

NEWS RELEASE

TSX: DIAM

October 1 , 2018
Saskatoon, Saskatchewan

STAR - ORION SOUTH DIAMOND PROJECT
COMPLETION OF 2018 CSM DRILL PROGRAM

George H. Read, P. Geo., Senior Vice President Exploration and Development of Star Diamond Corporation (“Star Diamond” or the “Corporation”) is pleased to announce that Rio Tinto Exploration Canada (“RTEC”) has successfully completed Cutter Soil Mixing (“CSM”) drilling at five of the proposed bulk sample locations on the Star Kimberlite. The Star Kimberlite is located within the Corporation’s Star - Orion South Diamond Project, in the Fort à la Corne diamond district of central Saskatchewan, Canada, on mineral dispositions held 100 percent by Star Diamond. RTEC refers to Star Diamond’s mineral dispositions in the Fort à la Corne diamond district as Project FalCon.

This CSM drilling program mixes cement grout with the top 20 metres of near-surface sands in order to stabilize the unconsolidated sand overburden for each of the planned bulk sample holes by RTEC. Following the stabilisation program, RTEC intends to use a Bauer BC 50 Cutter mounted on a Bauer MC 128 Duty-cycle Crane (“Trench Cutter Sampling Rig”) to drill and sample to depths of up to 250 metres below surface. Each ten metres of advance down hole aims to excavate some 100 tonnes of kimberlite.

Senior Vice President Exploration and Development, George Read, states: “Star Diamond Corporation is pleased that this phase of the CSM program has been conducted while the final assembly and testing of the Trench Cutter Sampling Rig is being completed. The assembly and commissioning of RTEC's desanding and bagging plant is also nearing completion. The desanding plant has been designed by RTEC to recover -80 +0.85 millimetre washed kimberlite sampled by the Trench Cutter Sampling Rig.”

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 TSX Exchange under the trading symbol “DIAM”. The Corporation’s Star - Orion South Diamond Project is located in central Saskatchewan some 60 kilometres east of the city of Prince Albert. The Project is in close proximity to established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future mine development.

The Corporation recently announced the positive results of the independent Preliminary Economic Assessment (“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). Star Diamond commissioned the PEA and related Technical Report for the Star and Orion South Kimberlites and, as such, the PEA and Technical Report are the sole responsibility of the Corporation. The PEA is based on exploration and evaluation work conducted up to and including March 2017.

During 2017, the Corporation granted RTEC an option to earn up to a 60% interest in the Corporation’s Fort à la Corne mineral properties (including the Star-Orion South Diamond Project) on the terms and conditions contained in the Option Agreement (see News Release dated June 23, 2017). Completion of the proposed 2018 sampling

program (First Option) does not entitle RTEC to an interest in the Corporation's 100 percent held Fort à la Corne mineral properties (including the Project).

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, PEA or TFFE constitute forward-looking statements.

Forward-looking statements contained or implied in this press release include, but are not limited to, 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, pre-tax payback period, tonnes of kimberlite to be mined, carats per tonne to be recovered (grade), diamond prices, life of mine, capital costs, length of pre-production period, possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action; the timing and costs of future development and exploration activities on the Corporation's projects; success of development and exploration activities; permitting time lines and requirements; time lines for further studies; planned exploration and development of properties and the results thereof; specifications and design of the proposed bulk sampling plant; and planned expenditures and budgets and the execution thereof as well as statements with respect to RTEC's and the Corporation's objectives for the ensuing year, and use of the Trench Cutter Sampling Rig and the desanding and bagging plant for the bulk sampling program, the depth of drilling, the quantity and recovery of kimberlite to be excavated, the timing of further CSM drilling and the number and location of future CSM drill holes.

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 the Corporation or its partners, the effects of competition in the markets in which the Corporation operates, 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. 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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