

Star Diamond Corporation Announces 2024 Year End Results

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[Star Diamond Corporation](#) ("Star Diamond" or the "Company") reports that the audited financial results for the year ended December 31, 2024, will be filed today on SEDAR+ and may be viewed at www.sedarplus.ca once posted. (In thousands of Canadian dollars, except common share or per share amounts or as otherwise noted).

Overview

Star Diamond is a Canadian natural resource company focused on exploring and evaluating Saskatchewan's diamond resources. Star Diamond holds a 100% interest in the Fort à la Corne Project, (FALC Project, which includes the Star - Orion South Diamond Project, or the "Project"). These properties are in central Saskatchewan, near established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future possible mine development.

The Company also holds a 100% interest in the exploration and evaluation properties and assets of the Buffalo Hills Diamond Project (the "BH Project") located approximately 400 kilometres northwest of Edmonton, Alberta, Canada (see "Corporate Developments").

Fort à la Corne mineral properties

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

After the close of the Transaction:

- RTEC owned or controlled, in the aggregate, 119,315,222 common shares representing a 19.9% interest in the Company;
- the Company assumed full control and responsibility for the FALC Project and the previous joint venture agreement has been terminated;
- RTEC transferred ownership of the trench cutter drill rig used by RTEC to complete its prior bulk sampling program at the FALC Project;
- RTEC transferred the Bulk Sample Plant located at the FALC Project, including the TOMRA XRT diamond sorting machine;
- If, within 24 months following the acquisition date, the Company directly or indirectly sells, assigns, transfers or otherwise disposes of, in any manner whatsoever (or enters into any agreement to do so) to one or more Persons (other than an Affiliate of the Company), in one or more related or connected transactions, all or any material part of the assets comprising either (i) the Processing Plant, or (ii) the Trench Cutter and Trench Cutter Equipment (or any right, title or interest in all or any material part of the assets comprising either (i) the Processing Plant, or (ii) the Trench Cutter and Trench Cutter Equipment), the Company covenants and agrees to immediately notify RTEC of such sale and, within 30 days of such sale, pay to RTEC an amount equal to 50% of the proceeds received from such sale, assignment, transfer or other disposition.
- RTEC and the Company entered into an Investor Rights Agreement whereby, among other things, RTEC was granted certain pre-emptive rights to maintain its 19.9% ownership interest in the Company in connection with future financings undertaken by the Company, and RTEC has agreed to certain standstill protections provided that RTEC will have the right to increase its 19.9% ownership position in the event that the Company receives an acquisition proposal; and
- the Company assumed responsibility for all future reclamation activities related to the FALC Project. RTEC has provided, on the Company's behalf, for up to five years following closing letters of credit in aggregate amount of \$9,900 to secure environmental remediation and reclamation activities related to the FALC Project (as security for the letters of credit, RTEC has issued a promissory note to the Company with a face value of \$9,900 which will be extinguished upon the Company securing letters of credit with another party or in performing the reclamation activities).

As the assets acquired represent tangible assets and exploration and evaluation property, and do not consist of processes or outputs, the transaction does not qualify as a business combination under IFRS 3 Business Combinations. Instead, the fair value of the assets acquired, and consideration transferred falls within the scope of IFRS 2 Share Based Payments and is therefore recorded as an asset acquisition.

The fair value of the consideration transferred was determined to be the most reliable basis to value the Transaction. The common shares issued were valued at a price of \$0.0849 which represents the Company's volume weighted trading value five days prior to the close of the Transaction, resulting in a fair value of \$9,187. The consideration transferred was allocated to the exploration and evaluation assets and property, plant and equipment on a relative fair value basis. The fair value of the tangible assets received was determined using the estimated depreciated replacement cost of the assets. The fair value of the exploration and evaluation assets received was determined using a market approach, specifically on a value per resource unit basis derived from comparable transactions.

Contingent consideration related to the future sale of assets was determined to be within the Company's control and therefore was not recognized. (see note 7 of the annual audited financial statements)

Recent activities relating to the Star - Orion South Diamond Project and Fort à la Corne mineral properties
The Revised Mineral Resources estimate will now be incorporated into a re-optimized open pit mine plan for the Project, which will include a re-evaluation of Mineral Reserves and an economic assessment based thereon. It is anticipated that this work will be completed during 2025-26 and will result in an updated Pre-feasibility Study including a revised statement of Mineral Reserves for the Project, if warranted, and an economic assessment based thereon.

Buffalo Hills mineral properties

On August 1, 2024 Star Diamond and [Canterra Minerals Corp.](#) ("Canterra") completed the acquisition of Canterra's 50% interest in the Buffalo Hills (BH) Project in exchange for 17,500,000 Star Diamond common shares. As a condition of the sale, 8,750,000 shares were restricted from trade for a period of 12 months after the acquisition date ("Locked Up Shares"), with the other 8,750,000 shares being unrestricted ("Unrestricted Shares"). In addition to the common shares, Canterra was granted a 1% royalty interest in the property. Subsequent to the acquisition, the Company owns 100% of the BH Project.

The transaction was accounted for as an asset acquisition, using the fair value of the share consideration as the transaction value. Transaction costs related to the Buffalo Hills Diamonds Project amount to \$53. The Unrestricted Shares were valued at the closing rate of Star Diamond's shares at the date of acquisition (\$0.06), resulting in fair value assigned to the E&E asset of \$525. The Locked Up Shares were valued using a Black Scholes Pricing Model using the following key assumptions: discount rate of 3.17% and volatility of 80.2%. The value of the Locked-Up Shares were determined to be \$372, resulting in a total value assigned to E&E assets for the BH acquisition of \$950.

Year End Results

For the year ended December 31, 2024, the Company recorded a net loss of \$6.0 million or \$0.01 per share (basic and fully diluted) compared to a net loss of \$2.8 million or \$0.1 per share in 2023. The increase in net loss year over year was primarily due to the current year's increase in exploration and evaluation expenditures upon the acquisition of RTEC's 75% interest in the FALC property of \$1.8, increased corporate development expenditures of \$0.2, offset by a slight decrease in administration and consulting and professional fees of \$0.1 combined with the mark-to-market loss of \$0.2 on the Wescan investment and the impairment of the Buffalo Hills property of \$1.0.

At December 31, 2023, the Company had \$0.2 million (2023 - \$0.6 million) in cash and cash equivalents and a working capital deficit of \$(1.0) million (2023 - \$(0.3) million). The decrease in working capital was a result of proceeds received from RTEC on the completion of the Transaction combined with net proceeds received from the January 2024 close of the second and final tranche of the non-brokered private placement offset by expenditures incurred during the year. Subsequent to December 31, 2024, the Company closed the second and final tranche of a non-brokered private placement which raised gross proceeds of \$565. The Company initiated the following cost reductions:

- We have moved our head office to a smaller area in the same building resulting in a 70% drop in our office lease payments;

- All marketing and consulting contracts have been paused;
- The Board agreed to forgo cash compensation until such time as the Company is on better financial footing; and
- Certain management/employee functions will be reduced or eliminated.

A budget has been prepared for the completion of the Pre-Feasibility Study of \$3,000 which is subject to the completion of a financing.

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 financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and planned activities.

Selected financial highlights include:

Condensed Consolidated Statements of Financial Position	As at	As at
	December 31,	December 31,
	2024	2023
Current assets	\$ 0.2 M	\$ 0.6 M
Exploration and evaluation, investments and other assets	14.2M	0.6 M
Current liabilities	1.2 M	0.9 M
Non-current liabilities	7.9 M	0.1 M
Shareholders' equity	5.3 M	0.2 M
Consolidated Statements of Loss	Year Ended	Year Ended
	December 31,	December 31,
	2024	2023
Expenses	\$ 4.7 M	\$ 2.8 M
Loss before undernoted items	(4.7)M	(2.8)M
Unwinding of discount of environmental rehabilitation provision	(0.1)M	0.0 M
Unwinding of discount of lease liability	(0.0)M	(0.0)M
Impairment charge	(1.0)M	0.0 M
Investment in Wescan Goldfields Inc.	(0.2)M	(0.0)M
Net loss for the year	(6.0)M	(2.8)M
Net loss per share for the year (basic and diluted)	(0.01)	(0.01)

Condensed Consolidated Statements of Cash Flows

	Year Ended December 31,	Year Ended December 31,
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	2024	2023
Cash flows used in operating activities	\$ (3.6)M	\$ (2.3)M
Cash flows from investing activities	2.6 M	0.0 M
Cash flows from financing activities	0.6 M	0.2 M
Net increase (decrease) in cash	(0.4)M	(2.1)M
Cash - beginning of year	0.6 M	2.6 M
Cash - end of year	0.2 M	0.5 M

Outlook

Fort à la Corne mineral properties

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 was completed in 2024 with 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 with a view to possible work programs and a potential path forward for the asset. A more detailed update on activities at Buffalo Hills will be provided as it becomes available.

About Star Diamond Corporation

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Technical Information

All technical information in this MD&A has been prepared under the supervision of Mark Shimell, VP Exploration, Professional Geoscientist in the Provinces of Saskatchewan and Alberta, who is the Company's "Qualified Person" under NI 43-101.

Website www.stardiamondcorp.com

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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 Corporation

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