



Management's Discussion & Analysis

September 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

For the three and nine months ended September 30, 2024 and 2023
(in thousands of Canadian dollars, except as otherwise noted)

The following discussion and analysis is prepared by Management as of November 7, 2024 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for Star Diamond Corporation ("Star Diamond", or "the Company") for the three and nine months ended September 30, 2024 (the "Interim Financial Statements"), as well as the audited consolidated financial statements of the Company for the years ended December 31, 2023 (the "2023 Annual Financial Statements"), in each case available on SEDAR+ at www.sedarplus.ca. The Company prepared its financial statements for the period ended September 30, 2024 and 2023, in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All currency amounts are quoted in Canadian Dollars, unless otherwise stated.

Corporate Information

The Company was incorporated on April 29, 1985 under the Canada Business Corporations Act and is listed on the Toronto Stock Exchange under the symbol "DIAM". The Company has its head office at 600, 224 - 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5 and its registered office at 4500, 855 - 2nd Street SW, Calgary, Alberta, T2P 4K7.

Star Diamond is a Canadian natural-resource company focused on exploring and developing Saskatchewan's diamond resources. Star Diamond holds a 100% interest in the Fort à la Corne Project (which includes the Star – Orion South Diamond Project) (the "Project"). These properties are 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 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*").

Corporate Developments

On September 5, 2024, the Company announced that the Technical Report documenting the revised Mineral Resources Estimate ("MRE") for the Star – Orion South Diamond Project had been completed. The 2024 MRE exhibits a significant increase over the previous MRE, which was published in November 2015 (see "Recent activities relating to the Star -Orion South Diamond Project" below for more detailed discussion).

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 (the "Consideration Shares"). One half of the Consideration Shares are subject to a 12-month lock-up arrangement. In addition to the common shares, Canterra was granted a 1% royalty interest in the Project.

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 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.

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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 have 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).

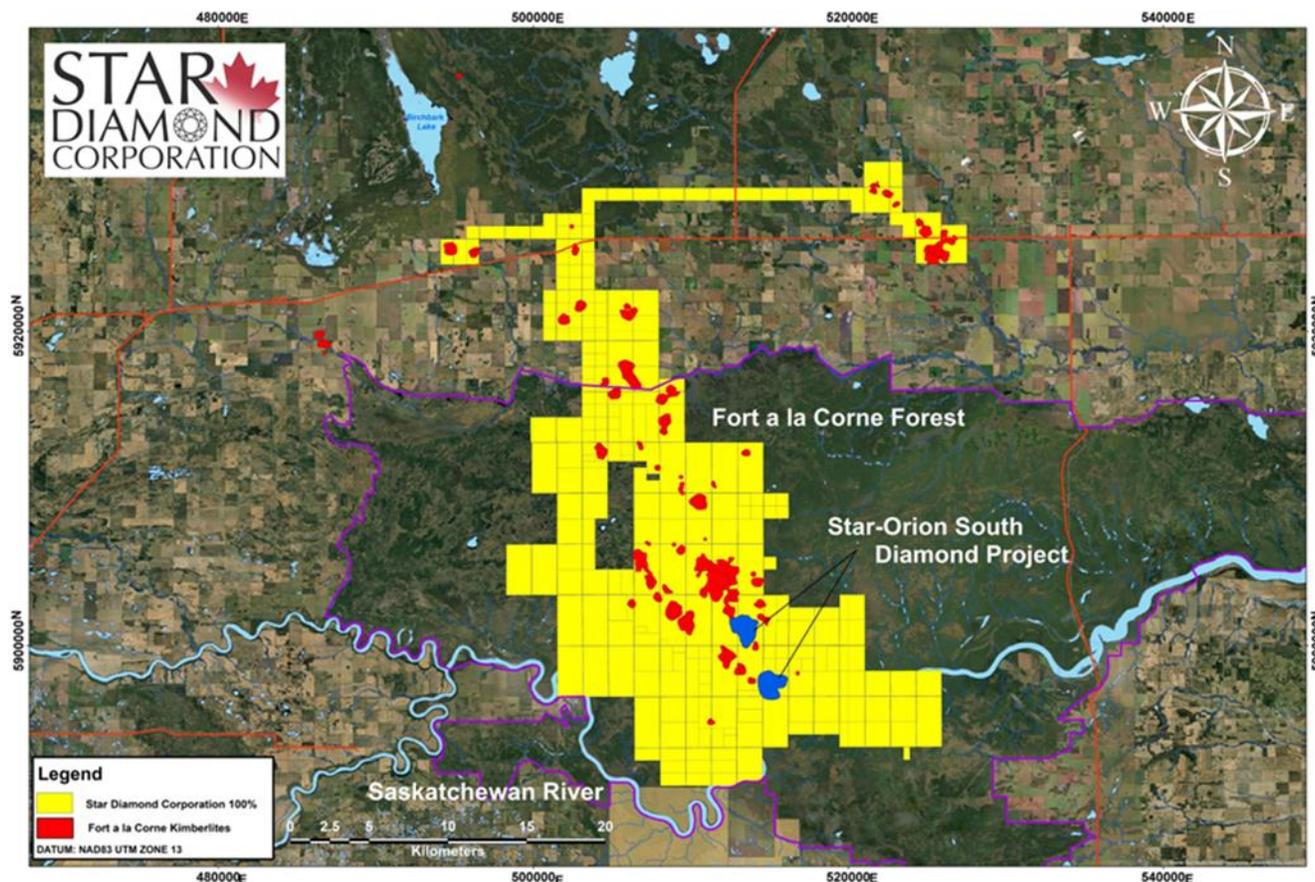
On January 26, 2024, the Company closed the second and final tranche of the Offering for gross proceeds of \$785,901 bringing the total proceeds raised to \$1,110,041. Pursuant to the closing of the second tranche, the Company issued: i) 8,548,905 units of the Company ("Units") at a price of \$0.09 per 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 (which shall not be a "flow-through share") at an exercise price of \$0.14 for a period of 36 months from the date of issuance.

Effective March 1, 2024, the Board of Directors appointed Ewan Mason to the position of President and Chief Executive Officer. Mr. Mason had served as Interim President and Chief Executive Officer since January 1, 2023.

Fort à la Corne Project

The Company holds a 100% interest in the Fort à la Corne Project (see March 26, 2024 news release: *Star Diamond Corporation Completes Acquisition of Rio Tinto's 75% interest in Fort à La Corne Diamond Project*) which includes the Star and Orion South Kimberlites. The Project is located in the Fort à la Corne Provincial Forest, 60 km east of Prince Albert, Saskatchewan (see Figure 1). Highway 55, located to the north of the Project, connects Prince Albert with several towns located directly north of the Project to the town of Nipawin, east of the Project. Highway 6 runs north-south and is located to the east of the Project.

Figure 1: Location Map of the Star-Orion South Diamond Project



Recent activities relating to the Star - Orion South Diamond Project

On September 5, 2024, the Company announced that the Technical Report documenting the revised MRE for the Star – Orion South Diamond Project had been completed. This 2024 MRE exhibits a significant increase over the previous MRE, which was published in November 2015. The table below highlights the increases in tonnes, grade and carats from the 2015 MRE to the 2024 MRE.

Star and Orion South Combined Indicated MRE of 2015 and 2024

MRE Year	Kimberlites	Total Tonnes	Grade (cpht)	Total Carats	Tonnes % Increase	Grade % Increase	Carats % Increase
2015	Star & Orion South	377,184,000	14.7	55,530,580			
2024	Star & Orion South	386,186,281	18.6	71,733,763	2%	26%	29%

While there is a relatively small overall increase in tonnage (2%), the significant increases in diamond grade and total carats results from the integration of Star Diamond’s underground bulk sample diamond data and large diameter drilling diamond data with RTEC’s Trench Cutter (“TC”) diamond data. The TC diamond samples benefitted from their processing through an efficient bulk sample plant using a modern flow sheet that ensures excellent liberation and recovery of diamonds throughout the diamond size range, but particularly in the smallest commercial size fractions (+1, +3, and +5 DTC). Diamond valuation exercises have shown that diamonds from Star and Orion South, in these three small size fractions, are unusually valuable, compared to other kimberlites, due to their excellent colour and abundance of octahedral stones. Nelson Karun, the

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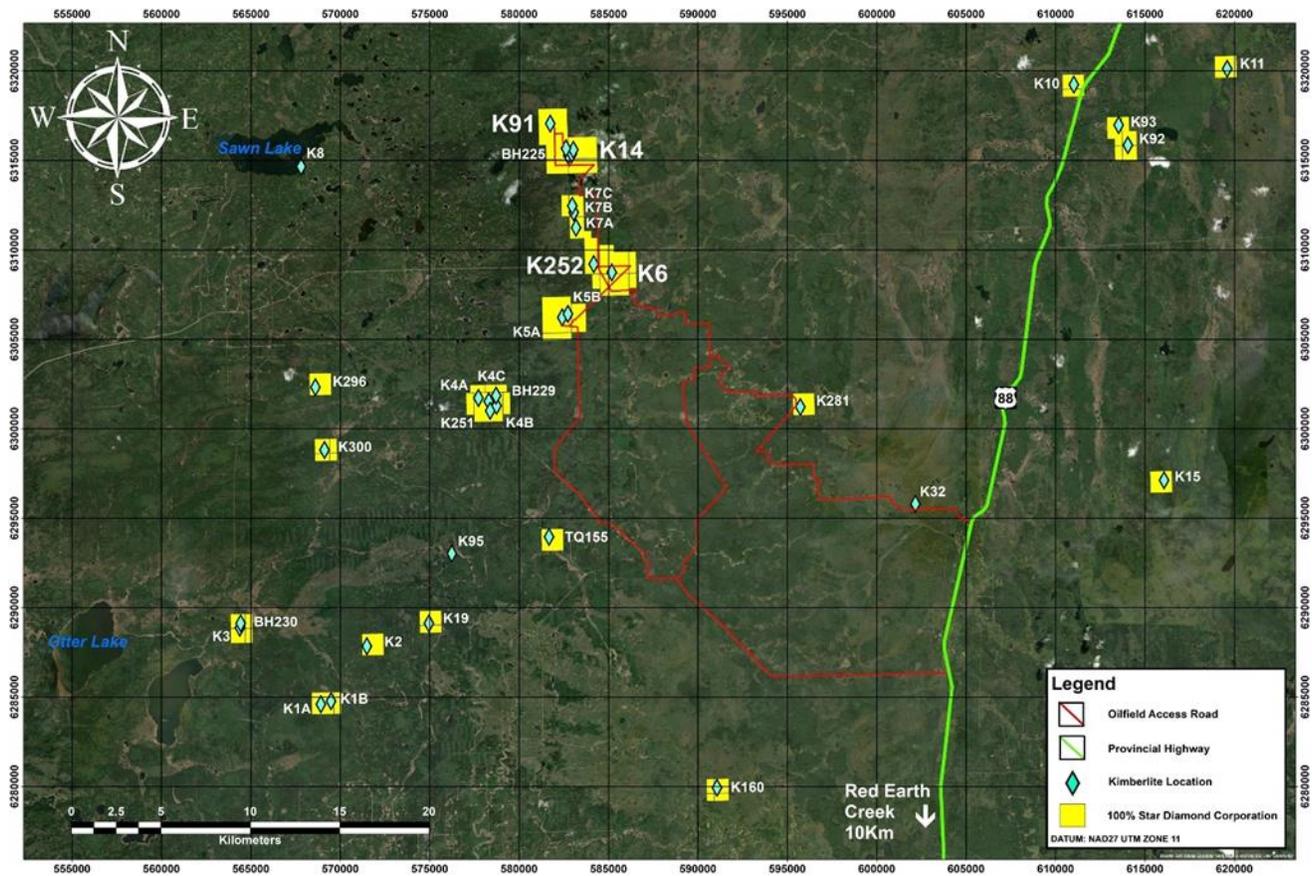
Diamond Specialist appointed in the first quarter of 2024, was responsible for the diamond valuations that are used in the 2024 MRE.

Star Diamond, working in close consultation with statistician Peter Ravenscroft, has determined that only limited improvements in precision could be achieved by additional, prohibitively costly bulk sample programs, and that the extensive work already completed will allow for robust diamond price estimates on both Star and Orion South, with associated confidence limits allowing for quantified risk analysis as part of the Pre-Feasibility Study (“PFS”). Consequently, Star Diamond has determined that no additional bulk sampling is required on the Orion South Kimberlite for the rigorous estimation of these Mineral Resources, and this results in the savings of millions of dollars in exploration expenditures and shaves significant time off the completion of the PFS. This significantly increased 2024 MRE establishes an excellent foundation on which the PFS can now be built.

Buffalo Hills Diamond Project

The Company holds a 100% interest in the exploration and evaluation properties and assets of the BH Project. Located approximately 400 kilometres northwest of Edmonton, Alberta, Canada, the BH Project includes 21 mineral leases covering 4,800 hectares and is a significant and accessible field of diamond-bearing kimberlites, with similarities to the Company’s Fort á la Corne kimberlites. The BH Project is located in the Buffalo Hills Kimberlite District, which contains at least 38 individual kimberlite bodies, of which 26 kimberlites are diamond-bearing and a number of which outcrop at surface (see Figure 2). Exploration on these kimberlites started in 1996, and small parcels of diamonds have been collected from various exploration programs on many of those considered most prospective.

Figure 2: Location Map of the Buffalo Hills Diamond Project



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Outlook

Fort à la Corne Project

Subsequent to the successful close of the Agreement with RTEC (see "Corporate Developments"), Star Diamond's technical team has focused on the technical investigation and evaluation of the Star – Orion South Diamond Project, with the goal of a future development decision. The recent completion and publication of the 2024 MRE for the Star – Orion South Diamond Project lays the foundation of an updated PFS. The PFS will enable a Feasibility Study upon which a production decision can be based.

Buffalo Hills Diamond Project

The BH Project is now 100% under the control of Star Diamond. A more detailed update on activities at the BH Project will be provided as it becomes available.

Financial Highlights

Selected financial information of the Company for the three and nine months ended September 30, 2024 and 2023 is summarized as follows:

	Three months ended September 30, 2024 \$	Three months ended September 30, 2023 \$	Nine months ended September 30, 2024 \$	Nine months ended September 30, 2023 \$
Net loss (millions)	1.4	0.6	3.9	1.8
Net loss per share ⁽¹⁾	0.00	0.00	0.01	0.00
Current assets (millions)	0.9	0.7	0.9	0.7
Total assets (millions) ⁽²⁾	16.2	1.3	16.2	1.3
Current liabilities	1.0	0.6	1.0	0.6
Total non-current liabilities (millions) ⁽²⁾	7.8	0.1	7.8	0.1
Working capital (deficit) (millions)	(0.1)	0.1	(0.1)	0.1

(1) Basic and diluted.

(2) At September 30, 2024: i) Total assets includes Property, plant and equipment and Exploration and evaluation assets of \$14.2 million acquired pursuant to the Transaction; and ii) Non-current liabilities includes an environmental rehabilitation provision of \$7.7 million.

Results of Operations

For the three months ended September 30, 2024, the Company recorded a net loss of \$1.4 million, or \$0.00 per share, which included the following non-cash charges: \$0.2 million depreciation charges, \$64 thousand share-based compensation and \$0.1 million reported for the unwinding of the discounts of the environmental rehabilitation provision and lease liability and marked-to-market loss on the Wescan Goldfields Inc. ("Wescan") investment. For the three months ended September 30, 2023, the Company recorded a net loss of \$0.6 million, or \$0.00 per share, which included the following non-cash charges: \$6 thousand reported for the unwinding of the discount of the lease liability and \$22 thousand depreciation charges offset by a \$58 thousand marked-to-market gain on the Wescan investment. Adjusting for the above items, the net loss for the quarter ended September 30, 2024 is \$1.0 million compared to \$0.6 million for the prior period. The increase in net loss, quarter over quarter, was due primarily to increased exploration and evaluation and administration expenditures offset by decreases in consulting and professional fees.

For the nine months ended September 30, 2024, the Company recorded a net loss of \$3.9 million, or \$0.01 per share, which included the following non-cash charges: \$0.5 million depreciation charges, \$0.2 million share-

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based compensation and \$0.3 million reported for the unwinding of the discounts of the environmental rehabilitation provision and lease liability and marked-to-market losses on the Wescan investment. For the nine months ended September 30, 2023, the Company recorded a net loss of \$1.8 million, or \$0.00 per share, which included the following non-cash charges: \$70 thousand depreciation charges and \$10 thousand reported for the unwinding of the discount of the lease liability offset by a \$58 thousand marked-to-market gain on the Wescan investment. Adjusting for the above items, the net loss for the nine months ended September 30, 2024 is \$2.9 million compared to \$1.8 million for the prior period. The increase in net loss period over period was due primarily to increased exploration and evaluation and administration and corporate development expenditures offset by decreases to consulting and professional fees.

Interest

For the three months ended September 30, 2024 and 2023, the Company reported interest of \$9 thousand and \$12 thousand, respectively. For the nine months ended September 30, 2024 and 2023, the Company reported interest of \$33 thousand and \$40 thousand, respectively. The Company invests excess cash reserves in interest-bearing short-term deposits while ensuring funds are available for cash outflow requirements associated with the Company's exploration and evaluation projects. Revenue is measured at the fair value of the consideration received or receivable for goods and services in the normal course of business.

Expenses

For the three months ended September 30, 2024, the Company reported total operating expenses of \$1.3 million versus the \$0.6 million reported for the comparative period. Prior to non-cash charges of \$0.3 million, total operating expenses for the third quarter of 2024 were \$1.0 million. For the comparative period, total operating expenses prior to non-cash charges of \$22 thousand were \$0.6 million. The \$0.4 million quarter over quarter increase in cash expenditures was due to a \$0.4 million increase in exploration and evaluation expenditures combined with a \$0.1 million increase in administration costs offset by a \$0.1 million decrease to consulting and professional fees.

For the nine months ended September 30, 2024, the Company reported total operating expenses of \$3.7 million versus the \$1.9 million reported for the comparative period. Prior to non-cash charges of \$0.7 million, total operating expenses for the nine months ended September 30, 2024 were \$3.0 million. For the comparative period, total operating expenses prior to non-cash charges of \$0.1 million were \$1.8 million. The \$1.2 million period over period increase in cash expenditures was due to a \$1.0 million increase in exploration and evaluation expenditures combined with a \$0.4 million increase in administration and corporate development costs offset by a \$0.2 million decrease in consulting and professional fees.

The increase in exploration and evaluation expenditures for the three and nine months ended September 30, 2024, versus the comparative periods in 2023 was a result of the Company's acquisition of RTEC's 75% interest in the Project and the assumption of operations. Expenditures reported during the periods presented included salaries, site labour and maintenance, site security, environmental compliance costs and contractor costs related to the Star and Orion-South Mineral Resources and Technical Report update.

The increase in administration expenditures reported for the three and nine months ended September 30, 2024, versus the comparative periods in 2023 was primarily due to increases in certain salaries and benefits and management fees. The increase in corporate development expenditures for the same periods was a result of increased marketing and communication costs during the first half of this year. The period over period decrease in consulting and professional fees was a result of decreased corporate activity during the first nine months of 2024.

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Use of flow-through proceeds

Flow-through proceeds raised during 2023 and 2024	\$ 340
Flow-through eligible expenditures incurred to September 30, 2024	(340)
Remaining flow-through eligible expenditures to be incurred	\$ -

Investment in Wescan Goldfields Inc.

At September 30, 2024 and December 31, 2023, the Company held 5.8 million shares or 10.8% of Wescan, a publicly traded company listed on the TSX Venture Exchange. The fair value of this investment, based on the closing trading price at September 30, 2024 was \$0.1 million (December, 2023 – \$0.3 million).

Summary of Quarterly Results

Summarized financial data presented in the table below has been prepared in accordance with IFRS. This data should be read in conjunction with the Company's condensed consolidated interim financial statements and consolidated annual financial statements for the respective periods. All net loss figures are presented in millions, except for the net loss per common share amounts (basic and diluted).

	2024				2023			2022
	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4
Total assets	16.2	16.3	19.5	1.2	1.3	1.8	2.4	3.1
Total liabilities	8.7	8.6	10.2	1.0	0.7	0.7	0.4	0.7
Expenses	1.3	1.5	0.9	1.0	0.6	0.6	0.7	1.3
Net loss	1.4	1.6	0.9	1.0	0.6	0.9	0.3	66.7
Net loss per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14
Wtd. Avg. Shares outstanding	611.5	599.9	494.8	482.7	476.3	476.0	476.0	476.0

Related Party Transactions

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 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 was

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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 as follows:

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

Liquidity and Capital Resources

The Company does not currently operate any producing properties and, as such, is dependent upon additional forms of financing to fund its ongoing obligations and advance its exploration and evaluation properties. Until the Company's surplus cash is required to fund exploration, evaluation and/or development activities it is invested in highly-rated, low-risk instruments.

At September 30, 2024 the Company had \$0.7 million in cash and cash equivalents (December 31, 2023 – \$0.6 million) and a working capital deficit of \$0.1 million (December 31, 2023 - \$(0.3) million). The change 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 expenses incurred during the period. 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.

Operating activities

During the current period, cash flow used in operating activities was \$3.0 million versus cash flow used in operating activities of \$2.0 million reported for the nine months ended September 30, 2023. The increase in cash used in operating activities was due to the increase in exploration and evaluation expense, a result of the Transaction and the assumption of operations at the Project, combined with an increase in administration and corporate development costs offset by a decrease in consulting and professional fees.

Investing activities

Cash expenditures for the current period were comprised of exploration and evaluation expenditures of \$1.5 million, which represent acquisition costs incurred and capitalized on the closing of the Transaction as well as acquisition costs incurred on the purchase of the BH Project. Also, during the nine months ended September 30, 2024, the Company received \$4.0 million in proceeds pursuant to the Transaction.

Financing activities

During the nine months ended September 30, 2024, the Company completed the second and final tranche of a private placement whereby an aggregate of 8,548,905 shares ("Units") were issued for gross proceeds of \$0.8 million along with 150,000 Flow-through units ("FT Units") were issued for gross proceeds of \$0.02 million. Each Unit was comprised of one common share and one common share purchase warrant. 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.

For the nine months ended September 30, 2024 and 2023, pursuant to disclosure requirements of IFRS 16 Leases, the Company reported lease payments of \$0.1 million.

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Outstanding Common Shares, Options, Warrants, RSUs and DSUs

At September 30, 2024, and the date of this report, the Company had:

	September 30, 2024	Date of this report
Common shares	617,573,981	617,573,981
Warrants and broker warrants	29,118,391	29,118,391
Stock Options	15,039,500	15,039,500
Restricted Share Units	1,000,000	1,000,000
Deferred Share Units	2,162,250	2,162,250

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

Exercise Price	Number Outstanding	Expiry Date
\$ 0.15 ¹	14,322,018	October 6, 2025
\$ 0.15 ¹	2,812,460	October 21, 2025
\$ 0.11	159,090	December 29, 2026
\$ 0.14	3,105,818	December 29, 2026
\$ 0.09	8,719,005	January 26, 2027

(1) During the nine months ended September 30, 2024, the Company extended the expiry date and amended the exercise price of those warrants and broker warrants expiring April 6 and April 21, 2024 (see note 15 to the Interim Financial Statements).

The following table summarizes stock options activities as follows:

	Nine months ended September 30, 2024		Year ended December 31, 2023	
	Options	Weighted-average exercise price	Options	Weighted-average exercise 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 following table summarizes Restricted Share Unit activities as follows:

	Nine months ended September 30, 2024	Year ended December 31, 2023
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)
Outstanding, end of period	1,000,000	1,500,000

The following table summarizes the Deferred Share Unit activities as follows:

	Nine months ended September 30, 2024	Year ended December 31, 2023
Outstanding, beginning of period	2,162,250	1,016,600
Granted	-	1,550,000
Redeemed for common shares from treasury	-	(404,350)
Outstanding, end of period	2,162,250	2,162,250

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Financial Instruments

As at September 30, 2024, the fair values of all of the Company's financial instruments approximates their carrying values. Certain financial instruments are exposed to the following financial risks:

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.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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. 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.

At September 30, 2024, the Company is committed to trade payables and operating leases as set out in the following table, on an undiscounted basis:

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

The Company will pursue options to finance further exploration, evaluation and/or development as it currently does not have sufficient funds to bring any of its property interests into production from its own financial resources. Financing options may include equity financing, debt financing or other means. 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.

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, if any.

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

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rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

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.

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 any sale taken to the Company's Board of Directors. A ten percent change in the market price of Wescan would result in a \$14 thousand change in fair value.

Critical Accounting Estimates and Judgments

The Interim Financial Statements have been prepared in accordance with IFRS issued by the IASB. Except as described in Note 4 to the Interim Financial Statements, the Company's material accounting policies are described in Note 4 to the 2023 Annual Financial Statements. Certain of these policies involve critical accounting estimates as they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. The uncertainties related to these areas could significantly impact the Company's results of operations, financial condition and cash flows. In particular, the significant areas of judgment and estimation uncertainty considered by management in preparing the consolidated financial statements are: identification of cash generating units, exploration and evaluation expenditures, reserve and resource estimation, asset valuations and exploration and evaluation assets impairment, environmental rehabilitation provision and share-based payment transactions. These are discussed in more detail in Note 5 to the Interim Financial Statements and Note 5 of the Company's 2023 Annual Financial Statements.

Accounting Changes

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.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods, and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Company's management, under the supervision and

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For the three and nine months ended September 30, 2024 and 2023
(in thousands of Canadian dollars, except as otherwise noted)

with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), are responsible for establishing and maintaining disclosure controls and procedures and have caused these to be designed to provide reasonable assurance that material information is made known to management, particularly during the period in which these filings are being prepared; and information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As at the end of the period covered by this MD&A and accompanying consolidated financial statements, the CEO and the CFO have reviewed and evaluated the design and effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures were effective as at September 30, 2024.

There have been no significant changes in the Company's disclosure controls during the nine months ended September 30, 2024.

Internal Controls over Financial Reporting Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. In accordance with the requirements of *National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings*, the Company's management, under the supervision and with the participation of the CEO and the CFO and effected by the Company's board of directors, have designed the Company's internal controls over financial reporting as of September 30, 2024 so that the internal controls over financial reporting provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS issued by the IASB and interpretations of the IFRIC.

Management, including the CEO and the CFO, assessed the effectiveness of the Company's internal controls over financial reporting as at September 30, 2024. In making its assessment, management, including the CEO and the CFO, used the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that the Company's internal controls over financial reporting were effective as at September 30, 2024.

There have been no significant changes to internal controls over financial reporting during the nine months ended September 30, 2024 that could have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Risks and Uncertainties

The securities of the Company are highly speculative due to the nature of the Company's business as well as the present stage of exploration and development of its mineral properties. The material risk factors and uncertainties, which should be considered in assessing the Company's activities, are described under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form which is available on SEDAR+ at www.sedarplus.ca. The reader is cautioned that the descriptions of risks and uncertainties is not all inclusive as it pertains to conditions currently known to Management. There can be no guarantee or assurance that other factors will or will not adversely affect the Company.

Technical Information

All technical information in this MD&A has been prepared under the supervision of George Read, Senior Technical Advisor, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia and Mark Shimell, Project Manager, Professional Geoscientist in the Provinces of Saskatchewan and Alberta, who are the Company's "Qualified Persons" under NI 43-101.

Caution regarding Forward-looking Statements

This MD&A contains forward-looking statements as defined by certain securities laws, including the "safe harbor" provisions of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project", "guidance", "may", "will", "should", "could", "estimate", "predict" or similar words suggesting future outcomes or language suggesting an outlook. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans constitute forward-looking statements. By their nature, statements referring to mineral reserves, mineral resources or the PEA constitute forward-looking statements. Forward-looking statements contained or implied in this MD&A include, but are not limited to, statements relating to the Company's ability to continue as a going concern; statements regarding programs previously performed by Rio Tinto Canada; statements regarding future work programs by the Company; statements related to diamond breakage and other reporting; disclosure regarding the economics and project parameters presented in the PEA, including, without limitation, IRR, NPV and other costs and economic information, carats of diamonds to be recovered, after-tax payback period, tonnes of kimberlite to be mined, carats per tonne to be recovered (grade), diamond prices, project life, life of mine, capital costs, and length of pre-production period; statements related to mineral resources and/or reserves; statements related to the approval of the development of the Star - Orion South Diamond Project; statements relating to future development of the Star - Orion South Diamond Project and associated timelines; statements with respect to environmental permitting and approvals; the Company's need for and intention to seek additional financing; statements with respect to metallurgical and diamond investigations, assessments and test work including diamond breakage studies; the potential proportion of Type IIa diamonds in the Star and Orion South kimberlites and the potential for the recovery of large, high-quality diamonds.

All forward-looking statements are based on the Company'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, developments in world diamond markets, changes in diamond valuations, 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 the Company, the effects of competition in the markets in which the Company operates, risks related to diamond breakage from extraction and diamond recovery, risks related to the Company's need for additional financing and the Company's ability to raise that financing, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the additional risks described in the Company's most recently filed Annual Information Form, annual and interim MD&A, news releases and technical reports. The Company's anticipation of and success in managing the foregoing risks could cause actual results to differ materially from what is anticipated in such forward-looking statements.

Although the Company considers the assumptions contained in forward-looking statements to be reasonable based on information currently available to it, those assumptions may prove to be incorrect. When making decisions with respect to the Company, investors and others should not place undue reliance on these statements and should carefully consider the foregoing factors and other uncertainties and potential events. Unless required by applicable securities laws, the Company does not undertake to update any forward-looking statement that is made herein.

Additional Information

Additional information related to the Company, including the latest available Annual Information Form, is available on SEDAR+ at www.sedarplus.ca.