

DARK STAR MINERALS INC.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dark Star Minerals Inc.

Opinion

We have audited the consolidated financial statements of Dark Star Minerals Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in shareholders equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is George G. Lovrics.

Toronto, Ontario
April 9, 2024

Stern & Lovrics LLP

Chartered Professional Accountants
Licensed Public Accountants

Dark Star Minerals Inc.
Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)

As at,	December 31, 2023	December 31, 2022
Assets		
Current		
Cash	\$ 132,077	\$ 579,333
Prepaid expenses	3,686	-
Total Assets	\$ 135,763	\$ 579,333
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 123,016	\$ 114,498
	123,016	114,498
Shareholders' Equity		
Share capital (Note 4)	1,409,072	1,176,894
Special warrants (Note 4(c))	-	16,178
Warrants (Note 4(e))	13,063	13,063
Contributed surplus (Note 4(d))	91,445	91,445
Deficit	(1,500,833)	(832,745)
Total Shareholders' Equity	12,747	464,835
Total Liabilities and Shareholders' Equity	\$ 135,763	\$ 579,333

Nature of and continuance of operations (Note 1)

Approved on behalf of the Board:

"Marc Branson"
 Director

"Douglas H. Unwin"
 Director

The accompanying notes are an integral part of these consolidated financial statements.

Dark Star Minerals Inc.
Consolidated Statement of Loss and Comprehensive Loss
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
Expenses		
General and administrative (Note 9)	\$ 274,057	\$ 215,130
Share based payments	-	91,445
Exploration and evaluation asset expenditures	394,031	53,032
Net Loss and Comprehensive Loss for the period	\$(668,088)	\$(359,607)
Basic and Fully Diluted Loss Per Share	\$ (0.02)	\$ (0.01)
Weighted Average Number of Common	26,999,514	24,791,747

The accompanying notes are an integral part of these consolidated financial statements.

Dark Star Minerals Inc.
Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Special Warrants	Warrants	Contributed surplus	Shares to be Issued	Deficit	Shareholders' Equity
	Number	Amount						
Balance, December 31, 2021	18,810,100	\$ 916,572	\$ -	\$ -	-	25,000	\$ (473,138)	\$ 468,434
Shares issued on private placement (Note 4)	5,352,000	267,600	-	-	-	(25,000)	-	242,600
Issue of special warrants	-	-	27,800	-	-	-	-	27,800
Warrants issued pursuant to amended option agreement (Note 4(e))	-	-	-	13,063	-	-	-	13,063
Share based payments	-	-	-	-	91,445	-	-	91,445
Share issue costs (Note 4(d))	-	(7,278)	(11,622)	-	-	-	-	(18,900)
Net loss for the year	-	-	-	-	-	-	(359,607)	(359,607)
Balance, December 31, 2022	24,162,100	\$ 1,176,894	\$ 16,178	\$ 13,063	\$ 91,445	\$ -	\$ (832,745)	\$ 464,835
Balance, December 31, 2022	24,162,100	\$ 1,176,894	\$ 16,178	\$ 13,063	\$ 91,445	\$ -	\$ (832,745)	\$ 464,835
Shares issued on conversion of special warrants	556,000	16,178	(16,178)	-	-	-	-	-
Shares issued on acquisition	4,800,000	216,000	-	-	-	-	-	216,000
Net loss for the year	-	-	-	-	-	-	(668,088)	(668,088)
Balance, December 31, 2023	29,518,100	\$ 1,409,072	\$ -	\$ 13,063	\$ 91,445	\$ -	\$ (1,500,833)	\$ 12,747

The accompanying notes are an integral part of these consolidated financial statements.

Dark Star Minerals Inc.
Consolidated Statement of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
Cash provided by (used in):		
Operating Activities		
Net loss for period	\$ (668,088)	\$ (359,607)
Shares issued on acquisition	216,000	-
Share based payments	-	91,445
Warrants issued as per amended option agreement	-	13,063
Changes in working capital balances:		
Prepaid expenses and deposits	(3,686)	-
Accounts payable and accrued liabilities	8,518	80,187
Cash Used in Operating Activities	(447,256)	(174,912)
Financing Activities		
Proceeds from issue of common shares	-	242,600
Proceeds from issue of special warrants	-	17,800
Share issue costs	-	(8,900)
Cash Provided by Financing Activities	-	251,500
Change in cash	(447,256)	76,588
Cash, Beginning	579,333	502,745
Cash, Ending	\$ 132,077	\$ 579,333

The accompanying notes are an integral part of these consolidated financial statements.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Dark Star Minerals Inc. (the “Company”) was incorporated under the *Business Corporations Act* of British Columbia on August 12, 2021. The head office of the Company and location of records is located at 800-885 West Georgia Street, Vancouver BC, V6C 3H1, Canada.

On February 8, 2023 the Company received the final receipt from the British Columbia Securities Commission for the Long Form Prospectus filed by the Company on February 6, 2023, for the purpose of the Company to meet one of the eligibility requirements for the listing of the Company’s common shares on the Canadian Securities Exchange (“CSE”) by becoming a reporting issuer pursuant to applicable securities legislation in the Province of British Columbia. Upon the final receipt of this Prospectus by the BCSC, the Company became a reporting issuer in British Columbia. On March 6, 2022 the CSE approved the listing of the Company and the common shares were posted for trading on March 7, 2023 under the symbol “BATT”.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2023, the Company has not generated any revenue since inception and has a deficit \$1,500,833 (December 31, 2022 - \$832,745). The Company’s continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Approval of the Financial Statements

The consolidated financial statements of the Company for the years ended December 31, 2023 and 2022 were reviewed by the Board of Directors and approved and authorized for use on April 9, 2024 by the Board of Directors of the Company.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

(a) Statement of Compliance to International Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of Preparation

The financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

(c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation. The Companies wholly owned subsidiaries include Off-Piste Opportunities (II) Inc., which was incorporated under the laws of the province of Ontario (Canada) on March 4, 2021, and Hungersite Minerals Inc. which was incorporated under the laws of the Province of Ontario.

(d) Use of Estimates, Judgements and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Critical judgements exercised by management in applying accounting policies that have the most significant effect on the amounts presented in these consolidated financial statements are as follows:

- **Functional currency** – The assessment of the Company's functional currency and the functional currency of its subsidiaries involves judgment regarding the primary economic environment the Company and its wholly-owned subsidiary operate in.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

- Stock options and warrants – Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of the shareholders' equity.
- Going concern – The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its operations and working capital requirements.

Critical accounting estimates

- Income taxes and recoverability of potential deferred tax assets -Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

- Share-based payments - Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates Black- Scholes input assumptions including the future volatility of the stock price, expected dividend yield, and expected life. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

(b) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, stock options and warrants are recognized as a deduction from equity, net of any tax effects.

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

The fair value of the warrants are determined using the Black-Scholes Option Pricing Model.

All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(d) Loss Per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options that would be anti-dilutive.

Subscription receipts are not included in the calculation of the weighted average number of common shares outstanding.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of the initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential, including acquisition costs. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of the mine.

(f) Accounting standards issued but not yet effective

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. SHARE CAPITAL

(a) Authorized

The Company has authorized an unlimited number of common shares without par value.

(b) Issued and outstanding

As at December 31, 2023, the Company had outstanding 29,518,100 common shares.

On March 2, 2022, the Company completed a private placement of 5,352,000 common shares at a price of \$0.05 per common share for gross proceeds of \$267,600. Share issue costs of \$7,278 were incurred for finders' fees. \$25,000 of the proceeds had been received in 2021 and was recorded as shares to be issued.

On July 6, 2023, the Company closed the acquisition of Hungersite Minerals Inc. ("Hungersite"), see note 5. Pursuant to the terms of the acquisition, the Company issued 4,800,000 common shares.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

(c) Special Warrants

On June 9, 2022, the Company closed a private placement of special warrants (“Special Warrants”). 356,000 Special Warrants were issued at a price of \$0.05 per special warrant for proceeds of \$17,800. The Special Warrants automatically convert into common shares on a one-to-one basis (i) at any time, at the discretion of the Company or (ii) upon the issuance by a Canadian securities regulatory authority of a receipt for a final prospectus qualifying the issuance of the common shares upon conversion of the special warrants or (iii) on that date that is 18 months from the date of issuance of the Special Warrants. The Company paid \$890 in finders fees and incurred other issue costs of \$731. The Company also issued 200,000 compensation Special Warrants with the same terms as the Special Warrants. Upon receipt of the final prospectus (note 1), 356,000 common shares were issued on conversion of the 356,000 Special Warrants and 200,000 common shares issued on conversion of the 200,000 Compensation Special Warrants.

(d) Stock options

The Board adopted a stock option plan on June 21, 2022 (the “Plan”). The purpose of the Plan is to attract and retain directors, officers, employees and consultants of the Company. The Plan provides that the number of common shares available for issuance shall not exceed 10% of the total number of issued common shares (calculated on a non-diluted basis).

On June 22, 2022, the Company issued 3,500,000 to directors and officers of the Company. The options are exercisable for 2 years from the date of grant, are exercisable at \$0.05 and vested on the date of grant. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected volatility of 96.88%; expected dividend yield of 0%; risk-free interest rate of 3.25%; and expected life of 2 years. The options were valued at \$91,445.

As at December 31, 2023, the following options were outstanding:

Number of options outstanding	Exercise Price	Expiry date	Remaining life (Years)
3,500,000	\$ 0.05	22-Jun-24	0.48

(e) Warrants

On July 8, 2022, the Company entered into an amending agreement to the option agreement (see note 6), pursuant to which the Company agreed to issue 500,000 warrants in consideration for the removal of the net smelter returns royalty as previously contemplated by the option agreement. Each warrant is exercisable into 1 common share at an exercise price equal to the lesser of (i) the price at which the Company sells any share to the public in its IPO and (ii) the last price at which the Company sells any common shares in a bona fide private placement financing if the Company does not proceed with the IPO. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected volatility of 96.88% ; expected dividend yield of 0%; risk-free interest rate of 3.25%; and expected life of 2 years. The warrants were valued at \$13,063.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

As at December 31, 2023, the following warrants were outstanding:

Number of warrants outstanding	Estimated Exercise Price	Expiry date	Remaining life (Years)
500,000	\$ 0.05	8-July-24	0.52

5. EXPLORATION AND EVALUATION EXPENDITURES

Through its wholly owned subsidiary Off-Piste, the Company is party to an option agreement dated July 26, 2021 (and amended option agreement dated July 8, 2022) between Off-Piste and Contigo Resources, Ltd. ("Contigo"), pursuant to which it has the right to earn a 100% undivided interest in and to 14 mineral claims commonly known as the Logan REE Property located in the Province of Québec, Canada. The 2.0% NSR to be granted by the Company to Contigo on the exercise of the Option with respect to production of all minerals from the Logan REE Property and payable by the Target following commencement of commercial production on the Logan REE Property ("Logan").

The Company closed the acquisition of Hungersite Minerals Inc. ("Hungersite"), a private arm's length Ontario corporation, pursuant to the terms of a share exchange among the Company, Hungersite and the shareholders of Hungersite in exchange for cash consideration of \$20,000 and 4,800,000 common in the capital of the Company (the "Transaction"). Hungersite, is the recorded and beneficial holder of 24 unpatented mining claims (the "Property") which are filed with the Quebec Minister of Natural Resources and Forests. The Property is situated within the region of d'Eeyou Istchee Baie-James in the Province of Québec, with certain of the claims adjacent to the Company's flagship Logan REE property located in northern Québec, Canada.

Expenses during the year ended December 31, 2023 and 2022, were as follows:

	2023	2022
Acquisition of Hungersite	\$ 236,000	\$ -
Acquisition costs – Logan property (note 4(e))	-	13,063
Report – Logan property	-	15,750
Field program Logan property	158,031	24,219
	\$ 394,031	\$ 53,032

6. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity. The Company is not subject to any external capital restrictions.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS

Fair Values

At December 31, 2023, the Company's financial instruments consist of cash, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates its carrying value due to the relatively short-term maturity of the instrument.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the Company's liabilities. The \$123,016 (December 31, 2022 - \$114,498) of accounts payable and accrued liabilities are due within one year.

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, the Company was charged \$36,000 (plus GST) (2022 - \$27,000) by CFO Advantage Inc., a company controlled by Kyle Appleby, the Chief Financial Officer of the Company. As at December 31, 2023, \$12,600 (December 31, 2022 - \$34,650) was owed, and included in accounts payable and accrued liabilities.

During the year ended December 31, 2023, the Company was charged \$83,047 (plus GST) (2022 - \$nil) by Capwest Investments, a company controlled by Marc Branson, the Chief Executive Officer of the Company. As at December 31, 2023, \$4,200 (December 31, 2022 - \$nil) was owed, and included in accounts payable and accrued liabilities.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Legal and audit	\$ 73,159	\$ 125,530
Regulatory	17,413	8,265
Management fees	122,098	54,946
Office and general	61,387	26,389
	\$ 274,057	\$ 215,130

10. INCOME TAXES

- a) The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

	December 31, 2023	December 31, 2022
Loss before income taxes	\$ (668,088)	\$ (359,607)
Statutory tax rate	27.00%	27.00%
Expected income tax (recovery)	(180,384)	(97,094)
Tax effect of the following:		
Non deductible resources expenses	106,388	14,319
Share based payments	-	24,690
Share issue costs	(1,773)	(1,773)
Unrecognized deferred tax benefits	75,769	59,858
Total income tax expense	\$ -	\$ -

- b) The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

	December 31, 2023	December 31, 2022
Non-capital losses available for future period	\$ 138,843	\$ 63,075
Resource deductions	179,291	136,622
Share issue costs	4,026	5,799
	322,160	205,496
Unrecognized deferred tax assets	(322,160)	(205,496)
Net deferred tax assets	\$ -	\$ -

As at December 31, 2023, the Company has tax loss carry-forwards of approximately \$514,000 which expire up to 2043. The potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

Dark Star Minerals Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

10. INCOME TAXES (continued)

These income tax losses expire as follows:

2041	\$ 12,000
2042	222,000
<u>2043</u>	<u>280,000</u>
	<u>514,000</u>