

NEWS RELEASE

TSX: DIAM

May 3, 2018

Saskatoon, Saskatchewan

STAR DIAMOND CORPORATION ANNOUNCES FIRST QUARTER RESULTS

Star Diamond Corporation (the “Company”) reports that the unaudited results of its operations for the quarter ended March 31, 2018 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 the independent Preliminary Economic Assessment (“PEA”) on the Company’s 100% held Star and Orion South Kimberlites (the “Star - Orion South Diamond Project”, or “Project”): 66 million carats of diamonds could be recovered in a surface mine over a 38-year Project life:
 - **Base Case scenario** (Model diamond price): Net Present Value (“NPV”) (7%) of \$3.3 billion and an Internal Rate of Return (“IRR”) of 22% before taxes and royalties, and an after-taxes and royalties NPV (7%) of \$2.0 billion with an IRR of 19% and payback period of 3.4 years after the commencement of diamond production;
 - **Case 1 scenario** (High Model diamond price): NPV (7%) of \$5.4 billion for an IRR of 32% before taxes and royalties
- Announced a technical update on proposed sampling program by Rio Tinto Exploration Canada (“RTEC”);
- Announced core and sonic drilling programs and geotechnical investigations on the Star Kimberlite;
- Working capital of \$3.2 million at March 31, 2018;
- Issued and outstanding shares of 379.9 million at March 31, 2018

Overview

Star Diamond Corporation is a Canadian natural resource company focused on exploring and developing Saskatchewan's diamond resources. In February, 2018, the Company announced that it had changed its name from Shore Gold Inc. to Star Diamond Corporation and its trading symbol on the Toronto Stock Exchange to “DIAM” (see News Release dated February 12, 2018). This new corporate name is in honour of the Star Kimberlite, located in the Fort à la Corne forest of Saskatchewan, Canada. It was the exploration and evaluation work completed on the Star Kimberlite, which demonstrated the significant quality, size and value of the contained diamond populations. These high value diamonds facilitated the consolidation and advancement of the Company’s Fort à la Corne area kimberlites, including the Star - Orion South Diamond Project.

The Company 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). As a result of the 2017 mineral property consolidation and concurrent earn-in agreement with RTEC (see News Release dated June 23, 2017), the Company is now in an enhanced position to advance its 100% held Star - Orion South Diamond Project (“Project”).

Activities relating to the Star - Orion South Diamond Project

During the fourth quarter of 2017, the Company and RTEC announced the completion of an HQ core drilling program, consisting of ten holes and some 2,409 metres of drilling, on the Star Kimberlite (See News Releases dated October 12, 2017 and December 11, 2017). In conjunction with this diamond drill program, geotechnical investigations on the overburden were also conducted (See News Release dated January 8, 2018). The core

drilling was required to accurately document the internal stratigraphy of the Star Kimberlite prior to a proposed sampling program by RTEC, which is expected to commence in 2018. The Sonic drilling investigation of the overburden above the kimberlite was also an important precursor to a proposed sampling program. The Sonic drill hole locations were in close proximity to the core holes, which will act as pilot holes for the proposed sampling program.

RTEC, Bauer Maschinen GmbH (“Bauer”) and Nuna Logistics Limited recently finalized contractual arrangements for the manufacture, supply and operation of equipment to be used for the next phase of large diameter, bulk sample drilling on the Star Kimberlite (See News Release dated April 12, 2018). RTEC aim to use a Bauer BC 50 Cutter mounted on a Bauer MC 128 Duty-cycle Crane 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. Bauer cutter rigs are used around the world for complex engineering projects. Bauer has indicated that this will be the first time in the world that this technology will be used in an active project to reach a depth of 250 meters. Bauer has committed to build and deliver the equipment to RTEC by mid-2018 with drilling of RTEC’s program to commence this year.

In January 2017, the Company was informed by the Saskatchewan Minister of Environment that additional consultation is required for the government to meet its legal obligation with respect to duty to consult and accommodate process (See News Release dated January 26, 2017). The Ministry has indicated to the Company that significant progress on meeting its duty to consult obligations has been made and that once consultations with potentially impacted First Nation and Métis communities are completed, all pertinent information will be reviewed before a decision is made under The Environmental Assessment Act. The Canadian Environmental Assessment Agency previously announced an Environmental Assessment Decision for the proposed Project in which the federal Environment Minister indicated that the Project “is not likely to cause significant adverse environmental effects when the mitigation measures described in the Comprehensive Study Report are taken into account” (See News Release dated December 3, 2014).

Results

For the quarter ended March 31, 2018, the Company recorded net loss of \$0.7 million or \$0.00 per share (basic and fully diluted) compared to a net loss of \$0.9 million or \$0.00 per share for the same period in 2017. The losses during these quarters were due to operating costs and exploration and evaluation expenditures incurred by the Company exceeding interest income earned on cash and cash equivalents and short-term investments.

Selected financial highlights include:

Condensed Consolidated Statements of Financial Position	As at March 31, 2018	As at December 31, 2017
Current assets	\$ 3.4 M	\$ 4.2 M
Exploration and evaluation, capital and other assets	67.7 M	67.7 M
Current liabilities	0.2 M	0.4 M
Premium on flow-through shares	0.2 M	0.2 M
Non-current liabilities	1.3 M	1.3 M
Shareholders’ equity	69.4 M	70.0 M

Consolidated Statements of Income (Loss)	Quarter Ended March 31, 2018	Quarter Ended March 31, 2017
Interest and other income	\$ 0.0 M	\$ 0.0 M
Expenses	0.8 M	0.9 M
Flow-through premium recognized in income	0.1 M	0.0 M
Net loss for the period	(0.7) M	(0.9) M
Net loss per share for the period (basic and diluted)	0.00	0.00

Condensed Consolidated Statements of Cash Flows	Quarter Ended March 31, 2018	Quarter Ended March 31, 2017
Cash flows from operating activities	\$ (1.0) M	\$ (0.9) M
Cash flows from investing activities	0.0 M	0.0 M
Cash flows from financing activities	0.0 M	0.0 M
Net decrease in cash	(1.0) M	(0.9) M
Cash – beginning of period	4.0 M	2.8 M
Cash – end of period	3.0 M	1.9 M

Outlook

The positive results of the PEA show that the Star and Orion South Kimberlites have the potential to be economically developed as a world class diamond mine. On the shoulders of more detailed drilling and the Revised Resource Estimate of 2015, the Company has taken a fresh look at the Project and has refined the mining and processing plans with exciting and positive results.

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 sets the stage for a new phase for the Company. It is the Company's view that Rio Tinto is one of the few companies in the world with the resources and expertise to move forward with a project of the magnitude of the Star - Orion South Diamond Project. The Company is also very pleased to have acquired the remaining portion of the Project from Newmont while continuing to have Newmont as a significant shareholder.

As of May 3, 2018, the Company had approximately \$2.7 million in cash and cash equivalents and short-term investments (excluding \$0.6 million in restricted cash). A portion of the Company's cash and cash equivalents and short-term investments will be used for 2018 programs (including flow-through commitments) to further assess, evaluate and advance certain aspects of the Project, as well as for general corporate matters.

Caution Regarding Forward-looking Statements

This news release contains forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements, and, in particular, statements regarding the Company's future operations, future exploration and development activities or other development plans contain forward-looking statements. Forward-looking statements in this news 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; 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; the environmental assessment and permitting process; the Company's intention to seek additional financing in the ensuing years; statements with respect to geotechnical investigations, assessments and test work; the proposed sampling program; Company and RTEC's objectives for the ensuing year.

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. 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 contractual 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 may be made.

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