

# **WESTERN STAR RESOURCES INC.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED DECEMBER 31, 2024**

#### **INTRODUCTION**

This Management Discussion and Analysis (“**MD&A**”) provides a detailed analysis of the business of Western Star Resources Inc. (the “**Company**” or “**Western Star**”) and describes its financial results for the year ended December 31, 2024. The MD&A should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2024 and related notes, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. This MD&A is dated April 10, 2025.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

#### **FORWARD LOOKING STATEMENTS**

In making and providing the forward-looking information included in this MD&A the Company’s assumptions may include among other things: (i) assumptions about the price of metals, and in particular, gold; (ii) that there are no material delays in the optimization of operations at the exploration and evaluation assets; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (see also “Risks and Uncertainties”) contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company’s control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

# WESTERN STAR RESOURCES INC. MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

## COMPANY OVERVIEW

Western Star Resources Inc. ("WS" or the "Company") was incorporated under the *Business Corporation Act* of British Columbia in Canada on July 20, 2020. The Company's head office is located at Unit 615-800 West Pender St. Vancouver BC V6C2V6. The Company is an exploration stage company and currently has interests in exploration properties in British Columbia, Canada.

During the year ended December 31, 2024, the Board of directors authorized a 7-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retrospectively restated for all periods presented unless otherwise stated.

As at December 31, 2024, the Company had not yet determined whether the Company's mineral property asset contains mineral reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

## EXPLORATION AND EVALUATION ASSETS

The evaluation and exploration assets for the Company are segregated as follows:

	Western Star Claims		Toad River Property		Mount Anderson		Total
Balance, December 31, 2022	\$	157,179	\$	-	\$	-	\$ 157,179
Acquisition costs – share payments		-		750,000		150,000	900,000
Claim maintenance		-		-		7,560	7,560
Balance, December 31, 2023	\$	157,179	\$	750,000	\$	157,560	\$ 1,064,739
Geological		49,098		-		-	49,098
Claim maintenance		-		975		-	975
Impairment		-		(750,975)		-	(750,975)
<b>Balance, December 31, 2024</b>	<b>\$</b>	<b>206,277</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>157,560</b>	<b>\$ 363,837</b>

### Western Star Property (British Columbia)

The Western Star Property consists of nine non-surveyed contiguous mineral claims totalling 2,797.69 hectares located in Revelstoke Mining Division of British Columbia.

On July 28, 2020, the Company entered into a purchase and sale agreement to earn a 100% undivided interest in the Western Star Property for: An initial payment of \$20,000 on the date of agreement, a \$50,000 CDN upon the anniversary of the agreement, and undertaking \$80,000 exploration expenditures using a company controlled by the seller of these mineral claims as the prime contractor.

The Company undertook an exploration program on the Western Star Property from September 2 to September 17, 2020. Daily access to the property was gained via helicopters which were located at the

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Glacier Helicopters Base located in Revelstoke, BC. The crew consisted of one geologist and 2 field crew. The Company spent \$81,684 on this exploration program and earned in 100% interest in the Western Star Property.

Western Star Resources Inc. undertook an exploration program on the Western Star Property from October 01 to October 07, 2024. The crew consisted of 3 field crew. The program consisted of surveying 6,500 meters of new grid which consisted of infill and extension lines of the 2020 Lexington Grid. 132 soil samples, and two rock samples were collected on the Lexington grid during the 2024 program

The Property is subject to a 1.5% net smelter return royalty in respect of all products produced from the Property. The net smelter royalty of 1.5% can be purchased for \$1,500,000 at anytime.

The Company received a refund of BC Mining Tax credits of \$24,505 for work performed on its mineral property during the year ended December 31, 2021.

To prepare for the work permit applied in relation to the notice of work and reclamation program submitted to the Ministry of Energy, Mines and Low Carbon Innovation ("the Ministry"), the Company has posted a security deposit in the form of a GIC of \$21,000 with Bank of Montreal and signed the safe keeping agreement with the Ministry.

On March 18, 2021, the Company amended the sale & purchase agreement with the Vendor by inserting an addendum to the agreement to extend the payment date for the remaining purchase price of \$50,000 till September 18, 2022. The Company entered into a further amendment to the option purchase agreement, dated December 8, 2022, removing the requirement to make the \$50,000 cash payment on the anniversary of the agreement, and instead requiring the \$50,000 cash payment to be made within 13 months of the listing of the common shares of the Company on a stock exchange. The remaining purchase price of \$50,000 for the mineral claims is due on March 9, 2024 (paid).

### **Toad River Property**

On July 19, 2023, the Company entered into a share exchange agreement with Lish Ventures Inc. to acquire the Toad River copper-cobalt property located in the Peace River North area of British Columbia. The Company acquired the property indirectly through an acquisition of all the issued and outstanding shares of Lish Ventures Inc. In exchange for its acquisition of Lish Ventures Inc., the Company issued an aggregate of 714,286 common shares valued at \$750,000 and granted a 1% NSR royalty in respect of commercial production from the property.

During the period the Company chose to not pursue exploration on this property and therefore let the claims expire as a result recorded an impairment on the Toad River Property.

### **Mount Anderson Property**

On September 13, 2023, the Company entered into an agreement to acquire the Mount Anderson property in the Yukon. Pursuant to the agreement, the Company acquired the Mount Anderson property by issuing an aggregate of 142,857 common shares valued at \$150,000 to the vendors and granted a 1% NSR royalty in respect of commercial production from the property.

During the quarter the Company reduced the size of this project by not renewing certain claims that were considered non-essential to the project.

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**RESULTS OF OPERATIONS**

The following discussion explains the variations in the key components of the Company's operating results but, as with most junior mineral exploration companies, the results of operations are not the main factor in establishing the financial health of the Company. Of far greater significance are the exploration and evaluation assets in which the Company has, or may earn, an interest, its working capital and how many shares it has outstanding. For details on the results of work on and other activities in connection with the Company's exploration and evaluation assets, see "Mineral Properties and Exploration and Evaluation Expenditures".

***Results for December 31, 2024***

**The year ended December 31, 2024 ("2024") compared to the year ended December 31, 2023 ("2023")**

The net loss for the year period ended December 31, 2024 was \$1,088,118 compared to a net loss of \$565,723 for the year ended December 31, 2023. Major variances are explained as follows:

- Consulting fees decreased from \$72,612 in 2023 to \$Nil in 2024 due to a concerted effort to reduce expenses.
- Management fees increased from \$132,500 in 2023 to \$150,000 in 2024. In the second half of 2024, the Company started accruing management fees paid to a company controlled by the CEO of the Company.
- Marketing decreased from \$53,268 in 2023 to \$567 in 2024 due to a concerted effort to reduce expenses.
- Professional fees decreased from \$177,061 in 2023 to \$134,748 in 2024 due to a concerted effort to reduce expenses.
- Transfer agent fees decreased from \$29,844 in 2023 to \$19,827 in 2024 due to a concerted effort to reduce expenses.
- Share-based payments decreased from \$82,103 in 2023 to \$Nil in 2024. The decrease is due to the Company issuing no stock options in 2024.
- Rent decreased from \$10,000 in 2023 to \$3,000 in 2024 due to a concerted effort to reduce expenses.
- Impairment of exploration and evaluation assets increased from \$Nil in 2023 to \$750,975 in 2024. As the Company does not plan to continue on with the Toad River Property.

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### FOR THE YEAR ENDED DECEMBER 31, 2024

#### *Summary of Annual Financial Results*

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Net loss	(1,088,118)	(565,723)	(169,547)	(213,051)
Net loss per share	(0.31)	(0.27)	(0.02)	(0.04)
Exploration and Evaluation Assets	363,837	1,064,739	157,179	142,179
Total assets	764,754	1,155,689	497,197	238,735
Total liabilities	373,476	217,848	98,986	234,977
Shareholders' equity	391,278	937,841	398,211	3,758

#### SELECTED QUARTERLY INFORMATION

The following table summarized the results of operations for the eight recent quarters.

	Three months ended				
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Total Revenue	\$ --	\$ --	\$ --	\$ --	\$ --
Interest income	--	--	--	--	--
Expenses	897,595	128,474	25,276	36,773	89,143
Net loss	(897,595)	(128,474)	(25,276)	(36,773)	(86,893)
Net loss per share and diluted loss per share	(0.18)	(0.04)	(0.01)	(0.01)	(0.04)

	Three months ended			
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Total Revenue	\$ --	\$ --	\$ --	\$ --
Interest income	--	--	--	--
Expenses	320,889	112,693	45,248	58,022
Net loss	(320,889)	(112,693)	(45,248)	(58,022)
Net loss per share and diluted loss per share	(0.14)	(0.07)	(0.021)	(0.035)

# **WESTERN STAR RESOURCES INC.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED DECEMBER 31, 2024**

#### **CAPITAL RESOURCES AND LIQUIDITY**

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company's

consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter challenges sourcing future financing given economic conditions, capital market conditions and risks associated with the Company and its properties. The junior resource industry in which the Company operates is high-risk in nature and speculative thereby limiting the number of potential investors which may find the Company suitable for investment. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful in sourcing future financings and investors are appropriately cautioned as to same.

As of December 31, 2024, the Company had working capital of \$(302,015).

On July 19, 2023, the Company entered into a share exchange agreement with Lish Ventures Inc. to acquire the Toad River copper-cobalt property. The Company issued an aggregate of 714,286 common shares valued at \$750,000.

On July 19, 2023, the Company issued 164,286 common shares valued at \$97,750 for services received, which resulted in a gain on settlement of \$2,250.

On September 5, 2023, the Company issued 42,857 common shares for proceeds of \$25,500 and transferred \$22,392 from reserves for the fair value of \$47,892.

On September 13, 2023, the Company entered into an agreement to acquire the Mount Anderson property in the Yukon. Pursuant to the Agreement, the Company issued an aggregate of 142,857 common shares valued at \$150,000 to the vendors.

On January 2, 2024, the Company issued 240,476 common shares valued at \$202,000 for investment and advisory agreement between the Company and Crescita Capital LLC ("Crescita") for an equity drawdown facility. The equity investment facility is in the aggregate amount of \$5 million and the Company has three years to utilize the amount. Pursuant to the agreement, the Company paid a commitment fee to Crescita by issuing: (i) 238,095 common shares issued with a fair value of \$199,500; and (ii) 134,685 transferable warrants of the Company, each warrant to be exercisable at \$1.05, for three years. The fee warrants will vest and become exercisable on a one-to-one basis with each common share issued to Crescita under private placements. In addition, the company paid an initial \$2,500 consulting fee to Crescita in consideration for the services provided to date, which was satisfied through the issuance of 2,381 common shares. As at December 31, 2024, the Company had deferred financing costs of \$308,456 (2023 - \$39,516) capitalized relating to this investment and advisory agreement.

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### **FOR THE YEAR ENDED DECEMBER 31, 2024**

During the year ended December 31, 2024, the Company issued 134,685 warrants with an exercise price of \$1.05 per share and a fair value of \$66,940. The weighted average fair value per option was \$0.50. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a weighted average life expectancy of 3 years, risk-free rate of 3.74% and volatility of 100%.

On September 26, 2024, the Company closed a non-brokered private placement for gross proceeds of \$129,998 through the sale of 1,444,421 units. The Company has allocated \$129,998 to common shares and \$Nil to share purchase warrants by applying the residual value method. Each unit consists of one common share and one common shares purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.13 per share until September 26, 2024.

During the year end December 31, 2024, the Company settled debt of \$136,612 with issuance of common shares of 1,296,522 valued at \$142,617 resulting in a loss of \$6,005.

The Company has no source of revenue, income or cash flow. It is wholly dependent upon raising monies through the sale of its Common Shares to finance its business operations. The Company expects to raise additional funds through public or private equity funding, joint venture arrangements, bank debt financing or from other sources. There can be no assurances that this capital will be available in amounts or on terms acceptable to the Company, or at all.

As at December 31, 2024, 224,679 common shares of the Company were held in escrow.

#### **RELATED PARTY BALANCES AND TRANSACTIONS**

Related party transactions were conducted in the normal course of operations and have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below.

As at December 31, 2024, \$289,250 (December 31, 2023 - \$68,750) was included in accounts payable and accrued liabilities owing to directors and officers of the Company in relation to services and reimbursement of expenses.

Paid or accrued professional fees of \$60,000 (2023 - \$40,000 and issued 42,857 common shares valued at \$25,500 for additional services provided) to the Chief Financial Officer of the Company.

Paid or accrued management fees of \$150,000 (2023 - \$90,000 and issued 71,428 common shares valued at \$42,500 for additional services provided) to a company controlled by the Chief Executive Officer of the Company.

Paid or accrued consulting fees of \$Nil (2023 - \$11,951) to a director of the Company.

During the period ended December 31, 2023, the Company issued 78,571 stock options to the officers and directors of the Company valued at \$41,051 and recorded as share-based payments.

Key management personnel comprise the Company's board of directors and executive officers. Other than those disclosed above, no other remuneration was paid to key management personnel during the year ended December 31, 2024 and 2023.

#### **LOAN**

During the year ended December 31, 2023, the Company entered into a loan agreement with a 3rd party. The Company received \$40,000 which bears interest of \$5,000 upon signing of the agreement and 12% per annum due on demand. The Company has recorded interest expense of \$4,466 for the year ended December 31, 2024.

# **WESTERN STAR RESOURCES INC.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED DECEMBER 31, 2024**

During the year ended December 31, 2024, the Company entered into two loan agreements with 3rd parties. The Company received \$70,000 with interest of \$10,000 on signing and 12% per annum due on demand. The Company has recorded interest expense of \$16,273 for the year ended December 31, 2024.

During the year ended December 31, 2024, the Company settled all outstanding loans by issuance of 1,296,522 common shares valued at \$142,617 resulting in a loss on settlement of debt of \$6,005.

#### **FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

##### **Fair value**

The fair value of the Company's financial instruments approximates their carrying value as at December 31, 2024 because of the short-term nature of these instruments.

##### **Financial risk management objectives and policies**

The Company's financial instruments include cash and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### **(i) Currency risk**

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible. The foreign exchange risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates.

##### **(ii) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk as at December 31, 2024.

##### **(iii) Credit risk**

The Company's credit risk is primarily attributable to cash, accounts receivable and security deposits. The Company has no significant concentration of credit risk arising from operations. The Company's current policy is to invest excess cash in interest bearing deposits issued by its banking institutions.

The Company's maximum exposure to credit risk as at December 31, 2024 is the carrying value of cash, accounts receivables and security deposits. The majority of the Company's cash is held in Canadian chartered banks.

##### **(iv) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period, generally carrying net 30 terms. As at December 31, 2024, the Company had working capital of \$(302,015) and is not expected to be exposed of significant liquidity risk within twelve months.



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### **FOR THE YEAR ENDED DECEMBER 31, 2024**

#### **OUTSTANDING SHARE DATA**

As of the date of this MD&A, the Company had 7,418,705 common shares issued.

As of the date of this MD&A, the Company had 1,579,106 warrants issued and outstanding.

As of the date of this MD&A, the Company had 114,286 stock options issued and outstanding.

#### **SUBSEQUENT TO DECEMBER 31, 2024**

On February 7, 2025, the Company issued 1,745,000 shares for debt to certain officers of the company to repay salaries owed.

#### **RISKS AND UNCERTAINTIES**

All of the below factors, and other factors not detailed herein, may impact the viability of Company, including its current and future projects, and include listed and additional factors which are not possible to predict with certainty. The Company is exposed to both foreign and domestic risks.

The Company is exposed to a large multitude of risks and uncertainties, which include, among other factors not herein listed, the following:

##### *Exploration and Development*

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production.

The Company's projects are at an early stage of development. The Company has not defined any economic ore bodies since inception. There is no assurance that the Company's mineral exploration and development activities or projects will result in any discoveries of commercial bodies of minerals, metals or resources of value. The long-term profitability and viability of the Company's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by numerous unforeseeable factors.

The business of exploration for minerals and mining involves a high degree of risk and frequently results in the loss of capital. Whether a mineral deposit can be commercially viable depends upon numerous factors, including, but not limited to, the particular attributes of the deposit, including size, grade and proximity to infrastructure; metal prices which can be highly variable; and government regulations, including environmental and reclamation obligations. Few properties that are explored are ultimately developed into profitable and/or producing mines.

Substantial expenditures are required to establish the continuity of mineralized zones through exploration and drilling and to develop and maintain the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that funds required for any proposed development of the Company's properties can be obtained on a timely basis.

The marketability of any minerals acquired or discovered by the Company in the future may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which may result in the Company not receiving an adequate return on investment capital.

There is no assurance that any regulatory authority having jurisdiction over the Company will, to the extent applicable, approve the acquisition of any additional properties by the Company, whether by way of option or otherwise.

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#### *Financial Capability and Additional Financing*

The Company has limited financial resources and has no assurance that additional funding will be available to it for further exploration and/or development of its projects or for working capital purposes. There can be no assurance that it will be able to obtain adequate financing in the future to carry out exploration and development work on its projects. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Company.

#### *Mining Titles*

There is no guarantee that the Company's title to or interests in the Company's property interests will not be challenged or impugned. The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to the area of mineral properties may be disputed. There is no guarantee of title to any of the Company's properties. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The Company has not surveyed the boundaries of its properties and consequently the boundaries may be disputed. There can be no assurance that the Company's rights will not be challenged by third parties claiming an interest in the properties. In order to retain mining tenure, the Company is obligated to perform certain annual work assessment requirements. A failure to perform adequate exploration work on specific mineral tenure claims would, in the absence of any permitted cash deposits in lieu of, be expected to result in the loss of such tenure.

#### *Management*

The success of the Company is currently largely dependent on the performance of its management and directors. The loss of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its management and directors or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

#### *Conflicts of Interest*

The director and officer of the Company is, and is expected to continue to be, involved in the mining and mineral exploration industry through his direct and indirect participation in corporations, partnerships, joint ventures and other financial and/or mining interests which are potential competitors of the Company and/or which may otherwise be adverse in interest. It is understood and accepted by the Company that the director and officer of the Company may continue to independently pursue opportunities in the mineral exploration industry. Situations may arise in connection with potential acquisitions, operational aspects, or investments where the other interests of the director and officer may conflict with the interests of the Company. Director and officer of the Company with conflicts of interest will be subject to the applicable corporate and securities legislation, regulation, rules and policies and the particulars of any agreements made between the Company and the applicable director or officer.

#### *Dilution*

If the Company is successful in raising additional funds through the sale of equity securities, shareholders will have their investment diluted. In addition, if warrants and options are issued in the future, the exercise of such options and warrants may also result in dilution to the Company's shareholders. The Company intends to issue additional equity in the future.

#### *History of Losses and No Assurance of Profitable Operations*

The Company has incurred a loss since inception. There can be no assurance that the Company will be able to operate profitably during future periods. If the Company is unable to operate profitably during future periods, and is not successful in obtaining additional financing, the Company could be forced to cease its exploration and development plans as a result of lacking sufficient cash resources.

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The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future.

#### *Uninsurable Risks*

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions may occur. These unexpected or unusual conditions may include, but are not limited to, rock bursts, cave-ins, fires, flooding and earthquakes. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

#### *Environmental and Safety Regulations and Risks*

Environmental laws and regulations may adversely affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore, the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations.

#### *Reliance on Exploration Service Companies*

The Company relies significantly on the utilization of third-party exploration service providers. The availability of services from and/or personnel of such providers, as well as pricing changes related thereto, may have a material impact on the Company.

#### *Title Assertions*

The Company operates in Canada where various and/or conflicting First Nations title assertions that may impact the operations of the Company and/or its interests.

#### *Government Policy Concerning Climate*

The Company is subject to a range of government climate policies which may impact the Company and/or its operations. In addition, the Company is subject to various tax policies affecting the resource industry with regard to carbon emissions that may be adverse to the Company and/or its interests.

#### *Fluctuating Commodity Prices*

The Company's revenues, should any result, are expected to be in large part derived from the sale of commodities which are set in large part in world markets. The prices of commodities, and in particular spot prices related to gold and other precious metals, have fluctuated widely in recent years and are affected by factors beyond the control of the Company which may include, but not be limited to, economic and political trends, pandemics, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply due to new mine developments, mine closures, and advances in various production and technological uses for commodities being explored for by the Company. All of these factors, and other factors not detailed herein, may impact the viability of Company project, and include factors which are not possible to predict with certainty.

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### **FOR THE YEAR ENDED DECEMBER 31, 2024**

#### *Competitive Conditions*

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical capabilities. Competition in the mining industry is primarily for mineral properties which can be developed and produced economically; the technical expertise to find, develop, and produce such properties; the labour to operate and explore projects held by the Company; and the capital for the purpose of financing development of such properties. Many competitors not only explore for and mine for metals and minerals, but also conduct refining and marketing operations on a world-wide basis and most of these companies have much greater financial and technical resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or source the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other private or publicly held mining companies for these mineral deposits could have a material adverse effect on the Company's results.

#### *Price Volatility of Publicly Traded Securities*

In recent years, North American securities markets have experienced high levels of price and volume volatility, and the market prices of securities of many companies, particularly junior mining exploration companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. While the Company is not presently listed for trade on an exchange, any future quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flow, or exploration success. In addition to risks relating to the Company, any share equity positions that may be held by the Company, now or in the future, are also subject to market volatility and liquidity challenges that may negatively impact their future market or realizable value.

#### *Inadequate Infrastructure May Affect the Company's Operations*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, community, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

#### *COVID-19*

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the outbreak, however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions as well as its ability to raise financing. The Company is additionally monitoring forward-moving variants associated with COVID-19, the impact of which on the Company's operation cannot be determined at this time.

#### **OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

#### **PROPOSED TRANSACTIONS**

There are no proposed transaction other than to complete the work program on its Western Star properties as recommended by the NI 43-101 report filed on SEDAR.

**WESTERN STAR RESOURCES INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NEW ACCOUNTING POLICIES AND PRONOUNCEMENTS**

Please refer to the Company's consolidated financial statements for the year ending December 31, 2024 and related notes for new accounting policies as well as future accounting pronouncements.