STAR DIAMOND CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Star Diamond Corporation:

Opinion

We have audited the consolidated financial statements of Star Diamond Corporation and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Company has a history of losses and no operating revenue as at December 31, 2025 and, as of that date, the Company has an accumulated deficit. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Matter

The consolidated financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 31, 2025.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

MNP LLP

Toronto, Ontario
March 26, 2026

Chartered Professional Accountants
Licensed Public Accountants

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

	As at December 31, 2025	**As at December 31, 2024**
ASSETS		
Current assets		
Cash and cash equivalents	**$ 724**	$ 164
Receivable (note 9)	**25**	26
Prepaid	**351**	30
Total current assets	**1,100**	220
Investment in Wescan Goldfields Inc. (note 10)	**-**	114
Property, plant and equipment (note 11)	**2,661**	3,649
Exploration and evaluation assets (note 12)	**9,593**	10,404
Total assets	**$ 13,354**	$ 14,387
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 13)	**$ 455**	$ 969
Current portion of lease liability (note 15)	**56**	79
Current portion of environmental rehabilitation provision (note 16)	**131**	189
Total current liabilities	**642**	1,237
Lease liability (note 15)	**-**	43
Environmental rehabilitation provision (note 16)	**7,317**	7,901
Total liabilities	**7,959**	9,181
Shareholder's equity		
Share capital (note 20)	**868,867**	866,002
Warrant reserve (note 20)	**1,685**	2,215
Broker warrants (note 20)	**12**	64
Contributed surplus (note 21)	**37,229**	35,504
Deficit	**(902,398)**	(898,579)
Total shareholder's equity	**5,395**	5,206
Total shareholder's equity and liabilities	**$ 13,354**	$ 14,387

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

Going concern (note 3)
Subsequent events (note 26)

Approved by the Board of Directors on March 26, 2026

"Wayne Malouf " *Director*

"Leslie Markow" *Director*

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

	Year Ended December 31, 2025	Year Ended December 31, 2024
Income		
Interest and other income	**$ -**	$ 37
Expenses		
Administration	**1,096**	1,533
Consulting and professional fees (note 22)	**357**	305
Corporate development	**180**	367
Exploration and evaluation (note 18)	**2,065**	2,548
	3,698	4,753
Loss before the under noted items	**(3,698)**	(4,716)
Investment in Wescan Goldfields Inc. (note 10)	**-**	(145)
Unwinding of discount of loan payable (note 14)	**(35)**	-
Unwinding of discount of lease liability (note 15)	**(11)**	(16)
Unwinding of discount of environmental rehabilitation provision (note 16)	**(169)**	(190)
Interest expense (notes 14 and 17)	**(27)**	-
Fair value adjustments (note 17)	**78**	-
Gain on sale of property and equipment (note 11)	**43**	-
Impairment charge (note 12)	**-**	(950)
Net loss and comprehensive loss for the year	**$ (3,819)**	$ (6,017)
Net loss and comprehensive loss per share - basic and diluted	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (000's)	**680,169**	581,133

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

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

	Year Ended December 31, 2025	**Year Ended December 31, 2024**
Operating activities		
Net loss for the year	**$ (3,819)**	$ (6,017)
Adjustments for:		
Depreciation on property, plant and equipment (note 11)	**1,004**	709
Gain on sale of property and equipment (note 11)	**(43)**	(3)
Fair value of share-based payments expensed	**270**	239
Investment in Wescan Goldfields Inc. (note 10)	**-**	145
Unwinding of discount of loan payable (note 14)	**35**	-
Unwinding of discount of lease liability (note 15)	**11**	16
Unwinding of discount of environmental rehabilitation provision (note 16)	**169**	190
Interest expense (notes 14 and 17)	**27**	-
Gain on debt conversion (note 17)	**(78)**	-
Impairment charge (note 12)	**-**	950
Changes in non-cash working capital items:		
Receivable	**1**	(9)
Prepaid	**(321)**	6
Accounts payable and accrued liabilities	**(444)**	182
Net cash used in operating activities	**(3,188)**	(3,592)
Investing activities		
Acquisition of property, plant and equipment	**-**	(10)
Proceeds from sale of Wescan Goldfields Inc.	**114**	2
Net cash acquired in asset acquisitions	**-**	2,572
Proceeds from sale of property and equipment	**64**	6
Net cash provided by investing activities	**178**	2,570
Financing activities		
Issuances of equity, net of issuance cost and repayment of loan payable	**2,354**	720
Proceeds from convertible debentures	**565**	-
Lease payments	**(114)**	(87)
Proceeds from loan payable, net of issuance cost	**765**	-
Net cash provided by financing activities	**3,570**	633
Net change in cash and cash equivalents	**560**	(389)
Cash and cash equivalents, beginning of year	**164**	553
Cash and cash equivalents, end of year	**$ 724**	$ 164
Cash and cash equivalents consists of:		
Cash	**$ 714**	$ 164
Guaranteed Investment Certificate	**10**	-
	$ 724	$ 164
Supplemental information		
RSUs and DSUs issued in settlement of debt	**$ 70**	$ -
Issuance of units and shares on debt conversion	**$ 505**	$ -
Environmental rehabilitation provision adjustment	**$ 811**	$ 216

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

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

	Share capital ($)	Warrants reserve	Broker warrants	Contributed surplus	Accumulated deficit	Total
Balance, December 31, 2023	**$ 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 issue costs)	10,052	-	-	-	-	10,052
Modified warrants and broker warrants	(406)	395	11	-	-	-
Issuance of shares on redemption of RSUs	45	-	-	(45)	-	-
Warrants issued	-	270	-	-	-	270
Broker warrants issued	-	-	1	-	-	1
Share-based payments	-	-	-	239	-	239
Net loss for the year	-	-	-	-	(6,017)	(6,017)
Balance, December 31, 2024	**$ 866,002**	**$ 2,215**	**$ 64**	**$ 35,504**	**$ (898,579)**	**$ 5,206**
Shares issued from private placement (net of issue costs)	1,980	-	-	-	-	1,980
Issuance of shares on redemption of RSUs and DSUs	511	-	-	(511)	-	-
Issuance of units and shares on debt conversion	374	-	-	-	-	374
Warrants issued	-	1,314	-	-	-	1,314
DSUs settled in cash	-	-	-	(24)	-	(24)
RSUs and DSUs issued in settlement of debt	-	-	-	70	-	70
Warrants expired	-	(1,844)	(52)	1,896	-	-
Share-based payments	-	-	-	294	-	294
Net loss for the year	-	-	-	-	(3,819)	(3,819)
Balance, December 31, 2025	**$ 868,867**	**$ 1,685**	**$ 12**	**$ 37,229**	**$ (902,398)**	**$ 5,395**

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

1. Corporate information

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

The consolidated financial statements of the Company for the year ended December 31, 2025 were authorized for issue by the Company's Board on March 26, 2026. The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's consolidated financial statements have been prepared on a historical cost basis, except as disclosed, using the Company's functional currency of Canadian dollars.

3. Going concern

These consolidated financial statements are prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities and commitments in the normal course of business. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that cast significant doubt upon the Company's ability to continue as a going concern. At December 31, 2025, the Company had an excess of current assets over current liabilities of $458 including cash and cash equivalents of $724. In addition, the Company had negative cash flows from operations of $3,188, an accumulated deficit of $902,398 and currently does not generate revenue. During the year ended December 31, 2025, the Company closed a non-brokered private placement of convertible debentures of $565 (see note 17), obtained an unsecured loan of $800 (see note 14), and closed a non-brokered private placement of $4,000 (see note 20). However, the ability of the Company to continue as a going concern and fund its expenses in an orderly manner will require additional forms of financings.

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

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

4. Material accounting policies

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

a. Basis of consolidation

(i) Subsidiaries

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

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

4. Material accounting policies (continued)

a. Basis of consolidation (continued)

(ii) Interests in joint operations and other contractual arrangements

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

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

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

b. Business combinations and asset acquisitions

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

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

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

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

4. Material accounting policies (continued)

c. Financial instruments

(i) Non-derivative financial assets

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

Financial assets at fair value through profit or loss

The Company considers certain judgments and assumptions when assessing whether significant influence exists over its investments. This includes an assessment of the Company's ability to participate in financial and operating policy decisions of the investee. The existence and effect of potential voting rights held by the investor or other entities are also considered.

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

Financial assets at fair value through comprehensive income

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

Financial assets measured at amortized cost

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

(ii) Financial liabilities

The Company classifies financial liabilities into financial liabilities at FVPL and financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss

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

4. Material accounting policies (continued)

c. Financial instruments (continued)

Financial liabilities at amortized cost

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

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

(iii) Impairment

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

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

iv) Compound financial instruments

The Company recognizes and classifies separately the component parts of a financial instrument as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement. Where both liability and equity components exist, the initial carrying amount of the financial instrument shall be allocated to its liability and equity components. The equity component shall be assigned the residual value after deducting from the fair value of the instrument as a whole, the fair value of the liability components. The equity component is not remeasured subsequent to initial recognition.

The Company determined that the convertible debentures contain an embedded derivative, and elected to measure the whole hybrid financial instrument at FVPL.

d. Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments that, upon acquisition, have a term to maturity of three months or less or are redeemable on demand.

e. Property and equipment

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

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

4. Material accounting policies (continued)

e. Property and equipment (continued)

Buildings, leases and leasehold improvements	4% to 20%
Computer equipment	30%
Computer software	100%
Furniture and equipment	20% to 30%

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

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

f. Leases

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

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

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

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

4. Material accounting policies (continued)

g. Exploration and evaluation

(i) Pre-permit costs

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

(ii) Exploration and evaluation costs

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

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

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

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

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

h. Environmental rehabilitation provision

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

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

4. Material accounting policies (continued)

h. Environmental rehabilitation provision (continued)

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

i. Employment Benefits

(i) Wages and salaries, and annual leave

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

(ii) Short-term benefits

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

(iii) Termination benefits

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

(iv) Share-based payment transactions

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

j. Provisions

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

4. Material accounting policies (continued)

k. Impairment of non-financial assets

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

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

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

The determination of FVLCD and VIU are Level 3 fair value measurements, as they are derived from valuation techniques that include inputs that are not based on directly observable market data. The Company considers the inputs and the valuation approaches used by management to be consistent with the approach taken by market participants.

Each reporting period, an assessment is made to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. An impairment loss is only reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset or CGU is increased to its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. The reversal of an impairment loss is recognized immediately in the statements of loss and comprehensive loss.

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

4. Material accounting policies (continued)

l. Income tax

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

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

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

Deferred tax liabilities are not recognized if they arise from initial recognition of goodwill. Deferred tax assets and liabilities are recognized whether the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill, temporary differences arising from investments in subsidiaries that are not expected to reverse in the foreseeable future and the initial recognition of assets or liabilities that affect neither accounting nor taxable loss which at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

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

m. Equity

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

n. Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share-based payments in the form of deferred share units ("DSUs"), performance share units ("PSUs") and restricted share units ("RSUs") is determined based on the closing trading price of the Company's shares on the date of grant and the units that are expected to vest. The DSUs, PSUs and RSUs are accounted for within shareholders' equity. The fair value of share-based payments in the form of options is determined using the Black-Scholes model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 21.

5. Critical accounting judgments and key sources of estimation uncertainty

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

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

Critical judgments in applying accounting policies

Going concern

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

Impairment indicators for exploration and evaluation assets

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

Classification of business combination or asset acquisition

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

Key sources of estimation uncertainty

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

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

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.

Provision for environmental rehabilitation

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

6. Changes to IFRS

a. IFRS standards issued but not yet effective

The following new standards and amendments to standards and interpretations are not yet effective for the year ended December 31, 2025, and have not been applied in the preparation of the financial statements. These new and amended standards and interpretations are required to be implemented for financial years beginning January 1, 2026 and subsequent years. The Company is in the process of reviewing the impact of the future changes on its financial statements.

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

7. Fort à la Corne asset acquisition

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

After the close of the Transaction:

- RTEC owned or controlled, in the aggregate, 119,315,222 common shares representing a 19.9% interest in the Company;
- the Company assumed full control and responsibility for the Project and the previous joint venture agreement has been terminated;
- RTEC transferred ownership of the trench cutter drill rig used by RTEC to complete its prior bulk sampling program at the Project;
- RTEC transferred the Bulk Sample Plant located at the Project, including the TOMRA XRT diamond sorting machine;
- If, within 24 months following the acquisition date, the Company directly or indirectly sells, assigns, transfers or otherwise disposes of, in any manner whatsoever (or enters into any agreement to do so) to one or more Persons (other than an Affiliate of the Company), in one or more related or connected transactions, all or any material part of the assets comprising either (i) the Processing Plant, or (ii) the Trench Cutter and Trench Cutter Equipment (or any right, title or interest in all or any material part of the assets comprising either (i) the Processing Plant, or (ii) the Trench Cutter and Trench Cutter Equipment), the Company covenants and agrees to immediately notify RTEC of such sale and, within 30 days of such sale, pay to RTEC an amount equal to 50% of the proceeds received from such sale, assignment, transfer or other disposition.
- RTEC and the Company entered into an Investor Rights Agreement whereby, among other things, RTEC was granted certain pre-emptive rights to maintain its 19.9% ownership interest in the Company in connection with future financings undertaken by the Company, and RTEC has agreed to certain standstill protections provided that RTEC will have the right to increase its 19.9% ownership position in the event that the Company receives an acquisition proposal; and

7. 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. The promissory note is secured by a pledge of all of the Company's assets.

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

8. Buffalo Hills asset acquisition

On August 1, 2024 Star Diamond and Canterra Minerals Corporation ("Canterra") completed the acquisition of Canterra's 50% interest in the Buffalo Hills 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, of which 0.5% can be repurchased for $1,000. 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

9. Receivable

		As at December 31, 2025		**As at December 31, 2024**
GST	**$**	**24**	$	20
Other		**1**		6
Total	**$**	**25**	$	26

10. Investment in Wescan Goldfields Inc.

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

11. 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 7)	505	150	3,369	4,024
Environmental rehabilitation provision adjustment	29	-	4	33
Disposals	-	-	(107)	(107)
Balance, December 31, 2024	$ 1,480	$ 208	$ 3,702	$ 5,390
Additions	37	-	-	37
Disposals	(5)	-	(26)	(31)
Balance, December 31, 2025	$ 1,512	$ 208	$ 3,676	$ 5,396

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 year	(125)	(42)	(837)	(1,004)
Disposals	-	-	10	10
Balance, December 31, 2025	$ (885)	$ (109)	$ (1,741)	$ (2,735)

Carrying value				
Balance, December 31, 2024	$ 720	$ 141	$ 2,788	$ 3,649
Balance, December 31, 2025	$ 627	$ 99	$ 1,935	$ 2,661

12. 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 7 and 8)	10,221	950	11,171
Environmental rehabilitation provision adjustment	183	-	183
Impairment	-	(950)	(950)
Balance, December 31, 2024	10,404	-	10,404
Environmental rehabilitation provision adjustment	(811)	-	(811)
Balance, December 31, 2025	$ 9,593	$ -	$ 9,593

As at December 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.

12. 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 7, 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 December 31, 2025, the value for this contingent consideration was determined to be $nil (December 31, 2024 - $nil).

Buffalo Hills Diamond Project

As at December 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.

13. Accounts payable

	As at December 31, 2025	**As at December 31, 2024**
Accounts payable	**$ 256**	$ 563
Accrued liabilities	**165**	305
Vacation pays, taxes, PST and other	**34**	101
Total	**$ 455**	$ 969

14. Loan payable

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

(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 20) 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.

15. Lease liabilities

	As at December 31, 2025	**As at December 31, 2024**
Balance, beginning of year	**$ 122**	$ 193
Additions	**37**	-
Lease payments	**(114)**	(87)
Unwinding of discount	**11**	16
Total lease liability, end of the year	**56**	122
Less: current portion	**(56)**	(79)
Long-term balance, end of the year	**$ -**	$ 43

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

Less than one year	$ 57
Two to three years	-
Total undiscounted lease liability - December 31, 2025	$ 57

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.

16. Environmental rehabilitation provision

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

	As at December 31, 2025	**As at December 31, 2024**
Fort à la Corne properties		
Balance, beginning of year	**$ 8,090**	$ -
Environmental rehabilitation provision assumed in the Transaction (see note 7)	**-**	7,684
Revisions in estimates and changes in discount rates	**(811)**	216
Unwinding of discount	**169**	190
Total environmental rehabilitation provision	**7,448**	8,090
Less: estimate of current portion	**(131)**	(189)
Long-term environmental rehabilitation provision, end of year	**$ 7,317**	$ 7,901

16. 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 2026 to 2052. 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 2.55% to 3.80%. A 50 basis point decrease in the discount rates would increase the provision by approximately $399. A 50 basis point increase in the discount rates would decrease the provision by approximately $675.

During the year ended December 31, 2025, the Company recorded an accretion expense of $169. The Company estimates its total undiscounted future decommissioning and reclamation costs to be $9,732 (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 7). The Company's decommissioning and rehabilitation plans, and related security are reviewed and accepted by the Saskatchewan Ministry of the Environment.

17. Convertible debentures

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 Company elected to measure the whole hybrid financial instrument at FVPL. The value of the convertible debentures on issuance were deemed to be equal to the transaction price, being the gross proceeds received. Nil residual value was assigned to the attached warrants.

17. Convertible debentures (continued)

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

(b) 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.

On May 29, 2025, $152,992 of the Debentures, including accrued interest, was converted into 3,399,817 common shares valued at $0.045 per share.

On August 6, 2025, contemporaneously with the completion of the Private Placement (see note 20), the Company issued an aggregate of 11,732,919 units valued at $0.03 per unit in connection with the automatic conversion of the outstanding principal amount plus accrued interest

During the year ended December 31, 2025, the Company recognized a fair value gain of $78.

18. Exploration and evaluation expense

	Year Ended December 31, 2025	Year Ended December 31, 2024
Fort à la Corne properties		
Depreciation of property, plant and equipment	**$ 901**	$ 630
Exploration and evaluation	**1,042**	1,854
Share-based payments (note 21)	**105**	46
Total	**2,048**	2,530
Buffalo Hills diamond project		
Exploration and evaluation	**17**	18
Total	**$ 2,065**	$ 2,548

19. Deferred tax assets and liabilities

Reconciliation between expected tax recovery for accounting purposes and actual recovery

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

	Year Ended December 31, 2025	Year Ended December 31, 2024
Net loss before income taxes	**$ (3,819)**	$ (6,017)
Combined federal and provincial tax rate	**27 %**	27 %
Expected tax expense (recovery)	**$ (1,031)**	$ (1,624)
Increase in taxes resulting from:		
Other permanent differences	**181**	151
Renounced resource pools	**-**	92
Change in tax benefit not recognized	**850**	1,381
Deferred income tax recovery	**$ -**	$ -

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2025	December 31, 2024
Exploration and evaluation	**$ 92,824**	$ 92,252
Property and equipment	**3,606**	3,567
Non-capital loss carried forward	**16,442**	16,219
Capital loss carried forward	**873**	599
Share issue costs	**93**	61
Decommissioning and rehabilitation	**2,255**	2,185
Revaluation of investments	**-**	247
Other	**52**	52
Deductible temporary differences not recognized	**$ 116,145**	$ 115,182

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

19. Deferred tax assets and liabilities (continued)

Tax losses

As at December 31, 2025 and 2024, the Company had estimated capital losses for Canadian income tax purposes of $4,437 (December 31, 2024 - $4,437). These losses do not expire and may be utilized to reduce future capital gains, if any.

As at December 31, 2025, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses is provided below. These tax losses will expire as follows:

Year of expiry	Taxable losses
2026	$ 10,203
2027	580
2028	4,681
2029	6,695
2030	5,018
2031	4,251
2032	3,955
2033	3,200
2034	1,859
2035	1,910
2036	1,900
2037	1,856
2038	1,655
2039	4,041
2040	2,023
2041	1,524
2042	2,496
2043	2,066
2044	145
2045	839
	$ 60,897

At December 31, 2025 and 2024, the Company also had unrecorded investment tax credits totaling $15,852 relating to preproduction mining expenditures. These investment tax credits begin to expire starting in 2026.

20. 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.

20. Share capital and reserves (continued)

Common shares issued and fully paid

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Common Shares		Amount	Common Shares		Amount
Outstanding, beginning of the year	**617,573,981**	**$**	**866,002**	482,670,964	$	855,831
Issuance of shares (net of issue costs)	**133,333,333**		**1,980**	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 and DSUs	**7,874,040**		**511**	500,000		45
Issuance of shares on debt conversion	**15,132,736**		**374**	-		
Outstanding, end of the year	**773,914,090**	**$**	**868,867**	617,573,981	$	866,002

Shares issued during the year ended December 31, 2025:

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

On April 7, 2025, the Company issued 1,529,605 common shares at $0.045 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. $809 of the proceeds was used to fully repay a loan payable (see note 14).

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 $0.03 in connection with the automatic conversion of the outstanding principal amount plus accrued interest due under the Company's convertible promissory notes (see note 17). 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.

On November 24, 2025, the Company issued 1,666,666 common shares at $0.05 per share and 1,333,250 common shares at $0.16 per share, pursuant to the redemption of outstanding RSUs and DSUs granted.

On December 11, 2025, the Company issued 1,025,000 common shares at $0.04 per share, pursuant to the redemption of outstanding DSUs granted.

20. Share capital and reserves (continued)

On December 18, 2025, the Company issued 1,554,000 common shares at $0.05 per share, pursuant to the redemption of outstanding DSUs 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, 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 7).

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 8).

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

Warrant reserve

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

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Warrants	Average price	Amount	Warrants	Average price	Amount
Outstanding, beginning of year	28,312,300	$ 0.15	$ 2,215	19,613,395	$ 0.36	$ 1,550
Issued	173,066,252	0.05	1,314	8,698,905	0.14	270
Expired	(16,666,667)	0.40	(1,844)	-	-	-
Modified warrants	-	-	-	-	-	395
Outstanding, end of year	184,711,885	$ 0.06	$ 1,685	28,312,300	$ 0.15	$ 2,215

20. Share capital and reserves (continued)

A summary of the warrants outstanding at December 31, 2025 is as follows:

Warrants outstanding	Exercise price ($)	Expiry date
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 (i)	August 6, 2027
11,732,919	0.05	August 6, 2027
184,711,885	0.06	

(i) Exercisable at $0.04 per share at any time within 12 months following the date of issue, and $0.05 per share thereafter

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 17).

On August 6, 2025, 133,333,333 warrants were issued in connection to the Private Placement (see note 20). 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 $1,183. 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 debentures (see notes 17 and 20). 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 $132. 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.

20. 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:

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Broker warrants	**Average price**	**Amount**	**Broker warrants**	**Average price**	**Amount**
Outstanding, beginning of year	806,091	$ 0.14	$ 64	785,991	$ 0.29	$ 52
Issued	-	-	-	20,100	0.09	1
Expired	(467,811)	0.15	(52)	-	-	-
Modified broker warrants	-	-	-	-	-	11
Outstanding, end of year	338,280	$ 0.12	$ 12	806,091	$ 0.14	$ 64

A summary of the broker warrants outstanding at December 31, 2025 is as follows:

Broker warrants outstanding	Exercise price ($)	Expiry date
159,090	0.11	December 29, 2026
159,090	0.14	December 29, 2026
20,100	0.09	January 26, 2027
338,280	0.12	

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.

21. 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:

	Year Ended December 31, 2025	**Year Ended December 31, 2024**
Administration	**$ 111**	$ 141
Exploration and evaluation	**104**	46
	$ 215	$ 187

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

	Year Ended December 31, 2025		**Year Ended December 31, 2024**	
	Options	**Average price**	**Options**	**Average price**
Outstanding, beginning of year	15,039,500	$ 0.15	24,489,500	$ 0.17
Granted	4,450,000	0.05	250,000	0.09
Expired	(4,031,000)	0.23	(9,700,000)	0.20
Forfeited	(840,500)	0.23	-	-
Outstanding, end of year	14,618,000	$ 0.09	15,039,500	$ 0.15

During the year ended December 31, 2025, 4,450,000 stock options were granted (2024 - 250,000). The options vested 1/3 immediately, 1/3 on each of the first and second anniversaries of the date of grant. The grant date fair value of stock options issued under the plan is estimated using the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility. The option life is estimated based on the weighted-average historical life of options that have been granted by the Company.

	Year Ended December 31, 2025	**Year Ended December 31, 2024**
Share price at grant date	$0.045 - $0.055	$0.09
Exercise price	$0.04 - $0.055	$0.09
Expected volatility	98.10 - 99.70%	87.93 - 96.53%
Estimated option life	5 years	2.5 - 3.5 years
Expected dividends	0%	0%
Risk-free interest rate	2.60 - 2.70%	3.96 - 4.15%
Fair value at grant date	$0.03 - $0.04	$0.05-$0.06

21. Share-based payments (continued)

(a) Share option plan (continued)

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

Number outstanding	Number exercisable	Exercise price ($)	Expiry date
1,958,000	1,958,000	0.215	February 1, 2026
200,000	200,000	0.125	August 16, 2027
2,400,000	1,400,000	0.09	November 29, 2028
5,360,000	5,360,000	0.09	December 7, 2028
250,000	166,667	0.085	April 1, 2029
1,500,000	500,000	0.04	February 28, 2030
2,950,000	983,333	0.055	April 16, 2030
14,618,000	10,568,000		

(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 year is as follows:

	Year Ended December 31, 2025	**Year Ended December 31, 2024**
Outstanding, beginning of year	**2,162,250**	2,162,250
Granted	**2,500,000**	-
Redeemed	**(4,662,250)**	-
Outstanding, end of year	**-**	2,162,250

During the year ended December 31, 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 DSUs vesting over the year is recognized in the statements of loss and comprehensive loss as follows:

	Year Ended December 31, 2025	**Year Ended December 31, 2024**
Administration	**$ 18**	$ -

21. 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 year ended December 31, 2025 and year ended December 31, 2024, no PSUs have been granted.

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

	Year Ended December 31, 2025	**Year Ended December 31, 2024**
Outstanding, beginning of year	**1,000,000**	1,500,000
Granted	**3,295,124**	-
Redeemed for common shares from treasury	**(3,961,790)**	(500,000)
Forfeited	**(333,334)**	-
Outstanding, end of year	**-**	1,000,000

During the year ended December 31, 2025, 3,295,124 RSUs were granted (2024 - nil). The weighted average fair value of the RSUs granted was $0.03. The RSUs vested immediately.

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:

	Year Ended December 31, 2025	**Year Ended December 31, 2024**
Administration	**$ 107**	$ 52

22. Related party transactions

Related party transactions with key management personnel

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

	Year Ended December 31, 2025	Year Ended December 31, 2024
Director fees	**$ 102**	$ 100
Salaries to key management personnel	**233**	360
Consulting and management fees paid to related companies	**284**	376
Share-based payments	**97**	176
	$ 716	$ 1,012

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 closing trading price of the Company's shares on 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 year ended December 31, 2025 and 2024 is as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Administration	**$ 450**	$ 604
Exploration and evaluation	**266**	408
	$ 716	$ 1,012

23. Commitments

The Company has various lease contracts with purchase commitments as at December 31, 2025.

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

	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter	Total
Office lease	$ 57	$ -	$ -	$ -	$ -	$ -	$ 57
Mineral lease	112	112	112	112	112	112	672
Total	$ 169	$ 112	$ 112	$ 112	$ 112	$ 112	$ 729

24. Financial instruments

Fair values have been determined for measurement and/or disclosure purposes based on the fair value hierarchy for financial instruments that require fair value measurement after initial recognition.

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

Fair value hierarchy

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

Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
Level 3 - Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

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 December 31, 2025, the Company’s credit risk relates to its cash and cash equivalents of $724 (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 December 31, 2025, the Company had a working capital of $458 including cash and cash equivalents of $724. In addition to regulatory spending requirements at December 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	$	455
Lease payments		57
Environmental rehabilitation provision		131
Total	$	643

24. Financial instruments (continued)

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 the following 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.

25. 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. There have been no changes to the Company's policies around the management of its capital requirements for the year ended December 31, 2025.

26. Subsequent events

On February 1, 2026, 1,958,000 stock options expired unexercised.

On February 4, 2026, the Company granted 41,000,000 stock options to directors, officers, and employees of the Company. The stock options are exercisable for $0.05 per share, expire in 5 years, and vested 1/3 immediately, 1/3 on each of the first and second anniversaries of the date of grant.

On March 25, 2026, the Company announced the appointment of Brendan F. Moore to the Company’s board of directors. Along with the appointment, the Company also granted him 5,000,000 stock options. The stock options have an exercise price of $0.05 per share, with a 1/3 of the options vesting immediately and 1/3 on each of the first and second anniversaries of the date of grant. The stock options expire on the fifth anniversary of the date of grant.