

NEWS RELEASE

Stock Symbol: DIAM: TSX

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Saskatoon, Saskatchewan

**STAR – ORION SOUTH DIAMOND PROJECT
INITIAL RESULTS FROM SECOND BULK SAMPLE TRENCH:
2,409 DIAMONDS WEIGHING 123.27 CARATS RECOVERED**

Star Diamond Corporation (“Star Diamond” or the “Corporation”) announces that a total of 2,409 diamonds weighing 123.27 carats have to date been recovered from the second bulk sample trench (19FALCT004) excavated on the Star Kimberlite. These initial results are from the second of ten bulk sample trenches that were excavated by Rio Tinto Exploration Canada Inc. (“RTEC”) in 2019 (see news releases dated June 3, and October 8, 2019). The breakdown of the kimberlite intercepted, and diamonds recovered to date from trench 19FALCT004, are detailed in Table 1 below. The preliminary results from the first bulk sample trench were previously disclosed by Star Diamond on August 4, 2020.

The average diamond grades from the first two 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 Preliminary Economic Assessment (“PEA”) of the Star and Orion South kimberlites (the “Project”) (see news release dated April 16, 2018).

The three largest diamonds recovered to date from 19FALCT004 are 2.98, 2.03 and 1.99 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 RTEC’s trench cutter bulk sampling program, suggesting that the extraction and/or processing systems being used by RTEC may be resulting in diamond breakage. Comprehensive diamond breakage studies are required to assess the nature and extent of the diamond breakage resulting from RTEC’s methods and the possibility that larger diamonds would have been recovered absent such breakage.

Senior Vice President Exploration and Development, George Read, states: “The initial diamond results from 19FALCT004 and 19FALCT001 continue to show grades similar to the previous underground bulk sampling and LDD performed by Star Diamond on the Star Kimberlite. Individual EJF kimberlite samples recovered in the first two trenches exhibit a range of grades (9.81 to 21.22 cpht for 19FALCT004 and 4.88 to 23.34 cpht for 19FALCT001), which are as expected for the EJF kimberlite.”

To date, kimberlite material from five trenches (19FALCT001, 19FALCT004, 19FALCT003, 19FALCT010 and 19FALCT008) has been processed by RTEC 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 and second trenches have been reported to Star Diamond by the SRC.

Star Diamond continues to seek to engage with RTEC regarding various technical and operational issues arising from RTEC’s processes, including those that were identified in Star Diamond’s August 4, 2020 news release.

Table 1. Initial diamond stone and grade results provided for each kimberlite type sampled in Trench 19FALCT004

Kimberlite ¹ Type	Kimberlite Intercept (metres)	Drilled ² Tonnes	Carats ³ (+1 DTC)	Grade ⁴ (cpht)	Stones (+1 DTC)	Stones per tonne (+1 DTC)	Largest Stone (ct)
URVKU	107.76-119.55	114.67	0.87	0.76	34	0.30	0.21
LJF	119.55-149.57	267.20	3.96	1.48	165	0.62	0.11
EJFMUDST	153.00-157.87	53.60	2.08	3.88	30	0.56	0.70
EJFMUDST	162.55-165.05	28.54	0.21	0.74	6	0.21	0.08
EJF ⁵	149.57-233.89	840.34	116.15	13.82	2,174	2.59	2.98
Total	126.13	1,304.35	123.27		2,409		2.98

Notes

1. Kimberlite Types: URVKU Undifferentiated, reworked volcanoclastic kimberlite units; LJF: Late Joli Fou Kimberlite; MJF: Mid Joli Fou Kimberlite; EJFMUDST: EJF with significant mudstone dilution; EJF: Early Joli Fou 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 RTEC. 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
5. EJF total excludes two zones of EJFMUDST – mudstone dilution, which are listed separately

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. Secondary processing consisted of magnetic separation, grease table, X-ray luminescence (XRL) sorting and caustic fusion. 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.

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 Vice-President of Exploration and Development, 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 RTEC 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 RTEC or the Corporation, risks related to the legal proceedings commenced by the Corporation against RTEC, 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 RTEC 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.

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

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