

NEWS RELEASE

TSX: DIAM

March 26, 2020

Saskatoon, Saskatchewan

STAR DIAMOND CORPORATION ANNOUNCES 2019 YEAR END RESULTS

Star Diamond Corporation (“DIAM”, “Star Diamond” or the “Company”) reports that the audited results of its operations for the year ended December 31, 2019 will be filed today on SEDAR and may be viewed at www.sedar.com once posted. A summary of key financial and operating results for the year is as follows:

Highlights

- Announced study results that indicate a high proportion of Type IIa diamonds present in both the Star (26.5 percent) and the Orion South (12.5 percent) kimberlites;
- Announced updates on bulk sampling program by Rio Tinto Exploration Canada (“RTEC”) on the Company’s 100% held Star and Orion South Kimberlites (the “Star - Orion South Diamond Project”, or “Project”);
- Announced completion of drilling of ten bulk sampling holes (trenches) by RTEC on the Company’s Star Kimberlite;
- Announced that the Company notified RTEC that its purported exercise in November 2019 of its four options under the Option to Joint Venture Agreement dated June 22, 2017 (the “Option Agreement”) did not comply with the terms of the Option Agreement and has commenced legal proceedings;
- Working capital of \$7.7 million at December 31, 2019;
- Issued and outstanding shares of 428.5 million at December 31, 2019

Overview

Star Diamond Corporation is a Canadian natural resource company focused on exploring and developing Saskatchewan's diamond resources. In June 2017, the Company announced that it had acquired (the "Newmont Acquisition") from Newmont Corporation ("Newmont") all of Newmont's participating interest in the Fort à la Corne joint venture (the "FaC JV"), resulting in the Company owning 100% of the Fort à la Corne mineral properties (including the Project), and concurrently entered into an Option to Joint Venture Agreement (the "Option Agreement") with RTEC, a wholly-owned subsidiary of Rio Tinto, pursuant to which the Company has granted RTEC an option to earn up to a 60% interest in the Company's Fort à la Corne mineral properties (including the Project) on the terms and conditions contained in the Option Agreement (see News Release dated June 23, 2017).

In November 2019, Star Diamond received notice (the “Exercise Notice”) from RTEC advising that RTEC was exercising all four of its options under the Option Agreement (see News Release dated November 15, 2020). The Company has formed a Special Committee of non-management directors to review and consider the Exercise Notice, including whether the options have been validly exercised by RTEC, to oversee the Company’s dealings with RTEC including in relation to the Exercise Notice and to consider the Company’s alternatives in the context of the Exercise Notice. In February 2020, the Company notified RTEC that its purported exercise in November 2019 of its four options under the Option Agreement did not comply with the terms of the Agreement (see News Release dated February 18, 2020).

While Star Diamond has not to date been provided with any meaningful data from RTEC’s operations at the Project, Star Diamond believes that RTEC’s continuing actions and conduct in relation to the Project are consistent with a belief by Rio Tinto that the Project warrants significant continued investment. Star Diamond believes that RTEC has expended significant funds at the Project to date, and that RTEC intends to continue doing so during 2020.

Star Diamond is committed to taking all actions necessary to ensure that the interests of the Company, its shareholders and its many Saskatchewan-based and other stakeholders are protected in connection with the Project, including by enforcing all of Star Diamond's rights under the Agreement. The Company recently announced that it has commenced legal proceedings in the Court of Queen's Bench for Saskatchewan (Judicial Centre of Regina) against RTEC in relation to RTEC's purported exercise (see News Release dated March 5, 2020).

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

During 2019, the Company announced the results of a study into the abundance of Type IIa diamonds in the diamond parcels recovered from the Star and Orion South Kimberlites (see News Release dated March 4, 2019). This study confirmed that unusually high proportions of Type IIa diamonds are present in both the Star (26.5 percent) and the Orion South (12.5 percent) kimberlites. The diamonds analysed in this study represent a spectrum of diamond sizes from +11 DTC (+0.32 carats) through all of the large stones, up to diamonds of nearly 50 carats. Type IIa diamonds are very rare and account for approximately less than two percent of all natural rough diamonds mined from kimberlites. Type IIa diamonds usually have anhedral crystal shape and exhibit a range of elongated, distorted or irregular morphologies. Most importantly, many high-value, top colour, large specials (greater than 10.8 carats) are Type IIa diamonds, which include all ten of the largest known rough diamonds recovered worldwide, from the 726 carat Jonker to the 3,106 carat Cullinan.

During 2019, the Company announced that RTEC completed the drilling of ten bulk sample holes (trenches) on the Company's Star Kimberlite using the Trench Cutter Sampling Rig (See News Release dated October 8, 2019). The ten holes completed on the Star Kimberlite included a total of 2,351 metres of trench cutter drilling and intersected a total of 1,215.5 metres of kimberlite. Kimberlite was pumped to surface and recovered using a Kimberlite Separation Unit ("KSU"), with samples loaded and in cubic metre bulk bags, which total 6,848 in number (estimated by RTEC to be approximately 8,271 wet tonnes). As the on-site Bulk Sample Plant ("BSP") was not constructed or commissioned prior to the completion of the ten Star kimberlite trench cutter holes, the resulting 6,848 sample bags are being stored by RTEC until the on-site BSP is fully constructed and commissioned.

The Trench Cutter Sampling Rig being utilized by RTEC consists of a Bauer BC 50 Cutter mounted on a Bauer MC 128 Duty-cycle Crane. Cutter rigs by Bauer are used around the world for complex engineering projects. Bauer has indicated that this is the first time in the world that this technology is being used in an active project to sample kimberlite at depths of up to 250 meters. At each bulk sampling trench cutter hole location, the surface was first stabilized (See News Release dated May 23, 2019). Cement is mixed with the top 20 metres of near-surface sands in order to stabilize the unconsolidated sand overburden.

The Trench Cutter Sampling Rig excavates a rectangular hole of 3.2 by 1.5 metres. Bauer and RTEC have indicated that the Trench Cutter Sampling Rig's cutter head was designed to excavate kimberlite fragments of up to 80 millimetres in diameter, which are then pumped in a slurry to the surface to the KSU. The KSU was designed to recover kimberlite fragments between 80 and 0.85 millimetres from the Trench Cutter Sampling Rig slurry. The Trench Cutter Sampling Rig and associated KSU was designed to minimize diamond breakage during sample excavation, washing and bagging.

The trench cutter samples that were collected from RTEC's 2019 bulk sampling program of the Star Kimberlite is to be processed by RTEC following the construction and commissioning of the BSP. Final diamond recovery from the concentrates produced by the BSP is to be conducted at a secure off-site facility.

During the second quarter of 2019, the Company announced that RTEC completed sonic and core drilling on the Orion South Kimberlite (see News Releases dated April 15, 2019 and December 11, 2017). The sonic drilling provides a detailed log of the overburden stratigraphy above the kimberlite, while the core holes were drilled to generate detailed logs of the kimberlite geology at each locality in preparation for RTEC's anticipated bulk sampling of the Orion South Kimberlite using the Trench Cutter Sampling Rig.

Year to Date Results

For the year ended December 31, 2019, the Company recorded a net loss of \$4.1 million or \$0.01 per share (basic and fully diluted) compared to a net loss of \$4.6 million or \$0.01 per share in 2018. The losses during 2019 and 2018 were primarily due to ongoing operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest and other income earned.

Selected financial highlights include:

Condensed Consolidated Statements of Financial Position	As at December 31, 2019	As at December 31, 2018
Current assets	\$ 8.0 M	\$ 2.9 M
Exploration and evaluation, capital and other assets	67.7 M	67.5 M
Current liabilities	0.3 M	0.3 M
Non-current liabilities	1.6 M	1.3 M
Shareholders' equity	73.8 M	68.8 M

Consolidated Statements of Income (Loss)	Year Ended December 31, 2019	Year Ended December 31, 2018
Interest and other income	\$ 0.1 M	\$ 0.1 M
Expenses	4.2 M	4.8 M
Flow-through premium recognized in income	0.0 M	0.2 M
Investment in Wescan Goldfields Inc.	0.0 M	(0.1) M
Net loss for the period	(4.1) M	(4.6) M
Net loss per share for the period (basic and diluted)	0.01	0.01

Condensed Consolidated Statements of Cash Flows	Year Ended December 31, 2019	Year Ended December 31, 2018
Cash flows from operating activities	\$ (2.7) M	\$ (3.0) M
Cash flows from investing activities	(0.0) M	(0.1) M
Cash flows from financing activities	7.8 M	1.9 M
Net increase (decrease) in cash	5.1 M	(1.2) M
Cash – beginning of period	2.8 M	4.0 M
Cash – end of period	7.9 M	2.8 M

Outlook

The provincial environmental approval of the Star - Orion South Diamond Project received in 2018, alongside the previous positive federal decision, marked a major milestone for the Project. In addition, the positive results of the 2018 PEA shows that the Project can be economically developed and operated while providing direct employment for hundreds of people throughout the construction phase and hundreds of people continuously over its estimated 38 year mine life.

The successful completion of the 2017 consolidation of the Company's Fort à la Corne mineral properties (including the Star - Orion South Diamond Project) and the concurrent earn-in arrangement with RTEC defined the start of a new phase for the Company. There are some 60 other kimberlites within the Company's Fort à la Corne diamond district, on mineral dispositions held 100 percent by the Company. The Company is also very pleased to continue to have Newmont Corporation as a significant shareholder.

As of March 26, 2020, the Company had approximately \$7.2 million in cash and cash equivalents (excluding \$0.6 million in restricted cash). A portion of the Company's cash and cash equivalents will be used for 2020 programs (including flow-through commitments) to further assess, evaluate and advance certain aspects of the Company's mineral properties, as well as for general corporate matters.

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 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 Company 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).

During 2018, the Saskatchewan Ministry of Environment approved the Company's Star - Orion South Diamond Project (See News Release dated October 25, 2018). The Canadian Environmental Assessment Agency previously announced a positive Environmental Assessment Decision for the proposed Project by the federal Environment Minister (See News Release dated December 3, 2014).

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 Company'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 news release include, but are not limited to, the Company's intentions with respect to its dealings with RTEC, including in relation to RTEC's purported exercise of the Options and the related issues Star Diamond has raised with RTEC; 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; the Company's intention to seek additional financing in the ensuing years; statements with respect to metallurgical investigations, assessments and test work; 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; RTEC's and the Company's objectives for the ensuing year, including the timing for revision or replacement of the desanding plant, timing for delivery and construction of the bulk sample processing plant and timing for recommencement of the bulk sampling program; as well as the Brownfields programs.

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. 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 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 and development, 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, news releases and technical reports. 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.

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 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. Unless required by applicable securities law, the Company does not undertake to update any forward-looking statement that is made herein.

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