

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1      Name and Address of the Company**

Star Diamond Corporation ("SDC" or the "Corporation")  
600, 224 4<sup>th</sup> Ave. S. Saskatoon, Saskatchewan, S7K 5M5

**Item 2      Date of Material Change**

November 28, 2023

**Item 3      News Release**

A news release with respect to the material change referred to in this report was disseminated on November 28, 2023, through Canada Newswire and has been filed under SDC's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**Item 4      Summary of Material Change**

On November 28, 2023, SDC entered into a binding agreement (the "**Agreement**") with Rio Tinto Exploration Canada Inc. ("**RTEC**") providing for the transfer by RTEC to SDC of all of RTEC's 75% interest in the Fort à la Corne diamond project located in central Saskatchewan (the "**Project**"). The Agreement provides that, upon closing: (i) RTEC will transfer to SDC all of RTEC's 75% interest in the Project, such that the Project will be 100% owned by SDC; (ii) RTEC will transfer to SDC ownership of the trench cutter drill rig used by RTEC to complete its prior bulk sampling program at the Project; (iii) RTEC will transfer to SDC the Bulk Sample Plant located at the Project, including the TOMRA XRT diamond sorting machine that is on-site; (iv) SDC will issue to RTEC and/or an affiliate that number of common shares of SDC that results in RTEC and its affiliates owning 19.9% of the then outstanding common shares of SDC; and (v) RTEC and SDC 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 SDC in connection with future financings undertaken by SDC, 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 SDC receives an acquisition proposal.

**Item 5      Full Description of Material Change**

On November 28, 2023, SDC entered into the Agreement with RTEC providing for the transfer by RTEC to SDC of all of RTEC's 75% interest in the Fort à la Corne diamond project located in central Saskatchewan. The Agreement provides that, upon closing: (i) RTEC will transfer to SDC all of RTEC's 75% interest in the Project, such that the Project will be 100% owned by SDC; (ii) RTEC will transfer to SDC ownership of the trench cutter drill rig used by RTEC to complete its prior bulk sampling program at the Project; (iii) RTEC will transfer to SDC the Bulk Sample Plant located at the Project, including the TOMRA XRT diamond sorting machine that is on-site; (iv) SDC will issue to RTEC and/or an affiliate that number of common shares of SDC that results in RTEC and its affiliates owning 19.9% of the then outstanding common shares of SDC; and (v) RTEC and SDC 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 SDC in connection with future financings undertaken by SDC,

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 SDC receives an acquisition proposal.

Upon completion of the transactions that are the subject of the Agreement, SDC will have full control and responsibility for the Project, the existing joint venture agreement between RTEC and SDC will terminate, and SDC will release and indemnify RTEC for liabilities arising from or relating to the Project, all in exchange for a C\$4 million payment from RTEC to SDC. RTEC has agreed that it will provide on SDC's behalf, for up to five years following closing, letters of credit or, in the event the Ministry of Environment of Saskatchewan will not accept such letters of credit, economically comparable non-cash and unsecured financial support, in the aggregate amount of no more than C\$9.9 million to secure certain environmental remediation and reclamation obligations related to the Project. SDC 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.

Completion of the transactions contemplated by the Agreement ("**Closing**") is subject to various closing conditions including receipt of all required Governmental approvals and the approval of the Toronto Stock Exchange for the issuance of additional common shares of SDC to RTEC.

The Agreement may be terminated by (i) mutual agreement of SDC and RTEC, (ii) SDC or RTEC if Closing has not occurred by June 30, 2024, provided that such right to terminate will not be available to a party if it has breached any provision of the Agreement and such breach has been the cause of, or resulted in, the failure of Closing to occur by such date, (iii) SDC or RTEC if any applicable law is enacted or made that makes consummation of the transactions contemplated in the Agreement illegal or otherwise prohibited or enjoins the consummation of the transactions contemplated by the Agreement, or (iv) SDC or RTEC if there has been a material breach of the Agreement by the other party and such breach has not been waived by the non-breaching party or cured within 30 days following written notice of such breach being sent to the breaching party.

Further details regarding the terms of the transaction are set forth in the Agreement, a copy of which is available under SDC's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

For further information, please contact Ewan Mason, Chief Executive Officer Star Diamond Corporation at (306) 664-2202.

**Item 9 Date of Report**

November 30, 2023.

### Forward-looking statements

This report 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. The use of any of the words "anticipate", "plan", "aim", "target", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "possible", "capable" and similar expressions are intended to identify "forward-looking statements. Forward-looking statements in this report include, but are not limited to, expectations regarding the completion of the transactions that are the subject of the Agreement 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 SDC's current beliefs as well as assumptions made by and information currently available to it and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to, the impact of changes in the laws and regulations regulating mining exploration, development, closure, judicial or regulatory judgments and legal proceedings and the additional risks described in SDC's most recently filed Annual Information Form, annual and interim MD&A.

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

SDC does not undertake any obligation to release publicly revisions to any forward-looking statement to reflect events or circumstances after the date of this report, 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.