

STAR – ORION SOUTH DIAMOND PROJECT TECHNICAL UPDATE AND FUTURE OUTLOOK

SASKATOON, Saskatchewan, December 04, 2023 – Star Diamond Corporation (TSX: DIAM) (“Star Diamond” or the “Company”) is pleased to announce that, subsequent to the recently announced transaction with Rio Tinto Exploration Canada Inc. (“RTEC”) whereby Star Diamond has agreed to acquire all of RTEC’s interest in the Fort à la Corne Joint Venture, Star Diamond’s technical team is once again now focussed on the technical investigation and evaluation of the Star – Orion South Diamond Project, with the aim of a future development decision. The initial work aims to prepare a revised Mineral Resource estimate for the Star – Orion South Diamond Project, which will form the foundation of an updated Pre-Feasibility (“PFS”) study. The PFS study will enable a Feasibility Study, on which a production decision can be based.

Highlights

- The **revised Mineral Resource estimate** for the Star and Orion South kimberlites will integrate Star trench cutter diamond data, adding improvement to the diamond size frequency curves for both kimberlites.
- The **mitigation of risk in the Orion South diamond price estimate**: the 2018 Preliminary Economic Assessment (“PEA”) demonstrated that it is economically efficient to mine the Orion South kimberlite first. However, Orion South has a significantly smaller evaluation diamond parcel than Star, adding some risk to the diamond price estimate for Orion South. We believe there is opportunity to mitigate the risk in the Orion South diamond price estimate, without the necessity of additional bulk sampling to obtain a larger diamond evaluation parcel.
- The scoping of an **updated PFS** is scheduled to commence early in Q1 2024.
- These developments will likely give rise to the ability to complete the **updated PFS** within a two-year time frame and the **Feasibility Study** shortly thereafter. We anticipate these major studies will be completed at a substantially lower expenditure level than was previously contemplated.

Revised Mineral Resource Estimate

The aim of the revised mineral resource estimate is to integrate all of the drilling and diamond results recently generated by the Fort à la Corne Joint Venture, with archival data used to build the geological model, which forms the basis of the mineral resource estimate. Importantly, the diamond parcels recovered from the ten Trench Cutter (“TC”) holes drilled on the Star kimberlite were recovered in an efficient, modern Bulk Sampling Plant (“BSP”) that ensures excellent diamond liberation and recovery. The BSP includes High Pressure Grinding Rolls that ensure liberation of the small diamonds (1-6 millimetre) locked in kimberlite, that are subsequently recovered by an efficient Dense Media Separator that operates in the same narrow 1 to 6 millimetre size range. The small diamonds (+1, +3 and +5 DTC) from the Early Joli Fou (“EJF”) kimberlite unit of both Star and Orion South include significant proportions of D coloured octahedral diamonds, which have significant value (US\$30 -US\$50 per carat), which is unusually high for these small diamonds. The integration of the TC diamond data in the evaluation parcel aims to strengthen the diamond grade and price used in the Mineral Resource estimate. The aim of this work is to prepare a

rigorously constrained Mineral Resource estimate by the end of Q2 2024. This revised Mineral Resource estimate will provide an improved foundation for the revised PFS.

Orion South Diamond Price

Orion South has shallower overburden (Orion South 100 metres, Star 140 metres) and higher diamond grade (Orion South 17 cpht, Star 10 cpht) kimberlite in direct contact with overburden, both of which ensure more rapid access to cash flow after overburden removal in a future mine. Consequently, the PEA demonstrated that it is economically efficient to mine Orion South first. However, there is a significant difference in the size of the evaluation diamond parcels recovered from the EJV, the principal economic unit in both Star and Orion South. The Orion South evaluation parcel includes only 1,399 carats, as opposed to the Star EJV parcel of 7,122 carats. In order to commence mining on Orion South, the risk associated with the estimation of diamond price on a smaller evaluation parcel needs to be mitigated. We believe that the close similarities of the kimberlite geology and diamond parcel characteristics for Star and Orion South can enable better estimation of the Orion South diamond price. We have developed a plan to conduct an in-depth investigation of the extent of similarities between the Star and Orion South EJV diamond populations, with the aim of mitigating the risk in the estimation of the diamond price for the Orion South EJV diamond parcel. The goal of this investigation is to accurately estimate the Orion South diamond price without the requirement of additional bulk sampling, which is both expensive and time consuming. The confidence generated in the Orion South diamond price will add to the precision of the mineral resource estimate.

Updated PFS

The scoping of an updated PFS is scheduled to commence early in 2024 with the initial work focused on updating the hydrogeology and geotechnical models, in addition to the management of fines in plant process water. Changes in environmental legislation, since the PEA, require that deep groundwater pumped from the Mannville sediments to stabilize the open pits of a future mine will require a revised method of disposal. Geotechnical work will focus on the engineering of pit slopes, particularly in parts of the overburden, to ensure steeper pit slopes and, consequently, a significant reduction in overburden removal. The processing of some Orion South kimberlite results in plant process water from which the fines do not settle quickly or easily. Investigations will be made into the mechanical separation of the fines and the future of a fines management area, as this will minimize the use of “tailings ponds”. Significant parts of the work completed for the 2018 PEA, including the mining method, process plant design, site layout and infrastructure, can be updated and incorporated into the updated PFS.

Senior VP Corporate Development Star Diamond, George Read, states: “The revised mineral resource estimate will potentially provide an improved foundation on which a well constrained updated PFS can be built. It is estimated that some \$3 million in flow-through funding is required for 2024 to cover the revised resource estimate, the technical team expenses, scoping of the PFS, overall site management and environmental compliance. An additional financing of at least \$3 to \$5 million is required to cover the costs of the updated engineering work required by the PFS in the latter part of 2024 and early 2025.”

RTEC Transaction

Star Diamond and RTEC have entered into an agreement dated November 28, 2023 (the “Agreement”) which provides, subject to the terms and conditions set forth therein, for Star Diamond’s acquisition of RTEC’s interest in the Fort à la Corne Joint Venture. Completion of the transactions contemplated by the

Agreement is subject to various closing conditions including receipt of all required Governmental approvals and the approval of the Toronto Stock Exchange for the issuance of additional common shares of Star Diamond to RTEC.

All technical information in this press release has been prepared under the supervision of George Read, Senior Technical Advisor to Star Diamond, 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 and Alberta, who are the Corporation's "Qualified Persons" under the definition of NI 43-101.

About Star Diamond Corporation

Star Diamond 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's most significant asset is its interest in the Fort à la Corne property in central Saskatchewan. These kimberlites are located in close proximity to established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future mine development.

For further information, please contact:

Phone: (306) 664-2202

Email: stardiamondcorp@stardiamondcorp.com

Website www.stardiamondcorp.com

Stay Connected with Us:

Twitter: <https://twitter.com/StarDiamondCorp>

LinkedIn: <https://www.linkedin.com/company/star-diamond-corp>

Facebook: <https://www.facebook.com/people/Star-Diamond-Corp/100058096376664/>

Instagram: <https://www.instagram.com/stardiamondcorp/>

Caution Regarding Forward-looking Statements

This press release contains "forward-looking statements" and/or "forward-looking information" (collectively, "forward-looking statements") within the meaning of applicable securities legislation. All statements, other than statements of historical fact, are forward-looking statements. The use of any of the words "anticipate", "plan", "aim", "target", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "possible", "capable" and similar expressions are intended to identify "forward-looking statements. Forward-looking statements in this press release include, but are not limited to, expectations regarding the completion of the transactions that are the subject of the Agreement and the Project's potential to be a significant contributor to both the local communities and the broader Saskatchewan economy.

These forward-looking statements are based on Star Diamond'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, the impact of changes in the laws and regulations regulating mining exploration, development, closure, judicial or regulatory judgments and legal proceedings and the additional risks described in Star Diamond's most recently filed Annual Information Form, annual and interim MD&A.

Although management of Star Diamond considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to Star Diamond, those assumptions may prove to be incorrect. When making decisions with respect to Star Diamond, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events.

Star Diamond does not undertake any obligation to release publicly revisions to any forward-looking statement to reflect events or circumstances after the date of this release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. Investors should not assume that any lack of update to a previously issued forward-looking statement constitutes a reaffirmation of that statement. Continued reliance on forward-looking statements is at investors' own risk.

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

- END -