

NEWS RELEASE

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Saskatoon, Saskatchewan

STAR DIAMOND PROVIDES UPDATE ON STAR – ORION SOUTH DIAMOND PROJECT

- **RIO TINTO CANADA SAYS TEN CUTTER HOLE BULK SAMPLE PROGRAM NOW SUCCESSFULLY COMPLETED**
- **RIO TINTO CANADA SAYS PROGRAM MET ITS OBJECTIVE OF IMPROVING CONFIDENCE IN THE DIAMOND GRADE OF THE PROJECT**
- **STAR DIAMOND HAS NOTIFIED RIO TINTO CANADA THAT COMPLETION OF A COMPREHENSIVE DIAMOND BREAKAGE STUDY AND CERTAIN OTHER WORK REMAIN OUTSTANDING**
- **STAR DIAMOND HAS REMINDED RIO TINTO CANADA OF TERMS OF COURT UNDERTAKING GIVEN BY RIO TINTO CANADA**

SASKATOON, Saskatchewan, February 22, 2021 – Star Diamond Corporation (“Star Diamond” or the “Corporation”) today announced that Rio Tinto Exploration Canada Inc. (“Rio Tinto Canada”) has provided written notice that it has now successfully completed the ten cutter hole bulk sample program excavated by Rio Tinto Canada in 2019 at the Star - Orion South Diamond Project (the “Project”). Rio Tinto Canada has confirmed to Star Diamond that this bulk sample program met Rio Tinto Canada’s objective of improving confidence in the diamond grade of the Project. In a letter written to Star Diamond’s Chair of the Board, Rio Tinto Canada stated:

“I am pleased to report to Star Diamond Corporation (SDC) that Rio Tinto Exploration Canada Inc. (RTEC) has as of today completed the quality assurance and quality control (QA/QC) procedures allowing RTEC to accept the final processing and recovery results of the Star ten bulk sample programme reported by the Saskatchewan Research Council (SRC) to the participants. I am even more pleased that those results have met the objective of the Star bulk sampling programme, which was to improve confidence in the grade of the Star Kimberlite. I enclose the report which documents the main QA/QC procedures performed and explains why we are able to accept the certified results reported by SRC.

RTEC has now completed the processing, diamond recovery and reporting of all diamond results on the samples previously taken from the 10 cutter holes completed in 2019 on the Star Kimberlite. We are proud to have completed this work in accordance with industry standards and to have done so in the middle of the global COVID-19 pandemic.”

Star Diamond has written to Rio Tinto Canada to advise that completion of a comprehensive diamond breakage study and certain other work remain outstanding. Star Diamond has reminded Rio Tinto Canada that, until the comprehensive diamond breakage study and that other work is completed, the processing, diamond recovery and reporting of all diamond results from the ten cutter hole bulk sample program will not be complete. Rio Tinto Canada has previously assured Star Diamond that a comprehensive diamond breakage study would be completed by Rio Tinto Canada as part of the bulk sample program.

“Star Diamond remains pleased with the results to date from Rio Tinto Canada’s bulk sampling program, which have confirmed Star Diamond’s belief that the Project has excellent geology with large and contiguous diamond-bearing kimberlites with a high proportion of valuable Type IIa stones,” said Ken MacNeill, President and CEO of Star Diamond. “However, contrary to its prior assurances to Star Diamond, Rio Tinto Canada has not yet completed a comprehensive diamond breakage study. This study is required to properly assess the full nature, extent and potential causes of the undue diamond breakage that appears to have resulted from Rio Tinto Canada’s use of unproven and inadequately tested extraction and/or diamond recovery methodologies, and the extent to which larger diamonds would have been recovered in the absence of such breakage.”

As previously disclosed by Star Diamond, Rio Tinto Canada provided an undertaking (“Undertaking”) to the Court of Queen’s Bench for Saskatchewan (Judicial Centre of Saskatoon) (the “Court”), which is referred to in its August 10, 2020 decision, in ongoing litigation between Star Diamond and Rio Tinto Canada (the “Legal Proceedings”). The Undertaking is binding on Rio Tinto Canada.

As the Undertaking is described by the Court in its August 10, 2020 decision, Rio Tinto Canada agreed that it would not call and/or conduct any meeting of the management committee under the joint venture agreement (the “Joint Venture Agreement”) between Star Diamond and Rio Tinto Canada for a period of 120 days following Rio Tinto Canada completing 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 Canada in 2019.

Consistent with the Undertaking, Star Diamond has advised Rio Tinto Canada that, until all processing, diamond recovery and reporting of all diamond results from the ten cutter hole bulk sample program is completed, including the comprehensive diamond breakage study, the 120-day period under the Undertaking cannot begin to run. Notwithstanding that the comprehensive diamond breakage study has not been completed, Rio Tinto Canada advised Star Diamond on February 8, 2021 that the 120-day period commenced on that date, and that Rio Tinto Canada intends to call a management committee meeting under the Joint Venture Agreement once the 120-day period has elapsed. Rio Tinto Canada claims the completion of the comprehensive diamond breakage study that it previously said would be undertaken is not required by the Undertaking it has given.

Star Diamond will vigorously resist any attempt by Rio Tinto Canada to call a management committee meeting other than in compliance with the Undertaking. This includes completion of the comprehensive diamond breakage study before the 120-day period under the Undertaking commences to run. If necessary, Star Diamond will apply to the Court to enforce the Undertaking.

Star Diamond also announced today that the Court has directed that the next step in the previously disclosed Legal Proceedings that Star Diamond commenced against Rio Tinto Canada in 2020, namely the delivery by each of Rio Tinto Canada and Star Diamond to the other of their respective affidavits of documents, must be completed by March 15, 2021. Once this step occurs, Star Diamond expects that the parties will agree to a timetable for the completion of the other principal pre-trial steps, including oral questioning and the exchange of expert reports, which Star Diamond hopes will be completed during 2021. Once the pre-trial steps are completed, Star Diamond expects that the Court will schedule a pre-trial conference and set a date for trial. Given recent guidance from the Court, including the Court’s view that the pace of the Legal Proceedings so far has been appropriate in all of the circumstances, Star Diamond does not expect that the trial will occur in 2021.

Star Diamond continues to vigorously pursue the Legal Proceedings and is committed to taking all actions necessary to protect Star Diamond and its shareholders from the practices and conduct of Rio Tinto Canada. Star Diamond will provide further updates on the Legal Proceedings 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 the Corporation trade on the Toronto Stock Exchange under the trading symbol "DIAM". The Corporation's 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 Corporation 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 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 or the Corporation's PEA 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 Canada 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 Canada in 2019; statements related to Star Diamond's intention to enforce the Undertaking; statements related to the Legal Proceedings; 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 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 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 Canada or the Corporation, the effects of competition in the markets in which the Corporation operates, risks related to the Legal Proceedings and any future legal proceedings to enforce the Undertaking, 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 Canada and the effectiveness thereof, risks related to diamond breakage and cost overruns and other consequences arising from Rio Tinto Canada's extraction and diamond recovery methodologies, risks related to the Corporation's need for additional financing and the Corporation'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 the Corporation's most recently filed Annual Information Form, annual and interim MD&A, news releases and technical reports. 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 the Corporation 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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