

**NEWS RELEASE**

**TSX: DIAM**

**May 11, 2023**

**Saskatoon, Saskatchewan**

**STAR DIAMOND CORPORATION ANNOUNCES FIRST QUARTER 2023 RESULTS**

**Star Diamond Corporation** (“Star Diamond” or the “Company”) reports that the unaudited financial results for the quarter ended March 31, 2023, will be filed today on SEDAR and may be viewed at [www.sedar.com](http://www.sedar.com) once posted.

**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, a 25% interest in certain mineral properties (which includes the Star – Orion South Diamond Project, or the “Project”) within the Fort à la Corne diamond district of central Saskatchewan, Canada. These properties are in close proximity to established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future mine development.

The Company also holds a 50% interest in the exploration and evaluation properties and assets of the Buffalo Hills-JV located in north-central Alberta, Canada. Canterra Minerals Corporation (“Canterra”) holds the remaining 50% interest. Canterra is the operator of the Buffalo Hills-JV.

**Fort à la Corne mineral properties**

On June 28, 2022, Rio Tinto Canada exercised its voting power at a meeting of the Fort à la Corne joint venture management committee to place the Project on care and maintenance through December 31, 2022. Rio Tinto Canada also advised that, subject to fulfilling its existing obligations, it did not intend to commit additional capital to the Fort à la Corne properties during 2022 beyond what was necessary for care and maintenance. Rio Tinto Canada also advised Star Diamond that it intended to conduct a near-term review of its alternatives regarding the Fort à la Corne properties, which included its potential exit. On October 21, 2022, Star Diamond announced that Rio Tinto Canada had stated that it intended to fully de-mobilize the leased on-site camp. During the quarter, the site was fully de-mobilized and the Project was placed on care and maintenance.

**Recent activities relating to the Star - Orion South Diamond Project and Fort à la Corne mineral properties**

During the quarter ended March 31, 2023, the Company continued negotiations with Rio Tinto Canada to assess alternatives regarding the Project.

**Recent activities relating to the Buffalo Hills mineral properties**

In February 2023, the Company announced the completion of the diamond valuation from the K6, K14, K91 and K252 kimberlites of the Buffalo Hills-JV.

Diamond valuations and characterizations as shown in the table below were completed by Mr. Nelson Karun, Diamond Specialist, Saskatchewan Research Council Diamond Services, on behalf of Star Diamond.

Kimberlite	Carats	Stones	% Gem Quality	% White Colour	Faint to no Fluorescence	Average US\$/Ct Parcel	Model Price (US\$/ct)
<b>K6</b>	16.73	86	29.5	70.5	82.9	103.54	<b>185*</b>
<b>K14</b>	69.32	1,362	17.9	73.8	92.6	54.32	<b>160</b>
<b>K91</b>	4.17	103	17.9	54.6	89.7	53.61	<b>N/A</b>
<b>K252</b>	12.41	328	22.0	82.1	92.1	72.79	<b>140*</b>

\*Very speculative due to the small sample size

As observed by Mr. Karun, diamonds from these kimberlite bodies exhibit good quality, colour and very low to no fluorescence. All the parcels of diamonds appear to be statistically very similar in terms of their graded characteristics. There is an inadequate sample size for K91 to model the average diamond price. Extremely speculative model prices are given for samples K6 and K252, due to the small parcel size. K14 is a larger parcel size, and a price can be modeled, but should still be used with caution.

The diamond valuation exercise has shown that kimberlites K14 and K6 have elevated modelled diamond prices, US\$ 160 per carat and US\$ 180 per carat, respectively. The K6 parcel includes three fancy yellow stones, the K14 four fancy yellow and the K252 a fancy orange stone. The two highest value stones, which are both from the K6, are 1.06 carats (US\$ 532) and 1.07 carats (US\$ 506).

These four kimberlites have diamond parcels with sufficient diamonds to conduct preliminary diamond typing studies. The number and the percentage of Type IIa diamonds for the Buffalo Hills kimberlites studied are documented in the table below and show these kimberlites have an anomalously high percentage of Type IIA diamonds.

<b>Diamonds +3 DTC (0.026 carats) to 5 Grainer (1.2 carats)</b>			
	<b>Number of Diamonds Typed</b>	<b>Number of Type IIa Diamonds</b>	<b>Percentage Type IIa Diamonds</b>
<b>K6 +3 (0.026 ct) &amp; above</b>	78	4	<b>5.1</b>
<b>K14 +7 (0.12 ct) &amp; above</b>	126	3	<b>2.4</b>
<b>K91 +3 (0.026 ct) &amp; above</b>	47	3	<b>6.4</b>
<b>K252 +3 (0.026 ct) &amp; above</b>	153	7	<b>4.6</b>

The diamond typing exercise has shown presence of Type IIa diamonds, in elevated proportions, in all four of these Buffalo Hills kimberlites. The diamonds analysed represent a spectrum of diamond sizes from +3 DTC (+0.026 carats) to 5 grainer (1.2 carats).

Type IIa diamonds are very rare and generally account for less than 2 percent of all natural rough diamonds mined world-wide from kimberlite deposits. Only a small number of active diamond mines regularly produce Type IIa diamonds with the most important of these mines being Cullinan Diamond Mine in South Africa, Letseng Diamond Mine in the Kingdom of Lesotho and, more recently, Karowe Diamond Mine in Botswana.

### **Year to Date Results**

For the quarter ended March 31, 2023, the Company recorded a net loss of \$0.3 million, or \$0.00 per share (basic and fully diluted), compared to a net loss of \$0.9 million, or \$0.00 per share, for the comparative period in 2022. The decrease in net loss was due primarily to reduced expenditures, period

over period, combined with a \$0.3 million non-cash gain on the fair value measurement of the Company's marketable securities.

At March 31, 2023 the Company had \$1.5 million (December 31, 2022 – \$2.6 million) in cash and cash equivalents and working capital of \$1.3 million (December 31, 2022 - \$2.0 million). The decrease in working capital was a result of general and administrative and exploration and evaluation expenditures incurred during the quarter. The Company believes it has sufficient liquidity to fund general and administrative costs and certain exploration expenditures through to the end of 2023.

**Selected financial highlights include:**

<b>Condensed Consolidated Statements of Financial Position</b>	<b>As at March 31, 2023</b>	<b>As at December 31, 2022</b>
Current assets	\$ 1.8 M	\$ 2.7 M
Investments and other assets	0.6 M	0.4 M
Current liabilities	0.4 M	0.7 M
Shareholders' equity	2.0 M	2.4 M

<b>Condensed Consolidated Statements of Loss</b>	<b>Quarter Ended March 31, 2023</b>	<b>Quarter Ended March 31, 2022</b>
Interest and other income	\$ - M	\$ - M
Expenses	0.6 M	0.7 M
Loss before undernoted items	0.6 M	0.7 M
Investment in Wescan Goldfields Inc.	(0.3) M	0.2 M
Net loss for the period	0.3 M	0.9 M
Net loss per share for the period (basic and diluted)	0.00	0.00

<b>Condensed Consolidated Statements of Cash Flows</b>	<b>Quarter Ended March 31, 2023</b>	<b>Quarter Ended March 31, 2022</b>
Cash flows (used in) from operating activities	\$ (1.1) M	\$ 1.1 M
Cash flows from investing activities	- M	- M
Cash flows from financing activities	- M	0.5 M
Net increase (decrease) in cash	(1.1) M	1.6 M
Cash – beginning of period	2.6 M	1.3 M
Cash – end of period	1.5 M	2.9 M

**Outlook**

**Fort à la Corne mineral properties**

Star Diamond continues to work with Rio Tinto Canada in assessing alternatives regarding the Project. These discussions remain ongoing and there is no certainty that any agreement will be reached between Star Diamond and Rio Tinto Canada regarding any such potential arrangements. Management believes that the negotiated return of the Project on reasonable terms is critical to its long-term success.

**Buffalo Hills mineral properties**

Management continues to review the recent results from the diamond valuation and typing analysis. Discussions are ongoing with Canterra to determine possible future work programs and a potential strategic path forward for the property. A more detailed update on activities at the Buffalo Hills-JV will be provided as it becomes available.

## **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 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. The Company also holds a 50% interest in the exploration and evaluation properties and assets of the Buffalo Hills-JV located in north-central Alberta, Canada. Canterra Minerals Corporation ("Canterra") holds the remaining 50% interest. Canterra is the operator of the Buffalo Hills-JV.

## **Technical Information**

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

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## ***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. Forward-looking statements in this press release include, but are not limited to, Star Diamond's assessment of its cost and management structure going forward.

These forward-looking statements are based on Star Diamond's current beliefs as well as assumptions made by and information currently available to Star Diamond 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, statements regarding Rio Tinto Canada's future plans and intentions including with respect to the Fort à la Corne mineral properties; the Company's management structure, 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, 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 Star Diamond's most recently filed Annual Information Form, and annual and interim MDA.