

# STAR DIAMOND CORPORATION

Star & Orion South  
Huge kimberlites with  
large stone potential

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Senior VP Exploration & Development



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# Safe Harbour Statement

This presentation contains "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as "forward-looking statements"). Forward-looking statements are 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 Corporation's (the "Company") future operations, future exploration and development activities or other development plans constitute forward-looking statements. Forward-looking statements included or implied in this presentation include, but are not limited to, the Revised Mineral Resources Estimate; diamond pricing information bulk sample programs and other assumptions and parameters; the upgrade of Inferred to Indicated Resources; the improvement in the Mineral Resource estimate; the re-optimization of the Star and Orion South open pits; the receipt of provincial environmental approval; the undertaking of additional studies and the potential upgrading of the feasibility study and revised statement of mineral reserves and economic assessment; RTEC's objectives for the ensuing year, including the proposed 2018 sampling program.

These forward-looking statements are based on the Company'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. In making the forward-looking statements contained in this news release, the Company has utilized diamond valuations completed in June 2015 and has made the assumptions detailed herein and in the press release dated November 9, 2015 entitled "Star-Orion South Diamond Project Revised Mineral Resource Estimate Star Indicated: 28.2 Mct; Orion South Indicated: 27.1 Mct". 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 and actual results may not be consistent with these forward-looking statements.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. 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 Company or its partners, the effects of competition in the markets in which the Company 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 Company's most recently filed Annual Information Form, annual and interim MD&A. The Company'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.

When making decisions with respect to the Company, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events. The forward-looking statements in this presentation are expressly qualified by this cautionary statement. Unless required by applicable securities law, the Company does not undertake to update any forward-looking statement that is made herein.

# Presentation Summary

- Project location
- Claims and kimberlites
- Evaluation methods
- Geological models
- Resource estimates
- Comparison with diamond mines
- Attractive diamond parcel & prices
- High value stones
- Large stones
- Type IIa diamonds and proportions
- Diamond size frequency distribution
- Future work





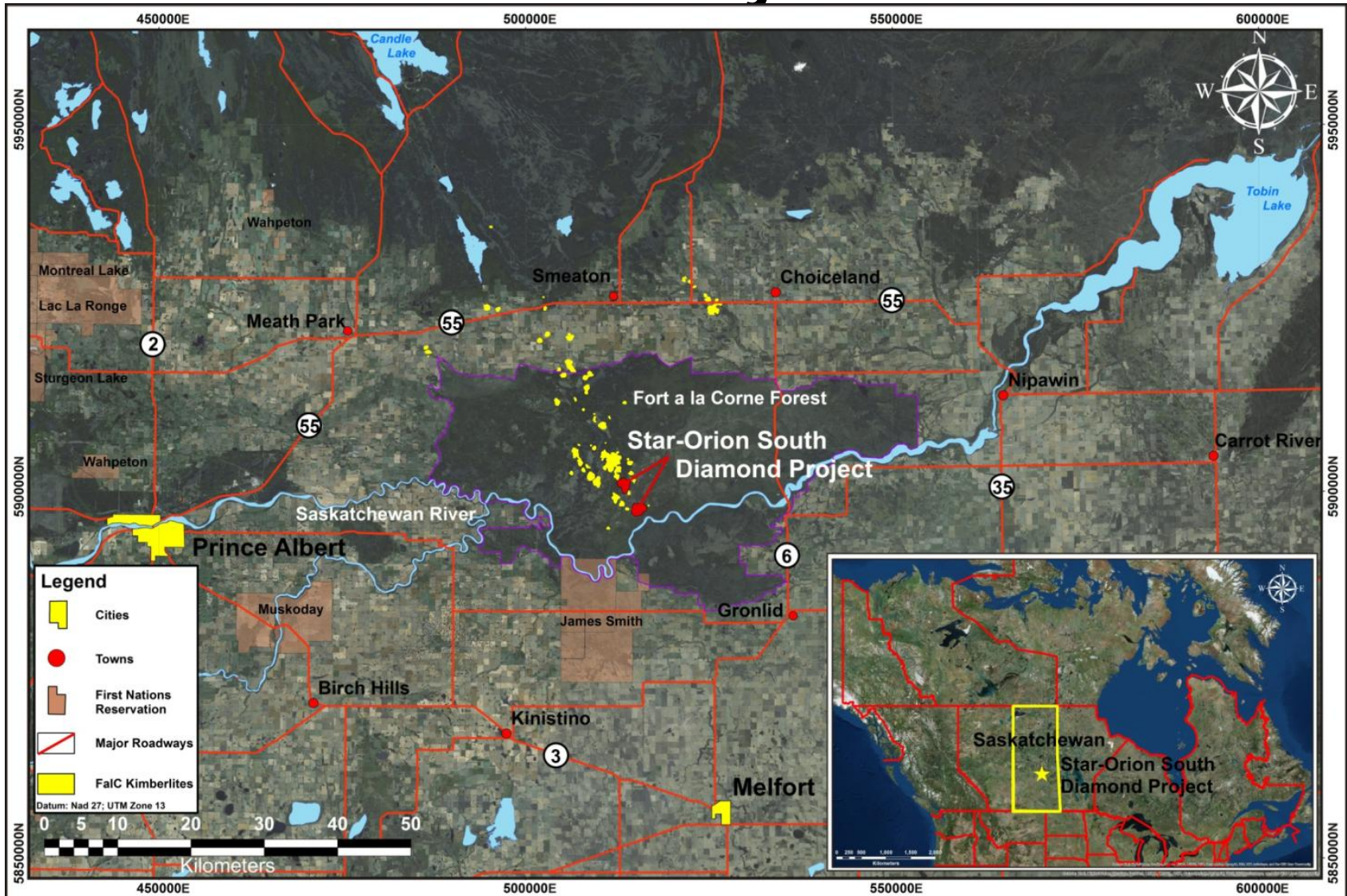
# Star - Orion South Project Location



Source: Esri, DigitalGlobe, GeoEye, Earthstar, USDA, USGS, AeroV, IGN, IGP, swisstopo, and the GIS User Community

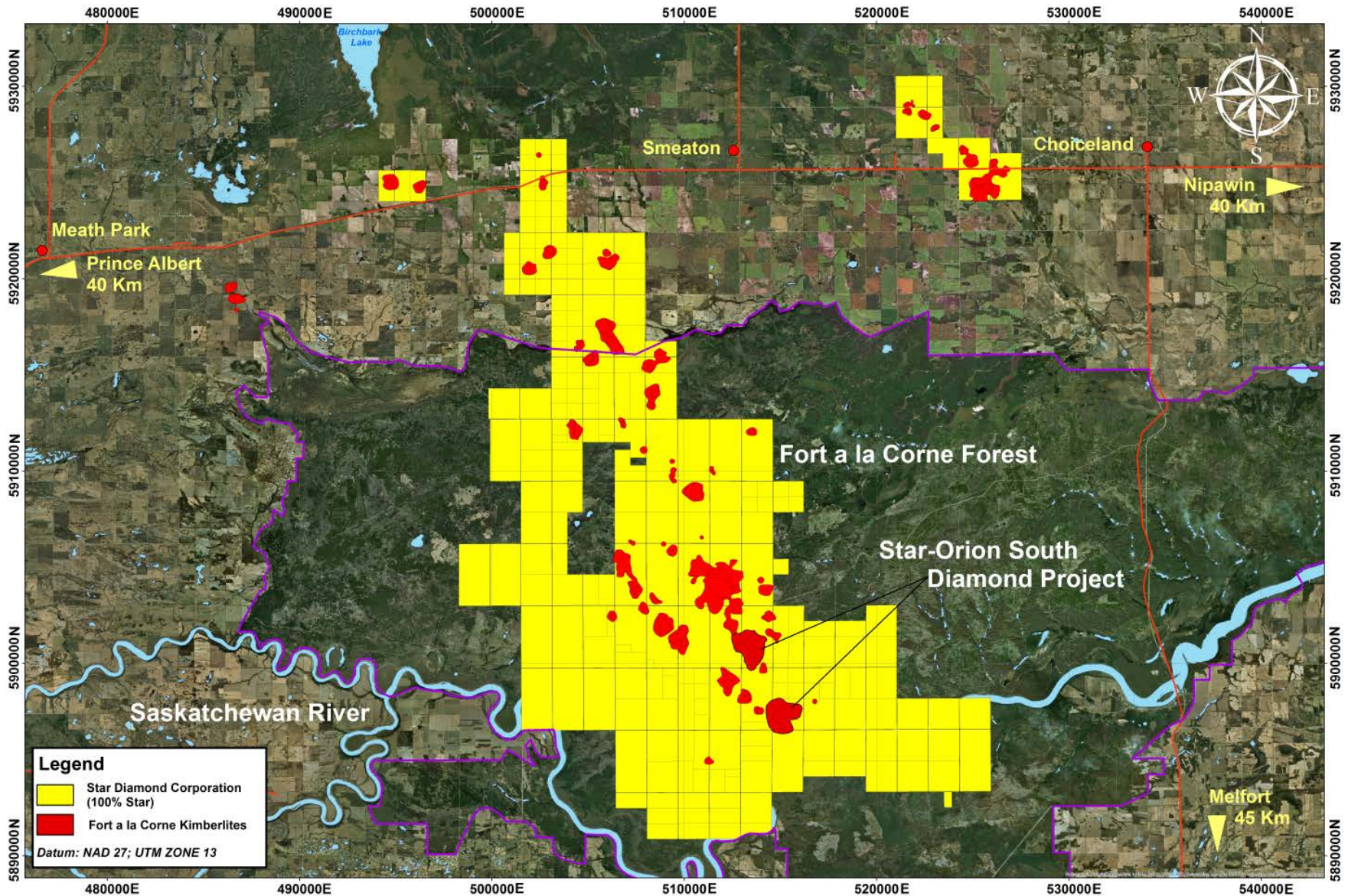


# Star - Orion South Project Location



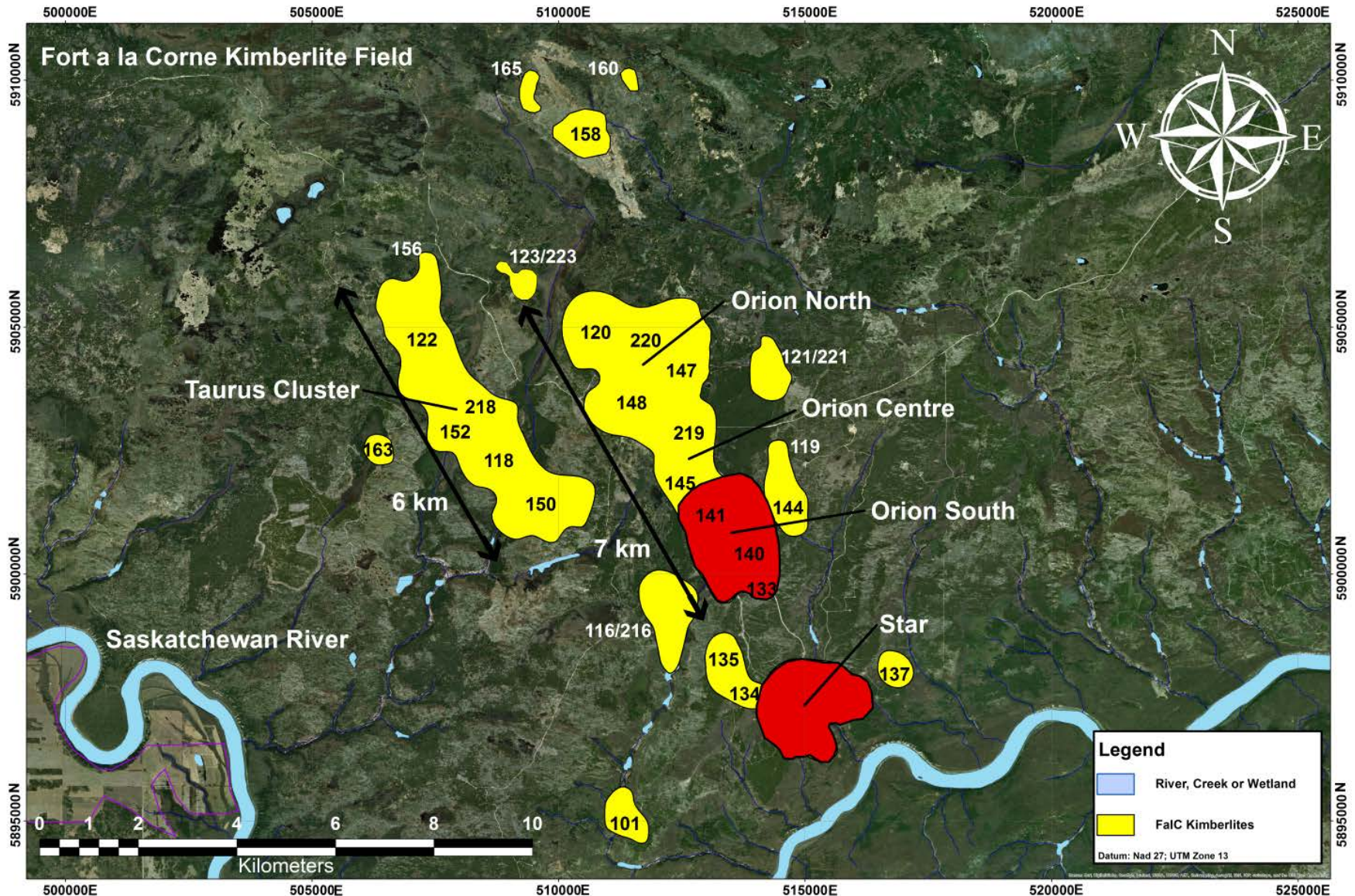


# Mineral Dispositions & Kimberlites





# Extensive Kimberlite Clusters: Orion & Taurus



# Previous Star - OS Diamond Project Evaluation



**Core Drilling** - completed on a 100 metre grid defines the size, shape and internal structure of the kimberlites, enabling the development of geological models



**Large Diameter Drilling (LDD)** - Mini-bulk samples recovered from 24", 36" and 48" LDD are used for diamond grade (cpht) estimation, across the kimberlite and outside the area of underground bulk sampling



**Underground Bulk Sampling** - completed initially on the Star Kimberlite (75,436 tonnes) and subsequently on the Orion South Kimberlite (23,468 tonnes)



# Star & OS Underground Bulk Sampling

| Kimberlite Unit | Dry Tonnes Processed | Number of Stones | Total Carats | Grade (cpht) | Largest Stone (carats) |
|-----------------|----------------------|------------------|--------------|--------------|------------------------|
| Star            | 75,435.68            | 84,211           | 10,966.00    | 14.54        | 49.50                  |
| Orion South     | 23,468.00            | 15,248           | 2,346.27     | 10.00        | 45.90                  |



# Star & OS Large Diameter Drilling

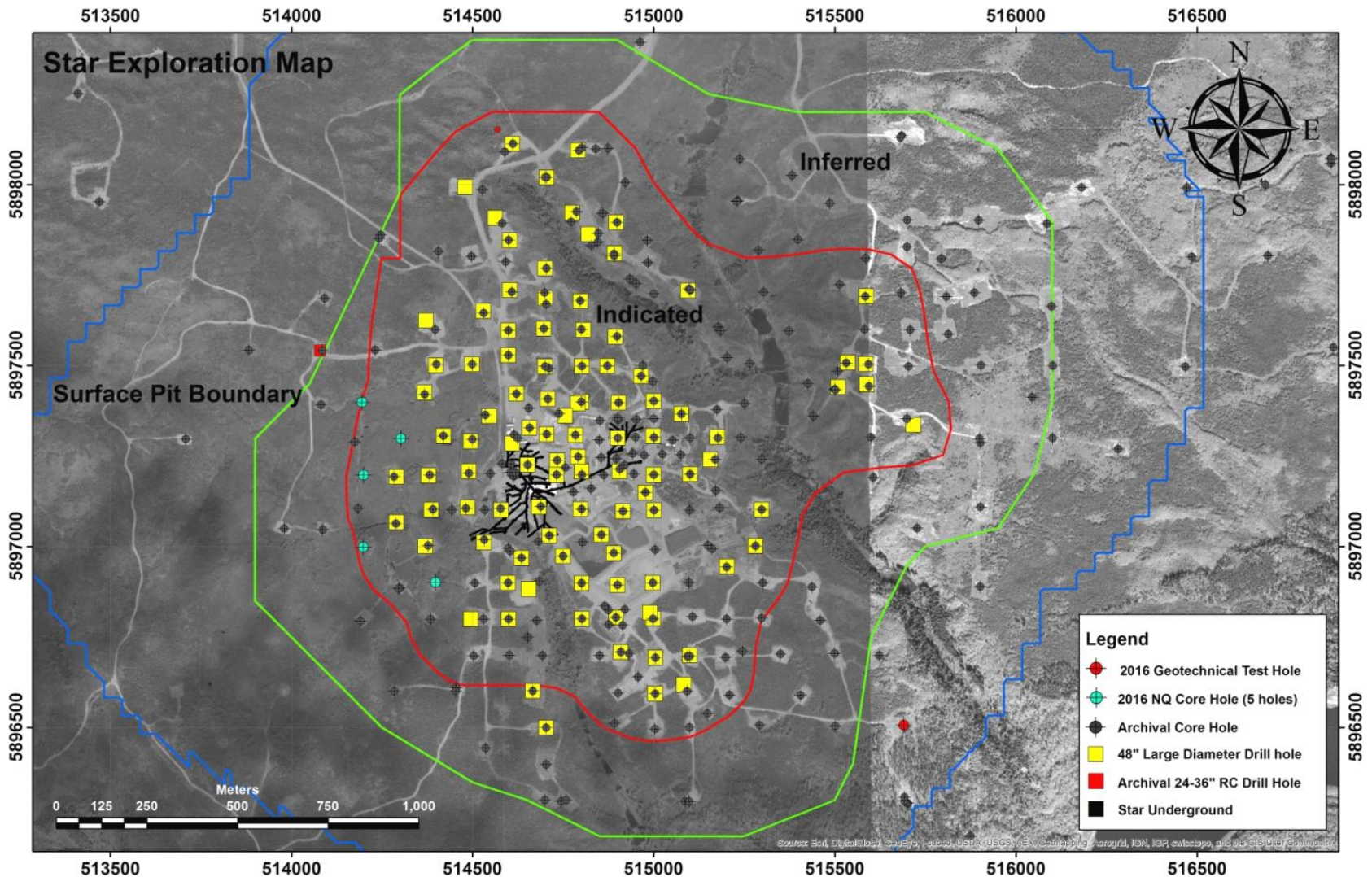


| Kimberlite  | Holes | Kimberlite (m) | Carats  |
|-------------|-------|----------------|---------|
| Star        | 96    | 7,702          | 1,416.6 |
| Orion South | 76    | 9,431          | 1,096.5 |

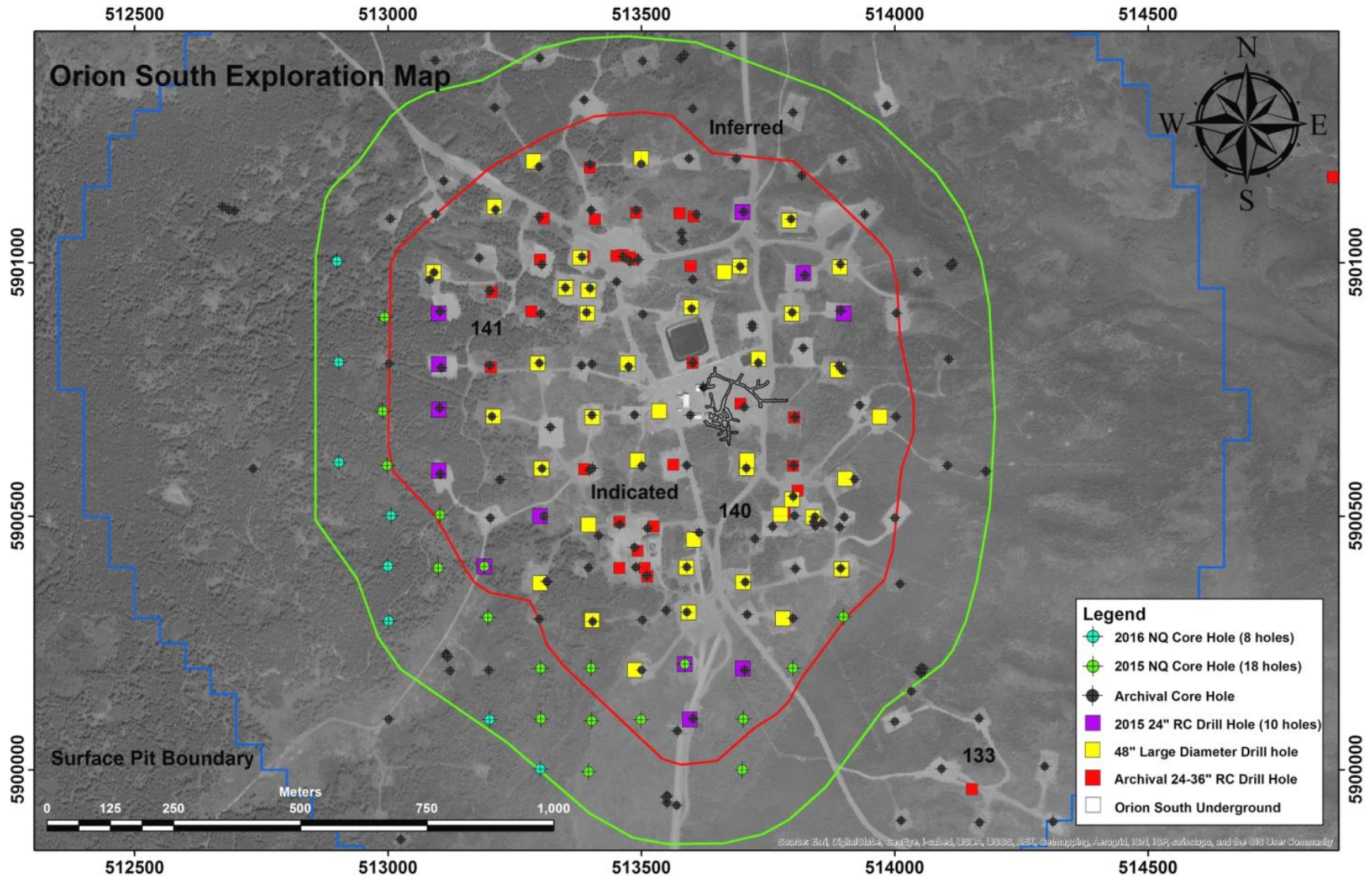
- LDD enabled diamond grade determination across the kimberlites, outside the UG bulk sampling
- However, LDD can be an aggressive sampling method resulting in some diamond loss and breakage
- LDD grades reconciled with UG grades using diamond size frequency curves



# Star Core & LD Drilling



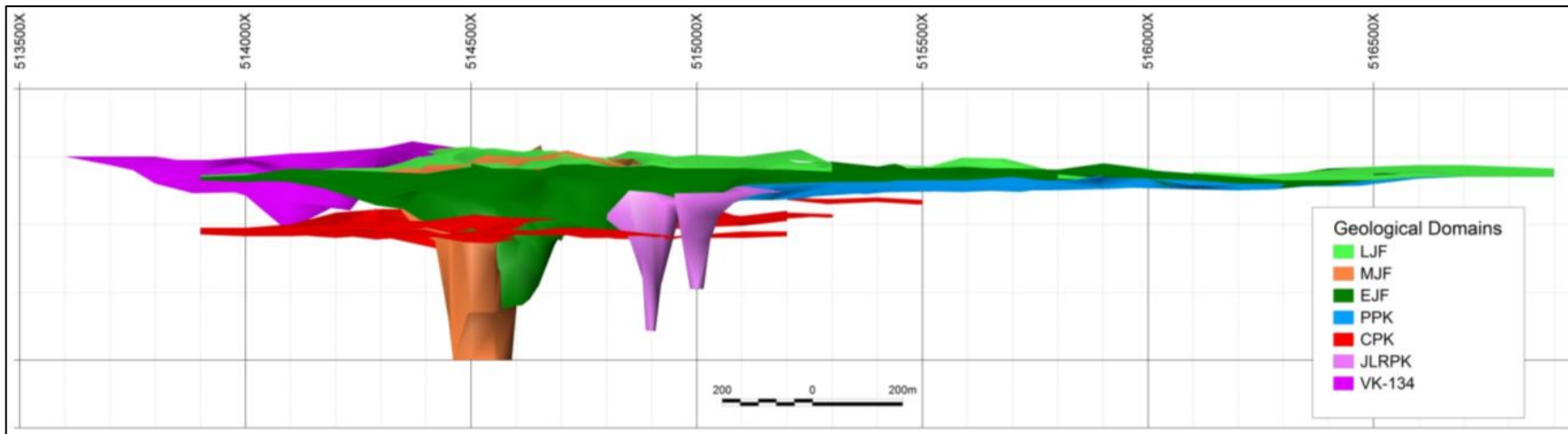
# Orion South Core & LD Drilling



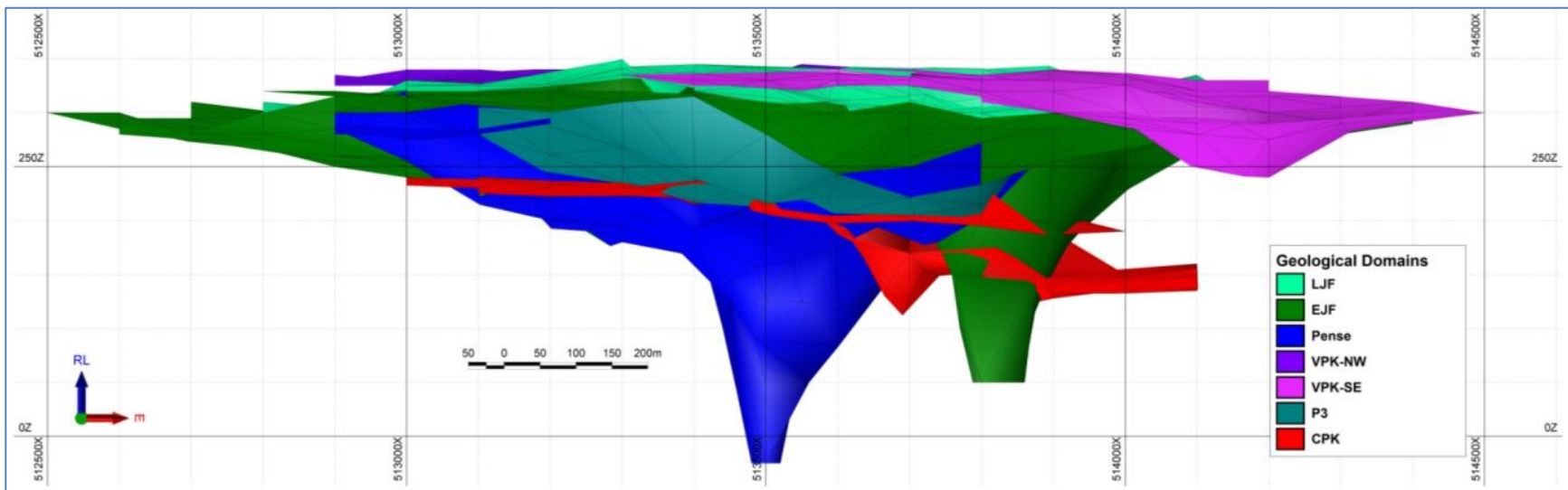


# Star & OS Geological Models

Star Deposit



Orion South Deposit



# Revised Mineral Resource Estimate

| Kimberlite   | Resource Category | Tonnes x1000   | Grade (cpht) | Carats x1000  |
|--------------|-------------------|----------------|--------------|---------------|
| Star         | Indicated         | 193,010        | 15           | 28,249        |
| Orion South  | Indicated         | 200,160        | 14           | 27,153        |
| <b>Total</b> | <b>Indicated</b>  | <b>393,170</b> | <b>14</b>    | <b>55,402</b> |

|              |                 |                |          |               |
|--------------|-----------------|----------------|----------|---------------|
| Star         | Inferred        | 56,949         | 11       | 6,385         |
| Orion South  | Inferred        | 72,080         | 7        | 5,180         |
| <b>Total</b> | <b>Inferred</b> | <b>129,029</b> | <b>9</b> | <b>11,565</b> |

- Indicated Mineral Resource on Star has increased 38 percent to 28.2 million carats and the grade has increased 11 percent to 15 cpht
- Indicated Mineral Resource on Orion South has increased 134 percent to 27.1 million carats and the grade has increased 1 percent to 14 cpht
- An Updated Feasibility Study needs to be completed based on the Revised Mineral Resource estimate



# Resource/Reserve Comparison

| Project                   | Tonnes*<br>(Mt)  | Grade<br>(cpht) | Carats<br>(Mct) | Price†<br>(US\$/ct) |
|---------------------------|------------------|-----------------|-----------------|---------------------|
| Star-Orion South - Canada | 393 <sup>1</sup> | 14              | 55              | \$210               |
| Ekati - Canada            | 69 <sup>2</sup>  | 150             | 105             | \$81                |
| Diavik - Canada           | 16 <sup>2</sup>  | 280             | 46              | \$128               |
| Gahcho Kue - Canada       | 35 <sup>2</sup>  | 157             | 55              | \$78                |
| Renard - Canada           | 33 <sup>2</sup>  | 67              | 22              | \$104               |
| Karowe - Botswana         | 42 <sup>1</sup>  | 15              | 6               | \$687               |
| Letseng - Lesotho         | 175 <sup>1</sup> | 1.75            | 3               | \$2,100             |

\*Tonnes: 1=Indicated Resources; 2=Proven & Probable Reserves

†Weighted average diamond price

- Valuation of diamond deposits dependent on tonnes, grade and diamond price
- Diamond price is unique for each kimberlite

Disclaimer: Values presented are the best estimates in the public domain at the time of preparation

# Attractive Diamond Population

- Weighted average rough diamond prices:  
Star Kimberlite: US\$231/ct, Orion South Kimberlite: US\$187/ct
- World average rough diamond price 2016: US\$092/ct



**“These diamonds give a good first impression and are likely to be considered highly desirable by diamond traders and polishers. There are no coated stones at all in the samples, and almost no boart.” - Richard Wake-Walker, WWW International Diamond Consultants**



# Diamonds: High Value Stones



# Diamonds: Large Stones



Star 22.6 carat

Star 49.5 carat

|             |  |
|-------------|--|
| Kimberlite  | Ten largest diamonds recovered during evaluation           |
| Star        | 49.5, 24.9, 22.6, 19.7, 19.7, 19.6, 19.2, 17.7, 16.6, 15.8 |
| Orion South | 45.9, 33.0, 15.9, 15.9, 10.5, 10.2, 9.4, 8.3, 7.2, 7.2     |



# Diamonds: Type IIa Stones

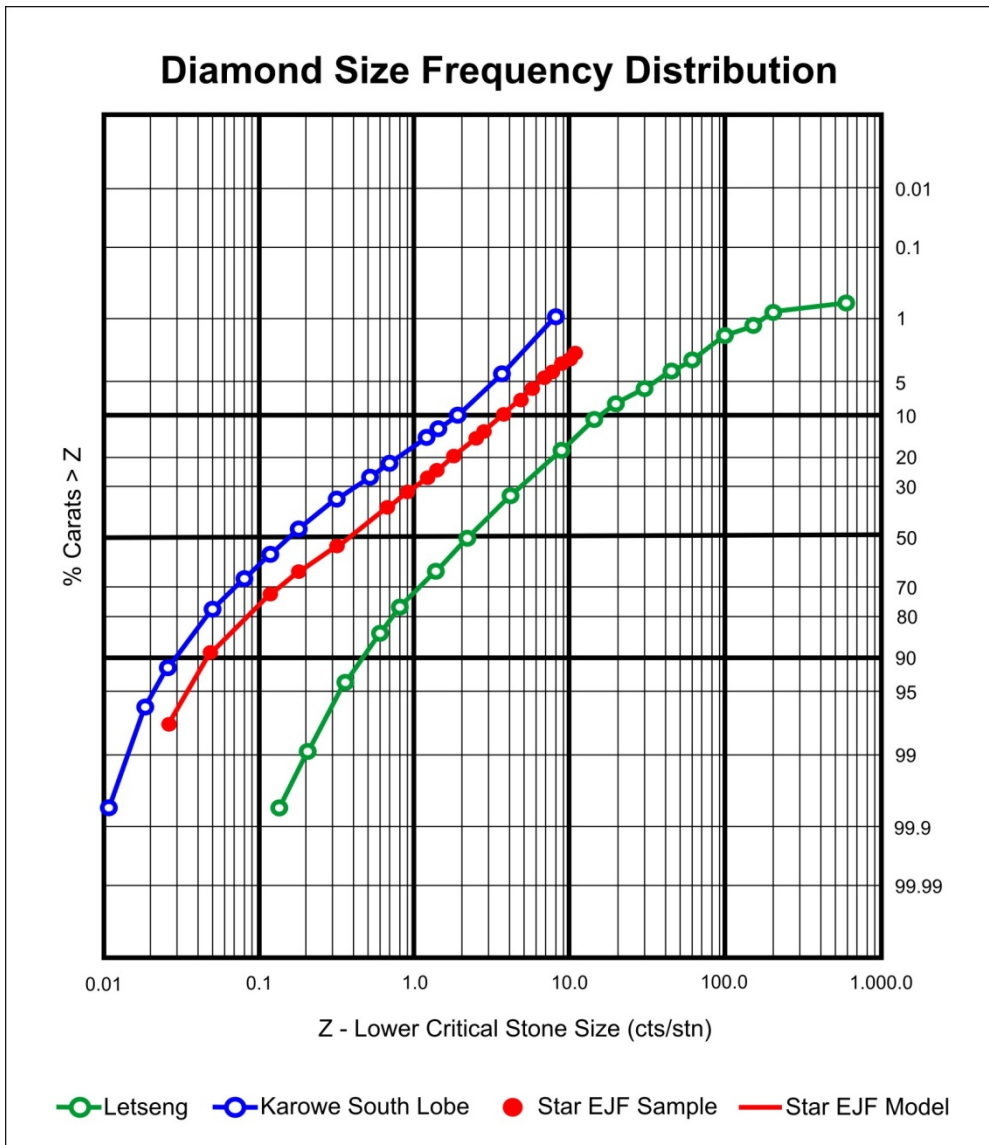


- Type IIa diamonds contain no nitrogen or boron impurities
- Type IIa are usually top white or brown and can also be pink
- Type IIa diamonds are rare and account for less than 1.3 % of annual world production

Star Kimberlite Diamonds greater than 2.7 carats

| Kimberlite Unit | Number of Diamonds |           |            | Percentage Type IIa |
|-----------------|--------------------|-----------|------------|---------------------|
|                 | Type Ia            | Type IIa  | Total      |                     |
| Cantuar         | 42                 | 17        | 59         | 29                  |
| Pense           | 16                 | 8         | 24         | 33                  |
| EJF             | 132                | 43        | 175        | 25                  |
| <b>TOTALS</b>   | <b>190</b>         | <b>68</b> | <b>258</b> | <b>26</b>           |

# Diamond Size Frequency Distribution



- Diamonds are log-normally distributed in size frequency: exponentially more small stones than big stones
- Letseng Kimberlite in Lesotho has coarsest SFD and has produced many large stones: Lesotho Promise 603 ct sold for US\$12.37 million in 2006
- Karowe Kimberlite in Botswana in Nov 2015 produced: 1,109 ct, 813 ct and 374 ct stones



# Consolidation of the FALC Mineral Properties & Option to Joint Venture in June 2017



- Announced the consolidation of the Fort à la Corne mineral properties (including the Star - Orion South Diamond Project), resulting in Star Diamond Corporation holding a 100 percent interest with Newmont Canada FN Holdings ULC ("Newmont") increasing its interest to a 19.9% shareholder of Star Diamond Corporation immediately following the completion of the transactions

## RioTinto

- Announced the concurrent Option to Joint Venture Agreement with Rio Tinto Exploration Canada Inc. ("RTEC") for the Fort à la Corne mineral properties (including the Star - Orion South Diamond Project). RTEC has the option to earn up to a 60 percent interest in the Fort à la Corne mineral properties
- Announced the related closing of a subscription by RTEC for 5.6 million Common Shares and 5.6 million Common Share purchase warrants for aggregate gross proceeds of \$1.0 million

# — Future Work by RTEC

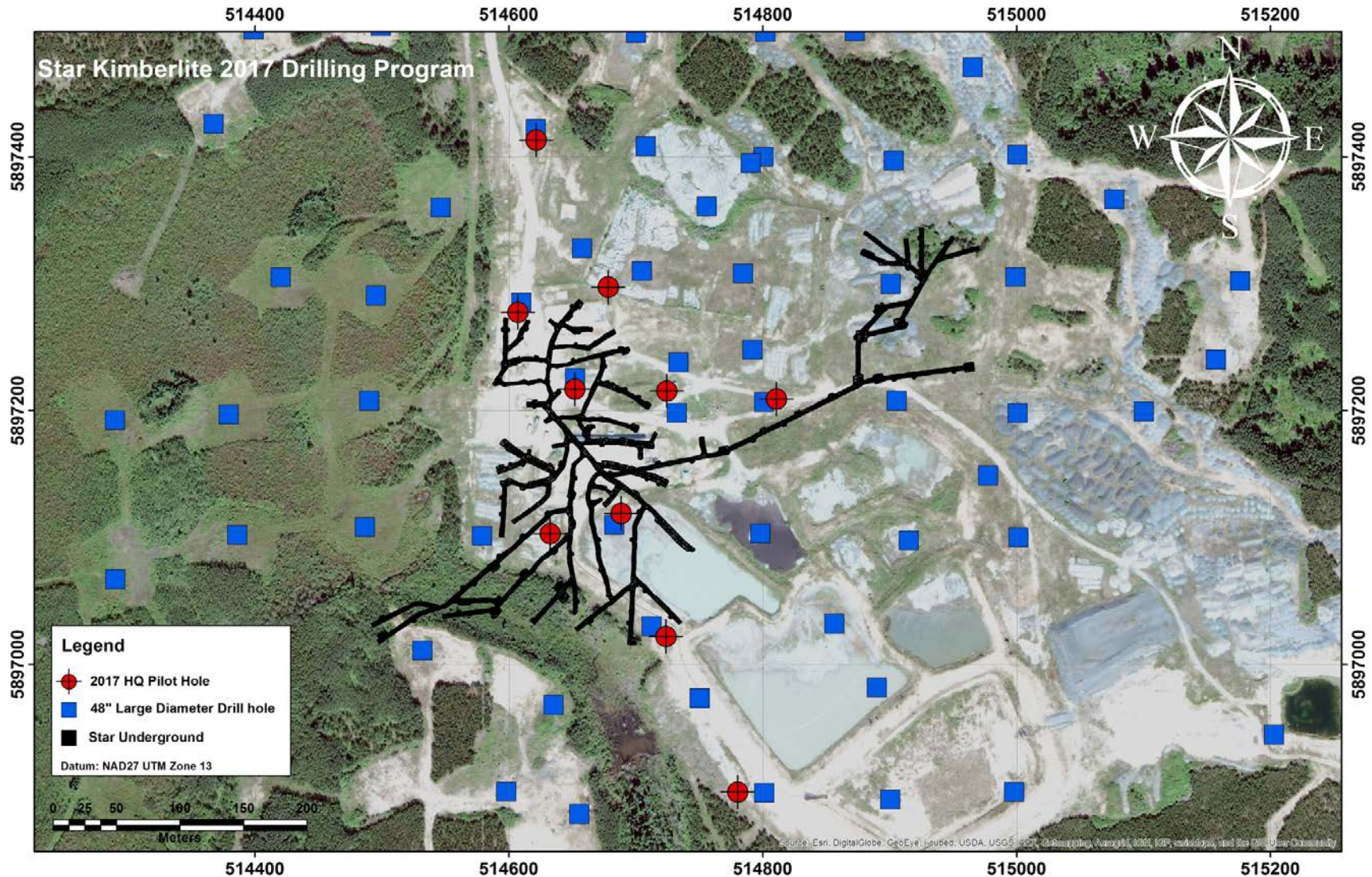
- Pilot holes: Core and sonic drilling
- Bulk Sampling
- Processing samples in on-site bulk sample plant



File photo – FALC bulk sample processing plant (2005)



# Star Kimberlite Sample Locations



# Project Future & Upside

- Large contiguous diamond bearing kimberlites
- Attractive diamond parcel: High price, coarse size frequency, Type IIa
- Accessible Project site close to infrastructure, particularly electrical power
- Saskatchewan: #2 rated Mining Investment Jurisdiction (Fraser Institute)
- Opportunity for strong NPV and IRR in Updated FS
- Consolidated FALC mineral properties, Rio Tinto Option Agreement
- Rio Tinto plan additional bulk sampling in 2018





# Management & Technical Team



**Kenneth E. MacNeill**  
President, CEO, Director

Extensive background over 34 years experience in all aspects of natural resource exploration and development

## MARKET AND FINANCIAL INFORMATION

- Exchange: Symbol TSX: DIAM
- Shares outstanding 379.9 million
- Shares fully diluted 416.0 million



**Greg P. Shyluk**  
Chief Financial Officer

Chartered accountant with 18 years experience with mining and natural resource companies

## **Mark Shimell**

Project Manager

- Geologist with 21 years experience

## **Brian DesGagnes**

Senior Project Geologist

- Geologist with 12 years experience



**George H. Read**  
Senior Vice President of  
Exploration and Development

Diamond exploration geologist with 34 years of international experience

## **Bill van Breugel**

Project Engineer

- Mining Engineer with 39 years experience



# STAR DIAMOND CORPORATION



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