



## **Management's Discussion & Analysis**

For the Three Months Ended March 31, 2026

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

For the three months ended March 31, 2026

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

The following discussion and analysis is prepared by the Company's management ("**Management**") as of May 6, 2026 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for Star Diamond Corporation ("**Star Diamond**", or the "**Company**") for the three months ended March 31, 2026 (the "**Interim Financial Statements**"), as well as the audited consolidated financial statements of the Company for the years ended December 31, 2025 and 2024 (the "**2025 Annual Financial Statements**"), in each case available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The Company prepared the Interim Financial Statements in accordance with IAS 34 *Interim Financial Reporting* using accounting policies consistent with the IFRS Accounting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). All currency amounts are quoted in thousands of Canadian Dollars, except per share amounts or as otherwise noted.

**Corporate Information**

Star Diamond was incorporated under the *Canada Business Corporations Act* on April 29, 1985 and its shares are publicly traded on the Toronto Stock Exchange. The principal activities of the Company are the exploration and evaluation of diamond projects. The Company is located at 702 – 224 4<sup>th</sup> Avenue South, Saskatoon, Saskatchewan, Canada.

The Company's mineral projects are as follows:

<b>Name of Project</b>	<b>Ownership</b>	<b>Location</b>	<b>Status</b>
Star and Orion South Diamond Project (the " <b>Project</b> ")	100%	Saskatchewan, Canada	Exploration stage
Buffalo Hills Project (the " <b>BH Project</b> ")	100%	Alberta, Canada	Exploration stage
Fort à la Corne Project (the " <b>FalC Project</b> ") (other than the Project) <sup>(1)</sup>	100%	Saskatchewan, Canada	Exploration stage

(1) Includes the Orion Centre, Orion North and Taurus ore bodies comprising part of the FalC Project.

**Overall Performance**

On February 4, 2026, the Company granted 41,000,000 stock options to directors, officers, and employees of the Company. The stock options have an exercise price of \$0.05 per share, with 1/3 of the options vesting immediately and 1/3 vesting 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.

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 1/3 of the options vesting immediately and 1/3 vesting 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.

**Trends**

The Interim Financial Statements were prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities and commitments in the normal course of business. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that cast significant doubt upon the Company's ability to continue as a going concern. At March 31, 2026, the Company had an excess of current assets over current liabilities of \$19 (December 31, 2025 - \$458) including cash and cash equivalents of \$195 (December 31, 2025 - \$724). In addition, the Company had negative cash flows from operations of \$500 (period ended March 31, 2025 - \$493), an accumulated deficit of \$903,565 (December 31, 2025 - \$902,398), and currently does not generate revenue. However, the ability of the Company to continue as a going concern and fund its expenses in an orderly manner will require additional financing. See "*Subsequent Events*" below.

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

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

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

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

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

**Operations**

***The Project***

As at the date hereof, the Company's material mineral project is the Project. Additional information related to the Project, including the revised mineral resource estimate in respect of the Project, can be found in the technical report relating to the Project, bearing an effective date of July 24, 2024, entitled "Technical Report and Revised Resource Estimate for the Star-Orion South Diamond Project, Fort A La Corne Area, Saskatchewan, Canada", prepared by Daniel C. Leroux, M.Sc. P.Geo., Leon McGarry, B.Sc. P.Geo., and Peter J. Ravenscroft, FAusIMM (the "**Star Diamond Technical Report**"), a copy of which is available on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

The Project site is currently under care and maintenance. Star Diamond's technical team will focus on the technical investigation and evaluation of the Project, with the goal of a future development decision. On September 9, 2025, the Company announced the engagement with Misty Clifton and SGS for a pre-feasibility study on the Project (the "**PFS**"). The PFS will include a revised statement of mineral reserves for the Project, if warranted, and an economic assessment based thereon. The PFS will enable a feasibility study, on which a production decision can be based.

***FaIC Project (Orion North, Orion Centre and Taurus)***

The Orion North, Orion Centre and Taurus kimberlite clusters form part of the FaIC Project, located in Saskatchewan, Canada. There were no material developments with respect such clusters during the most recently completed financial year and the Company is currently reviewing the project to determine future technical, economic, permitting, social and environmental work.

***BH Project***

The BH Project is located north central, Alberta. There were no material developments with respect to the BH Project during the most recently completed financial year and the Company is currently reviewing the BH Project to determine future technical, economic, permitting, social and environmental work.

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

For the three months ended March 31, 2026

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

**Summary of Quarterly Results**

	2026	2025				2024		
	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2
Revenue (\$)	-	-	-	-	-	4	9	18
Net loss <sup>(1)(2)</sup> (\$)	(1,167)	(414)	(989)	(1,450)	(966)	(2,108)	(1,393)	(1,630)
Net loss per share <sup>(3)(4)</sup> (\$)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

(1) Loss from continuing operations attributable to owners of the parent, in total.

(2) Loss attributable to owners of the parent, in total.

(3) Basic and diluted.

(4) Per share amounts are rounded to the nearest cent, therefore aggregated quarterly amounts may not reconcile to year-to-date per share amounts.

For the three months ended March 31, 2026, the Company recorded a net loss of \$1,167 or \$0.00 per share (2025 - net loss of \$966 or \$0.00 per share). The decrease in net loss was primarily due to the following:

- Administration increased to \$633 in 2026 (2025 - \$301), mainly due to an increase in the fair value of share-based payments expensed. The fair value of share-based payments varies depending on the vesting of stock options, RSUs and DSUs granted.
- Consulting and professional fees decreased to \$51 in 2026 (2025 - \$99) due to reduced legal fees incurred.

**Cash Flow Items**

**Operating Activities**

During the three months ended March 31, 2026, cash used in operating activities was \$500 (Q1 2025 - \$493). This relates mainly to the ongoing operating costs of the Company.

**Investing Activities**

During the three months ended March 31, 2026, cash provided by investing activities was \$nil (Q1 2025 - \$114) as the Company sold its remaining share position in Wescan Goldfields Inc. shares in 2025.

**Financing Activities**

During the three months ended March 31, 2026, cash used in financing activities was \$29 (Q1 2025 – cash provided by financing activities of \$536). The difference relates to the proceeds from convertible debentures of \$565 in 2025.

**Off-Balance Sheet Arrangements**

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

**Proposed Transactions**

As of the date of this MD&A, there are no proposed transactions by the Company that are reasonably likely to have an effect on the financial condition, financial performance and cash flows of the Company.

**Related Party Transactions**

The Company's related parties include its directors and 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 for key management personnel and directors, including payments made or payable to related parties owned by executive officers and directors, is as follows:

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For the three months ended March 31, 2026

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

	Three months ended March 31, 2026	Three months ended March 31, 2025
	\$	\$
Director fees	19	25
Salaries for key management personnel	97	60
Consulting and management fees to related companies	21	104
Share-based payments	426	12
<b>Total compensation paid to key management personnel</b>	<b>563</b>	<b>201</b>

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 as follows:

	Three months ended March 31, 2026	Three months ended March 31, 2025
	\$	\$
Administration	514	118
Exploration and evaluation	49	83
<b>Total compensation paid to key management personnel</b>	<b>563</b>	<b>201</b>

**Commitments**

The Company has various lease contracts with purchase commitments as at March 31, 2026.

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	29	-	-	-	-	-	29
Mineral lease	112	112	112	112	112	112	672
<b>Total</b>	<b>141</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>701</b>

**Liquidity and Capital Resources**

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

On March 31, 2026, the Company had \$195 (December 31, 2025 - \$724) in cash and cash equivalents and a working capital (excess of current assets over current liabilities) of \$19 (December 31, 2025 - working capital of \$458). In addition to regulatory spending requirements at March 31, 2026, 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	\$ 430
Lease payments	\$ 29
Environmental rehabilitation provision	\$ 131
<b>Total</b>	<b>\$ 590</b>

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The decrease in working capital was a result of net cash used in operating activities. In 2026, the Company continues to reduce costs by the following:

- The Company has moved its head office to a smaller area in the same building resulting in a 70% drop in office lease payments;
- Certain management/employee functions will be reduced or eliminated; and
- Site costs have been significantly reduced as site operations moved to a care and maintenance basis.

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

However, the ability of the Company to continue as a going concern and fund its expenses in an orderly manner will require additional financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and planned activities.

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

The Company is aware, in making its going concern assessment, of material uncertainties related to events and conditions that cast significant doubt upon the Company's ability to continue as a going concern. At March 31, 2026, the Company has a working capital of \$19 including cash and cash equivalents of \$195. The ability of the Company to continue as a going concern and fund general and administrative expenses in an orderly manner will require further sources of financing. There is no assurance that the Company will be successful in obtaining required financing at an acceptable cost as and when needed or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration and/or evaluation plans, forfeit rights in its properties or reduce or terminate its operations. The Company is assessing opportunities to address the issue of its liquidity. See "*Subsequent Events*" below.

**Trends and Economic Conditions**

Management regularly monitors economic financial market conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. To date, the Company has been able to raise sufficient capital to fund exploration programs. The global economy is currently characterized by increased volatility and uncertainty.

Apart from these factors and the risk factors noted in the "*Risks and Uncertainties*" section in the Company's most recent Annual Information Form, Management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

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**Outstanding Share Data**

At March 31, 2026, and the date of this MD&A, the designation and number of outstanding securities of the Company is as set out below:

Security	March 31, 2026	Date of this MD&A
Common shares	773,914,090	773,914,090
Warrants	184,711,885	184,711,885
Broker warrants	338,280	338,280
Stock Options	54,372,500	54,372,500
Restricted Share Units	-	-
Deferred Share Units	-	-
Performance Share Units	-	-

**Subsequent Events**

On April 28, 2026, the Company entered into a convertible loan agreement (the "**Loan Agreement**") with Spirit Resources s.a.r.l ("**Spirit**"). Pursuant to the terms of the Loan Agreement, Spirit advanced an unsecured loan in the amount of \$500 (the "**Loan**"). The Loan bears interest at a rate of 12% per annum and matures one year after the drawdown date of April 28, 2026, or such other date mutually agreed between the Company and Spirit (the "**Maturity Date**"). The Loan, together with accrued and unpaid interest thereon (the "**Total Obligations**"), are generally repayable at any time by the Company without penalty. If the Company has not repaid the Total Obligations before the closing of a sale of common shares in the capital of the Company, or units including common shares, in a single or series of transactions of no less than \$1,000 (a "**Qualified Financing**") prior to the Maturity Date, the Total Obligations will be converted into the securities of the Company issued pursuant to the Qualified Financing ("**Qualified Financing Securities**") upon closing of the Qualified Financing (the "**Conversion**"), unless otherwise agreed between the Company and Spirit. The deemed price per Qualified Financing Security issuable upon Conversion will be the lowest price per Qualified Financing Security issued in the Qualified Financing, subject to customary adjustment provisions. The Conversion is conditional upon receipt of the approval of the Toronto Stock Exchange.

**Financial Instruments**

As of March 31, 2026, the fair market value of all of the Company's financial instruments approximate their carrying values. Certain financial instruments are exposed to the following financial risks:

Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company considers this risk to be insignificant as the majority of the Company's cash and cash equivalents are held by financial institutions with an AA credit rating. At March 31, 2026, the Company's credit risk relates to its cash and cash equivalents of \$195 (December 31, 2025 - \$724).

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.

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.

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

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### *Foreign currency risk:*

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

### *Commodity price risk:*

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

### *Interest rate risk:*

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

## **Critical Accounting Estimates and Judgments**

The Interim Financial Statements have been prepared in accordance with IFRS issued by the IASB. The Company's material accounting policies are described in note 4 to the 2025 Annual Financial Statements. Certain of these policies involve critical accounting estimates as they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. The uncertainties related to these areas could significantly impact the Company's results of operations, financial condition and cash flows. In particular, the significant areas of judgment and estimation uncertainty considered by Management in preparing the consolidated financial statements are: identification of cash generating units, exploration and evaluation expenditures, reserve and resource estimation, asset valuations and exploration and evaluation assets impairment, environmental rehabilitation provision and share-based payment transactions. These are discussed in more detail in note 4 to the Interim Financial Statements.

## **Accounting Changes**

The following new standards and amendments to standards and interpretations were effective for the Company from January 1, 2026:

### **Cash and cash equivalents (including electronic payment arrangements)**

Cash and cash equivalents consist of cash on hand and deposits held at financial institutions that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. The Company has early adopted the amendments to IFRS 9, Financial Instruments related to the derecognition of financial liabilities settled through electronic payment systems. In accordance with these amendments, a financial liability is derecognized before settlement when payment is effected through an electronic payment system and all of the following conditions are met: (i) the Company has no practical ability to withdraw, stop or cancel the payment instruction; (ii) the payment instruction results in the counterparty obtaining an enforceable right to receive cash; and (iii) the Company does not have access to the cash transferred once the payment instruction is initiated. When these conditions are satisfied, the related financial liability and the corresponding cash and cash equivalent balance are derecognized on the date the payment instruction is initiated rather than on the settlement date.

There was no significant impact on the financial statements as a result of adoption.

The following new standards and amendments to standards and interpretations are not yet effective for the current year.

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**IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18")**

IFRS 18 will be applicable for annual periods beginning or after January 1, 2027, with early adoption permitted. Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. The Company's consolidated financial statements are expected to include changes related to categorization and subtotals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Company is in the process of determining the impact of the above changes on its business.

**Controls and Procedures**

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting as defined in the Canadian Securities Administrators' National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109").

Under their supervision, the CEO and CFO have implemented disclosure controls and procedures and internal controls over financial reporting appropriate for the nature of operations of the Company. Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the Company's CEO and CFO, as appropriate, to allow required disclosures to be made in a timely fashion. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's design of its internal controls over financial reporting is based on the principles set out in the *Internal Control – Integrated Framework (2013)* issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In accordance with NI 52-109, the Company has filed certificates signed by its CEO and the CFO certifying certain matters with respect to the design of disclosure controls and procedures and the design of internal control over financial reporting as of March 31, 2026.

**Risks and Uncertainties**

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

**Technical Information**

All technical information in this MD&A has been prepared under the supervision of Mark Shimell, Chief Operating Officer, Professional Geoscientist in the Province of Saskatchewan, who is the Company's "Qualified Person" under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

**Caution Regarding Forward-looking Statements**

This MD&A includes certain statements that constitute "forward-looking statements", and "forward-looking information", within the meaning of applicable securities laws ("forward-looking statements" and "forward-looking information" are

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

collectively referred to as "**forward-looking statements**", unless otherwise stated). Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project", "guidance", "may", "will", "should", "could", "estimate", "predict" or similar words suggesting future outcomes or language suggesting an outlook. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans constitute forward-looking statements. By their nature, statements referring to mineral reserves, mineral resources or the potential economic viability constitute forward-looking statements. Forward-looking statements contained or implied in this MD&A include, but are not limited to, statements relating to the Company's ability to continue as a going concern; the Company's need for and intention to seek additional financing; success of the Company in obtaining financing that is adequate, with favourable terms, or at an acceptable cost; statements regarding the Company delaying or postponing exploration or evaluation plans, forfeiting rights to its properties, loss of its properties, reducing or terminating operations; potential strain on Canada's economy from external risks like trade disputes; monitoring of the developments of the external risks by Management; the effects of other factors, trends, commitments, events or uncertainties on the Company's business; the PFS enabling a feasibility study; statements regarding the focus on technical investigation and evaluation of the Project with the goal of a future development decision; the Conversion, including the price thereof; the impact of uncertainties of accounting policies and standards, including the impact on the Company's results of operations and presentation of financial results; relative cost of maintaining disclosure controls and their expected benefit; reduction or elimination of certain management and employee functions; statements regarding the Company's liquidity risk and market risk; and the Company's strategy, plans and goals, including related timelines and schedules thereof.

All forward-looking statements are based on the Company's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to: developments in world diamond markets, changes in diamond valuations, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of the Company, the effects of competition in the markets in which the Company operates, risks related to diamond breakage from extraction and diamond recovery, risks related to the Company's need for additional financing and the Company's ability to raise that financing, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the additional risks described in the Company's most recently filed Annual Information Form, annual and interim MD&A, news releases and technical reports. The Company's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

Although the Company considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to it, those assumptions may prove to be incorrect. When making decisions with respect to the Company, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events. Unless required by applicable securities laws, the Company does not undertake to update any forward-looking statement that is made herein.

### **Additional Information**

Additional information related to the Company, including the latest available Annual Information Form, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).



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**STAR DIAMOND CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
**THREE MONTHS ENDED MARCH 31, 2026**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**Notice to reader**

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

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

	As at March 31, 2026	As at December 31, 2025
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 195	\$ 724
Receivable (note 6)	8	25
Prepaid	405	351
<b>Total current assets</b>	<b>608</b>	<b>1,100</b>
Property, plant and equipment (note 7)	2,477	2,661
Exploration and evaluation assets (note 8)	9,593	9,593
<b>Total assets</b>	<b>\$ 12,678</b>	<b>\$ 13,354</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 9)	\$ 430	\$ 455
Lease liability (note 10)	28	56
Current portion of environmental rehabilitation provision (note 11)	131	131
<b>Total current liabilities</b>	<b>589</b>	<b>642</b>
Environmental rehabilitation provision (note 11)	7,337	7,317
<b>Total liabilities</b>	<b>7,926</b>	<b>7,959</b>
<b>Shareholder's equity</b>		
Share capital (note 14)	868,867	868,867
Warrant reserve (note 14)	1,685	1,685
Broker warrants (note 14)	12	12
Contributed surplus (note 15)	37,753	37,229
Deficit	(903,565)	(902,398)
<b>Total shareholder's equity</b>	<b>4,752</b>	<b>5,395</b>
<b>Total shareholder's equity and liabilities</b>	<b>\$ 12,678</b>	<b>\$ 13,354</b>

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

Going concern (note 3)  
Subsequent event (note 20)

**Approved by the Board of Directors on May 7, 2026**

"Wayne Malouf " Director

"Leslie Markow" Director

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

	<b>Three Months Ended March 31, 2026</b>	<b>Three Months Ended March 31, 2025</b>
<b>Expenses</b>		
Administration	\$ 633	\$ 301
Consulting and professional fees (note 16)	51	99
Corporate development	35	13
Exploration and evaluation (note 13)	427	467
	<b>1,146</b>	<b>880</b>
<b>Loss before the under noted items</b>	<b>(1,146)</b>	<b>(880)</b>
Unwinding of discount of lease liability (note 10)	(1)	(4)
Unwinding of discount of environmental rehabilitation provision (note 11)	(20)	(66)
Unwinding of discount of convertible debentures (note 12)	-	(11)
Interest expense (note 12)	-	(5)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (1,167)</b>	<b>\$ (966)</b>
<b>Net loss and comprehensive loss per share</b>		
- basic and diluted	\$ (0.00)	\$ (0.00)
<b>Weighted average number of common shares outstanding</b>		
- basic and diluted (000's)	<b>773,914</b>	<b>617,753</b>

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

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

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
<b>Operating activities</b>		
Net loss for the period	\$ (1,167)	\$ (966)
Adjustments for:		
Depreciation on property, plant and equipment (note 7)	184	252
Fair value of share-based payments expensed	524	20
Unwinding of discount of lease liability (note 10)	1	4
Unwinding of discount of environmental rehabilitation provision (note 11)	20	66
Unwinding of discount of convertible debentures	-	11
Interest expense (note 12)	-	5
Changes in non-cash working capital items:		
Receivable	17	(3)
Prepaid	(54)	(69)
Accounts payable and accrued liabilities	(25)	187
<b>Net cash used in operating activities</b>	<b>(500)</b>	<b>(493)</b>
<b>Investing activities</b>		
Proceeds from sale of Wescan Goldfields Inc.	-	114
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>114</b>
<b>Financing activities</b>		
Proceeds from convertible debentures	-	565
Lease payments	(29)	(29)
<b>Net cash provided by (used in) financing activities</b>	<b>(29)</b>	<b>536</b>
<b>Net change in cash and cash equivalents</b>	<b>(529)</b>	<b>157</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>724</b>	<b>164</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 195</b>	<b>\$ 321</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	\$ 185	\$ 321
Guaranteed Investment Certificate	10	-
	<b>\$ 195</b>	<b>\$ 321</b>

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

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

	Share capital (\$)	Warrants reserve	Broker warrants	Contributed surplus	Accumulated deficit	Total
<b>Balance, December 31, 2024</b>	\$ 866,002	\$ 2,215	\$ 64	\$ 35,504	\$ (898,579)	\$ 5,206
Issuance of shares on redemption of RSUs	35	-	-	(35)	-	-
Warrants issued	-	226	-	-	-	226
Share-based payments	-	-	-	20	-	20
Net loss for the period	-	-	-	-	(966)	(966)
<b>Balance, March 31, 2025</b>	\$ 866,037	\$ 2,441	\$ 64	\$ 35,489	\$ (899,545)	\$ 4,486
<b>Balance, December 31, 2025</b>	\$ 868,867	\$ 1,685	\$ 12	\$ 37,229	\$ (902,398)	\$ 5,395
Share-based payments	-	-	-	524	-	524
Net loss for the period	-	-	-	-	(1,167)	(1,167)
<b>Balance, March 31, 2026</b>	\$ 868,867	\$ 1,685	\$ 12	\$ 37,753	\$ (903,565)	\$ 4,752

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

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**Star Diamond Corporation**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2026**

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

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**1. Corporate information**

Star Diamond Corporation (the "Company") was incorporated under the Canada Business Corporations Act on April 29, 1985 and its shares are publicly traded on the Toronto Stock Exchange ("TSX"). The principal activities of the Company are the exploration and evaluation of diamond projects. The Company is located at 702 – 224 4th Avenue South, Saskatoon, Saskatchewan, Canada.

**2. Basis of presentation and statement of compliance**

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2026 (the "Interim Financial Statements"), have been prepared in accordance with IAS 34 *Interim Financial Reporting* using accounting policies consistent with IFRS Accounting Standards ("IFRS"). These Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025 (the "2025 Annual Financial Statements"), which have been prepared in accordance with IFRS.

The accounting policies and methods of application applied by the Company in these Interim Financial Statements are the same as those applied in the Company's 2025 Annual Financial Statements.

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

These Interim Financial Statements were authorized for issue by the Board of Directors on May 7, 2026.

(b) Basis of Measurement

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

(c) Basis of consolidation

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

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

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**Star Diamond Corporation**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2026**

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

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### **3. Going concern**

These unaudited condensed interim 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 March 31, 2026, the Company had an excess of current assets over current liabilities of \$19 including cash and cash equivalents of \$195. In addition, the Company had negative cash flows from operations of \$500, an accumulated deficit of \$903,565 and currently does not generate revenue. 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. See note 20.

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 unaudited condensed interim 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. Critical accounting judgments and key sources of estimation uncertainty**

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

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

#### **Critical judgments in applying accounting policies**

##### Going concern

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

##### Impairment indicators for exploration and evaluation assets

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

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

##### Classification of business combination or asset acquisition

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

##### **Key sources of estimation uncertainty**

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

##### Impairment of exploration and evaluation assets

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

##### Fair value of acquisitions

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

##### Share-based payment transactions

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

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

##### Provision for environmental rehabilitation

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

#### **5. Changes to IFRS**

The following new standards and amendments to standards and interpretations were effective for the Company from January 1, 2026:

##### **Cash and cash equivalents (including electronic payment arrangements)**

Cash and cash equivalents consist of cash on hand and deposits held at financial institutions that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. The Company has early adopted the amendments to IFRS 9, Financial Instruments related to the derecognition of financial liabilities settled through electronic payment systems. In accordance with these amendments, a financial liability is derecognized before settlement when payment is effected through an electronic payment system and all of the following conditions are met: (i) the Company has no practical ability to withdraw, stop or cancel the payment instruction; (ii) the payment instruction results in the counterparty obtaining an enforceable right to receive cash; and (iii) the Company does not have access to the cash transferred once the payment instruction is initiated. When these conditions are satisfied, the related financial liability and the corresponding cash and cash equivalent balance are derecognized on the date the payment instruction is initiated rather than on the settlement date.

There was no significant impact on the financial statements as a result of adoption.

The following new standards and amendments to standards and interpretations are not yet effective for the current year.

##### **IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS18")**

IFRS 18 will be applicable for annual periods beginning or after January 1, 2027, with early adoption permitted. Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. The Company's consolidated financial statements are expected to include changes related to categorization and subtotals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Company is in the process of determining the impact of the above changes.

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

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**6. Receivable**

	As at March 31, 2026	As at December 31, 2025
GST	\$ 8	\$ 24
Other	-	1
<b>Total</b>	<b>\$ 8</b>	<b>\$ 25</b>

**7. Property, plant and equipment**

Cost	Plants, buildings and leases	Computer software and vehicles	Equipment	Total
Balance, December 31, 2024	\$ 1,480	\$ 208	\$ 3,702	\$ 5,390
Additions	37	-	-	37
Disposals	(5)	-	(26)	(31)
<b>Balance, December 31, 2025 and March 31, 2026</b>	<b>\$ 1,512</b>	<b>\$ 208</b>	<b>\$ 3,676</b>	<b>\$ 5,396</b>

**Accumulated depreciation**

Balance, December 31, 2024	\$ (760)	\$ (67)	\$ (914)	\$ (1,741)
Depreciation for the year	(125)	(42)	(837)	(1,004)
Disposals	-	-	10	10
<b>Balance, December 31, 2025</b>	<b>\$ (885)</b>	<b>\$ (109)</b>	<b>\$ (1,741)</b>	<b>\$ (2,735)</b>
Depreciation for the period	(31)	(7)	(146)	(184)
<b>Balance, March 31, 2026</b>	<b>\$ (916)</b>	<b>\$ (116)</b>	<b>\$ (1,887)</b>	<b>\$ (2,919)</b>

**Carrying value**

Balance, December 31, 2025	\$ 627	\$ 99	\$ 1,935	\$ 2,661
<b>Balance, March 31, 2026</b>	<b>\$ 596</b>	<b>\$ 92</b>	<b>\$ 1,789</b>	<b>\$ 2,477</b>

**8. Exploration and evaluation assets**

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

	<b>Fort à la Corne Properties</b>
Balance, December 31, 2024	\$ 10,404
Environmental rehabilitation provision adjustment	(811)
<b>Balance, December 31, 2025 and March 31, 2026</b>	<b>\$ 9,593</b>

As at March 31, 2026, the Company's principal asset is its 100% interest in the Fort à la Corne Project (the "FaIC 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.

**Star Diamond Corporation**  
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**8. Exploration and evaluation assets (continued)**

Fort à la Corne Project

The FaIC 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.

The FaIC 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 March 31, 2026, the value for this contingent consideration was determined to be \$nil (December 31, 2025 - \$nil).

Buffalo Hills Diamond Project

The Company holds a 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.

**9. Accounts payable**

	<b>As at March 31, 2026</b>	<b>As at December 31, 2025</b>
Accounts payable	\$ 177	\$ 256
Accrued liabilities	174	165
Vacation pays, taxes, PST and other	79	34
<b>Total</b>	<b>\$ 430</b>	<b>\$ 455</b>

**10. Lease liabilities**

	<b>As at March 31, 2026</b>	<b>As at December 31, 2025</b>
Balance, beginning of period	\$ 56	\$ 122
Additions	-	37
Lease payments	(29)	(114)
Unwinding of discount	1	11
<b>Total lease liability, end of the period</b>	<b>\$ 28</b>	<b>\$ 56</b>

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

Less than one year	\$ 29
Two to three years	-
<b>Total undiscounted lease liability - March 31, 2026</b>	<b>\$ 29</b>

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.

**Star Diamond Corporation**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**11. Environmental rehabilitation provision**

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

	<b>As at March 31, 2026</b>	<b>As at December 31, 2025</b>
<b>Fort à la Corne properties</b>		
Balance, beginning of period	\$ 7,448	\$ 8,090
Revisions in estimates and changes in discount rates	-	(811)
Unwinding of discount	20	169
Total environmental rehabilitation provision	<b>7,468</b>	7,448
Less: estimate of current portion	<b>(131)</b>	(131)
Long-term environmental rehabilitation provision, end of period	<b>\$ 7,337</b>	\$ 7,317

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 three months ended March 31, 2026, the Company recorded an accretion expense of \$20 (three months ended March 31, 2025 - \$66). The Company estimates its total undiscounted future decommissioning and reclamation costs to be \$9,732 (December 31, 2025 - \$9,732).

The Company's decommissioning and rehabilitation plans, and related security are reviewed and accepted by the Saskatchewan Ministry of the Environment.

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**Star Diamond Corporation**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2026**

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## **12. 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 fair value through profit or loss ("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.

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 Qualified 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 14), 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.

**Star Diamond Corporation**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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(In thousands of Canadian dollars, except common shares or per share amounts or as otherwise noted)

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**13. Exploration and evaluation expense**

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
<b>Fort à la Corne properties</b>		
Depreciation of property, plant and equipment	\$ 158	\$ 225
Exploration and evaluation	200	237
Share-based payments (note 15)	69	5
<b>Total</b>	<b>\$ 427</b>	<b>\$ 467</b>

**14. Share capital and reserves**

**Authorized**

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

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

**Common shares issued and fully paid**

	Three Months Ended March 31, 2026		Year Ended December 31, 2025	
	Common Shares	Amount	Common Shares	Amount
Outstanding, beginning of the period	773,914,090	\$ 868,867	617,573,981	\$ 866,002
Issuance of shares (net of issue costs)	-	-	133,333,333	1,980
Issuance of shares on redemption of RSUs and DSUs	-	-	7,874,040	511
Issuance of shares on debt conversion	-	-	15,132,736	
Outstanding, end of the period	<b>773,914,090</b>	<b>\$ 868,867</b>	773,914,090	\$ 868,867

Shares issued during the period ended March 31, 2026:

There were no shares issued during the period ended March 31, 2026.

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.

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**Star Diamond Corporation**  
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**Three Months Ended March 31, 2026**

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#### **14. Share capital and reserves (continued)**

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 Resources s.a.r.l. ("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.

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 12). 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.

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.

#### **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 15 for further details on these share-based payment plans.

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**14. Share capital and reserves (continued)**

Warrant reserve

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

	Three Months Ended March 31, 2026			Year Ended December 31, 2025		
	Warrants	Average price	Amount	Warrants	Average price	Amount
Outstanding, beginning of period	184,711,885	\$ 0.06	\$ 1,685	28,312,300	\$ 0.15	\$ 2,215
Issued	-	-	-	173,066,252	0.05	1,314
Expired	-	-	-	(16,666,667)	0.40	(1,844)
Outstanding, end of period	184,711,885	\$ 0.06	\$ 1,685	184,711,885	\$ 0.06	\$ 1,685

A summary of the warrants outstanding at March 31, 2026 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

In February 2025, the Company issued an aggregate of 28,000,000 warrants in connection with the issuance of the Debentures (see note 12).

On August 6, 2025, 133,333,333 warrants were issued in connection to the Private Placement (see note 14). 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 12 and 14). 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.

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**14. 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:

	Three Months Ended March 31, 2026			Year Ended December 31, 2025		
	Broker warrants	Average price	Amount	Broker warrants	Average price	Amount
Outstanding, beginning of period	338,280	\$ 0.12	\$ 12	806,091	\$ 0.14	\$ 64
Expired	-	-	-	(467,811)	0.15	(52)
Outstanding, end of period	338,280	\$ 0.12	\$ 12	338,280	\$ 0.12	\$ 12

A summary of the broker warrants outstanding at March 31, 2026 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	

**15. 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.

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**15. Share-based payments (continued)**

**(a) Share option plan (continued)**

The expense related to the Company's share option plan is recognized in the statements of loss and comprehensive loss is as follows:

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Administration	\$ 455	\$ 15
Exploration and evaluation	69	5
	<b>\$ 524</b>	<b>\$ 20</b>

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

	Three Months Ended March 31, 2026		Year Ended December 31, 2025	
	Options	Average price	Options	Average price
Outstanding, beginning of period	14,618,000	\$ 0.09	15,039,500	\$ 0.15
Granted	46,000,000	0.05	4,450,000	0.05
Expired	(1,958,000)	0.22	(4,031,000)	0.23
Forfeited	(4,287,500)	0.09	(840,500)	0.23
Outstanding, end of period	54,372,500	\$ 0.05	14,618,000	\$ 0.09

During the three months ended March 31, 2026, 46,000,000 stock options were granted. 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.

	Three Months Ended March 31, 2026	Year Ended December 31, 2025
Share price at grant date	\$0.035	\$0.09
Exercise price	\$0.05	\$0.09
Expected volatility	110.80 - 113.90%	87.93 - 96.53%
Estimated option life	5 years	2.5 - 3.5 years
Expected dividends	0%	0%
Risk-free interest rate	2.94 - 3.22%	3.96 - 4.15%
Fair value at grant date	\$0.03	\$0.05-\$0.06

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**15. Share-based payments (continued)**

**(a) Share option plan (continued)**

The following table reflects the actual stock options issued and outstanding as of March 31, 2026:

<b>Number outstanding</b>	<b>Number exercisable</b>	<b>Exercise price (\$)</b>	<b>Expiry date</b>
2,000,000	2,000,000	0.09	November 29, 2028
1,722,500	1,722,500	0.09	December 7, 2028
200,000	133,333	0.085	April 1, 2029
1,500,000	1,000,000	0.04	February 28, 2030
2,950,000	983,333	0.055	April 16, 2030
41,000,000	13,666,667	0.05	February 4, 2031
5,000,000	1,666,667	0.05	March 26, 2031
<b>54,372,500</b>	<b>21,172,500</b>		

**(b) Deferred share unit plan**

The Company has established a deferred share unit plan (the "DSU Plan"), which provides for the grant of DSUs to eligible directors of the Company. The DSU Plan provides for settlement to eligible directors through cash payment or the issuance of common shares. The form of settlement is at the option of the Company.

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

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

	<b>Three Months Ended March 31, 2026</b>	<b>Year Ended December 31, 2025</b>
Outstanding, beginning of period	-	2,162,250
Granted	-	2,500,000
Redeemed	-	(4,662,250)
Outstanding, end of period	-	-

During the three months ended March 31, 2026, no DSUs were granted (2025 - 2,500,000). The weighted average fair value of the DSUs granted was \$nil (2025 - \$0.02).

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**15. 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.

For the three months ended March 31, 2026 and year ended December 31, 2025, no PSUs have been granted.

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

	<b>Three Months Ended March 31, 2026</b>	<b>Year Ended December 31, 2025</b>
Outstanding, beginning of period	-	1,000,000
Granted	-	3,295,124
Redeemed for common shares from treasury	-	(3,961,790)
Forfeited	-	(333,334)
Outstanding, end of period	-	-

During the three months ended March 31, 2026, no RSUs were granted (2025 - 3,295,124).

During the three months ended March 31, 2025, 3,295,124 RSUs were granted. The weighted average fair value of the RSUs granted was \$0.03. The RSUs vested immediately.

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**16. Related party transactions**

**Related party transactions with key management personnel**

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

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Director fees	\$ 19	\$ 25
Salaries to key management personnel	97	60
Consulting and management fees paid to related companies	21	104
Share-based payments	426	12
	<b>\$ 563</b>	<b>\$ 201</b>

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 three months ended March 31, 2026 and 2025 is as follows:

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Administration	\$ 514	\$ 118
Exploration and evaluation	49	83
	<b>\$ 563</b>	<b>\$ 201</b>

**17. Commitments**

The Company has various lease contracts with purchase commitments as at March 31, 2026.

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	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29
Mineral lease	112	112	112	112	112	112	672
Total	<b>\$ 141</b>	<b>\$ 112</b>	<b>\$ 112</b>	<b>\$ 112</b>	<b>\$ 112</b>	<b>\$ 112</b>	<b>\$ 701</b>

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## 18. Financial instruments

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

The 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 March 31, 2026, the Company's credit risk relates to its cash and cash equivalents of \$195 (December 31, 2025 - \$724).

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet regulatory liquidity and spending requirements as well as meet its financial obligations. The Company's approach to managing liquidity risk is to forecast future cash flows to ensure that it will have sufficient liquidity to meet its obligations when it is due. To ensure the Company has sufficient cash on hand, the Company prepares annual capital and operating budgets which are regularly monitored and updated as considered necessary. At March 31, 2026, the Company had a working capital of \$19 including cash and cash equivalents of \$195. In addition to regulatory spending requirements at March 31, 2026, the Company has trade payables and other lease payments as set out in the following table on an undiscounted basis:

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Trade payables and accrued liabilities	\$	430
Lease payments		29
Environmental rehabilitation provision		131
Total	\$	590

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## **18. 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.

## **19. Capital management**

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

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

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

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

The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's policies around the management of its capital requirements for the period ended March 31, 2026.

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**20. Subsequent event**

On April 28, 2026, the Company entered into a convertible loan agreement (the "Loan Agreement") with Spirit Resources s.a.r.l ("Spirit"). Pursuant to the terms of the Loan Agreement, Spirit advanced an unsecured loan in the amount of \$500 (the "Loan"). The Loan bears interest at a rate of 12% per annum and matures one year after the drawdown date of April 28, 2026, or such other date mutually agreed between the Company and Spirit (the "Maturity Date"). The Loan, together with accrued and unpaid interest thereon (the "Total Obligations"), are generally repayable at any time by the Company without penalty. If the Company has not repaid the Total Obligations before the closing of a sale of common shares in the capital of the Company, or units including common shares, in a single or series of transactions of no less than \$1,000 (a "Qualified Financing") prior to the Maturity Date, the Total Obligations will be converted into the securities of the Company issued pursuant to the Qualified Financing ("Qualified Financing Securities") upon closing of the Qualified Financing (the "Conversion"), unless otherwise agreed between the Company and Spirit. The deemed price per Qualified Financing Security issuable upon Conversion will be the lowest price per Qualified Financing Security issued in the Qualified Financing, subject to customary adjustment provisions. The Conversion is conditional upon receipt of the approval of the Toronto Stock Exchange.