STAR DIAMOND CORPORATION

1st Quarter Report
2024

Management's Discussion & Analysis

March 31, 2024

The following discussion and analysis is prepared by Management as of May 13, 2024 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for Star Diamond Corporation ("Star Diamond", or "the Company") for the three months ended March 31, 2024, as well as the audited consolidated financial statements of the Company for the years ended December 31, 2023, in each case available on SEDAR+ at www.sedarplus.ca. The Company prepared its financial statements for the period ended March 31, 2024 and 2023, in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All currency amounts are quoted in Canadian Dollars, unless otherwise stated.

Corporate Information

The Company was incorporated on April 29, 1985 under the Canada Business Corporations Act and is listed on the Toronto Stock Exchange under the symbol "DIAM". The Company has its head office at 600, 224 - 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5 and its registered office at 4500, 855 - 2nd Street SW, Calgary, Alberta, T2P 4K7.

Star Diamond is a Canadian natural resource company focused on exploring and developing Saskatchewan's diamond resources. Star Diamond holds a 100% interest in the Fort à la Corne Project (which includes the Star – Orion South Diamond Project, or the "Project"). These properties 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.

The Company also holds a 50% interest in the exploration and evaluation properties and assets of the Buffalo Hills-JV located in north-central Alberta, Canada. Canterra Minerals Corporation ("Canterra") holds the remaining 50% interest. Canterra is the operator of the Buffalo Hills JV.

Corporate Developments

On March 26, 2024, Star Diamond and Rio Tinto Exploration Canada Inc. ("RTEC") completed the previously announced transaction (the "Transaction") whereby RTEC has transferred to Star Diamond its 75% interest in the Fort à la Corne Project. As consideration for the Transaction the Company issued RTEC 108,204,112 common shares with a deemed fair value of $9.2 million. In exchange for the common shares and RTEC's 75% interest in the Fort à la Corne Project, RTEC also transferred certain pieces of property, plant and equipment and $4.0 million.

After the close of the Transaction:

- RTEC owns or controls, in the aggregate, 119,315,222 common shares representing a 19.9% interest in Star Diamond;
- Star Diamond has full control and responsibility for the Fort à la Corne Project and the previous joint venture agreement has been terminated;
- RTEC has transferred to Star Diamond ownership of the trench cutter drill rig used by RTEC to complete its prior bulk sampling program at the Fort à la Corne Project;

- RTEC has transferred to Star Diamond the Bulk Sample Plant located at the Fort à la Corne Project, including the TOMRA XRT diamond sorting machine;
- RTEC and Star Diamond have entered into an Investor Rights Agreement whereby, among other things, RTEC was granted certain pre-emptive rights to maintain its 19.9% ownership interest in Star Diamond in connection with future financings undertaken by Star Diamond, and RTEC has agreed to certain standstill protections provided that RTEC will have the right to increase its 19.9% ownership position in the event that Star Diamond receives an acquisition proposal; and
- Star Diamond has assumed responsibility for all future reclamation activities related to the Fort à la Corne Project. RTEC has provided on Star Diamond's behalf, for up to five years following closing, letters of credit in aggregate amount of $9.9 million to secure environmental remediation and reclamation activities related to the Fort à la Corne Project (as security for the letters of credit, RTEC has issued a promissory note to Star Diamond with a face value of $9.9 million which will be extinguished upon Star Diamond securing letters of credit with another party or in performing the reclamation activities).

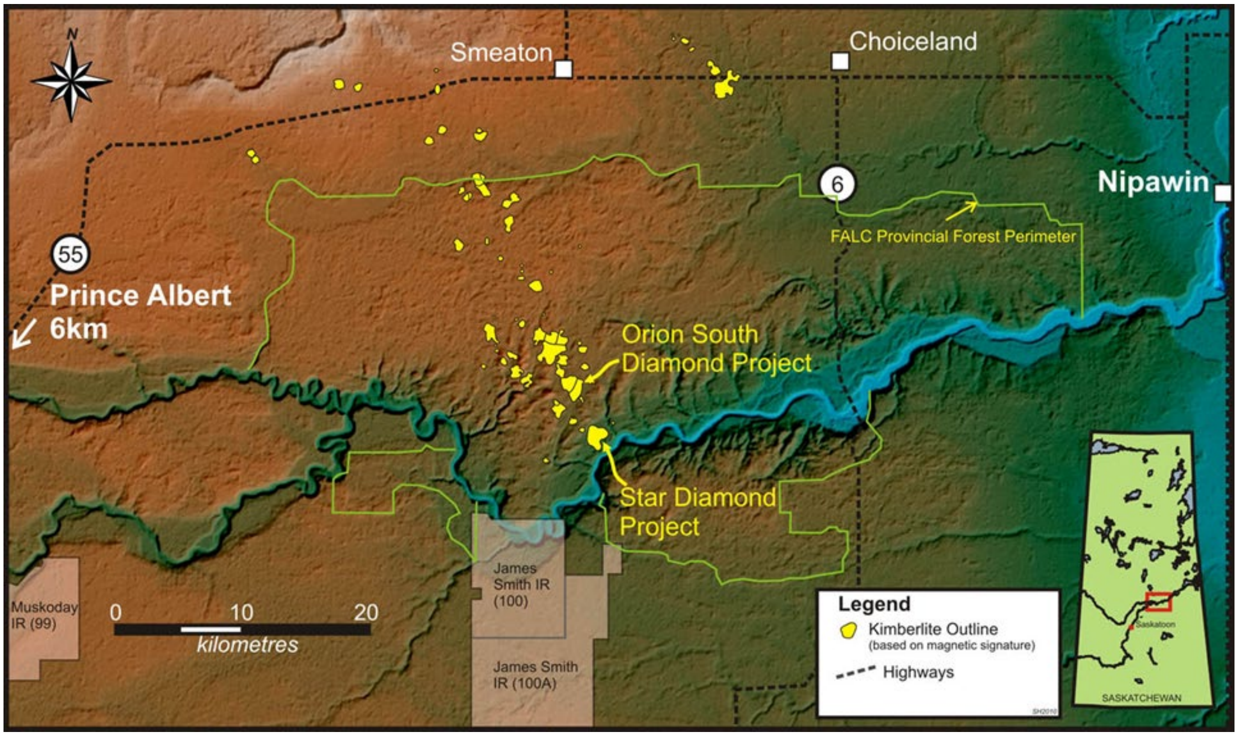
On January 26, 2024, the Company closed the second and final tranche of the Offering for gross proceeds of $785,901 bringing the total proceeds raised to $1,110,041. Pursuant to the closing of the second tranche, the Company issued: i) 8,548,905 units of the Company ("Units") at a price of $0.09 per Unit for gross proceeds of $769,401, with each Unit consisting of one common share of the Company (which is not a "flow-through share") and one share purchase warrant (a "Warrant"); and ii) 150,000 "flow-through" units ("FT Units") at price of $0.11 per FT Unit for gross proceeds $16,500, with each FT Unit consisting of one common share of the Company and one Warrant, each of which will qualify as a "flow-through share" for the purposes of the Income Tax Act (Canada). Each Warrant will entitle the holder thereof to acquire one additional common share of the Company (which shall not be a "flow-through share") at an exercise price of $0.14 for a period of 36 months from the date of issuance.

Effective March 1, 2024, the Board of Directors appointed Ewan Mason to the position of President and Chief Executive Officer. Mr. Mason had served as Interim President and Chief Executive Officer since January 1, 2023.

Fort à la Corne Project

The Company holds a 100% interest in the Fort à la Corne Project (see March 26, 2024 news release: *Star Diamond Corporation Completes Acquisition of Rio Tinto's 75% interest in Fort* à *La Corne Diamond Project*) which includes the Star and Orion South Kimberlites. The Project is located in the Fort à la Corne Provincial Forest, 60 km east of Prince Albert, Saskatchewan (see Figure 1). Highway 55, located to the north of the Project, connects Prince Albert with several towns located directly north of FALC to the town of Nipawin, east of FALC. Highway 6 runs north-south and is located to the east of FALC.

Figure 1: Location Map of the Star-Orion South Diamond Project.



Recent activities relating to the Star - Orion South Diamond Project and Fort à la Corne mineral properties

During the first quarter of 2024, Nelson Karun was appointed as a Diamond Specialist to join the technical team. Mr. Karun's work is initially focused on the detailed characterization of the Star and Orion South diamond parcels. This work is required as part of the Revised Mineral Resource Estimate. In addition, Star Diamond continued to work with RTEC and Saskatchewan Ministry of Environment representatives to ensure that, as part of the closing of the Agreement between Star Diamond and RTEC, all mineral dispositions, mineral leases and operating permits were transferred to Star Diamond.

Buffalo Hills mineral properties

The Company holds a 50% interest in the exploration and evaluation properties and assets of the Buffalo Hills-JV located in north-central Alberta, Canada. Canterra Minerals Corporation ("Canterra") holds the remaining 50% interest and is the operator of the Buffalo Hills-JV.

Outlook

Fort à la Corne Project

Subsequent to the successful close of the Agreement with RTEC (see "Corporate Developments"), Star Diamond's technical team will focus on the technical investigation and evaluation of the Star – Orion South Diamond Project, with the goal of a future development decision. The initial work aims to prepare a revised Mineral Resource estimate for the Star – Orion South Diamond Project, which will form the foundation of an updated Prefeasibility study ("PFS"). The PFS will enable a Feasibility Study, on which a production decision can be based.

Highlights:

• The revised Mineral Resource estimate for the Star and Orion South kimberlites will integrate Star trench cutter diamond data, adding improvement to the diamond size frequency curves for both kimberlites.

• The mitigation of risk in the Orion South diamond price estimate: the 2018 Preliminary Economic Assessment ("PEA") demonstrated that it is economically efficient to mine the Orion South kimberlite first. However, Orion South has a significantly smaller evaluation diamond parcel than Star, adding some risk to the diamond price estimate for Orion South. We believe there is an opportunity to mitigate the risk in the Orion South diamond price estimate, without the necessity of additional bulk sampling to obtain a larger diamond evaluation parcel.

• The scoping of an updated PFS is expected to commence later in 2024.

• These developments will likely give rise to the ability to complete the updated PFS within a two-year time frame and the Feasibility Study shortly thereafter. We anticipate these major studies will be completed at a substantially lower expenditure level than was previously contemplated.

Revised Mineral Resource Estimate

The goal of the revised mineral resource estimate is to integrate all of the drilling and diamond results recently generated by the Fort à la Corne Joint Venture, with archival data used to build the geological model, which forms the basis of the mineral resource estimate. Importantly, the diamond parcels recovered from the ten Trench Cutter ("TC") holes drilled on the Star kimberlite were recovered in an efficient, modern Bulk Sampling Plant ("BSP") that ensures excellent diamond liberation and recovery. The BSP includes High Pressure Grinding Rolls that ensure liberation of the small diamonds (1-6 millimetre) locked in kimberlite, that are subsequently recovered by an efficient Dense Media Separator that operates in the same narrow 1 to 6 millimetre size range. The small diamonds (+1, +3 and +5 DTC) from the Early Joli Fou ("EJF") kimberlite unit of both Star and Orion South include significant proportions of D coloured octahedral diamonds, which have significant value (US$30 -US$50 per carat), which is unusually high for these small diamonds. The integration of the TC diamond data in the evaluation parcel aims to strengthen the diamond grade and price used in the Mineral Resource estimate. The aim of this work is to prepare a rigorously constrained Mineral Resource estimate by the end of Q2 2024. This revised Mineral Resource estimate will provide an improved foundation for the revised PFS.

Orion South Diamond Price

Orion South has shallower overburden (Orion South 100 metres, Star 140 metres) and higher diamond grade (Orion South 17 cpht, Star 10 cpht) kimberlite in direct contact with overburden, both of which ensure more rapid access to cash flow after overburden removal in a future mine. Consequently, the PEA demonstrated that it is economically efficient to mine Orion South first. However, there is a significant difference in the size of the evaluation diamond parcels recovered from the EJF, the principal economic unit in both Star and Orion South. The Orion South evaluation parcel includes only 1,399 carats, as opposed to the Star EJF parcel of 7,122 carats. In order to commence mining on Orion South, the risk associated with the estimation of diamond price on a smaller evaluation parcel needs to be mitigated. We believe that the close similarities of the kimberlite geology and diamond parcel characteristics for Star and Orion South can enable better estimation of the Orion South diamond price. We have developed a plan to conduct an in-depth investigation of the extent of similarities between the Star and Orion South EJF diamond populations, with the aim of mitigating the risk in the estimation of the diamond price for the Orion South EJF diamond parcel. The goal of this investigation is to accurately estimate the Orion South diamond price without the requirement of additional bulk sampling, which is both expensive and time consuming. The confidence generated in the Orion South diamond price will add to the precision of the mineral resource estimate.

(in thousands of Canadian dollars, except as otherwise noted)

Updated PFS

The scoping of an updated PFS is scheduled to commence in 2024 with the initial work focused on updating the hydrogeology and geotechnical models, in addition to the management of fines in plant process water. Changes in environmental legislation, since the PEA, require that deep groundwater pumped from the Mannville sediments to stabilize the open pits of a future mine will require a revised method of disposal. Geotechnical work will focus on the engineering of pit slopes, particularly in parts of the overburden, to ensure steeper pit slopes and, consequently, a significant reduction in overburden removal. The processing of some Orion South kimberlite results in plant process water from which the fines do not settle quickly or easily. Investigations will be made into the mechanical separation of the fines and the future of a fines management area, as this will minimize the use of "tailings ponds". Significant parts of the work completed for the 2018 PEA, including the mining method, process plant design, site layout and infrastructure, can be updated and incorporated into the updated PFS.

Buffalo Hills mineral properties

Management continues to review the recent results from the diamond valuation and typing analysis. Discussions are ongoing with Canterra to determine possible work programs and a potential path forward for the asset. A more detailed update on activities at the Buffalo Hills-JV will be provided as it becomes available.

Financial Highlights

Selected financial information of the Company for the quarters ended March 31, 2024 and 2023 is summarized as follows:

	Three months ended March 31, 2024 $	Three months ended March 31, 2023 $
Net loss (millions)	**0.9**	0.3
Net loss per share (1)	**0.00**	0.00
Total assets (millions)	**19.5**	2.4
Total non-current liabilities (millions) (2)	**7.7**	-
Working capital (millions)	**2.2**	1.3

(1) Basic and diluted.
(2) At March 31, 2024, Non-current liabilities totaling $7.7 million were comprised of an environmental rehabilitation provision of $7.6 million and a lease liability of $0.1 million. There were no non-current liabilities reported at March 31, 2023.

Results of Operations

For the quarter ended March 31, 2024, the Company recorded a net loss of $0.9 million, or $0.00 per share, compared to a net loss of $0.3 million, or $0.00 per share, for the quarter ended March 31, 2023. The increase in net loss quarter over quarter was due primarily to the marked-to-market change on the Wescan Goldfields Inc. ("Wescan") investment combined with increases to Administration, Corporate development (marketing costs) and Exploration and evaluation expenditures.

Interest and other income

For the three months ended March 31, 2024 and 2023, the Company reported interest and other income of $6 thousand and $18 thousand, respectively. The Company invests excess cash reserves in interest-bearing short-term deposits while ensuring funds are available for cash outflow requirements associated with the Company's exploration and evaluation projects. Other revenue is measured at the fair value of the consideration received or receivable for goods and services in the normal course of business.

Expenses

Expenses incurred during the quarter ended March 31, 2024 were $0.9 million compared to $0.7 million for the comparative period in 2023. The $0.2 million increase was due to increased Administration, Corporate development and Exploration and evaluation expenditures during the current period. These amounts also include $.05 million of non-cash share-based payments that were expensed during the quarter ended March 31, 2024 (March 31, 2023 – $nil).

Administration, consulting and professional fees and corporate development expenditures were $0.6 million for the current quarter compared to $0.4 million for the comparative period in 2023. This $0.2 million quarter over quarter increase was primarily due to increased marketing expenditures, management fees and non-cash share-based compensation costs.

Exploration and evaluation expenditures were $0.3 million for the quarter ended March 31, 2024 compared to $0.2 million for the comparative period in 2023. During the current period a diamond specialist was added to expedite the Company's diamond sorting, valuation and pricing exercise. Approximately 67%, or $0.2 million (March 31, 2023 – 55% or $0.1 million), of the exploration and evaluation expenditures were made up of compensation costs, including share-based payments, incurred by the Company.

Use of flow-through proceeds

Flow-through proceeds raised during 2023 and 2024	**$ 340**
Flow-through eligible expenditures incurred to March 31, 2024	**(283)**
Remaining flow-through eligible expenditures to be incurred	**$ 57**

Investment in Wescan Goldfields Inc.

At March 31, 2024 and December 31, 2023, the Company held 5.8 million shares or 10.8% of Wescan, a publicly traded company listed on the TSX Venture exchange. The fair value of this investment, based on the closing trading price at March 31, 2024 was $0.2 million (December, 2023 – $0.3 million).

Financing

During the quarter ended March 31, 2024, the Company completed the second and final tranche of a private placement whereby an aggregate of 8,548,905 shares ("Units") were issued for gross proceeds of $0.8 million along with 150,000 Flow-through units ("FT Units") were issued for gross proceeds of $0.02 million. Each Unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.14 for a period of 36 months from the date of issuance.

Summary of Quarterly Results

Summarized financial data presented in the table below has been prepared in accordance with IFRS. This data should be read in conjunction with the Company's condensed consolidated interim financial statements and consolidated annual financial statements for the respective periods. All net income (loss) figures are presented in millions, except for the net income (loss) per common share amounts (basic and diluted).

(in thousands of Canadian dollars, except as otherwise noted)

	2024	2023				2022		
	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Total assets	**19.5**	1.2	1.3	1.8	2.4	3.1	70.0	70.9
Total liabilities	**10.2**	1.0	0.7	0.7	0.4	0.7	1.0	1.4
Expenses	**0.9**	1.0	0.6	0.6	0.7	1.3	0.3	0.7
Net loss	**(0.9)**	(1.0)	(0.6)	(0.9)	(0.3)	(66.7)	(0.5)	(0.7)
Net loss per share	**0.00**	0.00	0.00	0.00	0.00	0.14	0.00	0.00
Wtd. Avg. Shares outstanding	**494.8**	482.7	476.4	476.0	476.0	476.0	476.0	473.9

Related Party Transactions

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. Compensation of key management personnel, and directors, including payments made or payable to related parties owned by executive officers and directors, is as follows:

	March 31, 2024	March 31, 2023
Director fees	**$ 25**	$ 42
Salaries to key management personnel	**96**	26
Consulting and management fees to related companies	**106**	49
Share-based payments	**48**	2
Total compensation paid to key management personnel	**$ 275**	$ 119

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel. The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The fair value of share-based payments in the form of stock options was determined using the Black-Scholes option pricing model. The fair value of share-based payments in the form of RSUs was determined based on the five-day volume weighted-average trading price of the Company's shares preceding the date of grant.

The compensation paid to key management personnel is included in the Company's statements of loss and comprehensive loss as follows:

	March 31, 2024	March 31, 2023
Administration	**$ 172**	$ 119
Exploration and evaluation	**103**	-
Total compensation paid to key management personnel	**$ 275**	$ 119

Liquidity

The Company does not currently operate any producing properties and, as such, is dependent upon the issuance of new equity to finance its ongoing obligations and advance its exploration and evaluation properties. Until the Company's surplus cash is required to fund exploration, evaluation and/or development activities it is invested in a variety of highly rated instruments.

At March 31, 2024 the Company had $0.3 million (March 31, 2023 – $0.6 million) in cash and cash equivalents and working capital of $2.2 million (March 31, 2023 - $(0.3) million). The increase in working capital was a result of amounts receivable from RTEC on the completion of the Transaction combined with proceeds received from the January 2024 close of the second and final tranche of the non-brokered private placement offset by expenses incurred during the quarter. The ability of the Company to continue as a going concern and fund its expenses in an orderly manner will require additional forms of financing.

(in thousands of Canadian dollars, except as otherwise noted)

Outstanding Common Shares, Options, Warrants, RSUs and DSUs

At March 31, 2024, and the date of this report, the Company had:

	March 31, 2024	Date of this report
Common shares	599,573,981	600,073,981
Warrants and broker warrants	29,118,391	29,118,391
Stock Options	24,489,500	24,739,500
Restricted Share Units	1,500,000	1,000,000
Deferred Share Units	2,162,250	2,162,250

A summary of the warrants and broker warrants outstanding and exercisable at March 31, 2024 is as follows:

Exercise Price	Number Outstanding	Expiry Date
$ 0.40	362,284	April 6, 2024
$ 0.40	105,527	April 21, 2024
$ 0.15[1]	13,959,734	October 6, 2025
$ 0.15[1]	2,706,933	October 21, 2025
$ 0.11	159,090	December 29, 2026
$ 0.14	3,105,818	December 29, 2026
$ 0.09	8,719,005	January 26, 2027

(1) During the first quarter of 2024, the Company extended the expiry date and amended the exercise price of those warrants expiring April 6 and April 21, 2024 (see February 8, 2024 news release: *Star Diamond Announces Amendment to Warrants*).

The following table summarizes the quarter's stock options activities as follows:

	Three months ended March 31, 2024		Year ended December 31, 2023	
	Options	Weighted-average exercise price	Options	Weighted-average exercise price
Outstanding, beginning of period	24,489,500	$ 0.17	18,477,700	$ 0.21
Granted	-	-	7,760,000	0.09
Exercised	-	-	-	-
Expired	-	-	(1,748,200)	0.19
Outstanding, end of period	24,489,500	$ 0.17	24,489,500	$ 0.17

The following table summarizes the quarter's Restricted Share Unit activities as follows:

	Three months ended March 31, 2024	Year ended December 31, 2023
Outstanding, beginning of period	1,500,000	3,426,600
Granted	-	1,500,000
Redeemed for common shares from treasury	-	(3,323,266)
Forfeited	-	(103,334)
Outstanding, end of period	1,500,000	1,500,000

(in thousands of Canadian dollars, except as otherwise noted)

The following table summarizes the quarter's Deferred Share Unit activities as follows:

	Three months ended March 31, 2024	Year ended December 31, 2023
Outstanding, beginning of period	2,162,250	1,016,600
Granted	-	1,550,000
Redeemed for common shares from treasury	-	(404,350)
Outstanding, end of period	2,162,250	2,162,250

Financial Instruments

As at March 31, 2024, the fair values of all of the Company's financial instruments approximates their carrying values. Certain financial instruments are exposed to the following financial risks:

Credit risk
Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company considers this risk to be insignificant as the majority of the Company's cash and cash equivalents are held by financial institutions with a AA credit rating. At March 31, 2024, the Company's credit risk relates to its cash and cash equivalents of $0.3 million.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to forecast future cash flows to ensure that it will have sufficient liquidity to meet its obligations when due. To ensure the Company has sufficient cash on hand, the Company prepares annual capital and operating budgets which are regularly monitored and updated as considered necessary. At March 31, 2024, the Company had working capital of $2.2 million including cash and cash equivalents of $0.3 million. The ability of the Company to continue as a going concern and fund its expenses in an orderly manner will require additional forms of financing.

At March 31, 2024, the Company is committed to trade payables and operating leases as set out in the following table, on an undiscounted basis:

Trade payables and accrued liabilities	$2,388
Lease payments	73
Total	$2,461

The Company may pursue options to finance further exploration, evaluation and/or development as it currently does not have sufficient funds to bring any of its property interests into production from its own financial resources. Financing options may include equity financing, debt financing or other means. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration, evaluation and/or development of its projects with the possible loss of such properties.

Market risk
Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

<u>Foreign currency risk:</u>
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not

have significant exposure to foreign exchange rate fluctuation since transactions and balances in foreign currencies are minimal, if any.

Interest rate risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity price risk:
Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The investment in the common shares of Wescan is monitored by management with recommendations on any sale taken to the Company's Board of Directors. A ten percent decrease in the market price of Wescan would result in a $26 thousand decrease in fair value.

Critical Accounting Estimates and Judgments

The financial statements for the quarter ended March 31, 2024 have been prepared in accordance with IFRS issued by the IASB. Except as described in note 4 to the condensed interim consolidated financial statements for the three months ended March 31, 2024 and 2023, the Company's material accounting policies are described in Note 4 to the financial statements for the year ended December 31, 2023. Certain of these policies involve critical accounting estimates as they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. The uncertainties related to these areas could significantly impact the Company's results of operations, financial condition and cash flows. In particular, the significant areas of judgment and estimation uncertainty considered by management in preparing the consolidated financial statements are: identification of cash generating units, exploration and evaluation expenditures, reserve and resource estimation, asset valuations and exploration and evaluation assets impairment, environmental rehabilitation provision and share-based payment transactions. These are discussed in more detail in Note 5 to the condensed interim consolidated financial statements for the three months ended March 31, 2024 and Note 5 of the Company's financial statements for the year ended December 31, 2023.

Accounting Changes

In the current period, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IAS 1 *Presentation of Financial Statements*
IAS 1 has been amended to clarify classification of liabilities as current or non-current. The amendments are effective for the periods beginning on or after January 1, 2024. The amendment is expected to have no impact on the Company.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods, and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Company's management, under the supervision and with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), are responsible for establishing and maintaining disclosure controls and procedures and have caused these to be designed to provide reasonable assurance that material information is made known to management, particularly during the period in which these filings are being prepared; and information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As at the end of the period covered by this MD&A and accompanying consolidated financial statements, the CEO and the CFO have reviewed and evaluated the design and effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures were effective as at March 31, 2024.

There have been no significant changes in the Company's disclosure controls during the quarter ended March 31, 2024.

Internal Controls over Financial Reporting Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Company's management, under the supervision and with the participation of the CEO and the CFO and effected by the Company's board of directors, have designed the Company's internal controls over financial reporting as of March 31, 2024 so that the internal controls over financial reporting provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS issued by the IASB and interpretations of the IFRIC.

Management, including the CEO and the CFO, assessed the effectiveness of the Company's internal controls over financial reporting as at March 31, 2024. In making its assessment, management, including the CEO and the CFO, used the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that the Company's internal controls over financial reporting were effective as at March 31, 2024.

There have been no significant changes to internal controls over financial reporting during the quarter ended March 31, 2024 that could have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Risks and Uncertainties

The securities of the Company are highly speculative due to the nature of the Company's business as well as the present stage of exploration and development of its mineral properties. The material risk factors and uncertainties, which should be considered in assessing the Company's activities, are described under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form which is available on SEDAR+ at www.sedarplus.ca. The reader is cautioned that the descriptions of risks and uncertainties is not all inclusive as it pertains to conditions currently known to Management. There can be no guarantee or assurance that other factors will or will not adversely affect the Company.

Technical Information

All technical information in this MD&A has been prepared under the supervision of George Read, Senior Technical Advisor, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia and Mark Shimell, Project Manager, Professional Geoscientist in the Provinces of Saskatchewan and Alberta, who are the Company's "Qualified Persons" under NI 43-101.

Caution regarding Forward-looking Statements

This MD&A contains forward-looking statements as defined by certain securities laws, including the "safe harbor" 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 or the PEA constitute forward-looking statements. Forward-looking statements contained or implied in this MD&A include, but are not limited to, statements relating to the Company's ability to continue as a going concern; statements regarding programs previously performed by Rio Tinto Canada; statements regarding future work programs by the Company; statements related to diamond breakage and other reporting; 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 Company's need for and intention to seek additional financing; statements with respect to metallurgical and diamond investigations, assessments and test work including diamond breakage studies; 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.

All 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, the effects of competition in the markets in which the Company operates, risks related to diamond breakage from extraction and diamond recovery, risks related to the Company's need for additional financing and the Company'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 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 the Company 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 laws, the Company does not undertake to update any forward-looking statement that is made herein.

Additional Information

Additional information related to the Company, including the latest available Annual Information Form, is available on SEDAR+ at www.sedarplus.ca.

STAR DIAMOND CORPORATION

Unaudited Condensed Interim Consolidated Financial Statements
March 31, 2024

STAR DIAMOND CORPORATION
Unaudited Condensed Interim Consolidated Financial Statements

For the Three Months Ended
March 31, 2024

Notice to Reader

Management has compiled the unaudited condensed interim consolidated financial statements of Star Diamond Corporation for the three months ended March 31, 2024. The Corporation's external auditors have not reviewed these condensed interim consolidated financial statements.

Star Diamond Corporation

Condensed Interim Consolidated Statements of Financial Position

(unaudited)

(Cdn$ in thousands)	**March 31, 2024**	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	**$ 339**	$ 553
Receivables (note 8)	**4,102**	17
Prepaids	**320**	36
	4,761	606
Investment in Wescan Goldfields Inc. (note 9)	**240**	261
Property, plant and equipment (note 10)	**4,223**	294
Exploration and evaluation assets (note 11)	**10,266**	-
	$ 19,489	$ 1,161
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 18(b))	**$ 2,388**	$ 787
Current portion of lease liability (note 12)	**73**	72
Current portion of environmental rehabilitation provision (note 13)	**73**	-
	2,534	859
Lease liability (note 12)	**103**	121
Environmental rehabilitation provision (note 13)	**7,580**	-
	10,217	**980**
Shareholders' equity:		
Share capital (note 15)	**865,079**	855,831
Warrants (note 15)	**2,215**	1,550
Broker warrants (note 15)	**53**	52
Contributed surplus	**35,373**	35,310
Accumulated deficit	**(893,448)**	(892,562)
	9,272	181
	$ 19,489	$ 1,161

Going concern (note 3)

Subsequent event (note 20)

On behalf of the Board:

"Lisa Riley"	"Larry Phillips"
Lisa K. Riley, Audit Chair	Larry E. Phillips, Director

See accompanying notes to these condensed interim consolidated financial statements

Star Diamond Corporation

Condensed Interim Consolidated Statements of loss and Comprehensive loss

(unaudited)

(Cdn$ in thousands, except for share data)	Three months ended March 31, 2024	2023
Income		
Interest and other income	**$ 6**	$ 18
Expenses		
Administration	**389**	347
Consulting and professional fees	**50**	55
Corporate development	**138**	43
Exploration and evaluation (note 14)	**289**	210
	866	655
Loss before the under noted items	**(860)**	(637)
Unwinding of discount of lease liability (note 12)	**(5)**	-
Investment in Wescan Goldfields Inc. (note 9)	**(21)**	290
Net and comprehensive loss for the period	**$ (886)**	$ (347)
Net loss per share		
Basic and diluted	**$ (0.00)**	$ (0.00)
Weighted-average number of shares outstanding (000's)	**494,830**	475,997

See accompanying notes to these condensed interim consolidated financial statements

Star Diamond Corporation

Condensed Interim Consolidated Statements of Cash Flows

(unaudited)

(Cdn$ in thousands)	**Three months ended March 31, 2024**	**2023**
Cash provided by (used in):		
Operations:		
Net loss	**$ (886)**	$ (347)
Adjustments:		
Depreciation on property, plant and equipment (note 10)	**21**	24
Investment in Wescan Goldfields Inc. (note 9)	**21**	(290)
Fair value of share-based payments expensed (note 16)	**63**	-
Unwinding of discount and changes to lease liability (note 12)	**5**	-
Net change in non-cash operating working capital items:		
Receivables	**(85)**	(16)
Prepaids	**(284)**	(228)
Accounts payable and accrued liabilities	**1,603**	(270)
	458	(1,127)
Investing:		
Exploration and evaluation assets (note 11)	**(1,398)**	-
Purchases of property and equipment	**(2)**	-
	(1,400)	-
Financing:		
Issuances of equity through financings, net of issue costs (note 15)	**750**	-
Lease liability (note 12)	**(22)**	(20)
	728	(20)
Decrease in cash and cash equivalents	**(214)**	(1,147)
Cash and cash equivalents, beginning of period	**553**	2,610
Cash and cash equivalents, end of period	**$ 339**	$ 1,463
Cash and cash equivalents consists of:		
Cash	**$ 275**	$ 463
Guaranteed Investment Certificate	**64**	1,000
	$ 339	$ 1,463

See accompanying notes to these condensed interim consolidated financial statements

Star Diamond Corporation

Condensed Interim Consolidated Statements of Changes in Equity

(unaudited)

(Cdn$ in thousands)	Three months ended March 31, 2024	Three months ended March 31, 2023	Year ended December 31, 2023
Share capital (note 15)			
Balance, beginning of period	**$ 855,831**	$ 854,938	$ 854,938
Shares issued on redemption of deferred share units	**-**	-	84
Shares issued on redemption of restricted share units	**-**	-	624
Shares issued from private placement (net of issue costs)	**480**	-	185
Shares issued for exploration and evaluation assets (net of issue costs)	**9,163**	-	-
Modified warrants	**(395)**	-	-
Balance, end of period	**$ 865,079**	$ 854,938	**$ 855,831**
Warrants (note 15)			
Balance, beginning of period	**$ 1,550**	$ 2,495	$ 2,495
Issued	**270**	-	102
Modified warrants	**395**	-	-
Expired	**-**	(1,047)	(1,047)
Balance, end of period	**$ 2,215**	$ 1,448	$ 1,550
Broker warrants (note 15)			
Balance, beginning of period	**$ 52**	$ 41	$ 41
Issued	**1**	-	11
Balance, end of period	**$ 53**	$ 41	$ 52
Contributed surplus			
Balance, beginning of period	**$ 35,310**	$ 34,618	$ 34,618
Share-based payments - options granted (note 16 (a))	**49**	-	162
Share-based payments - deferred share units (note 16 (b))	**-**	-	140
Share-based payments - restricted share units (note 16 (c))	**14**	-	51
Restricted share unit redemptions (note 16 (c))	**-**	-	(624)
Warrants expired (note 15)	**-**	1,047	1,047
Deferred share unit redemptions (note 16 (b))	**-**	-	(84)
Balance, end of period	**$ 35,373**	$ 35,665	$ 35,310
Accumulated deficit			
Balance, beginning of period	**$ (892,562)**	$ (889,739)	$ (889,739)
Loss for the period	**(886)**	(347)	(2,823)
Balance, end of period	**$ (893,448)**	$ (890,086)	$ (892,562)
Total Shareholders' equity	**$ 9,272**	$ 2,006	$ 181

See accompanying notes to these condensed interim consolidated financial statements

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted) TSX: DIAM

1. Corporate information

Star Diamond Corporation (the "Company") was incorporated under the *Canada Business Corporations Act* on April 29, 1985 and its shares are publicly traded on the Toronto Stock Exchange. The principal activities of the Company are the exploration, development and production of diamonds. The Company is located at 600 – 224 4th Avenue South, Saskatoon, Saskatchewan, Canada.

2. Basis of presentation and statement of compliance

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023 (the "2023 Annual Financial Statements"), which have been prepared in accordance with IFRS.

Except for the adoption of the Environmental rehabilitation provision, as described in note 4 to these Interim Financial Statements, the accounting policies and methods of application applied by the Company in these Interim Financial Statements are the same as those applied in the Company's 2023 Annual Financial Statements.

The preparation of financial statements in conformity with IFRS also requires management to make estimates and judgments that may have a significant impact on these Interim Financial Statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. Except as described in note 5 to these Interim Financial Statements, the Company's critical accounting estimates and judgments were presented in note 5 of the 2023 Annual Financial Statements and have been consistently applied in the preparation of these Interim Financial Statements for the three months ended March 31, 2024 and 2023.

These Interim Financial Statements were authorized for issue by the Board of Directors on May 13, 2024.

(b) Basis of Measurement

These Interim Financial Statements have been prepared on the historical cost basis except if otherwise noted. In addition, these financial statements have been prepared using the accrual basis of accounting and are presented in Canadian dollars.

(c) Basis of consolidation

The Interim Financial Statements incorporate the financial statements of the Company and its subsidiaries listed in the following table:

Name of subsidiary	Jurisdiction	Ownership	Principle activities
Kensington Resources Ltd.	CANADA	100%	Mineral exploration
Shore Mining & Development Corporation	CANADA	100%	Equipment holdings
Star Diamonds Inc.	CANADA	100%	Mineral exploration

Subsidiaries are those entities which the Company controls by having the power to govern their financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

3. Going concern

These financial statements are prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities and commitments in the normal course of business. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that cast significant doubt upon the Company's ability to continue as a going concern. At March 31, 2024, the Company had working capital of $2.2 million including cash and cash equivalents of $0.3 million. In addition, the Company had an accumulated deficit of $893.4 million and currently does not generate revenue. During the quarter, the Company closed the second and final tranche of a non-brokered private placement (see note 15). The ability of the Company to continue as a going concern and fund its expenses in an orderly manner will require additional forms of financing.

There is no assurance that the Company will be successful in obtaining required financing at an acceptable cost as and when needed or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration and/or evaluation plans, forfeit rights in its properties or reduce or terminate its operations.

These financial statements do not include any adjustments to carrying values of assets and liabilities, reported expense and the statement of financial position classifications used, that would be necessary if the going concern assumption were not appropriate.

4. Material accounting policies

The Company adopted the following accounting policy during the three months ended March 31, 2024:

Environmental rehabilitation provision

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The capitalized environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows. Where there is a change in the expected decommissioning and rehabilitation costs, the value of the provision and any related asset are adjusted, and the effect is recognized in the statements of income and comprehensive income on a prospective basis over the remaining life of the operation.

The offsetting cost is treated as an "exploration and evaluation" expense until a NI 43-101 reserve has been established and a final feasibility report completed. Once a NI 43-101 reserve has been established and a final feasibility study completed, the estimated cost (on a discounted basis) of any new environmental disturbances are capitalized.

5. Key sources of estimation uncertainty

Management considers the new accounting policy, added during the current quarter (see note 4), an increase to the risk of material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements.

Environmental rehabilitation provision

Environmental rehabilitation provisions have been provided for based on the Company's internal estimates and current regulatory requirements. Assumptions, based on the current economic environment (including inflation) and cash flows, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Significant changes in estimates of restoration standards and techniques may result in changes to provisions. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provision may be higher or lower than currently provided for.

6. Recent Accounting Pronouncements

In the current period, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IAS 1 *Presentation of Financial Statements*
IAS 1 has been amended to clarify classification of liabilities as current or non-current. The amendments are effective for the periods beginning on or after January 1, 2024. The amendment is expected to have no impact on the Company.

7. Rio Tinto Exploration Canada Inc. asset acquisition

On March 26, 2024, Star Diamond and Rio Tinto Exploration Canada Inc. ("RTEC") completed the previously announced transaction (the "Transaction") whereby RTEC has transferred to Star Diamond its 75% interest in the Fort à la Corne Project. As consideration for the Transaction the Company issued RTEC 108,204,112 common shares with a deemed fair value of $9.2 million. In exchange for the common shares and RTEC's 75% interest in the Fort à la Corne Project, RTEC also transferred certain pieces of property, plant and equipment and $4.0 million.

After the close of the Transaction:

- RTEC owns or controls, in the aggregate, 119,315,222 common shares representing a 19.9% interest in Star Diamond;
- Star Diamond has full control and responsibility for the project and the previous joint venture agreement has been terminated;
- RTEC has transferred to Star Diamond ownership of the trench cutter drill rig used by RTEC to complete its prior bulk sampling program at the Project;
- RTEC has transferred to Star Diamond the Bulk Sample Plant located at the Project, including the TOMRA XRT diamond sorting machine;
- RTEC and Star Diamond have entered into an Investor Rights Agreement whereby, among other things, RTEC was granted certain pre-emptive rights to maintain its 19.9% ownership interest in Star Diamond in connection with future financings undertaken by Star Diamond, and RTEC has agreed to certain standstill protections provided that RTEC will have the right to increase its 19.9% ownership position in the event that Star Diamond receives an acquisition proposal; and
- Star Diamond has assumed responsibility for all future reclamation activities related to the project. RTEC has provided on Star Diamond's behalf, for up to five years following closing, letters of credit in aggregate amount of $9.9 million to secure environmental remediation and reclamation activities related to the project (as security for the letters of credit, RTEC has issued a promissory note to Star Diamond with a face value of $9.9 million which will be extinguished upon Star Diamond securing letters of credit with another party or in performing the reclamation activities).

As the assets acquired represent tangible assets and E&E property, and do not consist of processes or outputs, the transaction does not qualify as a business combination under IFRS 3 *Business Combinations.* Instead, the fair value of the assets acquired, and consideration transferred falls within the scope of IFRS 2 *Share Based Payments* and is therefore recorded as an asset acquisition.

The fair value of the consideration transferred was determined to be the most reliable basis to value the Transaction. The common shares issued were valued at a price of $0.0849 which represents the Company's volume weighted trading value five days prior to the close of the Transaction, resulting in a fair value of $9.2 million. The consideration transferred was allocated to the exploration and evaluation assets and property, plant and equipment on a relative fair value basis. The fair value of the tangible assets received was determined using the estimated depreciated replacement cost of the assets. The fair value of the exploration and evaluation assets received was determined using a market approach, specifically on a value per resource unit basis derived from comparable transactions.

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted) TSX: DIAM

A summary of the Company's consideration paid and the net assets acquired from RTEC as at the March 26, 2024 acquisition date is as follows:

Purchase price	
Fair value of common shares issued to RTEC	$ 9,187
Transaction costs	1,374
Total	**$ 10,561**

Net assets acquired	
Cash	$ 4,000
Exploration and evaluation assets	10,266
Property, plant and equipment	3,948
Environmental rehabilitation provision	(7,653)
Total	**$ 10,561**

8. Receivables

	Three months ended March 31, 2024	Year ended December 31, 2023
RTEC (1)	**$ 4,000**	$ -
GST	**101**	17
Other	**1**	-
Total	**$ 4,102**	$ 17

(1) As part of the March 26, 2024 Transaction, the Company was owed $4.0 million from RTEC. This amount was subsequently received on April 1, 2024.

9. Investment in Wescan Goldfields Inc.

At March 31, 2024 and December 31, 2023, the Company held 5.8 million shares, or greater than 10%, of Wescan Goldfields Inc. ("Wescan"), a publicly traded company on the TSX Venture exchange. The Company considers certain judgments and assumptions when assessing whether significant influence exists over its investments. This includes an assessment of the Company's ability to participate in financial and operating policy decisions of the investee. The existence and effect of potential voting rights held by the investor or other entities were also considered.

IFRS 9 requires all marketable securities to be measured at fair value. Changes in fair value are recognized in profit or loss ("FVPL") based on the Company's accounting policy. At March 31, 2024, the carrying value of this investment was $0.2 million (December 31, 2023 – $0.3 million).

10. Property, plant and equipment

	Plant, Buildings, and Leases	**Computer Software and Equipment**	**Equipment**	**Total**
Cost				
Balance – December 31, 2022	$ 721	$ 56	$ 429	$ 1,206
Acquisitions	225	-	-	225
Disposals	-	-	(1)	(1)
Balance – December 31, 2023	$ 946	$ 56	$ 428	$ 1,430
Acquisitions	3,948	2	-	3,950
Balance – March 31, 2024	**$ 4,894**	**$ 58**	**$ 428**	**$ 5,380**

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted) TSX: DIAM

	Plant, Buildings, and Leases	Computer Software and Equipment	Equipment	Total
Accumulated depreciation and impairment				
Balance – December 31, 2022	$ (585)	$ (42)	$ (419)	$ (1,046)
Charge for the year	(85)	(4)	(2)	(91)
Eliminated on disposals	-	-	1	1
Balance – December 31, 2023	$ (670)	$ (46)	$ (420)	$ (1,136)
Charge for the year	(20)	(1)	-	(21)
Balance – March 31, 2024	**$ (690)**	**$ (47)**	**$ (420)**	**$ (1,157)**

	Plant, Buildings, and Leases	Computer Software and Equipment	Equipment	Total
Net book value				
Balance – December 31, 2023	$ 276	$ 10	$ 8	$ 294
Balance – March 31, 2024	**$ 4,204**	**$ 11**	**$ 8**	**$ 4,223**

11. Exploration and evaluation assets

A summary of the Company's exploration and evaluation assets is as follows:

Balance, December 31, 2023	**$ -**
Fort a la Corne Project acquisition (see note 7)	10,266
Balance, March 31, 2024	**$10,266**

As of March 31, 2024, the Company's principal asset is its 100% interest in the Fort à la Corne Project located in the central part of Saskatchewan, Canada. The Company also holds a 50% interest in the Buffalo Hills-JV, a diamond project located in north central Alberta.

Fort à la Corne Project
The Fort à la Corne Project is an evaluation stage project, situated on Crown land, in the Fort à la Corne Forest, approximately 60 km east of Prince Albert, in central Saskatchewan, Canada. The Project is 20 km off paved highway and the Saskatchewan power grid and is road accessible year-round. The Fort à la Corne Diamond Project consists of 191 contiguous mineral dispositions covering 44,534 hectares that include 69 kimberlites, most of which have been shown to contain diamonds.

Buffalo Hills-JV
The Buffalo Hills-JV is a 50% joint venture with Canterra Minerals Corporation as the operator. The Buffalo Hills-JV is an evaluation stage project, situated on Crown land, some 60 km northwest of Red Earth Creek, in northern Alberta, Canada. The Project is 40 km off paved highway and is mostly road accessible year-round. The Buffalo Hills-JV consists of 21 mineral leases covering 4,800 hectares that include 38 kimberlites, 21 of which have been shown to contain diamonds.

The carrying value of the Buffalo Hills-JV properties at March 31, 2024 and December 31, 2023 is $nil.

12. Lease liability

In May 2023, the Company renewed its head office lease and recorded an increase to the right-of-use asset and the corresponding lease liability.

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted) TSX: DIAM

A summary of the lease liability is as follows:

	Three months ended March 31, 2024	Year ended December 31,2023
Lease liability, beginning of period	**$ 193**	$ 39
Additions	**-**	225
Total liability	**193**	264
Lease payments	**(22)**	(86)
Unwinding of discount and changes to lease liability	**5**	15
Total lease liability	**176**	193
Less: current portion	**(73)**	(72)
Long-term lease liability, end of period	**$ 103**	$ 121

The maturity analysis of the undiscounted contractual balances of the lease liability is as follows:

Less than one year	$ 88
Two to three years	109
Total undiscounted lease liability – March 31, 2024	**$ 197**

Total undiscounted lease payments exclude leases that are classified as short-term and leases for low-value assets, which are not recognized as lease liabilities.

13. Environmental rehabilitation provision

A summary of the Company's discounted liabilities for the decommissioning and reclamation provisions is as follows:

Balance, December 31, 2023	$ -
Environmental rehabilitation provision assumed in the Transaction (see note 7)	7,653
Total	7,653
Less: current portion	(73)
Long-term environmental rehabilitation provision, March 31, 2024	$ 7,580

The environmental rehabilitation provision represents the estimated present value of decommissioning and rehabilitation costs required as a result of exploration and evaluation work conducted on the above properties by the Company. The Company is required to decommission and rehabilitate exploration and evaluation sites to a condition acceptable to the relevant authorities. These provisions are based on the Company's internal estimates and external information where available. Assumptions are based on the current economic environment and are believed to be a reasonable basis to estimate the future liability. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary work required. Furthermore, the timing of the decommissioning and rehabilitation is dependent upon certain factors. These factors include, but are not limited to, further exploration and evaluation work performed on the properties; level of decommissioning and reclamation that may be required by regulators in the future; operating licenses, permits and claims; as well as if and when development of these exploration and evaluation properties takes place in the future. The provision was determined using an assumed long-term inflation rate of 2% and probabilities and estimates on the timing of the rehabilitation and risk-free discount rates ranging from 3.35% to 4.76%.

The Company estimates its total undiscounted future decommissioning and reclamation costs to be $9.7 million (December 31, 2023 – $nil).

Pursuant to the Exit Agreement, RTEC has provided letters of credit as security for the Company's reclamation liability (see note 7). The Company's decommissioning and rehabilitation plans and related security are reviewed and accepted by the Saskatchewan Ministry of the Environment.

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted) TSX: DIAM

14. Exploration and evaluation expense

The Company's exploration and evaluation expense for the three months ended March 31, is comprised of the following:

	March 31, 2024	March 31, 2023
Fort à la Corne properties		
Depreciation of property and equipment	**$ 1**	$ 1
Exploration and evaluation	**278**	202
Share-based payments (note 16)	**10**	-
Total	**289**	$ 203
Buffalo Hills property		
Exploration and evaluation	**-**	7
Total	**$ 289**	$ 210

15. Share capital and reserves

Authorized

The authorized share capital of the Company consists of unlimited common shares with no par value.

The common shares of the Company are entitled to dividends pro-rated when declared by the Board of Directors and to one vote per share at meetings of the shareholders of the Company. Upon dissolution or any other distribution of assets, the shareholders are entitled to receive a pro-rata share of such distribution.

Common shares issued and fully paid:

	Three months ended March 31, 2024		Year ended December 31, 2023	
	Common Shares	**Amount**	Common Shares	Amount
Outstanding, beginning of period	**482,670,964**	**$ 855,831**	475,996,620	$ 854,938
Issuance of shares (net of issue costs)	**8,698,905**	**480**	2,946,728	185
Issuance of shares for exploration and evaluation assets	**108,204,112**	**9,163**	-	-
Modified warrants	**-**	**(395)**	-	-
Issuance of shares on redemption of deferred share units	**-**	**-**	404,350	84
Issuance of shares on redemption of restricted share units	**-**	**-**	3,323,266	624
Outstanding, end of period	**599,573,981**	**$ 865,079**	482,670,964	$ 855,831

Shares issued during the three months ended March 31, 2024:

On January 26, 2024, the Company closed the second and final tranche of a non-brokered private placement. Pursuant to the Offering, the Company issued: i) 8,548,905 units of the Company ("Units") at a price of $0.09 per Unit for gross proceeds of $769,401, with each Unit consisting of one common share of the Company (which is not a "flow-through share") and one share purchase warrant (a "Warrant"); and ii) 150,000 "flow-through" units ("FT Units") at price of $0.11 per FT Unit for gross proceeds $16,500, with each FT Unit consisting of one common share of the Company and one Warrant, each of which will qualify as a "flow-through share" for the purposes of the Income Tax Act (Canada). Each Warrant will entitle the holder thereof to acquire one additional common share of the Company at an exercise price of $0.14 for a period of 36 months from the date of issuance.

On March 26, 2024, pursuant to the closing of the Transaction, the Company issued 108,204,112 common shares of the Company to RTEC at a fair value of $0.0849 per share, for an aggregate value of 9,186,529 (see note 7).

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted) TSX: DIAM

Shares issued during the year ended December 31, 2023:

On December 29, 2023, the Company closed the first tranche of a non-brokered private placement. Pursuant to the closing of the first tranche of the Offering, the Company issued 2,946,728 FT Units at a price of $0.11 per FT Unit for gross proceeds of $324,140, with each FT Unit consisting of one common share of the Company (a "FT Share") and one share purchase warrant (a "Warrant"), each of which will qualify as a "flow-through share" for the purposes of the Income Tax Act (Canada). Each Warrant will entitle the holder thereof to acquire one additional common share of the Company at an exercise price of $0.14 for a period of 36 months from the date of issuance.

On July 18, 2023, the Company issued 404,350 common shares pursuant to the settlement of DSUs (see note 16(b)).

During December 2023, the Company issued 3,323,266 common shares pursuant to the redemption of RSUs (see note 16(c)).

Nature and purpose of equity reserves

Share-based payments reserve

The share-based payments reserve is recognized within contributed surplus and is used to recognize the fair value of equity-settled share-based payment transactions provided to directors, officers and employees, and service providers as part of their compensation. The fair value of stock options has been valued using the Black-Scholes option-pricing model while the fair value of RSUs and DSUs is determined based on the five-day volume weighted-average trading price of the Company's shares preceding the date of grant. Refer to note 16 for further details on these share-based payment plans.

Warrant reserve

On certain issues of common shares, the Company has issued warrants with the common shares entitling the holder to acquire additional common shares of the Company. The warrant reserve is used to recognize the fair value of outstanding warrants. If the warrant is exercised or expires the fair value is transferred to share capital or contributed surplus, respectively. A summary of the outstanding warrants is as follows:

	Three months ended March 31, 2024			Year ended December 31, 2023		
	Warrants	**Average Price**	**Amount**	Warrants	Average Price	Amount
Outstanding, beginning of period	**19,613,395**	**$ 0.36**	**$ 1,550**	30,000,001	$ 0.33	$ 2,495
Issued	**8,698,905**	**0.14**	**270**	2,946,728	0.14	102
Expired	**-**	**-**	**-**	(13,333,334)	0.25	(1,047)
Modified warrants	**-**	**-**	**395**	-	-	-
Outstanding, end of period	**28,312,300**	**$ 0.20**	**$ 2,215**	19,613,395	$ 0.36	$ 1,550

A summary of the warrants outstanding at March 31, 2024 is as follows:

Warrants outstanding	**Exercise price**	**Expiry date**
13,959,734	$ 0.15	October 6, 2025
2,706,933	$ 0.15	October 21, 2025
2,946,728	$ 0.14	December 29, 2026
8,698,905	$ 0.14	January 26, 2027

During January 2024, 8.7 million warrants were issued in connection to a non-brokered private placement. Each warrant entitles the holder thereof to purchase one common share at a price of $0.14 for a period of 36 months from the date of issuance. The warrants issued had a fair value of $0.3 million. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 91.26%, risk-free rate of return of 3.793%, expected dividend of 0%, and expected term of 36 months.

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted)

During December 2023, 2.9 million warrants were issued in connection to a flow-through share financing. Each warrant entitles the holder thereof to purchase one common share at a price of $0.14 for a period of 36 months from the date of issuance. The warrants issued had a fair value of $0.1 million. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 91.69%, risk-free rate of return of 3.707%, expected dividend of 0%, and expected term of 36 months.

In February 2024, the Company extended the expiry date (the "Warrant Extension") and amended the exercise price (the "Exercise Price Amendment") of the common share purchase warrants ("Warrants") of the Company issued on April 6, 2022 and April 21, 2022. Pursuant to the Warrant Extension the term of the Warrants will be extended by 18 months, such that after giving effect to the Warrant Extension, each Warrant issued on April 6, 2022, having an initial expiry date of April 6, 2024, will expire on October 6, 2025 and each Warrant issued on April 21, 2022, having an initial expiry date of April 21, 2024, will expire on October 21, 2025. Pursuant to the Exercise Price Amendment all the Warrants will be exercisable to purchase a common share of the Company at a price of $0.15 per common share. The modified warrants had a fair value of $0.4 million. The fair value of the warrant modifications was determined using the Black Scholes pricing model and calculated as the incremental increase in the warrant's fair value immediately prior to the amendment and immediately after.

Broker warrants reserve

On certain issues of common shares, the Company issued broker warrants as partial consideration to the agent for services associated with the share issuance. Each broker warrant entitles the agent to acquire one common share of the Company. The broker warrant reserve is used to recognize the fair value of outstanding warrants. If the broker warrant is exercised or expires the fair value is transferred to share capital or contributed surplus, respectively. A summary of the outstanding broker warrants is as follows:

	Three months ended March 31, 2024			Year ended December 31, 2023		
	Broker Warrants	**Average Price**	**Amount**	Broker Warrants	Average Price	Amount
Outstanding, beginning of period	**785,991**	**$ 0.29**	**$ 52**	467,811	$ 0.40	$ 41
Issued	**20,100**	**0.09**	**1**	318,180	0.125	11
Outstanding, end of period	**806,091**	**$ 0.28**	**$ 53**	785,991	$ 0.29	$ 52

A summary of broker warrants outstanding at March 31, 2024 is as follows:

Broker warrants outstanding	**Exercise price**	**Expiry date**
362,284	$ 0.40	April 6, 2024
105,527	$ 0.40	April 21, 2024
159,090	$ 0.11	December 29, 2026
159,090	$ 0.14	December 29, 2026
20,100	$ 0.09	January 26, 2027

During January 2024, 20,100 warrants were issued in connection to a non-brokered private placement. Each broker warrant entitles the holder thereof to purchase one Common Share at a price of $0.09 for a period of 36 months from the date of issuance. The broker warrants issued had a fair value of $1 thousand. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 91.26%, risk-free rate of return of 3.793%, expected dividend of 0%, and expected term of 36 months.

During December 2023, 159,090 broker warrants were issued pursuant to a finder agreement in connection to a flow-through share financing. Each broker warrant entitles the holder thereof to purchase one Common Share at a price of $0.11 for a period of 36 months from the date of issuance. The broker warrants issued had a fair value of $6 thousand. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 91.69%, risk-free rate of return of 3.707%, expected dividend of 0%, and expected term of 36 months.

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted)

During December 2023, 159,090 broker warrants were issued pursuant to a finder agreement in connection to a flow-through share financing. Each broker warrant entitles the holder thereof to purchase one Common Share at a price of $0.14 for a period of 36 months from the date of issuance. The broker warrants issued had a fair value of $5 thousand. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 91.69%, risk-free rate of return of 3.707%, expected dividend of 0%, and expected term of 36 months.

16. Share-based payments

(a) Share option plan

The Company has established a share option plan whereby options may be granted to directors, officers, employees, and service providers to purchase common shares of the Company. Options granted have an exercise price of not less than the closing price quoted on the Toronto Stock Exchange for the common shares of the Company on the trading day prior to the date on which the option is granted. Certain options vest immediately while others vest six to twelve months after grant date and all options granted under the plan expire five years from the date of the grant of the options. All options are to be settled by physical delivery of shares. These common shares would be issued from the same 10% rolling pool as the common shares issued under the Company's Deferred Share Unit Plan and the Company's Performance Share Unit and Restricted Share Unit Plan.

The expense related to the Company's share option plan is recognized in the statements of income and comprehensive income for the three months ended March 31, 2024 and 2023, as follows:

Expense category	**March 31, 2024**	March 31, 2023
Administration	**$ 39**	$ -
Exploration and evaluation	**10**	-
Total	**$ 49**	$ -

A summary of option movements, including weighted-average exercise prices, are as follows:

	Three months ended March 31, 2024		Year ended December 31, 2023	
	Options	**Average Price**	Options	Average Price
Outstanding – beginning of period	**24,489,500**	**$ 0.17**	**18,477,700**	$ 0.21
Granted	**-**	**-**	**7,760,000**	0.09
Expired	**-**	**-**	**(1,748,200)**	0.19
Outstanding – end of period	**24,489,500**	**$ 0.17**	**24,489,500**	$ 0.17

The grant date fair value of stock options issued under the plan is estimated using the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility. The option life is estimated based on the weighted-average historical life of options that have been granted by the Company.

A summary of the stock options outstanding and exercisable at March 31, 2024, is as follows:

Exercise price	**Number outstanding**	**Number exercisable**	**Expiry date**
$0.20	9,700,000	9,700,000	June 25, 2024
$0.245	200,000	200,000	May 28, 2025
$0.225	4,671,500	4,671,500	August 18, 2025
$0.215	1,958,000	1,958,000	February 1, 2026
$0.125	200,000	200,000	August 16, 2027
$0.09	2,400,000	133,333	November 29, 2028
$0.09	5,360,000	1,786,667	December 7, 2028
	24,489,500	**18,649,500**	

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted) TSX: DIAM

(b) Deferred share unit plan

The Company has established a deferred share unit plan (the "DSU Plan"), which provides for the grant of DSUs to eligible directors of the Company. The DSU Plan provides for settlement to eligible directors through cash payment or the issuance of common shares. The form of settlement is at the option of the Company. The Company does not intend to make cash payments and there is no history of the Company making cash payments under the DSU plan and, as such, the DSUs are accounted for within shareholders’ equity. These common shares would be issued from the same 10% rolling pool as the common shares issued under the Company’s Performance Share Unit and Restricted Share Unit Plan and the Company’s Share Option Plan. As these DSUs are expected to be settled with equity, an amount equal to the stock-based compensation expense is initially credited to contributed surplus and transferred to share capital if and when the deferred share unit is redeemed. DSUs vest immediately.

A summary of DSU movements during the period are as follows:

	Three months ended March 31, 2024	Year ended December 31, 2023
DSUs outstanding – beginning of period	**2,162,250**	1,016,600
Granted	**-**	1,550,000
Redeemed for common shares from treasury	**-**	(404,350)
DSUs outstanding – end of period	**2,162,250**	2,162,250

There were 1,550,000 DSUs granted during 2023. The weighted-average fair value of the DSUs granted during 2023 was $0.09 per DSU.

There was no expense related to the Company’s share-based payments as a result of DSUs vesting over the three months ended March 31, 2024 and 2023.

(c) Performance share unit and restricted share unit plan

The Company has established a performance share unit and restricted share unit plan (the "Unit Plan"), which provides for the grant of PSUs and RSUs to eligible officers, employees and service providers of the Company. The Unit Plan provides for settlement through cash payment or the issuance of common shares. The form of settlement is at the option of the Company. The Company does not intend to make cash payments and there is no history of the Company making cash payments under the Unit plan and, as such, the PSUs and RSUs are accounted for within shareholders’ equity. These common shares would be issued from the same 10% rolling pool as the common shares issued under the Company’s Deferred Share Unit Plan and the Company’s Share Option Plan. As PSUs and RSUs are expected to be settled with equity, an amount equal to compensation expense is initially credited to contributed surplus, recognized over the term of the vesting period, and transferred to share capital if and when the units are exercised. RSUs vest in three tranches, with all RSUs vesting no later than the third anniversary from the date of grant.

As of December 31, 2023, no PSUs have been granted. A summary of RSU movements during the period are as follows:

	Three months ended March 31, 2024	Year ended December 31, 2023
RSUs outstanding – beginning of period	**1,500,000**	3,426,600
Granted	**-**	1,500,000
Redeemed for common shares from treasury	**-**	(3,323,266)
Forfeited	**-**	(103,334)
RSUs outstanding – end of period	**1,500,000**	1,500,000

The weighted-average fair value of the RSUs granted during 2023 was $0.09. The expense related to the Company’s share-based payments as a result of RSUs vesting over the period is recognized in the statements of loss and comprehensive loss for the three months ended March 31, 2024 and 2023, as follows:

Expense category	**Three months ended March 31, 2024**	Three months ended March 31, 2023
Administration	**$ 14**	$ -

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted)

17. Related party transactions

Related party transactions with key management personnel

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. Compensation of key management personnel, and directors, including payments made or payable to related parties owned by executive officers and directors, is as follows:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Director fees	**$ 25**	$ 42
Salaries to key management personnel	**96**	26
Consulting and management fees paid to related companies	**106**	49
Share-based payments	**48**	2
Total compensation paid to key management personnel	**$ 275**	$ 119

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel. The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The fair value of share-based payments in the form of stock options was determined using the Black-Scholes option pricing model. The fair value of share-based payments in the form of RSUs and DSUs was determined based on the five-day volume weighted-average trading price of the Company's shares preceding the date of grant.

The compensation paid to key management personnel is included in the Company's statements of loss and comprehensive loss during the three months ended March 31 is as follows:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Administration	**$ 172**	$ 119
Exploration and evaluation	**103**	-
Total compensation paid to key management personnel	**$ 275**	$ 119

18. Financial instruments

Fair values have been determined for measurement and/or disclosure purposes based on the fair value hierarchy for financial instruments that require fair value measurement after initial recognition. The classification of each financial instrument is described in note 4(b) of the Company's consolidated financial statements for the year ended December 31, 2023.

The carrying amounts for cash and cash equivalents, short-term investments, receivables, and trade payables approximate their fair value due to the short-term nature of these instruments. These financial instruments are carried at amortized cost.

Fair value hierarchy

All financial instruments measured at fair value are categorized into one of three hierarchy levels as described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and

Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

(In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted)

Fair value of investment in Wescan

The disclosure of the fair value and carrying value of the investment in Wescan (see note 9) is based on quoted prices and is therefore considered to be level 1, consistent with the prior period.

Risk management

Certain financial instruments are exposed to the following financial risks:

(a) Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company considers this risk to be insignificant as the majority of the Company's cash and cash equivalents are held by financial institutions with a AA credit rating. At March 31, 2024, the Company's credit risk relates to its cash and cash equivalents of $0.3 million (December 31, 2023 – $0.6 million).

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet regulatory liquidity and spending requirements as well as meet its financial obligations. The Company's approach to managing liquidity risk is to forecast future cash flows to ensure that it will have sufficient liquidity to meet its obligations when due. To ensure the Company has sufficient cash on hand, the Company prepares annual capital and operating budgets which are regularly monitored and updated as considered necessary. At March 31, 2024, the Company had working capital of $2.2 million including cash and cash equivalents of $0.3 million. In addition to regulatory spending requirements at March 31, 2024, the Company has trade payables and other lease payments as set out in the following table on an undiscounted basis:

Trade payables and accrued liabilities	$ 2,388
Lease payments	73
Total	$ 2,461

The further exploration, evaluation and/or development of exploration and evaluation properties in which the Company holds interests or which the Company acquires will require the Company to obtain financing through equity issues or other forms of financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration, evaluation and/or development of its projects with the possible loss of such properties.

(c) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation since transactions and balances in foreign currencies are minimal.

Commodity price risk:

Commodity price risk is the risk that a variation in commodity price will affect the Company's operations and financial results. The Company does not have significant exposure to commodity price fluctuations since it is currently in the exploration stage.

Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents and short-term investments held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity price risk:
Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The investment in the common shares of Wescan is monitored by management with recommendations on sale taken to the Board level. A 10 percent decrease in the market price of Wescan would result in a $24 thousand decrease in fair value.

19. Capital management

The Company manages its common shares and equity reserves as capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to explore and develop its exploration and evaluation properties, so that it can provide returns to shareholders.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board of Directors.

In order to maximize ongoing exploration and evaluation efforts, the Company does not pay dividends. The Company's investment policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

20. Subsequent event

Effective April 1, 2024, the Company received final approval from the TSX to extend the expiry date (the "Broker Warrant Extension") and amend the exercise price (the "Exercise Price Amendment") of the common share broker warrants ("Broker Warrants") of the Company issued on April 6, 2022 and April 21, 2022.

Pursuant to the Broker Warrant Extension the term of the Broker Warrants will be extended by 18 months, such that after giving effect to the Broker Warrant Extension, each Broker Warrant issued on April 6, 2022, having an initial expiry date of April 6, 2024, will expire on October 6, 2025 and each Broker Warrant issued on April 21, 2022, having an initial expiry date of April 1, 2024, will expire on October 21, 2025. Pursuant to the Exercise Price Amendment all the Broker Warrants will be exercisable to purchase a common share of the Company at a price of $0.15 per common share.

CORPORATE INFORMATION

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Officers and Advisors

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Mark Shimell – Vice President Exploration

Solicitors

Bennett Jones LLP

Auditors

KPMG LLP

Bank

Bank of Montreal

Exchange Listing

TSX
600,073,981 common shares issued and outstanding as at May 13, 2024

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DIAM

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