

Newsletter - Volume One

An update on Rio Tinto Exploration Canada’s Exploration Programs on Star Diamond Corporation’s Fort à la Corne mineral properties



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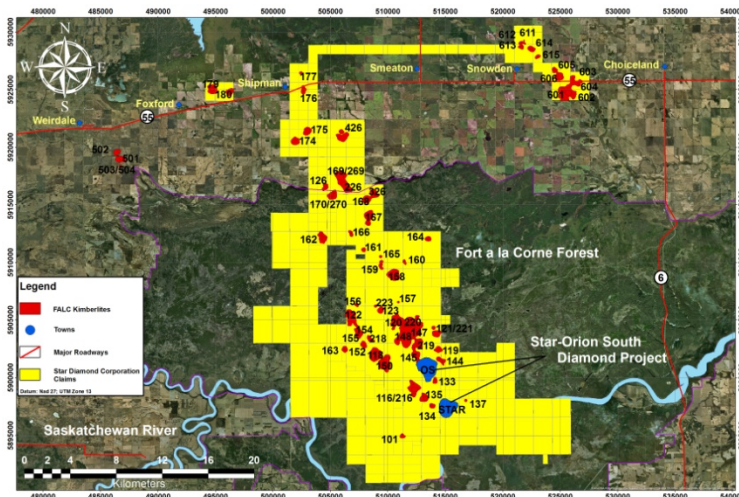
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“Trench Cutter Sampling Rig”

Consolidation of the Fort à la Corne mineral properties (including the Project) and Option to Joint Venture

In June 2017, Star Diamond Corporation (the “Company”, or “Star Diamond”) announced that it had acquired (the “Newmont Acquisition”) from Newmont Canada FN Holdings ULC (“Newmont”) all of Newmont’s participating interest in the Fort à la Corne joint venture (the “FalC 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 Rio Tinto Exploration Canada Inc. (“RTEC”) pursuant to which the Company has granted RTEC an option to earn up to a 60%



interest in the Fort à la Corne mineral properties (including the Project) on the terms and conditions contained in the Option Agreement (see Star Diamond News Release dated June 23, 2017).

Immediately after the closing of the Newmont Acquisition and issuance of common shares,

Newmont held approximately 19.9% (18.0% as of Dec 31, 2018) of the Company’s common shares issued and outstanding on a non-diluted basis.

RTEC refers to Star Diamond’s mineral dispositions in the Fort à la Corne diamond district as Project FalCon.

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 Corporation’s Fort à la Corne kimberlites (including the Star - Orion South Diamond Project, or “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.

“Trench Cutter Sampling Rig to drill and sample to depths of up to 250 metres below surface”

“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”



“RTEC 90-person camp”



Trench Cutter fragments from the till (up to 80 millimetres)”

RTEC Bulk Sampling Program Planning and Preparation

During 2017, the Company and RTEC announced the completion of an HQ core drilling program, consisting of ten holes, on the Star Kimberlite (See Star Diamond 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 Star Diamond 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 bulk sampling program by RTEC. The sonic drilling investigation of the overburden above the kimberlite was also an important precursor to RTEC’s proposed bulk sampling program. The sonic drill hole locations were in close proximity to the core holes, which will act as pilot holes for the proposed bulk sampling program.

During 2018, RTEC, Bauer Maschinen GmbH (“Bauer”) and Nuna Logistics Limited finalized contractual arrangements for the manufacture, supply and operation of equipment to be used for the next phase of bulk sample drilling on the Star Kimberlite (See Star Diamond News Release

dated April 12, 2018). RTEC intends to use a Bauer BC 50 Cutter mounted on a Bauer MC 128 Duty-cycle Crane (“Trench Cutter Sampling Rig”) 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.

Other site activities by RTEC during 2018 included: the establishment of an on-site 90 person camp, on-site office, communications and security facilities; the upgrading of forest access roads to facilitate the mobilization and transport of the large equipment required for RTEC’s programs; as well as the establishment of lay down areas for the assembly of the CSM drilling equipment, Trench Cutter Sampling Rig and associated bentonite plant and desanding unit, completion of the bentonite recycling area and the preparation of the area for a new sample processing plant (See Star Diamond News Release dated September

13, 2018).

During 2018, RTEC and its contractors mobilized a BC 50 vertical cutter, a MC 128 duty-cycle crane (together referred to as the Trench Cutter Sampling Rig), BE-550 separation/ desanding plant, conveyors, HP-50 hose pump and a bentonite mixing plant from Germany, as well as the Cutter Soil Mixing (“CSM”) rig and other equipment. Support equipment for the erection of the Trench Cutter Sampling Rig and the separation/desanding plant included a 120 tonne crane, a 70 tonne crane, loaders, telehandlers, and manlifts.

RTEC completed CSM panels at five of the proposed ten bulk sample locations on the Star Kimberlite (See Star Diamond News Release dated October 1, 2018). Utilizing a BG 30 rig with a cutter soil mixing attachment, cement is mixed with the top 20 metres of near-surface sands in order to stabilize the unconsolidated sand overburden for each of the planned bulk sample holes by RTEC. The five remaining CSM panels on the Star Kimberlite are scheduled by RTEC for completion in 2019 to allow for trench cutter bulk sampling of the ten holes on the Star Kimberlite in 2019.

Trench Cutter Sampling Rig

Prior to the commencement of winter shut down of the Trench Cutter Sampling Rig, RTEC commenced drilling of the first bulk sample hole on the Star Kimberlite using the Trench Cutter Sampling Rig. The Trench Cutter bulk sample drilling was successfully initiated to a depth of 37.1 metres below surface (See Star Diamond News Release dated November 1, 2018). The Trench Cutter Sampling Rig successfully excavated the sand and till overburden and returned a substantial proportion of large (up to 80 millimetre) fragments from the till. The encouraging performance of the Trench Cutter Sampling Rig was unfortunately constrained by the commissioning of the desanding plant, which did not operate at design capacity. The design and construction of the desanding plant are being evaluated by RTEC with the

intent that the desanding plant will be revised or replaced by the time that the Trench Cutter Sampling Rig program resumes on the first bulk sample hole in 2019.

RTEC have also indicated that ten CSM panels and

trench cutter drilling holes on the Company's Orion South Kimberlite are scheduled for completion in 2019. To accomplish this, in early 2019 RTEC commenced the required sonic and core drilling on the Orion South Kimberlite (See Star Diamond News Release dated January 24, 2019).

“Commencement of Trench Cutter Sampling Rig in 2018”



On-site Bulk Sample Processing Plant

RTEC and Consulmet (Pty) Ltd (“Consulmet”) have finalized contractual arrangements for the manufacture and supply of a 30 tonne per hour (“tph”) bulk sample plant (See Star Diamond News Release dated May 15, 2018). This bulk sample plant will be used to process the

kimberlite recovered from RTEC’s bulk sample drilling on the Star - Orion South Diamond Project. The bulk sample plant is being fabricated by Consulmet in South Africa in modular, containerized units, and shipped to the Project site. RTEC’s on-site bulk sample processing plant is to be

commissioned in 2019. To date, 22 of a total of 25 sea containers of plant equipment have been delivered to site in preparation for plant construction in the early spring of 2019. The preparation of the foundations for the bulk sample plant are scheduled

to commence in early 2019.

A Sample Storage building is in an advanced stage of construction in close proximity to the bulk sample plant.



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Caution regarding Forward-Looking Statements

This newsletter 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 newsletter include, but are not limited to, RTEC's and the Company's objectives for the ensuing year, including the proposed bulk sampling program, refurbishment or replacement of the desanding plant, construction and commissioning of the processing plant and the Brownfields programs, including core logging, and the intended timing of all of the foregoing.

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 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.

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.

Community

Star Diamond Corp. and RTEC remain in regular contact with the communities of the region through the Diamond Development Advisory Committee. The committee is made up of representatives of cities, towns, villages, rural municipalities, First Nations and Métis Regions in the area, and is a valued vehicle through which two-way communication between RTEC, Star Diamond Corp. and the community is maintained. Engagement by RTEC with local First Nations and Métis Regions is also ongoing.

RTEC will also be hosting a series of open houses for the public to learn more about the exploration work and activities planned for 2019. The objectives of the open houses are to keep the local communities informed on RTEC's current and planned activities, receive public input and to respond to any questions or queries. Representatives from Star Diamond will also be in attendance.

The open houses will be held in Prince Albert, Melfort and Nipawin and will run from 5:00 – 8:00 pm:

- Prince Albert, February 6th – Ballroom, Coronet Hotel, 3551-2nd Avenue West
- Melfort, February 7th - Kerry Vickar Centre, 206 Bemister Avenue East
- Nipawin, February 8th - Twin Lakes Room – Evergreen Centre, 300 Evergreen Drive

For information regarding the open houses, please email Julia Ewing, Community Relations consultant, at julia.ewing@sasktel.net.

Brownfields Program

RTEC is also performing a Brownfields exploration program to investigate and prioritise the Fort à la Corne kimberlites outside of the Star and Orion South kimberlites (see Star Diamond News Releases October 25, 2018 and November 9, 2018). While the Star and Orion South kimberlites are the focus of the planned bulk sampling by RTEC, respectively, there are some 60 other kimberlites within in the Fort à la Corne diamond district, on mineral dispositions held 100 percent by Star Diamond. In the past Star Diamond and other companies completed extensive exploration on these Fort à la Corne kimberlites, including geophysical surveys, pattern core drilling, large diameter drilling and micro- and macrodiamond analyses,

which resulted in the documentation of geological models for a number of these bodies. The aim of RTEC's Brownfields program is to reinvestigate these other kimberlites to assess and prioritise them for future exploration and evaluation work. Programs currently underway include detailed core logging, indicator mineral abundance and composition studies, and studies of diamond results, in addition to an airborne gravity gradiometry ("AGG") survey flown over the Fort à la Corne diamond district by Mississauga based geophysical contractor CGG. The Brownfields core drilling program was conducted in late 2018 by George Downing Estate Drilling Ltd. of Grenville, Quebec using two drill rigs. RTEC geologists are responsible for the

supervision of the drilling program and Star Diamond and RTEC geologists will conduct subsequent detailed core logging. During 2018, RTEC completed twelve holes and 2,454 metres of drilling, on three kimberlites: K602 (6 holes), K606 (4 holes) and K176 (2 holes). The Brownfields core drilling program recommenced in January 2019 with a program of over 20 core holes on kimberlites located on farmland to the south and within the Fort à la Corne Forest. The 2019 Brownfields drilling is being conducted by Rodren Drilling Ltd. Of Winnipeg, Manitoba.