

# Star Diamond Corporation Announces Second Quarter 2024 Results

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## TSX: DIAM

SASKATOON, Aug. 8, 2024 - [Star Diamond Corp.](#) ("Star Diamond" or the "Company") reports that the unaudited financial results for the quarter ended June 30, 2024, will be filed today on SEDAR+ and may be viewed at [www.sedarplus.ca](http://www.sedarplus.ca) once posted.

## Overview

Star Diamond Corporation is a Canadian natural resource company focused on exploring and developing Saskatchewan diamond resources. Star Diamond holds a 100% interest in the Fort à la Corne Project (the "Project") which includes the Star - Orion South Diamond Project located in central Saskatchewan, Canada. These properties are in close proximity to established infrastructure including paved highways and the electrical power grid, which provide significant advantages for future mine development.

The Company also holds a 100% interest in the exploration and evaluation properties and assets of the Buffalo Hills Diamond Project (see August 1, 2024 news release "Star Diamond Corporation Completes Acquisition of Buffalo Hills Diamond Project" ("BH Project")). Located approximately 400 kilometres northwest of Edmonton, Alberta, Canada, the BH Project includes leases covering 4,800 hectares and is a significant and accessible field of diamond bearing kimberlites, with similarities to the Company's Fort à la Corne kimberlites. The BH Project is located in the Buffalo Hills Kimberlite District, which contains numerous individual kimberlite bodies, of which 26 kimberlites are diamond bearing and a number of which outcrop at surface.

## Fort à la Corne Project

On July 24, 2024, the Company announced a revised Mineral Resources Estimate ("MRE") for the Star - Orion South Diamond Project. 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<br>Tonnes | Grade<br>(cpht) | Total<br>Carats | Tonnes<br>% Increase | Grade<br>% Increase | Carats<br>% 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 are primarily due to 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 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 Diamond Specialist at RTEC, 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 improvement 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 suitable for quantified risk analysis as part of the Pre-Feasibility Study ("PFS"). Consequently, Star Diamond has determined that additional bulk sampling is required on the Orion South Kimberlite for the rigorous estimation of these Mineral Resources. The 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.

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 with a value of \$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 sampling program at the Project;
- RTEC has transferred to Star Diamond the Bulk Sample Plant located at the Project, including the TOMRA XRT sorting machine;
- RTEC and Star Diamond have entered into an Investor Rights Agreement whereby, among other things, RTEC will have 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 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).

Buffalo Hills Diamond Project

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. The Company now owns 100% of the BH Project.

Quarter End Results

For the quarter ended June 30, 2024, the Company recorded a net loss of \$1.6 million, or \$0.00 per share, compared to a net loss of \$0.9 million, or \$0.00 per share, for the quarter ended June 30, 2023. Excluding \$0.5 million in non-cash charges, the net loss, quarter over quarter, was due primarily to increased exploration and evaluation expenditures combined with an increase in corporate development costs (marketing).

Year to Date Results

For the six months ended June 30, 2024, the Company recorded a net loss of \$2.5 million, or \$0.00 per share, compared to a net loss of \$1.2 million, or \$0.00 per share, for the six months ended June 30, 2023. Excluding \$0.5 million in non-cash charges, the increase in net loss, period over period, was due primarily to increased exploration and evaluation expenditures combined with increases to administration and corporate development costs.

The increase in exploration and evaluation expenditures for the current year's second quarter and first half versus the corresponding periods in 2023 was a result of the Company's acquisition of RTEC's 75% interest in the Project and the assumption of RTEC's liabilities. Expenditures incurred during the current 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 update.

At June 30, 2024 the Company had \$1.5 million (December 31, 2023 - \$0.6 million) in cash and cash equivalents and working capital of \$1.0 million (December 31, 2023 - \$(0.3) million). The increase 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 sale of the final tranche of the non-brokered private placement offset by expenses incurred during the quarter. 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.

Selected financial highlights include:

## Condensed Interim Consolidated Statements of Financial Position As at As at

|   | June 30, December 31, |          |
|---|-----------------------|----------|
|   | 2024                  | 2023     |
| Current assets                                | \$ 1.9 M              | \$ 0.6 M |
| Property, plant and equipment and Investments | 4.2 M                 | 0.6 M    |
| Exploration and evaluation assets             | 10.3 M                | 0.0 M    |
| Current liabilities                           | 0.9 M                 | 0.9 M    |
| Non-current liabilities                       | 7.7 M                 | 0.1 M    |
| Shareholders' equity                          | \$ 7.8 M              | \$ 0.2 M |

## Condensed Interim Consolidated Statements of Loss Three months Three months Six months Six months

|  | ended         | ended         | ended         | ended         |
|--|---------------|---------------|---------------|---------------|
|  | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Expenses   | \$ 1.5 M      | \$ 0.6 M      | \$ 2.4 M      | \$ 1.2 M      |
| Loss before undernoted items                         | 1.5 M         | 0.6 M         | 2.4 M         | 1.2 M         |
| Unwinding of discounts                               | 0.1 M         | 0.00 M        | 0.1 M         | 0.00 M        |
| Investment in <a href="#">Wescan Goldfields Inc.</a> | 0.05 M        | 0.3 M         | 0.1 M         | 0.00 M        |
| Net loss   | 1.6 M         | 0.9 M         | 2.5 M         | 1.2 M         |
| Net loss per share (basic and diluted)               | \$ 0.00       | \$ 0.00       | \$ 0.00       | \$ 0.00       |

## Condensed Interim Consolidated Statements of Cash Flows As at As at

|  | June 30, 2024 | June 30, 2023 |
|--|---------------|---------------|
| Cash flows used in operating activities        | \$ (2.3) M    | \$ (1.5) M    |
| Cash flows from in investing activities        | 2.6 M         | 0.0 M         |
| Cash flows from (used in) financing activities | 0.7 M         | (0.1) M       |
| Net increase (decrease) in cash                | 1.0 M         | (1.6) M       |
| Cash - beginning of period                     | 0.5 M         | 2.6 M         |
| Cash - end of period                           | \$ 1.5 M      | \$ 1.0 M      |

## Outlook

## Fort à la Corne Project

Subsequent to the successful close of the Agreement with RTEC (see "Corporate Developments"), Star Diamond's technical team will focus on the technical investigation and evaluation of the Star - Orion South

Diamond Project, with the goal of a future development decision. The recent completion and publication of the 2024 MRE for the Star - Orion South Diamond Project lays the foundation of an updated PFS. The PFS, which is scheduled to commence in late 2024, 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. The Company is currently working with Canterra to ensure the efficient transfer of the mineral leases that cover the kimberlites of interest. A more detailed update on activities at the BH Project will be provided as it becomes available.

#### About Star Diamond Corporation

Star Diamond Corporation is a Canadian based corporation engaged in the acquisition, exploration and development of mineral properties. Shares of Star Diamond trade on the Toronto Stock Exchange under the trading symbol "DIAM". Star Diamond holds a 100% interest in the Project. The Project is located in central Saskatchewan, in close proximity to established infrastructure, including paved highways and the electrical power grid, which provide significant advantages for future mine development. The Company also holds a 100% interest in the exploration and evaluation properties and assets of the BH Project located in north-central Alberta, Canada.

#### Technical Information

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

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#### Caution Regarding Forward-looking Statements

This press release contains "forward-looking statements" and/or "forward-looking information" (collectively, "forward-looking statements") within the meaning of applicable securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results, "may", "could", "would", "will", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof. All statements, other than statements of historical fact, are forward-looking statements.

These forward-looking statements are based on Star Diamond's current beliefs as well as assumptions made by and information currently available to Star Diamond and involve inherent risks and uncertainties, both general and specific. Risks exist that forward-looking statements will not be achieved due to a number of factors including, but not limited to, the Company's ability to obtain financing to further the exploration, evaluation and/or development of exploration and evaluation properties in which the Company holds interest, the economic feasibility of any future development projects, developments in world diamond markets, changes in diamond prices, risks relating to fluctuations in the Canadian dollar and other currencies relative to the US dollar, the impact of changes in the laws and regulations regulating mining exploration, development, closure, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the additional risks described in Star Diamond's most recently filed Annual Information Form, and annual and interim MDA.

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

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

SOURCE Star Diamond Corporation

## Contact

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