

NEWS RELEASE

Stock Symbol: DIAM: TSX

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Saskatoon, Saskatchewan

**STAR DIAMOND ANNOUNCES INITIAL RESULTS FROM
FOURTH BULK SAMPLE TRENCH OF STAR – ORION SOUTH DIAMOND PROJECT**

- **3,005 DIAMONDS WEIGHING 131.82 CARATS RECOVERED**
- **INCLUDING 2.69, 2.03 and 1.26 CARAT STONES**
- **RESULTS CONTINUE TO SUGGEST RIO TINTO CANADA’S UNPROVEN
METHODOLGIES CAUSING UNDUE DIAMOND BREAKAGE**

SASKATOON, Saskatchewan, October 14, 2020 – Star Diamond Corporation (“Star Diamond” or the “Corporation”) today announced that a total of 3,005 diamonds weighing 131.82 carats have been recovered to date from the fourth bulk sample trench (19FALCT010) of ten excavated on the Star Kimberlite by Rio Tinto Exploration Canada Inc. (“Rio Tinto Canada”) in 2019 (see news releases dated June 3, and October 8, 2019).

“The promising results from the most recent bulk sampling program continue to confirm our belief that the Star-Orion South project has excellent geology with large and contiguous diamond-bearing kimberlites with a high proportion of valuable Type IIa stones, as well as potential for large stones,” said Ken MacNeill, President and CEO of Star Diamond. “We are encouraged by the consistency of the initial results among all four bulk samples processed to date, their similarity to historical drilling, and their consistency with the grades outlined in our Preliminary Economic Analysis (“PEA”).”

Mr. MacNeill continued, “The results to date continue to validate our belief in the significant economic merit of the Star-Orion South project. However, these results also continue to reinforce our belief 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, is causing undue diamond breakage, resulting in significant unnecessary cost overruns and materially damaging Star Diamond’s interest in the project. Star Diamond continues to vigorously pursue the litigation it previously commenced against Rio Tinto Canada related to the project, and is committed to taking all actions necessary to protect Star Diamond and its shareholders from the practices and conduct of Rio Tinto Canada including if necessary by seeking to remove Rio Tinto Canada from the project.”

The PEA (see news release dated April 16, 2018) 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.

The breakdown of the kimberlite intercepted, and diamonds recovered to date from trench 19FALCT010, are detailed in Table 1 below. The preliminary results from the first three bulk sample trenches were previously disclosed by Star Diamond on August 4, 2020, August 20, 2020 and September 21, 2020.

The average diamond grades from the first four trenches are similar to historical diamond grade results detected from the underground bulk sampling and large diameter drilling (“LDD”) completed on the Star Kimberlite between 2004 and 2009. These results are also similar to the overall weighted average grade (14 cpht) reported in Star Diamond’s PEA of the Star and Orion South kimberlites (the “Project”).

The three largest diamonds recovered to date from 19FALCT010 are 2.69, 2.03 and 1.26 carats, respectively, and were all recovered from Early Joli Fou (“EJF”) kimberlite. The EJF is the dominant kimberlite unit within the Project in terms of ore volume and diamond grade.

As disclosed by Star Diamond on August 4, 2020, there are indications that recent diamond breakage has occurred in the diamond parcels recovered thus far from Rio Tinto Canada’s trench cutter bulk sampling program, suggesting that the extraction and/or processing systems being used by Rio Tinto Canada may be resulting in diamond breakage. 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.

To date, kimberlite material from eight trenches (19FALCT001, 19FALCT004, 19FALCT003, 19FALCT010, 19FALCT008, 19FALCT009, 19FALCT005 and 19FALCT002) has been processed by Rio Tinto Canada through the on-site Bulk Sample Plant (the “BSP”), with concentrates forwarded to the Saskatchewan Research Council (“SRC”) for diamond recovery and reporting. Currently, only the initial diamond results for the first four trenches have been reported by the SRC.

Table 1. Initial diamond stone and grade results provided for each kimberlite type sampled in Trench 19FALCT010

Kimberlite¹ Type	Kimberlite Intercept (metres)	Drilled² Tonnes	Carats³ (+1 DTC)	Grade⁴ (cpht)	Stones (+1 DTC)	Stones per tonne (+1 DTC)	Largest Stone (ct)
URVKU	123.00-129.60	61.99	0.10	0.16	5	0.08	0.02
LJF	129.60-135.80	55.70	0.41	0.73	16	0.29	0.07
EJF	135.80-227.20	989.88	127.74	12.90	2,901	2.93	2.69
CPK	227.20-233.00	71.85	3.57	4.97	83	1.16	0.81
Total	110.00	1,179.42	131.82		3,005		

Notes

1. Kimberlite Types: URVKU Undifferentiated, reworked volcanoclastic kimberlite units; LJF: Late Joli Fou Kimberlite; EJF: Early Joli Fou Kimberlite; CPK Cantuar pyroclastic kimberlite. The URVKU and the LJF were not included in the Star Diamond PEA mineral resource estimate
2. The excavated tonnes are calculated using theoretical trench volumes and core pilot hole dry densities provided by Rio Tinto Canada. These are equivalent to dry tonnes
3. Commercial diamonds are defined as diamonds that will not pass through a +1 DTC screen, which has round apertures of 1.09 millimetres
4. cpht: diamond grade in carats per hundred tonnes

Diamond results reported in this news release are based on diamond recovery processing conducted by SRC’s Geoanalytical Laboratories Diamond Services located in Saskatoon Saskatchewan. Primary recovery processing consisted of X-ray transmission (XRT) sorting, magnetic separation and grease table recovery methods. SRC is an independent mineral processing facility which is accredited to the ISO/IEC 17025:2017 standard by the Standards Council of Canada as a testing laboratory for specific tests.

The Company also announces that Mr. George Read has assumed the title of Senior Technical Advisor to the Company. Mr. Read will continue to fully support the Company with his considerable expertise and will continue to prepare technical information for the Company as a “Qualified Person” under the definition of NI 43-101.

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 Corporation trade on the Toronto Stock Exchange under the trading symbol "DIAM". The Corporation's 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 Corporation announced the positive results of an independent 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).

All technical information in this press release has been prepared under the supervision of George Read, Senior Technical Advisor, a registered Professional Geoscientist in the Provinces of Saskatchewan and British Columbia and Mark Shimell, Project Manager, a registered Professional Geoscientist in the Province of Saskatchewan, who are the Corporation's "Qualified Persons" under the definition of NI 43-101.

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 Corporation'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 PEA constitute forward-looking statements. Forward-looking statements contained or implied in this press release include, but are not limited to, the Corporation's expectations 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, and disclosures regarding the economics and project parameters presented in the PEA.

These forward-looking statements are based on the Corporation'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 prices, 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 Corporation, risks related to the legal proceedings commenced by the Corporation against Rio Tinto Canada, including the determination of the Corporation's pending injunction application by the Court, the effects of competition in the markets in which Star Diamond operates, 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, the impact of changes in the laws and regulations regulating mining exploration, development, closure, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the additional risks described in the Corporation's most recently filed Annual Information Form, annual and interim MD&A, news releases and technical reports. The Corporation'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 Corporation, 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 Corporation does not undertake to update any forward-looking statement that is made herein.

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