

RESOLUTION AGREEMENT

THIS RESOLUTION AGREEMENT (the “**Agreement**”) made this 9th day of December, 2021.

BETWEEN:

STAR DIAMOND CORPORATION (“SDC”);

AND:

KENSINGTON RESOURCES LTD. (“Kensington” and, together with SDC, “Star”);

AND:

RIO TINTO EXPLORATION CANADA INC. (“RTEC”)

WHEREAS:

- A. On June 22, 2017, RTEC and Star entered into an Option to Joint Venture Agreement (the “**Option Agreement**”), pursuant to which Star granted RTEC the sole, exclusive and irrevocable right and option to explore for minerals on the Properties (as defined in the Option Agreement).
- B. The Option Agreement also granted RTEC four options to acquire up to a 60% undivided interest in the Properties.
- C. On November 6, 2019, RTEC provided Star with notices of exercise of the First Option, Second Option, Third Option and Fourth Option under the Option Agreement. Star disputed that such Options had been validly exercised.
- D. On March 3, 2020, Star filed a Statement of Claim, naming RTEC as a defendant, in the Court of Queen’s Bench of Saskatchewan, in Regina and subsequently transferred to Saskatoon under Court File Number QBG No. 610 of 2020 and, on April 6, 2020, RTEC filed a Statement of Defence and Counterclaim in such proceeding (collectively, the “**Action**”).
- E. The parties hereto (the “**Parties**”) have agreed to resolve all disputes between them in respect of matters occurring up to the date of this Agreement, including the Action and any existing claims that were or could have been raised by any of the Parties in the Action, on the terms and conditions set forth herein.
- F. As part of such resolution, the Parties have agreed to execute and deliver a revised form of joint venture agreement in the form attached hereto as Schedule A (which joint venture agreement, as revised is referred to herein as the “**Joint Venture Agreement**”).

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the Parties), the Parties agree as follows:

1. **FURTHER DEFINITIONS**

1.1 Capitalized terms not otherwise defined herein are given the same meaning as in the Option Agreement or the Joint Venture Agreement (if not defined in the Option Agreement).

2. **RESOLUTION TERMS AND RELEASE**

Amended and Restated Joint Venture Agreement

2.1 Concurrently with the execution of this Agreement, the Parties will execute and deliver the Joint Venture Agreement in the form attached hereto as Schedule A.

2.2 For the purposes of Section 6.1 of the Joint Venture Agreement:

- (a) SDC hereby appoints [*Redacted*] and [*Redacted*] as its members on the Management Committee and [*Redacted*] and [*Redacted*] as their respective alternates; and
- (b) RTEC hereby confirms the appointment of [*Redacted*] and [*Redacted*] as its members on the Management Committee and [*Redacted*] and [*Redacted*] as their respective alternates.

Mineral Titles and Surface Leases

2.3 Except as has been disclosed in writing by SDC to RTEC prior to the execution of this Agreement, each of SDC and Kensington jointly and severally represent and warrant to RTEC, that:

- (a) SDC has concurrently with the execution of this Agreement duly initiated the electronic transfer from SDC or Kensington, as applicable, to RTEC, of a 100% registered interest in the mineral dispositions comprising the Properties (the “**Mineral Dispositions**”) on the Mineral Administration Registry Saskatchewan (“**MARS**”) and will not under any circumstances withdraw such transfer initiations;
- (b) SDC has duly executed and delivered to RTEC, in escrow, an assignment agreement between SDC and RTEC in respect of the Surface Lease Agreements (as defined below), in an agreed upon form (the “**Assignment Agreement**”);
- (c) SDC has duly executed and delivered to RTEC, in escrow, the prescribed request for assignment forms (the “**Requests for Assignment**”) in respect of all of the surface lease agreements forming part of the Properties including those described in Schedule A of the Joint Venture Agreement (the “**Surface Lease Agreements**”);

- (d) to the knowledge of SDC and Kensington, each of the Mineral Dispositions is in good standing and no required work expenditures are currently outstanding in connection with the Mineral Dispositions; and
 - (e) to the knowledge of SDC and Kensington, each of the Surface Lease Agreements is currently in good standing and there are no rental fees or taxes that have not been paid or are currently outstanding in connection with the Surface Lease Agreements.
- 2.4 RTEC agrees to immediately accept the transfers referenced in Section 2.3(a) at its own cost such that RTEC is recorded in MARS as the registered owner of a 100% interest in the Mineral Dispositions, which RTEC agrees that it will hold subject to the terms of the Joint Venture Agreement. The Assignment Agreement and the Requests for Assignment will be released from escrow to RTEC concurrently with the execution of this Agreement and RTEC will immediately thereafter proceed to register such documents such that RTEC is registered as the owner of a 100% interest in the Surface Lease Agreements subject to the terms of the Joint Venture Agreement. The Parties acknowledge and agree that the consent or authorization of the applicable Governmental Authority may be required in order for SDC to transfer and assign some or all of the Surface Lease Agreements in accordance with this Agreement, and each Party agrees to use its reasonable efforts to obtain any such necessary consents or authorizations as soon as practicable.
- 2.5 Each of the Parties shall execute and deliver such further documents and do such further acts and things as may be required from time to time to complete the transfer of a 100% registered interest in the Mineral Dispositions and the transfer and assignment of the Surface Lease Agreements to RTEC on a basis consistent with Sections 2.3 and 2.4 of this Agreement and to reflect the respective beneficial ownership of the Properties by RTEC and SDC from time to time in accordance with the Joint Venture Agreement.
- 2.6 Each of SDC and RTEC represents and warrants that, to its knowledge, immediately following the completion of the actions contemplated by Sections 2.3 and 2.4 of this Agreement: (a) RTEC will hold a 100% registered interest in the Mineral Dispositions, (b) RTEC will hold a 75% undivided beneficial interest in the Properties, which includes the additional 15% undivided beneficial interest in the Properties transferred pursuant to this Agreement and the Joint Venture Agreement; and (c) SDC will hold a 25% undivided beneficial interest in the Properties, in each case free and clear of all Encumbrances (except for the Permitted Encumbrances) but subject to the terms and conditions of the Joint Venture Agreement.

Discontinuance of the Action

- 2.7 The Parties agree that the Action, including all claims and counterclaims raised therein, will be dismissed on a with prejudice and without costs basis and the Parties shall execute a Discontinuance of Claim in the form attached hereto as Schedule B.
- 2.8 The Parties irrevocably instruct their respective solicitors to take all necessary steps to effect the dismissal of the Action, including entering the executed Discontinuance of Claim in the appropriate court registry.

Press Release

- 2.9 The Parties agree that upon execution of this Agreement, they will jointly publish a press release in the form attached hereto as Schedule C (the “**Press Release**”).

Release

- 2.10 In Sections 2.11 and 2.12 of this Agreement, any reference to Star or RTEC includes their respective past and present directors, officers, employees, subsidiaries, parents, affiliates, agents, assigns, representatives, predecessors, successors, executors, affiliates, insurers and reinsurers, liquidators, receivers, receiver managers, trustees, owners, shareholders, partners and partnerships consisting of or including owners, shareholders, subsidiaries, heirs, executors, administrators, committees, personal representatives, solicitors and each of them.
- 2.11 Star does hereby remise, release and forever discharge RTEC from any and all claims, suits, liabilities, causes of action, debts, damages, interests, costs and demands of every nature and kind, whether at law or in equity or by statute, related to the Action and the matters raised or that could have been raised in the Action, including but not limited to any known or unknown claims arising prior to the date of this Agreement and relating to or arising out of:
- (a) the parties’ negotiations and representations prior to entering into the Option Agreement and the Joint Venture Agreement;
 - (b) the Option Agreement;
 - (c) the Joint Venture Agreement (including, for greater certainty, in its prior form that was attached to the Option Agreement);
 - (d) any public or private statements made by RTEC regarding Star, the Properties, the Operations, or any other matter prior to the date of this Agreement;
 - (e) RTEC’s conduct of Operations (as that term is defined in each of the Option Agreement and the Joint Venture Agreement) at, on, or with respect to, the Properties prior to the date of this Agreement; and
 - (f) RTEC’s incurring of Expenditures and/or Costs in connection with the Properties prior to the date of this Agreement.
- 2.12 RTEC does hereby remise, release and forever discharge Star from any and all claims, suits, liabilities, causes of action, debts, damages, interests, costs and demands of every nature and kind, whether at law or in equity or by statute, related to the Action and the matters raised or that could have been raised in the Action, including but not limited to any known or unknown claims arising prior to the date of this Agreement and relating to or arising out of:

- (a) the parties' negotiations and representations prior to entering into the Option Agreement and the Joint Venture Agreement;
- (b) the Option Agreement;
- (c) the Joint Venture Agreement (including, for greater certainty, in its prior form that was attached to the Option Agreement);
- (d) RTEC's conduct of Operations (as that term is defined in each of the Option Agreement and the Joint Venture Agreement) at, on, or with respect to, the Properties prior to the date of this Agreement;
- (e) RTEC's incurring of Expenditures and/or Costs in connection with the Properties prior to the date of this Agreement;
- (f) any public or private statements made by Star regarding RTEC, the Properties, the Operations, or any other matter prior to the date of this Agreement; and
- (g) any alleged failure by Star prior to the date of this Agreement to effect transfers of any of its ownership or title related to the Properties and rights therein to RTEC.

Third Party Proceedings

- 2.13 Each Party covenants and agrees not to take any steps, initiate any proceedings or continue any proceedings against any person or other entity (each a "**Third Party**") which might be entitled to claim contribution, indemnity, or other relief against any of the other Parties, in respect of or arising out of, or in any way related to the Action or any of the matters released in Sections 2.11 and 2.12 of this Agreement.
- 2.14 Each Party covenants and agrees that if it contravenes Section 2.13, it will indemnify and save harmless the other Party or Parties against which a Third Party is seeking contribution, indemnity or other relief from any costs (including legal fees), expenses, losses, liabilities or damages whatsoever incurred by that Party or Parties in connection with or in any way related to defending or responding to any proceeding brought by the Third Party.

Confidentiality and Non-Disparagement

- 2.15 The Parties agree not to disclose, cause to be disclosed, or allow to be disclosed the contents of this Agreement, or the content of any negotiations and discussions relating to this Agreement, including the terms of the resolution, to any third party, without the prior written consent of the other Parties, except:
- (a) to each Party's respective legal advisors who have a bona fide need to know such information and are bound by their professional obligations to keep the information disclosed confidential;
 - (b) pursuant to an order or direction of any court provided that such Party will, if reasonably practicable and permitted by law, first provide the other Parties with

prompt written notice so that any other Party may seek a protective order or other appropriate remedy, and provided further that if such protective order or other remedy is not obtained, the Party will, to the extent permitted by applicable law: (i) consult with the other Parties in advance with respect to any such disclosure; (ii) disclose only that portion of such information that it is legally required to disclose; and (iii) exercise its commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information;

- (c) if a Party is otherwise required by applicable laws or stock exchange rules to make any such disclosure, provided that the Party complies with the provisions of Sections 2.16 and 2.18 of this Agreement;
- (d) in connection with any legal proceeding that may be commenced with respect to the enforcement of this Agreement, provided that such disclosure shall be subject to such confidentiality procedures as may be reasonably requested by any other Party and approved by an arbitrator or the court, as the case may be;
- (e) to issue the Press Release in accordance with Section 2.9 of this Agreement, and for SDC to thereafter file on SEDAR the Press Release and an associated material change report in the form exchanged between the Parties on the Execution Date;
- (f) for SDC to file on SEDAR a redacted copy of this Agreement in the form exchanged between the Parties on the Execution Date, which redactions the Parties have agreed are required to not violate confidentiality obligations and to prevent disclosure that would be seriously prejudicial to the interests of the Parties.
- (g) for SDC to file on SEDAR a redacted copy of the Joint Venture Agreement in the form exchanged between the Parties on the Execution Date, which redactions the Parties have agreed are required to not violate confidentiality obligations and to prevent disclosure that would be seriously prejudicial to the interests of the Parties.

For greater certainty, once the Press Release and redacted SEDAR filings (collectively, the “**Public Disclosure**”) contemplated by Section 2.15(e), 2.15(f) and 2.15(g) of this Agreement have been issued or filed, as the case may be, the matters set forth in such Public Disclosure shall no longer be subject to the restrictions set forth in this Section 2.15, but only to the extent publicly disclosed in such Public Disclosure.

- 2.16 Without limiting the provisions of Section 2.15, prior to issuing any press release or making any public statement pertaining to the contents of this Agreement, or the content of any negotiations and discussions relating to this Agreement, including the terms of the resolution, a Party proposing to issue such press release or make such public statement shall make available to the other Parties, not less than one business day prior to issuance or publication, the text of such press release or public statement and such other Parties may make suggestions for changes therein. The Party proposing to make such disclosure shall make such reasonable changes to such proposed news release or public statement as may be timely and reasonably requested by the non-issuing Parties.

- 2.17 Notwithstanding Section 2.16, the provisions of Section 2.16 shall not apply to any press release or public statement made following the date hereof by or on behalf of any Party that reflects disclosure which is consistent with what has, prior to the time of such press release or public statement, already been publicly disclosed on or after the date hereof in the Public Disclosure or by a Party in accordance with Section 2.16.
- 2.18 A Party shall not, without the consent of the other Parties, issue any press release or make any public statement that implies or infers that the non-issuing Party or Parties endorses or joins the issuing Party in statements or representations contained in any such press release or public statement.
- 2.19 The Parties agree that they shall not disparage or defame the reputation, character, image, products, or services of any other Party, or the reputation or character of any directors, officers, employees, parents, subsidiaries, affiliates, agents or representatives of a Party. This provision shall not be construed to apply or impose any restriction upon the ability or decision of any party to this Agreement, or upon that of its parents, affiliates or subsidiaries, to (i) conduct or not to conduct future negotiations, communications or business with any other Party, (ii) report accurately and truthfully on the conduct, performance, management or other actions of the other Party to this Agreement in relation to the Joint Venture or the Properties, (iii) comply with any applicable disclosure obligations under applicable laws or stock exchange rules, or (iv) seek to enforce any rights under this Agreement or the Joint Venture Agreement.
- 2.20 The Parties agree that they shall not issue any further press release or make any public statement that contradicts, or is inconsistent with, the contents of the Press Release or this Agreement.

Mutual Representations and Warranties

- 2.21 Each of SDC and Kensington jointly and severally represent and warrant to RTEC, and RTEC represents and warrants to each of SDC and Kensington, that:
- (a) it is a corporation duly organized and validly existing in the jurisdiction of its incorporation and is qualified to do business and is in good standing under the laws of the Province in which the Properties are located and it has the full power and capacity to enter into, carry out the transactions contemplated by, and duly observe and perform all its obligations contained in this Agreement;
 - (b) the execution and delivery of this Agreement and the Joint Venture Agreement, and all documents, instruments and agreements required to be executed and delivered by it pursuant to this Agreement and the Joint Venture Agreement, and the completion of the transactions contemplated by this Agreement and the Joint Venture Agreement, have been duly authorized by all necessary corporate action on its part, and each of this Agreement and the Joint Venture Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable in accordance with its terms;

- (c) it will not breach any other agreement or arrangement to which it is a party or bound, by entering into or performing this Agreement or the Joint Venture Agreement;
- (d) it has not (i) contemplated filing any proceeding for bankruptcy or insolvency under any of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or the *Winding-Up and Restructuring Act* (Canada), or any other applicable insolvency or other similar law of any jurisdiction, including any corporate law of any jurisdiction permitting a debtor to obtain a stay or a compromise of the claims of its creditors against it (“**Insolvency Laws**”); (ii) admitted its inability to pay its debts generally as they become due or failed to pay its debts generally as they become due; (iii) in respect of itself, filed an assignment or petition in bankruptcy or a petition to take advantage of any Insolvency Laws; (iv) consented to the appointment of a receiver of the whole or any substantial part of its assets; (v) filed a petition or answer seeking a reorganization, arrangement, adjustment or composition in respect of itself under Insolvency Laws; or (vi) been adjudged by a court having jurisdiction a bankrupt or insolvent, nor has a decree or order of a court having jurisdiction been entered for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy of it with such decree or order having remained in force and undischarged or unstayed for a period of 30 days after the entry thereof; and
- (e) the terms of this Agreement are fully understood, it has been given an opportunity to obtain independent legal advice and such other advice as it deems appropriate with respect to the terms of this Agreement and, in fact, has obtained such independent legal advice from a lawyer of its own choice prior to executing this Agreement.

General

- 2.22 Each of SDC and Kensington, on the one hand, and RTEC on the other hand, acknowledges and agrees that any breach or delay of their respective obligations under this Agreement will result in the other Party suffering irreparable harm, which cannot be calculated or fully or adequately compensated by recovery of damages alone, and accordingly agrees that the other Party shall be entitled to interim and permanent injunctive relief without proof of actual damages, specific performance and other equitable remedies, in addition to any other rights or remedies that such Party has under this Agreement or to which it might otherwise be entitled.
- 2.23 References in this Agreement to the knowledge of SDC means the actual knowledge of [Redacted], [Redacted] or [Redacted], in each case, after making diligent inquiry of other responsible officers and employees of SDC, as reasonably necessary to inform themselves as to the relevant matters.
- 2.24 References in this Agreement to the knowledge of RTEC means the actual knowledge of [Redacted], [Redacted] or [Redacted], in each case, after making diligent inquiry of other responsible officers and employees of RTEC, as reasonably necessary to inform themselves as to the relevant matters.

- 2.25 The Parties acknowledge and agree that this Agreement is a compromise of a disputed claim and that none of the Parties, by entering into this Agreement or otherwise, admit any liability to the other or to anyone else in respect of the claims set out in the Action, and any such liability is specifically denied.
- 2.26 The Parties shall, with reasonable diligence, do all such things and provide such further documents required by the other Parties as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.
- 2.27 This Agreement, and the Joint Venture Agreement, together constitute the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior agreements, undertakings, representations, negotiations and discussions, whether oral or written, of the Parties with respect to the subject matter hereof, except those provisions of the Option Agreement that are expressly stated to survive its termination. The terms of this Agreement are contractual and not mere recitals.
- 2.28 If a portion of this Agreement is held by a court of competent jurisdiction to be invalid and of no force and effect, all remaining provisions of this Agreement shall otherwise remain in full force and effect and shall be construed as if such invalid portion had not been included.
- 2.29 This Agreement shall be deemed to be made pursuant to the laws of the Province of Saskatchewan and shall be governed by, construed, interpreted, performed and enforced in accordance with the laws of Saskatchewan and the laws of Canada applicable therein.
- 2.30 In the event of any dispute, claim or difference between the Parties arising out of or in connection with this Agreement, including any question regarding its subject matter, enforceability, interpretation, effect, existence, validity or termination, or in respect of any legal relationship associated therewith or derived therefrom (the “**Dispute**”), the Parties will first attempt to resolve such Dispute by good faith negotiation and consultation between themselves. In the event that such Dispute is not resolved on an informal basis within 7 days from receipt from any Party to the others of written notice of a Dispute, any Party may, by written notice to the others, have such dispute referred to a senior decision-maker of each Party with oversight responsibility for the matters contemplated by this Agreement, who will attempt to resolve such Dispute by good faith negotiation and consultation for a 14 day period following receipt of such written notice. In the event that such Dispute is not resolved during such 14 day period, such Dispute shall be settled by confidential, final and binding arbitration in accordance with *The Arbitration Act* (Saskatchewan), as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder, in the following manner:
- (a) the Dispute shall be resolved by a single arbitrator (the “**Arbitrator**”);
 - (b) failing agreement by the parties, the Arbitrator shall be appointed by the ADR Institute of Canada pursuant to their ADRIC Arbitration Rules of Procedure (the “**ADRIC Rules**”);
 - (c) the seat of the arbitration shall be Saskatchewan;

- (d) the location of the hearings shall be in Saskatoon, Saskatchewan (subject to an alternative agreement by the parties);
- (e) the language of the arbitration shall be English;
- (f) the arbitration shall be governed by the ADRIC Rules, as amended;
- (g) either party may deliver a single Notice to Arbitrate for claims arising under either or both this Resolution Agreement and the Joint Venture Agreement, and such Notice to Arbitrate will be deemed to have validly commenced a single arbitration under both Agreements;
- (h) the arbitration award shall be made in writing and shall be final and binding on the parties, and shall deal with the question of costs and all matters related thereto; and
- (i) nothing in this Agreement shall prejudice or impair a party's ability to apply to the Court of Queen's Bench of Saskatchewan, or to the Arbitrator, to obtain interim or interlocutory injunctive relief.

2.31 This Agreement shall enure to the benefit of and shall be binding upon the Parties hereto and their respective successors and permitted assigns; provided that this Agreement may only be assigned by a Party together with the transfer and assignment of the Party's Participating Interest (as that term is defined in the Joint Venture Agreement) and its rights and obligations under the Joint Venture Agreement pursuant to the terms of the Joint Venture Agreement.

2.32 This Agreement may be executed in counterpart, by original or electronic signature, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

2.33 Time is of the essence.

IN WITNESS WHEREOF, the parties have executed this Agreement effective December 9, 2021.

STAR DIAMOND CORPORATION

By: (signed) "[Redacted]"

Name: [Redacted]

Title: [Redacted]

KENSINGTON RESOURCES LTD.

By: (signed) "[Redacted]"

Name: [Redacted]

Title: [Redacted]

**RIO TINTO EXPLORATION CANADA
INC.**

By: (signed) "[Redacted]"

Name: [Redacted]

Title: [Redacted]

Schedule A

JOINT VENTURE AGREEMENT

Schedule B

DISCONTINUANCE OF CLAIM

Form 4-49
(Subrule 4-49(1))

COURT FILE NUMBER QBG No. 610 of 2020

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE Saskatoon

PLAINTIFF(S) Star Diamond Corporation and Kensington Resources Ltd.

DEFENDANT(S) Rio Tinto Exploration Canada Inc.

DISCONTINUANCE OF CLAIM

The plaintiffs Star Diamond Corporation and Kensington Resources Ltd discontinue the action against the defendant Rio Tinto Exploration Canada Inc., with each party bearing its own costs.

DATED at _____, Saskatchewan, this _____ day of December, 2021.

(signature)

NOTICE

If you discontinue the action/part of the action, the other party is entitled to costs unless the other party consents to a discontinuance without costs (Subrule 4-49(2)).

The discontinuance of the action/part of the action may not be raised as a defence to any subsequent action for the same or substantially the same claim (Subrule 4-49(5)).

This Discontinuance of Claim consented as to form and content this _____ day of December, 2021.

MLT Atkins LLP

Per: _____
Solicitors for the defendant

CONTACT INFORMATION AND ADDRESS FOR SERVICE

If prepared by a lawyer for the party:

Name of firm:	Bennett Jones LLP // McDougall Gauley LLP
Name of lawyer in charge of file:	Robert W. Staley // Gordon J. Kuski, Q.C. Bennett Jones LLP 3400 One First Canadian Place P.O. Box 130 Toronto, ON M5X 1A4 Telephone: (416) 777-4857 Facsimile: (416) 863-1716
Address of legal firms:	McDougall Gauley LLP 1500 - 1881 Scarth Street Regina SK, Canada S4P 4K9 T: (306) 757-1641 F: (306) 359-0785
Telephone number:	(416) 777-4857 // (306) 757-1641
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E-mail address (<i>if any</i>):	staleyrbennettjones.com // gkuski@mcdougallgauley.com

Form 4-51
(Subrule 4-51(1))

COURT FILE NUMBER QGB No. 610 of 2020

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE Saskatoon

PLAINTIFF(S) Star Diamond Corporation and Kensington Resources Ltd.

DEFENDANT(S) Rio Tinto Exploration Canada Inc.

DISCONTINUANCE OF DEFENCE AND COUNTERCLAIM

The defendant Rio Tinto Exploration Canada Inc. discontinues the whole of the statement of defence and counterclaim against Star Diamond Corporation and Kensington Resources Ltd. with each party bearing its own costs.

DATED at _____, Saskatchewan, this _____ day of
December, 2021.

(signature)

This Discontinuance of Defence and Counterclaim consented as to form and content this _____ day of
December, 2021.

MacDougall Gauley LLP/Bennett Jones LLP

Per: _____
Solicitors for the defendant

CONTACT INFORMATION AND ADDRESS FOR SERVICE

If prepared by a lawyer for the party:

Name of firm: Lawson Lundell LLP // MLT Aikins LLP

Name of lawyer in charge of file: Craig A.B. Ferris Q.C. // Douglas C. Hodson Q.C.

Address of legal firms: **MLT Aikins LLP**
1500, 410 22nd Street E, Saskatoon SK S7K 5T6

Lawson Lundell LLP
1600, 925 West Georgia Street, Vancouver, BC, V6C 3L2

Telephone number: 604.685.3456 // 306.975.7101

Fax number (*if any*):

E-mail address (*if any*): cferris@lawsonlundell.com // dhodson@mltaikins.com

Schedule C

PRESS RELEASE

STAR DIAMOND CORPORATION AND RIO TINTO ANNOUNCE COMPREHENSIVE RESOLUTION OF ALL DISPUTES AND REVISED JOINT VENTURE ARRANGEMENTS

December 9, 2021

Star Diamond Corporation (“Star Diamond”) and Rio Tinto are pleased to announce that they have today entered into binding agreements that comprehensively resolve all disputes between them. As part of that resolution, Star Diamond and Rio Tinto have agreed to revised joint venture arrangements that best position the joint venture to advance the development of a diamond mining operation on the Fort à la Corne property in Saskatchewan, Canada.

Under these new arrangements:

- All expenditures on the project prior to December 31, 2021 will be the sole responsibility of Rio Tinto’s subsidiary, Rio Tinto Exploration Canada Inc. (“RTEC”);
- All expenditures between January 1, 2022 and the public announcement of a decision to develop a diamond mining operation, based upon the completion of a positive feasibility study, will initially be advanced by RTEC. Star Diamond will not be required to begin reimbursing RTEC for Star Diamond’s share of these expenditures unless and until commercial production has been achieved. The effect of the foregoing is that Star Diamond will have no obligation to contribute additional investment to the project until a decision to develop the mine is made and publicly announced;
- Once the decision to develop the mine has been made and announced, Star Diamond will have six months to begin contributing to the joint venture Star Diamond’s share of the capital costs and expenditures required to build the mine; and
- In exchange for these amendments, the parties have agreed that the participating interests of RTEC and Star Diamond in the joint venture have been adjusted to 75% for RTEC and 25% for Star Diamond (from 60% and 40%, respectively).

These arrangements de-risk the project for Star Diamond and ensure that key project milestones, and the certainty associated with them, will have been achieved before Star Diamond has to contribute any additional capital, while also providing Rio Tinto with a greater participating interest in the project. They also align the interests of Rio Tinto and Star Diamond in moving the project forward for the benefit of both companies and their respective shareholders.

“This is a major step forward for the Fort à la Corne project, Star Diamond and its shareholders. We are very pleased to have reached a constructive resolution with Rio Tinto that puts our differences in the past, fully aligns our interests and allows both of us to singularly focus on jointly and expeditiously moving forward with what Star Diamond believes is one of the most promising Diamond projects in the world,” stated Ewan Mason, Chair of the Board of Star Diamond.

Rio Tinto Head of Exploration, Dave Andrews said, “These new arrangements and our alignment with Star Diamond represent a major milestone in the continued development of the Fort à la Corne property. Building on the comprehensive studies and successful bulk sampling program on the Star Kimberlite, we are very pleased to now be working cooperatively with Star Diamond on a diamond project that we believe has the potential to be a significant contributor to both the local communities around the Fort à la Corne property and the broader Saskatchewan economy.”

Details of New Arrangements

Under the arrangements announced today, Star Diamond and RTEC have agreed that all expenditures incurred at the Fort à la Corne property between November 9, 2019 and December 31, 2021 are the sole responsibility of RTEC. These expenditures are expected to amount to approximately \$77.4 million (100% basis), which is in addition to the approximately \$103.6 million spent by RTEC at the property prior to giving notice on November 9, 2019 that it was exercising its options to joint venture.

Expenditures incurred at the property (“carried interest costs”) from and after January 1, 2022 are to be 100% advanced by RTEC in first instance until, among other things: (a) the completion of a feasibility study demonstrating that extraction of diamonds is reasonably justified (economically mineable) and that contemplates the construction and operation of a diamond mining operation having certain minimum requirements, (b) a positive decision has been made to develop such mine, (c) a development program and budget for the construction of such mine has been approved, and (d) public disclosure has been made of the decision to develop such mine.

Star Diamond will have no obligation to fund or contribute to carried interest costs until the commencement of commercial production, which will not occur until after the completion of construction of the diamond mine with it generally operating at certain specified thresholds for 90 days. Once commercial production has been achieved, Star Diamond will be required to reimburse RTEC for Star Diamond’s share (based upon its participating interest in the joint venture) of carried interest costs by the retention by RTEC of a specified portion of the diamonds that Star Diamond would otherwise be entitled to receive if Star Diamond is taking its share of diamonds in kind, or by paying to RTEC a specified portion of the net sale proceeds that would otherwise be received by Star Diamond from the sale of diamonds produced at the mine, in each case until RTEC has been reimbursed for Star Diamond’s share of carried interest costs. Such specified portion of Star Diamond’s share of diamonds or net sale proceeds, as applicable, to be used to reimburse RTEC for carried interest costs is 50% during the first year following the commencement of commercial production, 65% during the second year and 80% thereafter, in each case until RTEC has been reimbursed. Star Diamond may prepay these amounts at any time without penalty, and any carried interest costs that have not been reimbursed as of the first anniversary of commercial production will bear interest at prime plus 5%.

Once a decision to develop the mine has been made and publicly announced, Star Diamond will have six months before it is required to begin contributing to its share of capital costs and expenditures incurred for construction of the mine.

In exchange for the foregoing, the respective participating interests of RTEC and Star Diamond in the joint venture have been adjusted to 75% for RTEC and 25% for Star Diamond (from 60% and 40%, respectively).

Star Diamond has also agreed that, prior to it entering into any agreement that will result in the acquisition by any person of more than 50% of the shares of Star Diamond (or any other transaction the result of which allows any person to direct the management and policies of Star Diamond), RTEC will have a five-business day right to match such acquisition proposal.

As part of the resolution arrangements, Star Diamond and RTEC have agreed to end the litigation that has been ongoing between them and to release each other for prior events.

The arrangements announced today were negotiated on behalf of Star Diamond under the supervision and direction of its special committee of non-management directors that was formed in early 2020. Upon the recommendation of that special committee, these arrangements were unanimously approved by Star Diamond's board of directors earlier today.

Copies of the Resolution Agreement and the Joint Venture Agreement that have been entered into between Star Diamond and RTEC to give effect to these arrangements are available under Star Diamond's profile on SEDAR at www.sedar.com and will also be posted in Star Diamond's website at www.stardiamondcorp.com. The summary of the new arrangements outlined above is qualified in its entirety by the full text of these agreements, and reference should be made to these agreements for their full terms and conditions.

About Star Diamond Corporation

Star Diamond is a Canadian-based corporation engaged in the acquisition, exploration and development of mineral properties. Shares of Star Diamond trade on the Toronto Stock Exchange under the trading symbol "DIAM". Star Diamond's most significant asset is its interest in the Fort à la Corne property in central Saskatchewan. These kimberlites are located in close proximity to established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future mine development.

Caution Regarding Forward-looking Statements

This press release contains "forward-looking statements" and/or "forward-looking information" (collectively, "forward-looking statements") within the meaning of applicable securities legislation. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements in this press release include, but are not limited to, statements with respect to the Fort à la Corne project, expected expenditures to be incurred by RTEC between November 9, 2019 and December 31, 2021, and the project's potential to be a significant contributor to both the local communities and the broader Saskatchewan economy.

These forward-looking statements are based on Star Diamond's and Rio Tinto's current beliefs as well as assumptions made by and information currently available to each of them and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to, developments in world diamond markets, changes in diamond prices, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, changes in exploration, development or mining plans due to exploration results and changing budget priorities of RTEC or Star Diamond, the impact of changes in the laws and regulations regulating mining exploration, development, closure, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the additional risks described in Star Diamond's most recently filed Annual Information Form, annual and interim MD&A.

Although management of Star Diamond and Rio Tinto consider the assumptions contained in forward-looking statements to be reasonable based on information currently available to them, those assumptions may prove to be incorrect. When making decisions with respect to Star Diamond, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events.

Star Diamond is not affirming or adopting any statements attributed to Rio Tinto in this release or made by Rio Tinto outside of this release. Rio Tinto is not affirming or adopting any statements attributed to Star Diamond in this release or made by Star Diamond outside of this release. Star Diamond and Rio Tinto do not undertake any obligation to release publicly revisions to any forward-looking statement to reflect events or circumstances after the date of this release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. Investors should not assume that any lack of update to a previously issued forward-looking statement constitutes a reaffirmation of that statement. Continued reliance on forward-looking statements is at investors' own risk.

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