



**Unaudited Condensed Interim
Consolidated Financial Statements
September 30, 2024**

STAR DIAMOND CORPORATION
Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended
September 30, 2024

Notice to Reader

Management has compiled the unaudited condensed interim consolidated financial statements of Star Diamond Corporation for the three and nine months ended September 30, 2024. The Corporation's external auditors have not reviewed these condensed interim consolidated financial statements.

Star Diamond Corporation
Condensed Interim Consolidated Statements of Financial Position
(unaudited)

(Cdn\$ in thousands)	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 746	\$ 553
Receivables (note 8)	17	17
Prepays	123	36
	<u>886</u>	<u>606</u>
Investment in Wescan Goldfields Inc. (note 9)	145	261
Property, plant and equipment (note 7 and 10)	3,751	294
Exploration and evaluation assets (note 7 and 11)	11,369	-
	<u>\$ 16,151</u>	<u>\$ 1,161</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 809	\$ 787
Current portion of lease liability (note 12)	77	72
Current portion of environmental rehabilitation provision (note 13)	122	-
	<u>1,008</u>	<u>859</u>
Lease liability (note 12)	63	121
Environmental rehabilitation provision (note 13)	7,657	-
	<u>8,728</u>	<u>980</u>
Shareholders' equity:		
Share capital (note 15)	866,155	855,831
Warrants (note 15)	2,215	1,550
Broker warrants (note 15)	64	52
Contributed surplus	35,460	35,310
Accumulated deficit	(896,471)	(892,562)
	<u>7,423</u>	<u>181</u>
	<u>\$ 16,151</u>	<u>\$ 1,161</u>
Going concern (note 3)		

On behalf of the Board:

"Lisa Riley"

Lisa K. Riley, Audit Chair

"Larry Phillips"

Larry E. Phillips, Director

See accompanying notes to these condensed interim consolidated financial statements

Star Diamond Corporation
Condensed Interim Consolidated Statements of Loss and Comprehensive loss
(unaudited)

(Cdn\$ in thousands, except for share data)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Income				
Interest income	\$ 9	\$ 12	\$ 33	\$ 40
Expenses				
Administration	433	260	1,246	894
Consulting and professional fees	21	168	140	304
Corporate development	50	41	324	128
Exploration and evaluation (note 14)	775	171	1,977	556
	<u>1,279</u>	<u>640</u>	<u>3,687</u>	<u>1,882</u>
Loss before the under noted items	(1,270)	(628)	(3,654)	(1,842)
Unwinding of discount of environmental reclamation provision (note 13)	(61)	-	(126)	-
Unwinding of discount of lease liability (note 12)	(4)	(6)	(13)	(10)
Investment in Wescan Goldfields Inc. (note 9)	(58)	58	(116)	58
	<u>(123)</u>	<u>52</u>	<u>(255)</u>	<u>48</u>
Net and comprehensive loss for the period	\$ (1,393)	\$ (576)	\$ (3,909)	\$ (1,794)
Net loss per share				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted-average number of shares outstanding (000's)	611,487	476,322	568,898	476,106

See accompanying notes to these condensed interim consolidated financial statements

Star Diamond Corporation
Condensed Interim Consolidated Statements of Cash Flows
(unaudited)

(Cdn\$ in thousands)	Nine months ended September 30,	
	2024	2023
Cash provided by (used in):		
Operations:		
Net loss	\$ (3,909)	\$ (1,794)
Adjustments:		
Depreciation on property, plant and equipment (note 10)	501	70
Investment in Wescan Goldfields Inc. (note 9)	116	(58)
Fair value of share-based payments expensed (note 16)	195	-
Unwinding of discount of environmental rehabilitation provision (note 13)	126	-
Unwinding of discount of lease liability (note 12)	13	10
Net change in non-cash operating working capital items:		
Receivables	-	(1)
Prepays	(87)	(76)
Accounts payable and accrued liabilities	22	(177)
	(3,023)	(2,026)
Investing:		
Exploration and evaluation assets (note 11)	(1,451)	-
Proceeds from Rio Tinto Exploration Canada Inc. asset acquisition (note 7)	4,000	-
Purchase of property and equipment (note 10)	(10)	-
	2,539	-
Financing:		
Issuances of equity, net of issue costs (note 15)	743	-
Lease payments (note 12)	(66)	(64)
	677	(64)
Increase (decrease) in cash and cash equivalents	193	(2,090)
Cash and cash equivalents, beginning of period	553	2,610
Cash and cash equivalents, end of period	\$ 746	\$ 520
Cash and cash equivalents consists of:		
Cash	\$ 49	\$ 40
Guaranteed Investment Certificate	697	480
	\$ 746	\$ 520

See accompanying notes to these condensed interim consolidated financial statements

Star Diamond Corporation
Condensed Interim Consolidated Statements of Changes in Equity
(unaudited)

(Cdn\$ in thousands)	Nine months ended September 30,		Year ended December 31,
	2024	2023	2023
Share capital (note 15)			
Balance, beginning of period	\$ 855,831	\$ 854,938	\$ 854,938
Shares issued on redemption of deferred share units	-	-	84
Shares issued on redemption of restricted share units	45	84	624
Shares issued from private placement (net of issue costs)	480	-	185
Shares issued for exploration and evaluation assets (net of issue costs)	10,205	-	-
Modified warrants and broker warrants	(406)	-	-
Balance, end of period	<u>\$ 866,155</u>	<u>\$ 855,022</u>	<u>\$ 855,831</u>
Warrants (note 15)			
Balance, beginning of period	\$ 1,550	\$ 2,495	\$ 2,495
Issued	270	-	102
Modified warrants	395	-	-
Expired	-	(1,047)	(1,047)
Balance, end of period	<u>\$ 2,215</u>	<u>\$ 1,448</u>	<u>\$ 1,550</u>
Broker warrants (note 15)			
Balance, beginning of period	\$ 52	\$ 41	\$ 41
Issued	1	-	11
Modified broker warrants	11	-	-
Balance, end of period	<u>\$ 64</u>	<u>\$ 41</u>	<u>\$ 52</u>
Contributed surplus			
Balance, beginning of period	\$ 35,310	\$ 34,618	\$ 34,618
Share-based payments - options granted (note 16 (a))	154	-	162
Share-based payments - deferred share units (note 16 (b))	-	-	140
Share-based payments - restricted share units (note 16 (c))	41	-	51
Restricted share unit redemptions (note 15)	(45)	-	(624)
Warrants expired (note 15)	-	1,047	1,047
Deferred share unit redemptions (note 15)	-	(84)	(84)
Balance, end of period	<u>\$ 35,460</u>	<u>\$ 35,581</u>	<u>\$ 35,310</u>
Accumulated deficit			
Balance, beginning of period	\$ (892,562)	\$ (889,739)	\$ (889,739)
Net loss	(3,909)	(1,794)	(2,823)
Balance, end of period	<u>\$ (896,471)</u>	<u>\$ (891,533)</u>	<u>\$ (892,562)</u>
Total Shareholders' equity	<u>\$ 7,423</u>	<u>\$ 559</u>	<u>\$ 181</u>

See accompanying notes to these condensed interim consolidated financial statements

1. Corporate information

Star Diamond Corporation (the “Company”) was incorporated under the *Canada Business Corporations Act* on April 29, 1985 and its shares are publicly traded on the Toronto Stock Exchange. The principal activities of the Company are the exploration, development and production of diamonds. The Company is located at 600 – 224 4th Avenue South, Saskatoon, Saskatchewan, Canada.

2. Basis of presentation and statement of compliance

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2024 (the “Interim Financial Statements”), have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”). These Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2023 (the “2023 Annual Financial Statements”), which have been prepared in accordance with IFRS.

Except for the adoption of the Environmental rehabilitation provision, as described in note 4 to these Interim Financial Statements, the accounting policies and methods of application applied by the Company in these Interim Financial Statements are the same as those applied in the Company’s 2023 Annual Financial Statements.

The preparation of financial statements in conformity with IFRS also requires management to make estimates and judgments that may have a significant impact on these Interim Financial Statements. Estimates are continuously evaluated and are based on management’s experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. Except as described in note 4 to these Interim Financial Statements, the Company’s critical accounting estimates and judgments were presented in note 5 of the 2023 Annual Financial Statements and have been consistently applied in the preparation of these Interim Financial Statements.

These Interim Financial Statements were authorized for issue by the Board of Directors on November 7, 2024.

(b) Basis of Measurement

These Interim Financial Statements have been prepared on the historical cost basis except if otherwise noted. In addition, these financial statements have been prepared using the accrual basis of accounting and are presented in Canadian dollars.

(c) Basis of consolidation

The Interim Financial Statements incorporate the financial statements of the Company and its subsidiaries listed in the following table:

Name of subsidiary	Jurisdiction	Ownership	Principle activities
Kensington Resources Ltd.	CANADA	100%	Mineral exploration
Shore Mining & Development Corporation	CANADA	100%	Equipment holdings
Star Diamonds Inc.	CANADA	100%	Mineral exploration

Subsidiaries are those entities which the Company controls by having the power to govern their financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

3. Going concern

These financial statements are prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities and commitments in the normal course of business. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that cast significant doubt upon the Company’s

ability to continue as a going concern. At September 30, 2024, the Company had a working capital deficit of \$0.1 million including cash and cash equivalents of \$0.7 million. In addition, the Company had an accumulated deficit of \$896.5 million and currently does not generate revenue. During the first quarter, the Company closed the second and final tranche of a non-brokered private placement (see note 15). 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 is no assurance that the Company will be successful in obtaining the required financing at an acceptable cost as and when needed or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration and/or evaluation plans, forfeit rights in its properties or reduce or terminate its operations.

These financial statements do not include any adjustments to carrying values of assets and liabilities, reported expense and the statement of financial position classifications used, that would be necessary if the going concern assumption were not appropriate.

4. Material accounting policies

The Company adopted the following accounting policy during the nine months ended September 30, 2024:

Environmental rehabilitation provision

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The capitalized environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows. Where there is a change in the expected decommissioning and rehabilitation costs, the value of the provision and any related asset are adjusted, and the effect is recognized in the statements of loss and comprehensive loss on a prospective basis over the remaining life of the operation.

The offsetting cost is treated as an "exploration and evaluation" expense until a National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant reserve has been established and a final feasibility report completed. Once a NI 43-101 reserve has been established and a final feasibility study completed, the estimated cost (on a discounted basis) of any new environmental disturbances are capitalized.

5. Key sources of estimation uncertainty

Management considers the new accounting policy, added during the first quarter (see note 4), an increase to the risk of material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements.

Environmental rehabilitation provision

The environmental rehabilitation provision has been provided for based on the Company's internal estimates and current regulatory requirements. Assumptions, based on the current economic environment (including inflation) and cash flows, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Significant changes in estimates of restoration standards and techniques may result in changes to provisions. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provision may be higher or lower than currently provided for.

6. Recent accounting pronouncements

In the current period, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IAS 1 Presentation of Financial Statements

IAS 1 has been amended to clarify classification of liabilities as current or non-current. The amendments are effective for the periods beginning on or after January 1, 2024. The amendment had no impact on the Company.

7. Rio Tinto Exploration Canada Inc. asset acquisition

On March 26, 2024, Star Diamond and Rio Tinto Exploration Canada Inc. ("RTEC") completed the previously announced transaction (the "Transaction") whereby RTEC has transferred to Star Diamond its 75% interest in the Fort à la Corne Project (the "Project"). As consideration for the Transaction the Company issued RTEC 108,204,112 common shares with a deemed fair value of \$9.2 million. In exchange for the common shares and RTEC's 75% interest in the Project, RTEC also transferred certain pieces of property, plant and equipment and \$4.0 million.

After the close of the Transaction:

- RTEC owns or controls, in the aggregate, 119,315,222 common shares representing a 19.9% interest in Star Diamond;
- Star Diamond has full control and responsibility for the Project and the previous joint venture agreement has been terminated;
- RTEC has transferred to Star Diamond ownership of the trench cutter drill rig used by RTEC to complete its prior bulk sampling program at the Project;
- RTEC has transferred to Star Diamond the Bulk Sample Plant located at the Project, including the TOMRA XRT diamond sorting machine;
- RTEC and Star Diamond 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 Star Diamond in connection with future financings undertaken by Star Diamond, 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 Star Diamond receives an acquisition proposal; and
- Star Diamond has assumed responsibility for all future reclamation activities related to the project. RTEC has provided, on Star Diamond's behalf, for up to five years following closing letters of credit in aggregate amount of \$9.9 million to secure environmental remediation and reclamation activities related to the project (as security for the letters of credit, RTEC has issued a promissory note to Star Diamond with a face value of \$9.9 million which will be extinguished upon Star Diamond 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 \$9.2 million. 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.

A summary of the Company's consideration paid and the net assets acquired from RTEC as at the March 26, 2024 acquisition date is as follows:

Purchase price	
Fair value of common shares issued to RTEC	\$ 9,187
Transaction costs	1,374
Total	\$ 10,561

Net assets acquired	
Cash	\$ 4,000
Exploration and evaluation assets	10,266
Property, plant and equipment	3,948
Environmental rehabilitation provision	(7,653)
Total	\$ 10,561

8. Receivables

	Nine months ended September 30, 2024	Year ended December 31, 2023
GST	\$ 17	\$ 17

9. Investment in Wescan Goldfields Inc.

At September 30, 2024 and December 31, 2023, the Company held 5.8 million shares, or greater than 10%, of Wescan Goldfields Inc. ("Wescan"), a publicly traded company on the TSX Venture Exchange. The Company considers certain judgments and assumptions when assessing whether significant influence exists over its investments. This includes an assessment of the Company's ability to participate in financial and operating policy decisions of the investee. The existence and effect of potential voting rights held by the investor or other entities were also considered.

IFRS 9 requires all marketable securities to be measured at fair value. Changes in fair value are recognized in profit or loss ("FVPL") based on the Company's accounting policy. At September 30, 2024, the carrying value of this investment was \$0.1 million (December 31, 2023 – \$0.3 million).

10. Property, plant and equipment

	Plant, Buildings and Leases	Computer Software and Equipment	Equipment	Total
Cost				
Balance – December 31, 2022	\$ 721	\$ 56	\$ 429	\$ 1,206
Acquisitions	225	-	-	225
Disposals	-	-	(1)	(1)
Balance – December 31, 2023	\$ 946	\$ 56	\$ 428	\$ 1,430
Acquisitions	305	71	3,582	3,958
Balance – September 30, 2024	\$ 1,251	\$ 127	\$ 4,010	\$ 5,388

	Plant, Buildings and Leases	Computer Software and Equipment	Equipment	Total
Accumulated depreciation				
Balance – December 31, 2022	\$ (585)	\$ (42)	\$ (419)	\$ (1,046)
Charge for the period	(85)	(4)	(2)	(91)
Eliminated on disposals	-	-	1	1
Balance – December 31, 2023	\$ (670)	\$ (46)	\$ (420)	\$ (1,136)
Charge for the period	(67)	(15)	(419)	(501)
Balance – September 30, 2024	\$ (737)	\$ (61)	\$ (839)	\$ (1,637)

	Plant, Buildings and Leases	Computer Software and Equipment	Equipment	Total
Net book value				
Balance – December 31, 2023	\$ 276	\$ 10	\$ 8	\$ 294
Balance – September 30, 2024	\$ 514	\$ 66	\$ 3,171	\$ 3,751

11. Exploration and evaluation assets

A summary of the Company's exploration and evaluation assets is as follows:

Balance, December 31, 2023	\$ -
Fort a la Corne Project acquisition (see note 7)	10,266
Buffalo Hills Diamond Project acquisition	1,103
Balance, September 30, 2024	\$ 11,369

At September 30, 2024, the Company's principal asset is its 100% interest in the Project located in the central part of Saskatchewan, Canada. The Company also holds a 100% interest in the Buffalo Hills Diamond Project (the "BH Project"), a diamond property located in north central Alberta.

Fort à la Corne Project

The Project is at an evaluation stage, situated on Crown land, in the Fort à la Corne Forest, approximately 60 km east of Prince Albert, in central Saskatchewan, Canada. The Project is 20 km off paved highway and the Saskatchewan power grid and is road accessible year-round. The Project consists of 191 contiguous mineral dispositions covering 44,534 hectares that include 69 kimberlites, most of which have been shown to contain diamonds.

The carrying value of the Project at September 30, 2024 was \$10.3 million (December 31, 2023 - \$nil).

Buffalo Hills Diamond Project

As at September 30, 2024, the Company held 100% of the BH Project. The BH Project is an evaluation stage project, situated on Crown land, some 60 km northwest of Red Earth Creek, in northern Alberta, Canada. The BH Project is 40 km off paved highway and is mostly road accessible year-round and consists of 21 mineral leases covering 4,800 hectares that include 38 kimberlites, 21 of which have been shown to contain diamonds.

On August 1, 2024 the Company completed the acquisition of Canterra's 50% interest in the BH Project in exchange for 17,500,000 Star Diamond common shares. In addition to the common shares, Canterra was granted a 1% royalty interest in the property. The Company now owns 100% of the BH Project.

The carrying value of the BH Project at September 30, 2024 was \$1.1 million (December 31, 2023 - \$nil).

12. Lease liability

In May 2023, the Company renewed its head office lease and recorded an increase to the right-of-use asset and the corresponding lease liability.

A summary of the lease liability is as follows:

	Nine months ended September 30, 2024	Year ended December 31, 2023
Lease liability, beginning of period	\$ 193	\$ 39
Additions	-	225
Total liability	193	264
Lease payments	(66)	(86)
Unwinding of discount	13	15
Total lease liability	140	193
Less: current portion	(77)	(72)
Long-term lease liability, end of period	\$ 63	\$ 121

The maturity analysis of the undiscounted contractual balances of the lease liability is as follows:

Less than one year	\$ 88
Two to three years	66
Total undiscounted lease liability – September 30, 2024	\$ 154

Total undiscounted lease payments exclude leases that are classified as short-term and leases for low-value assets, which are not recognized as lease liabilities.

13. Environmental rehabilitation provision

A summary of the Company's discounted liabilities for the decommissioning and reclamation provision is as follows:

Balance, December 31, 2023	\$ -
Environmental rehabilitation provision assumed in the Transaction (see note 7)	7,653
Total	7,653
Unwinding of discount	126
Total	7,779
Less: estimate of current portion	(122)
Long-term environmental rehabilitation provision, September 30, 2024	\$ 7,657

The environmental rehabilitation provision represents the estimated present value of decommissioning and rehabilitation costs required as a result of exploration and evaluation work conducted on the above properties by the Company. The Company is required to decommission and rehabilitate exploration and evaluation sites to a condition acceptable to the relevant authorities. These provisions are based on the Company's internal estimates and external information where available. Assumptions are based on the current economic environment and are believed to be a reasonable basis to estimate the future liability. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary work required. Furthermore, the timing of the decommissioning and rehabilitation is dependent upon certain factors. These factors include, but are not limited to, further exploration and evaluation work performed on the properties; level of decommissioning and reclamation that may be required by regulators in the future; operating licenses, permits and claims; as well as if and when development of these exploration and evaluation properties takes place in the future. The provision was determined using an assumed long-term inflation rate of 2% and probabilities and estimates on the timing of the rehabilitation and risk-free discount rates ranging from 3.35% to 4.76%.

During the nine months ended September 30, 2024, the Company recorded an accretion expense of \$0.1 million. The Company estimates its total undiscounted future decommissioning and reclamation costs to be \$9.7 million (December 31, 2023 – \$nil).

Pursuant to the Transaction, RTEC has provided letters of credit as security for the Company's reclamation liability (see note 7). The Company's decommissioning and rehabilitation plans and related security are reviewed and accepted by the Saskatchewan Ministry of the Environment.

14. Exploration and evaluation expense

The Company's exploration and evaluation expense for the three and nine months ended September 30, is comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Fort à la Corne properties				
Depreciation of property and equipment	\$ 189	\$ 1	\$ 441	\$ 4
Exploration and evaluation	558	151	1,481	526
Share-based payments (note 16)	11	-	38	-
Total	\$ 758	\$ 152	\$ 1,960	\$ 530
Buffalo Hills diamond project				
Exploration and evaluation	17	19	17	26
Total	\$ 775	\$ 171	\$ 1,977	\$ 556

15. Share capital and reserves

Authorized

The authorized share capital of the Company consists of unlimited common shares with no par value.

The common shares of the Company are entitled to dividends pro-rated when declared by the Board of Directors and to one vote per share at meetings of the shareholders of the Company. Upon dissolution or any other distribution of assets, the shareholders are entitled to receive a pro-rata share of such distribution.

Common shares issued and fully paid:

	Nine months ended September 30, 2024		Year ended December 31, 2023	
	Common Shares	Amount	Common Shares	Amount
Outstanding, beginning of period	482,670,964	\$ 855,831	475,996,620	\$ 854,938
Issuance of shares (net of issue costs)	8,698,905	480	2,946,728	185
Issuance of shares for exploration and evaluation assets (net of issue costs)	125,704,112	10,205	-	-
Modified warrants	-	(395)	-	-
Modified broker warrants	-	(11)	-	-
Issuance of shares on redemption of deferred share units	-	-	404,350	84
Issuance of shares on redemption of restricted share units	500,000	45	3,323,266	624
Outstanding, end of period	617,573,981	\$ 866,155	482,670,964	\$ 855,831

Shares issued during the nine months ended September 30, 2024:

On April 15, 2024, the Company issued 500,000 common shares at a fair value of \$0.09 per share, pursuant to the redemption of outstanding restricted share units granted.

On March 26, 2024, pursuant to the closing of the Transaction, the Company issued 108,204,112 common shares of the Company to RTEC at a fair value of \$0.0849 per share, for an aggregate value of \$9,186,529 (see note 7).

On January 26, 2024, the Company closed the second and final tranche of a non-brokered private placement. Pursuant to the Offering, the Company issued: i) 8,548,905 units of the Company ("Units") at a price of \$0.09 per Unit for gross proceeds of \$769,401, with each Unit consisting of one common share of the Company (which is not a "flow-through share") and one share purchase warrant (a "Warrant"); and ii) 150,000 "flow-through" units ("FT Units") at price of \$0.11 per FT Unit for gross proceeds \$16,500, with each FT Unit consisting of one common share of the Company and one Warrant, each of which will qualify as a "flow-through share" for the purposes of the Income Tax Act (Canada). Each Warrant will entitle the holder thereof to acquire one additional common share of the Company at an exercise price of \$0.14 for a period of 36 months from the date of issuance.

On August 1, 2024, pursuant to the completion of the acquisition of Canterra's 50% interest in the BH Project, the Company issued 17,500,000 common shares at a fair value of \$0.06 Per share, for fair value of \$1,050,000 (see Note 11).

Shares issued during the year ended December 31, 2023:

On December 29, 2023, the Company closed the first tranche of a non-brokered private placement. Pursuant to the closing of the first tranche of the Offering, the Company issued 2,946,728 FT Units at a price of \$0.11 per FT Unit for gross proceeds of \$324,140, with each FT Unit consisting of one common share of the Company (a "FT Share") and one share purchase warrant (a "Warrant"), each of which will qualify as a "flow-through share" for the purposes of the Income Tax Act (Canada). Each Warrant will entitle the holder thereof to acquire one additional common share of the Company at an exercise price of \$0.14 for a period of 36 months from the date of issuance.

During December 2023, the Company issued 3,323,266 common shares pursuant to the redemption of RSUs.

On July 18, 2023, the Company issued 404,350 common shares pursuant to the settlement of DSUs.

Nature and purpose of equity reserves

Share-based payments reserve

The share-based payments reserve is recognized within contributed surplus and is used to recognize the fair value of equity-settled share-based payment transactions provided to directors, officers and employees, and service providers as part of their compensation. The fair value of stock options has been valued using the Black-Scholes option-pricing model while the fair value of RSUs and DSUs is determined based on the five-day volume weighted-average trading price of the Company's shares preceding the date of grant. Refer to note 16 for further details on these share-based payment plans.

Warrant reserve

On certain issues of common shares, the Company has issued warrants with the common shares entitling the holder to acquire additional common shares of the Company. The warrant reserve is used to recognize the fair value of outstanding warrants. If the warrant is exercised or expires the fair value is transferred to share capital or contributed surplus, respectively. A summary of the outstanding warrants is as follows:

	Nine months ended September 30, 2024			Year ended December 31, 2023		
	Warrants	Average Price	Amount	Warrants	Average Price	Amount
Outstanding, beginning of period	19,613,395	\$ 0.36	\$ 1,550	30,000,001	\$ 0.33	\$ 2,495
Issued	8,698,905	0.14	270	2,946,728	0.14	102
Expired	-	-	-	(13,333,334)	0.25	(1,047)
Modified warrants	-	-	395	-	-	-
Outstanding, end of period	28,312,300	\$ 0.15	\$ 2,215	19,613,395	\$ 0.36	\$ 1,550

A summary of the warrants outstanding at September 30, 2024 is as follows:

Warrants outstanding	Exercise price	Expiry date
13,959,734	\$ 0.15	October 6, 2025
2,706,933	\$ 0.15	October 21, 2025
2,946,728	\$ 0.14	December 29, 2026
8,698,905	\$ 0.14	January 26, 2027
28,312,300		

In February 2024, the Company extended the expiry date (the “Warrant Extension”) and amended the exercise price (the “Exercise Price Amendment”) of the common share purchase warrants (“Warrants”) of the Company issued on April 6, 2022 and April 21, 2022. Pursuant to the Warrant Extension the term of the Warrants will be extended by 18 months, such that after giving effect to the Warrant Extension, each Warrant issued on April 6, 2022, having an initial expiry date of April 6, 2024, will expire on October 6, 2025 and each Warrant issued on April 21, 2022, having an initial expiry date of April 21, 2024, will expire on October 21, 2025. Pursuant to the Exercise Price Amendment all the Warrants will be exercisable to purchase a common share of the Company at a price of \$0.15 per common share. The modified warrants had a fair value of \$0.4 million. The fair value of the warrant modifications was determined using the Black-Scholes pricing model and calculated as the incremental increase in the Warrant’s fair value immediately prior to the amendment and immediately after.

During January 2024, 8.7 million warrants were issued in connection to a non-brokered private placement. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.14 for a period of 36 months from the date of issuance. The warrants issued had a fair value of \$0.3 million. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 91.26%, risk-free rate of return of 3.793%, expected dividend of 0%, and expected term of 36 months.

During December 2023, 2.9 million warrants were issued in connection to a flow-through share financing. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.14 for a period of 36 months from the date of issuance. The warrants issued had a fair value of \$0.1 million. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 91.69%, risk-free rate of return of 3.707%, expected dividend of 0%, and expected term of 36 months.

Broker warrants reserve

On certain issues of common shares, the Company issued broker warrants as partial consideration to the agent for services associated with the share issuance. Each broker warrant entitles the agent to acquire one common share of the Company. The broker warrant reserve is used to recognize the fair value of outstanding warrants. If the broker warrant is exercised or expires the fair value is transferred to share capital or contributed surplus, respectively. A summary of the outstanding broker warrants is as follows:

	Nine months ended September 30, 2024			Year ended December 31, 2023		
	Broker Warrants	Average Price	Amount	Broker Warrants	Average Price	Amount
Outstanding, beginning of period	785,991	\$ 0.29	\$ 52	467,811	\$ 0.40	\$ 41
Issued	20,100	0.09	1	318,180	0.125	11
Modified broker warrants	-	-	11	-	-	-
Outstanding, end of period	806,091	\$ 0.14	\$ 64	785,991	\$ 0.29	\$ 52

A summary of broker warrants outstanding at September 30, 2024 is as follows:

Broker warrants outstanding	Exercise price	Expiry date
362,284	\$ 0.15	October 6, 2025
105,527	\$ 0.15	October 21, 2025
159,090	\$ 0.11	December 29, 2026
159,090	\$ 0.14	December 29, 2026
20,100	\$ 0.09	January 26, 2027
806,091		

Effective April 1, 2024, the Company extended the expiry date (the “Broker Warrant Extension”) and amended the exercise price (the “Exercise Price Amendment”) of the common share purchase broker warrants (“Broker Warrants”) of the Company issued on April 6, 2022 and April 21, 2022. Pursuant to the Broker Warrant Extension the term of the Broker Warrants will be extended by 18 months, such that after giving effect to the Broker Warrant Extension, each Broker Warrant issued on April 6, 2022, having an initial expiry date of April 6, 2024, will expire on October 6, 2025 and each Broker Warrant issued on April 21, 2022, having an initial expiry date of April 21, 2024, will expire on October 21, 2025. Pursuant to the Exercise Price Amendment all the Broker Warrants will be exercisable to purchase a common share of the Company at a price of \$0.15 per common share. The modified warrants had a fair value of \$11 thousand. The fair value of the warrant modifications was determined using the Black-Scholes pricing model and calculated as the incremental increase in the Broker Warrant’s fair value immediately prior to the amendment and immediately after.

During January 2024, 20,100 warrants were issued in connection to a non-brokered private placement. Each broker warrant entitles the holder thereof to purchase one Common Share at a price of \$0.09 for a period of 36 months from the date of issuance. The broker warrants issued had a fair value of \$1 thousand. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 91.26%, risk-free rate of return of 3.793%, expected dividend of 0%, and expected term of 36 months.

During December 2023, 159,090 broker warrants were issued pursuant to a finder agreement in connection to a flow-through share financing. Each broker warrant entitles the holder thereof to purchase one Common Share at a price of \$0.11 for a period of 36 months from the date of issuance. The broker warrants issued had a fair value of \$6 thousand. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 91.69%, risk-free rate of return of 3.707%, expected dividend of 0%, and expected term of 36 months.

During December 2023, 159,090 broker warrants were issued pursuant to a finder agreement in connection to a flow-through share financing. Each broker warrant entitles the holder thereof to purchase one Common Share at a price of \$0.14 for a period of 36 months from the date of issuance. The broker warrants issued had a fair value of \$5 thousand. The fair value was determined using the Black-Scholes pricing model with the following assumptions: a volatility factor of 91.69%, risk-free rate of return of 3.707%, expected dividend of 0%, and expected term of 36 months.

16. Share-based payments

(a) Share option plan

The Company has established a share option plan whereby options may be granted to directors, officers, employees, and service providers to purchase common shares of the Company. Options granted have an exercise price of not less than the closing price quoted on the Toronto Stock Exchange for the common shares of the Company on the trading day prior to the date on which the option is granted. The options have varying vest periods with some having vested immediately, others vested six to twelve months after grant date, and some vest equally over two years with the initial vest occurring on the date of grant. All options granted under the plan expire five years from the date of the grant of the options. All options are to be settled by physical delivery of shares. These common shares would be issued from the same 10% rolling pool as the common shares issued under the Company’s Deferred Share Unit Plan and the Company’s Performance Share Unit and Restricted Share Unit Plan.

The expense related to the Company's share option plan is recognized in the statements of loss and comprehensive loss for the three and nine months ended September 30, 2024 and 2023, as follows:

Expense category	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Administration	\$ 39	\$ -	\$ 116	\$ -
Exploration and evaluation	11	-	38	-
Total	\$ 50	\$ -	\$ 154	\$ -

A summary of option movements, including weighted-average exercise prices, are as follows:

	Nine months ended September 30, 2024		Year ended December 31, 2023	
	Options	Average Price	Options	Average Price
Outstanding, beginning of period	24,489,500	\$ 0.17	18,477,700	\$ 0.21
Granted	250,000	0.085	7,760,000	0.09
Expired	(9,700,000)	0.20	(1,748,200)	0.19
Outstanding, end of period	15,039,500	\$ 0.15	24,489,500	\$ 0.17

The grant date fair value of stock options issued under the plan is estimated using the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility. The option life is estimated based on the weighted-average historical life of options that have been granted by the Company.

A summary of the stock options outstanding and exercisable at September 30, 2024, is as follows:

Exercise price	Number outstanding	Number exercisable	Expiry date
\$0.245	200,000	200,000	May 28, 2025
\$0.225	4,671,500	4,671,500	August 18, 2025
\$0.215	1,958,000	1,958,000	February 1, 2026
\$0.125	200,000	200,000	August 16, 2027
\$0.09	2,400,000	133,333	November 29, 2028
\$0.09	5,360,000	1,786,667	December 7, 2028
\$0.085	250,000	83,333	April 1, 2029
	15,039,500	9,032,833	

(b) Deferred share unit plan

The Company has established a deferred share unit plan (the "DSU Plan"), which provides for the grant of DSUs to eligible directors of the Company. The DSU Plan provides for settlement to eligible directors through cash payment or the issuance of common shares. The form of settlement is at the option of the Company. The Company does not intend to make cash payments and there is no history of the Company making cash payments under the DSU plan and, as such, the DSUs are accounted for within shareholders' equity. These common shares would be issued from the same 10% rolling pool as the common shares issued under the Company's Performance Share Unit and Restricted Share Unit Plan and the Company's Share Option Plan. As these DSUs are expected to be settled with equity, an amount equal to the stock-based compensation expense is initially credited to contributed surplus and transferred to share capital if and when the deferred share unit is redeemed. DSUs vest immediately.

A summary of DSU movements during the period are as follows:

	Nine months ended September 30, 2024	Year ended December 31, 2023
DSUs outstanding, beginning of period	2,162,250	1,016,600

Granted	-	1,550,000
Redeemed for common shares from treasury	-	(404,350)
DSUs outstanding, end of period	2,162,250	2,162,250

There were 1,550,000 DSUs granted during 2023. The weighted-average fair value of the DSUs granted during 2023 was \$0.09 per DSU.

There was no expense related to the Company's share-based payments as a result of DSUs vesting over the three and nine months ended September 30, 2024 and 2023.

(c) Performance share unit and restricted share unit plan

The Company has established a performance share unit and restricted share unit plan (the "Unit Plan"), which provides for the grant of PSUs and RSUs to eligible officers, employees and service providers of the Company. The Unit Plan provides for settlement through cash payment or the issuance of common shares. The form of settlement is at the option of the Company. The Company does not intend to make cash payments and there is no history of the Company making cash payments under the Unit plan and, as such, the PSUs and RSUs are accounted for within shareholders' equity. These common shares would be issued from the same 10% rolling pool as the common shares issued under the Company's Deferred Share Unit Plan and the Company's Share Option Plan. As PSUs and RSUs are expected to be settled with equity, an amount equal to compensation expense is initially credited to contributed surplus, recognized over the term of the vesting period, and transferred to share capital if and when the units are exercised. RSUs vest in three tranches, with all RSUs vesting no later than the third anniversary from the date of grant.

For the three and nine months ended September 30, 2024, no PSUs have been granted. A summary of RSU movements during the period are as follows:

	Nine months ended September 30, 2024	Year ended December 31, 2023
RSUs outstanding, beginning of period	1,500,000	3,426,600
Granted	-	1,500,000
Redeemed for common shares from treasury	(500,000)	(3,323,266)
Forfeited	-	(103,334)
RSUs outstanding, end of period	1,000,000	1,500,000

The weighted-average fair value of the RSUs granted during 2023 was \$0.09. The expense related to the Company's share-based payments as a result of RSUs vesting over the period is recognized in the statements of loss and comprehensive loss for the three and nine months ended September 30, 2024 and 2023, as follows:

Expense category	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Administration	\$ 14	\$ -	\$ 41	\$ -

17. Related party transactions

Related party transactions with key management personnel

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. Compensation of key management personnel, and directors, including payments made or payable to related parties owned by executive officers and directors, is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Director fees	\$ 25	\$ 27	\$ 75	\$ 96
Salaries to key management personnel	88	69	280	123

Consulting and management fees paid to related companies	111	59	317	131
Share-based payments	48	-	145	2
Total compensation	\$ 272	\$ 155	\$ 817	\$ 352

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel. The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The fair value of share-based payments in the form of stock options was determined using the Black-Scholes option pricing model. The fair value of share-based payments in the form of RSUs and DSUs was determined based on the five-day volume weighted-average trading price of the Company's shares preceding the date of grant.

The compensation paid to key management personnel is included in the Company's statements of loss and comprehensive loss during the three and nine months ended September 30, 2024 and 2023 is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Administration	\$ 169	\$ 92	\$ 508	\$ 289
Exploration and evaluation	103	63	309	63
Total compensation	\$ 272	\$ 155	\$ 817	\$ 352

18. Financial instruments

Fair values have been determined for measurement and/or disclosure purposes based on the fair value hierarchy for financial instruments that require fair value measurement after initial recognition. The classification of each financial instrument is described in note 4(b) of the Company's 2023 Annual Financial Statements.

The carrying amounts for cash and cash equivalents, short-term investments, receivables, and trade payables approximate their fair value due to the short-term nature of these instruments. These financial instruments are carried at amortized cost.

Fair value hierarchy

All financial instruments measured at fair value are categorized into one of three hierarchy levels as described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Fair value of investment in Wescan

The disclosure of the fair value and carrying value of the investment in Wescan (see note 9) is based on quoted prices and is therefore considered to be level 1, consistent with the prior period.

Risk management

Certain financial instruments are exposed to the following financial risks:

(a) Credit risk

Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations. The Company considers this risk to be insignificant as the majority of the Company's cash and cash

equivalents are held by financial institutions with a AA credit rating. At September 30, 2024, the Company's credit risk relates to its cash and cash equivalents of \$0.7 million (December 31, 2023 – \$0.6 million).

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet regulatory liquidity and spending requirements as well as meet its financial obligations. The Company's approach to managing liquidity risk is to forecast future cash flows to ensure that it will have sufficient liquidity to meet its obligations when due. To ensure the Company has sufficient cash on hand, the Company prepares annual capital and operating budgets which are regularly monitored and updated as considered necessary. At September 30, 2024, the Company had a working capital deficit of \$0.1 million including cash and cash equivalents of \$0.7 million. In addition to regulatory spending requirements at September 30, 2024, the Company has trade payables and other lease payments as set out in the following table on an undiscounted basis:

Trade payables and accrued liabilities	\$ 809
Lease payments	77
Total	\$ 886

The further exploration, evaluation and/or development of exploration and evaluation properties in which the Company holds interests or which the Company acquires will require the Company to obtain financing through equity issues or other forms of financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration, evaluation and/or development of its projects with the possible loss of such properties.

(c) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation since transactions and balances in foreign currencies are minimal.

Commodity price risk:

Commodity price risk is the risk that a variation in commodity price will affect the Company's operations and financial results. The Company does not have significant exposure to commodity price fluctuations since it is currently in the exploration stage.

Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents and short-term investments held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity price risk:

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The investment in the common shares of Wescan is monitored by management with recommendations on sale taken to the Board level. A 10 percent change in the market price of Wescan would result in a \$14 thousand change in fair value.

19. Capital management

The Company manages its common shares and equity reserves as capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to explore and develop its exploration and evaluation properties, so that it can provide returns to shareholders.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board of Directors.

In order to maximize ongoing exploration and evaluation efforts, the Company does not pay dividends. The Company's investment policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

CORPORATE INFORMATION

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Officers and Advisors

Ewan D. Mason – Chief Executive Officer
Richard Johnson – Chief Financial Officer
George H. Read – Senior Vice President Corporate Development
Mark Shimell – Vice President Exploration

Solicitors

Bennett Jones LLP

Auditors

KPMG LLP

Bank

Bank of Montreal

Exchange Listing

TSX

617,573,981 common shares issued and outstanding as at November 7, 2024

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