



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND
2022

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Western Star Resources Inc. ("the Company") have been prepared by management in accordance with International Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim consolidated financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for review of condensed interim consolidated financial statements by an entity's auditor.

WESTERN STAR RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

| As at | September 30, 2023 | December 31, 2022 |
|---|---------------------------|--------------------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash (Note 4) | 22,547 | 296,129 |
| Accounts receivable (Note 5) | 25,568 | 13,889 |
| Prepaid expense | - | 5,000 |
| Total current assets | 48,115 | 315,018 |
| Prepaid exploration expenditures | 4,000 | 4,000 |
| Security deposit (Note 6) | 21,000 | 21,000 |
| Mineral property and exploration expenditures (Note 6) | 914,739 | 157,179 |
| Total assets | 987,854 | 497,197 |
| LIABILITIES | | |
| Current | | |
| Accounts payables (Note 7) | 113,120 | 43,554 |
| Accrued liabilities | - | 3,150 |
| Due to related parties (Note 7) | - | 2,282 |
| Total current liabilities | 113,120 | 48,986 |
| Long term payable (Note 6) | - | 50,000 |
| Total liabilities | 113,120 | 98,986 |
| EQUITY | | |
| Share capital and reserves (Note 8) | 1,692,742 | 797,100 |
| Reserves | 59,711 | - |
| Accumulated deficit | (877,719) | (398,889) |
| Total equity | 874,734 | 398,211 |
| Total liabilities and equity | 987,854 | 497,197 |

Nature of Operations and Going Concern (Note 1)
Subsequent events (Note 11)

Approved on behalf of the Board of Directors on November 29 2023:

“Blake Morgan” (signed)

Director

“Dallas Miller” (signed)

Director

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

WESTERN STAR RESOURCES INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

| | Three Months Ended September 30, 2023 | Three Months Ended September 30, 2022 | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 |
|---|--|--|---|---|
| | \$ | \$ | \$ | \$ |
| Consulting fees | 60,661 | 25,000 | 72,612 | 75,000 |
| Management fees | 87,500 | - | 117,500 | - |
| Marketing | 4,213 | - | 12,743 | - |
| Office and admin | 583 | 37 | 556 | 106 |
| Professional fees | 80,815 | 28,844 | 158,960 | 33,665 |
| Share-based payments | 82,103 | - | 82,103 | - |
| Rent | 3,000 | - | 7,000 | - |
| Transfer agent fees | 2,014 | 2,754 | 27,356 | 2,754 |
| Net loss and comprehensive loss | 320,889 | 56,635 | 478,830 | 111,525 |
| Loss per share - basic and diluted | (0.02) | (0.01) | (0.04) | (0.01) |
| Weighted average number of common shares - basic and diluted | 16,248,717 | 11,396,000 | 13,429,238 | 8,701,385 |

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

WESTERN STAR RESOURCES INC.**Condensed Interim Consolidated Statements of Changes in Equity**

(Expressed in Canadian dollars)

(Unaudited)

| | Share Capital | | | | | |
|--|-------------------------|------------------|----------------------------|-----------------|----------------------------|----------------|
| | Number of shares | Amount | Shares to be issued | Reserves | Accumulated deficit | Total |
| Balance at December 31, 2021 | 5,656,000 | 223,100 | 10,000 | - | (229,342) | 3,758 |
| Net loss for the year | - | - | - | - | (169,547) | (169,547) |
| Shares issuance for cash | 5,740,000 | 574,000 | (10,000) | - | - | 564,000 |
| Balance at December 31, 2022 | 11,396,000 | 797,100 | - | - | (398,889) | 398,211 |
| Shares issuance upon exercise of options | 300,000 | 47,892 | - | (22,392) | - | 25,500 |
| Shares issuance for exploration and evaluation asset | 5,000,000 | 750,000 | - | - | - | 750,000 |
| Share-based payments | 1,150,000 | 97,750 | - | 82,103 | - | 179,853 |
| Net loss for the period | - | - | - | - | (478,830) | (478,830) |
| Balance at September 30, 2023 | 17,846,000 | 1,692,742 | - | 59,711 | (877,719) | 874,734 |

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

WESTERN STAR RESOURCES INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

| | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 |
|--|---|---|
| | \$ | \$ |
| Operating activities | | |
| Net loss for the period | (478,830) | (111,525) |
| Non-cash items: | | |
| Share-based payments | 179,853 | - |
| Change in non-cash working capital | | |
| Accounts receivable | (11,679) | (3,237) |
| Prepaid expenses | 5,000 | 1,872 |
| Accrued liabilities | (3,150) | (173,950) |
| Accounts payables | 19,566 | 18,861 |
| Due to related parties | (2,282) | (4,375) |
| Cash used in operating activities | (291,522) | (272,354) |
| Investing activities | | |
| Exploration and evaluation assets | (7,560) | - |
| Cash used in investing activities | (7,560) | - |
| Financing activities | | |
| Options exercised | 25,500 | - |
| Share subscription received | - | 564,000 |
| Cash provided by financing activities | 25,500 | 564,000 |
| Increase (decrease) in cash | (273,582) | 291,646 |
| Cash, beginning of period | 296,129 | 53,530 |
| Cash, end of period | 22,547 | 345,176 |
| Supplementary Information | | |
| Interest paid | - | - |
| Income tax paid | - | - |

The accompanying notes are an integral part of condensed interim consolidated financial statements

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

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 114B – 8988 Fraserton Court, Burnaby, BC V5J 5H8. The Company is an exploration stage company and currently has interests in exploration properties in British Columbia, Canada. Substantially all of the Company’s efforts are devoted to financing, exploring and evaluating these properties. There has been no determination whether the Company’s interests in mineral properties contain mineral reserves which are economically recoverable.

On January 25, 2023, the Company obtained a final receipt of the Long Form Prospectus from the British Columbia Securities Commission to become a reporting issuer. The Company also received the final approval to be listed on the Canadian Securities Exchange (“CSE”) on February 7, 2023 and has commenced listing of its common shares for trading on CSE since February 9, 2023 under the symbol (“WSR”).

As at September 30, 2023, the Company had a working capital deficit of \$65,005 (December 31, 2022 - \$266,032), had not yet achieved profitable operations, had accumulated deficit of \$877,719 (December 31, 2022 - \$398,889) and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty that cast significant doubt as to whether the Company can continue as a going concern. These condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. Such adjustments could be material.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis, all of which are uncertain. Failure to achieve the above could have a significant impact on the Company’s ability to continue as a going concern.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and evaluation activities, and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

2. BASIS OF PREPARATION

2.1 Statement of compliance and presentation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim consolidated financial statements, including International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”.

These condensed interim consolidated financial statements does not include all of the information required of full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these interim consolidated financial statements be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2022. The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited financial statements for the year ended December 31, 2022.

2.2 Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value, as explained in the accounting policies set out in Note 3 of the audited financial statements for the ended December 31, 2022. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The Company’s reporting and functional currency is the Canadian dollar.

2.3 Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Lish Ventures Inc. from the date of acquisition. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. All inter-company transactions and balances are eliminated in full.

2.4 Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended September 30, 2023 and have not been applied in preparing these condensed interim consolidated financial statements. None of these pronouncements are expected to have material impact on the Company’s condensed interim consolidated financial statements.

2.5 Use of management estimates, judgments and measurement uncertainty

The preparation of these condensed interim consolidated financial statements using accounting policies consistent with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates.

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

2. BASIS OF PREPARATION (continued)

Actual outcomes may differ from these estimates under different assumptions and conditions.

Significant estimates and judgments made by management in the preparation of these condensed interim consolidated financial statements are outlined below:

Impairment assessment of exploration and evaluation assets

All capitalized exploration and evaluation assets are monitored for indications of impairment at each reporting period. Management considers both external and internal sources of information in assessing whether there are any indications that the Company's mining properties and exploration and evaluation assets are impaired.

External sources of information management consider include changes in the market, economic and legal environments, in which the Company operates, that are not within its control and that affect the recoverable amount of its mining properties.

Internal sources of information that management considers include (i) the manner in which mining properties are being used, or are expected to be used and the period for which the Company has the right to explore in the specific area; (ii) indications of economic performance of the assets; (iii) whether substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; and (iv) whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

As at September 30, 2023 and December 31, 2022, the Company has assessed that there are no impairment indicators with respect to its exploration and evaluation assets.

Going concern

The determination that the Company will continue as a going concern for the next year requires significant judgement. The factors considered by management are discussed in Note 1.

Valuation of stock options

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model which incorporated market data and involved uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model required the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

3. FINANCIAL RISK FACTORS

Credit Risk

The Company's credit risk is primarily attributable to cash. 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 September 30, 2023 is the carrying value of cash, and accounts receivables. The majority of the Company's cash is held in Canadian chartered banks.

Market Risk

Foreign Currency Risk

The Company's exploration and evaluation activities are substantially denominated in Canadian dollars. The Company does not subject to significant foreign currency risk.

Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company has no exposure to fair value fluctuations. The Company's financial instruments are not subject to equity price risk.

Fair Value

Cash, and accounts receivables are measured at amortized cost which approximates fair value due to their short-term nature. Accounts payable, accrued liabilities and due to related parties are measured at amortized cost which also approximates fair value due to their short-term nature. Long term payable in the amount of \$50,000, is measured at the amortization cost representing the acquisition cost due on March 7, 2024 (Note 6). The fair value of long term payable calculated based on future cash outflow discounted at the interest rate applicable to the Company is not materially different from its carrying value as at December 31, 2022. .

The fair value hierarchy has the following levels:

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

As at September 30, 2023, the Company does not have any financial instruments measured at fair value and that require classification within the fair value hierarchy.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2023, the Company had current assets of \$48,115 (December 31, 2022 - \$497,197) and current liabilities of \$113,120 (December 31, 2022 - \$48,986). The Company's trade and other payables and receivables are subject to normal trade terms. As at September 30, 2023, the Company had a working capital deficit of \$65,005 (December 31, 2022 - \$266,032).

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

3. FINANCIAL RISK FACTORS (continued)

Interest Rate Risk

The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

4. CASH

The balance at September 30, 2023 consists of cash on deposit with Canadian banks in general interest-bearing accounts totaling \$22,547 (December 31, 2022 - \$296,129).

5. ACCOUNTS RECEIVABLE

The Company's accounts receivable arise from harmonized sales tax ("GST/HST") due from the Canadian government.

| | As at September 30 2023 | As at December 31 2022 |
|-----------------------------------|------------------------------------|-----------------------------------|
| GST/HST receivable | \$ 25,568 | \$ 13,889 |
| Total trade and other receivables | \$ 25,568 | \$ 13,889 |

6. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

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

| | Western Star Claims | Toad River Property | Total |
|------------------------------------|----------------------------|----------------------------|-------------------|
| Balance, December 31, 2021 | \$ 142,179 | \$ - | \$ 142,179 |
| Staking | 15,000 | - | 15,000 |
| Balance, December 31, 2022 | \$ 157,179 | - | \$ 157,179 |
| Acquisition costs – share payments | - | \$750,000 | 750,000 |
| Staking | 7,560 | - | 7,560 |
| Balance, September 30, 2023 | \$ 164,739 | \$750,000 | \$ 914,739 |

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

6. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES
(continued)

Western Star Claims

On July 28, 2020, the Company acquired a 100% interest in 9 mineral claims covering property located in British Columbia, Canada from an arms-length individual (the “Vendor”).

According to the sale and purchase agreement, the Company agreed to:

- pay to the Vendor the sum of \$20,000 on signing (Paid);
- pay to the Vendor the sum of \$50,000 within 365 days from signing (Extended - see below) (As at December 31, 2022 and December 31, 2021, this amount has been accrued and recorded as acquisition cost of Western Star claims);
- perform \$80,000 worth of exploration work by Vendor on the property within 3 months of signing (Completed);
- an NSR of 1.5% shall be retained by the Vendor of which the NSR can be purchased from the Seller at any time for \$1,500,000.

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 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 expiry date for the remaining purchase price of the mineral claims of \$50,000 till September 18, 2022. The Company entered into an 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 (Note 1). The option purchase agreement is otherwise unchanged and remains in full force and effect. The remaining purchase price of the mineral claims is due on March 9, 2024 and included in accounts payable as at September 30, 2023.

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 5,000,000 common shares valued at \$750,000 and grant a 1% NSR royalty in respect of commercial production from the property.

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

7. RELATED PARTY DISCLOSURES

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 condensed interim consolidated financial statements are listed below.

As at September 30, 2023, \$53,000 (December 31, 2022 - \$Nil) was included in accounts payable and accrued liabilities owing to an officer of the Company in relation to services provided.

Due to related parties include payable to the former CEO and the former CFO in the amount of \$Nil (December 31, 2022 - \$2,269) and \$Nil (December 31, 2022 - \$13) respectively. These due to parties payable are non-secured and non-interest bearing with no fixed terms of repayment.

Paid or accrued professional fees of \$35,000 (2022 - \$Nil) to the Chief Financial Officer of the Company and issued 300,000 common shares valued at \$25,500.

Paid or accrued management fees of \$75,000 (2022 - \$Nil) to a company controlled by the Chief Executive Officer of the Company and issued 500,000 common shares valued at \$42,500.

Paid or accrued consulting fees of \$11,951 (2022 - \$Nil) to a director of the Company.

During the period ended September 30, 2023, the Company issued 550,000 (2022 - \$Nil) stock options to the officers and directors of the Company valued at \$41,051 and recorded as share-based payments.

In October 2021, the Company entered a strategic consulting agreement with an entity controlled by an individual who became a director of the Company in June 2022, pursuant to which the Company agreed to pay \$100,000 (paid in May 2022) for the twelve months services upon completion of a financing raising minimum of \$400,000. During the period ended September 30, 2022, the Company recorded \$50,000 consulting service relating to this agreement.

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 periods ended September 30, 2023 and 2022.

8. SHARE CAPITAL

(a) Common Shares

The Company's authorized share capital consists of an unlimited number of common shares and with no par value.

There were no share issuances during the year ended December 31, 2021, but received investor deposits of \$10,000 from certain investors which amount was included as shares to be issued. These shares have been issued on April 8, 2022 (see below).

On April 8, 2022, the Company issued 240,000 units at \$0.10 per unit for gross proceeds of \$24,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for \$0.20 for two years from the date of closing.

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

8. SHARE CAPITAL (continued)

On April 22, 2022, the Company issued 1,850,000 units at \$0.10 per unit for gross proceeds of \$185,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for \$0.20 for two years from the date of closing. These common shares are issued with certain restrictions on trading such that 1/3 of them would be freely tradable four months plus one day from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; 1/3 of them would be freely tradable eight months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; and the remaining 1/3 would be freely tradable twelve months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange. .

On April 29, 2022, the Company issued 1,130,000 units at \$0.10 per unit for gross proceeds of \$113,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for \$0.20 for two years from the date of closing. These common shares are issued with certain restrictions on trading such that 1/3 of them would be freely tradable four months plus one day from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; 1/3 of them would be freely tradable eight months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; and the remaining 1/3 would be freely tradable twelve months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange.

On May 27, 2022, the Company issued 2,520,000 units at \$0.10 per unit for gross proceeds of \$252,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for \$0.20 for two years from the date of closing. These common shares are issued with certain restrictions on trading such that 1/3 of them would be freely tradable four months plus one day from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; 1/3 of them would be freely tradable eight months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; and the remaining 1/3 would be freely tradable twelve months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange. The Company has allocated 100% proceeds to common shares and \$Nil to share purchase warrants by applying the residual approach.

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 5,000,000 common shares valued at \$750,000.

On July 19, 2023, the Company issued 1,150,000 common shares valued at \$97,750 for services received.

On September 5, 2023, the Company issued 300,000 shares valued at \$47,892 in relation to the exercise of stock options.

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

8. SHARE CAPITAL (continued)

(b) Warrants

The outstanding warrants at September 30, 2023 and December 31, 2022 are comprised as follows:

| Date of Expiry | Type | No. of Warrants | Weighted Average Exercise Price \$ |
|-----------------------|------------------------------|------------------------|---|
| February 9, 2024 | Warrants – Private Placement | 1,056,000 | 0.20 |
| April 8, 2024 | Warrants – Private Placement | 240,000 | 0.20 |
| April 22, 2024 | Warrants – Private Placement | 1,850,000 | 0.20 |
| April 29, 2024 | Warrants – Private Placement | 1,130,000 | 0.20 |
| May 27, 2024 | Warrants – Private Placement | 2,520,000 | 0.20 |
| Total | | 6,796,000 | 0.20 |

During the year ended December 31, 2022, the holders of all of the 3,000,000 warrants issued by the Company as a part of unit financings completed in fiscal year 2020 with the exercise price of \$0.05 per share signed acknowledgments and agreed to cancel these warrants without further compensations. The Company also extended the terms of 1,056,000 common share purchase warrants from December 31, 2022 to twelve (12) months after the date of the common shares of the Company is listed on a Canadian stock exchange. These warrants were issued pursuant to the private placement of 1,056,000 units at a price of \$0.10 per unit to arms-length parties for proceeds of \$105,600 on December 31, 2020.

The weighted average remaining life of the outstanding warrants at September 30, 2023 is 0.57 years and December 31, 2022 is 1.32 years using the expiry dates from the date of warrants issuance dates. Continuity of the warrants to purchase common shares is as follows:

| | September 30, 2023 | | December 31, 2022 | |
|--|---|------------------------|---|------------------------|
| | Weighted Average Exercise Price (\$) | No. of Warrants | Weighted Average Exercise Price (\$) | No. of Warrants |
| Outstanding at beginning of period | 0.20 | 6,796,00 | 0.12 | 5,656,000 |
| Transactions during the period: | | | | |
| Issued on private placements | - | - | 0.20 | 5,740,000 |
| Expired/cancellation of | - | - | 0.10 | (4,600,000) |
| Outstanding and exercisable at end of period | 0.20 | 6,796,000 | 0.20 | 6,796,000 |

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

8. SHARE CAPITAL (continued)

(c) Options

The Company has adopted an incentive stock option plan and approved by the Company's Annual General Meeting dated August 2, 2022 (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

During the period ended September 30, 2023, the Company issued 1,100,000 stock options with a weighted average exercise price of \$0.085 per share and a fair value of \$82,103. The weighted average fair value per option was \$0.07. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a weighted average life expectancy of 2 years, risk-free rate of 4.62% and volatility of 100%.

As at September 30, 2023, the following stock options were outstanding:

| | Number of Stock Options | Weighted Average Exercise Price |
|-------------------------------------|----------------------------|------------------------------------|
| Balance, December 31, 2022 and 2021 | - | \$ - |
| Granted | 1,100,000 | 0.09 |
| Exercised | (300,000) | 0.09 |
| Balance, September 30, 2023 | 800,000 | \$ 0.09 |

The following table summarizes information concerning outstanding and exercisable options at September 30, 2023:

| Exercise prices | Number of options outstanding | Number of options exercisable | Weighted average life (years) |
|-----------------|----------------------------------|----------------------------------|----------------------------------|
| \$0.085 | 800,000 | 800,000 | 1.81 |

(d) Escrow Shares and Warrants

As at September 30, 2023, 4,971,250 common shares and 1,496,250 share purchase warrants of the Company were held in escrow.

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

9. SEGMENTED INFORMATION

Operating Segments

At September 30, 2023, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

Geographic Information

The Company currently has one reportable segment for the period ended September 30, 2023 and 2022, being the exploration and evaluation of mineral properties in Canada.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three-month period ended September 30, 2023 and 2022.

The Company considers its capital to be equity, which is comprised of share capital, reserve for warrants and share based payments and accumulated deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and to obtain sufficient funding to further the identification of mineral deposits.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner. The Company invests all capital that is surplus to its immediate operational needs in interest bearing accounts with a Canadian financial institution.

WESTERN STAR RESOURCES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three- and nine-month period ended September 30, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

11. SUBSEQUENT EVENTS

Subsequent to September 30, 2023, the Company:

On October 3, 2023 the Company entered into an agreement to acquire 100% of the Mount Anderson property in Yukon. The Company will issue an aggregate of 1,000,000 common shares in the capital of the Company (each, a "Common Share ") to the Vendors and grant a 1% NSR royalty in respect of commercial production from the Property.

On October 9, 2023, the Company issued 525,000 common shares for services received.