



Management's Discussion & Analysis

March 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

For the three months ended March 31, 2025

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

The following discussion and analysis is prepared by Management as of May 13, 2025 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for Star Diamond Corporation ("Star Diamond", or the "Company") for the three months ended March 31, 2025 (the "Interim Financial Statements"), as well as the audited consolidated financial statements of the Company for the years ended December 31, 2024 and 2023 (the "2024 Annual Financial Statements"), in each case available on SEDAR+ at www.sedarplus.ca. The Company prepared its financial statements for the period ended March 31, 2025 and 2024, in accordance with IAS 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All currency amounts are quoted in Canadian Dollars, unless otherwise stated.

Corporate Information

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 ("TSX"). 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.

Corporate Developments

Effective January 1, 2025, the Company has outsourced the Chief Financial Officer ("CFO") to Mr. Carmelo Marrelli, replacing Mr. Rick Johnson.

In January 2025, the Company disposed of its remaining share position in Wescan Goldfields Inc. ("Wescan") for gross proceeds of \$114.

On February 18, 2025 and February 27, 2025, Star Diamond closed a non-brokered private placement (the "Offering") of convertible debentures (the "Debentures") to raise aggregate gross proceeds of \$335 and \$230, respectively, which resulted in total gross proceeds 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.

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.

Trends

The Interim 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 March 31, 2025, the Company had an excess of

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current liabilities over current assets of \$1,002 including cash and cash equivalents of \$321. In addition, the Company had negative cash flows from operations of \$493, an accumulated deficit of \$899,545, and currently does not generate revenue. During the three months ended March 31, 2025, 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

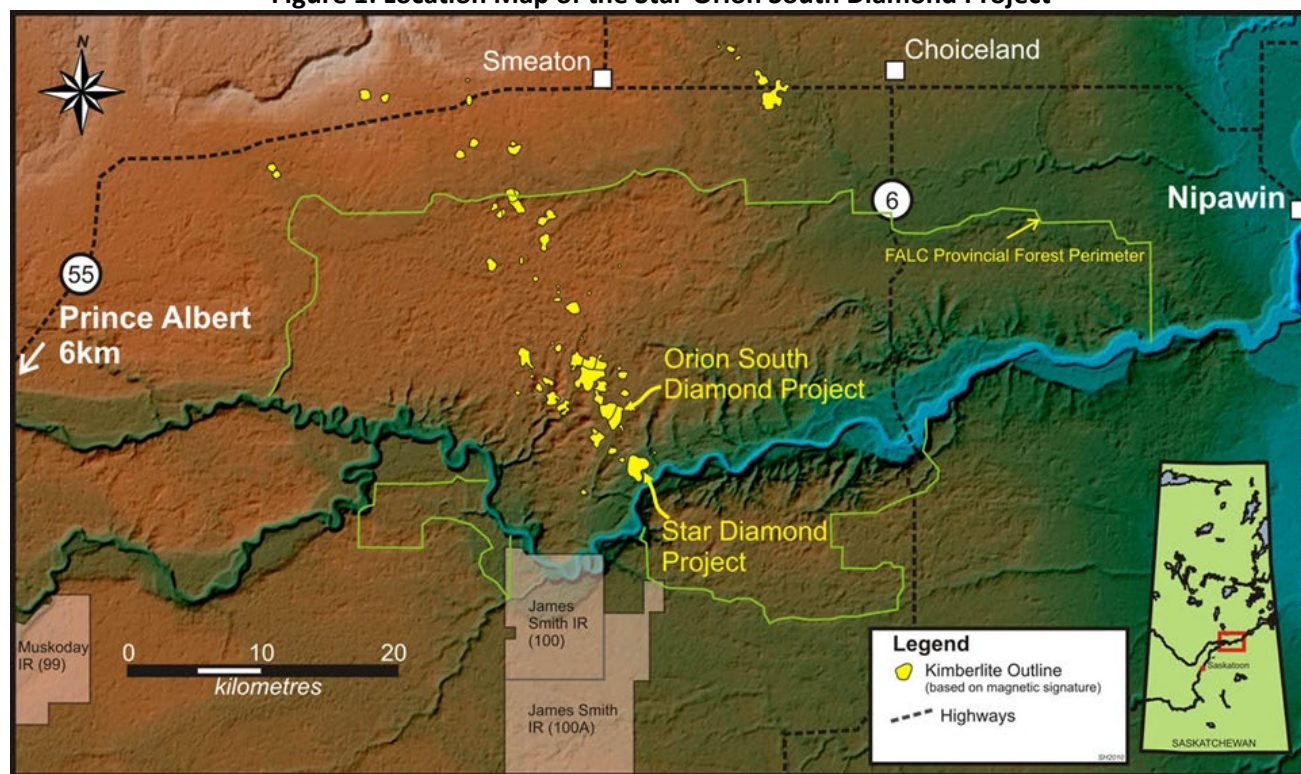
The Company currently holds a 100% interest in certain Fort à la Corne ("FALC") kimberlites (see March 26, 2024, news release: *Star Diamond Corporation completes acquisition of Rio Tinto's 75% interest in Fort à la Corne Joint Venture*) including the Star and Orion South Kimberlites. The FALC mineral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

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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.

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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 Ila 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 Ila Diamonds	Percentage Type Ila 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 4icrodiamond 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.

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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 EJV kimberlite within the Star Kimberlite, a 222,000 tonne sample of the EJV is likely to yield 101 Specials (+10.8 carats) and one Exceptional diamond (+100 carats); and
- RTEC confirmed that the TC EJV 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 ("EJV") diamond parcel listed in the table below in comparison with EJV parcels produced from the previous Star Kimberlite Underground and Large Diameter Drill ("LDD") programs:

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

Star EJV 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 EJV 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 EJV 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 EJV diamond parcel contained a significant proportion of Type Ila diamonds (29% Type Ila +9 DTC) and nine of the twelve most valuable stones are Type Ila. The details of the high value TC diamonds and their Type Ila statistics were reported in News release May 31, 2022.

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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.

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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 53° 15' N LONGITUDE 104° 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 include:

- **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").

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.

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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 à la Corne kimberlites. The BH Project is located in the Buffalo Hills Kimberlite District,

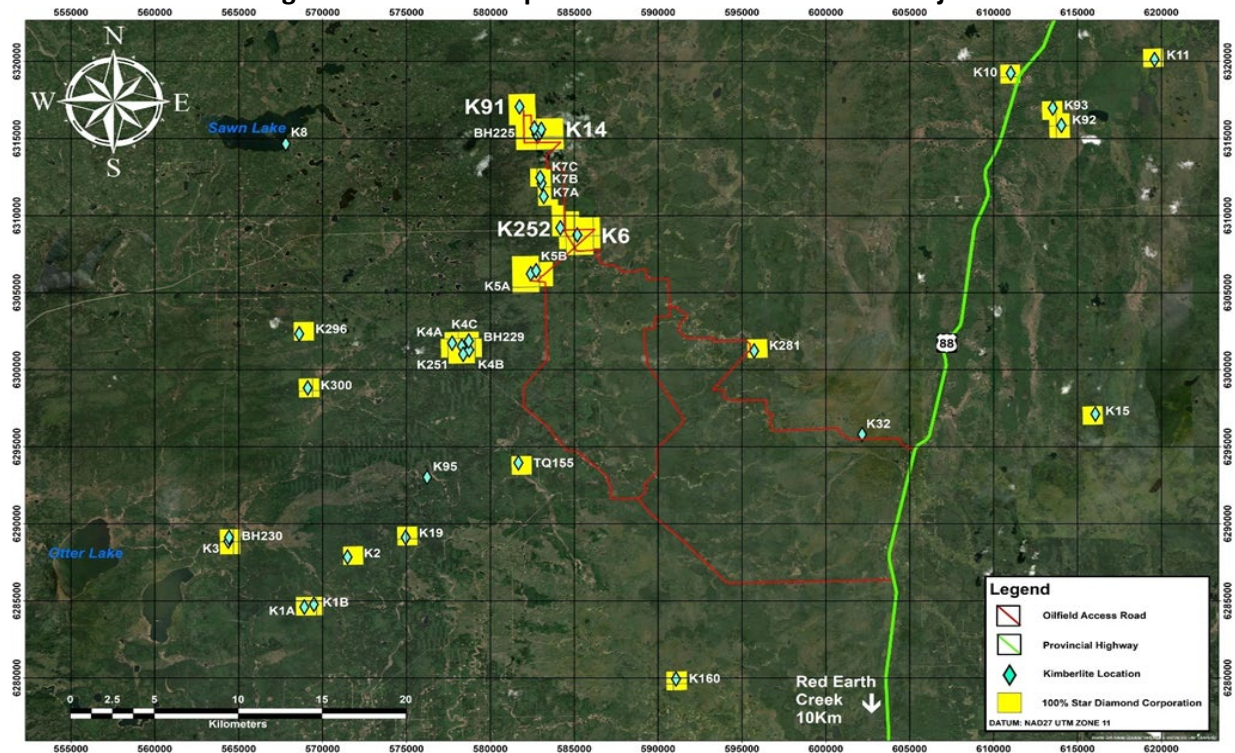
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which contains at least 38 individual kimberlite bodies, of which 26 kimberlites are diamond-bearing and a number of which outcrop at surface (see Figure 2). Exploration on these kimberlites started in 1996, and small parcels of diamonds have been collected from various exploration programs on many of those considered most prospective.

Figure 2: Location Map of the Buffalo Hills Diamond Project



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.

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

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 EJV, 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 EJV 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 EJV diamond populations, with the aim of mitigating the risk in the estimation of the diamond price for the Orion South EJV 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.

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.

Financial Highlights

Selected financial information of the Company for the three months ended March 31, 2025 and 2024 is summarized as follows:

	Three months ended March 31, 2025 \$	Three months Ended March 31, 2024 \$
Net loss	(966)	(886)
Net loss per share ⁽¹⁾	(0.00)	(0.00)
Current assets	449	4,761
Total assets	14,287	19,489
Current liabilities	1,451	2,534
Total non-current liabilities	8,350	7,683
Working capital (deficit)	(1,002)	2,227

(1) Basic and diluted.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

For the three months ended March 31, 2025

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

Results of Operations

For the three months ended March 31, 2025, the Company recorded a net loss of \$966 or \$0.00 per share (2024 – net loss of \$886 or \$0.00 per share). The increase in net loss was primarily due to the following:

- Exploration and evaluation expenditures increased to \$467 in 2025 (2024 - \$289). Exploration and evaluation expenditures incurred during 2025 were primarily due to security and maintenance, continued diamond analyses, and test work for the FALC Project. due to increased depreciation of property, plant and equipment. In 2025, exploration and evaluation expenditures also included \$225 of depreciation of property, plant and equipment (2024 - \$1).
- Unwinding of discount of environmental rehabilitation provision increased to \$66 in 2025 (2024 - \$nil).
- Corporate development decreased to \$13 in 2025 (2024 - \$138) due to reduced marketing and publications issued in 2025.

Summary of Quarterly Result

	2025	Qtr 4	2024		Qtr 1	Qtr 4	2023	
	Qtr 1		Qtr 3	Qtr 2			Qtr 3	Qtr 2
Total assets (\$ millions)	14.3	14.4	16.2	16.3	19.5	1.2	1.3	1.8
Total liabilities (\$ millions)	9.8	9.2	8.7	8.6	10.2	1.0	0.7	0.7
Expense (\$ millions)	0.9	1.1	1.3	1.5	0.9	1.0	0.6	0.6
Net loss (\$ millions)	1.0	2.0	1.4	1.6	0.9	1.0	0.6	0.9
Net loss per share ⁽¹⁾ (\$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares outstanding (millions)	617.8	617.6	611.5	599.9	494.8	482.7	476.4	476.0

(1) Basic and diluted.

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:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Director fees	\$ 25	\$ 25
Salaries for key management personnel	60	96
Consulting and management fees to related companies	104	106
Share-based payments	12	48
Total compensation paid to key management personnel	\$ 201	\$ 275

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 as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

For the three months ended March 31, 2025

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

	Three months ended March 31, 2025	Three months ended March 31, 2024
Administration	\$ 118	\$ 172
Exploration and evaluation	83	103
Total compensation paid to key management personnel	\$ 201	\$ 275

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 March 31, 2025, the Company had \$321 (December 31, 2024 - \$164) in cash and cash equivalents and a working capital deficit (excess of current liabilities over current assets) of \$1,002 (2024 – working capital deficit of \$1,017). The decrease in working capital deficit was a result of proceeds received from convertible debentures and sale of shares in Wescan Goldfields Inc., offset by net cash used in operating activities. In 2025, 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.

Financial Instruments

Certain financial instruments are exposed to the following financial risks:

Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company considers this risk to be insignificant as the majority of the Company's cash and cash equivalents are held by financial institutions with an AA credit rating. At March 31, 2025, the Company's credit risk relates to its cash and cash equivalents of \$321 (December 31, 2024 - \$164).

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 March 31, 2025, the Company had a working capital deficit of \$1,002 including cash and cash equivalents of \$321. In addition to regulatory spending requirements at March 31, 2025, the Company has trade payables and other lease payments as set out in the following table on an undiscounted basis:

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

For the three months ended March 31, 2025

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

Trade payables and accrued liabilities	\$ 1,156
Lease payments	115
Environmental rehabilitation provision	189
Total	\$ 1,460

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 March 31, 2025, the Company has a working capital deficit of \$1,002 including cash and cash equivalents of \$321. 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, and commodity 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.

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:

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.

Critical Accounting Estimates and Judgments

The Interim Financial Statements have been prepared in accordance with IFRS issued by the IASB. The Company's material accounting policies are described in note 4 to the 2024 Annual Financial Statements. Certain of these policies involve critical accounting estimates as they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. The uncertainties related to these areas could significantly impact the Company's results of operations, financial condition and cash flows. In particular, the significant areas of

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

For the three months ended March 31, 2025

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

judgment and estimation uncertainty considered by management in preparing the consolidated financial statements are: identification of cash generating units, exploration and evaluation expenditures, reserve and resource estimation, asset valuations and exploration and evaluation assets impairment, environmental rehabilitation provision and share-based payment transactions. These are discussed in more detail in note 4 to the Interim 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 March 31, 2025 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 March 31, 2025. 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 March 31, 2025. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

For the three months ended March 31, 2025

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

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 Province of Saskatchewan, who is the Company's "Qualified Person" under NI 43-101.

Caution regarding Forward-looking Statements

This MD&A contains forward-looking statements as defined by certain securities laws, including the "safe harbor" provisions of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project", "guidance", "may", "will", "should", "could", "estimate", "predict" or similar words suggesting future outcomes or language suggesting an outlook. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans constitute forward-looking statements. By their nature, statements referring to mineral reserves, mineral resources or the PEA constitute forward-looking statements. Forward-looking statements contained or implied in this MD&A include, but are not limited to, statements relating to the Company's ability to continue as a going concern; statements regarding programs previously performed by Rio Tinto Canada; statements regarding future work programs by the Company;; statements related to 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 Ila 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.



STAR DIAMOND CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to reader

The accompanying unaudited condensed interim consolidated financial statements of Star Diamond Corporation (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Star Diamond Corporation
Condensed Interim Consolidated Statements of Financial Position
(Expressed in thousands of Canadian Dollars)
Unaudited

	As at March 31, 2025	As at December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 321	\$ 164
Receivable (note 7)	29	26
Prepaid	99	30
Total current assets	449	220
Investment in Wescan Goldfields Inc. (note 8)	-	114
Property, plant and equipment (note 9)	3,434	3,649
Exploration and evaluation assets (note 10)	10,404	10,404
Total assets	\$ 14,287	\$ 14,387
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	\$ 1,156	\$ 969
Current portion of lease liability (note 12)	106	79
Current portion of environmental rehabilitation provision (note 13)	189	189
Total current liabilities	1,451	1,237
Lease liability (note 12)	28	43
Environmental rehabilitation provision (note 13)	7,967	7,901
Convertible debentures and derivative liability (note 14)	355	-
Total liabilities	9,801	9,181
Shareholder's equity		
Share capital (note 16)	866,037	866,002
Warrant reserve (note 16)	2,441	2,215
Broker warrants (note 16)	64	64
Contributed surplus (note 17)	35,489	35,504
Deficit	(899,545)	(898,579)
Total shareholder's equity	4,486	5,206
Total shareholder's equity and liabilities	\$ 14,287	\$ 14,387

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Going concern (note 3)

Approved by the Board of Directors on May 13, 2025

"Lisa Riley" *Audit Chair*

"Larry Phillips" *Director*

Star Diamond Corporation
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in thousands of Canadian Dollars, except for share data)
Unaudited

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Income		
Interest and other income	\$ -	\$ 6
Expenses		
Administration	301	389
Consulting and professional fees (note 18)	99	50
Corporate development	13	138
Exploration and evaluation (note 15)	467	289
	880	866
Loss before the under noted items	(880)	(860)
Investment in Wescan Goldfields Inc. (note 8)		(21)
Unwinding of discount of lease liability (note 12)	(4)	(5)
Unwinding of discount of environmental rehabilitation provision (note 13)	(66)	-
Unwinding of discount of convertible debentures (note 14)	(11)	-
Interest expense (note 14)	(5)	-
Net loss and comprehensive loss for the period	\$ (966)	\$ (886)
Net loss and comprehensive loss per share		
- basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		
- basic and diluted (000's)	617,753	494,830

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Star Diamond Corporation
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian Dollars)
Unaudited

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Operating activities		
Net loss for the period	\$ (966)	\$ (886)
Adjustments for:		
Depreciation on property, plant and equipment	252	21
Fair value of share-based payments expensed	20	63
Investment in Wescan Goldfields Inc.	-	21
Unwinding of discount of lease liability	4	5
Unwinding of discount of environmental rehabilitation provision	66	-
Unwinding of discount of convertible debentures	11	-
Interest expense	5	-
Changes in non-cash working capital items:		
Receivable	(3)	(85)
Prepays	(69)	(284)
Accounts payable and accrued liabilities	187	1,603
Net cash (used in) provided by operating activities	(493)	458
Investing activities		
Exploration and evaluation assets	-	(1,398)
Acquisition of property, plant and equipment	-	(2)
Proceeds from sale of Wescan Goldfields Inc.	114	-
Net cash provided by (used in) investing activities	114	(1,400)
Financing activities		
Issuances of equity through financings, net of issuance cost	-	750
Proceeds from convertible debentures	565	-
Lease liability	(29)	(22)
Net cash provided by financing activities	536	728
Net change in cash and cash equivalents	157	(214)
Cash and cash equivalents, beginning of period	164	553
Cash and cash equivalents, end of period	\$ 321	\$ 339
Cash and cash equivalents consists of:		
Cash	\$ 321	\$ 275
Guaranteed Investment Certificate	-	64
	\$ 321	\$ 339

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Star Diamond Corporation
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in thousands of Canadian Dollars)
Unaudited

	Share capital (\$)	Warrants	Broker warrants	Contributed surplus	Accumulated deficit	Total
Balance, December 31, 2023	\$ 855,831	\$ 1,550	\$ 52	\$ 35,310	\$ (892,562)	\$ 181
Shares issued from private placement (net of issue costs)	480	-	-	-	-	480
Shares issued for exploration and evaluation assets (net of issued costs)	9,163	-	-	-	-	9,163
Modified warrants	(395)	395	-	-	-	-
Warrants issued	-	270	-	-	-	270
Broker warrants issued	-	-	1	-	-	1
Share-based payments	-	-	-	63	-	63
Net loss for the period	-	-	-	-	(886)	(886)
Balance, March 31, 2024	\$ 865,079	\$ 2,215	\$ 53	\$ 35,373	\$ (893,448)	\$ 9,272
Balance, December 31, 2024	\$ 866,002	\$ 2,215	\$ 64	\$ 35,504	\$ (898,579)	\$ 5,206
Issuance of shares on redemption of RSUs	35	-	-	(35)	-	-
Warrants issued on convertible debentures	-	226	-	-	-	226
Share-based payments	-	-	-	20	-	20
Net loss for the period	-	-	-	-	(966)	(966)
Balance, March 31, 2025	\$ 866,037	\$ 2,441	\$ 64	\$ 35,489	\$ (899,545)	\$ 4,486

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Star Diamond Corporation
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2025 and 2024

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

www.stardiamondcorp.com

TSX: DIAM

1. Corporate information

Star Diamond Corporation (the "Company") was incorporated under the Canada Business Corporations Act on April 29, 1985 and its shares are publicly traded on the Toronto Stock Exchange ("TSX"). 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 presentation and statement of compliance

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2025 (the "Interim Financial Statements"), have been prepared in accordance with IAS 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024 (the "2024 Annual Financial Statements"), which have been prepared in accordance with IFRS.

The accounting policies and methods of application applied by the Company in these Interim Financial Statements are the same as those applied in the Company's 2024 Annual Financial Statements.

The preparation of financial statements in conformity with IFRS also requires management to make estimates and judgments that may have a significant impact on these Interim Financial Statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

These Interim Financial Statements were authorized for issue by the Board of Directors on May 13, 2025.

(b) Basis of Measurement

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

(c) Basis of consolidation

The Interim Financial Statements 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.

Star Diamond Corporation
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2025 and 2024

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

www.stardiamondcorp.com

TSX: DIAM

3. Going concern

These Interim Financial Statements are prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities and commitments in the normal course of business. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that cast significant doubt upon the Company's ability to continue as a going concern. At March 31, 2025, the Company had an excess of current liabilities over current assets of \$1,002 including cash and cash equivalents of \$321. In addition, the Company had negative cash flows from operations of \$493, an accumulated deficit of \$899,545 and currently does not generate revenue. During the three months ended March 31, 2025, the Company closed a non-brokered private placement of convertible debentures of \$565 (see note 14). 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 Interim 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. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Company's unaudited condensed interim 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.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

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 obsolescence 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.

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4. Critical accounting judgments and key sources of estimation uncertainty (continued)

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.

5. 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

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5. Fort à la Corne asset acquisition (continued)

- 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).

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 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.

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

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6. 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 Project ("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 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.

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

7. Receivable

	As at March 31, 2025	As at December 31, 2024
GST	\$ 29	\$ 20
Other	-	6
Total	\$ 29	\$ 26

8. Investment in Wescan Goldfields Inc.

During the the three months ended March 31, 2025, the Company disposed of 5,707,634 shares of Wescan Goldfields Inc. ("Wescan") for gross proceeds of \$114. At March 31, 2025, the Company held nil shares of Wescan (December 31, 2024 - 5,707,634 shares).

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9. Property, plant and equipment

Cost	Plants, buildings and leases	Computer software and vehicles	Equipment	Total
Balance, December 31, 2023	\$ 946	\$ 56	\$ 428	\$ 1,430
Acquisition	-	2	8	10
Acquired (note 5)	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
Additions	37	-	-	37
Balance, March 31, 2025	\$ 1,517	\$ 208	\$ 3,702	\$ 5,427

Accumulated depreciation	Plants, buildings and leases	Computer software and vehicles	Equipment	Total
Balance, December 31, 2023	\$ (670)	\$ (46)	\$ (420)	\$ (1,136)
Depreciation for the year	(90)	(21)	(598)	(709)
Disposals	-	-	104	104
Balance, December 31, 2024	\$ (760)	\$ (67)	\$ (914)	\$ (1,741)
Depreciation for the period	(31)	(10)	(211)	(252)
Balance, March 31, 2025	\$ (791)	\$ (77)	\$ (1,125)	\$ (1,993)

Carrying value	Plants, buildings and leases	Computer software and vehicles	Equipment	Total
Balance, December 31, 2024	\$ 720	\$ 141	\$ 2,788	\$ 3,649
Balance, March 31, 2025	\$ 726	\$ 131	\$ 2,577	\$ 3,434

10. Exploration and evaluation assets

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

	Fort à la Corne Properties	Buffalo Hills Diamond Project	Total
Balance, December 31, 2023	\$ -	\$ -	\$ -
Acquisitions (notes 5 and 6)	10,221	950	11,171
Environmental rehabilitation provision adjustment	183	-	183
Impairment	-	(950)	(950)
Balance, December 31, 2024 and March 31, 2025	\$ 10,404	\$ -	\$ 10,404

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10. Exploration and evaluation assets (continued)

As at March 31, 2025, 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.

Fort à la Corne Project

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 5, 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. As at March 31, 2025, the value for this contingent consideration was determined to be \$nil (December 31, 2024 - \$nil).

Buffalo Hills Diamond Project

As at March 31, 2025, 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.

During the year ended December 31, 2024, the Company has recognized an impairment of \$950 due to no substantive expenditures being budgeted or planned for the project.

11. Accounts payable

	As at March 31, 2025	As at December 31, 2024
Accounts payable	\$ 864	\$ 563
Accrued liabilities	276	305
Vacation pays, taxes, PST and other	16	101
Total	\$ 1,156	\$ 969

12. Lease liabilities

	As at March 31, 2025	As at December 31, 2024
Balance, beginning of period	\$ 122	\$ 193
Additions	37	-
Lease payments	(29)	(87)
Unwinding of discount	4	16
Total lease liability	134	122
Less: current portion	(106)	(79)
Long-term balance, end of the period	\$ 28	\$ 43

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12. Lease liabilities (continued)

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

Less than one year	\$	115
Two to three years		29
Total undiscounted lease liability - March 31, 2025	\$	144

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

13. Environmental rehabilitation provision

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

	As at March 31, 2025	As at December 31, 2024
Fort à la Corne properties		
Balance, beginning of period	\$ 8,090	\$ -
Environmental rehabilitation provision assumed in the Transaction (see note 5)	-	7,684
Revisions in estimates and changes in discount rates	-	216
Unwinding of discount	66	190
Total environmental rehabilitation provision	8,156	8,090
Less: estimate of current portion	(189)	(189)
Long-term environmental rehabilitation provision, end of period	\$ 7,967	\$ 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 three months ended March 31, 2025, the Company recorded an accretion expense of \$66. The Company estimates its total undiscounted future decommissioning and reclamation costs to be \$9,656 (December 31, 2024 - \$9,656).

Pursuant to the Transaction, RTEC has provided letters of credit as security for the Company's reclamation liability (see note 5). The Company's decommissioning and rehabilitation plans, and related security are reviewed and accepted by

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the Saskatchewan Ministry of the Environment.

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14. Convertible debentures and derivative liability

	As at March 31, 2025	As at December 31, 2024
Convertible debentures		
Balance, beginning of period	\$ -	\$ -
Additions	565	-
Derivative liability	(124)	-
Warrants valuation	(226)	-
Unwinding of discount	11	-
Interest expense	5	-
Balance, end of the period	231	-
Derivative liability		
Balance, beginning of period	-	-
Additions	124	-
Balance, end of the period	124	-
	\$ 355	\$ -

On February 18, 2025, the Company closed the first tranche of its non-brokered private placement of convertible debentures (the "Debentures") to raise aggregate gross proceeds of \$335. Pursuant to the closing of the first tranche of the offering, the Company issued an aggregate of 16,500,000 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 \$0.06 for a period of 2 years from closing.

On February 27, 2025, the Company closed the second and final tranche of its non-brokered private placement of Debentures to raise aggregate gross proceeds of \$230. Pursuant to the closing of the second tranche of the offering, the Company issued an aggregate of 11,500,000 Warrants.

The 16,500,000 Warrants and 11,500,000 Warrants were valued at \$124 and \$102, respectively, using the Black-Scholes option pricing model with the following weighted average assumptions:

	February 18, 2025	February 27, 2025
Share price	\$0.04	\$0.05
Exercise price	\$0.06	\$0.06
Risk-free rate	2.80%	2.63%
Volatility	109%	111%
Expected life (years)	2.0	2.0
Expected dividend yield	0%	0%

The Debentures bear simple interest at a rate of 8% per annum and are due 2 years from their closing dates. The Debentures are convertible into common shares of the Company in the following circumstances:

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14. Convertible debentures and derivative liability (continued)

- (a) upon a qualified offering to raise aggregate gross proceeds in excess of \$2,000 (a "Qualifying Financing"), in which case the principal sum and all accrued but unpaid interest will automatically convert into the type of equity securities pursuant to the Qualified Financing as of the date of closing of the Qualifying Financing at a conversion price equal to the greater of (i) 80% of the price per equity security paid by the purchasers in the Qualified Financing; and (ii) the lowest conversion price permitted by the TSX, in each case subject to the prior approval of the TSX; or
- (ii) the holder may elect to convert the principal sum and all accrued but unpaid interest thereon, into common shares at a conversion price equal to the greater of (i) the 90% of the current market price as of the conversion date; and (ii) the lowest conversion price permitted by the TSX, in each case subject to the prior approval of the TSX.

The conversion features of the Debentures are classified as a derivative liability since they do not meet the fixed-for-fixed criteria, as the number of shares to settle the principal sum and accrued interest could vary. The embedded derivative liability for each of the Debentures is initially measured at fair value using the Black-Scholes option pricing model and re-measured at the end of each reporting period with changes in fair value reported in profit and loss. The initial fair value of the embedded derivatives was determined to be \$84 and \$40, respectively, using the following weighted average assumptions:

	February 18, 2025	February 27, 2025
Share price	\$0.04	\$0.05
Conversion price	\$0.04	\$0.05
Risk-free rate	2.80%	2.63%
Volatility	109%	111%
Expected life (years)	2.0	2.0
Expected dividend yield	0%	0%

15. Exploration and evaluation expense

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Fort à la Corne properties		
Depreciation of property, plant and equipment	\$ 225	\$ 1
Exploration and evaluation	237	278
Share-based payments (note 17)	5	10
Total	\$ 467	\$ 289

16. 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.

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16. Share capital and reserves (continued)

Common shares issued and fully paid:

	Three Months Ended March 31, 2025		Year Ended December 31, 2024	
	Common Shares	Amount	Common Shares	Amount
Outstanding, beginning of the period	617,573,981	\$ 866,002	482,670,964	\$ 855,831
Issuance of shares (net of issue costs)	-	-	8,698,905	480
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 RSUs	765,519	35	500,000	45
Outstanding, end of the period	618,339,500	\$ 866,037	617,573,981	\$ 866,002

Shares issued during the period ended March 31, 2025:

On March 10, 2025, the Company issued 765,519 common shares at a fair value of \$0.045 per share, pursuant to the redemption of outstanding RSUs granted.

Shares issued during the year ended December 31, 2024:

On January 26, 2024, the Company closed the second and final tranche of a non-brokered private placement. Pursuant to the Offering, the Company issued: i) 8,548,905 units of the Company ("Units") at a price of \$0.09 per Unit for gross proceeds of \$769, 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 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 5).

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 RSUs granted.

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 6).

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16. Share capital and reserves (continued)

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 17 for further details on these share-based payment plans.

Warrant reserve

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

	Three Months Ended March 31, 2025			Year Ended December 31, 2024		
	Warrants	Average price	Amount	Warrants	Average price	Amount
Outstanding, beginning of period	28,312,300	\$ 0.15	\$ 2,215	19,613,395	\$ 0.36	\$ 1,550
Issued	28,000,000	0.06	226	8,698,905	0.14	270
Modified warrants	-	-	-	-	-	395
Outstanding, end of period	56,312,300	\$ 0.10	\$ 2,441	28,312,300	\$ 0.15	\$ 2,215

A summary of the warrants outstanding at March 31, 2025 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
16,500,000	0.06	February 18, 2027
11,500,000	0.06	February 27, 2027
56,312,300	0.10	

In February 2025, the Company issued an aggregate of 28,000,000 warrants in connection with the issuance of the Debentures (see note 14).

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.

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16. Share capital and reserves (continued)

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.

Broker warrants reserve

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

	Three Months Ended March 31, 2025			Year Ended December 31, 2024		
	Broker warrants	Average price	Amount	Broker warrants	Average price	Amount
Outstanding, beginning of period	806,091	\$ 0.14	\$ 64	785,991	\$ 0.29	\$ 52
Issued	-	-	-	20,100	0.09	1
Modified broker warrants	-	-	-	-	-	11
Outstanding, end of period	806,091	\$ 0.14	\$ 64	806,091	\$ 0.14	\$ 64

A summary of the broker warrants outstanding at March 31, 2025 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	0.14	

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.

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17. 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 TSX 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 three months ended March 31, is as follows:

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Administration	\$ 15	\$ 39
Exploration and evaluation	5	10
	\$ 20	\$ 49

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

	Three Months Ended March 31, 2025		Year Ended December 31, 2024	
	Options	Average price	Options	Average price
Outstanding, beginning of period	15,039,500	\$ 0.15	24,489,500	\$ 0.17
Granted	-	-	250,000	0.09
Expired	-	-	(9,700,000)	0.20
Outstanding, end of period	15,039,500	\$ 0.15	15,039,500	\$ 0.15

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.

The following table reflects the actual stock options issued and outstanding as of March 31, 2025:

Number outstanding	Number exercisable	Exercise price (\$)	Expiry date
200,000	200,000	0.245	May 28, 2025
4,671,500	4,671,500	0.225	August 18, 2025
1,958,000	1,958,000	0.215	February 1, 2026
200,000	200,000	0.125	August 16, 2027
2,400,000	133,333	0.09	November 29, 2028
5,360,000	1,786,667	0.09	December 7, 2028
250,000	83,333	0.085	April 1, 2029
15,039,500	9,032,833		

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17. Share-based payments (continued)

(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.

For the three months ended March 31, 2025 and year ended December 31, 2024, no DSUs have been granted.

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

	Three Months Ended March 31, 2025	Year Ended December 31, 2024
Outstanding, beginning and end of period	2,162,250	2,162,250

(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.

For the three months ended March 31, 2025 and year ended December 31, 2024, no PSUs have been granted.

A summary of RSU movements during the period is as follows:

	Three Months Ended March 31, 2025	Year Ended December 31, 2024
Outstanding, beginning of period	1,000,000	1,500,000
Granted	765,519	-
Redeemed for common shares from treasury	(765,519)	(500,000)
Outstanding, end of period	1,000,000	1,000,000

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18. Related party transactions

Related party transactions with key management personnel

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

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Director fees	\$ 25	\$ 25
Salaries to key management personnel	60	96
Consulting and management fees paid to related companies	104	106
Share-based payments	12	48
	\$ 201	\$ 275

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

The compensation paid to key management personnel is included in the Company's statements of loss and comprehensive loss during the three months ended March 31, 2025 and 2024 is as follows:

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Administration	\$ 118	\$ 172
Exploration and evaluation	83	103
	\$ 201	\$ 275

19. Financial instruments

Fair values have been determined for measurement and/or disclosure purposes based on the fair value hierarchy for financial instruments that require fair value measurement after initial recognition. The classification of each financial instrument is described in note 4(c) of the Company's 2024 Annual Financial Statements.

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

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19. Financial instruments (continued)

(a) 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.

(b) Risk management

Certain financial instruments are exposed to the following financial risks:

Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company considers this risk to be insignificant as the majority of the Company's cash and cash equivalents are held by financial institutions with an AA credit rating. At March 31, 2025, the Company's credit risk relates to its cash and cash equivalents of \$321 (December 31, 2024 - \$164).

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 March 31, 2025, the Company had a working capital deficit of \$1,002 including cash and cash equivalents of \$321. In addition to regulatory spending requirements at March 31, 2025, 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	\$	1,156
Lease payments		115
Environmental rehabilitation provision		189
Total	\$	1,460

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 favourable. 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.

19. Financial instruments (continued)

(b) Risk management (continued)

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, and commodity 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. 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 interest payable on the Company's convertible debentures are at a fixed rate. The Company considers this risk to be immaterial.

20. 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.