



STAR DIAMOND CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 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 September 30, 2025	As at December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,250	\$ 164
Receivable (note 7)	47	26
Prepaid	394	30
Total current assets	1,691	220
Investment in Wescan Goldfields Inc. (note 8)	-	114
Property, plant and equipment (note 9)	2,932	3,649
Exploration and evaluation assets (note 10)	10,404	10,404
Total assets	\$ 15,027	\$ 14,387

LIABILITIES AND SHAREHOLDER'S EQUITY

Current liabilities		
Accounts payable and accrued liabilities (note 11)	\$ 411	\$ 969
Current portion of lease liability (note 13)	83	79
Current portion of environmental rehabilitation provision (note 14)	189	189
Total current liabilities	683	1,237
Lease liability (note 13)	-	43
Environmental rehabilitation provision (note 14)	8,099	7,901
Total liabilities	8,782	9,181
Shareholder's equity		
Share capital (note 17)	868,439	866,002
Warrant reserve (note 17)	4,018	2,215
Broker warrants (note 17)	64	64
Contributed surplus (note 18)	35,708	35,504
Deficit	(901,984)	(898,579)
Total shareholder's equity	6,245	5,206
Total shareholder's equity and liabilities	\$ 15,027	\$ 14,387

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

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

Approved by the Board of Directors on November 10, 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 September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Income				
Interest and other income	\$ -	\$ 9	\$ -	\$ 33
Expenses				
Administration	196	433	1,000	1,246
Consulting and professional fees (note 19)	47	21	291	140
Corporate development	102	50	134	324
Exploration and evaluation (note 16)	501	775	1,431	1,977
	846	1,279	2,856	3,687
Loss before the under noted items	(846)	(1,270)	(2,856)	(3,654)
Investment in Wescan Goldfields Inc. (note 8)	-	(58)		(116)
Unwinding of discount of loan payable (note 12)	(26)	-	(35)	-
Unwinding of discount of lease liability (note 13)	(2)	(4)	(9)	(13)
Unwinding of discount of environmental rehabilitation provision (note 14)	(66)	(61)	(198)	(126)
Unwinding of discount of convertible debentures (note 15)	(9)	-	(45)	-
Interest expense (notes 12 and 15)	(6)	-	(27)	-
Loss on debt conversion (note 15)	(30)	-	(15)	-
Change in derivative liability (note 15)	(46)	-	(264)	-
Gain on sale of equipment	42	-	44	-
Net loss and comprehensive loss for the period	\$ (989)	\$ (1,393)	\$ (3,405)	\$ (3,909)
Net loss and comprehensive loss per share				
- basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding				
- basic and diluted (000's)	709,993	611,487	649,902	568,898

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

	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Operating activities		
Net loss for the period	\$ (3,405)	\$ (3,909)
Adjustments for:		
Depreciation on property, plant and equipment	754	501
Fair value of share-based payments expensed	297	195
Investment in Wescan Goldfields Inc.	-	116
Unwinding of discount of loan payable	35	-
Unwinding of discount of lease liability	9	13
Unwinding of discount of environmental rehabilitation provision	198	126
Unwinding of discount of convertible debentures	45	-
Interest expense	27	-
Change in derivative liability	264	-
Gain on debt conversion	15	-
Changes in non-cash working capital items:		
Receivable	(21)	-
Prepays	(364)	(87)
Accounts payable and accrued liabilities	(558)	22
Net cash used in operating activities	(2,704)	(3,023)
Investing activities		
Exploration and evaluation assets	-	(1,451)
Acquisition of property, plant and equipment	-	(10)
Proceeds from sale of Wescan Goldfields Inc.	114	-
Proceeds from Rio Tinto Exploration Canada Inc. asset acquisition	-	4,000
Net cash provided by investing activities	114	2,539
Financing activities		
Issuances of equity through financings, net of issuance cost	3,240	743
Proceeds from convertible debentures	565	-
Lease liability	(85)	(66)
Proceeds from loan payable, net of issuance cost	765	-
Repayment of loan payable	(809)	-
Net cash provided by financing activities	3,676	677
Net change in cash and cash equivalents	1,086	193
Cash and cash equivalents, beginning of period	164	553
Cash and cash equivalents, end of period	\$ 1,250	\$ 746

Cash and cash equivalents consists of:

Cash	\$ 1,240	\$ 49
Guaranteed Investment Certificate	10	697
	\$ 1,250	\$ 746

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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)	10,205	-	-	-	-	10,205
Modified warrants	(406)	395	11	-	-	-
Issuance of shares on redemption of RSUs	45	-	-	-	-	45
Warrants issued	-	270	-	-	-	270
Broker warrants issued	-	-	1	-	-	1
Warrants expired	-	-	-	(45)	-	(45)
Share-based payments	-	-	-	195	-	195
Net loss for the period	-	-	-	-	(3,909)	(3,909)
Balance, September 30, 2024	\$ 866,155	\$ 2,215	\$ 64	\$ 35,460	\$ (896,471)	\$ 7,423
Balance, December 31, 2024	\$ 866,002	\$ 2,215	\$ 64	\$ 35,504	\$ (898,579)	\$ 5,206
Shares issued from private placement (net of issue costs)	1,977	-	-	-	-	1,977
Issuance of shares on redemption of RSUs	93	-	-	(93)	-	-
Issuance of shares on debt conversion	367	-	-	-	-	367
Warrants issued	-	1,577	-	-	-	1,577
Warrants issued on convertible debentures	-	226	-	-	-	226
Share-based payments	-	-	-	297	-	297
Net loss for the period	-	-	-	-	(3,405)	(3,405)
Balance, September 30, 2025	\$ 868,439	\$ 4,018	\$ 64	\$ 35,708	\$ (901,984)	\$ 6,245

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 and Nine Months Ended September 30, 2025 and 2024

www.stardiamondcorp.com

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

TSX: DIAM

1. Corporate information

Star Diamond Corporation (the "Company") was incorporated under the Canada Business Corporations Act on April 29, 1985 and its shares are publicly traded on the Toronto Stock Exchange ("TSX"). The principal activities of the Company are the exploration and evaluation of diamond projects. The Company is located at 702 – 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 and nine months ended September 30, 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 November 10, 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.

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 September 30, 2025, the Company had an excess of current assets over current liabilities of \$1,008 including cash and cash equivalents of \$1,250. In addition, the Company had negative cash flows from operations of \$2,704, an accumulated deficit of \$901,984 and currently does not generate revenue. During the nine months ended September 30, 2025, the Company closed a non-brokered private placement of convertible debentures of \$565 (see note 15), obtained an unsecured loan of \$800 (see note 12), and closed a non-brokered private placement of \$4,000 (see note 17). 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.

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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TSX: DIAM

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

Star Diamond Corporation
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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 September 30, 2025	As at December 31, 2024
GST	\$ 46	\$ 20
Other	1	6
Total	\$ 47	\$ 26

8. Investment in Wescan Goldfields Inc.

During the the nine months ended September 30, 2025, the Company disposed of 5,707,634 shares of Wescan Goldfields Inc. ("Wescan") for gross proceeds of \$114. At September 30, 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, September 30, 2025	\$ 1,517	\$ 208	\$ 3,702	\$ 5,427

Accumulated depreciation

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	(95)	(31)	(628)	(754)
Balance, September 30, 2025	\$ (855)	\$ (98)	\$ (1,542)	\$ (2,495)

Carrying value

Balance, December 31, 2024	\$ 720	\$ 141	\$ 2,788	\$ 3,649
Balance, September 30, 2025	\$ 662	\$ 110	\$ 2,160	\$ 2,932

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 September 30, 2025	\$ 10,404	\$ -	\$ 10,404

As at September 30, 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.

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10. Exploration and evaluation assets (continued)

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 if a positive decision was made to develop a mine on the property. As at September 30, 2025, the value for this contingent consideration was determined to be \$nil (December 31, 2024 - \$nil).

Buffalo Hills Diamond Project

As at September 30, 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 September 30, 2025	As at December 31, 2024
Accounts payable	\$ 170	\$ 563
Accrued liabilities	215	305
Vacation pays, taxes, PST and other	26	101
Total	\$ 411	\$ 969

12. Loan payable

	As at September 30, 2025	As at December 31, 2024
Balance, beginning of period	\$ -	\$ -
Additions (i)	800	-
Issuance cost	(35)	-
Unwinding of discount	35	-
Interest expense	9	-
Repayment	(809)	-
Balance, end of the period	\$ -	\$ -

- (i) On May 15, 2025, the Company entered into a loan agreement with Spirit Resources s.a.r.l. ("Spirit"), whereby Spirit advanced an unsecured term loan in the principal amount of \$800 to the Company. The loan bore interest at 6% per annum and matured upon the earlier of the Private Placement (defined in note 17) and the date falling on the 180th day after issuance of the loan, unless extended by Spirit in its sole discretion. The loan was fully repaid on August 6, 2025 upon closing of the Private Placement.

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13. Lease liabilities

	As at September 30, 2025	As at December 31, 2024
Balance, beginning of period	\$ 122	\$ 193
Additions	37	-
Lease payments	(85)	(87)
Unwinding of discount	9	16
Total lease liability	83	122
Less: current portion	(83)	(79)
Long-term balance, end of the period	\$ -	\$ 43

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

Less than one year	\$ 93
Two to three years	-
Total undiscounted lease liability - September 30, 2025	\$ 93

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.

14. Environmental rehabilitation provision

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

	As at September 30, 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	198	190
Total environmental rehabilitation provision	8,288	8,090
Less: estimate of current portion	(189)	(189)
Long-term environmental rehabilitation provision, end of period	\$ 8,099	\$ 7,901

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14. Environmental rehabilitation provision (continued)

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 and nine months ended September 30, 2025, the Company recorded an accretion expense of \$66 and \$198, respectively. 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 the Saskatchewan Ministry of the Environment.

15. Convertible debentures and derivative liability

	As at September 30, 2025	As at December 31, 2024
Convertible debentures		
Balance, beginning of period	\$ -	\$ -
Additions	565	-
Derivative liability	(124)	-
Warrants valuation	(226)	-
Unwinding of discount	45	-
Interest expense	18	-
Debt conversion	(278)	-
Balance, end of the period	-	-
Derivative liability		
Balance, beginning of period	-	-
Additions	124	-
Change in derivative liability	264	-
Debt conversion	(388)	-
Balance, end of the period	-	-
	\$ -	\$ -

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15. Convertible debentures and derivative liability (continued)

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:

- (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.

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15. Convertible debentures and derivative liability (continued)

The conversion features of the Debentures were classified as a derivative liability since they did 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 was 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 values of the embedded derivatives were 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%

During nine months ended September 30, 2025, the full amount of the Debentures were converted into an aggregate of 15,132,736 common shares and the Company recognized a loss on debt conversion of \$15.

16. Exploration and evaluation expense

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Fort à la Corne properties				
Depreciation of property, plant and equipment	\$ 225	\$ 189	\$ 676	\$ 441
Exploration and evaluation	240	558	653	1,481
Share-based payments (note 18)	19	11	85	38
Total	484	758	1,414	1,960
Buffalo Hills diamond project				
Exploration and evaluation	17	17	17	17
Total	\$ 501	\$ 775	\$ 1,431	\$ 1,977

17. 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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17. Share capital and reserves (continued)

Common shares issued and fully paid

	Nine Months Ended September 30, 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)	133,333,333	1,977	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	2,295,124	93	500,000	45
Issuance of shares on debt conversion	15,132,736	367	-	-
Outstanding, end of the period	768,335,174	\$ 868,439	617,573,981	\$ 866,002

Shares issued during the period ended September 30, 2025:

On March 10, 2025, the Company issued 765,519 common shares at a fair value of \$0.04 per share, pursuant to the redemption of outstanding RSUs granted.

On April 7, 2025, the Company issued 1,529,605 common shares at a fair value of \$0.04 per share, pursuant to the redemption of outstanding RSUs granted.

On May 29, 2025, the Company issued 3,399,817 common shares at a fair value of \$0.045 per share, pursuant to the conversion of Debentures.

On August 6, 2025, the Company closed a non-brokered private placement (the "Private Placement") with Spirit, wherein the Company issued 133,333,333 units at a price of \$0.03 per unit for aggregate proceeds of \$4,000. Each unit consisted of one common share of the Company and one common share purchase warrant with an exercise price of: (i) \$0.04 per share at any time within 12 months following the date of issue, and (ii) \$0.05 per share thereafter, with such warrants being exercisable for a period of 24 months, provided that if the Company fails to complete one or more equity financings for at least \$3,000 in aggregate within such 24-month period, then the exercise period of the warrants will be extended by a further 12 months.

On August 6, 2025, contemporaneously with the completion of the Private Placement, the Company issued an aggregate of 11,732,919 units (the "Conversion Units") at a fair value of \$0.0367 in connection with the automatic conversion of the outstanding principal amount plus accrued interest due under the Company's convertible promissory notes (see note 15). Each Conversion Unit comprised of one common share and one warrant exercisable for one common share. Each warrant is exercisable for a period of 24 months; provided that if the Company fails to complete one or more equity financings for at least \$3,000 in aggregate within such 24-month period, then the exercise period of the warrants will be extended by a further 12 months. The warrants have an exercise price of \$0.05.

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17. Share capital and reserves (continued)

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, wherein the Company issued: i) 8,548,905 units of the Company 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 ("Warrant"); and ii) 150,000 flow-through units at price of \$0.11 per flow-through unit for gross proceeds \$16, with each flow-through unit consisting of one common share of the Company and one Warrant. Each Warrant entitles 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).

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 18 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:

	Nine Months Ended September 30, 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	173,066,252	0.04	1,803	8,698,905	0.14	270
Modified warrants	-	-	-	-	-	395
Outstanding, end of period	201,378,552	\$ 0.10	\$ 4,018	28,312,300	\$ 0.15	\$ 2,215

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17. Share capital and reserves (continued)

A summary of the warrants outstanding at September 30, 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
133,333,333	0.04	August 6, 2027
11,732,919	0.05	August 6, 2027
189,645,633	0.06	

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.

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.

In February 2025, the Company issued an aggregate of 28,000,000 warrants in connection with the issuance of the Debentures (see note 15).

On August 6, 2025, 133,333,333 warrants were issued in connection to the Private Placement (see note 17). Each warrant entitles the holder thereof to purchase one common share at an exercise price of: (i) \$0.04 per share at any time within 12 months following the date of issue, and (ii) \$0.05 per share thereafter, with such warrants being exercisable for a period of 24 months, provided that if the Company fails to complete one or more equity financings for at least \$3,000 in aggregate within such 24-month period, then the exercise period of the warrants will be extended by a further 12 months. The warrants issued had a fair value of \$1,263. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 120.50%, risk-free rate of return of 2.69%, expected dividend of 0%, and expected term of 24 months.

On August 6, 2025, 11,732,919 warrants were issued in connection to the conversion of the Company's convertible promissory notes (see notes 15 and 17). Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.05 per share for a period of 24 months; provided that if the Company fails to complete one or more equity financings for at least \$3,000 in aggregate within such 24-month period, then the exercise period of the warrants will be extended by a further 12 months. The warrants issued had a fair value of \$314. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 120.50%, risk-free rate of return of 2.69%, expected dividend of 0%, and expected term of 24 months.

17. Share capital and reserves (continued)

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:

	Nine Months Ended September 30, 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 September 30, 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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18. 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 is as follows:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Administration	\$ 25	\$ 39	\$ 88	\$ 116
Exploration and evaluation	19	11	85	38
	\$ 44	\$ 50	\$ 173	\$ 154

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

	Nine Months Ended September 30, 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	4,450,000	0.06	250,000	0.09
Expired	(4,031,000)	0.23	(9,700,000)	0.20
Forfeited	(1,706,500)	0.22	-	-
Outstanding, end of period	13,752,000	\$ 0.09	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 September 30, 2025:

Number outstanding	Number exercisable	Exercise price (\$)	Expiry date
1,092,000	1,092,000	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	166,667	0.085	April 1, 2029
4,450,000	1,483,333	0.055	April 16, 2030
13,752,000	4,862,000		

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18. 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.

DSUs that are expected to be settled through the issuance of common shares are accounted for within shareholders' equity. These common shares would be issued from the same 10% rolling pool as the common shares issued under the Company's Performance Share Unit and Restricted Share Unit Plan and the Company's Share Option Plan. As these DSUs are expected to be settled with equity, an amount equal to the stock-based compensation expense is initially credited to contributed surplus and transferred to share capital if and when the deferred share unit is redeemed. DSUs vest immediately.

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

	Nine Months Ended September 30, 2025	Year Ended December 31, 2024
Outstanding, beginning of period	2,162,250	2,162,250
Granted	2,500,000	-
Redeemed	(750,000)	-
Outstanding, end of period	3,912,250	2,162,250

During the nine months ended September 30, 2025, 2,500,000 DSUs were granted (2024 - nil). The weighted average fair value of the DSUs granted was \$0.02.

The expense related to the Company's share-based payments as a result of RSUs vesting over the year is recognized in the statements of loss and comprehensive loss as follows:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Administration	\$ -	\$ -	\$ 23	\$ -

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18. Share-based payments (continued)

(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 nine months ended September 30, 2025 and year ended December 31, 2024, no PSUs have been granted.

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

	Nine Months Ended September 30, 2025	Year Ended December 31, 2024
Outstanding, beginning of period	1,000,000	1,500,000
Granted	3,295,124	-
Redeemed for common shares from treasury	(2,295,124)	(500,000)
Outstanding, end of period	2,000,000	1,000,000

The expense related to the Company's share-based payments as a result of RSUs vesting over the year is recognized in the statements of loss and comprehensive loss as follows:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Administration	\$ -	\$ 14	\$ 101	\$ 41

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19. 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 September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Director fees	\$ 19	\$ 25	\$ 66	\$ 75
Salaries to key management personnel	58	88	177	280
Consulting and management fees paid to related companies	52	111	244	317
Share-based payments	19	48	163	145
	\$ 148	\$ 272	\$ 650	\$ 817

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 and nine months ended September 30, 2025 and 2024 is as follows:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Administration	\$ 92	\$ 169	\$ 439	\$ 508
Exploration and evaluation	56	103	211	309
	\$ 148	\$ 272	\$ 650	\$ 817

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20. 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.

(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 September 30, 2025, the Company's credit risk relates to its cash and cash equivalents of \$1,250 (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 September 30, 2025, the Company had a working capital of \$1,008 including cash and cash equivalents of \$1,250. In addition to regulatory spending requirements at September 30, 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	\$	411
Lease payments		93
Environmental rehabilitation provision		189
Total	\$	693

20. Financial instruments (continued)

(b) Risk management (continued)

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.

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.

21. 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.

Star Diamond Corporation
Notes to the Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

www.stardiamondcorp.com

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

TSX: DIAM

22. Subsequent events

On October 6, 2025, 13,959,734 warrants and 362,284 broker warrants expired unexercised.

On October 21, 2025, 2,706,933 warrants and 105,527 broker warrants expired unexercised.