



Dark Star Minerals Inc.

**Management Discussion and Analysis
For the years ended December 31, 2023 and 2022
Dated April 9, 2024**

Introduction

The following discussion of the results of operations and financial condition of Dark Star Minerals Inc. (“Dark Star” or “the Company”) prepared as of April 9, 2024 consolidates management’s review of the factors that affected the Company’s financial and operating performance for the years ended December 31, 2023 and 2022, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company’s audited consolidated financial statements as at and for the years ended December 31, 2023 and 2022 (“2023 Audited Consolidated Financial Statements”) and the notes thereto which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

The 2023 Audited Consolidated Financial Statements are available at www.sedarplus.ca. All amounts disclosed are in Canadian dollars unless otherwise stated.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section below. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company’s ability to meet its working capital needs at the current level for the next twelve-month period; management’s outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; completion of the Transaction (defined below); and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

The Company

Dark Star Minerals Inc. (“Dark Star” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on August 12, 2021. The head office of the Company is located at 1056 Handsworth Road, North Vancouver, British Columbia, V7R 2A6 and its registered and records office is located at Suite 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

Dark Star Minerals Inc. is a mineral exploration company focused on the acquisition and development of critical mineral resources, specifically the rare earth complex.

Highlights for the year ended December 31, 2023 and to the date of this MD&A

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 the 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”.

On May 12, 2023, the Company announced the resignations of Kenneth Priest as the Company’s Chief Executive Officer and as a director and Lowell Kamin as a director of the Company. The Company has appointed each of Song Lim and David Shisel as directors in place of Mr. Priest and Mr. Kamin. The Company has also appointed Marc Branson as the President and Chief Executive Officer of the Company.

June 2, 2023, announced the appointment of Douglas H. Unwin as a director of the Company, concurrent with the resignation of Song Lim.

June 27, 2023, announced the acquisition of Hungersite Minerals Inc., the beneficial holder of 24 unpatented mining claims known as the “Groupe A mining claims” 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. The acquisition closed in July 2023. Pursuant to the terms of the Share Purchase Agreement, the Company acquired all of the Hungersite shares from the Hungersite shareholders in consideration for, on a pro rata basis: (i) the issuance of an aggregate of 4,800,000 common shares in the capital of the Company to the Hungersite Shareholders at a deemed exercise price equal to \$0.05 per share; and (ii) cash consideration of \$20,000.

Property

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 100% undivided interest in and to 14 mineral claims commonly known as the Logan REE Property (the “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. On July 8, 2022, the Company entered into an amending agreement to the option agreement, pursuant to which the Company agreed to issue 500,000 warrants (the Warrants”) in consideration for the removal of the net smelter returns royalty as previously contemplated by the Option Agreement.

During the previous quarter, the Company undertook a work program on the Property.

Expenses during the years 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

Selected annual information

For the years ended December 31,	2023	2022	2021*
	\$	\$	\$
Revenue	-	-	-
Expenses	668,088	359,607	473,138
Net (loss) income and comprehensive (loss) income for the year	(668,088)	(359,607)	(473,138)
Basic and fully diluted (loss) income per share	(0.02)	(0.01)	(0.04)
Cash flows from (used in) operating activities	(447,256)	(174,912)	(100,327)
Cash flows from financing activities	-	251,500	603,072
Increase (decrease) in cash in year	(447,256)	76,588	502,745
As at December 31		2022	2021
Total Assets	135,763	579,333	502,745
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared for all classes of shares	Nil	Nil	Nil

* period from incorporation (August 12, 2021) to December 31, 2021

Results of Operations

The Company recorded a net loss of \$668,088 for 2023 compared to a loss of \$359,607 in 2022. The net loss consisted of expenses related to general and administrative costs (legal, audit, regulatory, administrative charges, and management fees), shares-based payments and expenditures on the Company's mineral exploration projects as detailed below.

	2023	2022
Expenses		
General and administrative (i)	\$ 274,057	\$ 215,130
Share based payments (ii)	-	91,445
Exploration and evaluation asset expenditures (iii)	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)

(i)

	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

- (ii) Represents the value of stock options that vested during the period (a non-cash expense).
(iii) See breakdown of costs in the project section.

Liquidity and Capital Resources

As at December 31, 2023 the Company had current assets of \$135,763 (December 31, 2022 - \$579,333 and current liabilities of \$123,016 (December 31, 2022 - \$114,498), resulting in a working capital of \$12,747 (December 31, 2022 - 464,835).

The decrease in total cash during the period of \$447,256 was the result of cash used in operating activities.

The Company expects to operate at a loss for at minimum the next 12 months, at its current operating level, the Company will have sufficient funds to cover short-term operational needs.

The primary need for liquidity is to fund exploration programs and to maintain general corporate operations. The primary source of liquidity has primarily been private financings through the issuance of common shares and warrants.

The Company has no debt and no financial commitments other than spending funds in accordance with its option agreement.

Overall, given working capital at December 31, 2023, the Company will not be able to meet its minimum general operational requirements for 2024, and will require additional capital to funds general operations for, at minimum the next 12 months.

The Corporation's principal source of financing is equity financing, the success of which depends on venture capital markets, the attractiveness of exploration companies to investors, and metal prices. To continue its exploration activities and be able to support its ongoing operations, the Company will need to continue its relations with the financial community to obtain further equity financing in the future.

Selected Quarterly Information (in accordance with IFRS)

	Quarter ended December 31, 2023	Quarter ended September 30, 2023	Quarter ended June 30, 2023	Quarter ended March 31, 2023
Total Assets	\$135,763	\$185,123	\$371,176	\$458,887
Total Revenues	Nil	Nil	Nil	Nil
Total Expenses	\$86,707	\$469,334	\$50,643	\$ 61,404
Net Loss	\$86,707	\$469,334	\$50,643	\$(61,404)
Basic and diluted net loss per share	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.00)

	Quarter ended December 31, 2022	Quarter ended September 30, 2022	Quarter ended June 30, 2022	Quarter ended March 31, 2022
Total Assets	\$ 579,333	\$630,604	\$ 684,842	\$ 670,443
Total Revenues	Nil	Nil	Nil	Nil
Total Expenses	\$ 204,847	\$ 62,584	\$ 40,977	\$ 51,199
Net Loss	\$(204,847)	\$(62,584)	\$(40,977)	\$(51,199)
Basic and diluted net loss per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditure required to advance its projects.

Outstanding Share Data

As at the date of this MD&A, the Company had 29,518,102 common shares outstanding, and 3,500,000 stock options exercisable at \$0.05 per Share until June 22, 2024, and 500,000 share purchase warrants exercisable at \$0.05 until July 8, 2024.

Off-Balance Sheet Arrangements

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

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.

Capital Management

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 and reserves, 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.

Risks and Uncertainties

The following describes certain risks, events and uncertainties that could affect the Company and that each reader should carefully consider.

External financing may be required to fund the Company's activities primarily through the issuance of common shares. There can be no assurance that the Company will be able to obtain adequate financing. The securities

of the Company should be considered a highly speculative investment.

The Company has not generated any revenues and does not expect to generate revenues in the near future. In the event that the Company generates revenues in the future, the Company intends to retain its earnings in order to finance further growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

Risk Disclosures and Fair Values

Fair Values

At December 31, 2023, the Company's financial instruments consist of cash, and accounts payable and accrued liabilities and share subscriptions received. 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 \$85,668 of accounts payable and accrued liabilities are due within one year.

Critical Accounting Estimates

The Company's significant accounting policies are summarized in Note 2 of the 2023 Audited Consolidated Financial Statements.

Risk Factors

Please refer to the Company's Filing Statement for a detailed description of the risk factors associated with the Company. The Listing Statement may be found under the Company's SEDAR profile at www.sedarplus.ca.