

NEWS RELEASE

TSX: DIAM

May 12, 2022

Saskatoon, Saskatchewan

STAR DIAMOND CORPORATION ANNOUNCES FIRST QUARTER 2022 RESULTS

Star Diamond Corporation (“DIAM”, “Star Diamond” or the “Company”) reports that the unaudited results of its operations for the quarter ended March 31, 2022 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, 2022 is as follows:

Highlights

- Reported on technical and joint venture meetings with Rio Tinto Exploration Canada Inc. (“Rio Tinto Canada”) concerning the Fort à la Corne mineral properties (referred to by Rio Tinto Canada as the “FalCon” Project) regarding the data analysis and exploration activities that have been undertaken by Rio Tinto Canada over the last two years
- Provided an update regarding the FalCon ‘Orbit’ exploration program being conducted by Rio Tinto Canada to review and prioritize the Fort à la Corne kimberlites outside of the Star and Orion South Kimberlites (the “Star – Orion South Diamond Project” or the “Project”) which has highlighted the kimberlites of Orion North (K120, K147, K148) as having significant potential and Orion Centre (K145), Taurus (K150, K118, K122) and K119 as having a number of the attributes sought but require further evaluation
- Announced study results identifying the abundance of Type IIa diamonds in the diamond parcels recovered from the Early Joli Fou (“EJF”) Geological Units at Orion North and Taurus Kimberlites
- Acquired an additional interest in the Buffalo Hills joint venture project
- Completed a \$5.0 million private placement

Overview

Star Diamond Corporation is a Canadian natural resource company focused on exploring and developing Saskatchewan's diamond resources. Star Diamond holds, through a joint venture arrangement with Rio Tinto Exploration Canada Inc. (“Rio Tinto Canada”, a wholly-owned subsidiary of Rio Tinto plc or “Rio Tinto”), a 25% interest in certain Fort à la Corne kimberlites (including the Star – Orion South Diamond Project, or “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 Canada refers to their Fort à la Corne mineral properties as “Project FalCon”.

Activities Relating to the Fort à la Corne mineral properties (including the Project)

During technical meetings concerning the FalCon Project held in March 2022, Rio Tinto Canada 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 undertaken 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’ program 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. As the Company analyzes the information presented at these technical meetings and materials relating to these topic areas, the Company may provide further details and/or results of these studies.

The FalCon 'Orbit' exploration program conducted by Rio Tinto Canada has resulted in a number of kimberlites being prioritized for additional diamond evaluation work (see News Release dated April 12, 2022). Rio Tinto Canada geologists of the Orbit exploration team have, over the past few years, used a spectrum of evaluation techniques to review and prioritize the Fort à la Corne kimberlites outside of the Star and Orion South Kimberlites, which have already been subject to extensive evaluation. This program has highlighted the kimberlites of Orion North (K120, K147, K148) as having significant potential to add to the FalCon Project. Orion Centre (K145), Taurus (K150, K118, K122) and K119 stand out in the field as having number of the attributes sought but require further work to completely evaluate. The locations of these kimberlites relative to Star and Orion South are shown on the map, which is available on the Star Diamond website. Rio Tinto Canada has indicated that it is in the process of developing additional diamond evaluation work to be conducted on these kimberlites. The evaluation techniques used thus far by the Orbit exploration team to prioritize these Orion North, Orion Centre and Taurus Kimberlites have included: componentry method of core logging; diamond inclusion studies; garnet colour studies; trace element geochemistry; thermobarometry; and microdiamond sampling. These studies have highlighted the kimberlites of Orion North (K120, K147, K148) as satisfying Rio Tinto Canada's Ore Grade Width Intercept ("OGWI") requirements and that these kimberlites will require additional evaluation work. Orion Centre (K145), Taurus (K150, K118, K122) and K119 indicate the potential to deliver OGWIs.

The Company recently announced the completion of a major study into the abundance of Type IIa diamonds in the diamond parcels recovered from the Early Joli Fou ("EJF") Geological Units at the Orion North and Taurus Kimberlites. These diamonds were recovered by Star Diamond between 2006 and 2008 from 48-inch large diameter drilling ("LDD") programs. This study confirms that unusually high proportions of Type IIa diamonds are present in both the Orion North and Taurus Kimberlites. Of particular note is the remarkably high proportion of Type IIa diamonds in the Orion North 147/148 EJF (52%) of which 66% of the 24 stones, 3 grainer (0.66 carats) and above are Type IIa. This study also confirms and augments an earlier study of Type IIa diamonds being present in the Fort a la Corne kimberlites with Star at (26.5 percent) and Orion South Kimberlite (12.5 percent) (see News Releases dated June 09, 2010 & March 04, 2019). Type IIa diamonds are very rare and account for less than 2 percent of all natural rough diamonds mined from kimberlites. 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.

Activities relating to other mineral properties

The Company recently announced that pursuant to a Quitclaim, Surrender and Assignment of Interest Agreement dated May 11, 2022, the Company has acquired an additional joint venture interest of approximately 17% in the Buffalo Hills project for nominal consideration (see News Release dated May 12, 2022). As a result of the transaction, Star Diamond and Canterra Minerals Corporation each hold a 50% interest in the Buffalo Hills project. Located approximately 400 kilometres northwest of Edmonton, Alberta, Canada, the Buffalo Hills project is a significant and accessible field of diamond bearing kimberlites, with similarities to the Fort à la Corne kimberlites in Saskatchewan, Canada.

Year to Date Results

For the quarter ended March 31, 2022, the Company recorded a net loss of \$0.9 million or \$0.00 per share (basic and fully diluted) compared to a net loss of \$1.1 million or \$0.00 per share for the same period in 2021. The losses during these quarters were due to operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest income earned on cash and cash equivalents.

During April 2022, the Company completed a private placement whereby an aggregate of 16,666,667 Units were issued for proceeds of \$5.0 million (see News Releases dated April 6, 2022 and April 22, 2022). 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 \$0.40, for a period of two years from the closing of the private placement.

Selected financial highlights include:

	As at March 31, 2022	As at December 31, 2021
Condensed Consolidated Statements of Financial Position		
Current assets	\$ 3.3 M	\$ 1.5 M
Exploration and evaluation, capital and other assets	67.7 M	67.9 M
Current liabilities	5.0 M	3.1 M
Non-current liabilities	1.0 M	1.1 M
Shareholders' equity	65.0 M	65.2 M

	Quarter Ended March 31, 2022	Quarter Ended March 31, 2021
Consolidated Statements of Loss		
Interest and other income	\$ 0.0 M	\$ 0.0 M
Expenses	0.7 M	1.4 M
Investment in Wescan Goldfields Inc.	(0.2) M	0.3 M
Net loss for the period	0.9 M	1.1 M
Net loss per share for the period (basic and diluted)	0.00	0.00

	Quarter Ended March 31, 2022	Quarter Ended March 31, 2021
Condensed Consolidated Statements of Cash Flows		
Cash flows from operating activities	\$ 1.1 M	\$ (1.6) M
Cash flows from investing activities	0.0 M	0.0 M
Cash flows from financing activities	0.5 M	1.9 M
Net increase in cash	1.6 M	0.3 M
Cash – beginning of period	1.3 M	4.8 M
Cash – end of period	2.9 M	5.1 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. The arrangements announced in December 2021 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. 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 of May 12, 2022, the Company had approximately \$3.4 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

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, Orion South, Orion North and Taurus 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.

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