STAR DIAMOND CORPORATION

Management's Discussion & Analysis

For the Years Ended December 31, 2024 and 2023

March 31, 2025

The following discussion and analysis is prepared by Management as of March 31, 2025 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2024 and 2023 available on SEDAR+ at www.sedarplus.ca. Star Diamond Corporation ("Star Diamond", or "the Company") prepared its financial statements for the years ended December 31, 2024, and 2023, in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All currency amounts are quoted in thousands of Canadian Dollars, unless otherwise stated.

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 and evaluation of diamond projects. The Company is located at 700 – 224 4th Avenue South, Saskatoon, Saskatchewan, Canada.

Star Diamond is a Canadian natural resource company focused on exploring and evaluating Saskatchewan's diamond resources. Star Diamond holds a 100% interest in the Fort à la Corne Project, (FALC Project, which includes the Star – Orion South Diamond Project, or the "Project"). These properties are in central Saskatchewan, near established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future possible mine development.

The Company also holds a 100% interest in the exploration and evaluation properties of the Buffalo Hills Diamond Project (the "BH Project") located approximately 400 kilometres northwest of Edmonton, Alberta, Canada (see "*Corporate Developments*").

Corporate Developments

On September 5, 2024, the Company announced that the Technical Report documenting the revised Mineral Resources Estimate ("MRE") for the Star – Orion South Diamond Project had been completed. The 2024 MRE exhibits a significant increase over the previous MRE, which was published in November 2015 (see "Recent activities relating to the Star -Orion South Diamond Project" below for more detailed discussion).

On August 1, 2024, the Company completed the acquisition of Canterra's 50% interest in the BH Project in exchange for 17,500,000 Star Diamond common shares (the "Consideration Shares"). As a condition of the sale, 8,750,000 shares were restricted from trade for a period of 12 months after the acquisition date ("Locked Up Shares"), with the other 8,750,000 shares being unrestricted ("Unrestricted Shares"). In addition to the common shares, Canterra was granted a 1% royalty interest in the property. Subsequent to the acquisition, the Company owns 100% of the BH Project. The assets acquired by the Company consist of E&E assets related to 21 mineral leases covering 4,800 hectares that include 38 kimberlites, 21 of which have been shown to contain diamonds.

The transaction was accounted for as an asset acquisition, using the fair value of the share consideration as the transaction value. Transaction costs related to the Buffalo Hills Diamonds Project amount to $53. The Unrestricted Shares were valued at the closing rate of Star Diamond's shares at the date of acquisition ($0.06), resulting in fair value assigned to the E&E asset of $525 . The Locked Up Shares were valued using a Black Scholes Pricing Model using the following key assumptions: discount rate of 3.17% and volatility of 80.2%. The value of the Locked Up Shares were determined to be $372, resulting in a total value assigned to E&E assets for the BH acquisition of $950.

During the fourth quarter, indicators of impairment were present on the BH Project due to no substantive expenditures being budgeted or planned for the asset. The Company has recognized an impairment of $950 on the asset, leaving it fully impaired at December 31, 2024 (December 31, 2023 - $nil).

On March 26, 2024, Star Diamond and Rio Tinto Exploration Canada Inc. ("RTEC") completed the previously announced transaction (the "Transaction") whereby Star Diamond acquired a 75% interest in the Fort à la Corne Project (the "FALC Project") and assumed responsibility for all future environmental rehabilitation activities related to the FALC Project. The Company also acquired certain property, plant and equipment and cash. As consideration for the Transaction the Company issued RTEC 108,204,112 common shares with a fair value of $9,187.

After the close of the Transaction:

- RTEC owned or controlled, in the aggregate, 119,315,222 common shares representing a 19.9% interest in Star Diamond;
- Star Diamond assumed full control and responsibility for the FALC Project and the previous joint venture agreement has been terminated;
- RTEC transferred ownership of the trench cutter drill rig used by RTEC to complete its prior bulk sampling program at the FALC Project;
- RTEC transferred the Bulk Sample Plant located at the FALC Project, including the TOMRA XRT diamond sorting machine;
- If, within 24 months following the acquisition date, the Company directly or indirectly sells, assigns, transfers or otherwise disposes of, in any manner whatsoever (or enters into any agreement to do so) to one or more Persons (other than an Affiliate of the Company), in one or more related or connected transactions, all or any material part of the assets comprising either (i) the Processing Plant, or (ii) the Trench Cutter and Trench Cutter Equipment (or any right, title or interest in all or any material part of the assets comprising either (i) the Processing Plant, or (ii) the Trench Cutter and Trench Cutter Equipment), the Company covenants and agrees to immediately notify RTEC of such sale and, within 30 days of such sale, pay to RTEC an amount equal to 50% of the proceeds received from such sale, assignment, transfer or other disposition.
- 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 FALC Project. RTEC has provided on Star Diamond's behalf, for up to five years following closing, letters of credit in aggregate amount of $9,900 to secure environmental remediation and reclamation activities related to the FALC Project (as security for the letters of credit, RTEC has issued a promissory note to Star Diamond with a face value of $9,900 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 exploration and evaluation 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 $9,187. 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 method which uses significant assumptions including: replacement cost estimates and adjustments for physical deterioration, functional and physical obsolesence and operational adjustments to bring the assets into use. The acquisition-date 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 as otherwise noted)

Contingent consideration related to the future sale of assets was determined to be within the Company's control and therefore not recognized.

A summary of the Company's consideration paid, and the net assets acquired from RTEC as at the December 31, 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	10,221
Property, plant and equipment	4,024
Environmental rehabilitation provision	(7,684)
Total	**$ 10,561**

On January 26, 2024, the Company closed the second and final tranche of the Offering for gross proceeds of $769 bringing the total proceeds raised to $1,110. 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, 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 $16.5, 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.

On February 27, 2025, Star Diamond announced that it has closed the second tranche of the non-brokered private placement (the "Offering") of convertible debentures (the "Debentures") to raise aggregate gross proceeds of $230. The first tranche of this Offering closed on February 18, 2025 and raised gross proceeds of $335, which combined with this second tranche results in total gross proceeds for this Offering of $565. The Debentures bear simple interest at a rate of 8% per annum and are convertible into common shares of the Company in certain circumstances, including upon a qualified offering to raise aggregate gross proceeds in excess of $2,000. Pursuant to the closing of both tranches of the Offering, the Company issued an aggregate combined total of 28,250,000 share purchase warrants ("Warrants"), being one Warrant for each $0.02 principal amount of Debentures purchased. Each Warrant is exercisable to acquire one common share of the Company at an exercise price of $0.06 for a period of 2 years from the closing. In connection with the Offering, Mr. Mason, CEO of the Company, purchased Debentures in the aggregate principal amount of $25. Ms. Lisa Riley, director of the Company, has purchased Debentures in the aggregate principal amount of $20.

Subsequent to December 31, 2024, the Company disposed of its remaining share position in Wescan Goldfields Inc. ("Wescan") for gross proceeds of $114.

Trends

The consolidated financial statements were 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 December 31, 2024, the Company had an excess of current liabilities over current assets of $1,016 including cash and cash equivalents of $164. In addition, the Company had negative cash flows from operations of $3,593, an accumulated deficit of $898,515 and currently does not generate revenue. Subsequent to December 31, 2024, the Company closed a non-brokered private placement of convertible debentures of $565. However, the ability of the Company to continue as a going concern and fund its expenses in an orderly manner will require additional forms of financings.

There is no assurance that the Company will be successful in obtaining the 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.

In addition, external risks like a trade dispute with the U.S. could put significant strain on Canada's broader economy. Tit-for-tat import tariffs are generally inflationary and would raise costs. Management, in conjunction with the Board, will continue to monitor these developments and their effect on the Company's business.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

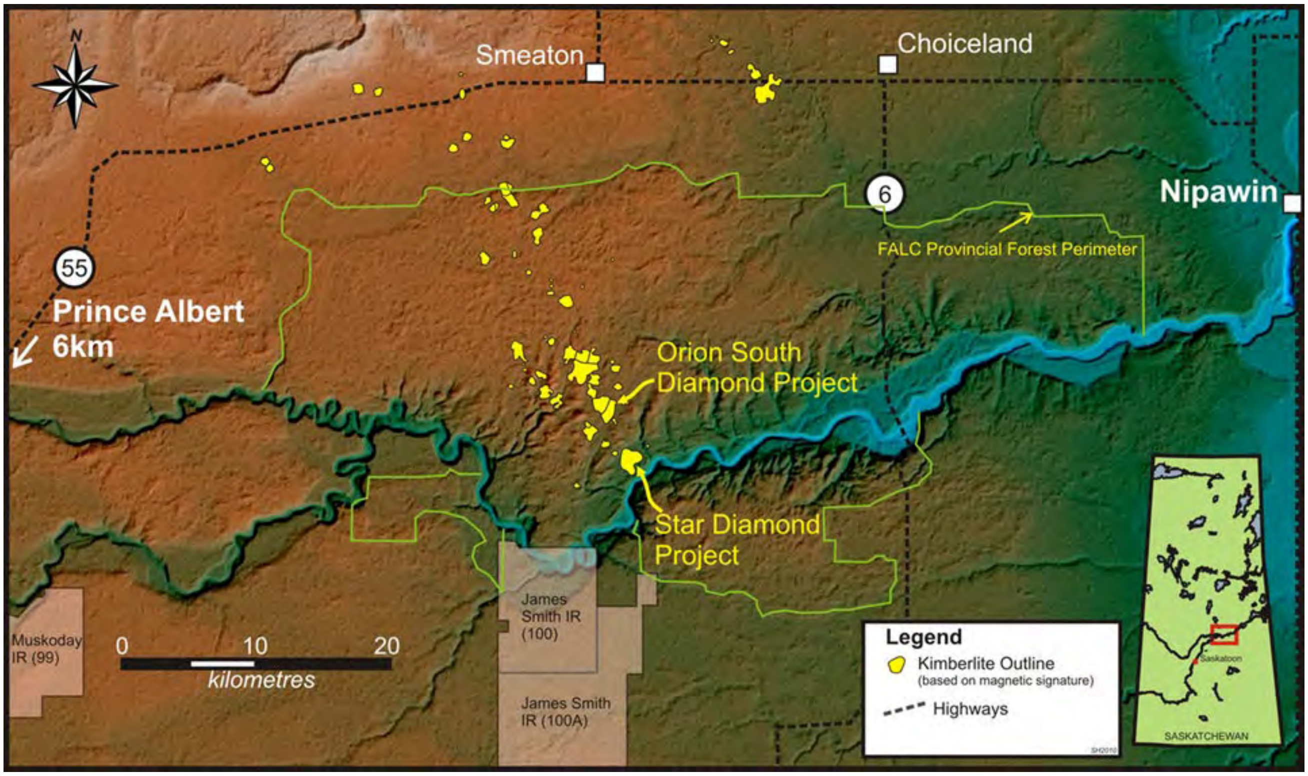
Inflation increases major operating expenses like service provider costs such as accounting, costs of being a reporting issuer, legal and audit costs. The Company works to counteract rising expenses. Despite the best efforts to control costs where possible, inflationary pressures nonetheless introduce added financial burdens on the Company.

Apart from these and the risk factors noted under the heading "Risks and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition of the Company or results of operations. See "Risks and Uncertainties" below.

Fort à la Corne mineral properties

The Company currently holds a 100% interest in certain Fort à la Corne ("FALC") kimberlites (see March 26, 2024, news release: *Star Diamond Corporation completes acquisition of Rio Tinto's 75% interest in Fort à la Corne Joint Venture*) including the Star and Orion South Kimberlites. The FALC mineral properties are 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



In May 2024 the Company announced that it completed an estimate of the diamond valuation of three major kimberlite units within the Orion North Kimberlite (see news release May 16 2024: Fort à la Corne Project Orion North diamond valuation and proportions of Type IIa diamonds). The diamond parcels included in this valuation are all from large diameter drill samples collected between 2006 and 2008 and are sampled from Early Jou Fou ("EJF") kimberlite units that form the dominant, potentially economic lithologic units of the K120 and K147/K148 kimberlites. These diamond parcels have not previously been examined for diamond valuation. The K120 and K147/K148 kimberlites are the principal components of the Orion North cluster of contiguous kimberlites.

Highlights

- The diamond valuation exercise has shown that the diamonds found within the EJF units of the K120, and K147/148 kimberlites have high modelled diamond prices, between US$212 and US$288 per carat, as shown in the table below. The two highest value stones, from K147-K148-EJF4 and K120-EJF, respectively, are 6.89 carats (US$3,519.00 per carat, US$24,246.00) and 7.50 carats (US$3,520.00 per carat, US$26,400.00). These diamond parcels are too small (carats and stones) for rigorous diamond value estimates.
- The diamond typing exercise has shown the presence of high proportions of Type IIa diamonds in all three of these Orion North kimberlites. The EJF3 and EJF4 units of K147/K148 have anomalously high proportions of Type IIa diamonds of 41% and 63%, respectively, as shown in the table below. The diamonds analysed represent a spectrum of diamond sizes from +5 DTC (+0.05 carats) to 7 carats.
- A Target for Further Exploration ("TFFE") completed by Star Diamond in 2014 (see News Release March 06, 2014), estimated that between 511 million and 609 million tonnes of the major EJF units, containing between 25 and 50 million carats, occur within the Orion North kimberlite cluster. This work enables Star Diamond to state that the Orion North Kimberlite is a diamond deposit with more than 500 million tonnes of potential mineable kimberlite.

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

Diamond Valuation

Diamond valuations and model prices, as shown in the table below, were completed by Mr. Nelson Karun, Diamond Specialist, for Star Diamond. The Parcel Price represents an estimate of the wholesale price for which the parcel could currently be sold. The Model Price is an estimate for a future price that considers the diamond size frequency distribution. The Low Model represents a minimum while the High Model does not represent a maximum.

Kimberlite	Number of Stones	Number of Carats	Parcel Price (US$/Ct)	Model Price (US$/ct)	Low Model Price (US$/ct)	High Model Price (US$/ct)
K120-EJF	3,162	273.93	202.55	267.77	200.83	401.66
K147-K148 EJF3	666	70.90	139.14	287.88	215.91	431.82
K147-K148-EJF4	940	81.61	374.45	211.74	158.80	317.60

As observed by Mr. Karun, diamonds from these kimberlite bodies exhibit good quality and colour, consisting significant collection colour (GIA: D-F) and there are high proportions of Gem and Near Gem and low proportions of Boart (Industrial). These diamond parcels include high yielding models. The proportion of diamonds in each parcel that exhibits strong fluorescence is very low (negligible)– as listed in the table below.

Kimberlite	Gem %	Near Gem %	Boart %	Strong Fluorescence %
K120-EJF	61.43	22.71	15.86	3.04
K147-K148 EJF3	73.67	16.28	10.06	3.30
K147-K148-EJF4	71.87	19.09	9.04	1.28

Diamond Typing

These three kimberlite units have diamond parcels with sufficient diamonds to conduct preliminary diamond typing studies. The number and the percentage of Type IIa diamonds for these Orion North EJF units studied are documented in the table below and show that these kimberlites have anomalously high proportions of Type IIA diamonds, particularly K147/K148-EJF4.

Orion North Diamonds (+5 DTC (0.05 carats) to 7 carats)			
	Number of Diamonds Typed	Number of Type IIa Diamonds	Percentage Type IIa Diamonds
K120-EJF	1,545	167	10.81
K147-K148-EJF3	454	184	40.52
K147-K148-EJF4	514	326	63.42

Also, in May 2024 the Company announced a review of the work completed by Rio Tinto Exploration Canada Inc. ("RTEC") on the Fort à la Corne Project ("FALC Project") (see news release May 27, 2024). From June 2017 until June 2022, RTEC pursued extensive exploration and evaluation analysis on two fronts at the FALC Project:

- The successful completion and calibration of a trench cutter bulk sampling and macrodiamond recovery program on Star Kimberlite, with a view to expanding this program to the Orion South Kimberlite; and
- A separate team of RTEC geologists conducted the Orbit exploration program, with the aim of prioritizing the diamond prospectivity of all the other kimberlites that make up the FALC Project.

RTEC also conducted detailed mining studies for the future development of diamond mines on the Star, Orion South and Orion North Kimberlites. Many of the conclusions of these mining studies confirm work previously completed by Star Diamond.

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

Highlights of RTEC's studies suggest:

- The continuous and sequential mining of diamonds from Orion South, Star and Orion North over a period of seventy years;
- The ability to maintain stable pit slopes in the Fort à la Corne Kimberlites through the use of wall buttressing and dewatering;
- Analysis produced by RTEC estimates that, based on the currently available size frequency distribution ("SFD") for the EJF kimberlite within the Star Kimberlite, a 222,000 tonne sample of the EJF is likely to yield 101 Specials (+10.8 carats) and one Exceptional diamond (+100 carats); and
- RTEC confirmed that the TC EJF diamond parcel contained a significant proportion of Type IIa diamonds (29% Type IIa +9 DTC).

Star Trench Cutter Bulk Sampling and Diamond Recovery

RTEC contracted Bauer Maschinen GmbH ("Bauer") to adapt a Bauer BC 50 Cutter to sample kimberlite at depths of up to 250 meters below surface. The trench cutter ("TC") has a rectangular profile of 3.250 metres by 1.575 metres (3.200 by 1.525 metres drill tool plus 25 millimetres all round overbreak). The trenches were excavated using the custom Bauer BC 50 Cutter mounted on a Bauer MC 128 Duty-cycle Crane. Kimberlite excavated by the cutter bit was pumped to the surface in a slurry, and kimberlite fragments between +1.0 and 80.0mm were recovered from the slurry by the Kimberlite Separation Unit. These kimberlite fragments were collected in cubic metre bulk bags and kept in an on-site storage area by RTEC until such time that they could be processed through the newly constructed Consulmet Bulk Sampling Plant ("BSP"). The BSP included a modern diamond recovery flowsheet with a TOMRA XRT sorter to recover diamonds between 6.0 and 25.0mm and a narrow range Dense Media Separator ("DMS") to recover the small diamonds between 1.0 and 6.0mm. The BSP also included High Pressure Grinding Rolls ("HPGR") to ensure liberation of +1.0mm diamonds from the +6.0-25.0mm waste from the XRT sorter.

RTEC successfully drilled ten TC holes in the Star Kimberlite and produced the total Early Joli Fou ("EJF") diamond parcel listed in the table below in comparison with EJF parcels produced from the previous Star Kimberlite Underground and Large Diameter Drill ("LDD") programs:

Diamond Parcels for Star Kimberlite EJF: TC, LDD and Underground

Star EJF Kimberlite	Kimberlite Tonnes	Carats (+1 DTC)	Grade (cpht)	Stones (+1 DTC)	Stones per tonne (+1 DTC)
Trench Cutter	8,964.71	1,428.89	15.94	24,900	2.78
LDD Inner	8,440.57	979.39	11.60	10,238	1.21
Underground	43,372.18	7,425.42	17.12	56,007	1.29

The TC EJF diamond parcel shows improved diamond grade over the LDD program and the TC grade is close to that for the Underground. The significant increase in stones per tonne for the TC diamond parcel is a function of the improved small diamond recovery by the modern flowsheet of the BSP. RTEC specifically designed this BSP for the effective liberation of small stones by the HPGR and their efficient recovery as a result of the narrow range (1.0-6.0mm) of the DMS. The small diamonds (+1DTC, +3DTC & +5DTC) of Star and Orion South are of a high quality and colour and, consequently, have significant value: US$30 to US$50 per carat and opposed to the usual US$5 to US$10 per carat. This efficient recovery of these small stones significantly improves the diamond SFD and will add to the overall diamond grade for Star and Orion South in the pending revised Mineral Resource estimate.

The TC EJF diamond parcel included 12 high value stones ranging from 4.08 carats valued at US$5,100.00 to 16.96 carats valued at US$110,240.00. RTEC confirmed that the TC EJF diamond parcel contained a significant proportion of Type IIa diamonds (29% Type IIa +9 DTC) and nine of the twelve most valuable stones are Type IIa. The details of the high value TC diamonds and their Type IIa statistics were reported in News release May 31, 2022.

RTEC have documented that only Karowe Diamond Mine in Botswana and Letseng Diamond Mine in Lesotho have similar coarse diamond SFD's and proportions of Type IIa diamonds as that of the Star and Orion South Kimberlites. The majority of +100 carat Exceptional diamonds mined globally are Type IIa and only two mines, namely Karowe and Letseng, produce +100 carat Exceptional diamonds on a monthly basis. Two other diamond mines, Cullinan in South Africa and Mothae in Lesotho, produce +100 carats Exceptional diamonds on an annual basis. This poorly understood sub-population of Type IIa diamonds represents only 2 percent of global production, yet dominates the largest, highest value diamonds in the world. These diamonds have a unique niche in the luxury goods market, which is usually not impacted by global uncertainty and certainly not by synthetics. Specials, greater than 10.8 carats, and Exceptionals, with values in excess of US$10 million fill this attractive niche, and the Star and Orion South Kimberlites, like Karowe and Letseng, can provide these unique stones. Careful analysis produced by RTEC estimates that, based on the currently available SFD for the EJF kimberlite within the Star Kimberlite, a 222,000-tonne sample of the EJF is likely to yield 101 Specials (+10.8 carats) and one Exceptional diamond (+100 carats). Remembering that the PEA anticipates an ore processing rate of 45,000 tonnes of kimberlite per day and, consequently, Specials should be recovered on a daily basis and Exceptional diamonds on a weekly basis.

Orbit Exploration Program FALC Project

The results of the Orbit exploration program highlighted the kimberlites of Orion North (K120, K147, K148) as having significant potential to add to the future Mineral Resources of the FALC Project. See recent Orion North diamond valuation and Type IIa proportion (see news release May 16, 2024). Orion Centre (K145), Taurus (K150, K118, K122) and K119 stand out in the field as having a number of the attributes sought but require further work to completely evaluate. The methodology and conclusions of this work have already been published (see news release April 13, 2022).

Mining Studies Completed by RTEC

RTEC developed a conceptual 74-year schedule for the sequential mining of Orion South, Star and Orion North, assuming that the run-of-mine ore capacity was limited to 14 million tonnes per annum, and they anticipated 70 continuous years of kimberlite ore processing and diamond production. Star Diamond believes this work is not necessarily compliant with NI 43-101.

Mining studies provided to Star Diamond by RTEC demonstrated the ability to maintain stable pit slopes in the Fort à la Corne Kimberlites. In addition, it was determined that the use of a mixed mining fleet improves efficiency and brings forward time to first ore, specifically: the use of Bucket Wheel Excavators ("BWE") in the overburden along with in-pit crush and convey systems ("IPCC") for delivery of ore to the processing plant, combined with conventional truck and shovel in the ore zones. The use of BWE's and IPCC has the potential to lower the operating costs, along with a small mixed trucking fleet for buttressing which also allows for operational flexibility. Correct scheduling allows longwall mining benches to be exploited within the confines of a circular pit. BWE or IPCC (or combination) for overburden stripping and mining methods are electrically powered and coupled with the accessible provincial grid power, present a greener mining opportunity. Ultra-class battery electric haul trucks are in development and can be integrated with BWE and IPCC.

RTEC mining studies confirmed that pit walls in the Lower Colorado Shale need to be minimized by leaving some kimberlite in the pit wall, as this has a positive effect on stabilizing the pit slope. Buttressing is considered to be a viable method of pit slope stabilization particularly within weak units in the pit walls, such as the Lower Colorado Shale and paleo-channel units contained within some overburden areas. Dewatering the Mannville Group sediments is critical and has been proven as feasible and resolves stability in the base of the pits. Depressurization of the Colorado Shale is key to achieving an acceptable Factor of Safety ("FoS"). Based on conceptual studies a FoS can be demonstrated at 1.3 for a pit with a pore pressure decrease of 50% above and beyond unloading release. Once excavation begins and wall stability can be assessed at a bench scale, performance-based design or observational mining has potential to further increase slope design angles. Observational mining and performance-based design have been proven to successfully increase slope angles against design in the Canadian oil sands.

Revised Mineral Resources Estimate

In July 2024 the Company announced a significant increase in the estimated Mineral Resources for the Star - Orion South Diamond Project (the "Project"). The Company commissioned A.C.A Howe International Ltd. ("Howe") and Ravenscroft Mining Advisors ("Ravenscroft") to prepare an independent National Instrument 43-101 Technical Report with respect to the Project located in Saskatchewan, Canada, entitled "TECHNICAL REPORT AND REVISED RESOURCE ESTIMATE for the STAR – ORION SOUTH DIAMOND PROJECT FORT A LA CORNE AREA SASKATCHEWAN, CANADA LATITUDE 53º 15" N LONGITUDE 104º 48" W for STAR DIAMOND CORPORATION" and dated effective July 24, 2024 (the "Technical Report"). In addition, Mr. Nelson Karun, Diamond Specialist for Star Diamond has provided the diamond pricing estimates utilized in the Revised Mineral Resource Estimate effective as of July 24th, 2024, for the Project as set forth in the Technical Report.

Highlights

- **Indicated Mineral Resources on Star have increased 22 percent** to 34.8 million carats and the grade has increased 20 percent to 19.4 cpht
- **Indicated Mineral Resources on Orion South have increased 37 percent** to 36.9 million carats and the grade has increased 32 percent to 17.9 cpht
- **Star Diamond has determined that no additional bulk sampling is required on the Orion South Kimberlite** for the rigorous estimation of these Mineral Resources, and this results in the savings of millions of dollars in exploration expenditures and shaves significant time off the completion of the Pre-Feasibility Study ("PFS").

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

Revised Mineral Resources Estimates for the Star and Orion South Kimberlites

Star Kimberlite — Revised Mineral Resources Estimate

Resource Category	Kimberlite Unit	Tonnes x1,000	Grade cpht	Carats x1,000
Indicated	MJF	21,822	6.6	1,437
Indicated	EJF Outer	47,659	16.9	8,045
Indicated	EJF Inner	84,090	24.0	20,168
Indicated	Pense	13,960	18.1	2,525
Indicated	Cantuar	12,060	21.7	2,622
Indicated	**TOTAL**	**179,591**	**19.4**	**34,797**
Inferred	EJF Outer	34,100	14.4	4,923
Inferred	Pense	9,982	17.6	1,761
Inferred	Cantuar	5,488	21.0	1,154
Inferred	**TOTAL**	**49,570**	**15.8**	**7,838**

Orion South Kimberlite — Revised Mineral Resources Estimate

Resource Category	Kimberlite Unit	Tonnes x1,000	Grade cpht	Carats x1,000
Indicated	EJF Outer	46,673	16.3	7,593
Indicated	EJF Inner	94,177	25.7	24,219
Indicated	Pense	65,746	7.8	5,125
Indicated	**TOTAL**	**206,596**	**17.9**	**36,937**
Inferred	EJF Outer	41,236	15.5	6,400
Inferred	Pense	2,591	7.5	194
Inferred	P3	6,093	12.2	742
Inferred	**TOTAL**	**49,921**	**14.7**	**7,336**

Table Notes Apply to Table

1. Canadian Institute of Mining and Metallurgy ("CIM") definitions were followed for classification of mineral resources.
2. Star Kimberlite Units: Cantuar, Pense, Early Joli Fou ("EJF"), & Mid Joli Fou ("MJF").
3. Orion South Kimberlite Units: P3, Pense & Early Joli Fou (EJF).
4. Mineral Resources are constrained within a Whittle optimized pit shell.
5. Mineral Resources, which are not Mineral Reserves do not have demonstrated economic viability. The estimation of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
6. There is no guarantee that all or any part of the Mineral Resources will be converted into a Mineral Reserves.
7. Grade values are rounded to the first decimal.
8. The effective date of the Revised Mineral Resources estimate is July 24, 2024.
9. The EJF Inner and Outer kimberlite units for both deposits are based on detailed kimberlite geology recorded from the core logging of the pattern drilling program. The EJF Inner represents coarser grained EJF kimberlite that occurs within the volcanic crater and the EJF Outer includes finer grained EJF kimberlite that lies on and outside the crater rim. This Revised Mineral Resources estimate acknowledges that the transition from Inner to Outer is geologically gradational.

Mineral Resources Estimation Methodology

Revised grade estimates at Star and Orion South have been based on a diamond industry standard approach using alignment of sample diamond size frequency distributions. Peter Ravenscroft explains: "This approach has allowed for the development of unbiased grade estimates that take into account the effects of using necessarily small samples in a diamond deposit with relatively low grade but coarse stone size. At Orion South, it has also provided a means of resolving sampling results from several sampling campaigns with different drilling methodologies and different sample plant flowsheets. Final alignment with underground bulk sample results and block model interpolation with appropriate smoothing has resulted in robust estimates of grade at a required level of detail for feasibility study of the Star and Orion South deposits.

Economic Assumptions

CIM standards and Securities Commission disclosure regulations require that a Mineral Resource can only be declared on a mineral deposit which has "reasonable prospects for eventual economic extraction". The reported Mineral Resource for Star and Orion South are constrained using a Whittle pit optimization. The Mineral Resources reported in Table 1 comprise the kimberlite that is constrained within the optimized Whittle pit shell. Diamond values for this resource statement are based on the June 2024 High modeled prices determined by in-house Diamond Specialist, Nelson Karun. This Revised Mineral Resources estimate includes only stones recovered larger than +1 DTC diamond sieve and considers all kimberlite above 90 metres above mean sea level or to a depth of 360 metres below surface in Star and 375 metres below surface in Orion South, with the surface being defined by the Digital Terrain Model.

Decision on Orion South Bulk Sampling
Star Diamond, working in close consultation with Peter Ravenscroft of Ravenscroft Mining Advisors, has determined that only limited improvements in precision could be achieved by additional, prohibitively costly bulk sample programs, and that the extensive work already completed will allow for robust diamond price estimates on both Star and Orion South, with associated confidence limits allowing for quantified risk analysis as part of the PFS. This conclusion has been reached based on the following:

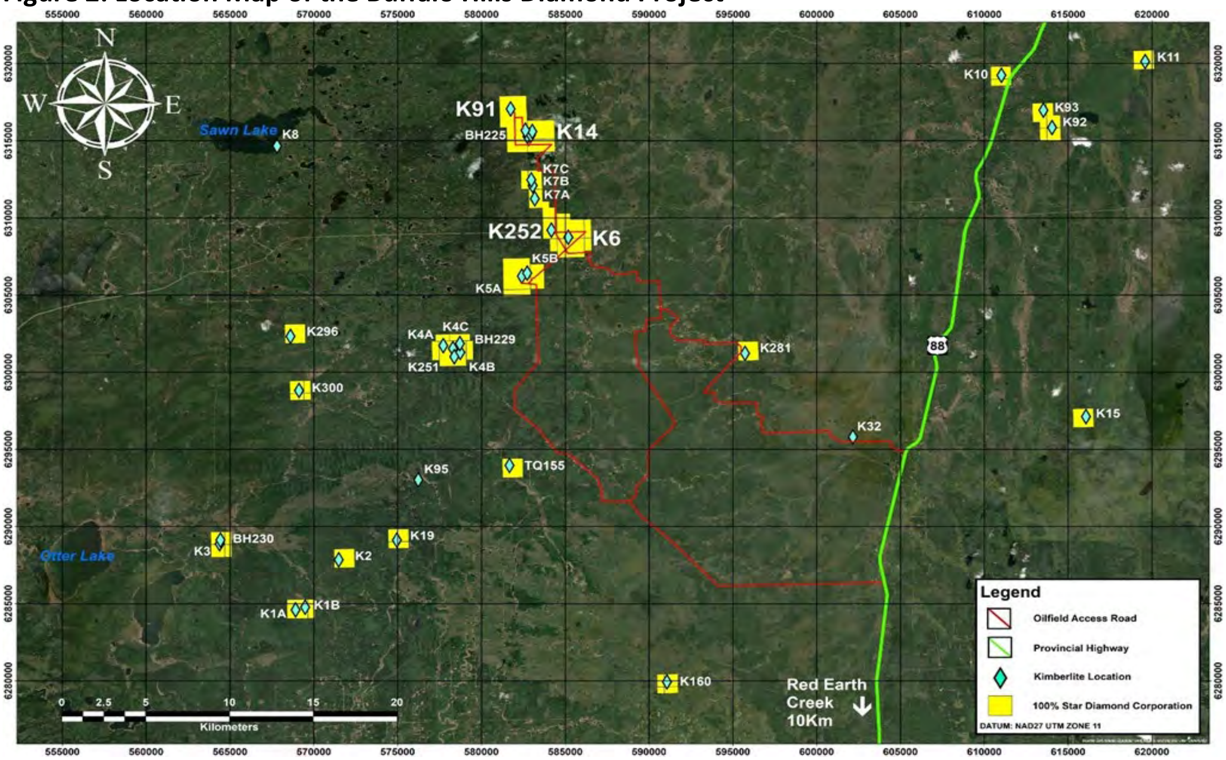
- Comprehensive sorting and valuation of all stones recovered from LDD and Underground sampling campaigns over the last 20 years, allowing for the combination of sample diamonds into significantly larger parcels.
- Detailed comparison of quality distributions between Orion South and Star, identifying some clear differences as well as some strong similarities, as would be expected from closely located kimberlites in the same cluster.
- Analysis of the relative precision of price estimates from samples of a different size, specifically where prices are influenced by large and high value stones as at Star and Orion South.

In September 2024 the Company announced that the Technical Report documenting the Revised Mineral Resources Estimate (see News Release dated July 24, 2024) for the Star – Orion South Diamond Project (the "Project") has been filed on SEDAR+ (www.sedarplus.ca).

Recent activities relating to the Star - Orion South Diamond Project and Fort à la Corne mineral properties
The Revised Mineral Resources estimate will now be incorporated into a re-optimized open pit mine plan for the Project, which will include a re-evaluation of Mineral Reserves and an economic assessment based thereon. It is anticipated that this work will be completed during 2025-26 and will result in an updated Pre-feasibility Study including a revised statement of Mineral Reserves for the Project, if warranted, and an economic assessment based thereon.

Buffalo Hills Diamond Project
The Company holds a 100% interest in the exploration and evaluation properties and assets of the Buffalo Hills (BH) Project. Located approximately 400 kilometres northwest of Edmonton, Alberta, Canada, the BH Project includes 21 mineral leases covering 4,800 hectares and is a significant and accessible field of diamond-bearing kimberlites, with similarities to the Company's Fort á la Corne kimberlites. The BH Project is located in the Buffalo Hills Kimberlite District, which contains at least 38 individual kimberlite bodies, of which 26 kimberlites are diamond-bearing and a number of which outcrop at surface (see Figure 2). Exploration on these kimberlites started in 1996, and small parcels of diamonds have been collected from various exploration programs on many of those considered most prospective.

Figure 2: Location Map of the Buffalo Hills Diamond Project



Executive Management and Board of Directors Changes

On February 27, 2025, the Company announced the resignation of George Read as Senior Vice President Corporate Development effective February 28, 2025) and his appointment as a Senior Technical Advisor.

On May 6, 2024, the Company announced that it had appointed Ron Waddington, a member of Yellow Quill First Nation, as our Indigenous and Community Engagement Officer. Ron will be leading the Company's Indigenous engagement efforts in a consulting role going forward. Ron will be reaching out to rights holders and stakeholders to discuss how most effectively to engage in economic reconciliation.

Early in 2024, our Chief Financial Officer ("CFO"), Rick Johnson, indicated he would be leaving Star Diamond to focus on his other executive position. To ensure the smoothest possible transition, Mr. Johnson has advised the Company that he will be available to the Company on a consultant basis. Accordingly, effective January 1, 2025, the Company has outsourced the CFO role to Carmello Marrelli from Marrelli Support Services Inc.("MSSI") to fulfill the CFO role as a part-time position.

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.

Outlook

Fort à la Corne Project

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 was completed in 2024 with 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 has integrated 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 was completed in 2024. A budget has been prepared for the completion of the PFS of $3.0 million.

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

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 newly revised mineral resource estimate.

Updated PFS

The scoping of an updated PFS commenced in 2024 with the initial work to be 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.

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

Buffalo Hills Diamond Project

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

Selected Annual Information

Selected financial information about the Company for each of the last three years is summarized as follows:

	2024 $	2023 $	2022 $
Net loss (millions)	6.0	2.8	68.8
Net loss per share (1)	0.01	0.01	0.15
Current assets (millions)	0.2	0.6	2.7
Total assets (millions)	14.4	1.2	69.4
Current liabilities (millions)	1.2	0.9	0.7
Total non-current liabilities (millions)	7.9	0.1	-
Working capital (deficit) (millions) (2)	(1.0)	(0.3)	2.0

(1) *Basic and diluted.*
(2) *Current assets less current liabilities*

Results of Operations

For the year ended December 31, 2024, the Company recorded a net loss of $6,017 or $0.01 per share (basic and fully diluted) compared to a net loss of $2,823 or $0.01 per share in 2023. The increase in net loss year over year was primarily due to the current year's increase in exploration and evaluation expenditures upon the acquisition of RTEC's 75% interest in the FALC property of $1,802, increased corporate development expenditures of $193, offset by a slight decrease in administration and consulting and professional fees of $122 combined with the mark-to-market loss of $145 on the Wescan investment and the impairment of the Buffalo Hills property of $950.

Interest and other income

For the years ended December 31, 2024, and 2023, the Company reported interest and other income of $37 and $43, 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 year ended December 31, 2024, were $4,753 compared to $2,880 in 2023. This result was due to increased exploration and evaluation expenditures upon the acquisition of RTEC's 75% interest in the FALC property and the resumption of maintaining all expenditures on site partially offset by increased consulting and professional fees and corporate development costs. These amounts also include $239 of share-based payments that were expensed during the year ended December 31, 2024 (2023 – $353).

Administration, consulting and professional fees and corporate development expenditures were $2,205 for the current year compared to $2,134 in 2023. This $71 year over year increase was primarily due to increased marketing costs and share-based compensation costs. Approximately $910 (2023 – $986) of administration, consulting and professional fees and corporate development expenditures were made up of compensation costs, including share-based payments of $193 (2023 – $320), incurred by the Company.

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

Exploration and evaluation expenditures were $2,548 for the year ended December 31, 2024, compared to $746 for the same period in 2023. Exploration and evaluation expenditures incurred during 2024 were primarily due to the security and maintenance of 100% of the property upon the acquisition of RTEC's 75% interest combined with continued diamond analyses and test work for the FALC Project. In 2023, the costs primarily related to diamond analyses and test work as well as other costs associated with the FALC Project. Approximately 34%, or $870 (2023 – 72% or $539), of the exploration and evaluation expenditures were made up of compensation costs, including share-based payments of $46 (2023 $33), incurred by the Company.

Use of flow-through proceeds

	$ millions
Flow-through proceeds raised during 2023 and 2024 (1)	0.3
Flow-through eligible expenditures incurred to December 31, 2024	(0.3)
Remaining flow-through eligible expenditures to be incurred	-

(1) During 2023 and 2024, the Company raised $0.3 million from flow-through financing activities to be used on flow-through eligible exploration and evaluation expenditures. As of December 31, 2024, all qualified expenditures have been utilized.

Investment in Wescan Goldfields Inc.

As of December 31, 2024, the Company held 5,707,634 shares or 10.6% (December 31, 2023 – 5,806,634 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 as of December 31, 2024, was $114 (2023 – $261).

All shares were disposed of subsequent to December 31, 2024.

Financing

During the year ended December 31, 2024, the Company completed the second tranche of a private placement whereby an aggregate of 8,548,905 shares ("Units") were issued for gross proceeds of $769 along with 150,000 Flow-through units ("FT Units") were issued for gross proceeds of $16. 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. During the year, the Company also issued common shares from treasury because of deferred share unit and restricted share unit redemptions.

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

Summary of Quarterly Results

	2024				2023			
	Qtr 4	**Qtr 3**	**Qtr 2**	**Qtr 1**	**Qtr 4**	**Qtr 3**	**Qtr 2**	**Qtr 1**
Total assets ($ millions)	14.4	16.2	16.3	19.5	1.2	1.3	1.8	2.4
Total liabilities ($ millions)	9.2	8.7	8.6	10.2	1.0	0.7	0.7	0.4
Expense ($ millions)	1.1	1.3	1.5	0.9	1.0	0.6	0.6	0.7
Net loss ($ millions)	2.0	1.4	1.6	0.9	1.0	0.6	0.9	0.3
Net loss per share (1) ($)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares outstanding (millions) (2)	617.6	611.5	599.9	494.8	482.7	476.4	476.0	476.0

(1) Basic and diluted.
(2) During the first quarter of 2024 and the fourth quarter of 2023, the Company completed two separate private placements. Other changes in outstanding shares were due to shares issued from treasury as a result of the close of the RTEC and Buffalo Hills transactions and of Restricted Share Unit redemptions.

Fourth quarter results

For the quarter ended December 31, 2024, the Company recorded a net loss of $2,044, or $0.00 per share, compared to a net loss of $1,029, or $0.0 per share, for the same period in 2023. This increased loss was due to an increase in exploration and evaluation expenditures of $381 in 2024, which was offset by a quarter over quarter decrease of $313 in administration, consulting and professional fees and corporate development expenditures.

Expenses incurred during the quarter ended December 31, 2024, were $1,066 compared to $998 for the same period in 2023.

Exploration and evaluation expenditures incurred during the quarter ended December 31, 2024 were $571, compared to $190 during the same period in 2023. Exploration and evaluation expenditures incurred during the quarter ended December 31, 2024 were primarily related to security and maintenance of 100% of the property upon the acquisition of RTEC's 75% interest combined with continued diamond analyses and test work for the FALC Project. In 2023, the costs primarily related to diamond analyses and test work as well as other costs associated with the FALC Project.

In addition, administration, consulting and professional fees, and corporate development expenditures for the quarters ended December 31, 2024, were $495, compared to $808 during the same period in the prior year. The $313 decrease was primarily due to decreases in management fees, executive wages, share-based payments and legal fees offset by increases to audit and advisory fees incurred in 2024 due to the RTEC and Buffalo Hills transactions.

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 for key management personnel and directors, including payments made or payable to related parties owned by executive officers and directors, is as follows:

	December 31, 2024	December 31, 2023
Director fees	$ 100	$ 121
Salaries for key management personnel	360	214
Consulting and management fees to related companies	376	222
Share-based payments	176	247
Total compensation paid to key management personnel	$ 1,012	$ 804

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

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel, of which $151 is reflected in accounts payable and accrued liabilities on December 31, 2024. 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 as follows:

	December 31, 2024	December 31, 2023
Administration	$ 604	$ 629
Exploration and evaluation	408	175
Total compensation paid to key management personnel	$ 1,012	$ 804

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.

On December 31, 2024, the Company had $164 (2023 – $553) in cash and cash equivalents and a working capital deficit (excess of current liabilities over current assets) of $1,017 (2023 - $253). The decrease in working capital was a result of proceeds received from RTEC on the completion of the Transaction combined with net proceeds received from the January 2024 close of the second and final tranche of the non-brokered private placement offset by expenditures incurred during the year. Subsequent to December 31, 2024, the Company closed the second and final tranche of a non-brokered private placement which raised gross proceeds of $565. The Company initiated the following cost reductions:

- We have moved our head office to a smaller area in the same building resulting in a 70% drop in our office lease payments;
- All marketing and consulting contracts have been paused;
- The Board agreed to forgo cash compensation until such time as the Company is on better financial footing; and
- Certain management/employee functions will be reduced or eliminated.

A budget has been prepared for the completion of the PFS of $3,000 which is subject to the completion of a financing.

However, 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 can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and planned activities.

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

Outstanding Common Shares, Options, Warrants, RSUs and DSUs

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

	December 31, 2024	Date of this report
Common shares	617,573,981	617,573,981
Warrants and broker warrants	29,118,391	57,368,391
Stock Options	15,039,500	16,539,500
Restricted Share Units	1,000,000	4,295,124
Deferred Share Units	2,162,250	4,662,250

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

Exercise Price	Number Outstanding	Expiry Date
$ 0.15[1]	14,322,018	October 6, 2025
$ 0.15[1]	2,812,460	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 year ended December 31, 2024, the Company extended the expiry date and amended the exercise price of those warrants and broker warrants expiring April 6 and April 21, 2024 (see note 16 in the Annual Audited Financial Statements).

The following table summarizes stock options activities as follows:

	Year ended December 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	250,000	0.085	7,760,000	0.09
Expired	(9,700,000)	0.20	(1,748,200)	0.19
Outstanding, end of period	15,039,500	$ 0.15	24,489,500	$ 0.17

The following table summarizes Restricted Share Unit activities as follows:

	Year ended December 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	(500,000)	(3,323,266)
Forfeited	-	(103,334)
Outstanding, end of period	1,000,000	1,500,000

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

	Year ended December 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 of December 31, 2024, the fair values of all of the Company's financial instruments approximate their carrying values. Certain financial instruments are exposed to the following financial risks:

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

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 an AA credit rating. On December 31, 2024, the Company's credit risk relates to its cash and cash equivalents of $164.

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 it is 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. On December 31, 2024, the Company had a working capital deficit of $1,017 including cash and cash equivalents of $164. Subsequent to December 31, 2024, the Company closed the second and final tranche of a non-brokered private placement which raised gross proceeds of $565. However, 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.

On December 31, 2024, the Company is committed to trade payables, operating leases and environmental rehabilitation provision as set out in the following table:

Trade payables and accrued liabilities	$ 968
Lease payments	79
Environmental rehabilitation provision	189
Total	$ 1,236

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 a delay or indefinite postponement of further exploration, evaluation and/or development of its projects with the possible loss of such properties.

The Company 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. On December 31, 2024, the Company has a working capital deficit of $1,017 including cash and cash equivalents of $164. The ability of the Company to continue as a going concern and fund general and administrative expenses in an orderly manner will require further sources of financing by the end of 2025. 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. The Company is assessing opportunities to address the issue of liquidity.

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, if any.

Interest rate risk:
The 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 $11 decrease in fair value.

Critical Accounting Estimates and Judgments

The financial statements for the year ended December 31, 2024 have been prepared in accordance with IFRS issued by the IASB. The Company's material accounting policies are described in Note 4 to the financial statements for the year ended December 31, 2024. 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 on the Company's results of operations, financial condition and cash flows.

In preparing the financial statements for the year ended December 31, 2024, significant judgments and estimations have been made by management in applying the Company's accounting policies. In particular, the significant areas of judgment and estimation uncertainty considered by management in preparing the consolidated financial statements are: going concern, impairment indicators and estimates of recoverable amounts for exploration and evaluation assets, classification of business combination or asset acquisition, determination of fair value of acquisitions, share-based payment transactions and assessing the provision for environmental rehabilitation. These are discussed in more detail in Note 5 of the Company's financial statements for the year ended December 31, 2024.

Accounting Changes

Accounting Changes during the period

During the year, the Company has applied the amendments below 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 had no impact on the Company.

IFRS standards issued but not yet effective

The following new standards and amendments to standards and interpretations are not yet effective for the year ended December 31, 2024, and have not been applied in the preparation of the financial statements. These new and amended standards and interpretations are required to be implemented for financial years beginning January 1, 2025 and subsequent years. The Company is in the process of reviewing the impact of the future changes on its financial statements.

- *Lack of Exchangeability (Amendments to IAS 21, The effects of Changes in Foreign Exchange Rates)*
- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures)*
- *Annual Improvements to IFRS Accounting Standards*
- *IFRS 18, Presentation and Disclosure in Financial Statements*

Disclosure Controls and Procedures

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. Subject to the following limitations, the Company designs disclosure controls and procedures 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. The Company recognizes that the relative cost of maintaining these disclosure controls and procedures should not exceed their expected benefit.

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 not effective as of December 31, 2024 due to the existence of material weaknesses in internal controls over financial reporting noted in the following section.

The Company mitigates these weaknesses by using external consultants as appropriate; however, such mitigating procedures do not constitute compensating controls for the purposes of NI 52-109.

Internal Controls over Financial Reporting Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Subject to the following limitations, in accordance with the requirements of NI 52-109, 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 December 31, 2024. 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.

Management, including the CEO and the CFO, assessed the effectiveness of the Company's internal controls over financial reporting as of December 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. Given changes in the operations of the Company and its management over the past year, it was determined that the Company does not have adequate in-house personnel to properly implement segregation of duties with respect to day-to-day accounting or to prevent and monitor the potential for management override. Further the Company does not have the in-house expertise to deal with complex accounting or non-routine transactions. It is not deemed economically feasible at this time to have such personnel.

These material weaknesses may increase the risk of material misstatements in the financial statements. The Company mitigates these weaknesses by using external consultants as appropriate, however, such mitigating procedures do not constitute compensating controls for the purposes of NI 52-109.

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 description 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 Mark Shimell, VP Exploration, Professional Geoscientist in the Provinces of Saskatchewan and Alberta, who is the Company's "Qualified Person" under NI 43-101.

United States Tariffs and Retaliatory Tariffs

In February and March 2025, the new U.S. administration imposed new tariffs, including an additional 25% rate of duty on certain imports from Canada and Mexico and 10% on certain imports from China, subject to various exceptions. In response, Canada has applied tariffs on certain imports from the United States. The international trade disputes sparked by the tariffs imposed by the United States and other countries in response thereto, including a further escalation in tariffs, retaliatory tariffs, and/or the withdrawal from, or changes to, international trade agreements, are expected to have a negative impact on the Canadian and global economy and could adversely affect the Company's financial condition. In addition, general uncertainty regarding possible future tariffs, international trade disputes and restrictive trade policies may have a negative impact on the Canadian and global economy and adversely affect the Company's financial condition.

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 mineral resources and/or reserves; statements related to the approval of the development of the Star - Orion South Diamond Project and the Orion South diamond price; 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, diamond valuations, the potential proportion of Type IIa diamonds in the Orion North 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.

Consolidated Financial Statements
December 31, 2024

Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Star Diamond Corporation are the responsibility of management and have been approved by the Board of Directors.

Management, in conformity with IFRS Accounting Standards Standards as issued by the International Accounting Standards Board, has prepared the consolidated financial statements. The consolidated financial statements include some amounts that are based on best estimates and judgments.

The management of the Company, in furtherance of the integrity and objectivity of data in the consolidated financial statements, is responsible for developing and maintaining a system of internal accounting controls to provide reasonable assurance that financial records are reliable and form a proper basis for preparation of consolidated financial statements and that assets are properly accounted for and safeguarded. The internal accounting control process includes management's communication to employees of policies that govern ethical business conduct.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its audit committee, consisting entirely of outside directors. The audit committee reviewed the Company's annual consolidated financial statements and recommended their approval to the Board of Directors. The shareholders' auditors have full access to the audit committee, with and without management being present.

The shareholders' auditor, KPMG LLP, Chartered Professional Accountants, in accordance with Canadian Auditing Standards, have examined these consolidated financial statements and their independent professional opinion on the fairness of the consolidated financial statements is attached.

"Ewan Mason"	"Carmelo Marrelli"
Ewan Mason	Carmelo Marrelli
Chief Executive Officer	Chief Financial Officer

Saskatoon, Saskatchewan
March 31, 2025

KPMG LLP
500-475 2nd Avenue South
Saskatoon Saskatchewan S7K 1P4
Canada
Tel 306-934-6200
Fax 306-934-6233

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Star Diamond Corporation

Opinion

We have audited the consolidated financial statements of Star Diamond Corporation (the Entity) which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the Entity requires additional funding to finance its operating activities.

As stated in Note 3 in the financial statements, these events or conditions, along with other matters as set forth in Note 3 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the **"Material Uncertainty Related to Going Concern"** section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the acquisition-date fair value of property, plant and equipment and exploration and evaluation assets acquired in the Fort à la Corne asset acquisition

Description of the matter

We draw attention to Notes 4(b), 5 and 7 to the financial statements. The Entity acquired a 75% interest in the Fort à la Corne Project which resulted in the recognition of exploration and evaluation assets, and property, plant and equipment in the amount of $10,221 thousand and $4,024 thousand respectively. The acquisition-date fair values of property, plant and equipment received was determined using the depreciated replacement cost method. Significant assumptions used in the estimate include replacement cost estimates and adjustments for physical deterioration, functional and physical obsolescence and operational adjustments to bring the assets into use. The acquisition-date 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.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair values of property, plant and equipment and exploration and evaluation assets acquired in the Fort à la Corne asset acquisition as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the acquired exploration and evaluation assets, and property, plant and equipment and the high degree of estimation uncertainty in determining the estimates. In addition, significant auditor judgment and specialized skills and knowledge were required due to the subjectivity in evaluating the results of our audit procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We read the valuation report prepared by the Entity's external valuation experts with respect to property, plant and equipment and exploration and evaluation assets acquired and assessed the valuation expert's qualifications and objectivity.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the Entity's replacement cost estimates by comparing to market data for comparable assets.
- Evaluating the appropriateness of adjustments for physical deterioration, functional and economic obsolescence and operational adjustments to bring the assets into use to external market and industry information.
- Evaluating the appropriateness of the value per resource unit assumptions by comparing to market data for comparable transactions.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Scott Douglas Verity.

Saskatoon, Canada

March 31, 2025

Star Diamond Corporation

Consolidated Statements of Financial Position

For the years ended December 31

(Cdn$ in thousands)		**2024**		2023
Assets				
Current assets:				
Cash and cash equivalents	**$**	**164**	$	553
Receivables (note 9)		**26**		17
Prepaids		**30**		36
		220		606
Investment in Wescan Goldfields Inc. (note 10)		**114**		261
Property, plant and equipment (note 11)		**3,649**		294
Exploration and evaluation assets (note 12)		**10,404**		-
	$	**14,387**	$	1,161
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities (note 13)	**$**	**969**	$	787
Current portion of lease liability (note 14)		**79**		72
Current portion of environmental rehabilitation provision (note 15)		**189**		-
		1,237		859
Lease liability (note 14)		**43**		121
Environmental rehabilitation provision (note 15)		**7,901**		-
		9,181		980
Shareholders' equity:				
Share capital (note 18)		**866,002**		855,831
Warrants (note 18)		**2,215**		1,550
Broker warrants (note 18)		**64**		52
Contributed surplus		**35,504**		35,310
Accumulated deficit		**(898,579)**		(892,562)
		5,206		181
	$	**14,387**	$	1,161

Going concern (note 3)
Commitments (note 22)
Subsequent events (note 25)

On behalf of the Board:

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

See accompanying notes to consolidated financial statements

Star Diamond Corporation

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31

(Cdn$ in thousands, except for share data)	**2024**	2023
Income		
Interest and other income	**$ 37**	$ 43
Expenses		
Administration	**1,533**	1,561
Consulting and professional fees	**305**	399
Corporate development	**367**	174
Exploration and evaluation (note 16)	**2,548**	746
	4,753	2,880
Loss before the under noted items	**(4,716)**	(2,837)
Unwinding of discount of environmental rehabilitation provision (note 15)	**(190)**	-
Unwinding of discount of lease liability (note 14)	**(16)**	(15)
Impairment charge (note 12)	**(950)**	-
Investment in Wescan Goldfields Inc. (note 10)	**(145)**	29
Net and comprehensive loss for the year	**$ (6,017)**	$ (2,823)
Net loss per share		
Basic and diluted (note 19)	**$ (0.01)**	$ (0.01)
Weighted average number of shares outstanding (000's)	**581,133**	476,418

See accompanying notes to consolidated financial statements

Star Diamond Corporation

Consolidated Statements of Cash Flows

For the years ended December 31

(Cdn$ in thousands)	**2024**	2023
Cash provided by (used in):		
Operations:		
Net loss	**$ (6,017)**	$ (2,823)
Adjustments:		
Depreciation on property and equipment	**709**	91
Loss (gain) on disposal of property and equipment	**(3)**	-
Investment in Wescan Goldfields Inc. (note 10)	**145**	(29)
Impairment charge (note 12)	**950**	-
Fair value of share-based payments expensed	**239**	353
Unwinding of discount and changes to environmental rehabilitation provision	**190**	-
Unwinding of discount and changes to lease liability (note 14)	**16**	15
Net change in non-cash operating working capital items:		
Receivables	**(9)**	1
Prepaids	**6**	14
Accounts payable and accrued liabilities	**182**	109
	(3,592)	(2,269)
Investing:		
Net cash acquired in asset acquisitions	**2,572**	-
Proceeds from disposal of Wescan Goldfields Inc. shares (note 10)	**2**	
Proceeds from disposal of property and equipment (note 11)	**6**	-
Purchase of property, plant and equipment (note 11)	**(10)**	-
	2,570	-
Financing:		
Issuances of equity, net of issue costs	**720**	298
Lease payments (note 14)	**(87)**	(86)
	633	212
Decrease in cash and cash equivalents	**(389)**	(2,057)
Cash and cash equivalents, beginning of year	**553**	2,610
Cash and cash equivalents, end of year	**$ 164**	$ 553
Cash and cash equivalents consists of:		
Cash	**$ 164**	$ 439
Guaranteed Investment Certificate	**-**	114
	$ 164	$ 553

See accompanying notes to consolidated financial statements

Star Diamond Corporation

Consolidated Statements of Changes in Equity

For the years ended December 31

(Cdn$ in thousands)	2024	2023
Share capital (note 18)		
Balance, beginning of year	$ 855,831	$ 854,938
Shares issued on redemption of deferred share units	-	84
Shares issued on redemption of restricted share units	45	624
Shares issued from private placement (net of issue costs)	480	185
Shares issued for exploration and evaluation assets (net of issue costs)	10,052	-
Modified warrants and broker warrants	(406)	-
Balance, end of year	$ 866,002	$ 855,831
Warrants (note 18)		
Balance, beginning of year	$ 1,550	$ 2,495
Issued	270	102
Modified warrants	395	-
Expired	-	(1,047)
Balance, end of year	$ 2,215	$ 1,550
Broker warrants (note 18)		
Balance, beginning of year	$ 52	$ 41
Issued	1	11
Modified broker warrants	11	-
Balance, end of year	$ 64	$ 52
Contributed surplus		
Balance, beginning of year	$ 35,310	$ 34,618
Share-based payments - options granted (note 20)	187	162
Share-based payments - deferred share units (note 20)	-	140
Share-based payments - restricted share units (note 20)	52	51
Restricted share unit redemptions (note 20)	(45)	(624)
Warrants expired (note 20)	-	1,047
Deferred share unit redemptions (note 20)	-	(84)
Balance, end of year	$ 35,504	$ 35,310
Accumulated deficit		
Balance, beginning of year	$ (892,562)	$ (889,739)
Net loss	(6,017)	(2,823)
Balance, end of year	$ (898,579)	$ (892,562)
Total Shareholders' equity	$ 5,206	$ 181

See accompanying notes to consolidated financial statements

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 and evaluation of diamond projects. The Company is located at 700 – 224 4th Avenue South, Saskatoon, Saskatchewan, Canada.

2. Basis of preparation

The consolidated financial statements of the Company for the year ended December 31, 2024 were authorized for issue by the Company's Board on March 31, 2025. The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's consolidated financial statements have been prepared on a historical cost basis, except as disclosed, using the Company's functional currency of Canadian dollars.

3. Going concern

These consolidated 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 December 31, 2024, the Company had an excess of current liabilities over current assets of $1,017 including cash and cash equivalents of $164. In addition, the Company had negative cash flows from operations of $3,592, an accumulated deficit of $898,579 and currently does not generate revenue. Subsequent to December 31, 2024, the Company closed a non-brokered private placement of convertible debentures of $565 (see note 25(a)). However, the ability of the Company to continue as a going concern and fund its expenses in an orderly manner will require additional forms of financings.

There is no assurance that the Company will be successful in obtaining the 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 consolidated 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. Summary of material accounting policies

The material accounting policies used in the preparation of these consolidated financial statements are set out below. Except as noted, these policies have been consistently applied for the years presented.

a. <u>Basis of consolidation</u>

i. <u>Subsidiaries</u>

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation. The Company's significant subsidiaries include Kensington Resources Ltd. and Shore Mining and Development Corporation, both wholly-owned Canadian corporations.

ii. <u>Interests in joint operations and other contractual arrangements</u>

A joint operation involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of a joint arrangement, without the formation of a corporation, partnership or other entity. Where the Company's activities are conducted through a joint operation, the Company recognizes its share of the jointlycontrolled assets, and liabilities it has incurred, related revenue and operating costs in the financial statements and a share of their production, if any.

A contractual arrangement may involve circumstances in which the Company and other parties contribute or acquire assets, without the formation of a corporation, partnership or other entity, where joint control of the arrangement no longer exists or where there is not joint control of the arrangement. Where the Company's activities are conducted through such a contractual arrangement, the Company recognizes its share of the assets, liabilities it has incurred, related revenue and operating costs in the financial statements and a share of their production, if any.

When the Company, acting as an operator, receives reimbursement of direct and indirect costs recharged to the other venturers such recharges represent reimbursement of costs that the operator incurred as an agent for the arrangement. The Company does not recognize any consideration for the value of work performed by the other participants in a joint operation or a contractual agreement.

b. Business combinations and asset acquisitions

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed).

Asset acquisitions that do not constitute a business in exchange for equity instruments are measured at fair value. Where the fair value of the assets acquired cannot be reliably measured, measurement is made with reference to the fair value of equity instruments granted. Asset acquisitions are accounted for by identifying the assets acquired and liabilities assumed, recording those assets and liabilities measured at an amount other than cost in accordance with applicable accounting standards and allocating the residual consideration transferred to the relative fair value of those assets and liabilities assumed at the date of the acquisition. No goodwill is recognized in an asset acquisition.

Contingent consideration in connection with the purchase of individual assets outside of a business combination is recognized as a financial liability only when the consideration is contingent upon future events that are beyond the Company's control. In cases where the payment of contingent consideration is within the Company's control, the liability is recognized only as from the date when a non-contingent obligation arises. The Company reassesses at each financial statement date whether a present obligation exists related to the contingent consideration.

c. Financial instruments

i. Non-derivative financial assets

IFRS 9 includes three classifications for financial assets; measurement at fair value through profit or loss, measurement at fair value through other comprehensive income and measurement at amortized cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Financial assets at fair value through profit or loss

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 are also considered.

A financial asset is classified as fair value through profit or loss ("FVPL") upon initial recognition. Financial assets designated as FVPL are measured at fair value and changes therein are recognized in profit or loss. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets designated as FVPL are comprised of the Company's equity investment in Wescan Goldfields Inc.

<u>Financial assets at fair value through comprehensive income</u>
Entities can make an irrevocable election at initial recognition to classify the instruments as measured at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. The Company has not made this election.

<u>Financial assets measured at amortized cost</u>
Financial assets measured at amortized cost are comprised of the Company's cash and cash equivalents and receivables. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost using the effective interest method, less impairment losses.

ii. *<u>Non-derivative financial liabilities</u>*
The Company classifies non-derivative financial liabilities into financial liabilities at FVPL and financial liabilities at amortized cost.

<u>Financial liabilities at fair value through profit or loss</u>
A financial liability is classified as FVPL upon initial recognition. Financial liabilities designated as FVPL are measured at fair value and changes therein are recognized in profit or loss. Attributable transaction costs are recognized in profit or loss as incurred.

<u>Financial liabilities at amortized cost</u>
Financial liabilities at amortized cost are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost are comprised of the Company's accounts payable and accrued liabilities.

iii. *<u>Impairment</u>*
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications of significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

Under IFRS 9, the Company recognizes a loss allowance using the expected credit loss model on financial assets that are measured at amortized cost. Credit losses are measured at the present value of all cash shortfalls expected. Expected credit losses are discounted at the effective interest rate of the financial asset.

d. <u>Cash and cash equivalents</u>
Cash and cash equivalents include cash and short-term investments that, upon acquisition, have a term to maturity of three months or less.

e. <u>Property and equipment</u>
Property and equipment is stated at cost less accumulated depreciation and any impairment in value. Such cost includes cost of replacing parts that are eligible for capitalization when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement only if it is eligible for capitalization. All other repairs and maintenance are expensed as incurred. Property and equipment costs are tangible.

Depreciation is calculated using the declining balance method except for leases and leasehold improvements, which are depreciated on a straight-line basis over a term equal to the remaining life of the current lease agreement or the estimated useful lives. Annual depreciation rates are as follows:

Buildings, leases and leasehold improvements	10% to 20%
Computer equipment	30%
Computer software	100%
Furniture and equipment	20% to 30%

The carrying value of items of property and equipment is reviewed for impairment at each reporting period or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, the recoverable amount is estimated and compared to the carrying value. Where the carrying values of an asset exceed its estimated recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the impairment is included in "administration" or "exploration and evaluation" expense in the statements of loss and comprehensive loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the statements of loss and comprehensive loss in the year the item is derecognized.

f. Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. At the commencement date of the lease (the date the underlying asset is available for use) the Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee. Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. Cost of right-of-use assets is comprised of the initial measurement amount of the lease liabilities recognized, adjusted for: any lease payments made at or before the commencement date; lease incentives received; initial direct costs incurred; and estimated costs to dismantle or remove the underlying asset. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. Right-of-use assets are assessed for impairment at each reporting date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The carrying amount of a lease liability is remeasured when there is a change in future lease payments or if the company changes its assessment of whether it will exercise a termination, extension or purchase option. The remeasurement amount of the lease liability is recognized as an adjustment to the right-of-use asset.

The Company has elected not to recognize assets and lease liabilities for short-term leases that have a lease term of twelve months or less, and leases of low-value assets. Lease payments associated with these leases are recognized as an expense over the lease term.

Right-of use assets are included in Buildings, Leases and Leasehold Improvements and lease liabilities are presented in Lease liability on the Statements of Financial Position.

g. Exploration and evaluation

i. Pre-permit costs

Pre-permit costs are expensed in the period in which they are incurred.

ii. *Exploration and evaluation costs*

Once the legal right to explore has been established, exploration and evaluation expenditures are expensed as incurred, until the Company concludes that a future economic benefit is more likely than not to be realized through future development and production.

Exploration and evaluation expenditures incurred on permits where a National Instrument ("NI") 43-101 compliant reserve and a final feasibility study have not yet been completed are expensed during this phase and included in "exploration and evaluation" expense in the statements of loss and comprehensive loss.

Upon the establishment of a NI 43-101 compliant reserve and the completion of a final feasibility study (at which point, the Company considers it probable that economic benefits will be realized) and the Company has made a development decision, the Company capitalizes any further costs incurred with respect to expenses incurred for development of the asset. Exploration and evaluation assets are initially measured at cost and classified as tangible assets.

Once NI 43-101 compliant reserves are established and development is approved by the Company, previously capitalized exploration and evaluation assets that will be transferred to "mine development costs" are tested for impairment on a cash-generating unit ("CGU") basis. If the carrying amount exceeds the recoverable amount, the difference is charged to the statements of loss and comprehensive loss. No amortization of exploration and evaluation assets is charged during the exploration and evaluation phase nor while it is under construction.

Exploration and evaluation assets acquired in a business combination or through purchase of an asset are initially recognized at fair value. These assets are subsequently stated at cost less accumulated impairment.

h. 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 loss and comprehensive loss on a prospective basis over the remaining life of the operation.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location, or as a result of a liability which was assumed as part of an asset acquisition or a business combination. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets. Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs.

i. Employment Benefits

i. *Wages and salaries, and annual leave*

Wages, salaries and other compensation are measured on an undiscounted basis and are recognized as the related service is provided. The liability for employee entitlements to wages and salaries represents the amount which the Company has a present obligation to pay resulting from services provided up to the reporting date. A provision exists for annual leave as it is earned and is measured at the amount expected to be paid when it is settled and includes all related costs.

ii. *Short-term benefits*
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

iii. *Termination benefits*
Termination benefits are recognized as an expense when the Company is committed to provide termination benefits in accordance with certain contracts provided to officers of the Company. If benefits are payable for more than 12 months after the reporting date, then those benefits are discounted to their present value.

iv. *Share-based payment transactions*
The grant-date fair value of share-based payment awards granted to employees, service providers, officers or directors is recognized as an expense, with a corresponding increase in equity, over the period that the participant unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met.

j. Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in the statements of loss and comprehensive loss.

k. Impairment of non-financial assets
The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset or cash generating unit ("CGU") is estimated in order to determine the extent of the impairment loss.

The CGU is defined as the lowest level of integrated assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company defines its CGU's as being individual mines/projects, which is the lowest level for which cash inflows are largely independent of other assets.

An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of loss and comprehensive loss. The recoverable amount is the higher of the asset or CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). In assessing VIU, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or CGU. In determining FCLVD, recent market transactions (where available) are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices, or other available fair value indicators.

The determination of FVLCD and VIU are Level 3 fair value measurements, as they are derived from valuation techniques that include inputs that are not based on directly observable market data. The Company considers the inputs and the valuation approaches used by management to be consistent with the approach taken by market participants.
Each reporting period, an assessment is made to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. An impairment loss is only reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset or CGU is increased to its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. The reversal of an impairment loss is recognized immediately in the statements of loss and comprehensive loss.

For exploration and evaluation assets, indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditures in the specific area are neither budgeted nor planned, and exploration for and evaluation of mineral resources in the specific area have not let to the discovery of commercially viable quantities of mineral resources.

l. Income tax

Income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax effect is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax balances attributable to amounts recognized directly in equity are also recognized directly in equity.

m. Equity

Share capital and warrants are classified as equity. Warrants are typically issued with common shares and entitle the holder to acquire additional common shares of the Company. Qualifying costs attributable to an equity transaction are recognized as a deduction from equity. Adjustments related to modifications of warrants are recognized in equity.

Flow-through shares

The Company may finance a portion of its exploration and evaluation activities through the issuance of flow-through shares. Upon the sale of flow-through shares, the Company recognizes a liability for the excess purchase price paid by the investors over the fair value of common shares without the flow-through feature (the "premium") and records the fair value of the shares in equity. When the expenditures are incurred, the liability is reversed and a deferred tax liability is recorded for the amount of the benefits renounced to the investors. To the extent the Company has unrecognized tax benefits from loss carry forwards or other tax pools in excess of book value, the Company will offset the future income tax liability resulting in the premium being recognized in the statements of loss and comprehensive loss. When incurred, the Company accounts for taxes applied to unspent flow through proceeds as administration expenses.

n. Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share-based payments in the form of deferred share units ("DSUs"), performance share units ("PSUs") and restricted share units ("RSUs") is determined based on the five-day volume weighted average trading price of the Company's shares preceding the date of grant and the units that are expected to vest. The Company does not intend to make cash payments and there is no history of the Company making cash payments under these plans and, as such, the DSUs, PSUs and RSUs are accounted for within shareholders' equity. The fair value of share-based payments in the form of options is determined using the Black-Scholes model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 20.

o. Revenue and interest income

Sales of rough diamonds, if any, are recognized when control transfers to the customer, the amount of sales can be measured reliably and the receipts of future economic benefits are probable. Sales are measured at the fair value of the consideration received or receivable. All of the Company's property interests are currently in the exploration and evaluation stage and therefore do not generate sales revenue.

Interest income is recognized as the interest accrues. Other revenue is measured at the fair value of the consideration received or receivable for goods and services in the normal course of business, net of discounts and other sales-related taxes.

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in total comprehensive profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Going concern

The assessment of the Company’s ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in note 3.

Impairment indicators for exploration and evaluation assets

Management exercises judgment in determining when an indicator of impairment or reversal of impairment exists. In making this determination, management uses several criteria in its assessment of impairment indicators for exploration and evaluation assets including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation resource assets are budgeted, results of exploration and evaluation activities on the exploration and evaluation assets and whether sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Classification of business combination or asset acquisition

The classification of a transaction as a business combination or asset acquisition depends on whether the assets acquired constitute a business in accordance with the criteria set forth in IFRS 3 – Business combinations, which can be a complex judgement. The Company bases its judgements on current facts and various other factors that it believes to be reasonable under the circumstances.

Key sources of estimation uncertainty
The areas of estimation uncertainty considered by management that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Impairment of exploration and evaluation assets
Where an indicator of impairment exists, an estimate of the recoverable amount of exploration and evaluation assets is made, which is based on the greater of fair value less cost of disposal and value in use. The determination of the recoverable amount requires the use of estimates and assumptions such as discount rates, future commodity prices, future foreign exchange rates, future royalty rates, recoverable grades, and future capital and operating expenditures. Fair value for exploration and evaluation assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. If the Company does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through comparison to similar market assets and, where available, industry benchmarks.

Fair value of acquisitions
The determination of fair value of assets acquired, liabilities assumed, and the fair value of the purchase consideration requires the use of various estimates made by management. Acquisition-date fair values for property, plant and equipment are valued using the depreciated replacement cost method. Significant assumptions used in the estimate include replacement costs estimates and adjustments for physical deterioration, functional and physical obsolesence and operational adjustments to bring the assets into use. Acquisition-date fair values for exploration and evaluation assets are valued using a market approach, specifically on a value per resource unit basis derived from comparable transactions.

Share-based payment transactions
The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

Provision for environmental rehabilitation
The Company assesses its provision for environmental remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for environmental remediation obligations requires management to make estimates of the future costs the Company will incur to complete the restoration, rehabilitation, and environmental remediation work required to comply with existing laws and regulations at each mining operation. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of restoration, rehabilitation, and environmental remediation work required to be performed by the Company. Increase in future costs could materially impact the amounts charged to operations for restoration, rehabilitation, and environmental remediation. The provision represents management’s best estimate of the present value of the future restoration, rehabilitation, and environmental remediation obligation. The actual future expenditures may differ from the amounts currently provided.

6. Changes to IFRS

a. *IFRS standards, amendments and interpretations effective during the year*

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 had no impact on the Company.

b. <u>IFRS standards issued but not yet effective</u>

The following new standards and amendments to standards and interpretations are not yet effective for the year ended December 31, 2024, and have not been applied in the preparation of the financial statements. These new and amended standards and interpretations are required to be implemented for financial years beginning January 1, 2025 and subsequent years. The Company is in the process of reviewing the impact of the future changes on its financial statements.

- *Lack of Exchangeability (Amendments to IAS 21, The effects of Changes in Foreign Exchange Rates)*
- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures)*
- *Annual Improvements to IFRS Accounting Standards*
- *IFRS 18, Presentation and Disclosure in Financial Statements*

7. Fort à la Corne asset acquisition

On March 26, 2024, the Company acquired a 75% interest in the Fort à la Corne Project (the "Project") from Rio Tinto Exploration Canada Inc. ("RTEC") and assumed responsibility for all future environmental rehabilitation activities related to the project. The Company also acquired certain property, plant and equipment and cash. As consideration for the Transaction the Company issued RTEC 108,204,112 common shares with a fair value of $9,187.

After the close of the Transaction:

- RTEC owned or controlled, in the aggregate, 119,315,222 common shares representing a 19.9% interest in the Company;
- the Company assumed full control and responsibility for the Project and the previous joint venture agreement has been terminated;
- RTEC transferred ownership of the trench cutter drill rig used by RTEC to complete its prior bulk sampling program at the Project;
- RTEC transferred the Bulk Sample Plant located at the Project, including the TOMRA XRT diamond sorting machine;
- If, within 24 months following the acquisition date, the Company directly or indirectly sells, assigns, transfers or otherwise disposes of, in any manner whatsoever (or enters into any agreement to do so) to one or more Persons (other than an Affiliate of the Company), in one or more related or connected transactions, all or any material part of the assets comprising either (i) the Processing Plant, or (ii) the Trench Cutter and Trench Cutter Equipment (or any right, title or interest in all or any material part of the assets comprising either (i) the Processing Plant, or (ii) the Trench Cutter and Trench Cutter Equipment), the Company covenants and agrees to immediately notify RTEC of such sale and, within 30 days of such sale, pay to RTEC an amount equal to 50% of the proceeds received from such sale, assignment, transfer or other disposition.
- RTEC and the Company 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 the Company in connection with future financings undertaken by the Company, 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 the Company receives an acquisition proposal; and
- the Company assumed responsibility for all future reclamation activities related to the project. RTEC has provided, on the Company's behalf, for up to five years following closing letters of credit in aggregate amount of $9,900 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 the Company with a face value of $9,900 which will be extinguished upon the Company securing letters of credit with another party or in performing the reclamation activities).

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

As the assets acquired represent tangible assets and exploration and evaluation 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 $9,187. The consideration transferred was allocated to the exploration and evaluation assets and property, plant and equipment on a relative fair value basis. The acquisition-date fair value of property, plant and equipment received was determined using the depreciated replacement cost method which uses significant assumptions including: replacement cost estimates and adjustments for physical deterioration, functional and physical obsolesence and operational adjustments to bring the assets into use The acquisition-date 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.

Contingent consideration related to the future sale of assets was determined to be within the Company's control and therefore was not recognized.

A summary of the Company's consideration paid, and the net assets acquired from RTEC as at the 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	10,221
Property, plant and equipment	4,024
Environmental rehabilitation provision	(7,684)
Total	**$ 10,561**

8. Buffalo Hills asset acquisition

On August 1, 2024 Star Diamond and Canterra Minerals corporation ("Canterra") completed the acquisition of Canterra's 50% interest in the Buffalo Hills (BH) Project in exchange for 17,500,000 Star Diamond common shares. As a condition of the sale, 8,750,000 shares were restricted from trade for a period of 12 months after the acquisition date ("Locked Up Shares"), with the other 8,750,000 shares being unrestricted ("Unrestricted Shares"). In addition to the common shares, Canterra was granted a 1% royalty interest in the property. Subsequent to the acquisition, the Company owns 100% of the BH Project.

The transaction was accounted for as an asset acquisition, using the fair value of the share consideration as the transaction value. Transaction costs related to the Buffalo Hills Diamonds Project amount to $53. The Unrestricted Shares were valued at the closing rate of Star Damond's shares at the date of acquisition ($0.06), resulting in fair value assigned to the E&E asset of $525. The Locked Up Shares were valued using a Black Scholes Pricing Model using the following key assumptions: discount rate of 3.17% and volatility of 80.2%. The value of the Locked Up Shares were determined to be $372, resulting in a total value assigned to E&E assets for the BH acquisition of $950.

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

A summary of the Company's consideration paid and allocated to exploration and evaluation assets as at the acquisition date is as follows:

Purchase price	
Fair value of unrestricted common shares issued to Canterra	$ 525
Fair value of restricted common shares issued to Canterra	372
Transaction costs	53
Total	**$ 950**

9. Receivables

	Year ended December 31, 2024	Year ended December 31, 2023
Other	**$ 6**	$ -
GST	**20**	17
Total	**$ 26**	$ 17

10. Investment in Wescan Goldfields Inc.

At December 31, 2024, the Company held 5,707,634 shares or greater than 10.63% (December 31, 2023 – 5,806,634 shares) of Wescan Goldfields Inc. ("Wescan"), a publicly traded company on the TSX Venture exchange.

During the year ended December 31, 2024, the Company disposed of 99,000 shares for gross proceeds of $2.

At December 31, 2024, the fair value of this investment was $114 (December 31, 2023 – $261).

All shares were disposed of subsequent to December 31, 2024 (see note 25(b)).

11. 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	-	2	8	10
Acquired (note 7)	505	150	3,369	4,024
Environmental rehabilitation provision adjustment	29	-	4	33
Disposals	-	-	(107)	(107)
Balance – December 31, 2024	**$ 1,480**	**$ 208**	**$ 3,702**	**$ 5,390**

	Plant, Buildings and Leases	**Computer Software and Equipment**	**Equipment**	**Total**
Accumulated depreciation				
Balance – December 31, 2022	$ (585)	$ (42)	$ (419)	$ (1,046)
Depreciation	(85)	(4)	(2)	(91)
Disposals	-	-	1	1
Balance – December 31, 2023	$ (670)	$ (46)	$ (420)	$ (1,136)

(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
Depreciation	(90)	(21)	(598)	(709)
Disposals	-	-	104	104
Balance – December 31, 2024	**$ (760)**	**$ (67)**	**$ (914)**	**$ (1,741)**

	Plant, Buildings and Leases	Computer Software and Equipment	Equipment	Total
Net book value				
Balance – December 31, 2023	$ 276	$ 10	$ 8	$ 294
Balance – December 31, 2024	**$ 720**	**$ 141**	**$ 2,788**	**$ 3,649**

12. Exploration and evaluation assets

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

	Year ended December 31, 2024	Year ended December 31, 2023
Fort à la Corne properties		
Fort a la Corne Project acquisition (note 7)	**$ 10,221**	$ -
Environmental rehabilitation provision adjustment	**183**	-
Total Fort à la Corne properties	**$ 10,404**	-
Buffalo Hills diamond project		
Buffalo Hills Diamond Project acquisition (note 8)	**950**	-
Buffalo Hills Diamond Project impairment	**(950)**	-
Total Buffalo Hills diamond project	**-**	-
Total exploration and evaluation assets	**$ 10,404**	$ -

At December 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 100% interest in the Buffalo Hills Diamond Project (the "BH Project"), a diamond property located in north central Alberta.

<u>Fort à la Corne Project</u>

The Project is at an evaluation stage, situated on Crown land, in the Fort à la Corne Forest, approximately 60 km east of Prince Albert, in central Saskatchewan, Canada.

In addition to contingent consideration disclosed in note 7, the Project is subject to consideration up to $3,200 to former owners is a positive decision was made to develop a mine on the property. The value for this contingent consideration was determined to be $nil at December 31, 2024 and 2023.

The carrying value of the Project at December 31, 2024 was $10,404 (December 31, 2023 - $nil). There were no indicators of impairment during the period to December 31, 2024.

<u>Buffalo Hills Diamond Project</u>

As at December 31, 2024, the Company held 100% of the BH Project. The BH Project is an evaluation stage project, situated on Crown land, approximately 60 km northwest of Red Earth Creek, in northern Alberta, Canada.

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

During the year, indicators of impairment were present on the Project due to no substantive expenditures being budgeted or planned for the asset. The Company has recognized an impairment of $950 on the asset, leaving it fully impaired at December 31, 2024 (December 31, 2023 - $nil).

13. Accounts payable

	Year ended December 31, 2024	Year ended December 31, 2023
Accounts payable	**$ 563**	$ 314
Accrued liabilities	**305**	469
Vacation pay, taxes, PST and other	**100**	4
Total	**$ 968**	$ 787

14. 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.

A summary of the lease liability is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Lease liability, beginning of year	**$ 193**	$ 39
Additions	**-**	225
Total liability	**193**	264
Lease payments	**(87)**	(86)
Unwinding of discount	**16**	15
Total lease liability	**122**	193
Less: current portion	**(79)**	(72)
Long-term lease liability, end of year	**$ 43**	$ 121

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

Less than one year	$ 87
Two to three years	44
Total undiscounted lease liability – December 31, 2024	**$ 131**

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.

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

15. Environmental rehabilitation provision

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

	Year ended December 31, 2024	Year ended December 31, 2023
Fort à la Corne properties		
Environmental rehabilitation provision assumed in the Transaction (see note 7)	**$ 7,684**	$ -
Revisions in estimates and changes in discount rates	**216**	-
Unwinding of discount	**190**	-
Total	**$ 8,090**	$ -
Less: estimate of current portion	**(189)**	-
Long-term environmental rehabilitation provision, December 31, 2024	**$ 7,901**	$ -

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. The environmental provision model is built on probability weighted scenarios depending on the likelihood of reclamation costs occurring within the period from 2025 to 2051. 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 2.00% and probabilities and estimates on the timing of the rehabilitation and risk-free discount rates ranging from 2.89% to 3.33%. A 50 basis point decrease in the discount rates would increase the provision by approximately $600. A 50 basis point increase in the discount rates would decrease the provision by approximately $500.

During the year ended December 31, 2024, the Company recorded an accretion expense of $190. The Company estimates its total undiscounted future decommissioning and reclamation costs to be $9,656 (December 31, 2023 – $nil).

Pursuant to the Transaction, 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.

16. Exploration and evaluation expense

The Company's exploration and evaluation expense is comprised of the following:

	Year ended December 31, 2024	Year ended December 31, 2023
Fort à la Corne properties		
Depreciation of property and equipment	**$ 630**	$ 6
Exploration and evaluation	**1,854**	671
Share-based payments (note 20)	**46**	33
Total	**$ 2,530**	$ 710
Buffalo Hills diamond project		
Exploration and evaluation	**18**	36
Total	**$ 2,548**	$ 746

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

17. Deferred tax assets and liabilities

Reconciliation between expected tax recovery for accounting purposes and actual recovery

The provision for income taxes differs from the amount computed by applying the combined expected federal and provincial income tax rate to earnings before income taxes for the following reasons:

	Year ended December 31, 2024	Year ended December 31, 2023
Net loss before income taxes	**$ (6,017)**	$ (2,823)
Combined federal and provincial tax rate	**27%**	27%
Expected tax expense (recovery)	**(1,624)**	(762)
Increase in taxes resulting from:		
Other permanent differences	**151**	37
Renounced resource pools	**92**	-
Change in unrecognized deferred tax assets	**1,381**	725
Deferred income tax recovery	**$ -**	$ -

Unrecognized deferred tax assets

The following deferred tax assets have not been recognized:
Income tax rate to earnings before income taxes for the following reasons:

	Year ended December 31, 2024	Year ended December 31, 2023
Exploration and evaluation	**$ 92,252**	**$ 92,179**
Property and equipment	**3,567**	**3,159**
Non-capital loss carried forward	**16,219**	**17,427**
Capital loss carried forward	**599**	**595**
Share issue costs	**61**	**81**
Decommissioning and rehabilitation	**2,185**	**-**
Revaluation of investments	**247**	**232**
Other	**52**	**107**
Unrecognized deferred tax assets	**$ 115,182**	**$ 113,780**

The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences have not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax assets to be recovered.

Tax losses

As at December 31, 2024 and 2023, the Company had estimated capital losses for Canadian income tax purposes of $4,437 (December 31, 2023 – $4,404). These losses do not expire and may be utilized to reduce future capital gains, if any.

As at December 31, 2024, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses is provided below. These tax losses will expire as follows:

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

Year of Expiry	Taxable losses
2026	$ 10,203
2027	580
2028	4,682
2029	6,695
2030	5,019
2031	4,251
2032	3,955
2033	3,200
2034	1,860
2035	1,911
2036	1,901
2037	1,856
2038	1,656
2039	4,041
2040	2,023
2041	1,525
2042	2,497
2043	2,066
2044	147
Total	$ 60,068

At December 31, 2024, and 2023, the Company also had unrecorded investment tax credits totaling $15,852 relating to pre-production mining expenditures. These investment tax credits begin to expire starting in 2026.

18. 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:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Common Shares	**Amount**	Common Shares	Amount
Outstanding, beginning of year	**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 (net of issue costs)	**125,704,112**	**10,052**	-	-
Modified warrants	**-**	**(395)**	-	-
Modified broker warrants	**-**	**(11)**	-	-
Issuance of shares on redemption of deferred share units	**-**	**-**	404,350	84
Issuance of shares on redemption of restricted share units	**500,000**	**45**	3,323,266	624
Outstanding, end of year	**617,573,981**	**$ 866,002**	482,670,964	$ 855,831

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

Shares issued during the year ended December 31, 2024:
On April 15, 2024, the Company issued 500,000 common shares at a fair value of $0.09 per share, pursuant to the redemption of outstanding restricted share units granted.

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 $9,187 plus transaction costs of 1,374 resulting in a total fair value of $10,561 (see note 7).

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, 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, 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 August 1, 2024, pursuant to the completion of the acquisition of Canterra's 50% interest in the BH Project, the Company issued 8,750,000 common shares at a fair value of $0.06 per share and 8,750,000 Locked Up Shares at a fair value of $0.04252 per share, plus transaction costs of $53 resulting in a total fair value of $950 (see note 8).

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, 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.

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 20 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:

	Year ended December 31, 2024			Year ended December 31, 2023		
	Warrants	**Average Price**	**Amount**	Warrants	Average Price	Amount
Outstanding, beginning of year	**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 year	**28,312,300**	**$ 0.15**	**$ 2,215**	19,613,395	$ 0.36	$ 1,550

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

A summary of the warrants outstanding at December 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
28,312,300		

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 $1,843 . 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.

During January 2024, 8,698,905 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 $270. 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, 2,946,728 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 $102. 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.

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:

	Year ended December 31, 2024			Year ended December 31, 2023		
	Broker Warrants	**Average Price**	**Amount**	Broker Warrants	Average Price	Amount
Outstanding, beginning of year	**785,991**	**$ 0.29**	**$ 52**	467,811	$ 0.40	$ 41
Issued	**20,100**	**0.09**	**1**	318,180	0.125	11
Modified broker warrants	**-**	**-**	**11**	-	-	-
Outstanding, end of year	**806,091**	**$ 0.14**	**$ 64**	785,991	$ 0.29	$ 52

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

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

Broker warrants outstanding	Exercise price	Expiry date
362,284	$ 0.15	October 6, 2025
105,527	$ 0.15	October 21, 2025
159,090	$ 0.11	December 29, 2026
159,090	$ 0.14	December 29, 2026
20,100	$ 0.09	January 26, 2027
806,091		

Effective April 1, 2024, the Company extended the expiry date (the "Broker Warrant Extension") and amended the exercise price (the "Exercise Price Amendment") of the common share purchase 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 21, 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. The modified warrants had a fair value of $52. The fair value of the warrant modifications was determined using the Black-Scholes pricing model and calculated as the incremental increase in the Broker Warrant's fair value immediately prior to the amendment and immediately after.

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. 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. 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.

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. 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.

19. Earnings per share

The calculation of loss per share amounts is based on the following:

	December 31, 2024	December 31, 2023
Numerator:		
Net loss applicable to common shares	**$ (6,017)**	$ (2,823)
Denominator:		
Common shares outstanding at January 1	**482,671**	475,997
Weighted average effect of issuances	**98,462**	421
Weighted average common shares outstanding at December 31 – basic and diluted	**581,133**	476,418
Basic and diluted loss per common share(1)	**$ (0.01)**	$ (0.01)

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

(1) Excluded from the calculation of diluted loss per common share are the effects of outstanding share-based payments, warrants or broker warrants, as the effect on basic loss per share would be anti-dilutive.

20. 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. The options have varying vest periods with some having vested immediately, others vested six to twelve months after grant date, and some vest equally over two years with the initial vest occurring on the date of grant. 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 loss and comprehensive loss for the years ended December 31, is as follows:

Expense category	**Year ended December 31, 2024**	Year ended December 31, 2023
Administration	**$ 141**	$ 129
Exploration and evaluation	**46**	33
Total	**$ 187**	$ 162

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

	Year ended December 31, 2024		Year ended December 31, 2023	
	Options	**Average Price**	Options	Average Price
Outstanding, beginning of year	**24,489,500**	**$ 0.17**	18,477,700	$ 0.21
Granted	**250,000**	**0.085**	7,760,000	0.09
Expired	**(9,700,000)**	**0.20**	(1,748,200)	0.19
Outstanding, end of year	**15,039,500**	**$ 0.15**	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.

	Year ended December 31, 2024	Year ended December 31, 2023
Share price at grant date	**$ 0.09**	$ 0.075 - $0.095
Exercise price	**$ 0.09**	$ 0.09
Expected volatility	**87.93-96.53%**	80.19 – 95.27%
Estimated option life	**2.5 – 3.5 years**	2.5 – 5.0 years
Expected dividends	**0 %**	0 %
Risk-free interest rate	**3.96-4.15%**	3.35 – 4.06%
Fair value at grant date	**$0.05 - 0.06**	$0.04 - 0.06

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

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

Exercise price	Number outstanding	Number exercisable	Expiry date
$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
$0.085	250,000	83,333	April 1, 2029
	15,039,500	**9,032,833**	

(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 year is as follows:

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

The expense related to the Company's share-based payments as a result of DSUs vesting over the year is recognized in the statements of loss and comprehensive loss for the years ended December 31, as follows:

Expense category	**Year ended December 31, 2024**	Year ended December 31, 2023
Administration	**$ -**	$ 140

(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.

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

For the year ended December 31, 2024, no PSUs have been granted. A summary of RSU movements during the year is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
RSUs outstanding, beginning of year	**1,500,000**	3,426,600
Granted	**-**	1,500,000
Redeemed for common shares from treasury	**(500,000)**	(3,323,266)
Forfeited	**-**	(103,334)
RSUs outstanding, end of year	**1,000,000**	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 year is recognized in the statements of loss and comprehensive loss for the years ended December 31, as follows:

Expense category	**Year ended December 31, 2024**	Year ended December 31, 2023
Administration	**$ 52**	$ 51

21. 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:

	Year ended December 31, 2024	Year ended December 31, 2023
Director fees	**$ 100**	$ 121
Salaries paid to key management personnel	**360**	214
Consulting and management fees paid to related companies	**376**	222
Share-based payments	**176**	247
Total compensation paid to key management personnel	**$ 1,012**	$ 804

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 years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Administration	**$ 604**	$ 629
Exploration and evaluation	**408**	175
Total	**$ 1,012**	$ 804

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

22. Commitments

The Company has various lease contracts with purchase commitments as at December 31, 2024.

Detailed below is a summary of estimates of future commitments under these arrangements:

	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter	Total
Office Lease	$ 126	$ 63	$ -	$ -	$ -	$ -	$ 189
Mineral Lease	$ 112	$ 112	$ 112	$ 112	$ 112	$ 112	$ 672
Total	$ 238	$ 175	$ 112	$ 112	$ 112	$ 112	$ 861

23. 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 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.

Fair value of investment in Wescan

The disclosure of the fair value and carrying value of the investment in Wescan (see note 10) is based on quoted prices and is therefore considered to be level 1, consistent with the year.

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 an AA credit rating. At December 31, 2024, the Company's credit risk relates to its cash and cash equivalents of $164 (December 31, 2023 – $553).

(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 it is 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 December 31, 2024, the Company had a working capital deficit of $1,017 including cash and cash equivalents of $164. In addition to regulatory spending requirements at December 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	$ 968
Lease payments	79
Environmental rehabilitation provision	189
Total	$ 1,236

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 change in the market price of Wescan would result in a $14 change in fair value.

24. 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.

25. Subsequent events

(a) On February 27, 2025, the Company closed the second tranche non-brokered private placement (the "Offering") of convertible debentures (the "Debentures") to raise aggregate gross proceeds of $230. The first tranche of this Offering closed on February 18, 2025 and raised gross proceeds of $335, which combined with this second tranche results in total gross proceeds for this Offering of $565. The Debentures bear simple interest at a rate of 8% per annum and are convertible into common shares of the Company in certain circumstances, including upon a qualified offering to raise aggregate gross proceeds in excess of $2,000. Pursuant to the closing of the second tranche of the Offering, the Company also issued an aggregate of 11,500,000 share purchase warrants ("Warrants"), being one Warrant for each $0.02 principal amount of Debentures purchased. Each Warrant is exercisable to acquire one common share of the Company at an exercise price of C$0.06 for a period of 2 years from the closing.

(b) Subsequent to December 31, 2024, the Company disposed of its remaining share position in Wescan for gross proceeds of $114.