

Star Diamond Corporation Announces 2023 Year End Results

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SASKATOON, March 25, 2024 - [Star Diamond Corp.](#) ("Star Diamond" or the "Company") reports that the audited financial results for the year ended December 31, 2023, will be filed today on SEDAR+ and may be viewed at www.sedarplus.ca once posted.

Overview

[Star Diamond Corp.](#) is a Canadian natural resource company focused on exploring and developing Saskatchewan's diamond resources. Star Diamond currently holds, through a joint venture arrangement with Rio Tinto Exploration Canada Inc. ("RTEC"), a wholly-owned subsidiary of Rio Tinto plc, a 25% interest in certain mineral properties (which include the Star - Orion South Diamond Project, or the "Project") within the Fort à la Corne diamond district of central Saskatchewan, Canada. These properties are in close proximity to established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future mine development.

The Company also holds a 50% interest in the exploration and evaluation properties and assets of the Buffalo Hills JV located in north-central Alberta, Canada. [Canterra Minerals Corp.](#) ("Canterra") holds the remaining 50% interest. Canterra is the operator of the Buffalo Hills JV.

Fort à la Corne mineral properties

On November 28, 2023, the Company entered into a binding agreement (the "Agreement") with RTEC, providing for the transfer by RTEC to Star Diamond all of RTEC's 75% interest in the Project.

The Agreement provides that, upon closing:

- RTEC will transfer to Star Diamond all of RTEC's 75% interest in the Project, such that the Project will be 100% owned by Star Diamond;
- RTEC will transfer to Star Diamond ownership of the trench cutter drill rig used by RTEC to complete its prior bulk sampling program at the Project;
- RTEC will transfer to Star Diamond the Bulk Sample Plant located at the Project, including the TOMRA XRT diamond sorting machine that is on-site;
- Star Diamond will issue to RTEC and/or an affiliate that number of common shares of Star Diamond that results in RTEC and its affiliates owning 19.9% of the then outstanding common shares of Star Diamond (RTEC and its affiliates currently own approximately 2.3% of Star Diamond's outstanding common shares); and
- RTEC and Star Diamond will enter into an Investor Rights Agreement whereby, among other things, RTEC will be granted certain pre-emptive rights to maintain its 19.9% ownership interest in Star Diamond in connection with future financings undertaken by Star Diamond, and RTEC will agree to certain standstill protections provided that RTEC will have the right to increase its 19.9% ownership position in the event that Star Diamond receives an acquisition proposal.

Upon completion of the transactions that are the subject of the Agreement, Star Diamond will have full control and responsibility for the Project, the existing joint venture agreement between RTEC and Star Diamond will terminate, and Star Diamond will release and indemnify RTEC for liabilities arising from or relating to the Project, all in exchange for a \$4 million payment from RTEC to Star Diamond. RTEC has agreed that it will provide on Star Diamond's behalf, for up to five years following closing, letters of credit in the aggregate amount of no more than \$9.9 million to secure certain environmental remediation and reclamation obligations related to the Project. Star Diamond will be obliged to repay any amounts drawn on these letters of credit and such repayment obligations will be secured against the Project and its assets.

As of the date of this News Release, the Agreement is expected to close in the near future.

Recent activities relating to the Star - Orion South Diamond Project and Fort à la Corne mineral properties

During the first quarter of 2024, Star Diamond continued to work with RTEC and Saskatchewan Ministry of Environment representatives to ensure an orderly close to the Agreement between Star Diamond and RTEC.

Year End Results

For the year ended December 31, 2023, the Company recorded a net loss of \$2.8 million or \$0.01 per share (basic and fully diluted) compared to a net loss of \$68.8 million or \$0.15 per share in 2022. The decrease in net loss year over year was due primarily to the prior year's impairment charge of \$66.3 million combined with the mark-to-market loss on the Wescan investment offset by the elimination of the \$0.9 million contingent consideration.

At December 31, 2023, the Company had \$0.6 million (2022 - \$2.6 million) in cash and cash equivalents and a working capital deficit of \$(0.3) million (2022 - \$2.0 million). The decrease in working capital was a result of administrative and exploration and evaluation expenditures offset by proceeds received from the December 2023 private placement. Subsequent to December 31, 2023, the Company closed the second and final tranche of a non-brokered private placement. However, the ability of the Company to continue as a going concern and fund its expenses in an orderly manner will require additional forms of financings.

Selected financial highlights include:

Condensed Consolidated Statements of Financial Position	As at	
	December 31, 2023	December 31, 2022
Current assets	\$ 0.6 M	\$ 2.7 M
Exploration and evaluation, investments and other assets	0.6 M	0.4 M
Current liabilities	0.9 M	0.7 M
Non-current liabilities	0.1 M	0.0 M
Shareholders' equity	0.2 M	2.4 M

Consolidated Statements of Loss	Year Ended	
	December 31, 2023	December 31, 2022
Expenses	\$ 3.0 M	\$ 3.0 M
Loss before undernoted items	(3.0)M	(3.0)M
Investment in Wescan Goldfields Inc.	(0.0)M	(0.4)M
Contingent consideration	0.0 M	0.9 M
Impairment charge	0.0 M	(66.3)M
Net loss for the year	(3.0)M	(68.8)M
Net loss per share for the year (basic and diluted)	(0.01)	(0.15)

Condensed Consolidated Statements of Cash Flows	Year Ended	Year Ended
	December 31,	December 31,
	2023	2022
Cash flows used in operating activities	\$ (2.3)M	\$ (4.9)M
Cash flows from investing activities	0.0 M	0.6 M
Cash flows from financing activities	0.2 M	5.7 M
Net increase (decrease) in cash	(2.1)M	1.3 M
Cash - beginning of year	2.6 M	1.3 M
Cash - end of year	0.6 M	2.6 M

Outlook

Fort à la Corne mineral properties

Subsequent to the successful close of the Agreement with RTEC, Star Diamond's technical team will focus on the technical investigation and evaluation of the Star - Orion South Diamond Project, with the goal of a future development decision. The initial work aims to prepare a revised Mineral Resource estimate for the Star - Orion South Diamond Project, which will form the foundation of an updated Prefeasibility study ("PFS"). The PFS will enable a Feasibility Study, on which a production decision can be based.

Buffalo Hills mineral properties

Management continues to review the recent results from the diamond valuation and typing analysis. A more detailed update on activities at the Buffalo Hills JV will be provided as it becomes available.

About Star Diamond Corporation

[Star Diamond Corp.](#) 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 currently holds, through a joint venture arrangement with RTEC, a 25% interest in the Project. The Project is located in central Saskatchewan, in close proximity to established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future mine development. The Company also holds a 50% interest in the exploration and evaluation properties and assets of the Buffalo Hills JV located in north-central Alberta, Canada. Canterra holds the remaining 50% interest and is the operator of the Buffalo Hills JV.

Technical Information

All technical information in this press release has been prepared under the supervision of George Read, Senior Vice President Corporate Development, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia and Mark Shimell, Vice President Exploration, Professional Geoscientist in the Provinces of Saskatchewan and Alberta, who are the Company's "Qualified Persons" under the definition of NI 43-101.

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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. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends",

"anticipates" or "does not anticipate" or "believes", or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results, "may", "could", "would", "will", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof. All statements, other than statements of historical fact, are forward-looking statements.

These forward-looking statements are based on Star Diamond's current beliefs as well as assumptions made by and information currently available to Star Diamond 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, statements regarding Rio Tinto Canada, the Company's ability to obtain financing to further the exploration, evaluation and/or development of exploration and evaluation properties in which the Company holds interest, the economic feasibility of any future development projects, 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, 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, and annual and interim MDA.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. In addition, forward-looking statements are provided solely for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements in this news release are made as of the date hereof and Star Diamond assumes no obligation to update any forward-looking statements, except as required by applicable laws.

SOURCE [Star Diamond Corp.](#)

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