

NEWS RELEASE

Stock Symbol: DIAM: TSX

July 8, 2021

Saskatoon, Saskatchewan

STAR DIAMOND RESPONDS TO RIO TINTO'S LATEST PREDATORY AND COERCIVE ACTIONS

SASKATOON, Saskatchewan, July 8, 2021 – Star Diamond Corporation (“Star Diamond”) today announced that it has written to Dave S. Andrews, the Head of Exploration Growth & Innovation at Rio Tinto, responding to the recently disclosed latest predatory and coercive actions of Rio Tinto whereby it is purporting to convene a meeting of the management committee of the joint venture that Rio Tinto claims was previously formed between Star Diamond and Rio Tinto.

Star Diamond has notified Rio Tinto that no joint venture has yet been validly formed between Star Diamond and Rio Tinto, and that Rio Tinto has no right to call or hold a meeting of the management committee of the purported joint venture. Star Diamond has also advised Rio Tinto that any attempt to hold such a meeting, or to approve any work plan or budget or make any other decision on behalf of the purported joint venture, will in Star Diamond’s view be invalid.

Star Diamond’s letter to Rio Tinto states, in part:

“Star Diamond is deeply disappointed by Rio Tinto’s latest conduct. This appears to signal a return by Rio Tinto to its prior predatory and coercive tactics designed to misuse its economic clout to misappropriate from Star Diamond and its shareholders some portion of the very significant value that exists in the Star-Orion South Diamond Project. Rio Tinto has already irresponsibly run wildly over-budget, claiming it has spent approximately \$168 million to essentially complete a 10-hole bulk sample program that Rio Tinto told Star Diamond going in would cost approximately \$18.5 million.

Rio Tinto now seeks to call a management committee meeting that it has no legal right to call for a joint venture that Rio Tinto knows has not been duly formed. Rio Tinto has no one to blame but itself for the position it is in, having previously sought to improperly enrich itself by trying to wrongfully jump Star Diamond through the contemporaneous purported exercise in November 2019 of Rio Tinto’s options under the Option to Joint Venture Agreement dated June 22, 2017. As you know, Star Diamond now has documentary evidence showing that this was not simply bad judgment exercised by local Rio Tinto personnel, but an intentional tactical decision made at the highest executive levels of Rio Tinto plc to try to unjustifiably dilute Star Diamond’s interest in what Rio Tinto plc has publicly acknowledged is one of its ‘highest value projects’ globally.

Compounding its misconduct, Rio Tinto now seeks to wrongfully add to the first joint venture budget approximately \$56.2 million of alleged expenditures from 2020 and 2021 that were not part of the ‘then current work plan’ as of November 6, 2019. Even if Rio Tinto had previously validly exercised its options under the Option to Joint Venture Agreement such that a joint venture was formed in November 2019, which as Rio Tinto well knows is not the case, Rio Tinto has no legal entitlement to recover any of these amounts.”

Ewan Mason, the Chair of the Board of Star Diamond, stated: "The board of directors of Star Diamond is fully resolved to stand up to the unfair and improper conduct of Rio Tinto. We will simply not allow Rio Tinto to add Star Diamond and its shareholders to the unfortunately growing list of junior mining companies that fall victim to Rio Tinto's bait and switch approach where the allure of a mutually-beneficial partnership with Rio Tinto is quickly replaced with the reality of dealing with an organization that has little regard for the agreements it signs, business ethics, local stakeholder interests or anything other than its own monetary self-interest."

Ken MacNeill, President and Chief Executive Officer of Star Diamond, stated: "The Star-Orion South Diamond Project is one of the most potentially valuable diamond projects in existence, which is why Rio Tinto is spending so much to pursue its development and has declared it to be one of Rio Tinto's 'highest value projects' globally. If Rio Tinto wants to own 100% of the Project, it needs to pay fair value for it."

Star Diamond continues to vigorously pursue the legal proceedings it previously commenced against Rio Tinto and is committed to taking all actions necessary to protect Star Diamond and its shareholders from the practices and conduct of Rio Tinto. Star Diamond will provide further updates in respect of these matters as developments warrant.

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's Fort à la Corne kimberlites (including the Star - Orion South Diamond Project (the "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, Star Diamond announced the positive results of an independent Preliminary Economic Analysis (the "PEA") on the Project. The PEA 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).

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 Star Diamond'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 Star Diamond's future operations, future exploration and development activities, other development plans, joint venture budgets or obligations or litigation plans constitute forward-looking statements. By their nature, statements referring to mineral reserves, mineral resources, Star Diamond's PEA, joint venture budgets and obligations or the legal proceedings between Star Diamond and Rio Tinto constitute forward-looking statements. Forward-looking statements contained or implied in this press release include, but are not limited to, statements regarding the processing and analysis of, and reporting of results from, the bulk samples previously collected by Rio Tinto and all timelines; statements related to diamond breakage and other actions to complete the processing, diamond recovery and reporting of all diamond results on the samples previously taken from the ten bulk sample trenches excavated by Rio Tinto in 2019; statements related to joint venture budgets or obligations; statements related to the legal proceedings between Star Diamond and Rio Tinto; 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; statements with respect to metallurgical investigations, assessments and test work including Diamond breakage studies; and 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.

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, 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 or Star Diamond, the effects of competition in the markets in which Star Diamond operates, risks related to the legal proceedings between Star Diamond and Rio Tinto, risks related to joint venture budgets and obligations and interpretations of agreements with Rio Tinto, risks related to potential dilution of Star Diamond's interest in the Project, the impact of the COVID-19 pandemic, risks related to the operation of the on-site Bulk Sample Plant and the processing methods being used by Rio Tinto and the effectiveness thereof, risks related to diamond breakage and cost overruns and other consequences arising from Rio Tinto's extraction and diamond recovery methodologies, risks related to Star Diamond's need for additional financing and Star Diamond'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 Star Diamond's most recently filed Annual Information Form, annual and interim MD&A, news releases and technical reports. Star Diamond'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 Star Diamond 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 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. Unless required by applicable securities law, Star Diamond does not undertake to update any forward-looking statement that is made herein.

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