

# Star Diamond Releases Study Highlighting Impact of Rio Tinto Canada's Use of Unproven Extraction and Diamond Recovery Methodologies

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**- Study Reinforces Star Diamond's Belief That Rio Tinto Canada's Unproven and Inadequately Tested Processes are Causing Undue Diamond Breakage and Damaging Project**

**- Star Diamond Intends to Add These Claims to its Ongoing Litigation Against Rio Tinto Canada**

SASKATOON, Nov. 19, 2020 - [Star Diamond Corp.](#) ("Star Diamond" or the "Corporation") today announced that it has completed an internal study (the "Study") which compares the preliminary diamond results from the first four reported bulk sampling trenches excavated on the Star Kimberlite by Rio Tinto Exploration Canada Inc. ("Rio Tinto Canada") to the diamond results from Star Diamond's underground bulk sampling and large diameter drilling ("LDD") programs that were conducted between 2004 and 2009.

The Study reinforces Star Diamond's belief that Rio Tinto Canada's extraction and diamond recovery methodologies, including its unprecedented use of unproven civil engineering trenching technologies to conduct bulk sampling of Kimberlite, is causing undue diamond breakage, resulting in significant unnecessary cost overruns and materially damaging Star Diamond's interest in the Star-Orion South Diamond Project (the "Project").

The Study focusses on diamonds recovered from Early Joli Fou ("EJF") Kimberlite using Rio Tinto Canada's unproven and inadequately tested methodologies compared to the recoveries previously achieved and documented by Star Diamond using its own underground bulk sampling and LDD programs. The EJF is the dominant Kimberlite unit within the Project in terms of ore volume and diamond grade. The conclusions from the Study include:

- There is under recovery of larger diamonds (0.90 carats and above) using Rio Tinto Canada's unproven methodologies compared to the recoveries achieved by Star Diamond's own underground bulk sampling and LDD programs.
- There is better recovery of diamonds in the small diamond size classes (0.02 to 0.05 carats) using Rio Tinto Canada's methodologies, compared to Star Diamond's underground bulk sampling and LDD programs, which adds to the overall grades of each trench cutter hole excavated by Rio Tinto Canada but suggests that some of these small diamonds may be from the breakage of larger diamonds during Rio Tinto Canada's processes.
- The diamond size frequency plot in the Study shows that Rio Tinto Canada's methodologies have not outperformed Star Diamond's LDD program and have, in fact, underperformed these LDD programs in the recovery of important larger diamond size classes above 0.90 carats.
- Diamond typing for EJF diamonds recovered from the first three trenches using Rio Tinto Canada's methodologies shows an anomalous number of Type IIa diamonds in the +11 diamond size fraction, which requires further investigation to assess if this is also reflective of diamond breakage.

The Study is available on Star Diamond's website at [www.stardiamondcorp.com](http://www.stardiamondcorp.com).

"Rio Tinto's use of unproven and inadequately tested methodologies at the Star Diamond Project is increasingly being shown to have been ineffective in achieving the objective for which these methodologies were intended, namely to retrieve larger sized diamonds with less diamond breakage," said Ken MacNeill, President and Chief Executive Officer of Star Diamond. "To date, Rio Tinto purports to have expended well in excess of \$100 million on its bulk sampling program but has achieved little more than replicating the

historical diamond grade results from Star Diamond's own underground bulk sampling and LLD programs that were conducted between 2004 and 2009 at a fraction of the cost".

Comprehensive diamond breakage studies are required to assess the full nature, extent and potential causes of the undue diamond breakage that appears to be occurring under Rio Tinto Canada's processes, and to assess whether larger diamonds would have been recovered in the absence of such breakage.

Star Diamond has advised Rio Tinto Canada that Star Diamond will be amending its Statement of Claim in the litigation it previously commenced against Rio Tinto Canada in the Province of Saskatchewan, to include additional claims related to diamond breakage and Rio Tinto Canada's use of unproven methodologies without adequate advance testing. Star Diamond continues to actively pursue that litigation, and is committed to taking all actions necessary to protect Star Diamond and its shareholders from the practices and conduct of Rio Tinto Canada identified in the Claim, including if necessary by seeking to remove Rio Tinto Canada from the Project.

#### About Star Diamond Corporation

[Star Diamond Corp.](#) 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 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).

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 PEA constitute forward-looking statements. . Forward-looking statements contained or implied in this news release include, but are not limited to, statements related to the legal proceedings commenced by the Corporation against Rio Tinto Canada; 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; 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 Corporation's need for and intention to seek additional financing; statements with respect to metallurgical investigations, assessments and test work; 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 commenced by the Corporation against Rio Tinto Canada, the impact of the COVID-19 pandemic, risks related to the operation of the BSP 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.

SOURCE [Star Diamond Corp.](#)

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