

NEWS RELEASE

Stock Symbol: DIAM: TSX

June 28, 2021

Saskatoon, Saskatchewan

STAR DIAMOND UPDATE

SASKATOON, Saskatchewan, June 28, 2021 – Star Diamond Corporation (“Star Diamond”) today provided a further update regarding its continuing dispute with Rio Tinto Exploration Canada Inc. (“Rio Tinto”) and the actions that Star Diamond is being forced to take to protect against the conduct of Rio Tinto.

Late last week, the Court of Queen’s Bench for Saskatchewan (Judicial Centre of Saskatoon) (the “Court”) confirmed that, notwithstanding Rio Tinto’s acknowledgement that a diamond breakage assessment was an essential part of its recent 10 cutter hole bulk sample diamond exploration program, the undertaking previously provided to the Court by Rio Tinto does not oblige Rio Tinto to complete such diamond breakage assessment at this time.

Star Diamond is concerned that Rio Tinto is unnecessarily delaying the completion of its diamond breakage assessment, which Star Diamond expects will further validate its previously expressed concerns about Rio Tinto’s use of unproven and inadequately tested extraction and/or diamond recovery methodologies to conduct its bulk sample program. Star Diamond looks forward to reviewing Rio Tinto’s diamond breakage assessment as soon as it is completed.

As previously disclosed by Star Diamond, Rio Tinto has recently purported to call, for July 21, 2021, a meeting of the management committee of the joint venture that Rio Tinto claims has been formed between Star Diamond and Rio Tinto. Star Diamond believes that no such joint venture has been formed because Rio Tinto’s November 2019 purported exercise of its options under the Option to Joint Venture Agreement dated June 22, 2017 did not comply with that agreement. Accordingly, notwithstanding that Rio Tinto has given notice of a management committee meeting to be held on July 21, 2021, Star Diamond believes that no valid meeting of the management committee can be held at this time.

Star Diamond also today commented on the quantum of the joint venture budget being proposed by Rio Tinto. As previously disclosed by Star Diamond, Rio Tinto has stated it will be seeking approval of a proposed joint venture budget for the period from June 2021 to March 2022 of Cdn. \$17.8 million, and will also be seeking to add to that budget an aggregate of Cdn. \$64.4 million allegedly spent by Rio Tinto during 2019, 2020 and the first five months of 2021. Because no joint venture has yet been validly formed, Star Diamond believes that it currently has no responsibility for any of such prior or future expenditures.

Star Diamond also notes that, even if a joint venture had been validly formed in November 2019, which as stated above Star Diamond does not believe is the case, the relevant agreements do not allow Rio Tinto to include in the joint venture budget, or otherwise recover from Star Diamond, much of the Cdn. \$64.4 million allegedly spent by Rio Tinto during 2019, 2020 and the first five months of 2021. Instead, in Star Diamond’s view, those agreements permit Rio Tinto, in certain circumstances following the valid formation of the joint venture, to add to the first joint venture budget at most the approximately Cdn. \$8.2 million allegedly spent by Rio Tinto between November 7, 2019 and December 31, 2019. Again, because no joint venture has yet been validly formed, Star Diamond believes that it has no responsibility to fund at this time any portion of such expenditures.

Star Diamond continues to vigorously pursue the legal proceedings (the "Legal Proceedings") it previously commenced against Rio Tinto and is committed to taking all actions necessary to protect Star Diamond and its shareholders from the practices and conduct of Rio Tinto. Star Diamond will provide further updates in respect of these matters, including the Litigation 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 Star Diamond trade on the Toronto Stock Exchange under the trading symbol "DIAM". Star Diamond's Fort à la Corne kimberlites (including the Star - Orion South Diamond Project (the "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, Star Diamond 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 Star Diamond'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 Star Diamond's future operations, future exploration and development activities, other development plans, joint venture budgets or obligations or litigation plans constitute forward-looking statements. By their nature, statements referring to mineral reserves, mineral resources, Star Diamond's PEA, joint venture budgets and obligations or the Legal Proceedings 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 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 in 2019; statements related to joint venture budgets or obligations; 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 Star Diamond'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 Star Diamond, the effects of competition in the markets in which Star Diamond operates, risks related to the Legal Proceedings, risks related to joint venture budgets and obligations and interpretations of agreements with Rio Tinto, risks related to potential dilution of Star Diamond's interest in the Project, 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 and the effectiveness thereof, risks related to diamond breakage and cost overruns and other consequences arising from Rio Tinto's extraction and diamond recovery methodologies, risks related to Star Diamond's need

for additional financing and Star Diamond'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 Star Diamond's most recently filed Annual Information Form, annual and interim MD&A, news releases and technical reports. Star Diamond'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 Star Diamond 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 Star Diamond, 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, Star Diamond does not undertake to update any forward-looking statement that is made herein.

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