



ANNUAL INFORMATION FORM

For the Fiscal Year Ended December 31, 2020

March 30, 2021

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PRELIMINARY NOTES

Effective Date of Information

This Annual Information Form ("AIF") of Star Diamond Corporation ("DIAM" or the "Company") is dated March 30, 2021 and the information contained herein is current as of such date, unless otherwise indicated.

Financial Information

All financial information in this AIF is prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

Cautionary Note Regarding Forward-Looking Statements and Information

This AIF and the documents incorporated by reference, include certain statements that constitute "forward-looking statements", and "forward-looking information", within the meaning of applicable securities laws ("forward-looking statements" and "forward-looking information" are collectively referred to as "forward-looking statements", unless otherwise stated). These statements appear in a number of places in this AIF and include statements regarding the Company's intent, or the beliefs or current expectations of the Company's officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this AIF, words such as "believe", "anticipate", "estimate", "project", "intend", "expect", "may", "might", "will", "plan", "should", "would", "could", "suspect", "outlook", "contemplate", "possible", "attempts", "seeks" and similar expressions are intended to identify these forward-looking statements. Forward-looking statements include, without limitation, statements with respect to the Fort à la Corne mineral properties, the purported exercise by Rio Tinto Exploration Canada Inc. of its options under the Option Agreement (as defined below) and the legal proceedings commenced by the Company against Rio Tinto Exploration Canada Inc. in relation to such purported exercise of such options; statements regarding the processing and analysis of, and reporting of results from, the bulk samples previously collected by Rio Tinto Exploration Canada Inc. and the timeline for doing so; statements related to diamond breakage and other actions to complete the processing, diamond recovery and reporting of all diamond results on the samples previously taken from the ten bulk sample trenches excavated by Rio Tinto Exploration Canada Inc. in 2019; disclosures regarding the economics and project parameters presented in the Preliminary Economic Assessment, 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; mineral resource and reserve estimates (including, without limitation, estimates of ore, carats and ore grade); diamond valuations; sensitivity analysis; statements with respect to environmental permitting and approvals; the environmental permitting process; and the Company's intention to seek additional financing in the ensuing years.

All forward-looking statements are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration, development and mining activities and commitments. These forward-looking statements were derived utilizing numerous assumptions including: expected growth; results of operations, performance, business prospects and opportunities; the Company's relationship with Rio Tinto Exploration Canada Inc. and the timing and outcome of the legal proceedings commenced by the Company against Rio Tinto Exploration Canada Inc.; that the current year's exploration program will build on that of the past; that the ability of the Company to raise capital in the future remains consistent with past experiences when raising capital; that diamonds will remain a sought after commodity which will in turn enable the Company to raise funds when necessary; that current and past government regulation will not change to adversely affect the Company's ability to conduct its programs; and that there are no material disruptions in the Company's operations as a result of the COVID19 pandemic, including no material shutdown of mining, processing and other operations, and no material adverse disruption on supply chains and transportation networks; and therefore the Company's actual results may differ materially from those in the forward-looking statements. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Accordingly, you are cautioned not to put undue reliance on these forward-looking statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are 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 Rio Tinto Exploration Canada Inc. or the Company, the nature and outcome of studies, analyses, criteria or conditions that Rio Tinto Exploration Canada Inc. may consider relevant to its assessment of whether to seek to further invest in the Project (as hereinafter defined) or seek to develop the Project into an operating mine, risks related to the legal proceedings between the Company and Rio Tinto Exploration Canada Inc. including regarding the counterclaim of Rio Tinto Exploration Canada Inc. against the Company and any future legal proceedings between these parties, the effects of competition in the markets in which the Company operates, the impact of the COVID19 pandemic, 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 Management Discussion and Analysis ("MD&A"), technical reports and this AIF (see "Risk Factors") and the Company's anticipation of and success in managing the foregoing risks. Forward-looking statements should not be read as a guarantee of future performance or results. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to known and unknown risks and uncertainties, both general and specific, including those risks and uncertainties outlined under "Risk Factors" in this AIF, that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, we assume no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If we update any one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. You should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this AIF are expressly qualified in their entirety by this cautionary statement.

Currency and Exchange Rates

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated.

CORPORATE STRUCTURE

Name, Address and Incorporation

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.

The Company was incorporated on April 29, 1985 under the *Canada Business Corporations Act* ("the Act") as 143818 Canada Ltd. The articles of the Company were amended on July 16, 1986 to reflect a name change to Shore Gold Fund Inc. and to increase the maximum number of directors to twelve. On August 12, 1994, the articles were amended to change the Company's name to Shore Gold Inc. and on December 23, 1996, the articles were amended to permit current directors to appoint additional directors between annual general meetings so long as the number of additional directors does not exceed one third of the number elected at the previous annual meeting of shareholders. On February 6, 2018, the articles were amended to change the Company's name to Star Diamond Corporation.

The common shares of the Company were listed for trading on the Alberta Stock Exchange under the symbol "SGF" on February 10, 1987. On November 26, 1999, the Company began trading on the Canadian Venture Exchange (now known as the TSX Venture Exchange ("TSX-V")), also under the symbol "SGF". On November 26, 2004, the Company began trading on the Toronto Stock Exchange ("TSX") under the same symbol and concurrently ceased trading on the TSX-V. On February 12, 2018, the Company began trading on the TSX under the trading symbol "DIAM".

Intercorporate Relationships

The Company has two wholly-owned subsidiaries:

Shore Mining & Development Corp. ("SMDC"), which was incorporated on January 17, 2003 under the *Business Corporations Act* (Alberta). Assets used on exploration programs have been acquired through SMDC and leased to either the Company or third parties at market rates. Kensington

Resources Ltd. ("Kensington"), amalgamated on October 28, 2005 with 38802 Yukon Inc., a subsidiary of the Company, pursuant to a plan of arrangement (the "Arrangement") involving the Company, Kensington and the security holders of Kensington under the Business Corporations Act (Yukon Territory). Prior to the transactions in June 2017 (as discussed in this AIF under "Consolidation of the Fort à la Corne mineral properties (including the Project) and Option to Joint Venture"), Kensington held a 69 percent working interest in the Fort à la Corne Joint Venture ("FALC-JV") and Newmont Canada FN Holdings ULC ("Newmont") held the remaining 31 percent interest in the former FALC-JV.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Star Diamond Corporation is a Canadian-based company engaged in the acquisition, exploration and development of mineral properties. Prior to 1993, the Company was engaged primarily in gold exploration and development and was a former gold producer through its interest in the Jasper Mine, which ceased production in December 1991. In 1993, management changed with the appointment of Mr. Kenneth E. MacNeill to the Board of Directors and his appointment as Chief Executive Officer. Between 1993 and 1995, the Company was still primarily engaged in gold exploration. In December 1995, the exploration emphasis of the Company switched to diamonds with the acquisition of mineral claims in the Fort à la Corne area of Saskatchewan. Although the Company has also acquired and worked on base and precious metal properties since 1995, the majority of the exploration effort since then has been devoted to diamonds.

Various exploration techniques on the Company's Star Kimberlite Property resulted in the decision to move forward with an aggressive 25,000 tonne bulk sample program to recover 3,000 carats of diamonds. This decision led to a number of equity financings during 2001, 2002 and 2003 intended to raise sufficient capital to proceed with this program. The 25,000 tonne bulk sample program began in 2003 and included the sinking of a 250 metre shaft, constructing a headframe and hoist, and the construction of a 10 tonne per hour on-site processing facility.

The processing plant, constructed in 2003 at the Star Kimberlite Property, was commissioned in February 2004, and by April 2004, the Company had completed the sinking of the shaft on the Star Kimberlite Property down to a 250 meter depth. Lateral drifting commenced in May 2004 and was completed by November 2004 when approximately 25,000 tonnes of kimberlite had been extracted. Two additional phases of bulk sampling were also performed, with all bulk sampling on the Star Kimberlite Property completed during 2007.

During 2004, the Company transferred its gold properties into a wholly-owned subsidiary, Wescan Goldfields Inc. ("Wescan") (previously Shore Resources Inc.). Wescan then completed an initial public offering concurrent with distribution by the Company of a portion of its Wescan shares as a dividend-in-kind, and listed its shares on the TSX-V. Complete details with respect to this transaction are available for viewing at www.sedar.com in Wescan's Long Form Prospectus dated August 30, 2004. At December 31, 2020, the Company held 5.8 million shares or 12.9% of Wescan.

On August 15, 2005, the Company and Kensington (which at the time held a 42.245 percent working interest in the former FALC-JV) announced their intentions to merge. On October 28, 2005 the merger was finalized and Kensington became a wholly-owned subsidiary of the Company. Subsequent to the merger, on October 31, 2005 the Company entered into a voting arrangement with Cameco Corporation ("Cameco") and UEM Inc. ("UEM") with respect to the former FALC-JV Property whereby Cameco (which at the time held a 5.51% interest) and UEM (which at the time held a 10 percent interest) agreed to vote with the Company on all operating decisions (excluding production decisions) to be made by the participants in the FALC-JV over a term up to seven years in duration. De Beers Canada Inc. ("De Beers") was the FALC-JV operator, which at the time held a 42.245 percent interest.

Significant capital resources were required to keep pace with the growth and expansion requirements and in 2005 two major equity financings took place for total gross proceeds of \$236.7 million (see News Releases dated March 22, 2005 and November 9, 2005). Newmont participated in both financings.

In 2006, the Company was able to acquire a controlling interest in the FALC-JV Property. On September 25, 2006, the Company announced that Kensington had entered into agreements to acquire De Beers' participating interest in the FALC-JV for \$180 million and to acquire Cameco Corporation's and UEM Inc.'s interests for a combined cash price of \$66.1 million (see News Release September 25, 2006). Concurrent with these acquisitions, Kensington on-sold a 40 percent interest in the FALC-JV to Newmont for \$170.4 million on the same terms and conditions as those associated with the De Beers, Cameco and UEM acquisitions. These transactions resulted in Kensington acquiring a net additional 17.755 percent interest for a net cash outlay of \$75.7 million, resulting in Kensington holding a 60 percent interest in the FALC-JV and the Company maintaining a sufficient cash position to fund exploration programs on the Star and the FALC-JV Properties. Kensington also became operator of the FALC-JV which allowed for more synergistic use of resources in moving the two projects forward.

Extensive exploration programs were carried out on the Star and FALC-JV properties, including core drilling, additional bulk sampling and large diameter drill sampling, in order to establish reserves and resources. The details of these programs are discussed in the Principal Mineral Properties section contained within this document.

In November of 2008, the Company announced that a Project Proposal for a Star – Orion South Diamond Project (the "Project") had been submitted to the Environmental Assessment Branch of the Saskatchewan Ministry of Environment and federal authorities to commence the Environmental Impact Assessment ("EIA") process and initiate discussion with regulators and the public about the implications of the Project.

The original evaluation of the Orion South Kimberlite, using underground bulk sampling and LDD mini-bulk sampling, was curtailed by the world financial crisis of late 2008. By early 2009, most capital intensive exploration activity had ceased on the Star and FALC-JV properties. As a result of Newmont electing not to participate in the FALC-JV budgets since 2009, its interest decreased since that time by approximately 9 percent, to 31 percent as of December 31, 2016. From 2009 to 2014,

the Company focused primarily on desk-top engineering studies and data analysis. The following is a list of the technical reports completed based on these studies:

- On February 10, 2010, the Company announced the combined pre-feasibility study (“PFS”) and Mineral Reserve estimate on the Project (“PFS”) (see SGF News Release dated February 10, 2010). The PFS includes the 100 percent owned Star Diamond Project, as well as Star West and the Orion South Kimberlite, which fell within the former FALC-JV (see Material Change Report dated February 10, 2010 and accompanying March 22, 2010 Technical Report as filed on www.sedar.com).
- On July 14, 2011, the Company announced the feasibility study (“FS”) and updated Mineral Reserve estimate on the Project (see News Release dated July 14, 2011). The FS included the 100 percent owned Star Diamond Project, as well as Star West and the Orion South Kimberlite, which fell within the former FALC-JV. The accompanying NI 43-101 compliant Technical Report documenting the Feasibility Study and updated Mineral Reserve for the Star – Orion South Diamond Project (“Feasibility Technical Report”) were released in August 2011 (see August 25, 2011 Technical Report as filed on www.sedar.com). Diamond prices used in the Feasibility Technical Report were based on the February 2011 updated valuation.

During the completion of the pre-feasibility and feasibility studies, the Company undertook various other activities to support the economic models contained within these reports. Some of the more significant developments are detailed below.

- In June of 2010, the Company welcomed the announcement by the Province of Saskatchewan of a competitive diamond royalty system (see News Release dated June 2, 2010). The royalty system was developed in consultation with the mining industry and is consistent with the parameters used in the financial model developed for the PFS and FS.
- Based on the economics from the PFS, the Company also exercised its right to purchase the three percent net profit interest (“NPI”) held by a third party in August 2010 (see News Release August 9, 2010 and Material Change Report dated August 17, 2010). Fifteen claims, three of which are directly associated with the Star Kimberlite, were originally staked by a third party in 1995. These were subsequently transferred to the Company in 1997 for a consideration of the grant of a three percent NPI, payable should a positive production decision be made and the property achieve commercial mineral production. The Company had the option to purchase the NPI any time prior to 90 days after a positive production decision on any of the claims, for \$1.0 million.
- In December of 2010 the Company announced that the Environmental Impact Statement (“EIS”) for the Star – Orion South Diamond Project was submitted to the Saskatchewan Ministry of Environment (“Ministry”) and federal authorities (see News Release dated December 22, 2010 and Material Change Report dated December 23, 2010). The Ministry is the lead agency on behalf of the province and the Canadian Environmental Assessment

Agency ("CEAA"), which have joint responsibility for the conduct of the environmental impact assessment of the project.

- In March 2011, the Company announced the results of an updated valuation of the diamond parcels in February 2011 from the Star and Orion South Kimberlites (see News Release dated March 2, 2011 and Material Change Report dated March 3, 2011). The Parcel Prices from this valuation showed increases between 28 and 130 percent above the March 2008 prices that were used in the PFS.

During 2007, the Company purchased an interest in the Buffalo Hills Property ("Buffalo Hills") located in northern Alberta (see News Release July 24, 2007). In December of 2009, the Company and Canterra Minerals Corporation ("Canterra", formerly Diamondex Resources Ltd.) together purchased an additional twelve percent interest in Buffalo Hills from Burnstone Ventures Inc. ("Burnstone", formerly Pure Diamonds Exploration Inc.) in exchange for \$75,000 each and a 1 percent royalty interest (see News Release December 10, 2009). The Company's interest in Buffalo Hills increased during 2010 due to the Company and Canterra funding certain exploration expenditures up to April 30, 2010. Based on the Buffalo Hills Joint Venture Agreement and the level of spending incurred, each of the Company's and Canterra's interest increased to approximately 33 percent with Ovintiv Canada ULC (formerly Encana Corporation) holding the remaining interest. Canterra is the Operator of Buffalo Hills.

During 2010 and 2011, agreements were reached with several Aboriginal parties, to gather information on traditional Aboriginal land use and traditional knowledge in the Fort à la Corne forest (see News Releases April 1, May 12, August 18, 2010 and April 21, 2011). The information gathered as a result of these agreements was used in preparation of the EIS. The Company also announced Memoranda of Understandings ("MOUs") with several Aboriginal groups (see News Releases dated May 17 and June 17, 2010, January 19, 2011 as well as May 5, 2014). The terms of the MOUs provide that the parties will engage in discussions concerning potential education and training, job, business and participation opportunities for the Aboriginal groups. These discussions aim to establish mutually agreeable terms for a participation agreement in anticipation of the proposed Project.

During 2011, the Company also announced that a construction agreement with Saskatchewan Power Corporation ("SaskPower") had been entered into to design and construct a 230 kilovolt power line of some 21 kilometres to the Project (see News Release dated March 31, 2011). The agreement was to ensure that SaskPower will have the generation capacity required for the Project's anticipated power requirements.

Following the completion of the 2011 Feasibility Technical Report, the Company pursued various options for the financing of the Project development. In early 2012, measures were taken to enable the Company to conserve its cash position and provide an extended operating window in which the Company can pursue completion of the environmental assessment process and continue to seek opportunities for development capital for the Project. These measures included reductions in Company Directors, Officers and personnel as well as postponement of all arrangements with

SaskPower for the design and construction of electrical power supply to the Project (see Material Change Reports dated March 1, 2012 and accompanying News Release dated February 29, 2012).

In December 2014, the CEAA announced an Environmental Assessment Decision for the proposed Project (See News Release dated December 3, 2014). The Environment Minister announced that the Project “is not likely to cause significant adverse environmental effects when the mitigation measures described in the Comprehensive Study Report are taken into account”.

In June 2015 the Company announced that core and LDD drilling programs on the Orion South Kimberlite was successfully completed (see News Release dated June 15, 2015). The LDD program included twelve 24 inch holes totaling 2,560.5 metres that sampled a total of 1,028.53 metres of kimberlite units within the Orion South Kimberlite (see News Release dated September 2, 2015). The core drilling was required to accurately document the internal stratigraphy of the Orion South Kimberlite prior to the commencement of the LDD program. The LDD program aimed to provide diamond grade information at new grid locations and this additional diamond grade information was used in the Revised Mineral Resource estimate. The original evaluation of the Orion South Kimberlite, using underground bulk sampling and LDD mini-bulk sampling, was curtailed by the world financial crisis of late 2008.

In October of 2015 the Company also announced an updated valuation of the diamond parcels from the Project (see News Release dated October 21, 2015). This updated diamond valuation was required for the Revised Mineral Resource estimates for the Star and Orion South Kimberlites. The Parcel Prices show increases between 31 and 125 percent above the March 2008 prices. Model Prices ranging between \$161 and \$333 per carat were determined for the diamond populations of the major kimberlite units that make up the Star and Orion South Kimberlites.

On November 9, 2015, the Company announced a Revised Mineral Resource estimate for the Star – Orion South Diamond Project (see News Release dated November 9, 2015). The Revised Mineral Resource estimate included the 100 percent owned Star Diamond Project, as well as Star West and the Orion South Kimberlite, which fall within the former FALC-JV (see Material Change Report dated November 9, 2015 and accompanying December 21, 2015 Technical Report as filed on www.sedar.com). Accordingly, the mineral resources and economic assessment previously disclosed by the Company for the Project should no longer be relied upon.

Past Three Years

Corporate Activities

During the fourth quarter of 2018 the Company announced the successful closing of a \$1.25 million private placement of 4.8 million Flow-Through Common Shares at a price of \$0.26 per Flow-Through Common Share.

During the fourth quarter of 2019 the Company announced the successful closing of a \$5.1 million private placement of 18.2 million Flow-Through Common Shares at a price of \$0.28 per Flow-Through Common Share.

During the fourth quarter of 2020 the Company announced the successful closing of a \$1.0 million private placement of 5.6 million Flow-Through Units at a price of \$0.18 per Flow-Through Unit. Each Flow-Through Unit consisted of one Common Share and one half of one Common Share purchase warrant. Each warrant entitles the holder thereof to purchase one Common Share at a price of \$0.25 for a period of 24 months from the date of issuance.

Consolidation of the Fort à la Corne mineral properties (including the Project) and Option to Joint Venture

In June 2017, the Company announced that it had acquired (the "Newmont Acquisition") from Newmont Canada FN Holdings ULC ("Newmont") all of Newmont's participating interest in the FALC-JV, resulting in the Company owning 100% of the of the Fort à la Corne mineral properties (including the Project), and had concurrently entered into an Option to Joint Venture Agreement (the "Option Agreement") with Rio Tinto Exploration Canada Inc. ("Rio Tinto Canada") pursuant to which the Company has granted Rio Tinto Canada an option to earn up to a 60% interest in the Fort à la Corne mineral properties (including the Project) on the terms and conditions contained in the Option Agreement (see News Release dated June 23, 2017). Immediately after the closing of the Newmont Acquisition and issuance of common shares, Newmont held approximately 19.9% (16.1% at December 31, 2020) of the Company's common shares issued and outstanding on a non-diluted basis.

In connection with the Option Agreement, Rio Tinto Canada subscribed for units of the Company for a gross subscription amount of \$1.0 million at a price of \$0.18 per unit, with each unit consisting of one common share in the capital of the Company and one common share purchase warrant (see News Release dated June 23, 2017). Each warrant entitles the holder thereof to purchase one Common Share at a price of \$0.205 for a period of 24 months from the date of issuance. In connection to the Newmont Acquisition, 53.8 million common shares and 1.1 million common share purchase warrants were issued to Newmont. Each warrant entitles Newmont to acquire one additional common share at a price of \$0.349 per share for a period of 45 months from the date of issuance. The Company also issued 2.3 million common shares pursuant to an agreement with a third-party consulting and professional service provider.

In November 2019, Star Diamond received notice (the "Exercise Notice") from Rio Tinto Canada advising that Rio Tinto Canada was exercising all four of its options under the Option Agreement (see News Release dated November 15, 2019). The Company subsequently formed a Special Committee of non-management directors to review and consider the Exercise Notice, including whether the options had been validly exercised by Rio Tinto Canada, to oversee the Company's dealings with Rio Tinto Canada including in relation to the Exercise Notice and to consider the Company's alternatives in the context of the Exercise Notice. In February 2020, the Company notified Rio Tinto Canada that its purported exercise in November 2019 of its four options under the Option Agreement did not comply with the terms of the Agreement (see News Release dated February 18, 2020). On March 5, 2020, the Company announced that it had commenced legal proceedings in the Court of Queen's Bench for Saskatchewan (Judicial Centre of Regina) (the

“Court”) against Rio Tinto Canada in relation to Rio Tinto Canada’s purported exercise of its options under the Option Agreement (see News Release dated March 5, 2020).

Star Diamond is committed to taking all actions necessary to protect Star Diamond and its shareholders from the practices and conduct of Rio Tinto Canada.

Mineral Property Activities

During the second quarter of 2018, the Company announced the positive results of an independent Preliminary Economic Assessment (“PEA”) on the Project. The PEA estimates that 66 million carats of diamonds could be recovered in a surface mine over a 38-year Project life, with a Net Present Value (“NPV”) (7%) of \$2.0 billion after tax, an Internal Rate of Return (“IRR”) of 19% and an after-tax payback period of 3.4 years after the commencement of diamond production (see News Release dated April 16, 2018). The PEA was led by independent mining, processing and design consultants, with support from the Company’s technical team. The PEA cash flow model is based on developing two open pits, initially on the Orion South Kimberlite and subsequently on the Star Kimberlite.

The PEA Highlights Include ¹:

- Total potential plant feed of 470 million tonnes at a weighted average grade of 14 carats per hundred tonnes (“cpht”), containing 66 million carats over the 34 year Life of Mine ² (“LOM”);
- The Base Case scenario (Model diamond price) has an NPV (7%) of \$3.3 billion and an IRR of 22% before taxes and royalties, and an after-taxes and royalties NPV (7%) of \$2.0 billion with an IRR of 19%;
- The Case 1 scenario (High Model diamond price) has an NPV (7%) of \$5.4 billion for an IRR of 32% before taxes and royalties;
- Pre-production capital cost of \$1.41 billion with a total capital cost of \$1.87 billion (including direct, indirect costs and contingency) over the LOM and an initial capital cost payback period of 3.4 years.

¹. Cautionary note: The PEA was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”). Readers are cautioned that the PEA is preliminary in nature and includes the use of Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the results of the PEA will be realized.

². Diamond-bearing kimberlite is produced from the mine and diamonds are recovered in the processing plant for 34 years. The overall project life is 38 years, which includes just over four years of pre-stripping activities.

During the fourth quarter of 2018, the Saskatchewan Ministry of Environment (“Ministry”) approved the Company’s Star - Orion South Diamond Project (See News Release dated October 25, 2018). The Ministry conducted a thorough environmental assessment for the Project, including a detailed environmental impact statement, and carried out in-depth consultation prior to the decision to approve the Project.

Since the transactions in 2017, site activities by Rio Tinto Canada have included: the establishment of an on-site 150 person camp, on-site office, communications and security facilities; the upgrading of forest access roads to facilitate the mobilization and transport of the large equipment required for Rio Tinto Canada’s programs; as well as the construction of an on-site Bulk Sample Plant (“BSP”).

The Trench Cutter Sampling Rig utilized by Rio Tinto Canada consisted of a Bauer BC 50 Cutter mounted on a Bauer MC 128 Duty-cycle Crane. Cutter rigs by Bauer are used around the world for complex engineering projects. Bauer has indicated that this is the first time in the world that this technology is being used in an active project to sample kimberlite at depths of up to 250 meters. Trench Cutter drilling was initiated in early October 2018 with the first hole reached a depth of 37.1 metres below surface prior to winter shut down (See News Release dated November 1, 2018). The Trench Cutter bulk sampling program on the Star Kimberlite recommenced in spring of 2019. During the fourth quarter of 2019, the Company announced that Rio Tinto Canada completed the drilling of ten bulk sample holes (trenches) on the Company's Star Kimberlite using the Trench Cutter Sampling Rig (See News Release dated October 8, 2019). The ten holes included a total of 2,351 metres of trench cutter drilling which intersected a total of 1,215.5 metres of kimberlite. Samples were loaded and stored in cubic metre bulk bags, which total 6,848 in number (estimated by Rio Tinto Canada to be approximately 8,271 wet tonnes).

During 2020, the Company announced that Rio Tinto Canada had commenced the processing of bulk samples from Rio Tinto Canada's trench cutter program on the Star Kimberlite (see News Release dated April 23, 2020). The mineral concentrates produced by the BSP were shipped by Rio Tinto Canada to an off-site facility for final diamond recovery and reporting of such recovery to Star Diamond and Rio Tinto Canada.

Subsequent to December 31, 2020

Star Diamond has now publicly reported initial results from all ten bulk sample trenches excavated by Rio Tinto Canada in 2019.

During February 2021, Rio Tinto Canada provided written notice to Star Diamond that Rio Tinto Canada had successfully completed the ten trench cutter hole bulk sample program excavated by Rio Tinto Canada in 2019 at the Project (see News Release dated February 22, 2021). Rio Tinto Canada also confirmed to Star Diamond that this bulk sample program had met Rio Tinto Canada's objective of improving confidence in the diamond grade of the Project. As well, Rio Tinto Canada stated that it had completed the processing, diamond recovery and reporting of all diamond results on the ten trench cutter holes. In response, Star Diamond notified Rio Tinto Canada that completion of a comprehensive diamond breakage study and certain other work remain outstanding. Star Diamond also notified Rio Tinto Canada that, until the comprehensive diamond breakage study and that other work is completed, the processing, diamond recovery and reporting of all diamond results from the ten cutter hole bulk sample program will not be complete. Rio Tinto Canada has previously assured Star Diamond that a comprehensive diamond breakage study would be completed by Rio Tinto Canada as part of the bulk sample program.

The initial results from the ten reported trenches continue to validate the grades outlined in our Preliminary Economic Analysis that was based upon Star Diamond's own prior underground bulk sampling and large diameter drilling programs. The recovery of larger diamonds from Rio Tinto Canada's bulk sample program, including larger Type IIa diamonds, also continues to strengthen the expectation for recovery of large, high value diamonds in a future producing diamond mine. However, as previously disclosed by Star Diamond, the Company believes that Rio Tinto Canada's

extraction and diamond recovery methodologies, including its use of unproven civil engineering trenching technologies to conduct bulk sampling of Kimberlite, caused undue diamond breakage, resulted in significant unnecessary cost overruns and materially damaged Star Diamond's interest in the Project. Comprehensive diamond breakage studies are required to assess the nature, extent and potential causes of the diamond breakage, and the possibility that larger diamonds would have been recovered absent such breakage.

DESCRIPTION OF THE BUSINESS

Summary

Historically, the Company has been engaged in the exploration of precious metals and gems on its mineral properties. Since the closure of the Jasper Mine in 1991, the Company has not earned significant revenue and can be considered to be in the exploration stage with respect to its current mineral property holdings, primarily the Company's 100 percent interest in the Fort à la Corne mineral properties (which includes the Star – Orion South Diamond Project) located in central Saskatchewan, as well as its 33 percent interest in Buffalo Hills located in Alberta.

Company Principal Activity

The Company's principal activity is diamond exploration and it is currently concentrating its efforts on the proposed Star – Orion South Diamond Project.

As of December 31, 2020, the Company had five employees, as well as a contracted corporate consultant that manages the operations of the Company through their principals. Additional consultants are retained from time to time on a contract basis as needed.

For a more complete description of the technical activities on the Star and Fort à la Corne Properties, refer to the Principal Mineral Properties section contained within this document.

Risk Factors

In addition to other information contained in the Company's 2020 MD&A, the following risk factors should be considered in evaluating the Company.

Exploration Stage Properties

The Company's properties are currently in the exploration stage. As at March 30, 2021, the Company has determined that the Star and Orion South Kimberlites have established resources. The exploration, development and production of precious metals and gems are capital-intensive activities, subject to the normal risks and capital expenditure requirements associated with mining operations, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. While the rewards can be substantial if commercial quantities of minerals or gems are found, there can be no assurance that the Company's past or future exploration efforts

will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

Interests in Joint Arrangements and Earn-ins

The Company holds, or expects to hold in the future, interests in one or more joint arrangements. These arrangements may involve special risks associated with the possibility that joint venture and/or earn-in partners with an option to joint venture may have economic or business interests or targets that are inconsistent with those of the Company, take action contrary to the Company's policies or objectives, be unwilling or unable to fulfill their obligations under the joint arrangements or other agreements, or experience financial or other difficulties. Risks associated with these arrangements may include disagreement about how to develop, operate or finance a project; a participant not complying with an agreement; possible litigation between participants; or the inability to exert control over decisions related to a project for which we do not have a controlling interest in.

Notwithstanding the work that has been and continues to be undertaken by Rio Tinto Canada in relation to the Project, and prior statements made by Rio Tinto Canada and its affiliates in relation to the Project, there can be no assurance that Rio Tinto Canada will seek to further invest in the Project or seek to develop the Project into an operating mine, nor regarding what further studies, analyses, criteria or conditions Rio Tinto Canada may consider relevant to its assessment of whether to do so.

Legal Proceedings involving Star Diamond and Rio Tinto Canada

In March 2020, the Company announced that it commenced legal proceedings in the Court against Rio Tinto Canada in relation to Rio Tinto Canada's purported exercise of the Options under the Option Agreement. Pleadings in these legal proceedings have been completed, with Star Diamond's delivery of its Second Amended Statement of Claim in December 2020, Rio Tinto Canada's delivery of its Second Amended Statement of Defence and Counterclaim in December 2020, and Star Diamond's delivery of its Reply and Defence to Counterclaim in January 2021. As part of its Counterclaim, Rio Tinto Canada has alleged, among other things, breach of contract by Star Diamond. All litigation is subject to inherent risks and uncertainties, and it is not possible to predict with certainty the duration of these legal proceedings or their final outcome. This litigation could negatively impact and delay the exploration and operational activities being conducted by Rio Tinto Canada at the Fort à la Corne mineral properties (including the Project). An unfavourable outcome in connection with such litigation could adversely affect the Company's business, results of operations, ability to obtain future financing, reputation and have a material adverse impact on the Company's liquidity and financial results and the ability of the Company to meet its obligations under the joint venture agreement with respect to the Project, if and when such joint venture is determined to have been validly formed, which could result in, among other things, dilution of the Company's interest in the Project.

Star Diamond's operations may be exposed to local epidemic and/or widespread pandemic

A local epidemic or a major global pandemic (e.g. COVID-19) could have a material adverse impact on the Company's ability to operate due to worker absences, supply chain disruptions, information technology system constraints, government interventions, market volatility and overall economic uncertainty. The Company (and those working with it) rely on various modes of transportation to move around people and the necessary supplies for operations. At certain sites, there is a high concentration of personnel working and residing in close proximity to one another. Should an employee or visitor become infected with a serious illness that has the potential to spread rapidly, this could place our workforce at risk. There can be no assurance that a local epidemic or a major global pandemic will not impact the Company's personnel and ultimately its operations. The Company's operations (including those of Rio Tinto Canada) depend on uninterrupted supply of key consumables, equipment and components, which may be impacted by matters outside of the Company's control or ability to mitigate. These conditions may include global events such as the COVID-19 pandemic which may impact our operations.

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 manage 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. As at December 31, 2020, the Company had working capital of \$4.0 million and cash of \$4.8 million (excluding \$0.6 million of restricted cash) and is required to incur a further \$4.1 million of qualifying expenditures as a result of flow-through share financings. Given that cash flow from operations is negative, the Company is dependent on additional sources of financing required in 2021 and beyond.

The Company has also agreed that Newmont will receive a contingent payment in the aggregate amount of \$3.2 million if a positive decision is made to develop a mine on the Project. The Company, in its sole discretion (subject to regulatory approvals), may satisfy the contingent payment due to Newmont through a cash payment or the issuance of common shares. An estimate of the discounted present value of this contingent consideration was performed by management which reflects current market assessments of the time value of money and probability weighted cash flows. This was determined to be approximately \$0.9 million at December 31, 2020.

As at December 31, 2020, the Company had guaranteed certain liabilities by issuing \$0.6 million (December 31, 2019 - \$0.6 million) of irrevocable standby letters of credit. These guarantees relate to future environmental rehabilitation. The Company backs the letters of credit with investments which have been recorded on the financial statements as restricted cash. The Company does not include restricted cash in its working capital when analyzing its liquidity requirements.

The Company may pursue options to finance the further exploration, evaluation and development of the Star – Orion South project 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.

The Company currently does not have sufficient resources to finance operating activities beyond its 2021 fiscal year, conditions which raise material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. The Company is assessing opportunities to address the issue of liquidity.

Difficulty in Obtaining Future Financing

The further development and exploration of mineral properties in which the Company holds interests or which the Company acquires may depend upon the Company's ability to obtain financing through debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile diamond markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or interest in properties or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Potential Dilution

Additional financings may be required to fund future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares. The exercise of share-based payments, warrants and other exchangeable or convertible securities already issued by the Company and the issuance of additional securities in the future could result in dilution of the value of the Common Shares and the voting power represented by such shares.

Furthermore, to the extent holders of the Company's stock options or other securities exercise their securities and sell the Common Shares they receive, the trading price of the Common Shares may decrease due to the additional amount of Common Shares available in the market.

Aboriginal Title and Consultation Issues

First Nations and Métis claims to pursue traditional activities, such as hunting, fishing and berry gathering on the lands affected by exploration, development and mining activities must be considered in any application to government by any company, including the Company, to conduct those activities. The Government of Saskatchewan has been notified by several Aboriginal groups that they assert the area covered by the Project to be within their traditional territories and accordingly, they assert the right to be consulted by government prior to the issuance of any

approvals or permits and to discuss whether any disruption of traditional activities can be avoided or mitigated. These processes may affect the ability of the Company to pursue exploration, development and mining at its Saskatchewan and Alberta properties. The legal basis of such claims is a matter of considerable legal complexity and the impact of the assertion of such claims cannot be predicted with any degree of certainty at this time. No assurance can be given that the Company's operations will not be delayed or hindered by any potential claims. In addition, no assurance can be given that any recognition of Aboriginal rights whether by way of a negotiated settlement or by judicial pronouncement would not delay or even prevent the Company's exploration, development or mining activities. Managing these issues is an integral part of exploration, development and mining in Saskatchewan and Alberta, as in other parts of Canada, and the Company is committed to managing these issues effectively.

Title Matters

The Company has assessed that, as the current 100 percent owner of the Fort à la Corne Properties (including the Project) as of December 31, 2020, it is responsible for maintaining title to its claims. The Company has diligently investigated title to its claims in the Fort à la Corne Properties. However, no assurance can be given that title to these properties will not be challenged or impugned in the future by third parties or governments. Title disputes could have adverse consequences to the Company.

Environmental Regulation, Permits and Licenses

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. Such legislation also requires that mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulation has potential to reduce profitability of operations. The Company intends to fully comply with all environmental regulations.

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, provincial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Company obtain permits from various governmental agencies. There can be no assurance, however, that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may be subject to civil or criminal fines or penalties for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations.

Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As a result of the United Nations Framework Convention on Climate Change adopting the Paris Agreement on December 12, 2015, which Canada ratified on October 3, 2016, the Government of Canada implemented new GHG emission reduction targets. In addition, the Government of Canada announced it would implement a Canada wide price on carbon to further reduce its GHG emissions. Concerns about climate change have also resulted in environmental activists and members of the public opposing resource projects. It is uncertain what effects, if any, climate change policy may have on the Company.

Limited Experience with Development Stage Mining Operations

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have the necessary expertise available to it when and if it places its resource properties into production.

Future Exploration and Development Activities

Exploration for and development of diamond properties involve significant financial risks which a combination of careful evaluation, experience and knowledge may not eliminate. While the

discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish additional reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting diamonds. The Company cannot guarantee that its current exploration and development programs will result in profitable commercial mining operations. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically.

The economic feasibility of development projects is based upon many factors, including the accuracy of reserve estimates; diamond recoveries; capital and operating costs; government regulations relating to taxes, royalties, land tenure, land use, importing and exporting and environmental protection; and diamond prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis.

Key Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. If the Company is not successful in attracting and retaining qualified personnel, the efficiency of the Company's operations could be affected, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Regulatory Changes

Mining operations in Canada are subject to extensive regulation by provincial and federal governments. The development of mines and related facilities is contingent upon government approval, which must be obtained through statutory review processes. Future changes in governments and regulation could adversely affect mining in Canada.

Diamond Prices

The value of any future production from the Fort à la Corne Properties (including the Project) and the Buffalo Hills Property will be significantly affected by changes in the worldwide market price for diamonds. Diamond prices fluctuate and are affected by numerous factors beyond the control of the Company, including currency exchange rates (the Company transacts in Canadian Dollars while diamond market prices are usually in US Dollars).

Synthetic Diamonds

Synthetic diamonds are diamonds that are produced by artificial processes in laboratories, as opposed to natural diamonds, which are created by geological processes and found in nature. An increase in the acceptance of synthetic gem-quality diamonds could negatively affect the market prices for natural stones. Although significant questions remain as to the ability to produce synthetic diamonds economically within a full range of sizes and natural diamond colours, and as to consumer acceptance of synthetic diamonds, synthetic diamonds are becoming a factor in the market. Should synthetic diamonds be offered in significant quantities or consumers begin to readily embrace synthetic diamonds, on a large scale, demand and prices for natural diamonds may be negatively affected.

Substantial Decommissioning and Reclamation Costs

The Company's properties are subject to decommissioning and reclamation regulations. The costs of performing the decommissioning and reclamation must be funded by the Company's operations. These costs can be significant and are subject to change. The Company cannot predict what level of decommissioning and reclamation may be required by regulators in the future. If the Company is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

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, short-term investments, and restricted cash are held by financial institutions with an A (low) credit rating or are invested in Government of Canada treasury bills which are backed by the Government of Canada. At December 31, 2020, the Company's credit risk relates to its cash and cash equivalents, short-term investments, receivables and restricted cash of \$5.5 million (December 31, 2019 – \$8.6 million).

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 ("CDN") 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 it is currently not producing.

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 not producing.

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, short-term investments and restricted cash 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 decisions on sale taken to the Board level. A ten percent decrease in the market price of Wescan would result in a \$38 thousand decrease in fair value.

Uninsured Risks

The Company's exploration activities are subject to the risks normally inherent in mineral exploration, including but not limited to environmental hazards, industrial accidents, flooding, periodic or seasonal interruptions due to climate and hazardous weather conditions and unusual or unexpected geological formations. Such risks could result in damages, delays and possible legal liability. The Company may become subject to liability for pollution and other hazards against which it cannot insure or against which it may elect not to insure due to high premium costs or other reasons. The payments for such liabilities would reduce the funds available for exploration and development activities and may have a material impact on the Company's financial position.

Litigation Matters

Claims may be made against the Company and in the event of such claims arising, the Company will undertake a review to determine what, if any, action the Company should take. Any claim, with or without merit, may prove time-consuming to evaluate, result in, among other things, costly litigation, damages, damages to reputation and the need to bring claims against others, and may cause a delay in the operations or business of the Company.

Information Security

The Company has become increasingly dependent upon the development and maintenance of information technology systems that support the general operating aspects of the business. Exposure of the Company's information technology infrastructure to external threats poses a risk to the security of these systems. Such cyber security threats include unauthorized access to information technology systems due to hacking, viruses and other deliberate or inadvertent causes

that can result in service disruptions, system failures and the disclosure of confidential business information. Although the Company has taken various steps to protect against such risks, its efforts may not always be successful. There is no assurance that the Company will not suffer losses associated with cyber security breaches in the future, including with respect to negative effects on the Company's operational performance and earnings, the incurrence of regulatory penalties, reputational damage and costs required to investigate, mitigate and remediate any potential vulnerabilities.

Factors Beyond the Company's Control

There are also a number of factors beyond the Company's control. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effects of these factors cannot be accurately predicted.

Principal Mineral Properties

The Company holds interests in two principal mineral properties, the wholly-owned Star and Orion South Kimberlites, located in Fort à la Corne area of Saskatchewan, Canada. Other wholly-owned ore bodies in the Fort à la Corne area (including Orion Centre, Orion North and Taurus) as well as the 33 percent interest in the Buffalo Hills Property are insignificant relative to the Star Kimberlite Property and the Orion South Kimberlite and do not warrant further discussion in this AIF.

Star – Orion South Diamond Project (Diamonds)

Introduction

During 2018 the Company commissioned SGS Canada Ltd. ("SGS") to prepare an independent National Instrument 43-101 Technical Report ("the Report") for the Star – Orion South Diamond Project ("the Project") situated in the Fort à la Corne ("FALC") Provincial Forest, Saskatchewan, Canada. In addition, WWW International Diamond Consultants Ltd. ("WWW") of Antwerp, Belgium provided the diamond pricing estimates utilized in the Report. This Report documents the Preliminary Economic Assessment ("PEA") for the Star – Orion South Diamond Project. The Report supersedes all previous estimates.

The PEA is based on the Revised Mineral Resource Estimate as documented in the NI 43-101 Technical Report: Technical Report and Revised Resource Estimate for the Star – Orion South Diamond Project Fort a La Corne area, Saskatchewan, Canada December 21, 2015.

The information below was derived from the Report and the Technical Report and Revised Resource Estimate for the Star – Orion South Diamond Project, and is only a summary of the information contained therein. The full reports are available for review on the Company's SEDAR profile at www.sedar.com.

1.0 Project Description and Location

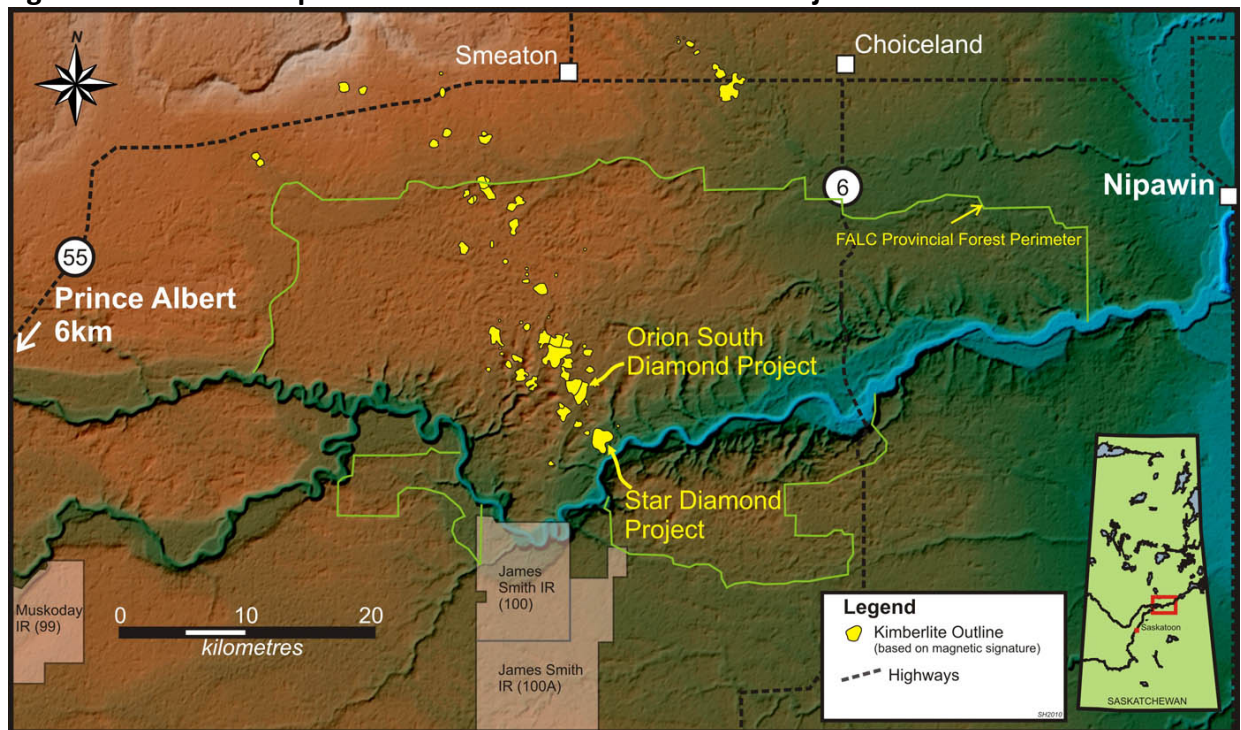
The following presents the details of the Project.

1.1 Area and Location

Information regarding the approximate area of the project is contained in Section 1.3 EXPLORATION LICENSES below.

The Star – Orion South Diamond Project (the Project) is located in the Fort à la Corne Provincial Forest approximately centred at 53° 15' N latitude and 104° 48' W longitude and situated 60 km east of Prince Albert, Saskatchewan (Figure 1). Highway 55, located to the north of the Project, connects Prince Albert with several towns located directly north of FALC to the town of Nipawin, east of FALC. Highway 6 runs north-south and is located to the east of FALC.

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



1.2 Ownership

The Project encompasses the Star Kimberlite deposit and the Orion South Kimberlite deposit. The Project is being explored and developed as a single entity. **The revised Mineral Resource Estimate and PEA were done on a 100 % combined ownership basis.**

1.3 Exploration Licenses

Mineral dispositions have been legally surveyed in accordance with the Saskatchewan Mineral Disposition Regulations of 1986, Part IV, Article 30(1)(d), and the boundaries coincide with the

boundaries of the land survey system pursuant to the Saskatchewan Land Surveys Act and with the boundaries of existing surveyed land parcels.

The Star Kimberlite deposit and associated infrastructure are located within mineral dispositions S-132039, S-127109 and S-127186 and the Orion South Kimberlite deposit and associated infrastructure are located within mineral dispositions S-124562 and S-124563, in Section 18 of Township 49, Range 19, west of the 2nd Meridian. Township 49 is located within the Rural Municipality of Torch River. These mineral dispositions are part of a larger group of 191 mineral dispositions totaling 44,534.384 ha as of March 30, 2021.

1.4 *Surface Rights and Leases*

As the mineral dispositions are located on Crown lands, the Crown retains all surface rights in the area of the Star and Orion South kimberlites mineral dispositions. Surface access for exploration purposes is obtained through the issuance of exploration permits from the Saskatchewan Ministry of Environment (“MOE”). To date, eight site-specific surface leases have been granted to the Company, covering a total area of 161.67 ha.

1.5 *Environmental Liabilities*

The Company is not aware of any environmental liabilities to which the mineral claims or property which would be part of the Project are subject. Financial assurance is posted with the MOE to reclaim and remediate exploration related disturbances.

The total financial assurance with the MOE for the Company is \$621,785 as of March 30, 2020.

1.6 *Permits*

To conduct the work proposed for the property, in addition to obtaining environmental approval from the Saskatchewan Ministry of Environment and federal authorities, a variety of leases, permits and authorizations would be required from ministries and agencies of Saskatchewan and Canada. These would include mineral leases, surface leases, permits to construct and/or operate plant and other facilities, equipment and related infrastructure including overburden or other piles, and permits related to operational issues, water issues and aquatic habitat. As well, a municipal development permit would be required. There are no known factors or risks that may affect access, title, or the right or ability to perform work on the property. Various First Nations and Métis communities assert that the area of the Project lies within their traditional territory, i.e. territory within which they historically or presently pursue Aboriginal rights to hunt, fish, trap or gather berries, other food or medicine on unoccupied Crown land. This situation is not unique to the Company, the Project or Saskatchewan, given that all mineral development or other projects on unoccupied Crown land in Canada occur within the traditional territory of some Aboriginal party or parties. All such development, therefore, gives rise to the duty of the Crown as represented by provincial or federal governments to consult with Aboriginal parties when issuing permits.

2.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

2.1 Access

The Project is accessible by paved highways, a grid gravel road system and an extensive network of forestry roads, passable to four-wheel drive and high-clearance two-wheel drive vehicles all year round.

2.2 Physiography and Climate

The Star and Orion South Kimberlites are situated on the north side of the Saskatchewan River. The Saskatchewan River is located approximately 1.5 km south of the underground and surface workings of the Star Diamond Project.

The Project area comprises rolling glacial topography that is drained by numerous small tributaries running south towards the Saskatchewan River. Elevation varies from 360 to 450 m above sea level. Much of the land surrounding the FALC Provincial Forest has been cleared for agriculture; the forest consists of jack pine, aspen, white and black spruce, poplar and tamarack.

The climate of the FALC area can be characterized by long, cold winters with mean January temperature of -19.1°C and short, hot summers with a mean July temperature of 17.5°C . Precipitation is limited to periodic showers and snowfall and averages 323 mm annually. A weather station, erected at the project site in 2006 and removed in the fall of 2008, was utilized for the collection of daily meteorological data used for baseline environmental studies. The local climate is conducive to year-round operations and would not be expected to impact mining activities.

2.3 Local and Regional Infrastructure

Prince Albert is the main centre for a pool of skilled and unskilled mining personnel, with additional personnel available from the City of Melfort and the many towns in the area, which have traditionally supplied miners to the Saskatchewan potash industry as well as to the gold and uranium mines in Northern Saskatchewan.

Current and future water supplies have been, and will continue to be, supplied by underground sources. A 230 kV power line runs approximately 9.6 km south of the area and a larger capacity 230 kV power line is approximately 21 km to the east of the Project from the Nipawin Hydroelectric and E.B. Campbell Hydroelectric stations. In addition, a SaskPower power line connection from the main power grid is also available from the town of Smeaton. Telecommunications within the FALC forest are currently available through a cell phone tower located 5 km south of the area.

The Company's main exploration camp, which was located within claim blocks S-135767 and S-135765, was located approximately 12 km northeast of the Star site and 8 km northeast of the Orion South site. Electricity to the main exploration camp was provided by two diesel power generators (a 125 kVa and a 300 kVa). Utility water was pumped from local wells near the main exploration camp, and drinking water was trucked in. All diesel fuel utilized at both the project site

and at the main exploration camp was purchased in the Prince Albert area and transported by fuel trucks.

Waste and processed kimberlite material storage areas, and the processing plant location are located on the Star Kimberlite mineral disposition S-132039.

2.3.1 Star Property Description

The Star Kimberlite deposit comprises the Company's Star Diamond Project and straddles a mineral disposition boundary between ground that is held 100 % by the Company, and ground that was previously held by the former FALC-JV. For convenience, that portion of the Star Kimberlite deposit which fell on the FALC-JV mineral dispositions was referred to as Star West, and, unless otherwise specified, the Star Kimberlite deposit refers to kimberlite on both the Star and Star West properties.

The Star Kimberlite deposit has a surface area totaling some 460 ha.

2.3.2 Orion South Property Description

The Orion South Kimberlite deposit comprises the Orion South Diamond Project which is on ground that was previously held by the former FALC-JV. Following the Newmont Acquisition in 2017, the Orion South Diamond Project is held 100 % by the Company. The Orion South Kimberlite deposit has a surface area totaling some 310 ha.

3.0 History

As early as 1940, diamonds were being reported to occur in the Prince Albert, Saskatchewan area. It was only when regional airborne geophysical surveys were completed in the 1960's, however, that possible diamond exploration targets were identified in the FALC area. A follow-up rotary drilling program of these targets in 1989 led to the first discovery of kimberlite in the area by Uranerz Exploration and Mining Ltd.

The major part of the FALC kimberlite province has been under investigation since the early 1990's by a consortium of companies including Cameco Corporation ("Cameco"), De Beers Canada Inc. ("De Beers") and Kensington. In October 2006, the previous FALC-JV changed ownership through the merger of the Company and Kensington and by the purchase of the De Beers/Cameco interest by the Company and the subsequent joining of Newmont to form the FALC-JV. Following the Newmont Acquisition, the FalC-JV was terminated.

Much of the work on the former FALC-JV from the 1990's through to 2005 involved drilling exploration and preliminary delineation core holes on the numerous airborne geophysical anomalies located in the FALC area. More recent work (2006-present) has been focused on the Orion cluster of kimberlites (Orion South, Orion Central and Orion North), Star West and the Taurus cluster (situated 2 km west of the Orion cluster). Work has included grid-pattern core drilling on a 100 m grid spacing that focused on the thicker portions of Star West, Orion South and North and on a 200 m line spacing on the thinner portions of those kimberlites and all of Taurus and Orion

Centre Kimberlites. In order to recover appreciable quantities of diamonds for grade and value estimation, large-scale underground bulk sampling was completed on both Star West and Orion South. Underground bulk sampling, via a vertical shaft and lateral drifting, was completed on the Star West kimberlite between 2006 and 2007 and later on the Orion South Kimberlite between 2007 and 2009. LDD mini-bulk sampling was also completed on Orion South, Orion North, Star West and Taurus. More recent exploration core drilling and microdiamond work has been completed between 2012 and 2015 drilling has been undertaken on the Snowdon cluster of the FALC-JV to better define and understand these kimberlites.

The Company commenced exploration in 1996 by flying a low-altitude helicopter-borne magnetic survey on its 100% held properties. Several magnetic anomalies were identified and subsequent follow-up with ground magnetic surveys confirmed the presence of shallow, closed anomalies that indicated potential kimberlite. Four anomalies in the northwest corner of the survey area were selected for initial drill testing. Subsequent drilling confirmed the presence of kimberlite (the Star Kimberlite). Between 1996 and 2008 several core drilling programs resulted in the development of a robust kimberlite model. Mini-bulk sampling, via LDD, was completed between 2005 and 2008. Large-scale underground bulk sampling, via a vertical shaft and lateral drifting, was completed on the Star Kimberlite between 2003 and 2007.

From 2008 to 2009, the Company conducted three separate NI 43-101 compliant mineral resource estimates on the Star and Orion South Kimberlite deposits by AMEC Americas Limited (Star deposit only) and P&E Mining Consultants (Star and Orion South) respectively.

Positive MRE results facilitated the need for further study and on August 17, 2009, P&E Mining Consultants completed a preliminary feasibility study ("PFS") on the Star Project (Orava et al. 2009). The PFS comprised of a conceptual design for an open pit mine plan, mine schedule, diamond process plant with capital and operating cost estimates, geotechnical and hydrogeology studies, as well as environmental and permitting studies completed by P&E. The PFS study was based upon the 2009 Star Kimberlite Mineral Resource Estimate technical report prepared by P&E.

Amalgamation of two volumetrically significant kimberlite bodies occurred on January 31, 2010, when P&E completed an updated preliminary feasibility study (updated "PFS") on the Star and Orion South Project (Orava et al. 2010). The updated PFS incorporated the Orion South kimberlite into the current Star Diamond Project and contained conceptual open pit mine plans, mine schedule, process plant designs with capital and operating cost estimates, additional geotechnical and hydrogeology studies as well as environmental and permitting studies. The PFS study was based upon both the March 26, 2009 Star Kimberlite Mineral Resource Estimate technical report and the September 25, 2009 Orion South Kimberlite Mineral Resource Estimate technical report prepared by P&E.

On August 25, 2011 the Company completed a Feasibility Study ("FS") on the Star – Orion South Diamond Project which produced Probable Mineral Reserves of 279 million diluted tonnes at a weighted average grade of 12.3 carats per hundred tonnes ("cpht") containing 34.4 million carats at a weighted average price of US\$242 per carat over the 20 year Life of Mine ("LOM"). The Base

Case FS had a Net Present Value (“NPV”) of \$2.1 billion (using a 7 percent discount rate) for an Internal Rate of Return (“IRR”) of 16 percent before taxes and royalties and an after-taxes and royalties NPV of \$1.3 billion with an IRR of 14 percent. The Pre-production capital cost was \$1.9 billion with a total capital cost of \$2.5 billion (including direct, indirect costs and contingency) over the LOM and an initial capital cost payback period of 5.3 years. The FS was based upon the January 31, 2010 updated PFS technical report prepared by P&E.

The 2011 feasibility study and all prior feasibility studies are historical. The study reports, mineral resources and economic assessment previously disclosed by the Company are no longer current and should no longer be relied upon.

On March 6, 2014 the Company announced an estimate of the Target For Further Exploration (“TFFE”, formerly known as “Potential Mineral Deposit”) for five partially evaluated kimberlites and the portions of the Star and Orion South Kimberlites, which fell outside the Indicated and Inferred Resources previously estimated (see News Release July 14, 2011). These seven Fort à la Corne kimberlites fell within the 100 percent owned Star Diamond Project and the former FALC-JV. The TFFE was conceptual in nature and is not a Mineral Resource and it is uncertain whether further exploration work will result in the TFFE being delineated as a Mineral Resource. The TFFE for these seven Fort à la Corne Kimberlites is estimated to include between 983 million and 1.17 billion tonnes of kimberlite containing between 52 and 90 million carats of diamonds.

The TFFE numbers for Star and Orion South are no longer relevant as the models and Mineral resources for both kimberlites have been revised in this report and should not be relied upon.

During 2015, the Company announced Revised Mineral Resource estimates for the Star and Orion South Kimberlites (see SGF News Release dated November 9, 2015 and Technical Report filed December 21, 2015). Accordingly, the mineral resources and economic assessment previously disclosed by the Company for the Project should no longer be relied upon. These Revised Mineral Resource estimates resulted in substantial increases in tonnes, grade and carats in the Indicated Resource category:

- Indicated Mineral Resource for the Star Kimberlite has increased 38 percent to 28.2 million carats and the grade has increased 11 percent to 15 carats per hundred tonnes (“cpht”).
- Indicated Mineral Resource for the Orion South Kimberlite has increased 134 percent to 27.1 million carats and the grade has increased 1 percent to 14 cpht.

In addition to the Indicated Mineral Resource estimate, the Star and Orion South Kimberlites include Inferred Resources containing 11.5 million carats.

4.0 Geological Setting

The Project lies near the northeastern edge of the Phanerozoic Interior Platform, which extends from the Rocky Mountains in the west, to the Precambrian Canadian Shield in the northeast. The Interior Platform sediments exceed 600 m in thickness. The unmetamorphosed sedimentary rocks

of the Interior Platform unconformably overlie metamorphosed basement rocks. These Proterozoic basement rocks have been interpreted to form part of the Glennie Domain which has been tectonically emplaced overtop of the Archean Sask Craton. In the Star and Orion South area, the Precambrian is estimated to be at a depth of 730 m.

The Phanerozoic cover sequence consists of 390 m thick Cambro-Devonian basal unit of dolomitic carbonate and clastic sedimentary rocks overlain by 150-180 m of Cretaceous Mannville siltstone and sandstone and 70-90 m of Cretaceous Colorado Group shale and siltstone. The sedimentary formations dip gently to the south-southwest bringing progressively younger strata into contact with the Quaternary glacial till towards the southwest. In the vicinity of the Project, the area is overlain by Quaternary glacial deposits ranging from 90 to 130 m in thickness. These consist of lower till deposits with discontinuous intra-till gravel and sand deposits with an overlying layered sequence of clay and very fine-grained sand deposits.

4.1 Local Geology – FALC Area

A northwest-trending kimberlite province covering a 50 km by 30 km area has been identified in the FALC area. These kimberlites have clearly defined magnetic anomaly signatures within a quiet background. Approximately 69 kimberlitic bodies have been drilled to date, with the majority of discovered kimberlite bodies occurring within the extensive FALC Main Trend.

The 'classical champagne-glass' shaped morphologies typically associated with FALC kimberlite bodies represent the explosive emplacement of kimberlite material within sequences of poorly consolidated sediments. Geophysical modelling suggests that the areal extent of the individual kimberlitic bodies in the FALC kimberlite province range from 2.7 ha to over 400 ha. The kimberlite bodies themselves typically occur as stacked, subhorizontal lenses or shallow zones of crater facies kimberlite with footprints ranging up to 2,000 m wide and occur at depths ranging from 100 m to greater than 700 m. Limited deep drilling precludes interpretation of the shape of the kimberlites below about 350 m. At depth, FALC kimberlites may resemble the idealized South African kimberlite model. While both hypabyssal and volcanoclastic kimberlitic facies have been intersected by drilling, their inter-relationship is not well known. It is possible that the former represent either late stage pulses or even xenolithic blocks.

The more important kimberlite occurrences discovered to date comprise crater facies volcanoclastic kimberlite emplaced into Cretaceous marine, lacustrine and continental siliciclastic deposits laid down in, or along, a shallow epicontinental sea.

Importantly, individual kimberlite phases (or units) may be distinguished according to grain size, style of emplacement, xenoliths and xenoliths types and abundances, alteration and the abundance of olivine macrocrysts.

In general, the main volcanoclastic kimberlite deposits were preceded by smaller kimberlite bodies comprising conformable, graded beds of pyroclastic debris as much as 40 m thick, indicative of subaerial eruption onto Albian (Middle Cretaceous) floodplains, intertidal zones, or lakes. Subsequently, larger, shallow craters were excavated in poorly-consolidated marine to marginal-

marine shale under subaerial to shallow marine conditions and backfilled with pyroclastic sediments forming multiple-graded kimberlitic beds. Kimberlitic pyroclastic flows, erupted at the time of crater excavation, produced stacked kimberlite deposits and are preserved as aprons around the craters that can extend several hundred metres from the crater edge. Contact angles of the kimberlite with the surrounding country rock can range from 90° to 0° depending on whether the contact is in the pipe or in the outflow pyroclastic deposits.

Continued Cretaceous sedimentation buried the kimberlites in marine sediments. These cover rocks were largely removed by glaciation, essentially to the level of kimberlite. The majority of bodies drilled to date by both the former FALC-JV and the Company are positioned just below the till / bedrock interface. In contrast, kimberlites discovered by De Beers in 1988, and later by Corona Corporation at Sturgeon Lake, 30 km northwest of Prince Albert, are regarded as rootless, ice-thrust rafts or erratics of kimberlite, indicating erosion of a possibly younger suite of kimberlites.

Kimberlitic phases are well constrained within the Cretaceous stratigraphy in which they were deposited. For example, those kimberlites deposited during Cantuar Formation time (part of the Mannville Group) are considered to be Cantuar age-equivalent kimberlite and are termed Cantuar Kimberlite (Cantuar). Similarly, kimberlite deposited during Early Joli Fou Formation time (part of the lower Colorado Group) is Early Joli Fou age-equivalent kimberlite and is termed Early Joli Fou Kimberlite (EJF). It is important to note that two stratigraphically equivalent kimberlite packages (e.g. Pense Kimberlite on Star and Orion South) may not have any genetic relationship and each may have very different diamond grade and carat value characteristics. Some of the stratigraphically equivalent kimberlite units (e.g. EJF on Star and Orion South) do, however, have similarities in mineral constituents, mantle signatures, chemistry and diamond distribution that suggest a genetic relationship.

5.0 Exploration

5.1 *Star Kimberlite Exploration*

A summary of the exploration activities on the Star Diamond Project is given in Table 1.

Table 1: Summary of Exploration Activities on the Star Kimberlite Deposit, 1996-2010

Year	Exploration Activity
1996– 1998	-Aeromagnetic surveys -Diamond drilling (11 holes) -Microdiamond analysis
2000	-Diamond drilling (16 holes) -Microdiamond analysis
2000– 2001	-Diamond drilling (7 holes) -Microdiamond analysis -Airborne geophysics re-interpretation

Year	Exploration Activity
1996– 1998	-Aeromagnetic surveys -Diamond drilling (11 holes) -Microdiamond analysis
2000	-Diamond drilling (16 holes) -Microdiamond analysis
2001	-Petrographic studies -Diamond drilling (7 holes) -Microdiamond analysis -Large diameter (24 inch) reverse circulation (RC) drill program (Star 31 RC) -Sample processing (split sample: De Beers Canada's Grande Prairie Processing Facility; Lakefield Research)
2002– 2003	-Bulk rock and multi-element lithogeochemistry work (Targeted Geoscience Initiative or TGI) -2-D and 3-D seismic surveys -TGI borehole geophysics survey -TGI geochronology -Petrographic studies -Borehole collar surveying -Detailed core logging and re-interpretation studies -Initial bulk sampling work program (permitting, pilot hole drilling, etc.)
2003– 2004	-Regional airborne GeoTEM survey -Diamond drilling (8 holes)
2003– 2005	-Underground bulk sampling program - site set-up - Process Plant construction and commissioning - shaft sinking, lateral drift developments 175 m and 235 m levels - underground geological mapping and surveying - 16,000 m underground diamond drilling and sample processing between 2003-2006 -Bulk sampling results of Phase 1 program -Diamond valuation of 3,050 carat parcel
2005– 2007	-Underground bulk sampling program - lateral drift development 235 m and 215 m levels - underground geological mapping and surveying - 16,000 m underground diamond drilling and sample processing between 2003-2006 -Bulk sampling results of Phase 2 and 3 programs -Diamond valuation of 5,950 ct parcel -Airborne geophysical and laser surveys -233 exploration, geotechnical and hydrogeological core holes and 95 Large-diameter mini-bulk sample holes -45,000 m of surface core drilling
2008- 2010	-Completion of 8 LDD holes -Geotechnical investigation utilizing cone penetrometer

5.1.1 Star Underground Bulk Sampling Program

Upon completion of the underground bulk sampling program conducted by Thyssen Mining Construction of Canada ("TMCC") on the Star Kimberlite, a combined total of 10,966 carats of commercial sized diamonds greater than 0.85 mm were recovered (by the Company, final picking by SGS Lakefield, SGS Saskatoon & MSC) from a total of 75,435.68 dry tonnes of kimberlite material (Figure 2) that was processed through the Company's batch sampling process plant from both the Company's 100% owned Star Kimberlite and the former FALC-JV's Star West bulk sampling programs. Tonnages include sampling of drift material, underground resource evaluation (RE) samples, geotechnical test samples and clean-up samples. Carat totals include 101.23 carats recovered from grease tailings and picked concentrate audits and 3.59 carats from float tailings audits. Total production and sampling results are summarized in Table 2.

Figure 2: Star Kimberlite Underground Batch and Geology Map

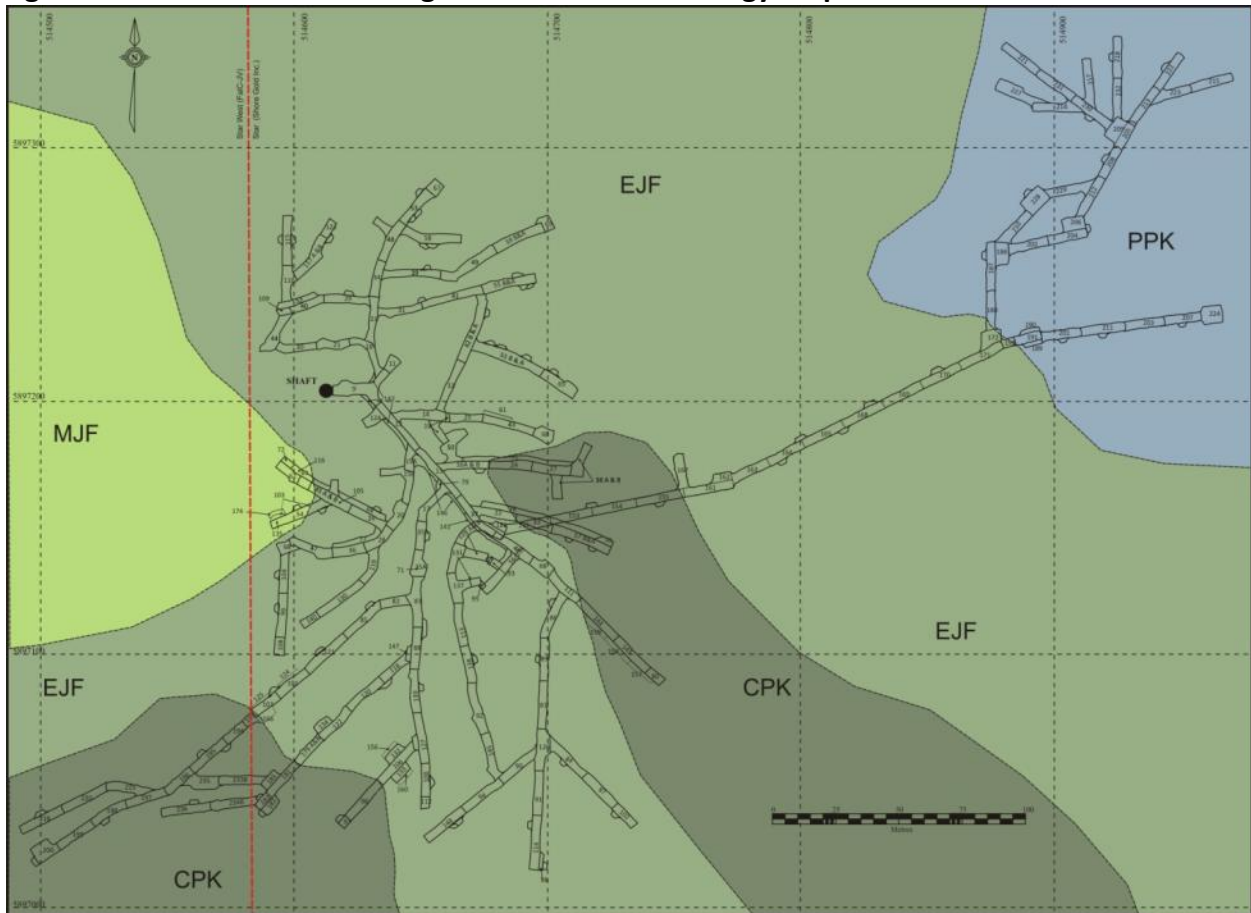


Table 2: Summary of Combined Production and Sample Results (Underground, RE, Geotech and Clean-Up) for Star Kimberlite (including Star West)

Sample Type	Property	No. of Batches	Metric Tonnes (dry) processed	Total Stones	Total Carats*	Grade (cpht)
Drift	Star	252	60,714.68	76,428	9,557.98	15.74
Drift	Star West	15	4,173.74	3,440	747.40	17.91
RE	Star	53	1,471.88	1,455	224.47	15.25
RE	Star West	6	161.10	91	14.51	9.01
Geotech	Star	4	23.69	21	3.51	14.83
Clean-up	combined	12	8,890.59	2,776	418.13	4.70
TOTAL		342	75,435.68	84,211	10,966.00	14.54

** includes carats from grease tailings and picked concentrate audits (101.23 carats) and 3.59 carats from float tailings audits.*

Utilizing all underground batch sample results, the average run-of-mine (“ROM”) grade obtained from the processed batches from the Star Kimberlite was 14.54 cpht; however, if the clean-up data is removed, the ROM grade is 15.85 cpht. The average ROM grade of the various Star Kimberlite units is presented in Table 3.

Table 3: Summary of Underground ROM Diamond Grades from the Various Star Kimberlite Units

Kimberlite Phase	Grade (cpht)
Late Joli Fou (“LJF”)	2
Mid Joli Fou (“MJF”)	7
Early Joli Fou (“EJF”)	18
Pense	13
Cantuar	18

5.1.2 Star LDD Program

Utilizing the entire LDD sampling conducted by Nuna Logistics (103 LDD holes) and processing (96 LDD holes processed by the Company, final picking by SGS Lakefield, SGS Saskatoon & MSC) dataset a total of 1,416.6 carats were recovered from 11,662.8 processed tonnes (19,977.6 theoretical tonnes) of kimberlite. Table 4 shows the tonnages and carats recovered from the LDD processing on a kimberlite unit basis.

Table 4: Summary of Star Kimberlite LDD Processing and Total Carat Recovery on a Per Kimberlite Unit Basis

Kimberlite Unit	Number of Sample Batches	Processed Dry Tonnes	Theoretical Tonnes	Total Stones	Total Carats*	Processed Grade (cpht)	Theoretical Grade (cpht)
UKS	11.0	187.1	189.4	4.0	0.1	0.1	0.1
Other	19.0	214.1	339.8	30.0	1.9	0.9	0.6
LJF-S	41.0	653.6	1,099.9	29.0	1.4	0.2	0.1
LJF	86.0	906.0	2,069.9	225.0	11.2	1.2	0.5
MJF-S	8.0	100.6	200.2	40.0	1.5	1.5	0.7
MJF	89.0	1,306.5	2,158.0	1,039.0	67.0	5.1	3.1
EJF	523.0	7,019.9	11,782.7	12,858.0	1,133.3	16.1	9.6
PENSE	40.0	561.2	959.4	986.0	87.7	15.6	9.1
JLRPK	9.0	91.8	181.1	113.0	11.0	11.9	6.1
CANTUAR	44.0	622.1	997.2	661.0	101.5	16.3	10.2
Total	870.0	11,662.8	19,977.6	15,985.0	1,416.6	12.1	7.1

* includes carats recovered from audit process

5.2 Orion South Exploration

A summary of the 1988-2010 exploration work completed on the Orion South Kimberlite deposit is shown in Table 5.

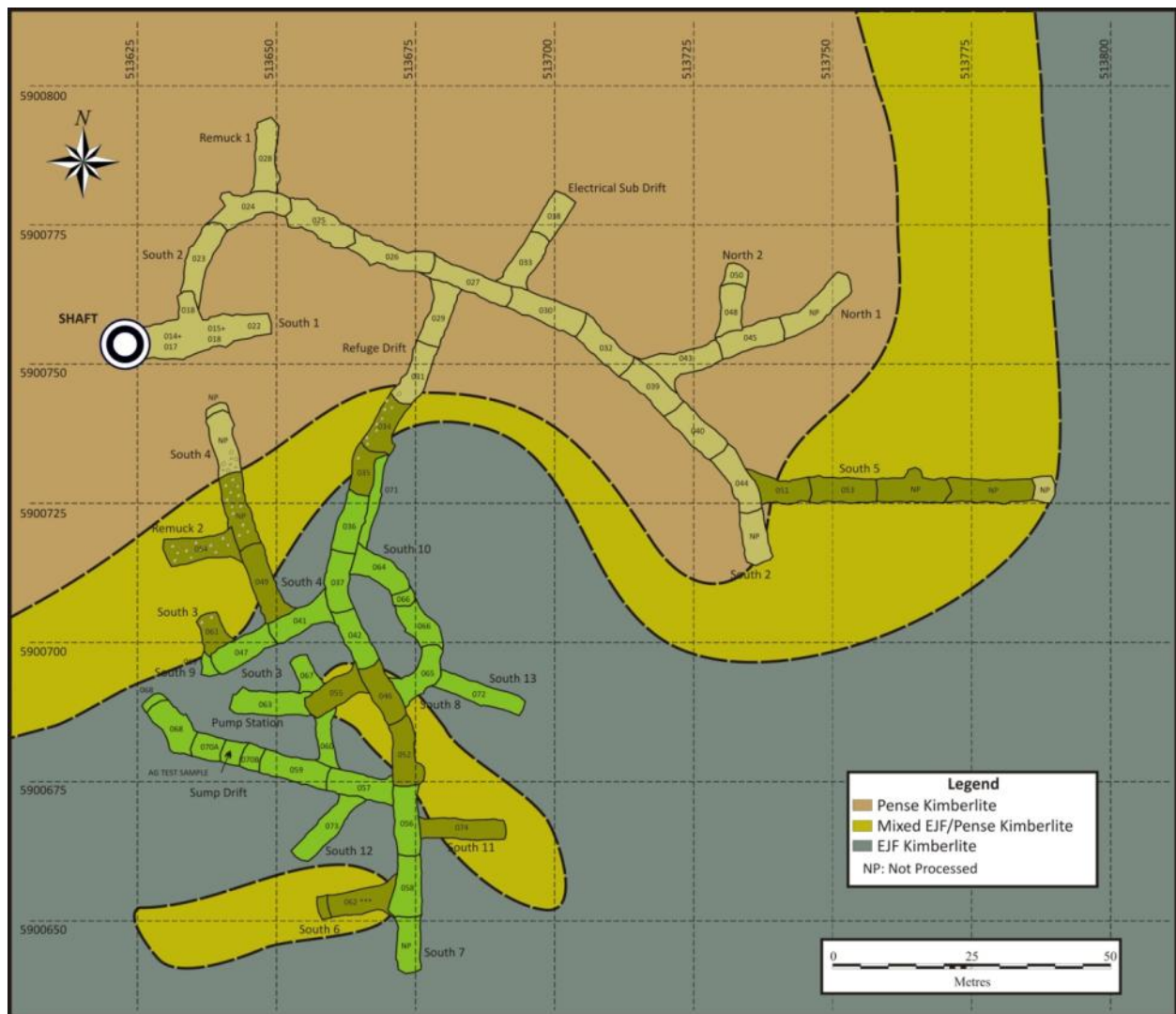
Table 5: Summary of Exploration Activities on the Orion South Kimberlite Deposit, 1988-2010

Year	Exploration Activity
1988-1999	-Various geophysical surveys (aeromagnetic- ground surveys) -Core and rotary drilling -Microdiamond analysis
2000	-Geophysical surveys (aeromagnetic- ground surveys) -Core and LDD drilling -Microdiamond analysis
2001	-Core drilling -LDD and mini-bulk sampling -Macrodiamond and microdiamond recovery and analysis -Microdiamond breakage study
2002	-Geophysical surveys -Core drilling -LDD and mini-bulk sampling -Macrodiamond and microdiamond recovery and analysis -Grade forecasts, revenue models
2003	-Airborne and ground gravity geophysical surveys -Core drilling -Geological modelling -Microdiamond sampling and analysis
2004	-Geological modelling and grade forecasts -Core drilling
2005	-Geological modelling and grade forecasts -Core drilling -LDD and mini-bulk sampling
2006	-Regional Light Detection and Ranging System (LIDAR) survey completed over FalC area -Geological modelling -Core drilling
2007	-Geological modelling -Core drilling -LDD and mini-bulk sampling -Initiation of Orion South Underground Bulk Sample Program
2008-2009	-Geological modelling -Core drilling -LDD and mini-bulk sampling -Orion South Underground Bulk Sample Program
2010	-Core drilling, Mud rotary drilling -Cone penetrometer testing -Prototype dewatering well test

5.2.1 Orion South Underground Bulk Sampling Program

After final processing of 75 underground batches by the Company, final picking by SGS Lakefield, SGS Saskatoon and MSC, (78 samples) from 25,468 dry tonnes of kimberlite mined by TMCC, (Figure 3) in March, 2009, there was a total recovery of 2,346 carats from the Orion South bulk sample. The largest stone recovered was a 45.95 carat stone.

Figure 3: Geological Map of the Underground Drifts on Orion South



The final Orion South underground bulk sample results, on a per unit basis, are listed in Table 6.

Table 6: Underground Bulk Sampling Results on a Per Kimberlite Unit Basis –Orion South Kimberlite

Kimberlite Unit	Dry Tonnes	Number of Stones	Total (carats)	Grade (cpht)	Largest Stone (carats)
LJF	115.8	90	6.96	6.01	0.38
EJF	8,040.9	7,794	1,414.00	17.59	32.96
Mixed Pense/EJF	3,154.8	2,218	334.85	10.61	3.61
Pense	12,046.8	5,116	586.32	4.87	45.95
Clean-up	109.7	30	4.14	3.78	1.19
Total	23,468.0	15,248	2,346.27	10.00	

As with the Star Kimberlite, the EJF is the dominant kimberlite unit within Orion South in terms of volume and grade. The EJF grade, as determined from the underground bulk samples from Orion South, is approximately 18 cpht.

5.2.2 Orion South LDD Program (pre-2015)

Upon completion of the LDD drilling program on Orion South by Nuna Logistics, 882 samples processed by the Company, final picking by SGS Lakefield, SGS Saskatoon and MSC, totalling 1,039.7 carats were recovered from 9,579.6 processed tonnes (16,213.2 theoretical tonnes) of kimberlite. The results for each principal kimberlite unit sampled by the LDD mini-bulk sampling are shown in Table 7. These results include both the 1.20 m diameter LDD holes drilled by the current joint venture and those from twenty-four 0.914 and 0.609 metre diameter LDD holes completed by the previous joint venture operators prior to 2006.

Table 7: Diamond Results from Orion South LDD Mini-bulk Samples on a Per Unit Basis

Kimberlite Unit	Number of Sample Batches	Processed Dry Tonnes	Theoretical Tonnes	Total Stones	Total Carats*	Processed Grade (cpht)	Theoretical Grade (cpht)
Other	32	277.4	416.6	62.0	4.2	1.5	1.0
Viking	24	233.9	401.8	127.0	8.0	3.4	2.0
LJF	101	1,057.9	1,818.8	241.0	20.8	2.0	1.1
EJF	500	5,206.8	9,038.7	7,747.0	779.0	15.0	8.6
Pense	211	2,618.7	4,261.2	2,138.0	223.5	8.5	5.2
Cantuar	14	184.8	276.2	41.0	4.3	2.3	1.6
Total	882	9,579.6	16,213.2	10,356.0	1,039.7	10.9	6.4

* includes carats recovered from audit process

6.0 Mineralization

6.1 Deposit Types

6.1.1 Kimberlite Hosted Diamond Deposits

Primary diamond deposits such as kimberlites and lamproites have produced over 50 % of the world's diamonds, whereas the remaining 50 % are derived from recent to ancient placer deposits that have formed from the erosion of kimberlite and / or lamproite. Notably, it has been established by the scientific community that diamonds are not genetically related to kimberlite or lamproite but that kimberlite, lamproite and other deeply derived magmas serve as a transport mechanism for bringing diamonds to surface. The diamonds form at the same level as, or shallower than, the kimberlite magmas within the mantle and as the kimberlite magma ascends towards the surface they incorporate foreign fragments (termed mantle xenoliths) of the material they pass through. Those xenoliths commonly disaggregate into individual mineral constituents (termed xenocrysts). These xenocrysts include diamonds.

Cliffords Rule states that a majority of economic diamondiferous kimberlites occur in stable Archaean age cratonic rocks that have not undergone thermal events or deformation since 2.5 Ga. Such Archaean-aged cratons include the Kaapvaal, Congo and West African Cratons in Africa, Superior and Slave Provinces in Canada, East European Craton (Russia, Finland, etc.), and the West, North and South Australia Cratons. The only exceptions, to date, are the Argyle and Ellendale lamproite mines of Australia, which occur in Proterozoic aged remobilized cratonic zones.

To date, over 6,000 known kimberlite and lamproite occurrences have been discovered in the world, of which over 1,000 are diamondiferous. Economic diamond-bearing kimberlite and / or lamproite pipes range from less than 0.4 ha to 146 ha in footprint size, with the maximum size being greater than 200 ha (i.e. Catoca, Angola). Economic kimberlite diamond grades can range from 1.3 cpht to 600 cpht.

Kimberlite remains the principal source of primary diamond despite the discovery of high grade deposits in lamproite. Mineralogical and Nd-Sr isotopic studies have shown that two varieties of kimberlite exist:

- **Group 1:** or olivine-rich monticellite-serpentine-calcite kimberlites; and
- **Group 2:** or micaceous kimberlites (which predominantly occur in southern Africa).

With a few exceptions, such as the Finsch Kimberlite Mine in South Africa and the Dokolwayo Kimberlite Mine in Swaziland, most of the well known diamondiferous kimberlites in southern Africa and elsewhere are Group 1 kimberlites, including those in Canada and, in particular, FALC. In contrast, Group 2 kimberlites are largely confined to southern Africa.

Currently, three textural-genetic groups of kimberlite are recognized in Group 1 kimberlites, each being associated with a particular style of magmatic activity. These are:

- crater facies
- diatreme facies
- hypabyssal facies.

Rocks belonging to each facies differ in their petrology and primary mineralogy, but may contain similar xenocrystal and megacrystal assemblages.

6.1.2 Fort à la Corne Kimberlite Model

Unlike the idealized South African kimberlite model, the majority of the FALC kimberlites are mainly shallow bowl-shaped kimberlites which have kimberlite footprints ranging up to 2,000 m wide and extending to depths ranging from approximately 100 m to greater than 700 m.

The limited deep drilling, however, precludes any interpretation of the shape of the kimberlites below about 350 m. Therefore, at depth, the FALC kimberlites may, in fact, resemble the idealized South African model.

FALC kimberlites were emplaced into poorly consolidated Cretaceous-aged clastic and marine sedimentary rocks. They are generally interpreted to be in the form of stacked, sub-horizontal lenses or shallow zones of crater facies material with associated pyroclastic flow and fall deposits of large lateral extent. The kimberlite phases are classified entirely as crater-facies pyroclastic kimberlite, although a number of kimberlite units may be distinguished according to their grain size, style of emplacement, primary and chemical alteration and the abundance and presence of olivine macrocrysts.

6.2 Star Kimberlite Geology and Mineralization

The Star Kimberlite was deposited within the Cretaceous sedimentary rocks of the lower Colorado and Mannville groups, which unconformably overlie Paleozoic limestones and dolomites. The glacial overburden thickness ranges from 90 to 130 m with an average of 92 m. Portions of the Star Kimberlite have been emplaced contemporaneously with the deposition of the Mannville and lower Colorado sediments. However, the majority of the Star Kimberlite is interpreted to have erupted through the Mannville and into the early parts of the lower Colorado Group sediments (Joli Fou Formation time). The local lower Colorado and Mannville interface is situated approximately 170 m. The Mannville Group and Paleozoic interface lies approximately 340 m, as interpreted from the Company's drill holes.

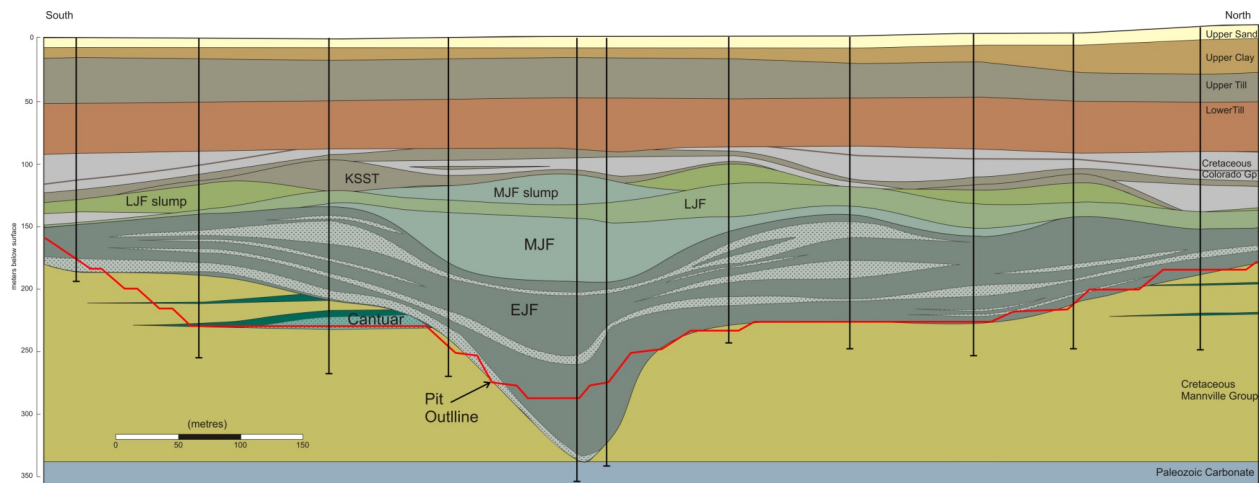
The Star Kimberlite consists of two distinct types of kimberlite: dominant eruptive kimberlite and subordinate kimberlitic sediments. The eruptive kimberlite deposits at the Star Kimberlite are subdivided into five main kimberlite phases, each with distinctive physical and chemical properties, which enable mapping and stratigraphic correlation of units as seen in Figure 4:

1. Cantuar Kimberlite
2. Pense Kimberlite
3. Early Joli Fou Kimberlite
4. Mid Joli Fou Kimberlite
5. Late Joli Fou Kimberlite

All the major kimberlite phases of the Star Kimberlite have been proven to contain macrodiamonds.

Figure 4: Cross-Section across the Western Portion of the Star Kimberlite (view towards the west)

(The Figure illustrates the host Cretaceous sedimentary rocks and the relationship with distinct kimberlite eruptive phases, reworked equivalents and relatively young marine reworked kimberlitic sediments).



6.2.1 Cantuar Kimberlite

The oldest kimberlite phase within the Star Kimberlite is the Cantuar Kimberlite, which is hosted by sandstone, siltstone and mudstone units of the Cantuar Formation (Figure 4). These Cantuar Kimberlite deposits are typically restricted to thin sheet-like deposits that generally vary in width from 20 to 40 m. There are two end-member types of Cantuar Kimberlite: matrix-supported pyroclastic kimberlite, which primarily occurs to the north; and a clast-supported pyroclastic kimberlite and kimberlite breccia that occurs to the south. The Cantuar Kimberlite is typified by the ubiquitous presence of small (1-4 mm) clinopyroxene xenocrysts and relatively common mantle xenoliths. The kimberlite is variably fine- to medium-grained and is bedded at the 1 to 5 m scale, although more massive beds do occur. Rare fine-grained reworked equivalents are present and locally display cross-bedding.

The Cantuar Kimberlite is restricted to the north and west-central portion of the kimberlite complex. The thickest intersections are on the western portion of the kimberlite near the EKF crater

edge with central Cantuar Kimberlite deposits likely having been removed by the main EJJ eruptive event.

Restricted to the southern part of the Star Kimberlite is a younger, juvenile pyroclasts-rich pyroclastic kimberlite, known as JLRPK. It occurs as two spatially restricted feeder vents which have shapes similar to the classic South African model carrot-shaped pipes and is cross-cut by older Cantuar.

6.2.2 *Pense Kimberlite*

The Pense Kimberlite is restricted to the central and northeastern portions of the Star Kimberlite. In the northeast, Pense Kimberlite is deposited directly on the Pense sandstone and mudstone. Towards the thicker central zone, the Pense appears to sit directly on the Cantuar Formation sediments, indicating either scouring into the older Cantuar sediments and/or previous erosion / denudation of the Pense sandstone. The Pense Kimberlite is clast-supported, and in the coarser-grained varieties, is characterized by the relative abundance of ilmenite megacrysts and sub-equal abundance of armoured juvenile pyroclasts (typically cored by olivine macrocrysts) and 0.5 to 2 cm sized olivine macrocrysts. The large olivine macrocrysts commonly contain small garnet intergrowths and are thus interpreted to be micro-peridotite xenoliths. The Pense Kimberlite generally occurs as up to 15 m thick, well bedded, fine to very coarse grained pyroclastic kimberlite with very rare breccia units. Cross bedded, well-sorted, fine- to medium-grained olivine enriched kimberlite sandstone is locally observed.

6.2.3 *Early Joli Fou Kimberlite*

The widespread EJJ is volumetrically the most important eruptive phase of the Star Kimberlite. Distal deposits of the kimberlite sit directly on Lower Joli Fou shale and are interpreted as Joli Fou-age equivalent. The EJJ also sits directly on older Pense and Cantuar phases. The kimberlite is in contact with the Cantuar Formation in the vicinity of the crater/vent area in the west (Figure 4). The kimberlite is clast-supported and dominated by olivine crystals with rare juvenile pyroclasts. Mantle-derived xenocrysts and xenoliths are relatively common in this unit. Fining-up beds dominate and commonly occur as 1 to 5 m (rarely up to 15 m) thick, lithic-rich breccia (≥ 15 wt. % xenolithic clasts) basal units overlain by a xenoliths poor tuffaceous kimberlite.

Three zones have been identified in the EJJ pyroclastic deposits: a central vent / crater; a positive relief tephra ring (cinder cone); and an extra-crater (tephra ring distal) zone. Kimberlite deposits largely confined to the inner crater / vent area and the positive relief tephra ring are referred to as EJJ 'inner' area deposits and those confined to the distal, extra-crater areas are referred to as EJJ 'outer' area deposits.

6.2.4 *Mid Joli Fou Kimberlite*

The MJF, a younger cross-cutting kimberlite eruptive phase, is aurally restricted to the western portion of the Star Kimberlite and appears to be infilling the remnant EJJ crater area (Figure 4). This phase has erupted through the older EJJ, as evidenced by rarely preserved autoliths of EJJ.

The MJF kimberlite has many similarities to the EKF, but has a distinct matrix-supported texture, fewer indicator minerals, is very poorly sorted and is generally massive to weakly bedded.

6.2.5 Late Joli Fou Kimberlite

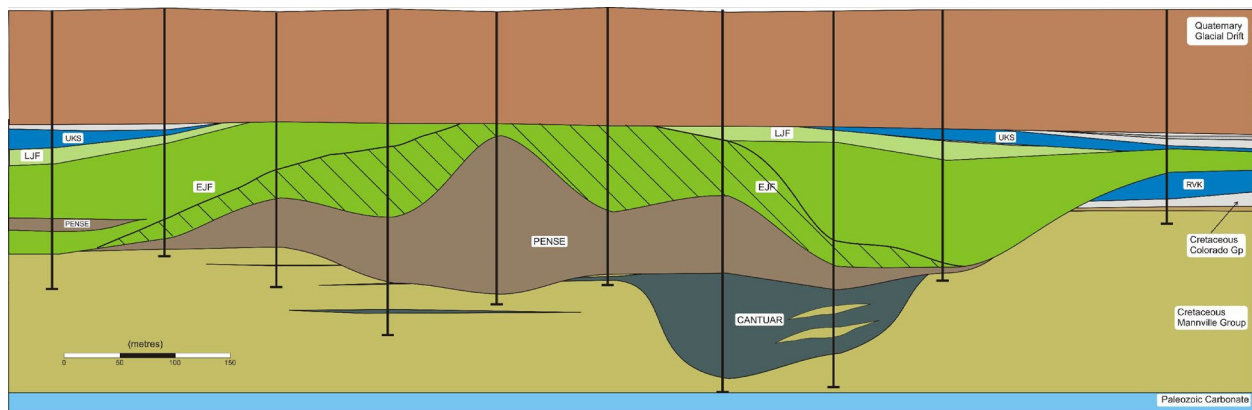
LJF, the youngest kimberlite eruptive event, is confined to the northern and northeastern portion of the Star Kimberlite and generally forms a thin veneer (generally < 20 metres thick) deposited on older EKF and MJF (Figure 4). The LJF has many similarities to the MJF but is generally finer grained, more massive and has the ubiquitous presence of small (0.5 to 50 mm) shale clasts. The relationship between the MJF and LJF remains ambiguous; however, the LJF may represent a finer grained remobilized version of the MJF, which slumped or flowed into the marginal marine sedimentary environment incorporating poorly consolidated mudstone material. A sub-unit of the LJF, known as the LJF Slump, is identified based on the distinct increase in the shale clast content and the weak development of sub-horizontal bedding planes.

6.2.6 Upper Kimberlite Sediments

Sitting directly on the Late Joli Fou-aged kimberlite, or locally within the overlying shale sequence, are two main kimberlitic sedimentary units (Figure 4) that mantle the central core of EKF and MJF kimberlite. Directly above the LJF, there is the typical development of kimberlitic sandstone ("KDF"), with common to abundant shale blocks. In general, the shale blocks appear to be massive and in sharp contact with the host KDF. A distinct fining-up sequence of kimberlitic sandstone that grades into kimberlitic siltstone and finally a calcareous light grey to white siltstone rests directly on the KDF and is more rarely separated by 2 to 10 m thick beds of shale. Situated 6 to 8 m above the fining-up unit is another fine grained kimberlite sandstone horizon, which acts as a distinct marker horizon over most of the kimberlite. This surface is a close approximation to the Newcastle (Viking)-Westgate contact. A 1 to 3 cm heavy mineral lag is present in many core holes, 2 to 4 m below this bed, which may represent a transgressive surface of erosion.

6.3 Orion South Kimberlite Geology and Mineralization

Like the Star Kimberlite, the Orion South Kimberlite was deposited within the Cretaceous



sedimentary rocks of the lower Colorado and Mannville groups, which unconformably overlie Paleozoic limestones and dolomites. The glacial overburden thickness ranges from 97 to 121 m

with an average of 105 m. Portions of the Orion South Kimberlite have been emplaced contemporaneously with the deposition of the Mannville and lower Colorado sediments as seen in Figure 5. However, the majority of the Orion South Kimberlite is interpreted to have erupted through the Mannville and into the early parts of the lower Colorado Group sediments (Joli Fou Formation time). The local lower Colorado and Mannville interface is situated approximately 191 m. The Mannville Group and Paleozoic interface lies approximately 347 m, as interpreted from drill holes.

Figure 5: Orion South Kimberlite West To East Cross-Section Along UTM Line 5900600N

(Note: Breccia-Dominated (Xenoliths-Rich) Zone Demarcated By Cross-Hatching. Note: RVK = Resedimented Volcaniclastic Kimberlite; UKS = Upper Kimberlitic Sediments)

The Orion South Kimberlite is comprised of multiple eruptive units (or phases), each of which is texturally, mineralogically, physically and chemically distinct. Within the kimberlite, the units have cross-cutting relationships near conduits, but are stacked vertically within the volcanic edifice and crater / extra-crater deposits (Figure 5). Several conduits, feeding different units, have been identified on Orion South.

During Cantuar (Mannville Group) deposition, thought to be a time of continental fluvial-deltaic deposition, kimberlite was deposited and reworked. Drilling indicates that the Cantuar-aged kimberlite deposits are generally thin (< 30 m thick) sheets occurring at multiple horizons within the Cantuar sediments. The bulk of the kimberlite deposits are confined within the marginal marine to marine sedimentary strata of the Upper Mannville Group (Pense Formation) and the lower Colorado Group (Joli Fou Formation). These kimberlite deposits are associated with the main crater excavation and crater fill. Proximal to the conduits and in close proximity to the base of the Mannville Group sandstone, the conduits flare at a steep angle giving way to shallow angles near the margin of the craters.

The Orion South Kimberlite consists of two distinct types of kimberlite: dominant eruptive kimberlite and subordinate kimberlitic sediments. The eruptive kimberlite deposits at the Orion South Kimberlite are sub-divided into six main kimberlite phases, each with distinctive physical and chemical properties which enable mapping and stratigraphic correlation of units:

1. Cantuar Kimberlite ("CPK")
2. Early Pense ("P3")
3. Pense Kimberlite ("Pense")
4. Early Joli Fou Kimberlite ("EJF")
5. Late Joli Fou Kimberlite ("LJF")
6. Viking Pyroclastic Kimberlite ("VPK")

6.3.1 Cantuar Kimberlite

The earliest kimberlite deposit on Orion South, the Cantuar Kimberlite, consists of fine- to coarse-grained, massive to weakly normally graded, poorly sorted, matrix- to clast-supported, mixed

olivine plus juvenile pyroclast-bearing lapilli tuff. These deposits are commonly pervasively carbonate cemented and are generally thin (0.5 to 5 m thick), although an intersection of 90 m has been drilled. Amoeboid juvenile pyroclasts, which locally display moulded boundaries, are common in the unit and rarely contain up to 10 % vesicles. U-Pb dating on perovskite gave an age of ca. 106 Ma for the Cantuar Kimberlite on Orion South.

6.3.2 Early Pense ("P3") Kimberlite

The P3 or Early Pense is a newly identified but volumetrically insignificant pyroclastic and reworked volcanoclastic kimberlite unit that underlies the Pense kimberlite in the South Western part of Orion South. This unit consists of a normally graded, poorly sorted, olivine enriched, clast supported succession of 1-5m beds with coarse grained bases and fine to very fine grained often reworked tops. The olivine texture of the P3 has a bimodal distribution including both phenocrysts and macrocrysts which are more prevalent in the fine grained tops and coarse bases respectively. This unit closely resembles bedding and olivine concentrations observed within the Early Joli Fou pyroclastic kimberlite but contains more abundant juvenile pyroclasts which occur chiefly as round or amoeboid magma clasts but is also observed as thin selvages encompassing (armoured) or partially encompassing (curvilinear) both crustal xenoliths and mantle xenocrysts. Kimberlite breccia beds are observable within the P3 kimberlite adjacent to the basal stratigraphic contact, but distinct correlative beds have not been identified. This unit is constrained to the south west region of the Orion South kimberlite and underlies the Pense Volcaniclastic Kimberlite and additional drilling is required to identify the units sub lateral extent and relationships to surrounding kimberlite and sedimentary units. This unit appears to be a precursor to the major Pense eruptive sequence but further drilling in the south-west area of the Orion South Kimberlite is required to fully understand its significance and possible source.

6.3.3 Pense Kimberlite

The first major eruptive event on Orion South resulted in kimberlite being deposited onto Pense Formation sediments. The crater base is cut into the pre-eruptive paleosurface and cuts into Mannville Group sediments. The Pense Kimberlite is a fine to locally medium-grained, matrix-rich, very poorly sorted, massive to weakly-bedded volcanoclastic tuff that is remarkably consistent both laterally and vertically. Xenoliths and juvenile pyroclasts are very rare within the Pense. Locally, distal deposits exhibit thin (0.1 to 0.5 m) planar bedding. The upper surface exhibits considerable and variable relief relative to the Pense paleosurface defining a distinct mound-like morphology that may represent the remnant of a Pense pyroclastic cone. The thickest intersection recovered 220 m of Pense while it thins to near 0 m over 700 m laterally.

6.3.4 Early Joli Fou Kimberlite

Distal deposits of the volumetrically dominant EJP were laid down directly on Joli Fou Formation sediments (Figure 5). Proximal deposits were deposited on Pense and Mannville Group sediments, due to erosion down cutting of the pre-eruptive paleosurface during initiation of the EJP eruptive cycle. There are two centres of thick EJP accumulation in the northwest and the southeast sections of the Orion South Kimberlite. The depocentre to the southeast is coincident with a spatially

restricted feeder vent that cross-cuts the older Pense, while in the northwest there is a considerable thickening of kimberlite and a deepening of the basal contact, which suggests a postulated vent. In the centre of the body, the EJV thins to 0 metres and is coincident with the central Pense Kimberlite high.

The EJV is fine- to coarse-grained, olivine pyroclast-rich, poorly- to moderately-sorted, volcanoclastic tuff to tuff breccias. The kimberlite consists of multiple normally graded beds with coarser bases and finer grained tops that collectively form a fining upwards sequence. Rare fluid escape structures form narrow, discontinuous, anastomosing, subvertical, pipe-like structures up to 0.4 m in length. Individual beds are generally 0.5 to 5 m thick.

Xenolith-rich tuff breccias are common in the EJV and are found in two distinct geometric forms within the volcanoclastics. The first is a basal xenoliths-rich kimberlite up to 60 m thick that is thickest along the periphery of the Pense central mound and exhibits a higher abundance of Precambrian basement xenoliths relative to Paleozoic carbonate xenoliths. Pense autoliths are relatively common near the base of the xenoliths-rich series. The second type consists of 0.5 to 10 m thick xenoliths-rich horizons, which form the base of normally graded beds that fine upwards into olivine-rich volcanoclastic tuff. These xenolith-rich basal horizons are more common in the lower part of the EJV sequence. Towards the top of the EJV sequence, and in distal areas, kimberlite deposits are normally graded and typically do not have these xenoliths-rich basal horizons.

In contrast to the Cantuar and Pense units, the EJV juvenile pyroclast population is dominated by cored juvenile pyroclasts, which are generally round to ovoid in shape. The pyroclasts are mostly cored with olivine macrocrysts, and more rarely, with country rock xenoliths and mantle-derived xenocrysts. Multi-rimmed juvenile pyroclasts are common within this unit. A U-Pb age of 99.4 Ma has been generated for the EJV at Orion South.

6.3.5 Late Joli Fou Kimberlite

The LJF is a very fine- to fine-grained, moderately sorted, massive to weakly planar bedded, olivine-rich volcanoclastic kimberlite that cross-cuts previously emplaced kimberlite units and directly overlies EJV deposits. The LJF tuffs are olivine macrocryst-poor and phenocryst-rich, while juvenile pyroclasts are rare to absent. Proximal deposits are thick, but they thin over a short lateral distance. Similar to the LJF on the Star Kimberlite, the country rock xenolith population is Joli Fou Formation shale clast-dominated relative to basement and carbonate clasts. Thin (1 to 20 cm) shale clast-enriched beds are common. Fluid escape structures have also been identified in the LJF.

6.3.6 Viking Kimberlite

The Viking Kimberlite is the youngest primary kimberlite deposited on Orion South, and is age-equivalent to the Newcastle (Viking) Formation siltstone locally deposited between the Joli Fou and Westgate Formation shale deposits. The unit is restricted to the southeast and northwest parts of the Orion South Kimberlite as fine- to medium-grained, poorly to moderately sorted, moderate to well bedded volcanoclastic kimberlite. The Viking tuffs are relatively juvenile pyroclast-rich, are

basement xenolith-poor and relatively EJF autolith-rich. The unit commonly has carbonate cement giving it a diagnostic texture.

6.3.7 Upper Kimberlitic Sediments

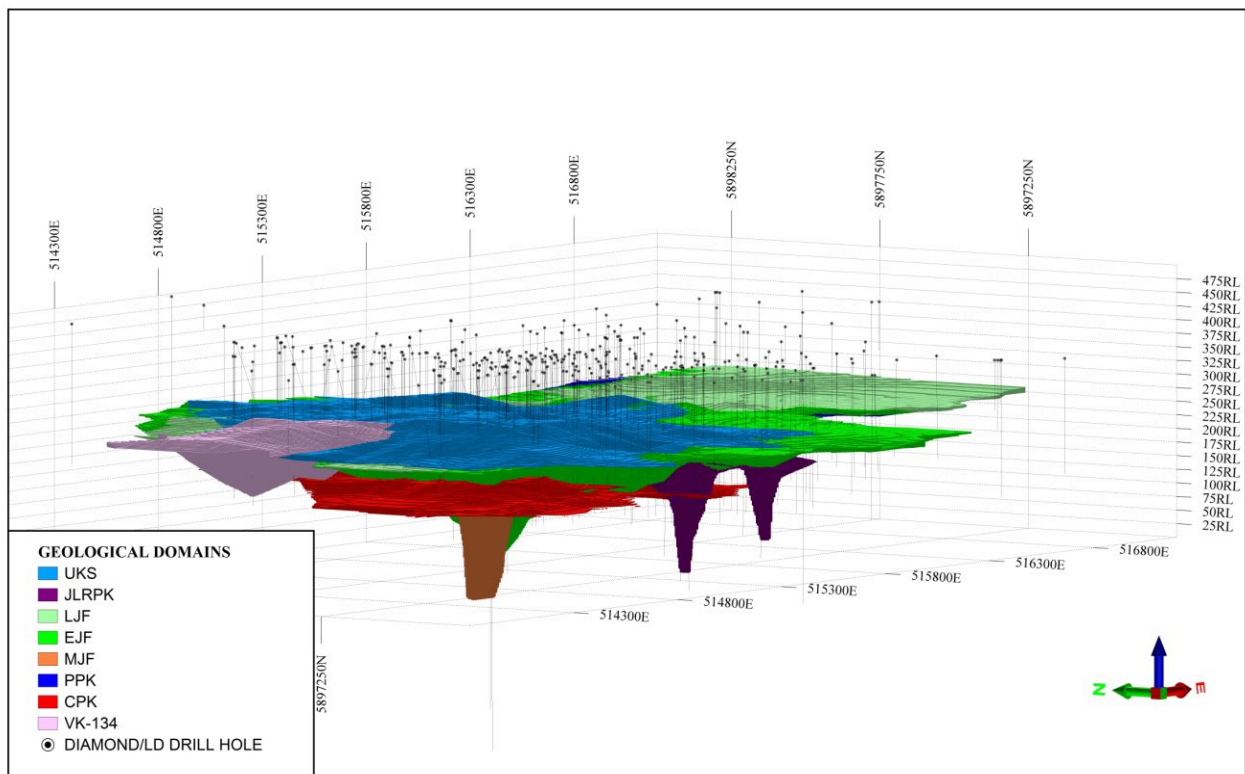
Minor volumes of kimberlite deposited as epiclastic sediment and known as the Upper Kimberlitic Sediments (“UKS”) are present on the upper periphery of the complex (Figure 5). Thicker deposits occur on the margins but thin towards the centre of the body. The deposits vary from olivine-rich kimberlitic sandstone through to weakly kimberlitic, very fine-grained siltstones that are commonly interbedded with Joli Fou Formation shale. The thickest deposits are on the northwest margin of the complex where they attain thicknesses up to 20 m but are generally limited to 2 to 9 m in thickness. Cross-bedding, shell fragments, ripples and wood fragments are observed locally.

6.4 Geological Model

6.4.1 Star Geological Model

A 3-D geological model for the Star Kimberlite was created from surface and underground drill information (Figure 6). Limited deep core drilling restricts the 3-D modelling of the Star Kimberlite to the kimberlite above 0 masl. The 3-D geological model estimates that the Star Kimberlite (including both the Star and Star West kimberlite) contains a total of approximately 290.2 Mt of kimberlite in the LJF, MJF, EJF, PPK and CPK with a further 100.9 Mt of UKS, JLRPK and VK-134.

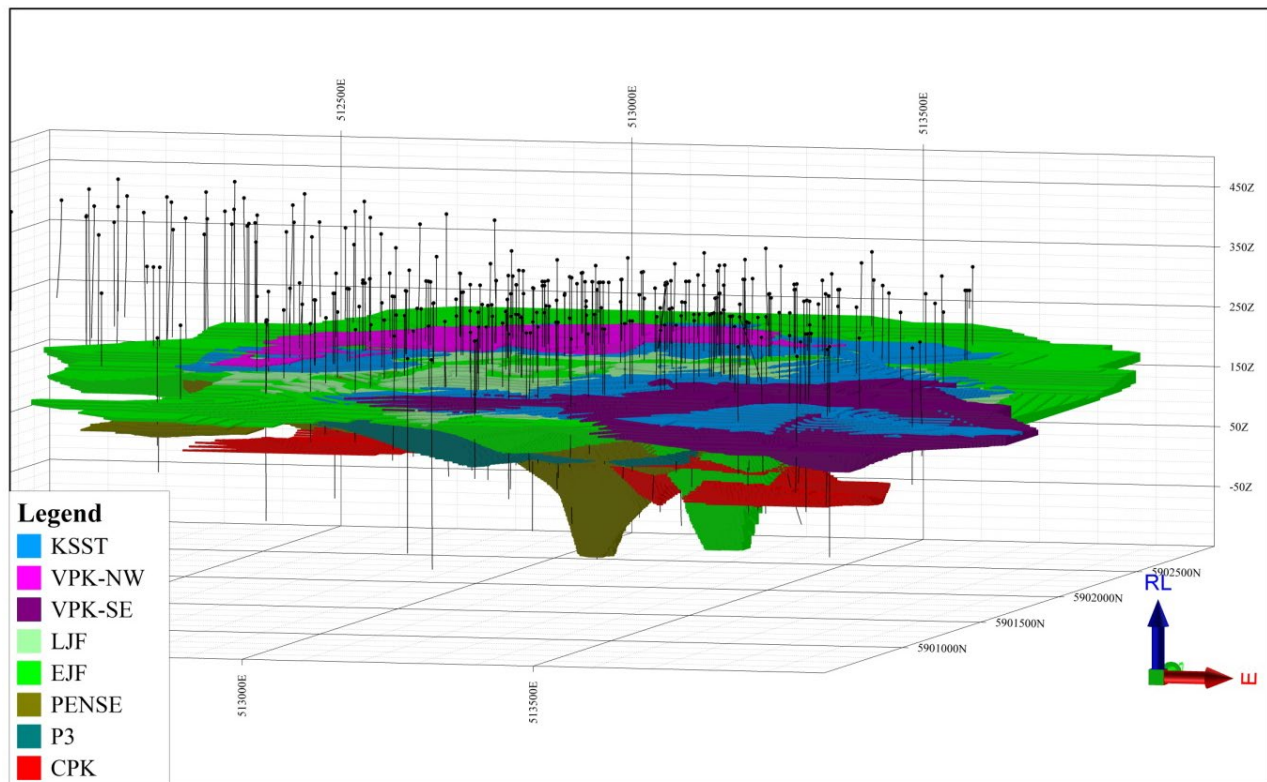
Figure 6: Star Kimberlite 3-D Geological Model



6.4.2 Orion South Geological Model

A 3-D geological model for the Orion South Kimberlite was created from surface and underground drill information (Figure 7). Limited deep core drilling restricts the 3-D modelling of the Orion South Kimberlite to the kimberlite above 0 masl. The 3-D geological model estimates that the Orion South Kimberlite contains a total of approximately 318 Mt of kimberlite in the EJF and Pense with a further 44.3 Mt of KSST, VPK, LJF, P3 and CPK.

Figure 7: 3D Northwest View of the Orion South Kimberlite Geological Model



7.0 Drilling

7.1 Star Kimberlite Drilling (1995 – 2010)

Between 1995 and 2010, 637 surface and underground, reverse circulation (“RC”), LDD and diamond drill holes totalling 108,306 m were drilled on the Star Kimberlite deposit. Table 8 outlines the drill programs for all years. In terms of geological data acquisition, variably-sized core drilling programs resulted in the completion of 321 surface core holes totalling 70,659 metres. Drilling was largely completed on a 100 metre grid on the thicker (approximately 50 metres of kimberlite) portion of the complex and a 200 metre grid on the thinner periphery.

Table 8: Summary of Surface and Underground Drilling on the Star Kimberlite Deposit 1995-2010

Year	No. of Drill Holes	Metres	Drill Type	Location	Drilling Program
1996	1	210.2	RCA	Surface	RCA hole completed on 134 anomaly.
1996	5	1,518.0	NQ-HQ	Surface	Three NQ vertical drill holes drilled on the Star Kimberlite deposit totalling 812 m drilled to test four magnetic anomalies (FALC 96-2 to FALC 96-4). Two holes completed on anomaly 137.
1997	2	450.6	PQ	Surface	Two vertical drill holes drilled, totalling 450.60 m, close to FALC 96-3 to confirm presence of four stacked kimberlitic zones.
2000	25	5,686.1	NQ/PQ	Surface	Star 1 to 24 drilled, consisting of 24 vertical NQ drill holes (one abandoned) and one vertical PQ drill hole. Drilled to test lateral extent off kimberlite, locate feeder zone and clarify geological interpretation.
2001	8	2,140.5	NQ/PQ	Surface	Star 24 to 30 drilled, 7 vertical NQ drill holes, totalling 1,900.17 m and intersecting 859.6 m of kimberlitic material. Drilled for exploration as well as delineating pipe geometry and clarification of geological interpretation. PQ-sized Star 32 drilled as pilot hole for bulk sample shaft.
2001	1	295.6	LDD	Surface	24-inch Large diameter RC hole Star 31RC drilled as a mini-bulk sample, totalling 295.55 m.
2002	9	432.5	Auger	Surface	9 geotechnical holes in the shaft location.
2003	1	221.4	NQ	Surface	Drilled to test magnetic anomalies and further delineate geometry.
2003	1	121.9	BQ	Underground	Star 33 was a shaft extension drill hole to test kimberlite at depth of shaft.
2004	7	1,517.8	NQ	Surface	Drilled to test magnetic anomalies and further delineate geometry.
2004	8	449.26	BQ	Underground	Drilled to test kimberlite in proposed lateral drifts and delineate kimberlite morphology.
2005	5	1,134.0	HQ	Surface	5 holes drilled to define 134 kimberlite.
2005	124	29,343.8	PQ	Surface	SPF-series core hole drilled on a grid system to define the Star Kimberlite geologically, geotechnically and hydrologically.
2005	13	3,362.0	HQ/NQ	Surface	STR-series core hole drilled to define the Star West Kimberlite geologically, geotechnically and hydrologically.

Year	No. of Drill Holes	Metres	Drill Type	Location	Drilling Program
2005	9	1,831.2	LDD	Surface	LDD (1.2 m diameter) holes drilled to obtain geological, diamond grade and diamond valuation information on the various kimberlite facies previously identified.
2005	55	3,762.1	BQ/NQ	Underground	Drilled to test kimberlite in proposed lateral drifts and delineate kimberlite morphology.
2006	30	7,677.2	PQ	Surface	SPF-series core hole drilled on a grid system to define the Star Kimberlite geologically, geotechnically and hydrologically.
2006	38	7,153.0	NQ/HQ	Surface	SND-series core holes completed to gather geotechnical information on glacial overburden and angle-drilled to access areas below the East Ravine.
2006	18	4,557.3	PQ	Surface	STR-series core hole drilled to define the Star West Kimberlite geologically, geotechnically and hydrologically.
2006	10	56.6	Auger	Surface	Geohydrological holes for piezometer installation.
2006	37	7,073.4	LDD	Surface	LDD (1.2 m diameter) holes drilled to obtain geological, diamond grade and diamond valuation information on the various kimberlite facies previously identified.
2006	149	12,547.4	BQ/NQ	Underground	Drilled to test kimberlite in proposed lateral drifts and delineate kimberlite morphology.
2007	6	1,600.8	PQ	Surface	SPF-series core hole drilled on a grid system to define the Star Kimberlite geologically, geotechnically and hydrologically.
2007	2	521.9	PQ	Surface	STR-series core hole drilled to define the Star West Kimberlite geologically, geotechnically and hydrologically.
2007	49	10,493.3	LDD	Surface	LDD (1.2 m diameter) holes drilled on Star main and Star West to obtain geological, diamond grade and diamond valuation information on the various kimberlite facies previously identified.
2008	1	268.4	PQ	Surface	Core completed for acid-base analysis test work.
2008	14	2,477.8	HQ	Surface	Vertical and angled core holes for hydrology and geotechnical analysis on and around Star.

Year	No. of Drill Holes	Metres	Drill Type	Location	Drilling Program
2008	8	1,368.8	LDD	Surface	LDD (1.2 m diameter) holes drilled on Star main and Star West to obtain geological, diamond grade and diamond valuation information on the various kimberlite facies previously identified.
2010	1	33.4	Cone Penetrometer	Surface	Cone penetrometer hole to test the upper stratified drift horizons over the Star Kimberlite.
TOTAL	637	108,306			

7.2 Orion South Drilling (1992 - 2010)

Between 1992 and 2010, 253 surface drill holes totalling 58,209 m were drilled on the Orion South Kimberlite deposit. Table 9 outlines the drill programs for all years. In terms of core drilling, there have been 174 holes completed on Orion South resulting in a total drilling length of 39,732 metres. It is this material that is used for qualitative and quantitative data acquisition used for geological modeling and resource definition. Drilling was largely completed on a 100 metre grid on the thicker (approximately 50 metres of kimberlite) portion of the complex and a 200 metre grid on the thinner periphery.

Table 9: Summary of Drilling on the Orion South Kimberlite Deposit, 1992-2010

Year	No. of Drill Holes	Metres	Core Size	Location	Drilling Program
1992	6	1,503.7	PQ	Surface	Six PQ core holes were drilled in the magnetic highs on anomalies 140 and 141
1993	1	323.0	HQ	Surface	One HQ core hole was drilled on a postulated deepening zone on the 140 anomaly based on 1992 drilling
1993	1	204.0	Rotary (6.25-inch)	Surface	One rotary test hole was completed between the 140 and 141 anomalies and intersected 102 m of weakly magnetic kimberlite
1994	2	520.0	RCA (12-inch)	Surface	Two RCA holes were drilled into the 140 and 141 anomalies to test for diamond content
1995	2	705.5	RCA (12-inch)	Surface	One RCA hole was drilled into the 133 anomaly to test for kimberlite and diamond content. Another was drilled on the 140 anomaly.
2000	2	520.8	LDD (24-inch)	Surface	Two LDD holes were completed on the north-west portion of the 141 anomaly to recover appreciable diamond quantities

Year	No. of Drill Holes	Metres	Core Size	Location	Drilling Program
2001	14	3,757.2	NQ	Surface	Fourteen vertical NQ core holes were drilled to delineate the kimberlite body and develop geological models for the kimberlite
2001	10	2,202.6	LDD (24-inch)	Surface	LDD drilling was completed to test the diamond distribution across a larger portion of the kimberlite
2002	25	6,030.0	NQ, HQ, PQ	Surface	An aggressive 25 hole program was developed to test the geological continuity across a larger area of the kimberlite
2002	8	2,143.9	LDD (24- and 36-inch)	Surface	Eight LDD holes were drilled to test potentially higher grade areas of the kimberlite to recover appreciable diamond quantities to initiate estimates of diamond prices
2003	10	2,219.2	NQ, HQ	Surface	Nine core holes were drilled to test the southern extent of the 140 anomaly and one hole was completed west of the 141 anomaly to test a gravity high
2004	5	1,154.0	NQ, HQ	Surface	Five core holes were drilled to better model thick kimberlite breccia horizon(s) in the 140 portion of the kimberlite
2004	7	1,085.6	LDD (36-inch)	Surface	LDD drilling was focused on testing kimberlite breccia-rich zones on the south-central portion of the kimberlite
2005	10	1,713.1	HQ	Surface	Six holes were drilled to gather a geological model for the 133 anomaly; Four holes (351 metres) of geotechnical drilling were also completed on Orion South
2006	54	12,872.6	PQ	Surface	A rigorous grid drilling program was completed to test the continuity, shape and thickness of various kimberlite units and to provide additional geological, geotechnical, geophysical and geotechnical data for a robust geological model
2007	1	241.2	PQ	Surface	One PQ core hole was completed to 241.21 metres to act as the pilot hole for shaft sinking
2007	4	1,017.2	LDD (47.2-inch)	Surface	Four LDD holes were completed to recover appreciable diamond quantities for grade estimation on the Pense unit

Year	No. of Drill Holes	Metres	Core Size	Location	Drilling Program
2008	22	6,356.1	PQ	Surface	The core drilling program was completed to in-fill any gaps within the grid drilling pattern and act as pilot holes to subsequent LDD holes
2008	36	8,350.8	LDD (47.2-inch)	Surface	An aggressive grid-drilling LDD program was completed to garner grade information across the breadth of the kimberlite and to assist in diamond pricing.
2010	4	59.4	Auger	Surface	Shallow auger drilling testing overburden material
2010	1	34.7	Cone Penetrometer	Surface	Shallow cone penetrometers hole to detail the upper stratified drift material
2010	13	3,561.8	HQ	Surface	Geotechnical core holes along the proposed pit perimeter.
2010	2	429.0	Reverse Circulation	Surface	One prototype dewatering test hole (and one failure)
2010	13	1,203.4	Mud Rotary	Surface	Geotechnical mud rotary holes along the proposed pit perimeter.
TOTAL	253	58,209			

7.3 2015 Orion South Drill Program

In 2015, a combination of NQ coring and 24" LDD-RC drilling was undertaken in areas where the drill spacing was wide (i.e. > 100m) in order to expand and convert a substantial amount of the Inferred mineral resources identified in the 2009 Mineral Resource Estimate to the Indicated mineral resource category on Orion South.

2015 Core Drilling

From April 6th to June 11th, 2015, 18 vertical NQ diameter core holes totalling 3617.22 metres was carried out by Newmac Industries ("Newmac") of Prince Albert Saskatchewan (Table 10). Drilling was carried out using a Longyear model LY-38 skid mounted drilling rig. The core drilling program resulted in the recovery of 1,742.72 meters of diamond drill core which intersected 1,208.10 meters of EJV and Pense kimberlite lithologies on both the western and southern flanks of the Orion South Kimberlite. The significant new intersections of EJV and Pense kimberlite successfully extended the geological continuity of these kimberlite units on Orion South. In addition, two of the 18 core holes (140-15-092C & 140-15-102C) were used as pilot holes for two 2105 24 inch LDD-RC holes due to thick intersections of both Pense and Early Joli Fou lithologies on the outer apron of the Orion South kimberlite.

Table 10: 2015 FALC-JV Core Drilling Statistics

	Core Hole Identification	Total Drilled (metres)	Major Kimberlite Intersection (metres)
1	140-15-091C	200.25	91.10
2	140-15-092C	209.40	71.80
3	140-15-093C	200.25	54.00
4	140-15-094C	185.01	66.00
5	140-15-095C	209.40	97.70
6	140-15-096C	191.11	55.40
7	140-15-097C	194.16	80.80
8	140-15-098C	188.06	78.20
9	140-15-099C	188.06	62.30
10	140-15-100C	206.35	100.50
11	140-15-101C	191.16	14.6
12	140-15-102C	224.70	91.10
13	140-15-103C	230.79	112.00
14	140-15-104C	197.50	22.00
15	141-15-098C	209.40	56.90
16	141-15-099C	191.11	26.50
17	141-15-100C	203.30	59.80
18	141-15-101C	197.21	67.50
	Total	3617.22	1208.10

Site Preparation and Rig Set-Up

The Orion South surface core holes were first planned on section plan maps generated by Micromine computer software and were then manually pegged by Meridian Surveys of Melfort, Saskatchewan with the use of a Trimble 4800 differential GPS unit with accompanying base station instrument. After completion of the coring program, Meridian Surveys returned to the project area and resurveyed all 18 drill collar locations to ensure that the pegs had not moved during pad construction and rig set up.

Previous work with respect to heritage and rare plants in the Orion South area were assessed by the Saskatchewan Ministry of Environment ("SME") and it was determined that the coring locations would not pose any negative effects. The Company's environmental and geological staff inspected the sites in order to assess the drill pad requirements with regards to drill rig and ancillary equipment set-up (i.e. mudplant, road access, sump location, etc.). Once the drill pad layout had been designed, K & T Enterprises of Choiceland, Saskatchewan would then remove vegetation from the drilling area, level the site and dig a sump for the collection of drilling fluid. The core drilling rig was then moved into the surveyed drill collar position and drilling commenced.

The initial 90+ metres of glacial till were typically tricone-drilled and cased to an elevation so that the till-kimberlite interface could be logged by the Company's geologists. Once the tricone bit had reached the till-kimberlite contact, casing was installed and the tricone drill bit was changed to a

diamond drill bit. Core drilling continued until the core hole intersected the Mannville Formation sediments at which time the hole was stopped by the Company's geological staff. Upon completion of the core hole a downhole survey was completed.

Surface Core Hole Downhole Surveying

Downhole surveying was completed using a Reflex EZ-Shot wireless surveying tool. The Reflex EZ-Shot surveying tool was utilized to collect measurements below the kimberlite (in non-magnetic sediments) as well as along the length of the core hole. The Reflex EZ-Shot downhole survey tool is a totally self-contained, single shot instrument that is controlled by an integrated key pad with information available immediately on an LCD display once the surveying tool has been recovered from the core hole. The Reflex EZ-Shot displays seven parameters for each survey including information on borehole direction (i.e. azimuth and inclination), temperature and magnetic measurements. When the survey tool reaches surface, the information from the Reflex EZ-Shot is recorded in a booklet and relayed to the Company's geological staff.

All of the downhole survey data was digitally acquired and recorded as Microsoft® Excel files on a bi-weekly to monthly basis by the Company's personnel. The Company's personnel would review the raw downhole survey data and incorporate it into the Company's project database.

2015 LDD Drilling

A total of twelve 24 inch LDD-RC holes were completed by Foraco Canada Ltd. of Picture Butte, Alberta (Figure 10-2) with drilling services carried out from May 6th to June 11th, 2015 on the Orion South kimberlite. The LDD-RC program totalled 2,559.90 metres of drilling resulting in the recovery of 97 individual LDD-RC sample lifts (i.e. sample intervals) between 13.1 and 2.8 metres long from 439 processed tonnes (7,354.1 m³ of theoretical volume) over a kimberlite intersection of 1,027.48 metres (Table 11). The LDD-RC samples were shipped by Edge Transport of Saskatoon, Saskatchewan to Rio Tinto Canada Diamond Exploration Inc's. Thunder Bay Mineral Processing Laboratory (ISO9001:2008 Certified). This facility was selected by the Company for macrodiamond (+0.85 millimetre square aperture bottom screen size) recovery due to similarities between the sample processing flowsheet which closely replicated the Company's on-site diamond bulk sampling plant which was not in operation for this program.

Table 11: 2015 FALC-JV LDD Drilling Statistics

	LDD Hole Identification	Depth (metres)	Kimberlite Sampled (metres)	Kimberlite Samples (#)
1	LDD-140-15-022	204.90	102.55	9
2	LDD-140-15-023	197.75	65.75	7
3	LDD-140-15-024	221.00	81.00	7
4	LDD-140-15-025	199.00	99.30	10
5	LDD-140-15-026	194.00	86.70	9
6	LDD-140-15-027	220.00	89.50	8
7	LDD-141-15-019	234.85	87.30	8
8	LDD-141-15-020	221.10	95.08	9
9	LDD-141-15-021	204.40	67.60	6
10	LDD-141-15-022	227.00	99.50	9
11	LDD-141-15-023	213.90	70.80	7
12	LDD-141-15-024	222.00	82.40	8
	Total	2,559.90	1,027.48	97

8.0 Sample Preparation and Analysis

8.1 Diamond Drilling – Logging and Sampling Procedures

Throughout core drilling programs, geotechnical and geological core logging was carried out at the main exploration core logging facility. Once a core hole was logged, all of the drill core boxes were transported to Saskatoon for storage.

All geotechnical logging and photographic records were undertaken before the core was marked and cut for detailed core logging and sampling.

During the detailed logging process, all geological descriptions were entered into a SQL-based logging program. For the majority of the core holes, the following samples and testwork were carried out for each major kimberlite facies / lithological break:

- bulk density sampling;
- whole rock geochemistry sampling; and
- ore dressing – comminution sampling: drop test sampling (T10), scrubability (Ta) sampling and unconfined compressive strength sampling.

All core was digitally photographed on a hole by hole basis. The photographs included wooden depth markers denoting the driller's runs and a marker board denoting the hole number, date, wet or dry state of the core, box numbers and interval. The photographs were incorporated into the Project database.

During the geological core logging process, the following information / data collection was recorded:

- main lithological units and sub-units;
 - pyroclastic kimberlite
 - volcanoclastic kimberlite
 - kimberlite breccia
 - re-sedimented volcanoclastic kimberlite
 - other (shale, limestone, etc.)
- proportion of constituents (quantitatively captured);
- grain size (quantitatively captured);
- support (matrix or clast supported);
- sorting (poorly or well sorted);
- fabric (bedded, massive or granular);
- country rock dilution percentages (crustal xenolith size, shape, alteration, percentage that is quantitatively captured);
- kimberlitic indicator minerals (type, size, percentage that is quantitatively captured);
- nature of contacts (sharp, undulating or gradational); and
- rock quality designation ("RQD").

All drilling, sampling, analysis and logging data has been stored in an SQL-based database.

8.2 *Underground Sampling Procedures and Sample Security*

Sampling methods and procedures were designed to optimize the precision and accuracy of the sample results in order to quantify the representative diamond grade within the sampled interval area. Efforts to reduce sample contamination during the underground mucking process were monitored by on-site geologists.

The following is a description of the sampling method(s) used and procedures applied during the underground bulk sampling programs.

8.2.1 *Shaft and Lateral Drift Sampling*

In both shaft sinking phases, the shaft was drilled, blasted and mucked out on a bench by bench basis. Benches varied between 1.2 and 1.8 m in depth depending on ground conditions. The sample material was hauled to the surface and transported to the fenced, secure area by loader under the control of the Company's security personnel.

In the lateral drifts, each drift round (1.2 to 2.4 m in length with variable width and height) was drilled, blasted and mucked out. The kimberlite material was then hauled to surface where it was stored as individual batch sample piles within the dedicated storage facility area. Each batch sample was identified with a sign denoting the drift it was from and the batch number. All batch

samples were then recorded by mapping of the pile locations. The kimberlite muck was piled on top of a sand / clay rich base.

Geological control of the sampling enabled the various kimberlite units to be individually sampled with very little contamination by other kimberlite types, the results of which provide important diamond content data to model variations in diamond quality and abundance throughout the different phases of the Star and Orion South Kimberlite deposits.

8.2.2 Underground Bulk Sampling Protocols

Individual batches were designed to provide representative samples of the different geological units encountered, while keeping individual sample batches similar in size where possible. Individual batch sample intervals were determined to reflect major geological breaks with very little contamination by other kimberlite types, while keeping individual batch sample sizes to 250-350 dry tonnes.

Underground geological mapping on all drift walls and drift faces was conducted on a daily basis. On-site geologists were also able to identify and map, in detail, many distinctive kimberlite units following individual kimberlitic pyroclastic flow units and geologically distinct kimberlite phases, both massive and layered in extent. In accordance with the information obtained from underground mapping, on-site geologists continuously refined the sample separation process. Sample batches thus changed from the optimum planned size, and some of the larger batches were subdivided into smaller batches for processing in the plant.

The following quality assurance and quality control ("QA/QC") protocols were conducted and adhered to by the Company and its contractors during the bulk sampling programs:

- Geologists verified that all sample material for each sample interval was cleanly mucked out.
- Geologists verified that the kimberlite for each batch hoisted to surface was transported to its specified location.
- To avoid sample spillage, all loader operators were given specific instructions not to overload their buckets when transporting kimberlite.
- To maintain sample integrity and security of all extracted kimberlite from the underground workings, a Company security officer was present at all times during the movement of kimberlite muck from the head frame to the storage facility.
- At Orion South, material was directly transported to the Star site for storage prior to processing, all monitored by security personnel.

8.3 LDD (RC Drilling) Sample Recovery

8.3.1 Pre 2015 Program

The Bauer BG-36 drilling rig utilized on Star and Orion South was designed to carry out air-assisted fluid flush RC drilling, utilizing a drill string consisting of 6 metre-long dual walled drill rods, heavy weights (which provide downward pressure on the bit), stabilizers and a rotating drill bit assembly.

The RC drilling was assisted through the introduction of compressed air, which was forced down through the outer annulus of the dual walled drill rods so as to assist the drill cuttings (product) and the mud in returning to the surface through the inner tube of the drill rods. The product then reported to the decelerating cyclone, which was located within a separate, adjacent Desander Plant. After the sample exited from the cyclone it was discharged onto the coarse shaker screen for initial sizing at 3 mm. The +3 mm size fraction and drill muds reported to twin densifying cyclones and dewatering screens (nominal 0.85 mm) to separate the drill solids from the drilling mud/fluid. The drill solids (+0.85 mm) were then washed and reported for sample collection while the drill muds (-0.85 mm) were reinstated and then returned downhole for recycling.

Sample material was collected in one cubic metre dual-walled, woven polypropylene bags, which were labelled, security sealed, and loaded onto a trailer for shipment to a secure storage area at the sample process plant site. The material was then processed through the Company's on-site process plant.

LDD Downhole Caliper Measurements

A downhole caliper survey to measure the diameter of the drill hole along its length was used to calculate the volume (in cubic metres) of material removed from each of the LDD holes. The data is presented by a graphic 3-D downhole log and a downhole Excel spreadsheet. This calculated volume, coupled with diamond recovery data, was then used for estimating the theoretical grade for each of the LDD samples.

8.3.2 2015 Program

LDD RC Drilling and Sample Recovery Description

Foraco's BF-800 drilling rig is designed to carry out air assisted RC drilling, utilizing a drill string consisting of 6 meter-long dual walled drill rods, heavy weight drill collars (which provide downward pressure on the bit), and a rotating drill bit assembly. The RC drilling is assisted through the introduction of compressed air which is forced down the outer annulus of dual walled drill rods so as to assist the cuttings ("product") and the mud in returning to surface through the inner tube of the drilling rods.

The product then reports to a decelerating cyclone located directly above the screening deck of the solids control unit. The solids control unit comprises a 30 cubic meter fluid tank with a DFTS high frequency shaker equipped with a 1.2 x 2.3 meter shaker bed and water jet capability. Impact

of the sample chips is minimized by using 90 degree sweeps and a non-metallic lining at the impact point in the cyclone. The undersized material passes through the screen deck into an agitated holding tank and this material is pumped through a hydro cyclone bank of six 5 inch de-silters to remove all the cuttings above 35 microns. The material above 35 microns is discharged into a sump while the under balance is re-circulated back into the main holding tank where it is recycled into the hole. The top size material (+0.85mm) is washed by two separate spray bars as it passes over the screens and is discharged into a one cubic meter, dual walled, woven polypropylene sample bag which is labeled, securely sealed, weighed and then loaded and securely tarped onto a flat bed tractor trailer for shipment to Rio Tinto's certified DMS processing facility.

LDD Site Preparation, Rig Set-Up and Drilling Methods

The planning and site preparation of the LDD-RC program was carried out by the Company's geological team. Actual LDD-RC hole locations were established in the field, based on the geological core logging and interpretation of the quantitative data capture information obtained from the core holes. Collar co-ordinates were manually pegged in the field at a distance of approximately 2.0-5.0 m from the drill hole collar. Once the location of the LDD sites were confirmed and inspected, the LDD-RC drill rig and ancillary equipment was moved into place.

The BF-800 RC drilling rig was designed to carry out two methods/modes of drilling:

- Setting Casing; and
- Air assisted fluid flush reverse circulation ("RC") drilling.

Initially, a 28 inch diameter casing is set into the upper portion of the Floral Formation (~40m in depth) using a casing advancing system. Each piece of casing is carefully beveled on site in order to ensure a proper fit. Once the casing has been dry-fitted each section is welded as it is advanced downhole in order to prevent sloughing of the cavity walls in unconsolidated sediments during drilling fluid circulation. The casing is advanced by a downhole hammer ("DHD") bit while simultaneously evacuating sand and clay cuttings.

Once the casing has been set the rig is converted to RC mode, the DHD bit is removed and the bottom hole assembly ("BHA") is constructed and the drill head is changed to a tungsten carbide insert ("TCI") button bit accompanied by 7 heavy weight drill collars. Dual walled pipe is added after the BHA is assembled and the hole progresses in depth until the kimberlite interface is reached. At this time the entire drill string, collars and bit are brought to surface and a mill tooth bit replaces the TCI button bit. The drill string is rebuilt to the depth of the kimberlite and sampling commences with dual walled piped being added as the hole advances to completion.

LDD-RC Downhole Caliper Surveying

A downhole caliper survey was completed on each of the LDD-RC holes by Century Wireline Services of Red Deer Alberta. The LDD caliper surveys measure the diameter of the drill hole along its length and use those measurements to calculate the volume (in cubic meters) of material removed from the LDD hole. This calculation, coupled with diamond recovery data, is then used

for estimating the recovered sample grade for each of the LDD-RC sample lifts (intervals). The data were presented as a graphic 3-D downhole log with accompanying Excel spreadsheet.

Actual sample weights of material recovered from the drilling cannot be used for grade estimates because the material is screened after it exits the hole and fine material smaller than 0.85 mm is not collected. There is also loss of material to downhole fractures and joints. Therefore, this necessitates a theoretical estimation of sample volume using the caliper data. Where the caliper failed or was not used the theoretical volume was used. Where the caliper volume was less than the theoretical volume the theoretical volume was also used.

Howe found the sampling methods, sample storage, and security to be acceptable and was of the opinion that diamond grade and quality data generated from the underground and LDD samples is adequate for Mineral Resource Estimation.

8.4 Sample Preparation, Analyses and Security Pre 2015

8.4.1 Introduction – Mineral Processing and Diamond Recovery

In order to process a significant amount of kimberlite, the Company purchased and commissioned a batch sampling process plant to treat the bulk samples and recover diamonds. The process plant was designed to simulate a commercial kimberlite ore treatment plant. The Company's process plant (Bateman Reference Number M7007) was designed and constructed by Bateman Engineering PTY Limited (Bateman) of South Africa and consists of the following circuits:

- a 30 t/h crushing circuit;
- a 10 t/h Dense Media Separation ("DMS") circuit which consists of a 250 mm DMS cyclone; and
- a recovery circuit consisting of a Flow-Sort® X-Ray diamond sorting machine and a grease table.

A description of the Company's processing and diamond recovery circuits is briefly described below.

8.4.2 Process Plant – Crushing and Scrubbing Circuit

The kimberlite material (stored as individual batches or piles on surface) was delivered from the storage facility area to the primary static feed bin where, after being screened to 250 mm, it was fed at a constant rate onto the run-of-mine ("ROM") conveyor belt to be weighed and recorded. The kimberlite was then crushed, cleaned and sized so that the final resultant size fraction reported to the DMS circuit was +1.0 mm to -20 mm.

8.4.3 Process Plant DMS Circuit

The +1.0 mm to -20 mm sized kimberlite material from the primary double deck vibrating classifying screen was pumped from the transfer pump box, dewatered and then stored into a 5 t capacity

DMS surge bin for product separation into light and heavy mineral fractions. The material was then fed in a wet state to the DMS circuit by the combined vibrating pan feeder and DMS feed pump and dewatered once again. The kimberlite material was then mixed with a dense circulating medium consisting of ferrosilicon powder ("FeSi") and water. Separation of the heavy and light particles (i.e. product) was achieved on the basis of the specific gravity ("SG") of the minerals.

Both the heavy (sinks) and light (floats) products exiting the cyclone were screened and then washed to recover the FeSi for recycling.

The +1.0 mm to -20 mm heavy mineral concentrate (DMS concentrate) that reported to the sinks screen was collected in 40 L stainless steel canisters. When the steel canister was full, the canister was locked, then transported and escorted to the recovery plant for particle sizing and diamond recovery by the plant Lead Hand and the Company's security personnel (prior to January, 2007 this process was completed by Howe personnel and two of the Company's security personnel). The +1.0 mm to -6 mm light fraction product ('coarse reject kimberlite') was disposed outside of the process plant via conveyor belt. A front-end loader was used to transport the coarse reject kimberlite to a dedicated storage area and stockpiled on a per batch basis.

The SG of the circulating medium was monitored electronically, in real time with a dense medium controller system, and manually with a densitometer scale. Density tracer tests were carried out daily with the use of cube-shaped epoxy tracers, with SGs ranging from 2.70 to 3.53 and sizes from 2 mm, 4 mm and 8 mm, to monitor the separating effectiveness of the DMS cyclone. The density tracers that reported to the floats or sinks screen were counted separately and a Tromp curve was plotted in order to obtain the percentage of density tracers versus particle SG. An estimate of the effective separation of light and heavy fractions, including diamond, was determined from the shape and slope of the Tromp curve. The separating SG (or cut point) was determined as the point where the curve has a value of 50 %.

8.4.4 Diamond Recovery Plant Sample Handling and Processing Procedures

Once a full canister of DMS concentrate arrived in the recovery plant, the gross weight (wet) and arrival time was taken and recorded by security personnel. The DMS concentrate canister was then loaded into a steel cradle and the contents emptied into the recovery plant hopper.

The DMS concentrate was separated into three particle size fractions (+1 to -3 mm, +3 to -6 mm and +6 to -20 mm respectively) by a vibrating classifying screen deck unit beneath the recovery plant hopper. During the sizing process, the respective size fractions were collected in individual 40 L stainless steel canisters located below the vibrating classifying screen deck. Once the particle sizing was completed, each sized canister was left to dewater as much as possible. The gross weight (wet) of each sized canister was weighed and recorded by recovery personnel and readied for diamond processing.

8.4.5 X-Ray Diamond Sorter

All of the wet DMS concentrate size fractions were processed separately via an x-ray sorter. All three individual sized fractions were manually fed to the x-ray sorter receiving hopper for processing, with only the +6 to -20 mm sized fraction processed twice through the x-ray unit.

The x-ray sorter unit was designed on the principle of diamonds fluorescing / luminescing when bombarded by x-rays. The wet diamond bearing concentrates slide past photomultiplier tubes that detect fluorescent material (i.e. particles emitting light) which have been irradiated by x-rays. Excitation of the photomultiplier tubes triggers the ejector gate doors to open, forcing the diamond (and other fluorescent material plus surrounding gangue material) into a separate stainless steel canister. The x-ray tailings were collected in a 40 L steel canister to be reprocessed by the grease table.

Each size fraction was processed individually; however, the diamonds ejected for each size fraction were collected in a single stainless steel canister that was locked in place below the x-ray sorter unit. Once a batch sample was processed, the stainless steel canister was removed, locked, and stored in the Company's secure safe-house facility located within the recovery plant by the Company's security personnel and kept under video surveillance until shipped to SGS Lakefield Research Limited ("SGS Lakefield"), SGS Canada Inc., Saskatoon (SGS Saskatoon) and / or Mineral Services Canada Inc. ("MSC") for diamond sorting. After January 2007, the sample handling procedures were carried out by the Company's personnel with no third party involvement, although ACA Howe International Ltd ("Howe") acted as an external QA/QC provider and made periodic audits of the Company's processing plant (prior to January 2007, the recovery room was operated under ACA Howe International Ltd supervision).

8.4.6 Grease Table Diamond Recovery

A two-stepped (1 m wide) grease table was employed to concentrate the +3 to -6 mm and +1 to -3 mm x-ray tailings. The +6 mm to -20 mm size fraction was not processed through the grease table, but processed twice through the x-ray sorter. Most diamonds are hydrophobic (i.e. non-wettable) and thus will adhere to grease specially formulated for diamond recovery. The diamonds adhere to the grease on first contact and the flow of concentrate over the adhering diamonds causes them to be pushed further into the grease.

All non-adhering (i.e. hydrophylic) material reported to the grease table tailings belt for storage in 1.0 m³ canvas bulk sample storage bags.

The removal and application of fresh grease was dependent upon the amount of grease adherent material in the concentrate. More particles adhering to the grease reduces the effective surface area for diamonds to adhere. When the effective surface area was < 50 %, the grease and grease concentrates were scraped off the grease table and placed into pre-numbered, sealed plastic buckets and shipped to SGS Lakefield, SGS Saskatoon and / or MSC for diamond recovery.

8.4.7 Diamond Picking and Sorting Procedures

Since the commencement of the underground bulk sampling program and LDD mini-bulk sampling program in 2004 and September, 2005 respectively, diamond concentrate samples (X-ray, and grease table concentrates) were shipped to SGS Lakefield, SGS Saskatoon and / or MSC. SGS Lakefield is accredited to the ISO/IEC 17025 standard by the Standards Council of Canada, while SGS Saskatoon has followed the same quality protocols in preparation for accreditation. MSC is not currently accredited to the ISO/IEC 17025 standard by the Standards Council of Canada as a testing laboratory for specific tests; however, the MSC facility, process and quality assurance procedures have been audited and ratified by an independent industry expert.

Once all of the security checks were completed, the applicable laboratory carried out the following laboratory test work:

- processing and sorting of the x-ray concentrate; and,
- processing and sorting of the grease concentrate.

All of the sample information was entered into SGS's electronic Laboratory Information Management System ("LIMS") or MSC's Laboratory Data Management System. The QPs are of the opinion that the sample preparation, security and analytical procedures for the Star – Orion South Diamond Project are adequate for Mineral Resource estimation purposes.

8.5 Data Verification Pre 2015

8.5.1 Introduction

The database management of underground shaft and drift sampling of the underground bulk sampling, LDD mini-bulk sampling, and diamond processing programs were administered and monitored on a number of levels throughout the program.

From January 2003 to January 2007, Howe provided third party supervisory and monitoring services to the Company in the sample processing, chain of custody and sample integrity of the underground bulk sample program and LDD mini-bulk sampling program. Since January 2007, the Company's personnel conducted all supervision and monitoring services while Howe acted as a third party auditor. Howe believes that the quality of the diamond processing data is reliable and that the sample preparation, analysis and security were carried out in accordance with exploration best practices and industry standards.

The Company and Howe developed operating QA/QC protocols to monitor and quantify the efficiency and recovery of the process plant; these are summarized below.

8.5.2 QA/QC Audits

The following QA/QC operating protocols were established by the Company and Howe for the efficient operation of the DMS and recovery circuits.

- **DMS QA/QC Operating Protocols:** During the operation of the DMS circuit, the operating parameters were strictly monitored by the Company and Howe in order to achieve proper kimberlite material separation:
 - The SG of the circulating medium was measured manually every 15 minutes with a densitometer and in real time with a DebTech® dense medium controller system. Since the commissioning of the DMS circuit, the operating range of the DMS circuit, determined by numerous density tracer tests over several SG values was between SG 2.30 and SG 2.50.
 - Circulating medium SG readings of both the DMS cyclone overflow and underflow were collected periodically.
 - The operating range of the cyclone inlet velocity pressure was maintained at a constant pressure (i.e. no surging).
 - It was ensured that the volumetric ratio between kimberlite material feed and circulating medium fed to the mixing box was such that the loss of diamonds to the floats screen (due to the overfeeding of material through the cyclone) was negligible.
 - Periodic wet screening checks of the circulating medium for fines from the kimberlitic material were carried out in order to verify the presence, quantity and size of non-magnetic contaminants that could increase the viscosity of the circulating medium.
 - Periodic dry screening checks of the circulating medium particle size analysis were carried out in order to determine the coarsening of the circulating medium due to a reduction of fine FeSi particles.
 - Periodic checks of the +1 to -6 mm float material exiting the process plant for any > 1 mm sized, high SG kimberlitic indicator minerals such as pyrope garnet (SG 3.50), eclogitic garnet (SG 3.50) and Cr-diopside (SG 3.20).
 - Density tracer tests were carried out daily to monitor the separating effectiveness of the DMS cyclone.
- **X-ray Sorter QA/QC Operating Protocols:** In order for the x-ray sorter to maintain operating efficiency, the unit was calibrated weekly by conducting marble tracer tests. As well, a regular preventive maintenance schedule for the x-ray sorter unit was strictly followed.
- **Process Plant - Sample Contamination:** Contamination of samples by diamonds from previously run samples can adversely affect sample results and subsequent economic decisions. Therefore, strict guidelines were followed by the Company to prevent batch sample cross-contamination.

- **Process Plant - Diamond Recovery Efficiency and QA/QC Audits:** Audits of grease and coarse reject kimberlite table tailings have been regularly undertaken since 2004.

Both AMEC and Howe concluded that audit results for the recovery plant tailings were good, and tailings data were accepted with no problems (Ryans 2006 and Eggleston et al. 2008). Results obtained to October, 2007 from MSC indicate that low diamond recoveries from the audited samples confirm the integrity of the process and recovery plants.

- **Grease Table Tailings Audit Program:** In order to confirm the efficiency of the recovery plant circuit at the Company's process plant facility, grease table tailings bulk sample bags from both the underground sampling and the LDD mini-bulk sampling programs were shipped to MSC for tailings audits with recovered diamonds being added to the the Company's diamond database.

Four independent tests achieved 100 % recovery of spike diamonds in the size range +2 to -4 mm. The diamond summary reports provided by MSC conform to the CIM guidelines for the reporting of diamond exploration results (CIM, 2003).

Results from the grease table tailings audits of 16 underground batches and 356 LDD batches completed by MSC indicate that the carats recovered in the audit process from underground batches on the Star Kimberlite deposit added 1.4 % to the total carat weight of the batches audited. Carats recovered in the audit process from LDD batches added 4.6 % of the total carat weight.

Any diamonds recovered at this audit stage were reported separately by MSC. The diamond counts and total carat weight for each batch sample, however, have been incorporated into a merged diamond results database containing the results from MSC for final diamond grade reporting.

The processing method has been demonstrated to be effective and reliable in the recovery of diamonds through a series of tests run using natural diamond spikes on test sample material provided by the Company.

- **X-Ray Concentrate Audit Program:** To evaluate the final picking of x-ray concentrate by SGS Lakefield and SGS Saskatoon, final concentrate audits were completed by MSC on both underground (111 batches) and LDD (792 batches) sample batches from the Star Kimberlite. Carats recovered in the audit process from underground batches on the Star Kimberlite added approximately 2.3 % to the total carat weight. Carats recovered in the audit process from LDD batches added 1.2 % of the total carat weight for Star LDD samples. On Orion South, 18 underground batches and 230 LDD batch audits resulted in a total carat increase of 1.2 % and less than 1 % respectively.

Any diamonds recovered at this audit stage were reported separately by MSC and SGS Lakefield and SGS Saskatoon. The diamond counts and total carat weight for each batch sample, however, have been incorporated into a merged diamond results database containing the results for final diamond grade reporting.

- **Independent Laboratory Audits:** Howe conducted a laboratory audit of SGS Lakefield on November 4, 2005. AMEC carried out a laboratory audit of MSC in November, 2007. Details of these earlier audits are presented in Eggleston et al. (2008).

From July, 2008 to December, 2008, Howe conducted an audit of the MSC and SGS Saskatoon laboratories in order to:

- review and audit the SGS Saskatoon facility;
- review and audit the grease table tailings audit program (MSC); and
- review and audit MSC's processing facility for final diamond recovery from x-ray and grease concentrates.

During the audits, the chain of custody, handling, sorting, and security protocols were reviewed by Howe and were determined to provide reasonable assurance of the adequacy of the quality of operations at each facility. No material deficiencies were identified.

- **Site Audits:** During the advanced exploration program phase, AMEC carried out several site visits to review the operation of the process plant, examine the kimberlite material, review all aspects of the technical work and QA/QC being carried out on the Project (i.e. LDD and underground sampling and processing, geological core logging, etc.) and to undertake data verification reviews.

Howe also carried out several site visits to review the operation of the Company's process plant and examine the kimberlite material. Howe conducted regular visits in order to review all aspects of the technical work and QA/QC being carried out on the Project (i.e. LDD and underground sampling and processing, geological core logging, etc.) and to complete data verification reviews. Howe determined that the Company had a well operated and documented operation of the treatment of bulk samples and that there were no issues of sample integrity (Coopersmith, 2009).

- **AMEC Bulk Sample Processing Audit (2006):** A processing audit utilizing random periodic spiking (which can substitute for continuous spiking), was performed in March, 2006 (Coopersmith, 2006). Twenty natural diamond tracers were placed in mini-bulk samples from the Star LDD hole LDD-011. The tracer diamonds were natural diamond crystals with at least one polished face with the tracer number and weight in carats laser-etched onto the polished face. The tracers had known luminosity properties for x-ray recovery, and were of a variety of weights and shapes similar to what might be expected to occur naturally in a bulk sample. The tracers were placed at random intervals into the raw sample feed just as it exited from the feed hopper and before it dropped onto the primary feed belt.

All diamond tracers placed in sample LDD-011-03 were recovered from the x-ray concentrate by the Company's Bulk Sample Plant.

- **Howe Bulk Sample Processing Audit (2008):** A second processing audit utilizing random periodic spiking, was performed in September and December, 2008 at the Company's plant. These audits were completed while Orion South Kimberlite was in the processing stream. Two samples (one LDD, and one underground) were chosen by Howe for auditing and securely shipped to SGS Saskatoon (LDD sample) and MSC (underground sample). Four natural and 14 synthetic diamond tracers were placed in the LDD sample and 16 natural and 99 synthetic diamond tracers were added to the underground bulk sample. SGS Saskatoon routinely performs all x-ray and grease concentrate processing and diamond sorting (selection) of LDD samples, audit samples, and in the past had treated underground samples. MSC had been routinely treating the underground samples and audit samples. The procedures at each of the above laboratories were largely similar.

Howe was present for the diamond sorting of the two audited samples at their respective laboratories. Procedures, operations, security and documentation were reviewed and observed. No issues were noted by Howe.

All natural diamond tracers placed in the samples were recovered by the Company's bulk sample plant, and all from the x-ray concentrate. The synthetic tracers were mostly recovered, with the loss of three 2 mm and one 4 mm tracers. The three 2 mm tracers were recovered on the grease table. In the opinion of Howe, this shows acceptably good recovery efficiency.

According to Howe, the audit exercise revealed a well-operated and documented operation of the treatment of bulk samples. There were no issues of sample integrity. Audit results indicated a high efficiency of diamond recovery. The bulk sampling plant facility established and operated by the Company conformed to industry standards. The audit results for the recovery plant tailings were good, as expected, and tailings data were accepted with no problems. Based on the review of the historical density tracer tests of the DMS cyclone as well as results obtained by Howe during its audit, Howe was satisfied with the DMS circuit efficiency.

Howe is of the opinion that the sampling and processing procedures and QA/QC program for the underground bulk sampling, LDD mini-bulk sampling and diamond processing program has been well documented by the Company, and meets industry standards. For the current Mineral Resource estimation work, the QPs have reviewed all the relevant reports and data and concur with previous assessments that the QA/QC programs and results are adequate for Mineral Resource Estimation work.

8.5.3 Data Base Verification

Howe imported all collar, survey, density, geology and LDD/Underground sample data into Micromine. LDD batch sample intervals were then back-tagged against the geological wireframes created by the Company and Howe and compared to the Company's geology logs. A small number of discrepancies were noted by Howe. The database had a very low rate of error overall and those discrepancies noted by Howe were resolved by the Company. Having reviewed the Project database, Howe believed it to be suitable for Mineral Resource estimation purposes.

8.5.4 Bulk Density Validation

The Company has undertaken a number of comprehensive bulk density programs on diamond drill hole core. The Company, SRK and Clifton have undertaken a number of comprehensive bulk density programs on diamond drill hole core from both Star and Orion South to obtain densities for the kimberlitic and country rock units. Howe reviewed the bulk density data and believed it to be suitable for Mineral Resource estimation purposes. The bulk density data analysis carried out by Howe and the Company in 2015 resulted in revised density determinations for Star and Orion South from those used in previous resource estimates..

9.0 Chain of Custody and Security Protocols Pre-2015

During the processing plant commissioning period of the bulk sampling program in 2004, the Company and Howe representatives developed security protocols that were designed to enhance the chain of custody and maintain the integrity of the sampling program, as a whole, from the extraction of kimberlite from underground to the shipment of diamond concentrate to SGS Lakefield, SGS Saskatoon and MSC for final diamond picking. The Company's chain of custody and security protocols were designed around a three-lock system, requiring three individuals be present at the removal, transport and escort of concentrate at all times. A video surveillance camera system was designed and installed in the process plant to follow the movement and processing of DMS concentrate from the DMS to the fenced-in recovery plant area. The video surveillance system was continuously monitored by the Company's security personnel. All security images were backed up for potential security reviews by a third party security auditor.

ACA Howe International Ltd and the Company also developed security and chain of custody protocols for both surface core and LDD drilling and sample processing programs.

In October, 2006, a number of security system enhancements were implemented to augment the overall site and process/recovery plant security measures. The enhancements to the security systems included the building of a security entrance building on the north side of the process/recovery plant, allowing for the monitoring of persons entering the process/recovery plant and a more effective search capability for those persons leaving the plant. The plant security building also included male and female changing facilities. All plant employees and authorized visitors were required to change into designated pocket less coveralls before entering the process/recovery facilities. The plant security entrance also housed the security control area, which

allowed for a more secure environment for the security officers to monitor all high risk areas, utilizing the digital video (CCTV) and door accesses recorded on the security management system.

In addition a new main site access security building and security gate were constructed and placed in a location to afford tighter monitoring, recording and control of persons and vehicles accessing the main site. All vehicle parking was placed outside of the designated high security area, and only authorized vehicles were allowed entrance. All vehicles and persons leaving the designated high security areas were searched before being allowed to exit.

Enhanced security protocols were also implemented within the process/recovery plant operations area.

10.0 Sample Preparation, Analyses and Security 2015

Kimberlite samples generated from the 2015 LDD program were shipped by truck in secure bulk bags with numbered seals and delivered to Rio Tinto Canada Diamond Exploration Inc's. Thunder Bay Mineral Processing Laboratory (ISO 9001: 2008 Certified) in loads of approximately 20 tonnes. This laboratory was chosen for the macrodiamond (+0.85 millimetre square mesh) recovery from the LDD kimberlite samples as its sample processing flow-sheet closely replicates that used in the past by the Company's on-site bulk sampling plant.

10.1 Thunder Bay Process Plant – Crushing, Scrubbing and Recovery Circuit

The diamond recovery process at the Thunder Bay Mineral Processing Laboratory begins with on-site processing at its process plant in Stanley, Ontario. The bulk sample plant has a rated throughput of 10 tonnes per hour and includes an ore preparation circuit to scrub and size sample material. The processed sample is subsequently run through a Dense Media Separator ("DMS") cyclone to generate the high density "Sinks" material, which is collected and labeled as "Concentrate" for further processing through the Recovery circuit. The process plant also has a high pressure rolls crusher ("HPRC", set to 6 mm gap) re-crush circuit to re-process all lighter +6 mm "Float" material. The Recovery circuit consists of an Ultrasort® SW-3 X-ray sorter to produce a final "Accepts" concentrate from which any diamonds are subsequently removed by hand during the final Observation phase in secure facilities at Thunder Bay Mineral Processing Laboratory.

10.2 Chain of Custody and Security Protocols

All of the Orion South LDD-RC mini-bulk sample bags were shipped directly from the project site via transport truck to Rio Tinto's Thunder Bay DMS Processing Facility for diamond processing. Upon arrival, Rio Tinto's senior plant personnel would verify that all of the LDD mini-bulk sample bags arrived intact and that the security cinch tags for each LDD sample bag was checked and catalogued accordingly.

The storage and processing of all Orion South LDD mini bulk samples was undertaken in a secured, control accessed and CCTV monitored areas within and outside of the process plant facility.

10.3 Diamond Picking and Sorting Procedures

The processing of the Ultrasort® x-ray diamond concentrates was undertaken in a secured, controlled access, CCTV monitored areas at Rio Tinto Canada Diamond Exploration Inc's. Thunder Bay Mineral Processing Laboratory. An independent, external and bonded security firm was engaged by Rio Tinto to monitor the CCTV equipment and provided personnel to supervise the movement of diamond bearing concentrates arriving from the DMS facility to the main lab as well provide security monitoring of the day to day diamond picking of the X-ray concentrates by Rio Tinto diamond picking staff. The independent security personnel also recorded both routine activities and any abnormal incidents (sample spillage, etc.) during the diamond picking / extraction program. The security personnel also checked sample seals, sample weights and provided key control services for dual-locked storage areas, concentrate canisters and restricted areas. Diamond picking personnel were subject to random searches at various times.

The Rio Tinto's Thunder Bay Mineral Processing Laboratory facility, process and quality assurance procedures have been audited and ratified by Howe in 2015.

Once all of the security checks were completed from the transport of Ultrasort concentrates from the DMS facility to the lab, the laboratory carried out the following laboratory test work:

- processing and sorting of the x-ray concentrate.
- diamond picking, weighing, characterisation, etc.

All of the sample information was entered into Rio Tinto's Laboratory Data Management System. Howe is of the opinion that the sample preparation, security and analytical procedures for the Star – Orion South Diamond Project are adequate for Mineral Resource estimation purposes.

10.4 QA/QC Audits 2015 LDD Program

The following QA/QC operating protocols were established at Rio Tinto Canada Diamond Exploration Inc's. Thunder Bay Mineral Processing Laboratory:

As part of observation, X-ray reject materials are scanned to ensure full recovery. The QA-QC program for this sample processing program included regular epoxy density tracer tests to confirm DMS cyclone separation density efficiency as well as spiking every sample with density tracers or faceted natural diamonds of varying sizes to ensure complete recoveries and audits of sample reject material. All 97 samples from the OS LDD drilling program processed at the Thunder Bay Laboratory were spiked using either distinct, faceted natural diamonds or synthetic tracers for QA/QC purposes. The laboratory achieved a 100 percent recovery rate for all spikes and tracers. A total of 16 Float audits were conducted. The Floats include +0.85-6.0 mm size fraction that is rejected by the DMS and does not pass through the diamond recovery process. Five stones with a combined carat weight of 0.1140 carats were recovered. In addition, 16 samples of the 1.0-2.0 mm magnetic fraction were audited. The magnetic fraction includes material that does not pass

through the final diamond recovery process. Ten stones with a carat weight of 0.2365 carats were recovered. In Howe's opinion, these audit results are not significant and are well within recovery tolerances acceptable for Mineral Resource estimation purposes.

10.5 Database Verification

Howe imported all collar, survey, density, geology and LDD/Underground sample data into Micromine. LDD batch sample intervals were then back-tagged against the geological wireframes created by the Company and Howe and compared to the Company's geology logs. A small number of discrepancies were noted by Howe. The database had a very low rate of error overall and those discrepancies noted by Howe were resolved by the Company. Having reviewed the Project database, Howe believed it to be suitable for Mineral Resource estimation purposes.

11.0 Mineral Resource Estimates

Mineral Resources Estimates were prepared on a 100% basis.

11.1 Mineral Resource Estimates

During the period October 2015 to November 2015, Burgundy Mining Advisors Ltd. and ACA Howe International Ltd. ("Howe") carried out a revised Mineral Resource Estimate ("MRE") study for both the Star and Orion South deposits. This section of the report presents MRE update methodologies, results and validations for each deposit.

In the opinion of the Authors, the resource evaluation reported herein is a reasonable representation of the global diamond mineral resources at the Star and Orion South diamond deposits based on the current level of sampling. The updated MREs have an effective date of November 9th, 2015 and are reported in accordance with the Canadian Securities Administrators' National Instrument 43-101. MRE are generated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practice Guidelines" (CIM Council, 2003) including the "Guidelines for Reporting of Diamond Exploration Results".

MRE for the Star and Orion South deposits are prepared under the supervision of P. Ravenscroft, FAusIMM, owner of Burgundy Mining Advisors Ltd and a Qualified Person for the reporting of Mineral Resources as defined by NI 43-101. Creation of geological domains, block modelling and pit optimization is undertaken by L. McGarry, Howe Senior Project Geologist. Mr. Ravenscroft visited the Star and Orion South project site on April 15, 2015 to review the geology and observe the 2015 core drilling process. Mr. McGarry visited the Star and Orion South project sites on September 27, 2015 to review diamond drill core and confirm the location of drill collars. Mr. Leroux visited the project on June 3, 2015 to review the LDD-RC drilling process and confirm the location of the LDD-RC holes.

Mineral resource modelling and estimation is carried out using the commercially available Micromine (Version 2014) and SGEMS v2.5 software programs. In this report all units are expressed

in the metric system, and diamond grades are given as carats per-meter cubed (“cpm³”), carats per-metric tonne (“cpt”) or carats-per-hundred-metric tonnes (“cpht”) values.

Reported Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no guarantee that all, or any part, of a Mineral Resource will be converted into a Mineral Reserve.

Previous MREs generated for the projects are described in earlier technical reports for Star (Ewert et al., 2009a) and Orion South (Ewert et al., 2009b). The current MREs presented in the 2015 Report supersede all past estimates and benefit from the changes that are summarized in Section 14.3 ‘Comparison With Previous Resource Estimate’ of the 2015 Report.

The Authors have reviewed sample collection methodologies adopted by the Company and previous operators and are satisfied that data collection methodologies are of a standard to allow the estimation of resources under CIM guidelines and that mineral resource databases for the Star and Orion South deposits fairly represent the primary information.

Prior to constructing a mineral resource database for each deposit, files are interrogated via Micromine validation functions to cross reference collar, survey, assay and geology files in order to confirm drill hole depths, inconsistent or missing sample or logging intervals, and downhole survey data.

The Star and Orion deposit geometries are dominantly isotropic in plan and drilling comprises vertical holes on a north-south, east-west orientated grid. Accordingly, coordinates collected in the UTM NAD 27 Zone 13 projection system are not converted to a local grid.

The Star and Orion South Mineral Resource Estimates are prepared in accordance with CIM Definition Standards- For Mineral Resources and Mineral Reserves, adopted by the CIM Council on May 10, 2014.

Only mineral resources are identified in this report. No economic work that would enable the identification of mineral reserves is carried out and no mineral reserves are defined. Mineral resources that are not mineral reserves do not account for mineability, selectivity, mining loss and dilution and do not have demonstrated economic viability. These Mineral Resource Estimates include Inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these Inferred and Indicated mineral resources will be converted to the Indicated and Measured categories through further drilling, or into mineral reserves, once economic considerations are applied.

Classification, or assigning a level of confidence to Mineral Resources, is undertaken in strict adherence to the CIM Definition Standards for Mineral Resources and Mineral Reserves (CIM Council, 2014).

Mineral Resource Estimates for the Star and Orion South deposits are prepared under the supervision of P. Ravenscroft, FAusIMM, owner of Burgundy Mining Advisors Ltd. and Qualified Person for the reporting of Mineral Resources as defined by NI 43-101. Mr. Ravenscroft graduated from the University of Cape Town in 1979 with a Bachelor of Science degree in Mathematical Statistics, and from the Ecole des Mines de Paris in 1985 with the equivalent of a Masters degree in Geostatistics. Mr. Ravenscroft has practiced his profession for 35 years and has been directly involved in resource and reserve estimation, mine planning and project evaluation for a wide range of commodities, including over ten diamond properties in Africa, Australia and Canada. Mr. Ravenscroft visited the Star and Orion South project site between on April 15, 2015 to review the geology and observe the 2015 drilling program.

Creation of geological domains and block mode interpolation was undertaken by L. McGarry, ACA Howe Senior Project Geologist. Mr. Leon McGarry and Qualified Person. Mr. McGarry is a registered Professional Geoscientist (P.Geo.) in good standing registered in the Province of Saskatchewan (APEGGS no. 34929). He graduated from Brunel University with a Bachelor of Science degree in Earth Science (2005). Mr. McGarry has practised his profession for over 9 years, of which he has a total of 2 years of direct experience with diamond projects located in Canada and Lesotho, including supervision of bulk sampling programs and deposit modelling. Additional experience includes over 7 years of direct experience in the preparation of geological models, mineral resource estimates and National Instrument 43-101 ("NI 43-101") technical reports for precious and base metal projects.

Howe is unaware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues that may materially affect the Star and Orion South Mineral Resource Estimate.

CIM Definition Standards For Mineral Resources and Mineral Reserves, adopted by the CIM Council on May 10, 2014 require that resources have "reasonable prospects for economic extraction". This generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade taking into account possible extraction scenarios and processing recoveries.

To ensure that reported resources have a reasonable prospect of economic extraction a conceptual pit shell is developed. Calculated block values and economic parameters provided by the Company (Table 12) are used to generate a Whittle pit shell analysis that incorporates all available blocks. The results from the Whittle pit shell analysis are used solely for the purpose of reporting mineral resources that have reasonable prospects for economic extraction.

The Whittle optimization uses the June 2015 High modeled carat price in Canadian dollars determined by WWW International Diamond Consultants Ltd. The value of each kimberlite in the block is calculated for each mineralized kimberlite ($37,500 \text{ m}^3 \times \text{density} \times \text{block factor} \times \text{high price}$). Results are summed to give an overall block value.

Block tonnages are estimated using a weighted block density that is calculated by summing the result of each block factor multiplied by the corresponding density for each lithology.

For each block, a weighted mining cost is calculated by summing the result of ore, waste, and till block factors multiplied by the corresponding mining cost value.

A variable slope angle is assigned to each block, based on the dominant rock type within that block. Slope angles used in optimization are based on a geotechnical study at the Star deposit conducted during the 2011 feasibility study, that suggests that a maximum pit slope of 16° Till, 23° in the Country Rock, and 45° in the Kimberlite is achievable.

Table 12: Star and Orion South Whittle Pit Shell Parameters

Item	Value
Exchange Rate	Cdn\$1.00 = US\$0.80
Till Stripping Cost	Cdn\$1.01/tonne
Ore Mining Cost	Cdn\$1.75/tonne
Waste Mining Cost	Cdn\$1.66/tonne
Processing Cost	Cdn\$3.01/tonne
General & Administration Cost	Cdn\$2.48/tonne
Pit Slope Angle : Till/ Country Rock/ Kimberlite	16°/ 23°/ 45°
Internal Cut-off	C\$5.49/tonne

Estimated grades are based on the recovery of diamonds from bulk sample pilot plant processing of Star Kimberlite, and therefore diamond recovery was assumed to be 100%.

11.1.1 Star Mineral Resources

Non-diluted Indicated Mineral Resources considered amenable to open pit mining, within a preliminary pit shell at a C\$5.49/tonne internal cut off and within the EJF, MJF, LJF, PPK and CPK domains total 193.010 million tonnes with an average diamond grade of 15 cpht for 28.249 million carats.

Non-diluted Inferred Mineral Resources considered amenable to open pit mining, within a preliminary pit shell at a C\$5.49/tonne internal cut off and within the EJF, LJF, MJF, PPK and CPK domains total 56.949 million tonnes with an average diamond grade of 11 cpht for 6.385 million carats.

Table 13: Mineral Resource Estimate for the Star Kimberlite

Star Kimberlite Revised Mineral Resource Estimate				
Resource Category	Kimberlite Unit	Tonnes x1000	Grade cpht	Carats x1000
Indicated	LJF	15,986	2	277
Indicated	MJF	18,906	6	1,183
Indicated	EJF Outer	47,152	15	6,847
Indicated	EJF Inner	84,444	19	15,807
Indicated	Pense (PPK)	13,822	14	1,906
Indicated	Cantuar (CPK)	12,700	18	2,229
Indicated	TOTAL	193,010	15	28,249
Inferred	LJF	11,500	2	175
Inferred	EJF Outer	30,286	13	3,926
Inferred	Pense (PPK)	8,828	14	1,196
Inferred	Cantuar (CPK)	6,335	17	1,088
Inferred	TOTAL	56,949	11	6,385

11.1.2 Orion South Mineral Resources

Non-diluted Indicated Mineral Resources considered amenable to open pit mining, within a preliminary pit shell at a C\$5.49/tonne internal cut off and within the EJF and Pense domains total 200.160 million tonnes with an average diamond grade of 14 cpht for 27.153 million carats.

Non-diluted Inferred Mineral Resources considered amenable to open pit mining, within a preliminary pit shell at a C\$5.49/tonne internal cut off and within the EJF, LJF, Pense and P3 domains total 72.080 million tonnes with an average diamond grade of 7 cpht for 5.180 million carats.

Table 14: Mineral Resource Estimate for the Orion South Kimberlites

Orion South Kimberlite Revised Mineral Resource Estimate				
Resource Category	Kimberlite Unit	Tonnes x1000	Grade cpht	Carats x1000
Indicated	EJF Outer	44,570	13	5,626
Indicated	EJF Inner	96,317	19	18,348
Indicated	Pense	59,273	5	3,179
Indicated	TOTAL	200,160	14	27,153
Inferred	LJF	27,836	1	198
Inferred	EJF Outer	36,188	12	4,361
Inferred	Pense	2,754	5	144
Inferred	P3	5,302	9	477
Inferred	TOTAL	72,080	7	5,180

Table Notes apply to Tables 13 and 14:

- 1) Canadian Institute of Mining and Metallurgy ("CIM") definitions were followed for classification of mineral resources.
- 2) Star Kimberlite Units: Cantuar CPK, Pense PPK, Early Joli Fou ("EJF"), Mid Joli Fou ("MJF") and Late Joli Fou ("LJF")
- 3) Orion South Kimberlite Units: P3, Pense, EJF and LJF
- 4) Mineral Resources are constrained within a Whittle optimized pit shell.
- 5) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimation of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
- 6) There is no guarantee that all or any part of the Mineral Resource will be converted into a Mineral Reserve.
- 7) An effective 1 mm lower cut-off for diamond recovery is assumed, and only diamonds larger than +1 DTC diamond sieve are included.
- 8) Grade values are rounded to nearest whole number.
- 9) The effective date of the Revised Mineral Resource Estimate is November 9th, 2015.
- 10) The EJF Inner and Outer kimberlite units for both deposits are based on detailed kimberlite geology recorded from the core logging of the pattern drilling program. The EJF Inner represents coarser grained EJF kimberlite that occurs within the volcanic crater and the EJF Outer includes finer grained EJF kimberlite that lies on and outside the crater rim. This Revised Mineral Resource Estimate acknowledges that the transition from Inner to Outer is geologically gradational.

11.1.3 Diamond Valuation (2015 Mineral Resource Estimate)

Diamond prices used in the 2015 Mineral Resource Estimate were derived from the valuation of diamond parcels collected by the Company from the Star and Orion South deposits. Valuation is undertaken by WWW using their June 8, 2015 diamond price book.

Sampling of Star and Orion South included underground ("UG") bulk samples (approx. 300 tonne samples) for diamond grade and diamond price estimation and large diameter drill ("LDD") mini-bulk samples (approx. 6-30 tonne samples) for diamond grade estimation only. The detailed diamond valuation is conducted on the diamond parcels recovered from the UG bulk sampling and the individual parcels for each of the kimberlite units sampled in the UG are documented in the tables below.

The Parcel and Model price details for each of the kimberlite units in the Star Kimberlite are listed in Table 15 and 16.

Table 15: The Parcel and Model Price Details for each of the Kimberlite units in the Star Kimberlites

Kimberlite Unit	UG Carats	Parcel Price (US\$/carat)	Model Price (US\$/carat)			Model Price (Cnd\$/ct)*		
			Model	Minimum	High	Model	Minimum	High
Cantuar	1,667.60	297	333	272	482	417	340	603
Pense	1,410.11	145	183	144	228	229	180	285
EJF	7,122.40	166	227	189	290	284	237	363
MJF-LJF	91.24	189	195	149	279	244	186	349

* Exchange Rate is USD\$1.00 =Cnd\$1.25.

Table 16: The Parcel and Model price details for each of the kimberlite units in the Orion South Kimberlite

Kimberlite Unit	UG Carats	Parcel Price (US\$/carat)	Model Price (US\$/carat)			Model Price (Cnd\$/ct)*		
			Model	Minimum	High	Model	Minimum	High
EJF	1,399.59	128	191	131	267	239	164	334
Pense	581.33	82	161	113	221	201	141	276

* Exchange Rate is USD\$1.00 =Cnd\$1.25.

The 2015 model diamond prices for the Star Deposit have increased in value relative to the last diamond valuation for the Star Deposit and Orion South Deposits completed by WWW in 2008.

At Star the Parcel Prices show an increase for the EJF Domain of 44% from US\$/115 to US\$/227; for the MJF and LJF Domain of 125% from US\$/84 to US\$/149; for the Pense Domain of 84% from US\$/79 to US\$/144; and for the Cantuar Kimberlite Domain of 54% from US\$/193 to US\$/333. At Orion South, the Parcel Prices show an increase for the EJF Domain of 31% from US\$/98 to US\$/191; and for the Pense Domain of 44% from US\$/57 to US\$/161.

11.2 Factors That May Affect the Mineral Resource Estimates

Factors which may affect the Mineral Resource estimates include:

- Diamond price and valuation assumptions;
- Changes to the assumptions used to estimate diamond carat content (e.g. bulk density estimation, grade model methodology);
- Geological interpretation (internal kimberlite domains and/or pipe contacts);
- Changes to design parameter assumptions that pertain to open pit design;
- Changes to geotechnical, mining assumptions;
- Changes to process plant recovery estimates if the diamond size in certain domains is finer or coarser than currently assumed;
- The effect of different sample-support sizes between RC drilling and underground sampling or other larger-scale sampling programs; and,

Diamond parcel sizes for the deposits with estimates that are not in production or planned for production.

11.3 Comparison With Previous Resource Estimates

Previous MREs generated for the projects are described in earlier technical reports for Star (Ewert et al., 2009a) and Orion South (Ewert et al., 2009b). A change to the mineral resource estimation approach used in those studies is applied to the current estimate.

New grade alignment factors are used at both deposits (see Section 14.5). Simple Kriging is used in place of ordinary Kriging. Block Sizes have increased from 30 m x 30 m x 15 m to 50 m x 50 m x 15 m.

At both deposits the EJV Inner and Outer boundary is now soft, such that EJV Inner samples can inform Outer blocks. This has resulted in a significant increase in resource tonnes and carats in the EJV Outer domain for both deposits.

At both deposits, changes to pit optimization parameters are described in Section 14.10.1, and include: The use of a variable pit slope for till, kimberlites and country rock that results in a shallower overall pit; an increase in mining costs; a revision to the diamond valuation and the Canadian US exchange rate since 2009.

Higher modelled diamond prices discussed in Section 11.6, make a greater number of blocks economic and the pit shells larger in size as, even when accounting for an increased internal cut off associated with higher processing and G&A costs.

Star

The 2009 Star Mineral Resource Estimate completed by P&E Mining, was derived from the drill data used in the current estimate. In addition to the change in the mineral resource estimation approach identified above, specific changes that affect the current Star Mineral Resource Estimate study include:

Revised variography at Star supports the use of a 500m search ellipse instead of a 340m ellipse, the greater search ellipse collects a larger number of blocks at the periphery of the EJV Outer domain. The areal extent of Indicated resources has increased from 1.42 km² to 1.92 km².

The Indicated Mineral Resource for Star has increased 38 percent to 28.2 million carats and the grade has increased 11 percent to 15 cph. The Inferred Mineral Resource for Star has increased 109 percent to 6.4 million carats and the grade has decreased 6 percent to 11 cph.

The increase in Indicated resource tonnes is primarily attributed to the use of a larger Indicated classification extent. Increases in Inferred category tonnes are primarily attributed to the use of a larger search ellipse range.

Orion South

The 2009 Orion South Mineral Resource Estimate was completed by P&E Mining. Since that estimate, 47 new diamond drill holes and 12 LDD holes were completed for an additional 97 bulk samples.

Remodelling of the Orion South deposit incorporates new drilling and country rock domains. As a result a new P3 domain is defined and the EJV and Pense domains are extended to the southwest by up to 400 m. Variography at Orion South supports a 250m search ellipse, comparable the maximum ellipse size of 240m used in 2009 to define Inferred category blocks.

Indicated Mineral Resource on Orion South has increased 134 percent to 27.1 million carats and the grade has increased 1 percent to 14 cph. The Inferred Mineral Resource for Orion South has decreased 59 percent to 5.18 million carats and the grade has decreased 45 percent to 7 cph.

The total resource tonnage at Orion South has increased with a decrease in the proportion of Inferred resources resulting from a larger Indicated boundary extent due to additional core and LDD-RC drilling in 2015.

11.4 Targets For Additional Exploration

11.4.1 Star

At Star, the EJV domain is open to the north, where additional diamond drilling may develop further Mineral Resources. The PPK, LJV and MJF domains are closed off by diamond drilling. Exploration should focus on increasing the LDD-RC drill density in sparsely sampled areas of EJV domain with the goal of upgrading Inferred resources to the Indicated category.

The contact of the VK-134 and EJV kimberlites should be better defined by diamond drilling along easting 514,200mE and 514,300mE. LDD-RC holes should be drilled to the west of LDD-STW-07-002 to develop high grade $>0.5\text{cpm}^3$ EJV mineralization encountered in that hole.

The CPK domain at Star warrants further definition drilling along easting 514,300 mE and a series of holes is required to better define the continuity and lateral extent of this kimberlite.

11.4.2 Orion South

At Orion South, the EJV domain is open to the north, east, south and west. The Pense and P3 domains are open to the southwest. Exploration should focus on upgrading the mineral resource classification category of kimberlite in the EJV Outer domain.

LDD-RC drilling should be undertaken to further develop EJV and Pense kimberlite material encountered in drill hole LDD-140-15-023 for EJV, and for Pense in holes LDD-140-07-002, and LDD-140-15-026. LDD-RC holes could be centered on diamond drill holes along sections 5,900,100 mN

to 5,900,300 mN. On these sections additional diamond drilling maybe required to further resolve the P3, Pense and EJP stratigraphy in the SW of the deposit.

On the western flank of the deposit, LDD-RC drilling could be undertaken to develop EJP kimberlite material encountered in LDD-RC holes LDD-141-15-021 and 141-15-023. LDD holes should be centered on diamond drill holes at several locations on section 513,000mE.

Towards the east, diamond drilling and LDD-RC drilling could be undertaken at several locations on section 514,000mE to develop EJP mineralization encountered in LDD-140-08-017.

11.5 Other Relevant Data and Information

With the completion of Revised Mineral Resource Estimates and the 2018 PEA, the 2011 feasibility study on the Star and Orion South deposits becomes historical. The feasibility and pre-feasibility study reports, mineral resources and economic assessment previously disclosed by the Company are no longer current and should no longer be relied upon.

There is no other relevant information known to Howe that would make this report more understandable or if undisclosed would make this report misleading.

11.6 Interpretation and Conclusions

Howe reviewed the Star and Orion South Deposit data provided by the Company including the core drilling and LDD-RC drilling databases; has visited the project site; and has reviewed sampling procedures and security. Howe believes that the data presented by the Company are an accurate and reasonable representation of the Star Deposit and Orion South Deposit mineralisation styles. Howe concludes that the database for the Star Deposit and Orion South is of sufficient quality for Resource Estimation.

Work by the Company at the Star Deposit and Orion South Deposit have developed the kimberlite deposit models outlined in previous technical reports, provided further detail on the nature of diamond mineralization, and has permitted the completion of an NI 43-101 compliant Revised Mineral Resource Estimate for each deposit.

At Star the geology is well understood by the Company's geologists. Lithological interpretations used in the 2009 Mineral Resource Estimate are retained in the current study. Five well mineralized kimberlite units are modeled for mineral resource estimation. The geological model estimates that the Star Kimberlite contains a total of approximately 290.2 Mt of kimberlite in the LKF, MJF, EJP, PPK and CPK with a further 100.9 Mt of UKS, JLRPK and VK-134.

On the Orion South kimberlite, the Company completed a total of twelve 24 inch LDD-RC holes in 2015. The LDD-RC program totalled 2,559.90 metres of drilling. The core drilling program resulted in the discovery of significant new intersections of EJP and Pense kimberlite and successfully extended the geological continuity of these kimberlite units on Orion South. As a result a new P3 domain has been defined and the EJP and Pense domains are extended to the southwest by up to

400 m. The geological model estimates for the Orion South Kimberlite contains a total of approximately 318 Mt of kimberlite of EJV and Pense with a further 44.3 MT of KSST, VPK, LJV, P3 and CPK units.

Since 2007, Howe carried out several site visits in order to undertake an extensive review of the geoscientific data being collected by the Company. Howe found the sampling methods, sample storage, and security undertaken in line with accepted industry practice. Howe considers that sample analysis and the diamond grade and quality data generated from the Company's exploration programs is of sufficient quality to allow further analysis. It is recognized that diamond breakage associated with LDD-RC drilling has the potential to introduce biases. Howe and the Authors of this report are of the opinion that sufficient diamond data were generated from the underground sample program to allow the alignment of LDD-RC samples for use in the Mineral Resource Estimate. Overall, the Howe and 2015 audit exercise revealed a well-operated and documented process for the treatment of all bulk and mini-bulk samples. There were no issues of sample integrity and the audit results indicated a high efficiency of diamond recovery.

The Company commissioned WWW to undertake a valuation of its Star and Orion South diamond parcels using their June 8, 2015 diamond price book. The Parcel Prices show increases between 31 and 125 percent above the March 2008 prices. Model Prices ranging between US\$161 and US\$333 per carat have been determined for the diamond populations of the two major kimberlite units that make up the Star and Orion South Kimberlites.

Alignment of sample diamond size frequency distributions is undertaken to allow the development of unbiased grade estimates that take into account the effects of using necessarily small samples in a diamond deposit with relatively low grade but coarse stone size. At Orion South, it has also provided a means of resolving sampling results from several sampling campaigns with different drilling methodologies, sample support, and different bulk sample plant flowsheets with varying bottom and top cut off screen sizes. The application of the grade alignment process has resulted in a consistent set of LDD sample grades expressed in carats per meter cubed ("cpm³") at an effective 1.0 mm bottom cut-off.

The revised Mineral Resource estimation methodologies incorporate a better understanding of kimberlite diamond grades and diamond distribution. At both deposits, the boundary between the Inner and Outer portions of the EJV domain was found to be a gradual transition allowing the use of a soft boundary for grade interpolation. At both deposits, Simple kriging is used in place of ordinary kriging (Star) and IDW (Orion South). Variography at Star now supports a 500m search ellipse whereas the variography at Orion South supports a 250m search ellipse.

To comply with the CIM requirement that reported Mineral Resources have reasonable prospects for eventual economic extraction, the Mineral Resource models for Star and Orion South are constrained using a Whittle pit optimization. The Mineral Resources reported in this study comprise the kimberlite that is constrained within the optimized Whittle pit shell and exceeds the economic cut-offs as determined. Diamond values for this mineral resource statement are based on the June 2015 High modeled prices.

Star Mineral Resources

Non-diluted Indicated Mineral Resources within a preliminary pit shell at a C\$5.49/tonne internal cut off and within the EJJ, MJF, LJF, PPK and CPK domains total 193.010 million tonnes with an average diamond grade of 15 cpht for 28.249 million carats. Non-diluted Inferred Mineral Resources within a preliminary pit shell at a C\$5.49/tonne internal cut off and within the EJJ, LJF, MJF, PPK and CPK domains total 56.949 million tonnes with an average diamond grade of 11 cpht for 6.385 million carats.

Orion South Mineral Resources

Non-diluted Indicated Mineral Resources within a preliminary pit shell at a C\$5.49/tonne internal cut off and within the EJJ and Pense domains total 200.160 million tonnes with an average diamond grade of 14 cpht for 27.153 million carats. Non-diluted Inferred Mineral Resources within a preliminary pit shell at a C\$5.49/tonne internal cut off and within the EJJ, LJF, Pense and P3 domains total 72.080 million tonnes with an average diamond grade of 7 cpht for 5.180 million carats.

Howe concludes that the Revised Mineral Resource estimates for the Star Kimberlite and Orion South Kimberlite warrant incorporation into a revised Feasibility Study.

11.7 Recommendations

Howe recommended that work be conducted on the Star – Orion South Diamond Project as follows:

1. An Updated Feasibility Study should be undertaken that includes a revised statement of Mineral Reserves for the Project, if warranted, and an economic assessment based thereon.
2. The exploration targets identified - Targets for Additional Exploration should be tested by core drilling and then if warranted LDD-RC.
 - i) At Star, increase the LDD-RC and core drill density in sparsely sampled areas of EJJ kimberlite estimate (i.e. NE sector) with the goal of upgrading the Inferred Mineral resources to the Indicated mineral resource category; and,
 - ii) At Orion South increase the LDD-RC and core drill density in sparsely sampled areas of EJJ kimberlite estimate (i.e. West and NE sector) with the goal of upgrading the Inferred Mineral resources to the Indicated mineral resource category.

12.0 Information Since Completion of the Revised Resource Estimates

During 2016, the Company performed core drilling programs to further expand the internal stratigraphy of the Orion South and Star Kimberlites (See News Releases dated March 29, 2016 and July 19, 2016).

The Company also performed geotechnical investigations, assessments and test work on the Project kimberlites. The work completed during this period include X-ray Transmission (“XRT”) recovery of diamonds from Star pyroclastic kimberlite, ore processing data review, diamond parcel characterization, kimberlite particle size analysis and overburden removal investigations. These programs also investigate the use of new technology for the efficient excavation of the open pit and improvements to the flow-sheet of the diamond processing plant, while simultaneously reducing pre-production capital costs and the time to initial diamond production.

13.0 Preliminary Economic Assessment

The PEA is based on the Revised Mineral Resource Estimate as documented in the NI 43-101 Technical Report: Technical Report and Revised Resource Estimate for the Star – Orion South Diamond Project Fort a La Corne area, Saskatchewan, Canada December 21, 2015.

13.1 Diamond Prices

Diamond prices used in the PEA are based on valuations by WWW International Diamond Consultants Ltd using their April 2018 price book. The Base Case scenario uses the Model prices for each kimberlite unit within Star and Orion South. The Case 1 scenario uses High Model prices for comparative purposes. The details of the April 2018 valuation of the Star and Orion South diamond parcels are listed in the following tables:

Table 17: The Parcel and Model Price Details for the Star Kimberlite

Star Kimberlite Unit	Carats	Parcel Price (US\$/carat)	Model Price (US\$/carat)	Minimum Model Price (US\$/carat)	High Model Price (US\$/carat)
Cantuar	1,667.96	281	303	253	438
Pense	1,410.47	141	162	126	203
EJF	7,124.74	162	207	172	265
MJF-LJF	91.28	170	173	131	249

Table 18: The Parcel and Model Price Details for the Orion South Kimberlite

Orion South Kimberlite Unit	Carats	Parcel Price (US\$/carat)	Model Price (US\$/carat)	Minimum Model Price (US\$/carat)	High Model Price (US\$/carat)
EJF	1,400.01	126	173	118	242
Pense	581.47	81	144	101	199

13.2 Mining

Mine plan optimization determined that the optimal economic approach to the mining of the combined Star - Orion South resources is to commence with mining Orion South, followed by mining on Star, for a total LOM of 34 years. The pit plans incorporate the geotechnical and hydrogeological design criteria developed prior to 2011.

Mining of the kimberlite is by conventional open pit. Conventional hydraulic excavators and haul trucks create a starting “key” for three BWEs to remove the sand and clay overburden from the kimberlite. Conveyor belts transfer the sand and clay from the BWEs to the nearby overburden waste area. The exposed kimberlite is lightly blasted and conventional hydraulic shovels load the rock into trucks. These trucks transfer the rock to an in-pit feeder and the kimberlite is delivered to the processing plant via conveyor belt.

13.2 Processing Plant and Infrastructure

The processing facility is favourably located near the Star and Orion South pit edges. The processing rate is 45,000 tonnes of kimberlite per day employing autogenous milling followed by screening, X-ray Transmission (“XRT”) diamond recovery and dense media separation of heavy mineral concentrate. The recovery section employs X-ray technology with grease as the scavenging technology to recover the low-luminescence diamonds. The diamonds would be sorted into parcels within the on-site sorting facility.

13.3 Environmental Studies, Permitting and Social or Community Impact

The Environmental Impact Statement (“EIS”), which describes the potential environmental and socio-economic effects of the Project, was previously submitted to provincial and federal regulators. In December 2014, the Canadian Environment Assessment Agency announced an Environmental Assessment Decision for the proposed Project (See News Release dated December 3, 2014). The Federal Environment Minister announced that the Project “is not likely to cause significant adverse environmental effects when the mitigation measures described in the Comprehensive Study Report are taken into account”.

Since the release of the PEA, the Saskatchewan Ministry of Environment approved the Company’s Star - Orion South Diamond Project (See News Release dated October 25, 2018).

Final site reclamation and closure, including the removal of site facilities, will be performed at the end of the LOM in accordance with regulatory requirements. The conceptual closure plan will be based on a target end land use of self-sustaining forest.

13.4 PEA Results

The PEA cash flow model is based on developing two open pits, initially on Orion South and subsequently on Star. The cash flow model assumes one processing plant and infrastructure that will serve both open pits and assumes the Project has a four-year pre-production development

period followed by a 34 year production period. The economic criteria used in the cash flow model are listed in the following table below.

Table 19: Economic Criteria used in PEA Cash Flow Model

Area	Criterion	Value
Production Parameters	No. of operating days per year	350 days per year
	Process plant availability	87%
	Processing rate	45,000 tpd kimberlite
	Estimated LOM total plant feed	470 Mt mill feed at a weighted average 14 cpht grade
Diamond Price Escalation	Projected diamond price escalation	2%
Cost Assumptions	Exchange rate	\$1.00=US\$0.80
	Marketing costs	Average 1% of Revenue
	Royalties	Based on Saskatchewan royalty regime
Operating Costs	Mining (includes waste removal cost)	\$4.37 / tonne processed
	Mill Feed processing	\$2.30 / tonne processed
	General and Administration	\$2.47 / tonne processed
Contingency	Initial capital cost contingency	7% of Initial Capital Cost

Abbreviations: Mt – Million metric tonnes; tpd – metric tonnes per day;

Pre-production Capital Expenditure

The pre-production capital of \$1.4 billion is detailed in the following table below.

Table 20: Pre-production Capital Expenditure

Area	Amount
Processing Plant	\$350 million
Site Facilities	\$250 million
Overburden Stripping	\$74 million
Overburden Stripping Equipment	\$410 million
Kimberlite Mining Equipment	\$64 million
Other Costs	\$156 million
Contingency	\$106 million
Total	\$1,410 million

13.5 Economic Analysis

The Base Case scenario uses the Model diamond price and 2% diamond price escalation, while Case 1 uses the High Model diamond price and 2% diamond price escalation. The economic model includes a \$106 million capital contingency. Pre-tax and after-tax results of the economic analysis are shown in the Table below for comparison.

Table 21: Economic Analysis Results of Discounted Cash Flow Model for Base Case and Case 1

Item	Base Case (Model Price) Pre-Tax & Royalty	Case 1 (High Model Price) Pre-Tax & Royalty	Base Case (Model Price) Post-Tax & Royalty
Undiscounted Net Cash Flow	\$18.0 Billion	\$26.1 Billion	\$11.4 Billion
NPV (5.5%)	\$4.6 Billion	\$7.3 Billion	\$2.9 Billion
NPV (6.0%)	\$4.1 Billion	\$6.6 Billion	\$2.6 Billion
NPV (6.5%)	\$3.7 Billion	\$6.0 Billion	\$2.3 Billion
NPV (7%)	\$3.3 Billion	\$5.4 Billion	\$2.0 Billion
NPV (7.5%)	\$3.0 Billion	\$4.9 Billion	\$1.8 Billion
NPV (8.0%)	\$2.7 Billion	\$4.5 Billion	\$1.6 Billion
NPV (8.5%)	\$2.4 Billion	\$4.1 Billion	\$1.4 Billion
IRR	22%	32%	19%
Simple Payback (years)*	3 years 3 months	2 years 4 months	3 years 5 months

* After start of processing.

13.6 Sensitivity Analysis

Economic risks were assessed using base case cash flow sensitivities to recovered grade, diamond prices, CDN\$/US\$ exchange rate, capital costs and operating costs. Each of the sensitivity items were independently adjusted up and down by 10%, 20% and 30% to project the impact on the NPV at a 7% discount rate. The NPV value after each sensitivity item was adjusted are presented in the following table below. The sensitivity analysis shows that the PEA is most sensitive to CDN\$/US\$ exchange rate fluctuations on the positive side while grade and diamond price have the most significant negative effect.

Table 22: Base Case Sensitivity Analysis Results (pre-tax & royalty basis, NPV at a 7% discount rate)

Sensitivity Parameter	70%	80%	90%	100%	110%	120%	130%
Grade	\$1.6 B	\$2.2 B	\$2.7 B	\$3.3 B	\$3.9 B	\$4.5 B	\$5.1 B
Diamond Price	\$1.6 B	\$2.2 B	\$2.7 B	\$3.3 B	\$3.9 B	\$4.5 B	\$5.1 B
CDN\$/US\$ Exchange Rate	\$4.7 B	\$4.1 B	\$3.7 B	\$3.3 B	\$3.0 B	\$2.7 B	\$2.4 B
Capital Costs	\$3.6 B	\$3.5 B	\$3.4 B	\$3.3 B	\$3.2 B	\$3.1 B	\$3.0 B
Operating Costs	\$3.6 B	\$3.5 B	\$3.4 B	\$3.3 B	\$3.2 B	\$3.1 B	\$3.1 B

13.7 Interpretation and Conclusions

This PEA has presented the potential of the Project to proceed to the next level of assessment. The following conclusions and interpretations are drawn from the results of the PEA.

Utilizing first principle operating costs for mining and G&A, and factored processing, along with engineered pit slopes, pit optimizations were undertaken to derive pit shells for design purposes for each deposit. The phased pit designs developed include allowance for vehicle access ramps, conveyor ramps, and berms. The resulting open pit design surfaces for Star and Orion South were subsequently utilized to determine the mineralization contained within the resource models that was amenable for financial analysis at a PEA level.

13.8 PEA Recommendations

The PEA has demonstrated that the Project has the potential to provide a significant resource for possible extraction and diamond recovery. As such, it is the opinion of the Company that the Project warrants being advanced to the next stage of evaluation to support a Pre-Feasibility Study design phase.

Mining

It is recommended that DIAM conducts a pit optimisation based on Indicated Resources to develop preliminary mine plans and financial analyses to support a Pre-Feasibility study.

The optimization study should incorporate the use of continuous in pit mining systems.

Further geotechnical investigations should be conducted to assess the sectorization of the pit slopes, especially for intermediate pit phases, to reduce the capital cost of pre-stripping in the development stage. Future geotechnical investigations should include detailed slope stability analyses incorporating results from the following:

- In situ pressure meter tests based on projected pit wall limits to characterize the Lower Colorado geotechnical parameters;
- Groundwater regime modelling to evaluate slope stability during drawdown through the projected mine life;
- Recovery and testing of the various soil units to determine amenability for bucket wheel excavation;
- An on site test to determine applicability of other mining types, including dozer traps in the upper sands and clays

DIAM should also initiate advanced discussions with other key suppliers for bulk commodities such as fuel, lubricants and explosives.

Geotechnical

It is recommended that hydrogeological models are developed in conjunction with pre-feasibility study mine designs, utilizing technical parameters already determined through past investigations.

Following the generation of optimized slopes, it is recommended that slopes be checked against recommendations and that the modeling of intermediate (internal) and push back slopes with regard to the phased mining approach be included in further pit design.

Specific laboratory testing was not conducted for the purposes of assessing trafficability; The trafficability matrix should be reassessed and updated as additional data become available through future subsurface investigations.

Process Kimberlite Management

It is recommended that additional characterization of the tailings material properties should be performed to improve estimates of the following parameters:

- hydraulic conductivity of processed fines;
- consolidated density of fine and coarse tailings; and
- stacked density of Coarse PK tailings.

Information related to shallow soils in the tailings management area needs to be expanded to improve the accuracy of the stability analysis.

Stability analyses will be required to confirm that ditch and settling pond construction will not impact overall stability.

Optimization of the surface water collection system including ditch design is required to reduce the incidence of erosion yet allow sensible diversion of surface water flow.

Water Management

It is recommended that the company determine water quality cut off values for the potential management of seepage water from the PKCF and to determine when direct discharge, wetland treatment or recycling is appropriate. In addition, loading capacities of natural wetlands in the Project area to assimilate metals should be determined. Further work examining the economic potential to recover metals from the PKCF should also be explored.

Processing

Assess the optimum throughput for the AG mill.

It is recommended that throughput simulations be run simultaneously with practical AG milling tests.

Marketing of the DMS sinks

The DMS sinks ejected by the recovery section generally contain a number of semi-valuable minerals such as garnets ilmenite and magnetite. As these minerals leave the plant in a concentrated form, it is recommended that assessment of the potential economic benefit is warranted.

Reduction of the throughput in the recovery section

Based on the current test work and results of the bulk sampling program at Star and Orion South, there is a potential to reduce the design recovery throughput. The plant detailed design should address the variability of DMS yield from the various kimberlite units and assess the options of larger surge buns or a separate recovery stockpile to reduce initial capital requirements.

Assess the optimum throughput for the processing plant

The nameplate capacity for the processing plant relied on assumptions determined from historical project parameters, and it was deemed acceptable for the purposes of a PEA. Further work required to bring the evaluation to PFS standards include:

Detailed assessment of rock dressing parameters to determine the optimum plant throughput;

- Assess availability of sufficient process water;
- Detailed assessment of power requirements;
- Detailed mine planning incorporating kimberlite type and grades expected through the course of plant operation

Infrastructure

Opportunities exist to reduce capital requirements through negotiations with the Province of Saskatchewan and the Rural Municipality of Torch River by way of a cost sharing program for the development of the site access highway.

Support facility designs should be revised during the next stage of evaluation to ensure that these facilities meet the requirements for the project.

Costs

The costing for the Project is based on a combination of factored costs, updated pricing from vendors and first principle calculations with assumptions. The next stage of evaluation should apply design engineering to address the factored costs, obtain direct quotes from a variety of vendors and address the assumptions made in developing first principle costs.

14.0 Information Since Completion of the PEA

Rio Tinto Canada has performed HQ core drilling on the Project. In conjunction with this diamond drill program, geotechnical investigations on the overburden were also conducted (See News Releases dated January 8, 2018 and April 15, 2019). This core drilling was required to accurately document the internal stratigraphy of the kimberlite for the trench cutter bulk sampling program by Rio Tinto Canada. The Sonic drilling investigation of the overburden above the kimberlite is also an important precursor to a trench cutter bulk sampling program. The Sonic drill hole locations are in close proximity to the core holes, which acted as pilot holes for Rio Tinto Canada's bulk sampling program on the Star kimberlite.

During 2019, Rio Tinto Canada completed the drilling of ten bulk sample holes on the Company's Star Kimberlite using the Trench Cutter Sampling Rig (See News Release dated October 8, 2019). The ten holes completed on the Star Kimberlite included a total of 2,351 metres of trench cutter drilling and intersected a total of 1,215.5 metres of kimberlite, with samples loaded and stored in cubic metre bulk bags, which total 6,848 in number (estimated by Rio Tinto Canada to be approximately 8,271 wet tonnes). The Company has now publicly reported initial results from all ten bulk sample trenches excavated by Rio Tinto Canada in 2019. The initial results from the ten reported trenches appear to validate the grades outlined in the Preliminary Economic Analysis. However, until a comprehensive diamond breakage study and certain other work is completed, the processing, diamond recovery and reporting of all diamond results from the ten cutter hole bulk sample program will not be complete.

The Company currently holds a total of 191 mineral dispositions totaling 44,534.384 ha as of March 30, 2021.

DIVIDENDS

The holders of common shares of the Company are entitled to dividends pro-rated and when declared by the Board of Directors. Upon dissolution or any other distribution of assets, the shareholders are entitled to receive a pro-rata share of such distribution. Until such time as the Company begins to generate revenues and income, the Company does not anticipate declaring any dividends.

CAPITAL STRUCTURE

Common Shares

The authorized share capital of the Company consists of an unlimited number of common shares.

Share Option Plan

The Company has established a share option plan whereby options may be granted to directors, officers, service providers and employees 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.

Performance Share Unit and Restricted Share Unit Plan

The Company has established a performance share unit ("PSU") and restricted share unit ("RSU") plan ("Unit Plan") which provides for the grant of PSUs and RSUs to eligible officers and employees of the Company. Upon redemption, the vested PSUs and/or the RSUs provide for the payment of certain amounts, or the issuance of common shares, to the participants. 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.

Deferred Share Unit Plan

The Company has established a deferred share unit ("DSU") plan which provides for the grant of DSUs to eligible directors of the Company. The DSUs provide for the payment of certain amounts, or the issuance of common shares, to eligible directors. 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.

MARKET FOR SECURITIES

Trading Price and Volume

The Company's common shares trade on the TSX under the trading symbol "DIAM". The price range and volume for the months of January to December 2020 are as follows:

Month	Price Range Low – High	Volume
January	\$0.37-0.53	8,591,294
February	0.27-0.48	10,654,572
March	0.20-0.45	11,105,105
April	0.23-0.26	5,316,893
May	0.24-0.26	2,881,462
June	0.25-0.34	5,230,174
July	0.25-0.29	4,005,319
August	0.19-0.28	6,755,264
September	0.19-0.24	3,917,706
October	0.15-0.20	4,620,899
November	0.16-0.19	2,570,774
December	0.16-0.25	5,509,295

Prior Sales

In the twelve-month period ended December 31, 2020, the Company granted, under the Company's share option plan, options to acquire Common Shares, the particulars of which are set forth in the following table:

Month	Exercise Price per Share	Number of Common Shares Issuable on Option Exercise
May	\$0.245	200,000
August	\$0.225	4,671,500

In the twelve-month period ended December 31, 2020, the Company granted, under the Company's DSU plan, DSUs, the particulars of which are set forth in the following table:

Month	Number of Common Shares Issuable at redemption of DSUs
August	180,000

In the twelve-month period ended December 31, 2020, the Company granted, under the Company's RSU plan, RSUs, the particulars of which are set forth in the following table:

Month	Number of Common Shares Issuable at redemption of DSUs
August	1,675,600

In the twelve month period ended December 31, 2020, the Company granted warrants (associated with the December 2020 financing), the particulars of which are set forth in the following table:

Month	Exercise Price per Share	Number of Common Shares Issuable on Exercise
December	\$0.25	2,777,778

In the twelve month period ended December 31, 2020, the Company granted broker warrants (as partial consideration for services associated with the December 2020 financing), the particulars of which are set forth in the following table:

Month	Exercise Price per Share	Number of Common Shares Issuable on Exercise
December	\$0.19	277,778

DIRECTORS & OFFICERS

The following table sets forth the names of the directors and executive officers of the Company as of December 31, 2020, together with their respective province and country of residence, position held, number of common shares beneficially owned, date of appointment and principal occupations during the five preceding years.

Name and Place of Residence	Office Held	Principal Occupation or Employment for last 5 years	Common Shares Beneficially Owned ^{(1) (2)}	Date of Appointment ⁽⁵⁾
Kenneth E. MacNeill Saskatchewan, Canada	Chief Executive Officer, President and a Director	Chief Executive Officer ("CEO") and President of the Company; CEO of Wescan Goldfields Inc.; and President of MacNeill Brothers Oil & Gas Ltd. (a private holding company).	14,380,372	CEO and Director – June 30, 1993. President – September 11, 2003
Greg P. Shyluk Saskatchewan, Canada	Chief Financial Officer	Chief Financial Officer ("CFO") of the Company from April 2013 to present; Corporate Secretary from March 2012 to present; CFO of Wescan Goldfields Inc. from May 2013 to present.	1,851,932	April 1, 2013
Harvey J. Bay ^{(3) (4)} Saskatchewan, Canada	Director	CFO of the Company from November 2002 to March 2013; Chief Operating Officer ("COO") of the Company from March 2006 to February 2012; CFO of Wescan Goldfields Inc. from April 2004 to September 2006 and March 2010 to May 2013; President of Baywatch Industries Inc. (a private holding company).	400,732	May 15, 2003
Ewan D. Mason ^{(3) (4)} Ontario, Canada	Director and Chair of Board	Consultant, Co-Founder and Co-CEO of Gearware Inc; Owner of Bert Sports and Custom Apparel.	188,000	September 6, 2017
Lisa K. Riley ^{(3) (4)}	Director	Advisor to governments and mining companies.	Nil	February 3, 2020

(1) The information as to shares beneficially owned, not being within the knowledge of the Company, has been obtained from the SEDI website.

(2) Information is provided as of March 30, 2021.

(3) Member of the Audit Committee as of December 31, 2020.

(4) Member of the Compensation and Corporate Governance Committee as of December 31, 2020.

(5) The term of office of directors expire at the annual general meeting or when a successor is duly elected or appointed.

Conflicts of Interest

Certain directors of the Company are directors and/or officers of other companies engaged in the mining industry, which may give rise to conflicts of interest. In accordance with the Canada Business Corporations Act, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract. In addition, the directors are required to act honestly and in good faith and in the best interests of the Company.

LEGAL PROCEEDINGS

On March 3, 2020, the Company commenced legal proceedings (the “Legal Proceedings”) in the Court against Rio Tinto Canada in relation to Rio Tinto Canada’s purported exercise in November 2019 of its four options under the Option Agreement. In addition to the Company, Kensington Resources Ltd. is also named as a plaintiff in the Legal Proceedings. Star Diamond is seeking, among other things, various declarations related to Rio Tinto Canada’s non-compliance with the Option Agreement, damages for breach of contract arising out of Rio Tinto Canada’s breach of the Option Agreement and an order directing Rio Tinto Canada to provide certain data relating to the Project to the Company. Pleadings in the Legal Proceedings have been completed, with Star Diamond’s delivery of its Second Amended Statement of Claim in December 2020, Rio Tinto Canada’s delivery of its Second Amended Statement of Defence and Counterclaim in December 2020, and Star Diamond’s delivery of its Reply and Defence to Counterclaim in January 2021. As part of its Counterclaim, Rio Tinto Canada has alleged, among other things, breach of contract by Star Diamond.

Star Diamond continues to vigorously pursue the Legal Proceedings, and is committed to taking all actions necessary to protect Star Diamond and its shareholders from the practices and conduct of Rio Tinto Canada.

During March 2021, Rio Tinto Canada and Star Diamond each delivered their respective affidavits of documents to the other. Star Diamond expects that the parties will agree to a timetable for the completion of the other principal pre-trial steps, including oral questioning and the exchange of expert reports, which Star Diamond hopes will be completed during 2021. Once the pre-trial steps are completed, Star Diamond expects that the Court will schedule a pre-trial conference and set a date for trial. Star Diamond does not expect that the trial will occur in 2021.

As previously disclosed by Star Diamond, Rio Tinto Canada provided an undertaking (the “Undertaking”) to the Court, which was referred to in an August 10, 2020 decision of the Court in connection with the Legal Proceedings. The Undertaking is binding on Rio Tinto Canada.

As the Undertaking is described by the Court in its August 10, 2020 decision, Rio Tinto Canada agreed that it would not call and/or conduct any meeting of the management committee under the joint venture agreement (the “Joint Venture Agreement”) between Star Diamond and Rio Tinto Canada for a period of 120 days following Rio Tinto Canada completing the processing, diamond

recovery and reporting of all diamond results on the samples previously taken from the ten bulk sample trenches excavated by Rio Tinto Canada in 2019.

Consistent with the Undertaking, Star Diamond has advised Rio Tinto Canada that, until all processing, diamond recovery and reporting of all diamond results from the ten cutter hole bulk sample program is completed, including the comprehensive diamond breakage study, the 120-day period under the Undertaking cannot begin to run. Notwithstanding that the comprehensive diamond breakage study has not been completed, Rio Tinto Canada advised Star Diamond on February 8, 2021 that the 120-day period commenced on that date, and that Rio Tinto Canada intends to call a management committee meeting under the Joint Venture Agreement once the 120-day period has elapsed. Rio Tinto Canada claims the completion of the comprehensive diamond breakage study that it previously said would be undertaken is not required by the Undertaking it has given. Star Diamond will vigorously resist any attempt by Rio Tinto Canada to call a management committee meeting other than in compliance with the Undertaking (see News Release dated February 22, 2021).

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, no: (i) Director or executive officer of the Company; (ii) person that is the beneficial owner of, or who exercises direct or indirect control or direction over, more than ten percent of the outstanding Common Shares; or (iii) any associate or affiliate of any person referred to in (i) or (ii) above has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company, other than as disclosed elsewhere in this AIF.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Trust Company located at 800, 324 – 8th Avenue SW, Calgary, Alberta, T2P 2Z2.

MATERIAL CONTRACTS

No material contracts have been entered into by the Company during the most recently completed financial year, or before the most recently completed financial year that are still in effect. Other material contracts that are still in effect are as follows:

Participating Interest Purchase Agreement

In June 2017, the Company announced that it had acquired all of Newmont's participating interest in FALC-JV, resulting in the Company owning 100% of the of the Fort à la Corne mineral properties (including the Project). The Participating Interest Purchase Agreement can be found on SEDAR at www.sedar.com (see SEDAR filing dated June 30, 2017).

The Newmont Acquisition was completed pursuant to a Participating Interest Purchase Agreement effective as of June 22, 2017 between the Company, its wholly owned subsidiary, Kensington Resources Ltd., and Newmont whereby Newmont sold its entire interest in the FalC JV to The

Company in consideration for approximately 53.8 million common shares of The Company and 1.1 million common share purchase warrants, with each warrant entitling Newmont Canada to acquire one additional common share at a price of \$0.349 per share for a period of 45 months from the date of issuance. Prior to the completion of the Newmont Acquisition, the Company held a 69 percent interest in the FalC JV and Newmont had a 31 percent interest. As additional consideration for Newmont's interest in the FalC JV, the Corporation has agreed to grant Newmont Canada a participation right to subscribe for and purchase such number of common shares in order to maintain its proportionate interest in the share capital of the Corporation; Newmont Canada may exercise this right each time the Company undertakes financing (subject to certain exemptions) at the same price and terms as the financing. The Company has also agreed that Newmont will receive a contingent payment in the aggregate amount of \$3.2 million if a positive decision is made to develop a mine on the Project. The Company, in its sole discretion (subject to regulatory approvals), may satisfy the contingent payment due to Newmont through a cash payment or the issuance of common shares. Immediately after the closing of the Newmont Acquisition and issuance of common shares, Newmont Canada held approximately 19.9% of the common shares issued and outstanding on a non-diluted basis. Following the Newmont Acquisition, Kensington transferred its interest in the FalC JV to the Company and thereafter, the FalC-JV was terminated, resulting in the Company holding 100% of the Star - Orion South Diamond Project.

Option to Joint Venture Agreement

In relation to the Newmont Acquisition, the Company concurrently entered into the Option Agreement with Rio Tinto Canada pursuant to which the Company has granted Rio Tinto Canada an option to earn up to a 60% interest in the Fort à la Corne mineral properties (including the Project) on the terms and conditions contained in the Option Agreement (see News Release dated June 23, 2017). The Option the Joint Venture Agreement can be found on SEDAR at www.sedar.com (see SEDAR filings dated June 3, 2020).

Pursuant to the Option Agreement, the Company has granted to Rio Tinto Canada four options which in aggregate permit Rio Tinto Canada to earn a 60% interest in the Project, as follows:

- First Option. Rio Tinto Canada has the exclusive right to conduct a 10 hole bulk sampling program on the Project, including processing and diamond recovery, or incur \$18.5 million of direct and indirect expenses in connection with mineral prospecting, exploration, development, mining, and related expenses ("Expenditures"). Completion of the First Option does not entitle Rio Tinto Canada to an interest in the Project.
- Second Option. Provided Rio Tinto Canada completes the First Option, Rio Tinto Canada has the exclusive option to acquire 51% of the Project by conducting a 10 hole bulk sampling program on the Project or incurring \$18.5 million of Expenditures.
- Third Option. Provided Rio Tinto Canada completes the Second Option, Rio Tinto Canada has the exclusive option to acquire an additional 4% undivided interest in the Project by conducting a 10 hole bulk sampling program on the Project or incurring \$18.5 million of Expenditures.
- Fourth Option. Provided Rio Tinto Canada completes the Third Option, Rio Tinto Canada has the exclusive option to acquire an additional 5% undivided interest in the Project by completing

a feasibility study in respect of the Project or incurring an additional \$15 million of Expenditures.

The Option Agreement stipulates that Rio Tinto Canada has three years to complete the First Option, 18 months from completion of the First Option to complete the Second Option, 18 months from completion of the Second Option to complete the Third Option and 18 months from completion of the Third Option to complete the Fourth Option; in aggregate, the time from the effective date to the end of the Fourth Option cannot exceed 7.5 years. At any time after Rio Tinto Canada has earned an interest in the Project, Rio Tinto Canada may elect to form a joint venture with the Company. If after Rio Tinto Canada has earned an interest in the Project, Rio Tinto Canada allows an option to expire or terminates the Option Agreement, Rio Tinto Canada will be deemed to have elected to form a joint venture with the Company. Under the Option Agreement, each party has granted the other a right of first refusal with respect to the sale of its interest.

The Option Agreement is the subject of legal proceedings between Star Diamond and Rio Tinto Canada.

NAMES OF EXPERTS

George Read, Senior Technical Advisor to the Company, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia, and Mark Shimell, Project Manager, Professional Geoscientist in the Province of Saskatchewan, are the Company's "Qualified Persons" under the definition of NI 43-101 and have been involved with filings made under NI 51-102.

The Report on the Preliminary Economic Assessment for the Star – Orion South Diamond Project was prepared and co-authored by Messrs. Daniel C. Leroux, P.Geo.; W. Douglas Roy, P.Eng.; Lehmand van Niekerk, P.Eng.; Geoff Wilkie, P.Eng. and Leon McGarry, P.Geo., all Qualified Person under the regulations of NI 43-101.

The Report on the revised Mineral Resource Estimate for the Star – Orion South Diamond Project was prepared and co-authored by Messrs. Daniel C. Leroux, P.Geo., Vice President and Senior Geologist; Leon McGarry, P.Geo., Project Geologist, all with Howe and Qualified Persons under the definition of NI 43-101 and Mr. Peter Ravenscroft, FAusIMM owner of Burgundy Mining Advisors Ltd. ("Burgundy") of Nassau, Bahamas and Qualified Person under the definition of NI 43-101.

KPMG LLP has provided an auditors' report in respect of the consolidated financial statements of the Company for the years ended December 31, 2020 and 2019. In connection with the audit of the Company's annual consolidated financial statements for the year ended December 31, 2020, the auditors confirmed that they are independent within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Saskatchewan.

INTERESTS OF EXPERTS

George Read, Senior Technical Advisor to the Company, Professional Geoscientist in the Provinces of Saskatchewan and British Columbia, is a "Qualified Person" of the Company, under the definition of NI 43-101. To the knowledge of the Company, Mr. Read beneficially owns, directly or indirectly,

less than 1% of any class of the Company's outstanding securities. For further information, refer to the Directors and Officers section contained within this document.

AUDIT COMMITTEE

Audit Committee Charter

Attached as Schedule 1 is the charter for the Company's Audit Committee

Composition of the Audit Committee

As of December 31, 2020, members of the Audit Committee were Harvey J. Bay (Chair), Ewan D. Mason and Lisa K. Riley, each of whom is independent and financially literate.

Relevant Education and Experience of Members of the Audit Committee

Harvey J. Bay is a member of the Professional Chartered Accountants of Saskatchewan. Mr. Bay previously served as the CFO of the Company from November 2002 to March 31, 2013 as well as COO of the Company from March 2006 to February 2012. His career in the mining industry spans over 25 years and includes senior financial positions with several well known mining companies, including Hudson Bay Mining and Smelting Co. Ltd. and Saskatchewan Mining and Development Corporation (the predecessor of Cameco Corporation). In addition to his experience as a senior executive of public companies, he has served as a director and on committees of other public company boards.

Ewan D. Mason has extensive experience in corporate financings, restructuring and advisory work having spent 17 years as an investment banker for several large Canadian firms. Since 2009 Mr. Mason has served on a number of public company boards in the role of Audit Committee Chair. He is currently the owner and officer and director of several private corporations that are engaged in retail and inventory management. Mr. Mason graduated from the University of Western Ontario with a Bachelor of Science Degree and an MBA from the University of Toronto.

Ms. Riley has extensive experience in finance, and advisory work. She has held senior roles in equity research and equity sales at Lehman Brothers in New York, and RBC Dominion Securities, and TD Securities in London, England. Ms. Riley has advised as an independent consultant for mining companies, advising on financing strategies, government relations, and mergers and acquisitions. Ms. Riley has advised at several different levels of the Argentine government and has also provided consulting for mining companies operating or planning to operate in Latin America. Ms. Riley has served as a director to several mining companies. She is currently focused on developing investment products to be launched in Argentina. Ms. Riley graduated from the University of Toronto with a Bachelor of Arts.

Reliance on Certain Exemptions

The Company's Audit Committee has not relied on any of the exemptions under Multilateral Instrument 52-110 during the most recently completed financial year.

Audit Committee Oversight

The Company's Board of Directors adopted all recommendations by the Audit Committee with respect to the nomination and compensation of the external auditor.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a formal policy requiring the pre-approval of all audit and non-audit related services to be provided by the Company's principal auditor, KPMG LLP, prior to the commencement of the engagement, subject to the following:

- Annually, the Audit Committee will review a list of audit, audit related, recurring tax and other non-audit services and recommend pre-approval of those services for the upcoming year. Any additional requests will be addressed on a case-by-case specific engagement basis.
- For engagements not on the pre-approved list, the Audit Committee has delegated to the Chair of the Committee the authority to pre-approve individual non-audit service engagements with expected costs of up to \$20,000 subject to reporting to the Audit Committee, at its next scheduled meeting.
- For engagements not on the pre-approved list and with expected costs greater than \$20,000, the entire Audit Committee must approve this service.

Nature and Amount of Auditor's Fees

The following table sets out the fees billed or billable to the Company by KPMG LLP and its affiliates for professional services in each of the years ended December 31, 2019 and 2020. During these years, KPMG LLP was the Company's only external auditor.

Category	Year ended December 31,	
	2019	2020
	\$	\$
Audit Fees ⁽¹⁾	49,500	61,000
Tax Fees ⁽²⁾	7,500	7,500
All Other Fees	-	-

(1) For professional services rendered by KPMG LLP for the audit of the Company's consolidated financial statements that are normally provided by KPMG LLP in connection with statutory and regulatory filings.

(2) For professional services rendered by KPMG LLP for tax compliance, tax advice and tax planning.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans is contained in the Company's Information Circular for its Annual General and Special Meeting of the Shareholders held on May 13, 2020; updated information will be contained in the Information Circular for the Company's 2021 Annual General and Special Meeting of Shareholders. As well, additional financial information is provided in the Company's audited consolidated financial statements and MD&A for its most recently completed financial year, and may be obtained upon request from the Company's head office, or may be viewed on the Company's website (www.stardiamondcorp.com) or the SEDAR website (www.sedar.com).

SCHEDULE 1 – AUDIT COMMITTEE CHARTER

STAR DIAMOND CORPORATION

INTRODUCTION

This charter (the “Charter”) has been adopted to govern the composition, and mandate responsibilities and authority of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Star Diamond Corporation (the “Company”).

COMPOSITION AND PROCEDURES

1. The Committee shall be appointed by the Board and shall be composed of at least three directors, each of whom is “independent” and “financially literate” as required by National Instrument 52-110 (the “Instrument”) of the Canadian Securities Administrators.
2. The Board will appoint the chair of the Committee.
3. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
4. Meetings of the Committee shall be conducted as follows:
 - (a) The Committee shall meet at least four times annually at such times and locations as may be requested by the chair of the Committee. Notice of meetings to the members shall be the same as set out in the by-laws of the Company for meetings of the Board. The Auditors or any member of the Committee may request a meeting of the Committee; and
 - (b) Management representatives may be invited to attend meetings (except private sessions with the Auditors).

PRIMARY RESPONSIBILITIES OF THE COMMITTEE

The primary responsibilities of the Committee are:

1. To recommend to the Board:
 - (a) The external auditor (the “Auditors”) to be nominated for appointment by the shareholders of the Company for the purpose of preparing or issuing the auditor’s report or performing other audit, review or attest services for the Company; and
 - (b) The compensation of the Auditors.

2. To be directly responsible for overseeing the work of the Auditors in preparing or issuing the auditor's report on the Company's annual consolidated financial statements or performing other audit, review or attest services for the Company including the resolution of disagreements between management of the Company and the Auditors regarding financial reporting.
3. To pre-approve, as required by the Instrument and subject to the exemptions in the Instrument, all non-audit services to be provided to the Company by the Auditors. The Committee may, in accordance with the requirements of the Instrument, delegate to one or more members of the Committee the authority to pre-approve non-audit services to be provided by the Auditors, provided that all such pre-approvals of non-audit services shall be presented to the Committee at its first scheduled meeting following such pre-approval. The Committee is authorized, at its option, to satisfy the pre-approval requirements for non-audit services in accordance with section 2.6 of the Instrument.
4. To review:
 - (a) the Company's unaudited quarterly consolidated financial statements for the first, second and third quarters of the Company's fiscal year ("quarterly statements") and the Company's audited annual consolidated financial statements ("annual statements");
 - (b) the Management's Discussion and Analysis ("MD&A") prepared in conjunction with the quarterly and annual statements; and
 - (c) all press releases to be issued by the Company with respect to its annual and quarterly financial results.
5. To satisfy itself that adequate procedures are adopted by the Company for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements other than the public disclosure referred to in section 4 above and to regularly assess the adequacy of such procedures.
6. To establish and oversee the maintenance of procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential anonymous submission by employees of the Company and its subsidiaries of concerns regarding questionable accounting or auditing matters.
7. To review and approve the Company's and its subsidiaries' hiring policies regarding partners, employees and former partners and employees of the current and former Auditors of the Company and its subsidiaries.

AUTHORITY OF THE COMMITTEE

Subject to prior consultation with the Chief Executive Officer or the Chief Financial Officer (except in circumstances where the Committee as a whole deems such consultation as impeding their authority), the Committee is authorized to:

1. engage independent counsel and other advisors it determines necessary to carry out the Committee's duties and responsibilities;
2. set and require the Company to pay the compensation and charged expenses for any advisors engaged by the Committee; and
3. communicate directly with the internal audit staff of the Company and its subsidiaries (if any) and the Auditors.

ADDITIONAL RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

Auditors

1. The Committee shall ensure that the Company requires and instructs the Auditors to report directly to the Committee.
2. The Committee is responsible for ensuring the independence of the Auditors. On an annual basis, the Committee shall obtain a formal written statement from the Auditors delineating all relationships between the Auditors and the Company and confirming the independence of the Auditors. This written statement shall be obtained in conjunction with the audit of the annual financial statements after each fiscal year end.

Review of Annual Financial Statements

The Committee shall review the annual financial statements and related MD&A of the Company prior to their public release and shall report the results of its review to the Board and make recommendations to the Board with respect to Board approval of the financial statements and related MD&A. At the Committee meeting at which the Company's annual consolidated financial statements are to be reviewed, the Committee shall meet, in person, with representatives of the Auditors and with the Company's management to assess and understand the annual financial statements and the results of the audit including, but not limited to:

- that the Company's system of internal controls and financial reporting systems are adequate to produce fair and complete disclosure of its financial results;
- that the Company's reporting is complete and fairly presents its financial condition in accordance with generally accepted accounting principles;
- that accounting judgments and estimates used by management are reasonable and do not constitute earnings management;

- that risk management policies are in place to identify and reduce significant financial and business risks; and
- that the Company has in place a system to ensure compliance with applicable laws, regulations and policies.

Review of Quarterly Financial Statements

The Committee shall review the interim quarterly financial statements and related MD&A of the Company prior to their public release and shall report the results of its review to the Board and make recommendations to the Board with respect to Board approval of the quarterly statements and related MD&A unless the Board has delegated to the Committee the authority to approve the quarterly statements and related MD&A, in which case the Committee shall also approve the quarterly statements and related MD&A. The review by the Company shall be substantially completed prior to the issuance of a press release respecting the quarterly financial results. The Committee shall meet with the Company's management to assess and understand the interim quarterly financial statements and to discuss the results of their preparation and review.

Other Responsibilities and Duties

1. The Committee will:

- meet with management in the absence of the Auditors for the annual review;
- meet with the Auditors in the absence of management for the annual review;
- review with management and the Auditors any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
- review with management and the Auditors any significant financial reporting issues discussed during the fiscal period and the method of resolution;
- review any problems experienced by the Auditors in performing the annual audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- obtain an explanation from management of all significant variances between comparative reporting periods;
- review the post-audit or management letter, containing the recommendations of the Auditors, and management's response and subsequent follow up to matters raised by the Auditors;

- obtain from management on a quarterly basis confirmation that all wages and remittances (withholdings, GST and PST) have been paid;
- review any evaluation of internal controls by the Auditors, together with management's response;
- review and reassess the Charter for adequacy at least annually and make changes as it deems necessary;
- prior to the commencement of each annual audit, meet with the Auditors to review the Auditors' audit plan for the ensuing audit;
- review with management and the Auditors all material accounting and financial issues affecting the Company not dealt with in annual and quarterly reviews; and
- perform such other duties as may be required by the Board or as may be delegated to the Committee by the Board.