipment to be used for the next phase of large diameter bulk sample drilling on the Star Kimberlite (See News Release dated April 12, 2018). RTEC aim to use a Bauer BC 50 Cutter mounted on a Bauer MC 128 Duty-cycle Crane (“Trench Cutter Sampling Rig”) to drill and sample to depths of up to 250 metres below surface. Each ten metres of advance down hole aims to excavate some 100 tonnes of kimberlite. Bauer cutter rigs are used around the world for complex engineering projects. Bauer has indicated that this will be the first time in the world that this technology will be used in an active project to reach a depth of 250 meters.

During the quarter, RTEC successfully completed Cutter Soil Mixing (“CSM”) drilling at five of the proposed ten bulk sample locations on the Star Kimberlite (See News Release dated October 1, 2018). The CSM drilling program mixes cement grout with the top 20 metres of near-surface sands in order to stabilize the unconsolidated sand overburden for each of the planned bulk sample holes by RTEC. Prior to the commencement of winter shut down of the Trench Cutter Sampling Rig, RTEC commenced drilling of the first bulk sample hole on the Star Kimberlite using the Trench Cutter Sampling Rig. The Trench Cutter bulk sample drilling was successfully initiated to a depth of 37.1 metres below surface (See News Release dated November 1, 2018). The Trench Cutter Sampling Rig successfully excavated the sand and till overburden and returned a substantial proportion of large (up to 80 millimetre) fragments from the till. The encouraging performance of the Trench Cutter Sampling Rig was unfortunately constrained by the commissioning of the desanding plant, which did not operate at design capacity. The design and construction of the desanding plant are being evaluated by RTEC with the intent that the desanding plant will be revised or replaced by the time that the Trench Cutter Sampling Rig program resumes on the first bulk sample hole and RTEC’s on-site bulk sample processing plant is commissioned and in spring of 2019.

During the nine months ended September 30 2018, RTEC and Consulmet (Pty) Ltd finalized contractual arrangements for the manufacture and supply of a 30 tonne per hour (“tph”) on-site bulk sample plant (See News Release dated May 15, 2018). The bulk sample plant is specifically designed to maximize liberation and recovery of diamonds throughout the -25+0.85 millimetre size range, and minimize diamond breakage, particularly among potential specials (plus 10.8 carat stones) that may be recovered from both the Star and Orion South Kimberlites. The bulk sample plant will use a modern flow-sheet and the latest X-ray transmission (“XRT”) sorting technology to ensure any large diamonds present (up to 25 millimetres) are recovered with minimal breakage. A secondary crushing circuit, using a high pressure rolls crusher (“HPRC”), will maximize the liberation of smaller diamonds from the kimberlite. The final components of the bulk sample processing plant have been shipped, by sea, from South Africa, with all containers of bulk sample processing plant equipment scheduled to reach Canada by early December 2018. The Tomra X-Ray Transmission (“XRT”) diamond sorter has already been delivered and is currently being stored off-site in heated storage until such time that it will be delivered to site, for incorporation in the plant, in early 2019. Resumption of the Trench Cutter bulk sampling program on the Star Kimberlite, along with the commissioning of the bulk sample plant, is expected to resume in spring of 2019.

The Company also recently announced that RTEC has commenced a Brownfields exploration program to investigate and prioritise the Fort à la Corne kimberlites other than the Star and Orion South kimberlites (See News Release dated October 25, 2018). While the Star and Orion South kimberlites are the focus of present and future bulk sampling by RTEC, there are some 60 other kimberlites within in the Fort à la Corne diamond district of central Saskatchewan, Canada, on mineral dispositions held 100 percent by the Company.

Quarterly results

For the quarter ended September 30, 2018, the Company recorded a net loss of \$1.0 million or \$0.00 per share (basic and fully diluted) compared to a net loss of \$0.6 million or \$0.00 per share for the same period in 2017. The losses during the quarter ended September 30 was due to operating costs and exploration and evaluation expenditures incurred by the Company.

Year to date results

For the nine months ended September 30, 2018, the Company recorded a net loss of \$3.5 million or \$0.01 per share compared to net income of \$41.6 million or \$0.13 per share for the same period in 2017. The loss during the nine months ended September 30, 2018 was primarily due to ongoing operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest and other income earned. Net income during the nine months ended September 30, 2017 was due to the partial reversal of previously recorded impairments relating to exploration and evaluation assets (\$44.5 million). Exploration and evaluation expenditures incurred during the nine months ended September 30, 2018 primarily related to metallurgical investigations and test work for the Project as well as other costs associated with the PEA.

Selected financial highlights include:

	As at September 30, 2018	As at December 31, 2017
Condensed Consolidated Statements of Financial Position		
Current assets	\$ 1.8 M	\$ 4.2 M
Exploration and evaluation, capital and other assets	67.6 M	67.7 M
Current liabilities	0.2 M	0.4 M
Premium on flow-through shares and non-current liabilities	1.4 M	1.5 M
Shareholders' equity	67.8 M	70.0 M

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Consolidated Statements of Income (Loss)				
Interest and other income	\$ 0.0 M	\$ 0.0 M	\$ 0.1 M	\$ 0.0 M
Expenses	1.0 M	0.6 M	3.7 M	3.0 M
Flow-through premium recognized in income	0.1 M	0.0 M	0.2 M	0.1 M
Investment in Wescan Goldfields Inc.	(0.1) M	0.0 M	(0.1) M	0.0 M
Reversal of prior impairments to exploration and evaluation assets	0.0 M	0.0 M	0.0 M	44.5 M
Net income (loss) for the period	(1.0) M	(0.6) M	(3.5) M	41.6 M
Net income (loss) per share for the period (basic and diluted)	(0.00)	0.00	(0.01)	0.13

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Condensed Consolidated Statements of Cash Flows		
Cash flows from operating activities	\$ (2.4) M	\$ (2.9) M
Cash flows from investing activities	(0.1) M	(0.6) M
Cash flows from financing activities	0.1 M	2.1 M
Net decrease in cash	(2.4) M	(1.4) M
Cash – beginning of period	4.0 M	2.8 M
Cash – end of period	1.6 M	1.4 M

Outlook

The positive results of the PEA show that the Star and Orion South Kimberlites have the potential to be economically developed as a diamond mine. The recent provincial environmental approval, alongside the previous positive Federal decision, marks a major milestone for the Project. The Company has demonstrated that the proposed Star - Orion South Diamond Project can be successfully constructed and operated. As illustrated by the PEA, 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 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 RTEC sets the stage for a new phase for the Company. It is the Company's view that Rio Tinto is one of the few companies in the world with the resources and expertise to move forward with a project of the magnitude of the Star - Orion South Diamond Project. The Company is also very pleased to have acquired the remaining portion of the Project from Newmont while continuing to have Newmont as a significant shareholder. While RTEC's work under the Option Agreement between Star Diamond and RTEC involves bulk sampling of the Star and Orion South kimberlites, the additional Brownfields exploration programs by RTEC aims to investigate and prioritise the Company's other kimberlite bodies in the Fort à la Corne diamond district. There are some 60 other kimberlites within in the Fort à la Corne diamond district, on mineral dispositions held 100 percent by the Company.

As of November 8, 2018, the Company had approximately \$2.1 million in cash and cash equivalents and short-term investments (excluding \$0.6 million in restricted cash). A portion of the Company's cash and cash equivalents and short-term investments will be used for 2018 programs (including flow-through commitments) to further assess, evaluate and advance certain aspects of the Project, as well as for general corporate matters.

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, PEA or TFFE constitute forward-looking statements. Forward-looking statements contained or implied in this news release include, but are not limited to, 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 intention to seek additional financing in the ensuing years; statements with respect to metallurgical investigations, assessments and test work; RTEC's and the Company's objectives for the ensuing year, including the timing for revision or replacement of the desanding plant, timing for delivery and construction of the bulk sample processing plant and timing for recommencement of the bulk sampling program; as well as the Brownfields programs.

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 the Company or its partners, the effects of competition in the markets in which the Company operates, 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 management 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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