

# STAR DIAMOND CORPORATION

## INFORMATION CIRCULAR

### ANNUAL GENERAL & SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON TUESDAY, MAY 30, 2023

#### SOLICITATION OF PROXIES

This information circular (the "Information Circular") is furnished in connection with the solicitation by the management of Star Diamond Corporation (the "Corporation") of proxies to be used at the Annual General & Special Meeting (the "Meeting") of the holders (the "Shareholders") of Common Shares of the Corporation (the "Common Shares"), which is to be held at Delta Marriott Hotel, 405-20<sup>th</sup> Street East, Saskatoon, Saskatchewan, Canada on Tuesday, May 30, 2023, at 10:30 AM (Central Standard Time ("CST")). Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile or electronic or oral communication by the directors and officers of the Corporation, at no additional compensation. The cost of the solicitation of proxies will be borne by the Corporation. Unless otherwise stated, the information contained in this Information Circular is given as at April 14, 2023 and all dollar amounts are expressed in Canadian dollars, except where otherwise stated.

#### APPOINTMENT OF PROXYHOLDERS

Ewan D. Mason and Lisa K. Riley (the designees named in the accompanying form of proxy) are directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder), other than Ewan D. Mason or Lisa K. Riley to represent such Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the other person in the blank space provided on the form of proxy.

**A Form of Proxy will not be valid unless it is deposited at the offices of Odyssey Trust Company ("Odyssey Trust") not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.**

Registered Shareholders may use the internet site at <https://login.odysseytrust.com/pxlogin> to transmit their voting instructions. Registered Shareholders should have the form of proxy in hand when they access the website and will be prompted to enter their Control Number, which is located on the form of proxy. Registered Shareholders can also return their proxies using the following methods: by mail at the offices of Odyssey Trust either in person, or by mail or courier, Odyssey Trust, Attn: Proxy Department, 702 - 67 Yonge St., Toronto, ON M5E 1J8, or via email at [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com), or via the internet at <https://login.odysseytrust.com/pxlogin>. The proxy must be deposited with Odyssey Trust by no later than 10:30 AM CST on Friday, May 26, 2023. If registered Shareholders vote by internet, their vote must be received not later than 10:30 AM (CST) on Friday, May 26, 2023, or 48 hours prior to the time of any adjournment of the Meeting. **The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions.**

#### REVOCATION OF PROXIES

A registered Shareholder who has submitted a Form of Proxy may revoke it by an instrument in writing signed by the Shareholder or by an authorized attorney or, if the registered Shareholder is a corporation, by a duly authorized officer, and deposited either: (i) by mail at the offices of or by hand at the offices of, Odyssey Trust, Attn: Proxy Department, 702 - 67 Yonge St., Toronto, ON M5E 1J8, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof; (ii) at the offices of the Corporation at Suite 600, 224 - 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof; or (iii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. In addition, a Form of Proxy may be revoked: (i) by the registered Shareholder personally attending at the Meeting and voting the securities represented thereby or, if the registered Shareholder is a corporation, by a representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law. Shareholders who do not have their Common Shares registered in their own name ("**Non-registered Shareholders**") may change the voting instructions given to an intermediary by notifying such intermediary in accordance with the intermediary's instructions.

## Advice to Non-Registered Shareholders

**The information set forth in this section is of significant importance to some Shareholders as some Shareholders do not have their Common Shares registered in their own name.** Non-Registered Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted upon the instructions of the Non-Registered Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, Non-Registered Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person or that the Common Shares are duly registered in their name such that they become a registered holder and can vote as such.**

In accordance with the requirements of National Instrument 54-101, the Corporation has distributed copies of the Notice of Meeting, this Information Circular and the form of proxy (collectively, the "**Meeting Materials**") to the clearing agencies, brokers and intermediaries for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward Meeting materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them.

Applicable Canadian regulatory policy requires intermediaries to seek voting instructions from Non-Registered Shareholders in advance of Shareholders' meetings. Each intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. In some cases, the form of proxy supplied to a Non-Registered Shareholder by its intermediary is identical to the form of proxy provided to Registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (the intermediary) how to vote on behalf of the Non-Registered Shareholder. In Canada, the majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). In most cases, Broadridge mails a scannable voting instruction form (a "**VIF**") in lieu of the form of proxy provided by the Corporation and asks Non-Registered Shareholders to return the VIF to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Non-Registered Shareholder receiving a VIF from Broadridge cannot use that form to vote their Common Shares directly at the Meeting – the VIF must be returned to Broadridge or, alternatively, instructions must be received by Broadridge, as instructed by them, in order to have such Common Shares voted.**

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or an agent of the broker), a Non-Registered Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting, and register their appointment with Odyssey Trust. See "How to Attend and Participate in the Meeting" above. Non-Registered Shareholders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

## EXERCISE OF DISCRETION BY PROXYHOLDERS

The designees named in the accompanying form of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the direction of the Shareholder appointing them and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of such direction, the relevant Common Shares will be voted in favour of: (i) the election of directors; (ii) the appointment of auditors, at such remuneration as may be determined by the directors of the Corporation; and (iii) the approval of the continuation and the Amendment and Restatement of the Shareholder Rights Plan (as defined below).** The accompanying form of proxy confers discretionary authority upon the persons named

therein with respect to amendments to or variations of the matters identified in the notice of Meeting (the "Notice of Meeting") and with respect to other matters that may properly be brought before the Meeting. As of the date hereof, management of the Corporation knows of no such amendments, variations or other matters to be brought before the Meeting.

#### **SIGNING OF PROXY**

The form of proxy must be signed by the Shareholder or his duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer. A form of proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate shareholder) should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with the Corporation).

#### **NOTICE-AND-ACCESS**

National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("National Instrument 54-101") and National Instrument 51-102 - *Continuous Disclosure Obligations* allow for the use of a "notice-and-access" regime for the delivery of proxy-related materials.

Under the notice-and-access regime, reporting issuers are permitted to deliver proxy-related materials by posting them on SEDAR as well as a website other than SEDAR and sending Shareholders a notice package that includes: (i) the voting instruction form or proxy; (ii) basic information about the Meeting and the matters to be voted on; (iii) instructions on how to obtain a paper copy of the materials; and (iv) a plain-language explanation of how the notice-and-access system operates and how the materials can be accessed online. Where prior consent has been obtained, a reporting issuer can send this notice package to Shareholders electronically. This notice package must be mailed to Shareholders from whom consent to electronic delivery has not been received.

The Corporation has elected to send this Information Circular to Shareholders using the notice-and-access regime. Accordingly, the Corporation will send the above-mentioned notice package to Shareholders which includes instructions on how to access the Information Circular online and how to request a paper copy of the Information Circular. Distribution of the Information Circular pursuant to the notice-and-access regime has the potential to substantially reduce printing and mailing costs and reduce the Corporation's impact on the environment.

The Corporation will not send its proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101. The Corporation intends to pay for proximate intermediaries to forward the proxy-related materials and the voting instruction form to objecting Non-Registered Shareholders under National Instrument 54-101.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

##### ***Voting of Common Shares - General***

At April 14, 2023, there are 475,996,620 Common Shares issued and outstanding, each of which carries the right to one vote at the Meeting.

**Only persons registered as holders of Common Shares as of the close of business on March 31, 2023 (the "Record Date") are entitled to receive notice of and to vote at the Meeting**, except that any person who acquires Common Shares from a Shareholder after the Record Date may vote the Common Shares so acquired if, not later than 10 days prior to the Meeting, that person makes a request to Odyssey Trust to have their name included on the Shareholders' list for the Meeting and establishes that they own the Common Shares.

##### ***Quorum***

Two persons present and holding or representing by proxy at least 5% of the Common Shares entitled to vote at the Meeting constitute a quorum.

## PRINCIPAL HOLDERS OF SHARES

To the knowledge of the directors and officers of the Corporation, as at the date hereof, the only person or companies known to beneficially own or exercise control or direction over more than 10% of the outstanding Common Shares is the following:

Name of Beneficial Owner	Number of Shares <sup>(1)</sup>	Percent <sup>(2)</sup>
Newmont Canada FN Holdings ULC (" <b>Newmont</b> ")	70,735,810	14.9%

1. Common Shares held as of April 14, 2023. The information as to Common Shares beneficially owned, not being within the knowledge of the Corporation, has been obtained from SEDI and SEDAR.
2. Based on total issued and outstanding Common Shares of the Corporation as of April 14, 2023.

## BUSINESS OF THE MEETING

### ***Financial Statements and Auditor's Report***

The consolidated financial statements of the Corporation for the fiscal year ended December 31, 2022, together with the auditor's report thereon, will be presented at the Meeting. Any questions the Shareholders have regarding the financial statements may be brought forward at the Meeting. Copies of the Corporation's annual and interim consolidated financial statements, the auditor's reports thereon and the management's discussion and analysis thereon are also available via SEDAR at [www.sedar.com](http://www.sedar.com). No vote by the Shareholders is required to be taken on the financial statements.

### ***Election of Directors***

In accordance with the by-laws of the Corporation, the directors have determined that four (4) directors shall be elected at the Meeting. All nominees are currently members of the board of directors (the "Board") of the Corporation. Each director elected will hold office until the next annual meeting of the Shareholders or until his or her successor is elected or appointed, unless his or her office is vacated earlier. It is the opinion of the current independent directors that the proposed nominees bring demonstrated and relevant industry experience and strategic acumen to the table. While board diversity is considered by the Board to be an important objective, it is the view of the independent directors that the significant experience and expertise of the director nominees outweighed the potential benefit of diversity candidates at this time.

**Unless otherwise directed, the designees named in the accompanying form of proxy intend to vote FOR the election, as directors, of the nominees whose names are set forth below.**

Management of the Corporation does not contemplate that any of the nominees will, for any reason, become unable or unwilling to serve as a director. The directors will be elected individually and not as a slate.

The following table identifies all persons to be nominated for election as directors. Also included in the table is a brief biography of each proposed director, the number of Common Shares each holds and a list of the committees of the Board on which each sits, if applicable.

<b>Ewan D. Mason<sup>(1)</sup></b> British Columbia, Canada Director since: September 6, 2017 Not Independent Shares held: 353,000			Mr. Mason has had a long career as a geologist, investment banker, consultant and corporate officer with extensive experience in corporate financings, restructuring and advisory work. Mr. Mason has served as a director and/or Chair for numerous mining and exploration companies and in addition is currently an owner, officer and director of a number of private corporations that are engaged in online ordering and inventory management in the sports apparel business.
<b>Member of:</b>	<b>2022 Attendance</b>	<b>Attendance (Total)</b>	
Board of Directors (Chair)	11 of 11	17 of 17	
Audit Committee	4 of 4 2 of 2	(100%)	

Compensation and Corporate Governance Committee			
<b>Securities Held at December 31, 2022 (at a market value of \$0.075 per Common Share):</b>			
<b>Shares</b>	<b>Total Market Value</b>	<b>Meets or Exceeds Minimum Shareholding Requirements</b>	
353,000	\$26,475	Yes	
<b>Options</b>	<b>Average Weighted Exercise Price of Options</b>	<b>Total Value of Exercisable Options</b>	
688,300	\$0.21	\$nil	
<b>DSUs</b>	<b>Total Value of DSUs</b>		
483,250	\$36,244		
<b>Total Compensation for the year ended December 31, 2022:</b>			
Stipends: \$121,925	DSUs: \$nil	Options: \$nil	Total: \$121,925

- (1) Effective January 1, 2023, Mr. Mason assumed the role of Interim President and Chief Executive Officer. He will continue to serve as Chair of the Board. As Interim President and Chief Executive Officer, Mr. Mason is not considered independent for purposes of NI 52-110.

<b>Lisa K. Riley<sup>(1)</sup></b> Ontario, Canada Director since: February 3, 2020 Independent Shares held: Nil			Ms. Riley has extensive experience in finance, and advisory work. She has held senior roles in equity research and equity sales at Lehman Brothers in New York, and RBC Dominion Securities, and TD Securities in London, England. Ms. Riley has advised as an independent consultant for mining companies, advising on financing strategies, government relations, and mergers and acquisitions. Ms. Riley has advised at several different levels of the Argentine government and has also provided consulting for mining companies operating or planning to operate in Latin America. Ms. Riley has served as a director to several mining companies. She is currently focused on developing investment products to be launched in Argentina. Ms. Riley graduated from the University of Toronto with a Bachelor of Arts.
<b>Member of:</b>	<b>2022 Attendance</b>	<b>Attendance (Total)</b>	
Board of Directors	11 of 11	17 of 17 (100%)	
Audit Committee (Chair) Compensation and Corporate Governance Committee	4 of 4 2 of 2		
<b>Securities Held at December 31, 2022 (at a market value of \$0.075 per Common Share):</b>			
<b>Shares</b>	<b>Total Market Value</b>	<b>Meets or Exceeds Minimum Shareholding Requirements</b>	
Nil		No	
<b>Options (Total/Exercisable)</b>	<b>Average Weighted Exercise Price of Options</b>	<b>Total Value of Exercisable Options</b>	
507,500	\$0.23	\$nil	
<b>DSUs</b>	<b>Total Value of DSUs</b>		
129,000	\$9,675		
<b>Compensation for the year ended December 31, 2022:</b>			
Stipends: \$38,215	DSUs: \$nil	Options: \$nil	Total: \$38,215

- (1) Effective January 1, 2023, Ms. Riley was appointed the lead independent director of the Board and effective May 18, 2022, she was appointed Chair of the Audit Committee.

<b>Larry E. Phillips</b> Ontario, Canada Director since: February 17, 2022 Independent			Mr. Phillips is a lawyer and co-founded IAMGOLD Corp. in 1990. At IAMGOLD he was responsible for directing and managing all international investments, joint ventures and government relationships, helping build IAMGOLD into one
---	--	--	--

Shares held: Nil			of the largest gold mining companies in the world. He has been a member or advisor to numerous boards of directors, and served in senior executive positions with IAMGOLD, Niagara Ventures Corporation and Euro Resources SA. He has been Director of Compass Gold Corporation since 2012 and President and Chief Executive Officer since 2017. He serves as the President of Corplex Management Services, through which he provides corporate advisory services and directorship to public and private companies. Prior to joining IAMGOLD, he was the managing partner of a Toronto-based law firm specializing in corporate commercial law. He served as a Board Member of The World Gold Council from 2006 to 2011.
<b>Member of:</b>	<b>2022 Attendance</b>	<b>Attendance (Total)</b>	
Board of Directors	10 of 10	12 of 12 (100%)	
Audit Committee Compensation and Corporate Governance Committee (Chair)	2 of 2		
<b>Securities Held at December 31, 2022 (at a market value of \$0.075 per Common Share):</b>			
<b>Shares</b>	<b>Total Market Value</b>	<b>Meets or Exceeds Minimum Shareholding Requirements</b>	
Nil		No	
<b>Options (Total/Exercisable)</b>	<b>Average Weighted Exercise Price of Options</b>	<b>Total Value of Exercisable Options</b>	
200,000	\$0.125	\$nil	
<b>DSUs</b>	<b>Total Value of DSUs</b>		
Nil			
<b>Compensation for the year ended December 31, 2022:</b>			
Stipends: \$29,208	DSUs: \$nil	Options: \$13,600	Total: \$42,808

(1) Effective May 18, 2022, Mr. Phillips was appointed the Chair of the Compensation and Corporate Governance Committee.

<b>Marilyn D. Spink<sup>(1)</sup></b> Ontario, Canada Director since: March 3, 2023 Independent Shares held: Nil			Ms. Spink, P.Eng., CSR-P, has 30 years of technical expertise in metallurgical processing and mining project development from successful delivery of complex mineral development projects throughout the world ranging in value from USD \$500 million to \$9 billion. She has 15 years of volunteer and independent, non-executive, Corporate Director experience focusing on oversight of organizational strategy, management compensation and audit. She also serves as an independent director of Avalon Advanced Materials.
<b>Member of:</b>	<b>2022 Attendance</b>	<b>Attendance (Total)</b>	
Board of Directors			
Audit Committee Compensation and Corporate Governance Committee			
<b>Securities Held at December 31, 2022:</b>			
<b>Shares</b>	<b>Total Market Value</b>	<b>Meets or Exceeds Minimum Shareholding Requirements</b>	
<b>Options (Total/Exercisable)</b>	<b>Average Weighted Exercise Price of Options</b>	<b>Total Value of Exercisable Options</b>	
<b>DSUs</b>	<b>Total Value of DSUs</b>		
<b>Compensation for the year ended December 31, 2022:</b>			

(1) Effective March 3, 2023, Ms. Spink was appointed to the Board.

### ***Majority Voting for Directors***

The Board has repealed the Company's Majority Voting Policy as a result of recent amendments to the Canada Business Corporations Act ("CBCA") that now require majority voting for individual directors in uncontested director elections pursuant to the provisions set out in the CBCA, which amendments came into effect on August 31, 2022. The CBCA requires that directors stand for election each year at the annual meeting of shareholders. The CBCA also requires that a separate vote of shareholders is taken with respect to each candidate nominated for director. If there is an uncontested election, meaning that there is only one candidate nominated for each position available on the Board, each candidate is only elected if the number of votes cast in their favor represents a majority of the votes cast for and against them by the shareholders who are present in person or represented by proxy. If an incumbent director is not reelected in an uncontested election, the Director may continue in office until the earlier of either (i) the 90th day after the day of the election or (ii) the day on which their successor is appointed or elected.

Majority voting will not apply in the case of a contested election of directors, in which case the directors will be elected by a plurality of votes of the Common Shares represented in person or by proxy at the meeting and voted on the election of directors.

### ***Bankruptcies and Cease Trade Orders***

To the knowledge of the Corporation, and based upon information provided to it by the nominees for election as directors, no such nominee has, within the last 10 years, (i) become bankrupt, made a proposal under legislation relating to bankruptcy or insolvency, or become subject to any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee, or (ii) been a director or executive officer of any company (including the Corporation) that, while the nominee was acting in that capacity (or within a year of ceasing to act in that capacity), became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such company or other entity, except as provided below. Further, to the knowledge of the Corporation, and based upon information provided to it by the nominees for election as directors, no such nominee has, within the last 10 years, been a director, chief executive officer or chief financial officer of a company (including the Corporation) that, during the time the nominee was acting in such capacity or as a result of events that occurred while the nominee was acting in such capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities laws that was in effect for a period of more than 30 consecutive days.

### ***Penalties and Sanctions***

To the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such persons) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for such proposed nominee.

### ***Director Compensation***

Compensation for Directors who are not also officers of the Corporation ("**outside directors**") is comprised of a monthly stipend of \$2,083.33. The Chair of the Board also receives a monthly stipend of \$1,250; the Chair of the Audit Committee also receives a monthly stipend of \$833.33; and, the Chair of the Compensation and Corporate Governance Committee receives a monthly stipend of \$416.67. During 2022, each outside director also received an additional monthly stipend of \$2,000 for serving on a special committee and an hourly special committee rate of \$150 per hour. The Chair of the special committee also received an additional stipend of \$75,000. Outside directors may annually elect to receive deferred share units ("**DSUs**") in lieu of their cash stipend compensation. During the financial year ended December 31, 2022, no outside directors made such an election.

In addition, each outside director is eligible to receive share-based compensation in the form of DSUs and stock options ("**Options**") of the Corporation. The aggregate maximum number of share-based compensation which may be held by outside directors is limited to 1% of the total issued and outstanding Common Shares of the Corporation. During the

financial year ended December 31, 2022, no DSUs were granted and 200,000 Options were granted with an exercise price of \$0.125. The Deferred Share Unit Plan is discussed further in this Information Circular under "Equity Compensation Plans".

#### Share Ownership Guidelines

The minimum mandatory retention of Common Shares by outside directors is 20,000. Directors have up to five years in which to fulfill this minimum holding requirement. The Corporation does not have a policy for minimum mandatory retention of Common Shares by directors that are also officers.

#### Director Compensation Table

The following table sets forth the compensation paid by the Corporation to the directors who are not named executive officers (the "NEOs") in 2022:

Director	Year Ended Dec. 31	Fees Earned (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
Ewan D. Mason <sup>(3)(4)(5)</sup>	2022	121,925	-	-	-	-	-	-	121,925
Lisa K. Riley <sup>(3)(4)(6)</sup>	2022	38,215	-	-	-	-	-	-	38,215
Larry E. Phillips <sup>(3)(4)</sup>	2022	29,208	-	13,600	-	-	-	-	42,808
Harvey J. Bay <sup>(7)</sup>	2022	13,366	-	-	-	-	-	-	13,366

#### Notes:

1. The grant date fair value of the DSUs granted is determined based on the five-day volume weighted average trading price of the Common Shares preceding the date of grant. No DSUs were granted in 2022.
2. The grant date fair value of the Options granted during 2022 was estimated using the Black-Scholes option-pricing model with the following assumptions: share price of \$0.125, risk free interest rate of 3.27%, expected stock price volatility of 89.8%, expected dividend yield of 0% and estimated option life of 2.5 years.
3. Member of the Compensation and Corporate Governance Committee at April 14, 2023.
4. Member of the Audit Committee at April 14, 2023.
5. Chair of the Board at April 14, 2023.
6. Independent Lead Director at April 14, 2023.
7. Mr. Bay retired from the Board effective May 18, 2022.

#### Outstanding Equity Awards for Directors

The following table sets forth, for each director that is not a NEO, information regarding all share-based awards and option-based awards that are outstanding as of December 31, 2022:

Director	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed <sup>(2)</sup> (\$)
Ewan D. Mason	80,800	0.19	April 2, 2023	-			
	300,000	0.20	June 25, 2024	-			



Director	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed <sup>(2)</sup> (\$)
	151,500	0.225	August 18, 2025	-			
	156,000	0.215	February 1, 2026	-	-	-	36,244
Lisa K. Riley	200,000	0.245	May 28, 2025	-			
	151,500	0.225	August 18, 2025	-			
	156,000	0.215	February 1, 2026	-	-	-	9,675
Larry E. Phillips	200,000	0.125	August 16, 2027	-	-	-	-
Harvey J. Bay <sup>(3)</sup>	80,800	0.19	April 2, 2023	-			
	300,000	0.20	June 25, 2024	-			
	151,500	0.225	August 18, 2025	-			
	156,000	0.215	February 1, 2026	-	-	-	30,326

**Note:**

1. The value of the unexercised in-the-money Options has been calculated based on the difference between the exercise price of the Options and the closing price of the Common Shares on December 31, 2022 of \$0.075.
2. Market or payout value of vested deferred share units has been calculated based on the closing price of the Common Shares on December 31, 2022 of \$0.075.
3. Mr. Bay retired from the Board effective May 18, 2022.

*Incentive Plan Awards for Directors – Value Vested or Earned*

The following table sets forth, for each director that is not a NEO, the value vested or earned on all share-based awards and option-based awards for the year ended December 31, 2022:

Director	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year
Ewan D. Mason	-	-	-
Lisa K. Riley	-	-	-
Larry E. Phillips	-	-	-
Harvey J. Bay	-	-	-

**Note:**

1. Represents the aggregate dollar value that would have been realized if Options had been exercised on the vesting date, based on the difference between the closing price of the Corporation's Common Shares on the TSX on the vesting date and the exercise price of the Options. The Options vested on the day they were granted.
2. Represents the aggregate dollar value that would have been realized if DSUs had been exercised on the vesting date, based on the five-day volume weighted average trading price of the Common Shares preceding the vesting date of the DSUs.

## ***Appointment of Auditor***

The Audit Committee and the Board recommend the reappointment of KPMG LLP, Chartered Professional Accountants as auditor of the Corporation. KPMG LLP, Chartered Professional Accountants were first appointed auditor of the Corporation in 2002.

The resolution appointing the auditors must be passed by a simple majority (50% + 1 vote) of the votes cast by Shareholders present in person or by proxy at the Meeting.

**Unless otherwise directed, the designees named in the accompanying form of proxy intend to vote FOR the appointment of KPMG LLP, Chartered Professional Accountants, Saskatoon, Saskatchewan, as auditor of the Corporation, to hold office until the next annual meeting of the Shareholders, at a remuneration to be determined by the Board.**

## ***Approval of the Continuation and the Amendment and Restatement of the Shareholder Rights Plan***

### *Background*

On January 18, 2005, the Board adopted the Shareholder Rights Plan (the "**Rights Plan**") the terms and conditions of which are set out in the Rights Plan dated as of January 19, 2005, as amended and restated on June 14, 2011, and as further amended and restated on September 6, 2017 (the "**Existing Rights Plan**") between the Corporation and Computershare Trust Company of Canada.

At the annual meeting of shareholders of the Corporation held on May 13, 2020, the shareholders approved the continuation of the Existing Rights Plan until the termination of the annual meeting of shareholders in the year 2023. At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve an ordinary resolution ("**Rights Plan Resolution**"), the text of which is set forth below under "Proposed Resolution and Board Recommendation", to continue the Existing Rights Plan until the annual meeting of shareholders in the year 2026. The Rights Plan Resolution also authorizes the Corporation to enter into an amended and restated shareholder rights plan agreement with Odyssey Trust Company the ("**Rights Agent**"), which amends and restates the Existing Rights Plan and continues the rights issued thereunder.

Certain amendments to the Existing Rights Plan are being proposed as described below under "Proposed Amendments". The amended and restated plan is referred to herein as the "Rights Plan". With the exception of the amendments described herein, the Rights Plan is identical to the Existing Rights Plan.

### *Purpose of the Shareholder Rights Plan*

The Rights Plan is intended to ensure, to the extent possible, the fair and equal treatment of all Shareholders in connection with any take-over bid or similar proposal to acquire Common Shares. The Rights Plan is also intended to provide all Shareholders with an equal opportunity to share in any premium paid upon an acquisition of control of the Corporation and to allow both the Shareholders and the Board adequate time to assess a take-over bid made for the Common Shares in relation to the circumstances and prospects of the Corporation and to allow a reasonable period of time for the Board to explore and develop alternative courses of action in an attempt to maximize Shareholder value, if the Board is of the opinion that it is appropriate to do so.

The Rights Plan is intended to provide all Shareholders with an equal opportunity to share in any premium paid upon an acquisition of control of the Corporation. While existing securities legislation has substantially addressed many concerns of unequal treatment, exemptions to take-over bid legislation can allow a shareholder or group of shareholders to acquire control of an issuer without making a formal take-over bid to all shareholders. For example, control of an issuer may be acquired pursuant to one or more private agreements pursuant to which a small group of shareholders dispose of their shares at a premium to the market price which premium is not shared by other shareholders. In addition, a person may slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all shareholders. These scenarios could result in a shareholder or group of shareholders acquiring control without paying fair value to all shareholders, sometimes referred to as a "creeping bid". The Rights Plan addresses these concerns as it applies to all acquisitions greater than 20% of the Common Shares to better ensure that all shareholders receive equal treatment.

Historically, a rights plan also gave the board of directors of the issuer more time to assess alternatives for maximizing shareholder value than was provided for under applicable Canadian securities laws. Applicable Canadian securities laws were amended, effective May 9, 2016, to, among other things, extend the minimum time that a take-over bid must generally remain open for in Canada to 105 days from 35 days essentially replacing the provisions of the Rights Plan affording a board more time to assess alternatives. However, these amendments to Canadian securities laws do not prevent offerors from making the creeping bids described above without also making an offer to all shareholders. The Rights Plan protects against creeping bids.

The Rights Plan addresses creeping bids by requiring offerors to:

- make permitted bids under the Rights Plan, which give Shareholders an opportunity to participate in the transaction – a permitted bid meets specific conditions (for example, it must be made to all Shareholders and remain open for acceptance for at least 105 days, or the minimum period that a formal take-over bid is required to remain open for in the relevant circumstances under current Canadian securities laws if less than 105 days); or
- make an offer that does not qualify as a "permitted bid" but is negotiated with the Corporation and has been exempted by the Board from the application of the Rights Plan in light of the opportunity to bargain for agreed terms and conditions to the offer that are believed to be in the best interests of Shareholders.

The Rights Plan discourages an offeror from taking an approach that is not consistent with either of the above two approaches by creating the potential of significant dilution to any such offeror. This potential is created through the issuance to all Shareholders of contingent rights to acquire additional Common Shares at a significant discount to the then prevailing market prices, which could, in certain circumstances, become exercisable by all Shareholders other than an offeror and its associates, affiliates and joint actors with the potential of significantly diluting the value of the offeror's shares.

The continuation of the Existing Rights Plan is not being proposed in response to, or in anticipation of, any pending, threatened or proposed acquisition or take-over bid that is known to management of the Corporation. In addition, the proposed continuation of the Existing Rights Plan is not intended as a means to prevent a take-over of the Corporation, to secure the continuance of management or the Board in their respective offices, or to deter fair offers for the Common Shares. The rights of Shareholders under existing law to seek a change in the management or to influence or promote action of management in a particular manner are not affected by the Rights Plan. In addition, the Rights Plan does not affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation and its Shareholders.

#### *Proposed Amendments*

Pursuant to its terms, the Existing Rights Plan will expire upon the termination of the Meeting unless its continuation is ratified by the Shareholders at the Meeting in accordance with its provisions. Management reviewed the Shareholder rights plans of other public corporations in Canada and, with the exception of the proposed amendments described below, determined that there have been few, if any, other apparent changes to shareholder rights plans generally since the Shareholders approved the continuation of the Existing Rights Plan at the annual meeting of shareholders in the year 2020.

The following are the proposed amendments to the Existing Rights Plan contained within the proposed Rights Plan:

- the parties to the Rights Plan will be Star Diamond Corporation (to reflect the name change from Shore Gold Inc.) and Odyssey Trust Company; and
- the definition of "Expiration Time" has been revised to specify that Rights Plan will expire at the termination of annual meeting of Shareholders in the year 2026 unless it is otherwise terminated in accordance with its terms prior thereto; provided, however, if the continuation of the Rights Plan is ratified by the requisite shareholder approval at such annual meeting, the Rights Plan will continue until the termination of the annual meeting of shareholders in the year 2029 unless it is otherwise terminated in accordance with its terms prior thereto.

As previously noted, other than the amendments as described above, the Rights Plan is identical to the Existing Rights Plan. The Existing Rights Plan is available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). A copy of the blackline of the Rights Plan as compared to the Existing Rights Plan which highlights the amendments described above is also available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). The Corporation may further amend the terms of the Rights Plan prior to the Meeting pursuant to any comments it receives from any applicable securities regulatory authorities or

otherwise as any of its directors or officers may consider necessary or advisable.

#### *Proposed Resolution and Board Recommendation*

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the following Rights Plan Resolution:

"BE IT RESOLVED, as an ordinary resolution, that:

1. the continuation of the shareholder rights plan (the "**Rights Plan**") of Star Diamond Corporation (the "**Corporation**") is hereby ratified, confirmed and approved, and the Corporation is hereby authorized to enter into an Amended and Restated Shareholder Rights Plan Agreement to be dated as of May 30, 2023 with Odyssey Trust Company, as rights agent, which amends and restates the Shareholder Rights Plan Agreement dated as of January 19, 2005, as amended and restated as of June 14, 2011, as further amended and restated as of September 6, 2017 (the "**Rights Plan Agreement**") and continues the rights issued thereunder;
2. the making on or prior to May 30, 2023 of any other amendments to the Rights Plan Agreement as any director or officer of the Corporation may consider necessary or advisable to satisfy the requirements of any applicable securities regulatory authorities or otherwise in order to give effect to the amendments to the Rights Plan Agreement or to conform the Rights Plan to versions of shareholder rights plans then prevalent for public corporations in Canada is hereby approved;
3. any director or officer of the Corporation is hereby authorized to execute and deliver, whether under corporate seal or otherwise, the Rights Plan Agreement and any other agreements, instruments, notices, consents, acknowledgements, certificates and other documents (including any documents required under applicable laws or regulatory policies), and to perform and do all such other acts and things, as any such director or officer in his or her discretion may consider to be necessary or advisable from time to time in order to give effect to this resolution; and
4. notwithstanding the confirmation of holders of the common shares of the Corporation of the above resolutions, the directors of the Corporation may revoke the foregoing resolutions before they are acted on without any further approval by the holders of common shares of the Corporation."

Shareholder approval to continue the Existing Rights Plan, as amended as described herein, is required under the Existing Rights Plan. To pass, the Rights Plan Resolution must be approved by a simple majority of the votes cast by (i) all Shareholders, and (ii) if applicable, the "Independent Shareholders" (as defined in the Existing Rights Plan), in each case present in person or by proxy at the Meeting. The Corporation is not currently aware of any Shareholder whose votes will be ineligible to be counted towards the Rights Plan Resolution or any Shareholders that would not qualify as Independent Shareholders.

The Board has unanimously determined that it is appropriate and in the best interests of Shareholders to continue the Existing Rights Plan until the annual meeting of Shareholders in the year 2026 and to amend the Existing Rights Plan as described above under "Proposed Amendments". **The Board unanimously recommends that you vote FOR the Rights Plan Resolution. Unless otherwise directed, the management designees and in the accompanying Form of Proxy intend to vote FOR the Rights Plan Resolution.**

#### ***Other Business***

The Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters identified in the Notice of Meeting. However, if any other matter properly comes before the Meeting or any adjournment thereof, proxies solicited hereunder will be voted on such matter in the discretion of and according to the best judgment of the proxyholder unless otherwise indicated on such proxy.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors and officers of the Corporation, any proposed nominee for election as a director of the Corporation or any associate of any director, officer or proposed nominee is or has been indebted to the Corporation at any time during

the last completed financial year.

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation has insurance policies for the benefit of its directors and officers against liability incurred by them in the performance of their duties as directors and officers of the Corporation. Premiums are paid by the Corporation. The current annual limit is \$25 million per claim per policy period.

## **EXECUTIVE COMPENSATION**

### ***Compensation Committee and Corporate Governance Committee, Composition and Responsibilities***

The Corporation has a Compensation and Corporate Governance Committee (referred to in this section as the "Committee") of its Board comprised of the following three directors, all of whom were independent as at December 31, 2022, as defined by National Instrument 52-110 - *Audit Committees ("NI 52-110")* of the Canadian Securities Administrators and have experience in dealing with compensation matters: Larry E. Phillips (Chair); Ewan D. Mason and Lisa K. Riley. The Committee is responsible for recommending to the Board annually a compensation philosophy and for establishing associated guidelines for which the President and CEO is to be responsible. The Committee is also responsible for reviewing the performance of the Corporation's senior executives, for making recommendations to the Board with respect to compensation of the Corporation's senior executives and for reviewing the compensation of the Corporation's directors (as discussed earlier in this Information Circular). The Committee is also responsible for recommending to the Board on an annual basis the Compensation Discussion and Analysis to be included in the Corporation's information circular. Effective January 1, 2023, Ewan D. Mason assumed the role of interim President and Chief Executive Officer of the Company and as a result was no longer considered to be independent for purposes of NI 52-110. On March 3, 2023, the Company announced that it had appointed Marilyn D. Spink to the Board and subsequently to the Committee – Ms. Spink is independent for purposes of NI 52-110.

All the current Committee members have experience in the area of executive compensation through their involvement as senior leaders in other organizations. Mr. Phillips is a lawyer and co-founded IAMGOLD Corp. in 1990. At IAMGOLD he was responsible for directing and managing all international investments, joint ventures and government relationships, helping build IAMGOLD into one of the largest gold mining companies in the world. He currently serves as the President and Chief Executive Officer of Compass Gold Corporation. Ms. Riley has advised as an independent consultant for mining companies, advising on financing strategies, government relations, and mergers and acquisitions. Ms. Spink, P.Eng., CSR-P, has 30 years of technical expertise in metallurgical processing and mining project development from successful delivery of complex mineral development projects throughout the world ranging in value from USD \$500 million to \$9 billion. She has 15 years of volunteer and independent, non-executive, Corporate Director experience focusing on oversight of organizational strategy, management compensation and audit.

### ***Compensation Discussion and Analysis***

#### ***Compensation Philosophy and Objectives***

The objectives of the Corporation's compensation program are to provide a competitive base compensation as well as current and long-term incentives to the NEOs and other senior executives that are consistent with their individual performance and contribution to the Corporation's objectives. Levels of compensation must be established and maintained with the intent of attracting, retaining and motivating superior quality executives and providing a level of compensation competitive with the rates paid to executives in other companies who have similar responsibilities and technical experience. The policies are designed to preserve cash to the extent practicable, with executives participating in the upside potential of the Corporation, through share-based compensation, that aim to represent Shareholder returns.

The compensation program emphasizes individual experience and performance. As such, executives holding similar positions may receive substantially different levels of compensation. If circumstances dictate, the Committee will adjust certain elements of total compensation upward or downward to ensure the Corporation's compensation practices align with Shareholder interests while providing fair compensation to the Corporation's NEOs. For example, when resources are limited, the cash-based short-term incentive program may be reduced or eliminated and replaced with higher levels of share-based compensation in the form of Restricted Share Units ("**RSUs**") and/or Performance Share Units ("**PSUs**") and/or

Option grants. Previous grants are also taken into account when considering new grants of share-based compensation in the form of RSUs, PSUs and/or Option grants.

The Corporation has established compensation levels for the executives based on the individual's level of responsibility, the importance of the position to the Corporation, the individual's contribution to the Corporation's performance and comparisons of compensation for similar positions in the Canadian mining industry (as reported by independent national mining compensation surveys) or from other publicly available information of publicly traded companies of similar size and scope. Surveys may be utilized to help establish a reasonable basis and/or range for compensation of the Corporation's NEOs. The Survey uses data from Canadian mining companies with various market capitalizations and at various stages of development.

*What the Corporation's compensation program is designed to reward*

The Corporation's executive compensation practices are designed to attract and retain talented personnel capable of achieving the Corporation's objectives. The Corporation also utilizes compensation programs to motivate and reward the Corporation's executives for the ultimate achievement of the Corporation's goals. The Corporation makes use of complementary short-term and long-term incentive programs intended to provide fair, competitive and motivational rewards in the short-term while ensuring that the executives' long-term objectives remain aligned with those of the Corporation's Shareholders. The compensation practices employed by the Corporation are also designed to protect its executives from potential risks by providing reasonable benefits in the event a change of control occurs.

*Elements of the Corporation's compensation program*

The Corporation's executive compensation is comprised of four components: (1) base compensation, (2) short-term incentives, (3) long-term incentives; and (4) termination benefits.

**Base compensation** is designed to provide the executive a portion of his or her compensation with limited risk. The Corporation has established levels for the executives based on the individual's level of responsibility, the importance of the position to the Corporation, the individual's contribution to the Corporation's performance and comparisons of compensation for similar positions in the Canadian mining industry (such as the GGA Survey) or from other publicly available information of publicly traded companies of similar size and scope. In addition, the Committee, on an ad hoc basis, may compare the survey information to other Canadian exploration and development companies in a similar stage of development to ensure NEO base compensation levels are reasonable. Executive compensation must also be compatible with the Corporation's cash flow.

**Short-term incentives** in the form of cash bonuses are based on subjective criteria, including the Corporation's ability to pay such bonuses, individual performance, the executive's contributions to achieving the Corporation's objectives, progress towards publicly stated milestones that lead to the maximization of the Corporation's assets and other competitive considerations. To facilitate the process, the Corporation has established cash bonus ranges based on the executive's level within the organization and comparing bonus payments for similar positions in the Survey. The ranges for cash bonuses are based on the following:

<u>Position</u>	<u>Range</u> (as a % of base compensation)
President and CEO	0% - 100%
CFO	0% - 60%

The Committee reviews with the President and CEO the performance of each executive and has the ability to award bonuses within the established ranges based on the criteria listed above, as well as the accomplishment of the Corporation's goals. Movements in the Corporation's share price in relation to the accomplishment of the publicly stated objectives and its performance in relation to its peer group may influence the Committee's decision regarding any amounts to be ultimately awarded. An executive that meets expectations in his or her role is targeted to receive 50 percent of the range stated above.

In an effort to conserve cash, the Corporation did not award short-term incentives in the form of cash bonuses during 2022. No cash bonuses have been awarded to the Corporation's President and CEO from 2013 through 2022.

**Long-term incentives** are designed to provide executives with a long-term incentive to achieve the Corporation's objectives and contribute to Shareholder value. The use of long-term incentives is designed to motivate and retain the Corporation's

personnel in order to achieve the results that ultimately benefit the Shareholders. The Corporation's compensation policy reflects a belief that an element of total compensation for the Corporation's executive officers should be "at risk" to create a strong link to build Shareholder value. The Corporation also uses its long-term incentive programs, such as the Corporation's stock option plan (the "Stock Option Plan", as further described in this Information Circular under "Equity Compensation Plans") in lieu of post-retirement benefits such as a pension plan. The Committee believes the use of the Corporation's limited resources for retirement benefits is not prudent given the stage of development of the Corporation. Though the potential upside for a NEO may be significant under this scenario, the risk of a NEO not realizing any retirement benefit also exists.

The Corporation has established Option levels to be granted on an annual basis, based on the Executive's experience and relative importance to the organization in achieving its long-term objectives. The number of Options granted typically follows the guidelines established for the Corporation's NEOs; however, circumstances may arise when the actual amounts awarded may differ from the guidelines established. The Committee also reviews the granting of Options in relation to the amount of base compensation received and/or cash bonuses being granted. The Committee may also consider reasonableness, extraordinary circumstances, including unexpected market events and achievement of performance targets. The Committee does not use the fair value (as determined by the Black-Scholes Option Pricing Model) as a basis for determining the number of Options to award, as the ultimate realization of the Option's value may be significantly different from that determined using the fair value models, especially in a development stage company. Pricing of Options granted to executives are determined based on the Stock Option Plan as described in this Information Circular. The practice of the Corporation is to grant Options to executives and directors with a five-year term and no vesting requirements. Such awards are contingent upon future share-price performance which, if not achieved, will reduce or negate the actual value of these awards.

It is the intention of the Committee that the Performance Share Unit and Restricted Share Unit Plan (the "**Unit Plan**") (as further described in this Information Circular under "Equity Compensation Plans") also be used to provide short-term and long-term incentives by awarding RSUs with vesting terms shorter than the Unit Plan's standard three annual vesting tranches. By doing so, the goal of motivating and retaining personnel can be fulfilled (both short-term and long-term incentives) while also conserving cash. Senior officers are eligible to receive a combination of Options and/or RSUs and/or PSUs. Management and non-executive employees are eligible to receive a combination of Options and/or RSUs.

**Termination benefits** may be provided to the Corporation's NEOs as described in this Information Circular under the section entitled "Termination of Employment, Change in Responsibilities, and Employment Contracts". The Committee believes that offering termination benefits (which covers events such as change of control) is an effective way of ensuring commitment to the Corporation and its Shareholders.

#### *Benchmarking*

Though the Committee does not formally benchmark compensation paid to its senior management or directors, the Committee reviews public information (such as the report published by GGA or from other publicly available information of publicly traded companies of similar size and scope) to ensure the Corporation's compensation is reasonable. When assessing annual cash bonuses, a comparator group has been chosen so that the Corporation can track how companies in the diamond industry generally perform as discussed under "Elements of the Corporation's compensation program – Short-term incentives". The Committee has never used a compensation consultant to review its compensation practices or to perform benchmarking research.

#### *Performance Goals*

Given the stage of development of the Corporation, the Committee is unable to focus on objective quantifiable metrics such as earnings per share or return on investment. Though the Committee does not use objective quantifiable metrics to measure performance of the NEOs at this stage of the Corporation's development, the Corporation, as part of its Code of Ethics, has put in place requirements for the CEO and CFO to reimburse the Corporation for certain benefits received if the Corporation is required to restate its financial statements due to material non-compliance with any financial reporting requirement under securities law as a result of misconduct.

The key performance goal of the Corporation is to ultimately develop a commercial diamond mine. The Committee assesses the senior executive officer's performance against short-term milestones to achieve this ultimate goal. The completion of a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* mineral resource, a mineral reserve, a feasibility

study and an environmental impact assessment are steps to achieve this ultimate goal. The completion of these milestones may take several years and does not necessarily match traditional calendar year compensation reviews. As such, when making their assessments for short-term incentives, the Committee reviews progress against such milestones and how senior management has been able to react to changing circumstances.

*Implications of Risks of Compensation Policies and Practices*

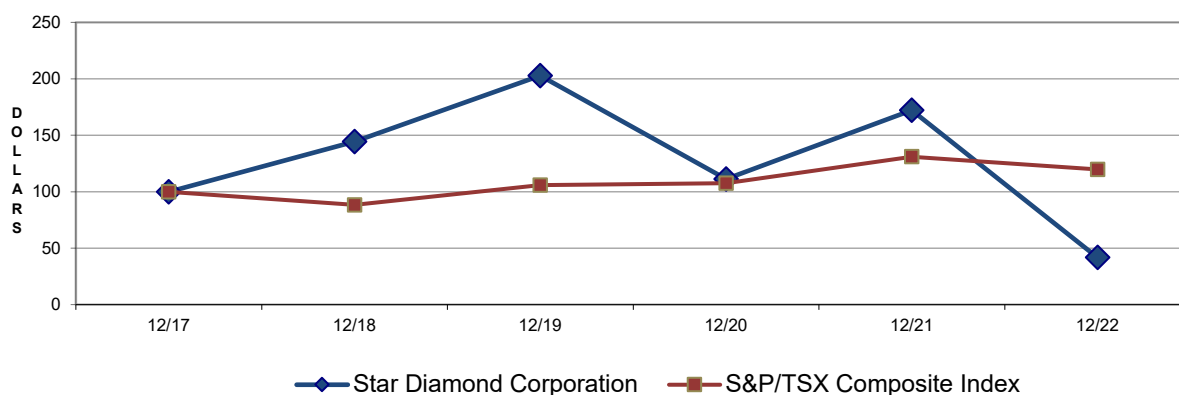
The Committee has considered the implication of the risks to the Corporation associated with decisions regarding compensation of NEOs. In designing and implementing the Corporation's compensation, the Committee and the Board assess the risks associated with the Corporation's compensation policies and practices. The structure of incentive compensation for executives is designed not to focus on a single metric, which in the Corporation's view could be distortive, but instead a combination of both corporate and personal objectives as well as discretion in the ultimate awards, that balance long term objectives and short-term objectives.

Compensation of NEOs is determined by negotiation of set amounts between the Corporation and the individual, or at the discretion of the Committee relating to any potential bonus or stock option incentive plan awards, based on subjective performance criteria, rather than tied to quantitative goals. Accordingly, the Committee is of the view that there is no material risk of the Corporation's NEOs or directors taking, as a result of the compensation process, inappropriate or excessive risks during the performance of their duties that are reasonably likely to have a material adverse effect on the Corporation.

To assist in mitigating risk, the Corporation has a policy restricting NEOs and directors from engaging in short selling or trading in puts or calls of securities of the Corporation. In addition, the Corporation also has black out policies pertaining to financial and material information as well as a policy which prohibits the trading of the Corporation's securities (including Options) without prior approval. These policies pertain to employees, officers and directors of the Corporation. Compliance with regulations is also considered when determining incentive compensation (bonus and long-term incentive awards).

*Performance Graph*

The following graph compares the yearly percentage change in the cumulative Shareholder return over the last five years of the Common Shares of the Corporation (assuming a \$100 investment was made on December 31, 2017) with the cumulative total return of the S&P/TSX Composite Index assuming reinvestment of dividends.



**Cumulative Total Return**

	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
Star Diamond Corporation	100	144	203	111	172	42
S&P/TSX Composite Index	100	88	106	108	131	120

*Compensation Trend Compared to Performance Graph*

The Corporation's share performance was both above and below that of the S&P/TSX Composite Index between the periods



of 2017 to 2022. Overall, the Corporation's total compensation to NEOs over this five-year period was significantly influenced by the impact the Corporation's share price (and related volatility) had on the fair value determination of certain non-cash compensation awarded (Options and RSUs). Also contributing to the overall decrease in total compensation to NEOs over this five-year period was the Corporation's decision not to award short-term incentives (cash bonuses).

The ability to settle RSUs with Common Shares from treasury allows the Corporation to manage the cash expense of providing these incentives to the Corporation's NEOs and employees. The Corporation does not intend at this time to make cash payments and there is no history of the Corporation making cash payments under the Unit Plan. The calculation of the fair value of Options, using option pricing models such as the Black-Scholes pricing model, can cause total compensation calculations to be very volatile when dealing with a company in the development stage. Options and RSUs previously granted to NEOs may have no value to the NEO as at December 31, 2022. This value is not necessarily equivalent to the grant date fair value of Options and RSUs granted to the NEO, as reported in the "Summary Compensation Table for NEOs". See "Outstanding Equity Awards for NEOs".

The Committee considers a number of factors in connection with its determination of appropriate levels of compensation which is discussed in the "Compensation Discussion and Analysis" and does not look exclusively at the trading price of the Common Shares on the TSX to make its determination.

**Submitted on behalf of the Compensation and Corporate Governance Committee**

Larry E. Phillips, Chair

**Summary Compensation Table for NEOs**

The following table sets forth all direct and indirect compensation earned by the NEOs for the years ended December 31, 2022, 2021 and 2020:

Named Executive Officer	Year	Salary (1) (\$)	Share-based awards (2) (\$)	Option-based awards (3) (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All Other Compensation (4)(5) (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
Kenneth E. MacNeill, President and CEO (5)	2022	245,000	85,000	-	-	-	-	500,000	830,000
	2021	245,000	75,020	74,880	-	-	-	-	394,900
	2020	245,000	150,000	149,985	-	-	-	-	544,985
Greg P. Shyluk, CFO (6)	2022	150,000	-	-	-	-	-	19,318	169,318
	2021	150,000	68,200	68,160	-	-	-	31,250	317,610
	2020	146,625	68,250	68,211	-	-	-	-	283,086

**Notes:**

1. Amounts represent annual base compensation (cash compensation) received in the year.
2. Amounts represent the total grant date fair value of RSUs (non-cash share-based compensation) granted in the year and does not represent the amounts the NEOs may actually realize from the awards. The fair value of share-based payments in the form of RSUs is determined based on the five-day volume weighted average trading price of the Common Shares preceding the date of grant and the RSUs that are expected to vest.
3. Amounts represent the total grant date fair value of Options (non-cash share-based compensation) granted in the year and does not represent the amounts the NEOs may actually realize from the awards. There were no options granted to NEOs during the current year.
4. Perquisites and other personal benefits received by Mr. MacNeill did not exceed the lesser of \$50,000 and 10% of total annual salary and bonus. Perquisites and other personal benefits for Mr. Shyluk in 2022 and 2021 represent redemption of accrued vacation benefits.
5. Effective December 31, 2022, Mr. MacNeill retired as President and Chief Executive Officer. Pursuant to the terms of a retirement agreement, and in conjunction with a five-year consulting agreement with Mr. MacNeill agreeing to serve as a Special Advisor to the Board, Mr. MacNeill will receive \$500,000, payable over the next two years; he was also granted 1,000,000 RSUs having a fair value of \$0.085. Excluded from the above table are 2,000,000 stock options, issuable to the former President and Chief Executive Officer pursuant to the retirement agreement/consulting agreement. These options will be

granted when permitted by applicable securities law. During the years ended December 31, 2022, 2021 and 2020, Mr. MacNeill also served as a non-independent director of the Corporation but did not receive additional remuneration for acting in this capacity.

6. Effective January 19, 2023, Mr. Shyluk resigned as Chief Financial Officer.

### **Outstanding Equity Awards for NEOs**

The following table sets forth, for each NEO, information regarding all share-based and option-based awards that are outstanding as of December 31, 2022:

Named Executive Officer	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed <sup>(2)</sup> (\$)
Kenneth E. MacNeill <sup>(3)</sup>	275,000	0.19	April 2, 2023	-	-	-	145,575
	3,000,000	0.20	June 25, 2024	-	-	-	
	1,515,000	0.225	August 18, 2025	-	-	-	
	780,000	0.215	February 1, 2026	-	-	-	
Greg P. Shyluk <sup>(4)</sup>	175,000	0.19	April 2, 2023	-	-	-	35,975
	1,500,000	0.20	June 25, 2024	-	-	-	
	689,000	0.225	August 18, 2025	-	-	-	
	710,000	0.215	February 1, 2026	-	-	-	
					103,334	7,750	

#### **Notes:**

1. The value of the unexercised in-the-money Options has been calculated based on the difference between the exercise price of the Options and the closing price of the Common Shares on December 31, 2022 of \$0.075.
2. The value of the RSUs has been calculated based on the closing price of the Common Shares on December 31, 2022 of \$0.075.
3. Effective December 31, 2022, Mr. MacNeill retired as President and Chief Executive Officer and from the Board.
4. Effective January 19, 2023, Mr. Shyluk resigned as Chief Financial Officer.

### NEO Incentive Plan Awards – Value Vested or Earned

The following table sets forth, for each NEO, the value vested or earned on all share-based awards in 2022:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Kenneth E. MacNeill	-	163,445	-
Greg P. Shyluk	-	50,395	-

#### Notes:

1. Represents the aggregate dollar value that would have been realized if Options had been exercised on the vesting date, based on the difference between the closing price of the Corporation's Common Shares on the TSX on the vesting date and the exercise price of the Options. The Options vested on the day they were granted. Accordingly, no value vested during the year.
2. The value vested during the year is based on the aggregate dollar value of the number of RSUs vested during the year multiplied by the closing price of the Corporation's Common Shares on the vesting date.

Effective on December 31, 2022, Mr. MacNeill retired as President and Chief Executive Officer at the Corporation. Pursuant to the terms of a retirement agreement, and in conjunction with a consulting agreement, Mr. MacNeill agreed to serve as a Special Advisor to the Board. For compensation of this Special Advisor role, Mr. MacNeill was granted 1,000,000 RSUs having a fair value of \$0.085.

### Management and Consulting Contracts

During 2022, remuneration for the services of Mr. MacNeill (President and CEO) was paid to Mr. MacNeill's holding company, MacNeill Brothers Oil and Gas Ltd.

### Termination of Employment, Change in Responsibilities, and Employment Contracts

On November 16, 2022, the Corporation announced the retirement of Ken MacNeill as President and Chief Executive Officer of the Corporation and his resignation from the Board, effective December 31, 2022. In addition, on December 28, 2022, the Corporation also announced the resignation of Greg Shyluk as Chief Financial Officer effective January 19, 2023. As a result of these executive changes, the Corporation has no termination obligations at December 31, 2022.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information with respect to the total number of Common Shares authorized for issuance upon the exercise of outstanding equity compensation plans as at December 31, 2022:

Plan Category		Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by Shareholders	Options	18,477,700 <sup>(1)</sup>	\$0.21	24,678,762 <sup>(4)</sup>
	RSUs	3,426,600 <sup>(2)</sup>	N/A	
	DSUs	1,016,600 <sup>(3)</sup>	N/A	
Equity compensation plans not		-	-	-

<b>approved by Shareholders</b>			
<b>Total</b>	22,920,900	N/A	24,678,762

**Notes:**

1. At April 14, 2023, 16,729,500 Options were issued and outstanding, representing 3.5% of the issued and outstanding Common Shares of the Corporation.
2. At April 14, 2023, 3,323,266 RSUs were issued and outstanding, representing 0.7% of the issued and outstanding Common Shares of the Corporation.
3. At April 14, 2023, 1,016,600 DSUs were issued and outstanding, representing 0.2% of the issued and outstanding Common Shares of the Corporation.
4. The plans stipulate a maximum 10% rolling pool of Common Shares of the Corporation issuable under all plans, which equates to 47,599,662 at April 14, 2023.

The following table provides the aggregate number of Options granted pursuant to the Option Plan, the aggregate number of RSUs granted pursuant to the Unit Plan, the aggregate number of DSUs granted pursuant to the Deferred Share Unit Plan ("**DSU Plan**"), and the annual burn rate represented thereby, for each of 2022, 2021 and 2020.

Year	Option Plan		Unit Plan		DSU Plan	
	Number of Options	Burn Rate	Number of RSUs	Burn Rate	Number of DSUs	Burn Rate
2022	200,000	0.04%	1,000,000	0.21%	-	-
2021	1,958,000	0.43%	651,000	0.14%	480,000	0.11%
2020	4,871,500	1.13%	1,675,600	0.39%	180,000	0.04%

## EQUITY COMPENSATION PLANS

### ***Option Plan***

During 2021, Shareholders approved an ordinary resolution to ratify and approve the Option Plan and all unallocated Options reserved for issuance under the Option Plan. The Corporation will not be required to seek further approval for the grant of unallocated Options under the Option Plan until May 13, 2024.

#### *Purpose*

The purpose of the Option Plan is to advance the interests of the Corporation by encouraging the directors, officers and employees of the Corporation and its affiliates, and the consultants to the Corporation and its affiliates, to acquire Common Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation's Shareholders generally; (iii) encouraging such persons to remain associated with the Corporation and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation.

#### *Eligible Participants*

The Option Plan authorizes the Board to issue Options to directors, officers, employees and consultants (the "**OP Participants**").

#### *Shares Subject to the Option Plan*

The number of Common Shares reserved for issuance pursuant to the exercise of Options granted under the Option Plan shall, in the aggregate, not exceed ten percent (10%) of the number of Common Shares then issued and outstanding, less the number of Common Shares issuable pursuant to all other security-based compensation arrangements of the Corporation. Where Options: (i) are exercised; or (ii) expire, terminate or are cancelled for any reason without having been exercised in full, the Common Shares in respect of such Options shall be available for issuance upon the exercise of subsequently granted Options. Any and all increases in the issued and outstanding Common Shares shall result in an increase in the available number of Options issuable under the Option Plan and any Common Shares issued upon the

exercise of Options will allow for corresponding additional grants of Options under the Option Plan.

#### *Limitations on Issuances*

The aggregate number of Common Shares issuable at any time to "insiders" (as defined in securities legislation and also including associates and affiliates of any insider) under the Option Plan and all other security-based compensation arrangements shall not, in the aggregate, exceed ten percent (10%) of the issued and outstanding Common Shares. During any one-year period, the Corporation shall not issue to insiders, under the Option Plan and all other security based compensation arrangements, in the aggregate, a number of Common Shares exceeding ten percent (10%) of the issued and outstanding Common Shares, calculated on a non-diluted basis. In addition, the aggregate number of Shares issuable to non-employee directors, as a group, under all security board compensation arrangements cannot exceed 1.0% of the issued and outstanding Common Shares. In addition, the aggregate value of all grants of Options to any outside Director cannot exceed \$100,000 in any one year.

#### *Exercise Price*

Options issued pursuant to the Option Plan must have an exercise price not less than the closing price of the Common Shares on the TSX on the day prior to the day of grant.

#### *Term of Options*

The period during which an Option may be exercised shall be determined by the Board at the time the Option is granted, subject to any vesting limitations which may be imposed by the Board at the time such Option is granted, provided no Option shall be exercisable for a period exceeding 10 years from the date the Option is granted (the "**Option Period**"). Notwithstanding the foregoing, if the expiry date of an Option occurs during a "Blackout Period" applicable to the holder of such Options, or within nine days after the expiry of a Blackout Period applicable to such holder, then the expiry date for that Option shall be the date that is the tenth business day after the expiry of the Blackout Period. "Blackout Period" means a period during which the trading in securities of the Corporation is prohibited in accordance with the trading policies of the Corporation.

#### *Vesting of Options*

The Board is authorized to provide for the method of vesting of Options.

#### *Cessation of Entitlement to Options*

Options granted under the Option Plan expire on the earlier of the date of the expiration of the Option Period and 90 days after the date an OP Participant ceases to hold the position or positions of director, officer, employee or consultant of the Corporation, as the case may be. If an OP Participant is an officer and a termination occurs as a result of retirement (being a resignation by an OP Participant) such OP Participant's Options shall expire on the earlier of the date of expiration of the Option Period and three years after the effective date of termination. If an OP Participant is a director and a termination occurs as a result of retirement (being a resignation or not being re-elected as a director) such OP Participant's Options shall expire on the date of expiration of the Option Period. The Option Plan was amended in 2017; previously, in the case of a director, on retirement the OP Participant's Options would expire on the earlier of the date of expiration of the Option Period and one year after the effective date of termination. In the event of the death or permanent disability of a holder, any option previously granted shall expire on the earlier of the date of expiration of the Option Period and three years (in the case of directors) or one year (in the case of all other OP Participants) after the date of death or permanent disability of such OP Participant.

#### *Adjustments*

In the event of any change, subdivision, consolidation, reorganization or reclassification of the Common Shares and subject to approval by the TSX, an OP Participant is entitled to receive upon exercise of any Option such securities they would have been entitled to receive in respect of the number of Common Shares in respect of which such Option is being exercised had such Option been exercised before such change or other event.

### *Transferability*

Options granted under the Option Plan are non-assignable and non-transferable except pursuant to laws of succession.

### *Amendments*

The Board may, at any time, amend, suspend or terminate the Option Plan, or any portion thereof, or any Option granted thereunder, without Shareholder approval, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX), if any, that require the approval of Shareholders or any governmental or regulatory body. Notwithstanding the foregoing, Shareholder approval will be required for: (i) amendments to the number of Shares issuable under the Option Plan; (ii) any amendment to the length of the automatic extension where an Option would otherwise expire in the Black Out Period; (iii) any amendment that would result in an exercise price for an Option being lower than the market price at the time the Option is granted; (iv) any amendment that reduces the exercise price or purchase price of an Option; (v) any amendment extending the term of an option beyond its original expiry date; (vi) the addition of any form of financial assistance; (vii) any amendment that would have the potential of broadening or increasing insider participation; (viii) any amendment to the limit on the Common Shares reserved for issuance for directors; (ix) any amendment to the amending provisions of the Option Plan; (x) any amendment to the restrictions on the assignment of Options; and (xi) amendments required to be approved by Shareholders under applicable law (including the rules of the TSX).

### *Change of Control*

In the event of a sale by the Corporation of all or substantially all of its assets or in the event of a change in control of the Corporation, each holder shall be entitled to exercise, in whole or in part, the options granted to such holder, either during the term of the option or within 90 days after the date of the sale or change of control, whichever first occurs.

### **Unit Plan**

During 2021, Shareholders approved an ordinary resolution to ratify and approve the Unit Plan and all unallocated awards reserved for issuance under the Unit Plan. The Corporation will not be required to seek further approval of unallocated awards reserved under the Unit Plan until May 13, 2024.

### *Purpose*

The purpose of the Unit Plan is to provide Participants (as defined below) with the opportunity to acquire a proprietary interest in the growth and development of the Corporation. The Unit Plan is intended to align the interests of Participants with the interests of Shareholders, to encourage Participants to remain associated with the Corporation, to create incentives for Participants to meet certain performance criteria and enhance the Corporation's ability to attract, retain and motivate key personnel and reward officers and employees for significant performance.

### *Eligible Participants*

The Unit Plan authorizes the Board to grant PSUs and RSUs (together, "**Units**") to officers and employees (individually a "**Participant**" and collectively "**Participants**").

### *Administration*

The Unit Plan shall be administered by the Board in accordance with its provisions. All costs and expenses of administering the Unit Plan will be paid by the Corporation. The Board may, from time to time, establish administrative rules and regulations and prescribe forms or documents relating to the operation of the Unit Plan as it may deem necessary to implement or further the purpose of the Unit Plan and amend or repeal such rules and regulations or forms or documents. In administering the Unit Plan, the Board may seek recommendations from the Chairman or from the Chief Executive Officer of the Corporation. The Board may also delegate to any director, officer or employee of the Corporation such duties and powers relating to the plan as it may see fit. The Corporation may also appoint or engage a trustee, custodian or administrator to administer or implement the plan.

### *Limitations on Issuances*

The Unit Plan provides that: (a) the number of Common Shares reserved for issuance from treasury pursuant to the Units credited under the Unit Plan shall, in the aggregate, equal 10% of the number of Common Shares then issued and outstanding, less the number of Common Shares issuable pursuant to all other security based compensation arrangements (as such term is referred to in the policies of the TSX) of the Corporation; (b) the aggregate number of Common Shares issuable from treasury to any one Participant under the Unit Plan and all other security based compensation arrangements of the Corporation shall not exceed 5% of the issued and outstanding Common Shares; (c) the aggregate number of Common Shares issuable from treasury to insiders (as defined by the TSX) under the Unit Plan and all other security based compensation arrangements of the Corporation shall not exceed 10% of the issued and outstanding Common Shares; (d) during any one-year period, the aggregate number of Common Shares issued from treasury to insiders under the Unit Plan and all other security based compensation arrangements of the Corporation shall not exceed 10% of the issued and outstanding Common Shares; (e) this paragraph and the Corporation's right to elect to satisfy Units by the issuance of Common Shares from treasury will be effective only upon receipt, from time to time, of all necessary approvals of the Unit Plan, as amended from time to time, as required by the rules, regulations and policies of the TSX and any other stock exchange on which Common Shares are listed or traded; and (f) if any Unit granted under the Unit Plan shall expire, terminate or be cancelled for any reason (including, without limitation, the satisfaction of the Unit by means of a cash payment) without being paid out or settled in the form of Common Shares issued from treasury, any unissued Common Shares to which such Units relate shall be available for the purposes of the granting of further Units under the Unit Plan or other securities pursuant to all other security-based compensation arrangements of the Corporation. If any rights to acquire Common Shares held under any other security based compensation arrangements of a member of the Corporation shall be exercised, or shall expire or terminate for any reason without having been exercised in full, any Common Shares to which such security relates shall be available for the purposes of granting further securities under the Unit Plan.

Pursuant to the TSX rules, the Corporation is required to seek Shareholder approval with respect to all unallocated Units under the Unit Plan every three years following the initial adoption of the Unit Plan.

### *Grant of Units and Vesting*

The Corporation may from time to time grant Units to a Participant in such numbers, at such times (the "**Date of Grant**") and on such terms and conditions, consistent with the Unit Plan, as the Board may in its sole discretion determine; provided, however, that no Units will be granted after November 30 of a given calendar year. For greater certainty, the Board shall, in its sole discretion, determine any and all performance conditions to the vesting of any Units granted to a Participant. Unless otherwise provided in the applicable award agreement evidencing the terms and conditions under which an award of Units has been granted under the Unit Plan (the "**Award Agreement**"), the granting of Units to any Participant under the Unit Plan in any calendar year shall be awarded solely in respect of performance of such Participant in the same calendar year (the "**Service Year**"). In all cases, the Units shall be in addition to, and not in substitution for or in lieu of, ordinary salary and wages received by such Participant in respect of his or her services to his or her employer (being either the Corporation or one of its subsidiaries, the "**Employer**").

On each Date of Grant, the relevant account (the "**Account**") maintained by the Corporation for each Participant shall be credited with the applicable Unit on that date.

In the case of PSUs, the Board shall designate, at the time of grant or credit of PSUs, the date or dates on which all or portion of the PSUs shall vest and any performance conditions to such vesting, provided that no such vesting condition shall extend beyond November 30 of the third calendar year following the Service Year in respect of which the PSUs were granted and provided further that all vesting conditions shall be such that the PSUs comply with the exception to the definition of "salary deferral arrangement" contained in the Income Tax Act. Unless otherwise provided in the Award Agreement, or determined by the Board, the number of PSUs that shall vest shall vary between 200% and 0% of the PSUs credited to a Participant based on the total Shareholder return of the Corporation relative to the total Shareholder return of the Corporation's peer group, as determined by the Board.

In the case of RSUs, the Board shall designate, at the time of grant or credit of RSUs, the number of RSUs that shall vest at any given date, the date or dates on which all or portion of the RSUs shall vest and any conditions to such vesting which shall be set out in the applicable Award Agreement. Unless otherwise provided in the Award Agreement, all RSUs shall vest as follows:

- 1/3 of the RSUs shall vest on the first anniversary of the Date of Grant (the "**RSU First Vesting Date**");
- an additional 1/3 of the RSUs shall vest on the second anniversary of the Date of Grant (the "**RSU Second Vesting Date**"); and
- the final 1/3 of the RSUs shall vest on the third anniversary of the Date of Grant (the "**RSU Third Vesting Date**").

A Participant's Account shall from time to time, during the period commencing on the Date of Grant and ending when the Participant becomes entitled to any vested Units, be credited with additional Units the value of which shall reflect any dividends declared by the Corporation and that would have been paid to the Participant if the Units in his or her Account on the relevant record date for dividends on the Common Shares had been Common Shares (excluding ordinary-course dividends paid in the form of additional Common Shares). Any such Units so credited shall be subject to the same terms and conditions with respect to vesting as the underlying Units.

#### *Redemption*

The Unit Plan provides that, on a date to be determined by the Board, in its sole discretion, following the day on which any Units become vested (which date shall be on or before that date which is three years following the end of the Service Year in respect of which such Units were granted) (the "**Unit Entitlement Date**"), such vested Units shall be redeemed and paid by the Employer to the Participant or the Participant's Beneficiary, as applicable, in an amount equal to the fair market value (the five-day volume weighted average trading price of the Corporation's Common Shares on the TSX) of the vested RSUs or PSUs, as applicable.

Notwithstanding the foregoing, the Employer may, in its sole discretion and in lieu of the foregoing cash payment, either issue (or, subject to the consent of the Board which may be withheld in its sole discretion, cause to be issued) to the Participant or the Participant's beneficiary, as applicable or through a broker designated by the Participant, acquire on behalf of such Participant or the Participant's beneficiary, as applicable, the number of whole Common Shares that is equal to, or is a proportion of, the number of whole vested Units recorded in the Participant's Account (less any amounts in respect of any applicable taxes and other source deductions required to be withheld by the Employer) on the Unit Entitlement Date. If the Employer elects to arrange for the purchase of Common Shares by a broker on behalf of the Participant, the Employer shall contribute to the broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Common Shares to which the Participant is entitled and the broker shall, as soon as practicable thereafter, purchase those Common Shares, on behalf of such Participant, on the TSX (or other stock exchange on which the Common Shares are listed or traded). If, after issuance of the Common Shares or the purchase of Common Shares by a broker as set forth above, an amount remains payable under the Unit Plan in respect of vested Units credited to the Participant, the Employer shall pay such remaining amount in cash (net of any applicable taxes and other source deductions required to be withheld by the Employer) to the Participant or the Participant's Beneficiary, as applicable.

Notwithstanding any other provision of the Unit Plan, all amounts payable (whether in cash, Common Shares or other property) to, or in respect of, a Participant shall be paid (as issued, as applicable) within three years following the end of the Service Year in respect of which the applicable Units were granted.

#### *Cessation of Entitlement to Units*

Any Unit which does not become a vested Unit in accordance with the terms of the applicable grant of Units shall be terminated and forfeited as of such date. Upon the Participant terminating employment with the Corporation for any reason including, without limitation, due to involuntary termination with or without cause or voluntary termination by the Participant, all Units previously credited to such Participant's Account which did not become vested on or prior to the Participant's date of termination shall be terminated and forfeited as of such date.

Upon the Participant terminating employment with the Corporation and its subsidiaries and affiliates by reason of the death of the Participant, a number of Units previously credited to such Participant's Account which did not become vested on or prior to the date of termination shall vest on such date in accordance with the following:

- (a) In the case of PSUs, such Units shall continue to vest in accordance with their terms, provided that only a pro rata proportion of such PSUs that would otherwise vest in accordance with their terms shall vest based on the number of days between the Date of Grant of such PSUs and the Participant's termination



date versus the number of days in the entire PSU performance period for such PSUs (as set forth in the Award Agreement).

- (b) Where the Participant's date of termination is:
- i. Prior to the RSU First Vesting Date, a pro rata proportion of such RSUs shall become vested based on the number of days between the Date of Grant and the Participant's termination date versus the number of days between the Date of Grant and the date all of the RSUs would become vested;
  - ii. on or after the RSU First Vesting Date but prior to the RSU Second Vesting Date, a pro rata proportion of such RSUs shall become vested based on the number of days between the RSU First Vesting Date and the Participant's date of termination versus the number of days between the RSU First Vesting Date and the date all of the RSUs would become vested; and
  - iii. on or after the RSU Second Vesting Date but prior to the RSU Third Vesting Date, a pro rata proportion of such RSUs shall become vested based on the number of days between the RSU Second Vesting Date and the Participant's termination date versus the number of days between the RSU Second Vesting Date and the RSU Third Vesting Date.

#### *Transferability*

The Unit Plan provides that Participant's may, by written instrument filed with the Corporation, appoint a person to receive any amount payable under the Unit Plan in the event of a Participant's death or, failing any such effective designation, the Participant's estate (the "**Beneficiary**"). The interest of any Participant under the Unit Plan or in any Unit shall not be transferable or alienable by him or her either by pledge, assignment or in any other manner whatever, otherwise than by testamentary disposition or in accordance with the laws governing the devolution of property in the event of death; and after his or her lifetime shall enure to the benefit of and be binding upon the Beneficiary.

#### *Amendments*

The Unit Plan provides that the Board may at any time, without further action by, or approval of, the Shareholders amend the Unit Plan or any Unit granted under the plan in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:

- (a) ensure that Units granted under the Unit Plan will comply with any provisions respecting performance share units, restricted share units or other security based compensation arrangements in the *Income Tax Act* (Canada) or other laws in force;
- (b) cure any ambiguity, error or omission in the Unit Plan or Unit or to correct or supplement any provision of the Unit Plan that is inconsistent with any other provision of the Unit Plan;
- (c) comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed;
- (d) amend the provisions of the Unit Plan respecting administration or eligibility for participation under the Unit Plan;
- (e) make amendments of a "housekeeping" nature;
- (f) change the terms and conditions on which Units may be or have been granted pursuant to the Unit Plan, including a change to, or acceleration of, the vesting provisions of Units (provided that no extension to the term benefitting an insider is permissible);
- (g) amend the treatment of Units on ceasing to be an officer or employee; and
- (h) change the termination provisions of Units or the Unit Plan.

The Board may not, however, without the consent of the Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any Units granted. The Unit Plan also provides that Shareholder approval will be required to:

- (a) increase the maximum number of Common Shares issuable pursuant to the Unit Plan;
- (b) amend the determination of fair market value under the Unit Plan in respect of any Unit;
- (c) modify or amend the provisions of the Unit Plan in any manner which would permit Units, including those previously granted, to be transferable or assignable, other than for normal estate settlement purposes;
- (d) add to the categories of eligible Participants under the Unit Plan;
- (e) remove or amend the Insider Participation Restrictions;
- (f) change the termination provisions of Units or the Unit which would result in an extension beyond the original expiry date of a Unit held by an insider;
- (g) amend the amending provisions of the Unit Plan; or
- (h) make any other amendment to the Unit Plan where Shareholder approval is required by the TSX.

#### *Change of Control*

The Unit Plan provides that if, before the vesting of a Unit in accordance with the terms thereof, a change of control occurs and the Participant is terminated (either without cause or as a result of constructive dismissal), then, unless otherwise determined by the Board prior to the change of control, a pro rata proportion of the Units credited to a Participant's Account which did not become vested on or prior to the date the change of control occurred shall vest in accordance with the terms of the Unit Plan: (i) in the case of PSUs, based on the period of time between the Date of Grant and the change of control versus the period of time in the original PSU performance period; and (ii) in the case of RSUs, based on the period of time between the Date of Grant and the date on which each tranche of the RSUs would have become vested.

Notwithstanding any other provision of the Unit Plan, in the event that Units become vested in connection with a change of control, the Board may by resolution determine that the fair market value with respect to such Units shall be the price per Common Share offered or provided for in the change of control transaction.

#### *Substitution Event or Permitted Reorganization*

Upon the occurrence of: (a) a change of control pursuant to which the Common Shares are converted into, or exchanged for, other property, whether in the form of securities of another person, cash or otherwise; or (b) a reorganization of the Corporation in circumstances where the shareholdings or ultimate ownership remains substantially the same upon the completion of the reorganization, the surviving or acquiring entity (the "**Continuing Entity**") shall, to the extent commercially reasonable, take all necessary steps to continue the Unit Plan and to continue the Units granted pursuant to the Unit Plan or to substitute or replace similar Units measurable in value to the securities in the Continuing Entity for the Units outstanding under the Unit Plan on substantially the same terms and conditions as the Unit Plan.

In the event that: (a) the Continuing Entity does not comply with the foregoing paragraph; (b) the Board determines, acting reasonably, that compliance with the foregoing paragraph is not practicable; (c) the Board determines, acting reasonably, that compliance with the foregoing paragraph would give rise to adverse tax results to holders of Units; or (d) the securities of the Continuing Entity are not, or will not be, listed and posted for trading on a recognizable stock exchange, then, unless otherwise determined by the Board, a pro rata proportion of the Units credited to a Participant's Account which did not become vested on or prior to the date of creation of the Continuing Entity shall vest, in accordance with the terms of the Unit Plan, and giving effect to the period of time between the Date of Grant and the date of creation of the Continuing Entity.

#### *Changes in Capital*

If the number of outstanding Common Shares is increased or decreased as a result of a subdivision, consolidation, reclassification or recapitalization and not as a result of the issuance of Common Shares for additional consideration or by way of a dividend in the ordinary course, the Board shall, subject to TSX approval, make appropriate adjustments to the number of Units outstanding under the Unit Plan provided that the dollar value of Units credited to a Participant's Account immediately after such an adjustment shall not exceed the dollar value of the Units credited to such Participant's Account immediately prior thereto. Any determinations by the Board as to the adjustments shall be made in its sole discretion and all such adjustments shall be conclusive and binding for all purposes under the Unit Plan.

## ***DSU Plan***

During 2021, Shareholders approved an ordinary resolution to ratify and approve the DSU Plan and all unallocated awards reserved for issuance under the DSU Plan. The Corporation will not be required to seek further approval of unallocated awards reserved under the Unit Plan DSU Plan until May 13, 2024.

### *Purpose*

A Deferred Share Unit (or "DSU") is a phantom unit granted to an Eligible Director (as defined below) and that is represented by a bookkeeping entry on the books of the Corporation, the value of which on any particular date is equal to the fair market value of a Common Share of the Corporation. A Deferred Share Unit gives the director a right to settlement of that Deferred Share Unit (i.e. a right of redemption and payout) after the director ceases to be a director (and is not an employee) of the Corporation or an affiliate.

The DSU Plan is designed to: (i) promote a greater alignment of interests between directors of the Corporation and the Shareholders; (ii) provide a compensation system for directors that, together with the other director compensation mechanisms of the Corporation, is reflective of the responsibility, commitment and risk accompanying Board membership and the performance of the duties required of the various committees of the Board; (iii) assist the Corporation to attract and retain individuals with experience and ability to act as directors; and (iv) allow directors of the Corporation to participate in the long-term success of the Corporation.

### *Eligible Participants*

The DSU Plan authorizes the Board to grant DSUs to eligible directors of the Corporation (individually an "Eligible Director" and collectively "**Eligible Directors**"). Eligible Director means a director of the Corporation who does not receive employment income in respect of services rendered to the Corporation or any affiliate, otherwise than in his or her capacity as a member of the Board or a member of the board of directors of an affiliate.

Any individual who at the relevant time is an Eligible Director shall participate in the DSU Plan with respect to the Automatic DSU Retainer and is eligible to participate in the DSU Plan with respect to the DSU Eligible Retainer, Meeting Fees and any discretionary grant of Deferred Share Units. Except for Deferred Share Units which are credited to an Eligible Director's Account in satisfaction of the Automatic DSU Retainer, eligibility to participate does not confer upon any individual a right to receive an award of Deferred Share Units in satisfaction of any other amounts or to receive any payment pursuant to the Plan. Any individual who is, or will be, an Eligible Director in a particular calendar year shall complete and deliver a written participation and election agreement to the Board (the "**Participation and Election Agreement**") within the time period specified by the Board.

### *Administration*

The DSU Plan is administered by the Board (as recommended by the Compensation and Corporate Governance Committee).

### *Grant of Units and Vesting*

Under the DSU Plan, the Board may determine that a certain percentage of the annual retainer payable to directors will automatically be satisfied in the form of DSUs. The percentage of the Automatic DSU retainer is determined by resolution of the Board. It is the current intention of the Board that there be no Automatic DSU retainer unless the applicable Eligible Director does not meet the minimum share ownership guidelines. In addition, a director may elect to receive all (but not less than all) of his annual cash retainer and/or meeting fees in the form of DSUs in lieu of cash. The number of DSUs issued each quarter is calculated by dividing the electing director's quarterly remuneration (which includes annual cash retainer and/or meeting fees depending on such director's election) by the weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the grant date (generally the last business day of each quarter). In 2018 the DSU Plan was amended to correct the plan text to reflect that where an eligible director elects to receive their annual cash retainer in the form of DSUs, the DSUs will be issued in satisfaction of the annual cash retainer on a quarterly basis, and not annually. Such units vest immediately upon grant and entitle the director to receive a cash payment or Common Shares from treasury on a payout date specified by the Board (which date is no earlier than the date on which a director ceases to be a director) that is equal to an amount determined by multiplying the number of vested units by the five-day volume weighted average trading price of the Corporation's Common Shares on the TSX for the five-day period

immediately preceding the applicable payout date.

In addition to DSUs granted in respect of the automatic DSU retainers and the electable DSU retainers and meeting fees, the Board (on the recommendation of the Compensation and Corporate Governance Committee) may grant further "discretionary" DSUs to an Eligible Director in such number as it considers appropriate, in respect of the services the director renders to the Corporation as a member of the Board. The aggregate value of any such discretionary grants to any one director shall not, as of the grant date, exceed \$100,000 in any one year.

The DSU Plan provides that the number of Common Shares reserved for issuance from treasury pursuant to the DSUs credited under the DSU Plan shall, in the aggregate, equal 10% of the number of Common Shares then issued and outstanding, less the number of Common Shares issuable pursuant to all other security based compensation arrangements (as such term is referred to in the policies of the TSX) of the Corporation. In addition, the number of Common Shares issuable to Eligible Directors, at any time, under all security based compensation arrangements, cannot exceed 1% of the issued and outstanding Common Shares.

The DSU Plan also provides that: (a) the aggregate number of Common Shares issuable from treasury to any one Eligible Director under the DSU Plan and all other security based compensation arrangements of the Corporation shall not exceed 5% of the issued and outstanding Common Shares; (b) the aggregate number of Common Shares issuable from treasury to insiders (as defined by the TSX) under the DSU Plan and all other security based compensation arrangements of the Corporation shall not exceed 10% of the issued and outstanding Common Shares; (c) during any one-year period, the aggregate number of Common Shares issued from treasury to insiders under the DSU Plan and all other security based compensation arrangements of the Corporation shall not exceed 10% of the issued and outstanding Common Shares; (d) this paragraph and the Corporation's right to elect to satisfy DSUs by the issuance of Common Shares from treasury will be effective only upon receipt, from time to time, of all necessary approvals of the DSU Plan, as amended from time to time, as required by the rules, regulations and policies of the TSX and any other stock exchange on which Common Shares are listed or traded; and (e) if any DSU granted under the DSU Plan shall expire, terminate or be cancelled for any reason (including, without limitation, the satisfaction of the DSU by means of a cash payment) without being paid out or settled in the form of Common Shares issued from treasury, any unissued Common Shares to which such DSU relate shall be available for the purposes of the granting of further DSUs under the DSU Plan or other securities pursuant to all other security-based compensation arrangements of the Corporation. If any rights to acquire Common Shares held under any other security based compensation arrangements of a member of the Corporation shall be exercised, or shall expire or terminate for any reason without having been exercised in full, any Common Shares to which such security relates shall be available for the purposes of granting further securities under the DSU Plan.

#### *Redemption*

DSUs are to be redeemed as soon as practicable after the redemption date, but in any event no later than December 31 of the first calendar year following the calendar year in which the director ceased to be a director.

On a date to be determined by the Board, in its sole discretion, after the Eligible Director's Termination Date (the "**Redemption Date**"), the vested Deferred Share Units credited to the Eligible Director's Account shall be redeemed and shall be paid by the Corporation (less applicable withholding taxes) to the Eligible Director (or if the Eligible Director has died, to the Eligible Director's Beneficiary) in the form of a lump sum cash payment equal to the fair market value, or its equivalent in fully-paid Common Shares at the time (which may either be issued from treasury or acquired through the TSX), as soon as practicable after such Redemption Date, provided that in any event such payment shall be made no later than December 31 of the first (1st) calendar year commencing immediately after the Eligible Director's Termination Date. The fair market value of the Deferred Share Units shall be determined as of the Redemption Date.

#### *Transferability*

Deferred Share Units are non-transferable. Subject to the requirements of Applicable Law, an Eligible Director shall designate in writing a person who is a dependent or relation of the Eligible Director as a beneficiary to receive any benefits that are payable under the Plan upon the death of such Eligible Director. The Eligible Director may, subject to Applicable Law, change such designation from time to time.

### *Amendments*

The DSU Plan provides that the Board may at any time, without further action by, or approval of, the Shareholders amend the DSU Plan or any Unit granted under the Plan in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:

- (a) ensure that Deferred Share Units granted under the Plan will comply with any provisions respecting deferred share units or other security based compensation arrangements in the Tax Act or other laws in force in any country or jurisdiction of which an Eligible Director to whom a Deferred Share Unit has been granted may from time to time perform services or be resident;
- (b) cure any ambiguity, error or omission in the Plan or Deferred Share Unit or to correct or supplement any provision of the plan that is inconsistent with any other provision of the Plan;
- (c) comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed;
- (d) amend the provisions of the plan respecting administration or eligibility for participation under the plan;
- (e) make amendments of a "housekeeping" nature;
- (f) change the terms and conditions on which Deferred Share Units may be or have been granted pursuant to the plan, including a change to, or acceleration of, the vesting provisions of Deferred Share Units (provided that no extension to the term benefiting an insider is permissible);
- (g) amend the treatment of Deferred Share Units on ceasing to be an officer or employee; and
- (h) change the termination provisions of Deferred Share Units or the plan.

Any such amendments shall, if made, become effective on the date selected by the Board. The Board may not, however, without the consent of the Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any Units theretofore granted.

The DSU Plan also provides that Shareholder approval will be required in order to:

- (a) increase the maximum number of Common Shares issuable pursuant to the Plan;
- (b) amend the determination of Fair Market Value under the Plan in respect of any Deferred Share Unit;
- (c) modify or amend the provisions of the plan in any manner which would permit Deferred Share Units, including those previously granted, to be transferable or assignable, other than for normal estate settlement purposes;
- (d) add to the categories of Eligible Directors under the plan;
- (e) remove or amend the Insider Participation Restrictions;
- (f) change the termination provisions of DSUs or the plan which would result in an extension beyond the original expiry date of a DSU held by an insider;
- (g) amend this list; or
- (h) make any other amendment to the plan where Shareholder approval is required by the TSX.

### *Changes in Capital*

DSUs may be adjusted if there is a subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Common Shares; or a consolidation, amalgamation, arrangement or other form of business combination of the Corporation with another person, or a sale, lease, or exchange of all or substantially all of the Corporation's property or other distribution of the Corporation's assets to Shareholders. In such a case, the DSU account of each director and the DSUs outstanding under the DSU Plan shall be adjusted in such manner, if any, as the Corporation may in its discretion deem appropriate to preserve, proportionally, the interests of directors under the DSU Plan. If dividends are paid on our Common Shares, dividends will also be paid on the DSUs held by Eligible Directors on the dividend record date. The dividends on the DSUs are paid at the same rate as the dividend on Common Shares; however,

DSU dividends will be credited to the director in the form of additional DSUs.

#### **INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of Common Shares or otherwise, of any director or executive officer of the Corporation, or of any associate or affiliate of any of the foregoing, in any matter to be acted on at the Meeting, except as otherwise disclosed herein.

#### **INTEREST OF INFORMED PERSONS AND OTHERS IN MATERIAL TRANSACTIONS**

No Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Corporation and no person nominated for election as a director of the Corporation (nor any associate or affiliate of any such person) had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year which has materially affected the Corporation and none of such persons has any material interest in any transaction proposed to be undertaken by the Corporation that will materially affect the Corporation.

#### **CORPORATE GOVERNANCE**

The Corporation and the Board recognize the importance of corporate governance for the effective management of the Corporation and to its Shareholders. The Corporation's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed to enhance Shareholder value.

The Board and management endorse the need to establish forward-looking governance policies and to continuously evaluate and modify them to ensure their effectiveness.

In accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") of the Canadian Securities Administrators, the Corporation annually discloses information related to its system of corporate governance. Schedule "A" to this Information Circular details the Corporation's governance practices.

#### ***Canada Business Corporations Act requirements on Diversity***

Effective January 1, 2020, the CBCA was amended to require additional disclosures about diversity. Although the Compensation and Corporate Governance Committee and the Board have not adopted a target number or set percentage objectives for each of the "designated groups" (as such term is defined in the CBCA which, in turn, is defined in the *Employment Equity Act of Canada*), the Board, its relevant committees and senior management, actively consider and review whether candidates representing diversity criteria have been considered and/or appointed to senior management positions and to the Board. The Board does not consider it necessary to have a specific policy at this time.

In addition to the designated groups stipulated by the CBCA, the Board views diversity in the broadest sense and considers the following as examples of additional diversity dimensions that are equally important and necessary across its organization: diversity of thought, perspectives and life experience which can include education, socioeconomic status, language, sexual orientation, values and beliefs, among others. When the Compensation and Corporate Governance Committee considers the composition of the Board, the representation of women, Indigenous peoples, persons with disabilities or members of visible minorities are some of the considerations the Board.

For these reasons, and in light of all that is currently considered and actively discussed about diversity, the Board does not believe it necessary to set specific targets and objectives for women, visible minorities, persons with disabilities or aboriginal persons (as such terms are defined in the *Employment Equity Act*) on its board or executive positions at this time.

As it relates to the "designated groups" specified by the CBCA (the below information is provided as of the date of this Information Circular):

- Two of four directors (50%), and neither of our two NEOs, is a woman;
- None of our four directors, and neither of our two NEOs, self-identifies as a member of a visible minority; and
- None of our four directors, and neither of our two NEOs, self-identifies as a person with a disability or an Aboriginal

person.

Additional disclosure is provided in Schedule A – Statement of Corporate Governance Practices.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on the SEDAR website at [www.sedar.com](http://www.sedar.com). Historical information on the Corporation is also located on the Corporation's website at [www.stardiamondcorp.com](http://www.stardiamondcorp.com). Financial information concerning the Corporation is provided in the Corporation's consolidated financial statements and Management's Discussion and Analysis for its most recently completed financial year ended December 31, 2022. Shareholders may contact the Corporation (tel: 306-664-2202 or [stardiamondcorp@stardiamondcorp.com](mailto:stardiamondcorp@stardiamondcorp.com)) to request copies of the financial statements and Management's Discussion and Analysis.

For information pertaining to the Audit Committee as prescribed by Form 52-110F1 *Audit Committee Information Required in an AIF*, please refer to the information disclosed under "Audit Committee" in the Corporation's AIF dated March 29, 2023, which can be viewed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### **SHAREHOLDER PROPOSALS**

To be eligible for inclusion in the Corporation's management information circular for the 2024 annual general meeting of Shareholders, Shareholder proposals must be received by the Corporation no earlier than January 1, 2024 and no later than March 1, 2024.

#### **DIRECTORS' APPROVAL**

The contents of this Information Circular have been approved by the Board of the Corporation and the Board has authorized the Corporation to send it to you via notice and access.

Saskatoon, Saskatchewan  
April 14, 2023

"Ewan D. Mason"  
Ewan D. Mason  
Director and Chair of the Board

**STAR DIAMOND CORPORATION**

**SCHEDULE "A"**

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The table below describes the Corporation's corporate governance practices as required under NI 58-101

<b>Corporate Governance Disclosure Required Under National Instrument 58-101F1</b>	<b>Governance Practices of the Corporation</b>
<p><b>1. Board of Directors</b></p> <p>a. Disclose the identity of directors who are independent.</p>	<p>The Board has determined that at April 14, 2023, three of the Corporation's four directors are "independent" within the meaning of National Policy 58-201 – <i>Corporate Governance Guidelines</i>. The three independent directors at April 14, 2023 are Lisa K. Riley, Larry E. Phillips and Marilyn D. Spink.</p>
<p>b. Disclose the identity of directors who are not independent and describe the basis of that determination.</p>	<p>Ewan D. Mason (an officer of the Corporation) is not independent.</p>
<p>c. Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the <i>board</i>) does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p>	<p>As at April 14, 2023, a majority (three of four) of the Corporation's directors are independent.</p>
<p>d. If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>Larry Phillips: Compass Gold Corporation (TSXV: CVB)                      Lisa Riley: GFG Resources Inc. (TSXV: GFG)                      Tribeca Resources Corporation (TSXV: TRBC)                      Vital Metals Limited (ASX: VML)                      Marilyn Spink: Avalon Advanced Materials Inc. (TSXV: AVL)</p>
<p>e. Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p>	<p>At each of its meetings the Board and its Committees are given the opportunity to meet independently of Management and non-independent directors at the request of any independent director.</p>
<p>f. Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent</p>	<p>Ewan D. Mason, the Chair of the Board, is not an independent director as he is also the Interim President and Chief Executive Officer. Lisa K. Riley has been appointed as the</p>



Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p>director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor lead director that is independent, describe what the board does to provide leadership for its independent directors.</p>	<p>lead independent director. A position description for the Chair of the Board, or lead director, has been developed and approved by the Board. The role and responsibilities of the Chair of the Board and lead director include, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• Ensure that the responsibilities of the Board are carried out as defined in the Board of Directors' Mandate;</li> <li>• Act as an effective liaison with management;</li> <li>• Ensure effective functioning of the Board and its committees; and</li> <li>• Ensure, through the Compensation and Corporate Governance Committee that a process for evaluating the effectiveness of the Board is in place.</li> </ul>
<p>g. Disclose the attendance record of each director for all board meetings held since the beginning of the Issuer's most recently completed financial year.</p>	<p>The attendance record for each director is fully disclosed in the "Election of Directors" section of the Management Information Circular.</p>
<p><b>2. Board Mandate</b> Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	<p>The Board's Mandate is attached to this Information Circular as Schedule "B".</p>
<p><b>3. Position descriptions</b> a. Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</p>	<p>A position description for the Chair of the Board has been developed and approved by the Board.</p> <p>The other committees have specific mandates documented and the Chair of each committee is responsible to fulfill the documented mandate.</p>
<p>b. Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	<p>A written position description for the CEO has been developed by the Board and CEO.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p><b>4. Orientation and Continuing Education</b></p> <p>a. Briefly describe what measures the board takes to orient new directors regarding:</p> <ul style="list-style-type: none"> <li>(i) the role of the board, its committees and its directors; and</li> <li>(ii) the nature and operation of the issuer's business.</li> </ul>	<p>New directors meet with the Board and senior management to discuss the business activities of the Corporation and are given the opportunity to familiarize themselves with the Corporation and gain insight into the Corporation's business and operations by visiting the Corporation's offices and mineral properties. Each director is provided with a copy of the Directors' Manual which contains information about the Corporation, as well as charters of the Board and its Committees, and other relevant corporate and business information.</p>
<p>b. Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>Continuing education opportunities are directed at enabling individual directors to maintain or enhance their skills and abilities as directors, as well as ensuring that their knowledge and understanding of the Corporation's industry and affairs remain current. The Board has the authority to obtain third-party consultation to further its knowledge about industry issues and other matters as it sees fit. All of the Board members currently are or have been directors or officers of other resource companies. As such, they are able to stay current regarding the resource industry.</p>
<p><b>5. Ethical Business Conduct</b></p> <p>a. Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <ul style="list-style-type: none"> <li>(i) disclose how a person or company may obtain a copy of the code;</li> <li>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</li> <li>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</li> </ul>	<p>The Board has adopted a Code of Ethics policy for directors, officers and employees. The complete text of these codes can be found on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a>.</p> <p>Before a director, officer or employee is appointed or hired, the individual is required to read the code of ethics and report in writing any breaches of the policy. Annually, the officers, senior employees and directors of the Corporation update their compliance with the policy. Any conflicts of interest arising will be brought to the attention of the Corporation's Corporate Secretary or directly to the Chair of the Compensation and Corporate Governance Committee.</p> <p>No material change reports have been filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Corporation's Code of Ethics policy.</p>
<p>b. Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>Each director must disclose all actual or potential conflicts of interests and refrain from voting on matters in which the director has a conflict. In addition, the director must excuse himself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p>c. Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board has approved a policy entitled "Reporting Concerns over Accounting and Auditing Matters". The policy is designed to promote the disclosure and reporting of questionable accounting or auditing matters, fraudulent activities or misleading financial information. As per the policy, employees who observe unethical behavior are encouraged to report such incidents without recourse.</p>
<p><b>6. Nomination of Directors</b> Describe the process by which the board identifies new candidates for board nomination.</p>	<p>The independent directors of the Corporation are responsible for proposing new nominees to the Board. The independent directors will determine what competencies and skills are considered necessary to discharge the Board's duties and will identify potential candidates based on the skills required to fulfill the Board's needs. Other factors considered are an individual's experience, expertise and reputation as well as Board diversity.</p>
<p>Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</p>	<p>The Board has designated the independent directors of the Board the responsibility for nominations of Board members.</p>
<p>If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The independent directors of the Corporation have assumed responsibility for nominating new candidates. Based on the recommendations of the Compensation and Corporate Governance Committee, the independent directors will review on a periodic basis the composition of the Board, ensure that an appropriate number of independent directors sit on the Board, analyze the needs of the Board, and recommend nominees for appointment or election to the Board.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p><b>7. Compensation</b> Describe the process by which the board determines the compensation for the issuer's directors and officers.</p>	<p>The Board determines the compensation for directors and officers through its Committee. The Compensation and Corporate Governance Committee considers responsibilities involved with being an effective director or officer, risks, and the time commitment involved. The performance of the directors and officers is also compared to that of stated objectives. The Corporation also periodically compares publicly available survey information on peer group companies. Information regarding the details of compensation earned by the Corporation's directors is included in this Information Circular under "Compensation of Directors for the Year Ended December 31, 2022". Information regarding compensation earned by the NEOs is included in this Information Circular under "Executive Compensation".</p>
<p>Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.</p>	<p>At April 14, 2023, each of the three directors who comprise the Compensation and Corporate Governance Committee are independent</p>
<p>If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The Compensation and Corporate Governance Committee is responsible for reviewing and approving all compensation paid by the Corporation to its directors and senior officers. During the course of such review, the Compensation and Corporate Governance Committee evaluates the performance and objectives of senior officers of the Corporation.</p>
<p><b>8. Other Board Committees</b> If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their functions.</p>	<p>The Corporation does not have any standing committees other than the Audit Committee and the Compensation and Corporate Governance Committee.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p><b>9. Assessments</b></p> <p>Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p>The Compensation and Corporate Governance Committee completes annual assessments for the Board, its committees and the Chair of the Board, including for the 2022 fiscal year.</p>
<p><b>10. Director Term Limits and Other Mechanisms of Board Renewal</b></p> <p>Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.</p>	<p>The Corporation has not adopted term limits or mandatory retirement policies for the Board. The Board does not believe that arbitrary term limits are appropriate, nor does it believe that Directors should expect to be re-nominated annually. On an ongoing basis a balance must be struck between ensuring that there are fresh ideas and viewpoints available to the Board while not losing the insight, experience and other benefits of continuity contributed by longer serving Directors.</p> <p>With respect to other mechanisms of board renewal, see item 9 above titled "Assessments"</p>
<p><b>11. Policies Regarding the Representation of Women on the Board</b></p> <p>a. Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.</p>	<p>The Corporation has not adopted a policy specifically relating to the identification and nomination of women, Indigenous peoples, persons with disabilities or members of visible minorities as directors. The Board does not consider it necessary to have such a policy at this time but may consider adopting a policy in the future. Furthermore, the Corporation has not set any objectives for the representation of women, Indigenous peoples, persons with disabilities or members of visible minorities because, as a matter of practice, diversity (including the representation of women, Indigenous peoples, persons with disabilities or members of visible minorities) is among the factors that the Compensation and Corporate Governance Committee considers when evaluating the composition of the board of directors (see section 12 below).</p> <p>Should a diversity policy be considered appropriate for the Corporation in the future due to increases in size of the organization, the policy would specifically deal with the objectives for the representation of women, Indigenous peoples, persons with disabilities or members of visible minorities.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p>b. If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:</p> <ul style="list-style-type: none"> <li>(i) a short summary of its objectives and key provisions,</li> <li>(ii) the measures taken to ensure that the policy has been effectively implemented,</li> <li>(iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and</li> <li>(iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.</li> </ul>	<p>Not applicable.</p>
<p><b>12. Consideration of the Representation of Women in the Director Identification and Selection Process</b></p> <p>Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.</p>	<p>The Compensation and Corporate Governance Committee does not specifically define diversity, but takes guidance from the Corporation's "Respect in the Workforce Policy" which is applicable to all employees, officers, contractors, consultants or agents of the Corporation and its subsidiaries, and values diversity of race, ancestry, colour, ethnicity, creed, religion, gender, sexual orientation, age, marital or partnership status, family status and physical ability as part of its overall evaluation of director nominees for election or re-election. The Compensation and Corporate Governance Committee believes that having a diverse board of directors, including the representation of women, Indigenous peoples, persons with disabilities or members of visible minorities, enhances board of director operations, and diversity is among the factors that the Compensation and Corporate Governance Committee considers when evaluating the composition of the board of directors.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p><b>13. Consideration Given to the Representation of Women in Executive Officer Appointments</b></p> <p>Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	<p>The Corporation may, amongst other things, consider the level of representation of women, Indigenous peoples, persons with disabilities or members of visible minorities in executive officer positions when making executive officer appointments. The Corporation believes that having diversity in its executive officers, including women, Indigenous peoples, persons with disabilities or members of visible minorities, enhances management operations, and diversity is among the factors that the Corporation considers when evaluating the composition of its executive officers.</p> <p>The Corporation has a Respect in the Workforce Policy applicable to employees. The Corporation will provide an atmosphere free from barriers in order to promote equity and diversity and will foster an environment that respects people's dignity, ideas and beliefs thereby promoting equity and diversity in employment. The Corporation will provide a supportive work environment and a corporate culture that welcomes and encourages equal opportunities for all employees. Fair and equitable treatment will apply to all aspects of employment and business relationships.</p>
<p><b>14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions</b></p> <p>a. For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.</p>	
<p>b. Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.</p>	<p>The Corporation has not adopted targets regarding women, Indigenous peoples, persons with disabilities or members of visible minorities on the board of directors. The Corporation does not feel that targets necessarily result in the indemnification or selection of the best candidates. The Corporation considers diversity as described in sections 12 and 13 above.</p>

Corporate Governance Disclosure Required Under National Instrument 58-101F1	Governance Practices of the Corporation
<p>c. Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.</p>	<p>The Corporation has not adopted targets regarding women, Indigenous peoples, persons with disabilities or members of visible minorities in executive positions. The Corporation does not feel that targets necessarily result in the indemnification or selection of the best candidates. The Corporation considers diversity as described in sections 12 and 13 above.</p>
<p>d. If the issuer has adopted a target referred to in either (b) or (c), disclose:  (i) the target, and  (ii) the annual and cumulative progress of the issuer in achieving the target.</p>	<p>Not applicable.</p>
<p><b>15. Number of Women on the Board and in Executive Officer Positions</b>  a. Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p>	<p>At April 14, 2023, two of the Corporation's four directors are woman (50%).</p>
<p>b. Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.</p>	<p>Neither of the Corporation's two executive officers are women, Indigenous peoples, persons with disabilities or members of visible minorities (0%).</p>



## STAR DIAMOND CORPORATION

### SCHEDULE "B"

#### BOARD OF DIRECTORS - MANDATE

##### 1. General Powers of the Board of Directors

The Board of Directors has a duty to manage the business and affairs of the Company. Directors must comply with the Canada Business Corporations Act and the regulations thereunder and the articles and by-laws of the Company. The powers of the Board of Directors may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all directors entitled to vote on such resolution.

The principal responsibility of the Board of Directors is to promote the best interests of the Company and its shareholders. This responsibility includes: (i) approving fundamental operating, financial and other corporate plans, strategies and objectives; (ii) evaluating the performance of the Company and its senior management; (iii) selecting, regularly evaluating and fixing the compensation of executive officers; (iv) adopting policies of corporate governance and conduct, including compliance with applicable laws and regulations, financial and other controls; (v) reviewing the process of providing appropriate financial and operational information to the shareholders and the public generally; and (vi) evaluating the overall effectiveness of the Board of Directors.

##### 2. General Fiduciary Duties

The Board of Directors must act with a view to the best interests of the Company and its shareholders generally. Every director of the Company in exercising their powers and discharging their duties must:

- (a) act honestly and in good faith with a view to the best interests of the Company; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Fiduciary duties include, by way of example, the obligation to refrain from voting on contracts where personal financial or other interests conflict with those of the Company, using insider information in securities transactions and appropriating a corporate opportunity for personal benefit. Directors must act with such care as would reasonably be expected of a person having the knowledge and experience of the director in question.

Directors should have sufficient information to enable them to make knowledgeable decisions on all matters coming before the Board of Directors. It is the responsibility of each director to ask such questions as may be necessary to satisfy that the director has been supplied with all the necessary information on which to base the director's decisions. Directors should be familiar with all aspects of the business and affairs of the Company and have a basic understanding of the principal operational and financial objectives, strategies and plans of the Company, the results of operations and the financial condition of the Company.

Directors are entitled to rely in good faith on: (i) financial statements of the Company that are represented to them by an officer of the Company or in a written report of the auditors of the Company as fairly reflecting the financial condition of the Company; or (ii) an opinion or report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by that person.

In order to fulfill the director's fiduciary duties to the Company and its shareholders, each director should: (i) prepare for (i.e. make all necessary investigations and reviews) and attend all meetings of the Board of Directors; (ii) be sufficiently informed about the current and proposed activities of the Company; (iii) review the minutes of any meeting not attended as well as any resolutions passed or actions taken; (iv) obtain advice from outside or independent advisors and consultants when necessary; (v) ensure that all Board meeting agendas include a review of the minutes of the previous meeting of the Board of Directors to ensure they accurately represent the discussions that took place and the resolutions that were passed; and (vi) be especially attentive to specific aspects of the Company's activities according to the director's own experience and occupation.

### **3. Conflicts of Interest**

A director who is a party to a material contract or proposed material contract with the Company, or who is a director or officer of or has a material interest in any person who is a party to a material contract or proposed material contract with the Company, must disclose in writing to the Company, or request to have entered in the minutes of meetings of directors, the nature and extent of the director's interest.

The disclosure required to be made by a director where there is a conflict of interest must be made at the meeting at which a proposed contract is first considered by the Board of Directors or, if the director had no interest in a proposed contract at the time of such meeting, at the first meeting of the Board of Directors after he acquires an interest. If the director acquires an interest after a contract is made, the director must disclose this interest at the first meeting of the Board of Directors after the director becomes so interested. If a person who has an interest in a contract later becomes a director of the Company, the director must disclose this interest at the first meeting of the Board of Directors.

Where a proposed contract is dealt with by a written resolution signed by all directors in lieu of a meeting of the Board of Directors, the disclosure must be made immediately upon receipt of the resolution or, if the director had no interest at the time of receipt of the resolution, at the first meeting of the Board of Directors after the director acquires the interest.

A director who discloses a conflict of interest must refrain from taking part in any discussions or voting on any resolution to approve the contract, unless the contract is:

- (a) an arrangement by way of security for money loaned to or obligations undertaken by the director, or by a body corporate in which the director has an interest, for the benefit of the Company or an affiliate;
- (b) a contract relating primarily to the director's remuneration as a director, officer, employee or agent of the Company or an affiliate;
- (c) a contract for indemnity or insurance with respect to a director or officer of the Company, a former director or officer of the Company or a person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor; or
- (d) a contract with an affiliate of the Company, provided however, that directors who serve on boards of affiliated corporations are not required to refrain from voting on contracts between the two corporations.

Any profits or gains realized by a director as a result of the director's privileged position on the Board of Directors must be reimbursed to the Company, except in the case of gains resulting from contracts with respect to which the director has complied with the obligation to disclose this interest and refrain from voting.

### **4. Stewardship of the Corporation**

The Board of Directors is responsible for the stewardship of the Company and, as part of the overall stewardship responsibility, should assume responsibility for the following matters:

- (a) the adoption of a strategic planning process;
- (b) the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- (c) succession planning, including appointing, training and monitoring senior management;
- (d) the implementation of a communications policy for the Company; and
- (e) monitoring the integrity of the Company's internal control and management information systems.

**5. Corporate Opportunity**

A director is precluded from obtaining or diverting to another person or corporation with whom or with which the director is associated, either secretly or without the approval of the Company, any property or business advantage either belonging to the Company or for which it has been negotiating.

A director is also precluded from so acting even after the director's resignation where the resignation may fairly be said to have been prompted or influenced by a wish to acquire the opportunity sought by the Company, or where it was the director's position with the Company that led to the opportunity.

A director may not use his or her position as a director to make a profit even if it was not open to the Company to participate in the transaction.

**6. Duty of Independence**

A director must act strictly in the best interests of the Company and its shareholders generally and not in the interest of any one shareholder or group of shareholders. In determining whether a particular transaction or course of action is in the best interests of the Company, a director, if elected or appointed by holders of a class or series of shares, may give special, but not exclusive, consideration to the interests of those who elected or appointed the director.

**7. Duty of Confidentiality**

Directors of the Company have an obligation to maintain the confidentiality of matters discussed at meetings of the Board of Directors unless:

- (a) it was clearly understood at the Board meeting that the information was not required to be kept in confidence;
- (b) the director was required or authorized by law to disclose the information; or
- (c) the director was authorized expressly or implicitly by the Board of Directors to make disclosure of the information.

**8. Duty Not to Misuse Information or Position**

A director must not misuse his or her position or make improper use of information acquired by virtue of the director's position to gain, directly or indirectly, an advantage for themselves or any other person or to cause detriment to the Company. Directors are insiders of the Company and, as such, must not use information about the Company to trade in securities or to assist others to trade in securities of the Company before the information is available to the public.

**9. Insider reporting**

Directors are required to report any changes in their direct or indirect beneficial ownership of or control or direction over securities of the Company within 5 days of the change. The Company has established a procedure for assisting insiders with the reporting of insider trades.

**10. Communication to Shareholders**

The Board of Directors must ensure that the Company has in place a policy to enable the Company to communicate effectively with its shareholders and the public generally. Directors have a duty to ensure that the appropriate procedures are in place and being complied with so that accurate, appropriate and timely disclosure is being made to the Company's shareholders and to the public.

## **11. Delegation of Authority to Officers and Committees**

The Board of Directors may delegate authority and functions to officers and to committees of directors. The Board of Directors has the right to appoint officers to perform such duties assigned to them by the Board of Directors. The persons holding such offices shall also have the powers assigned to them from time to time by the Chief Executive Officer of the Company.

Any member of a Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee as soon as such member ceases to be a Director. The Board of Directors may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains.

The following matters are within the sole purview of the Board of Directors and may not be delegated by the Board to a committee of directors or to an officer of the Company:

- (a) the submission to the shareholders of any question or matter requiring the approval of the shareholders;
- (b) the filling of a vacancy among the directors or in the office of the auditor;
- (c) the issuance of securities, except in the manner and on the terms authorized by the directors;
- (d) the declaration of dividends;
- (e) the purchase, redemption or other acquisition of shares of the Company, except in the manner and on the terms authorized by the directors;
- (f) the payment of a commission to any person in consideration of: (i) purchasing or agreeing to purchase shares of the Company or from any other person; or (ii) procuring or agreeing to procure purchasers for shares of the Company;
- (g) the approval of a management proxy circular;
- (h) the approval of annual financial statements; or
- (i) the adoption, amendment or repealing of any by-laws of the Company.

## **12. Financial Statements**

The Board of Directors has a duty to approve the annual financial statements of the Company and to submit the financial statements of the Company, and the auditors' report thereon, for the preceding year to the shareholders of the Company.

A director is required to forthwith notify both the Audit Committee and the Company's auditors of any error or misstatement of which the director becomes aware in the audited financial statements of the Company. The Board of Directors has a duty to prepare and issue corrected financial statements on being informed of an error or misstatement by an auditor or former auditor and the duty to file these statements with or inform the appropriate securities commissions.

## **13. Auditors**

On demand from the Company's auditors, each present and former director of the Company has a duty to furnish to the Company's auditors any information and explanations and allow access to any books, records, documents, accounts or vouchers of the Company or its subsidiaries that the director is reasonably able to furnish and which the Company's auditors consider necessary to enable them to report on the annual financial statements.

#### **14. Shareholder Meetings**

The Board of Directors is required to call the annual meeting of the shareholders and may, at any time, call a special meeting of shareholders. The Board of Directors has a duty to call a special meeting of the shareholders to approve any matter that requires the approval of shareholders by special resolution.

#### **15. Safety, Health and Environment (SHE)**

The Board of Directors will assume responsibility for developing the approach of the Corporation relating to matters of safety, health and environment. Specifically, the Board of Directors will be responsible for:

- a. establishing and periodically reviewing safety, health and environmental policies to ensure compliance with "SHE" legislation;
- b. overseeing the management of the implementation of systems necessary for compliance with all safety, health and environmental policies;
- c. monitoring the effectiveness of the policies, systems and monitoring processes in place to manage the safety and health of employees, contractors, visitors and the general public and to manage environmental impacts;
- d. reviewing regular updates from management on the safety, health and environmental performance of the corporation by receiving reports from management on:
  - (i) significant safety, health and environmental issues,
  - (ii) compliance with safety, health and environmental legislation and licenses;
  - (iii) monitoring significant event trends; and
  - (iv) benchmarking of the policies, systems and monitoring processes of the corporation against industry best practices;
- e. reviewing audit results and findings on safety, health and environmental audits, the action plans pursuant to the findings and the result of investigations into significant events, if any; and
- f. conducting any actions to supervise management respecting all other matters relating to safety, health and environmental consistent with the policies, including, but not limited to engaging third party consultants, if necessary.