

NEWS RELEASE

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Saskatoon, Saskatchewan

STAR DIAMOND CORPORATION ANNOUNCES SECOND QUARTER RESULTS

Star Diamond Corporation (the “Company”) reports that the unaudited results of its operations for the quarter ended June 30, 2019 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 updates on bulk sampling program by Rio Tinto Exploration Canada (“RTEC”) on the Company’s 100% held Star and Orion South Kimberlites (the “Star - Orion South Diamond Project”, or “Project”);
- Announced results of a study into the abundance of Type IIa diamonds in the diamond parcels recovered from the Project;
- Working capital of \$4.0 million at June 30, 2019;
- Issued and outstanding shares of 407.7 million at June 30, 2019

Overview

Star Diamond Corporation is a Canadian natural resource company focused on exploring and developing Saskatchewan's diamond resources. As a result of the 2017 mineral property consolidation and earn-in agreement with Rio Tinto Exploration Canada Inc. (“RTEC”), a wholly-owned subsidiary of Rio Tinto (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.

During 2018, the Company announced the positive results of an 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). In addition, during 2018, the Saskatchewan Ministry of Environment (“Ministry”) approved the Project (See News Release dated October 25, 2018). The Ministry 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).

Activities relating to the Star - Orion South Diamond Project

During the quarter ended June 30, 2019, the Company announced that RTEC completed the Cutter Soil Mixing (“CSM”) panels at the ten proposed trench cutter bulk sample positions on the Star Kimberlite (See News Release dated May 23, 2019). Utilizing a Bauer Maschinen GmbH (“Bauer”) BG 30 rig with a cutter soil mixing attachment, cement is mixed with the top 20 metres of near-surface sands in order to stabilize the unconsolidated sand overburden at the planned bulk sample locations.

The Trench Cutter Sampling Rig being utilized by RTEC consists of a Bauer BC 50 Cutter mounted on a Bauer MC 128 Duty-cycle Crane. Cutter rigs by Bauer are used around the world for complex engineering projects. Bauer has indicated that this is the first time in the world that this technology is being used in an active project to sample kimberlite at depths of up to 250 meters. The Trench Cutter Sampling Rig is designed to sample large volumes of kimberlite by excavating a rectangular hole of 3.2 by 1.5 metres. Each ten metres of advance down

hole, within the kimberlite, will yield some 100 tonnes of sample. The Trench Cutter Sampling Rig's cutter head has been designed to excavate kimberlite fragments up to 80 millimetres in diameter, which are pumped in a slurry to the surface. The Kimberlite Separation Unit ("KSU") has been designed to recover kimberlite fragments between 80 and 0.85 millimetres from the Trench Cutter Sampling Rig slurry. The Trench Cutter Sampling Rig and associated KSU have been designed by RTEC to minimize diamond breakage during sample excavation, washing and bagging. This well washed kimberlite material will help ensure optimal performance of RTEC's on-site Bulk Sample Plant ("BSP"). The on-site BSP uses 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. Final diamond recovery from the concentrate produced by the on-site BSP is to be conducted by RTEC at a secure off-site facility. Assembly of the on-site BSP is currently underway.

During the quarter, RTEC recommenced bulk sampling on the Corporation's Star Kimberlite using the Trench Cutter Sampling Rig. The Company recently announced that the Trench Cutter Sampling Rig completed the first hole, to a total depth of 228.4 metres, and intercepted a total of 117.4 metres of kimberlite (See News Release dated June 18, 2019). This hole produced 704 bulk bags of kimberlite over 15 sample intervals. Bauer has indicated that this depth has never been reached before by a trench cutter in any commercial application worldwide. Kimberlite collected will be stored in a secure storage area, until the on-site BSP has been assembled and commissioned.

During the quarter ended June 30, 2019, the Company also announced that RTEC completed the sonic and core drilling on the Star and Orion South Kimberlites (see News Releases dated April 15, 2019 and December 11, 2017). The sonic drilling provides a detailed log of the overburden stratigraphy above the kimberlite, while the core holes are being drilled to generate detailed logs of the kimberlite geology at each locality in preparation for RTEC's bulk sampling with the Trench Cutter Sampling Rig.

During 2019, the Company announced the results of a study into the abundance of Type IIa diamonds in the diamond parcels recovered from the Star and Orion South Kimberlites (see News Release dated March 4, 2019). This study confirmed that unusually high proportions of Type IIa diamonds are present in both the Star (26.5 percent) and the Orion South (12.5 percent) kimberlites. The diamonds analysed in this study represent a spectrum of diamond sizes from +11 DTC (+0.32 carats) through all of the large stones, up to diamonds of nearly 50 carats. Type IIa diamonds are very rare and account for approximately less than two percent of all natural rough diamonds mined from kimberlites. Type IIa diamonds usually have anhedral crystal shape and exhibit a range of elongated, distorted or irregular morphologies. Most importantly, many high-value, top colour, large specials (greater than 10.8 carats) are Type IIa diamonds, which include all ten of the largest known rough diamonds recovered worldwide, from the 726 carat Jonker to the 3,106 carat Cullinan.

Quarterly results

For the quarter ended June 30, 2019, the Company recorded net loss of \$1.5 million or \$0.00 per share (basic and fully diluted) compared to a net loss of \$1.8 million or \$0.00 per share for the same period in 2018. The loss during the quarters ended June 30, were due to operating costs and exploration and evaluation expenditures incurred by the Company.

Year to date results

For the six months ended June 30, 2019, the Company recorded a net loss of \$2.4 million or \$0.01 per share compared to a net loss of \$2.5 million or \$0.01 per share for the same period in 2018. The loss during the six month periods ended June 30, 2019 and 2018 were primarily due to ongoing operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest and other income earned. Exploration and evaluation expenditures incurred during the six months ended June 30, 2019 primarily related to geological and metallurgical investigations and test work for the Project as well as other costs associated with the Project.

Selected financial highlights include:

Condensed Consolidated Statements of Financial Position	As at June 30, 2018	As at December 31, 2018
Current assets	\$ 4.2 M	\$ 2.9 M
Exploration and evaluation, capital and other assets	67.8 M	67.5 M
Current liabilities	0.2 M	0.3 M
Non-current liabilities	1.6 M	1.3 M
Shareholders' equity	70.2 M	68.8 M

Consolidated Statements of Income (Loss)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Interest and other income	\$ 0.0 M	\$ 0.1 M	\$ 0.0 M	\$ 0.1 M
Expenses	1.5 M	2.0 M	2.4 M	2.8 M
Flow-through premium recognized in income	0.0 M	0.1 M	0.0 M	0.1 M
Investment in Wescan Goldfields Inc.	0.0 M	0.0 M	0.0 M	0.1 M
Net loss for the period	(1.5) M	(1.8) M	(2.4) M	(2.5) 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	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Cash flows from operating activities	\$ (1.5) M	\$ (1.9) M
Cash flows from investing activities	0.0 M	(0.1) M
Cash flows from financing activities	2.7 M	0.1 M
Net increase (decrease) in cash	1.2 M	(1.9) M
Cash – beginning of period	2.8 M	4.0 M
Cash – end of period	4.0 M	2.1 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 PEA shows 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 RTEC defined the start of 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 and Fort à la Corne kimberlites. While RTEC's work continues to focus on the bulk sampling of the Star and Orion South kimberlites, Brownfields exploration programs by RTEC also aim 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 the 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 Goldcorp Corporation as a significant shareholder.

As of July 30, 2019, the Company had approximately \$3.9 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 2019 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 geological and metallurgical investigations, assessments and test work; 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; RTEC's and the Company's objectives for the ensuing year, including the timing for construction of the bulk sample processing plant and timing for the bulk sampling program; as well as the Brownfields programs.

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 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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