



HELIOSTAR METALS LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED MARCH 31, 2023, and 2022



INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Heliostar Metals Limited ("Heliostar" or the "Company") was prepared to conform to National Instrument 51-102F1 and was approved by the Board of Directors prior to its release. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the Forward-Looking Statement disclaimer included with this MD&A.

The audited consolidated financial statements and MD&A are presented in Canadian dollars, unless otherwise indicated, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The statements and any summary of results presented in the MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Please consult the audited consolidated financial statements for the years ended March 31, 2023, and 2022, for more complete financial information.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.



OVERVIEW AND INTRODUCTION

Heliostar Metals Ltd. (“Heliostar” or the “Company”) is an exploration stage company engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 900-885 West Georgia Street, Vancouver, BC, V6C 3H1. The Company is focused on High-Grade Gold Projects. The Company is currently listed on the TSX Venture Exchange under the symbol “HSTR” and on the OTCQX under the trading symbol “HSTXF”.

DATE

This MD&A has been prepared based on information available to the Company as of July 25, 2023.

OVERVIEW

a) Company Mission and Focus

The company's primary objective is to develop the Ana Paula Project, which it wholly owns, in Guerrero, Mexico. Furthermore, Heliostar is collaborating with the Mexican government to obtain permits for the San Antonio Gold Project in Baja Sur, Mexico.

With a strong focus on high-grade gold projects in the Americas, the company is actively progressing in multiple ventures. These include the Unga gold project in Alaska, USA, as well as the La Lola, Cumaro, and Oso Negro projects in Mexico.

The activity of the Company is generally dependent on the sources of capital and access to funding in the capital markets. The Company successfully maintains its business model as a gold explorer with active programs on its properties.

The Company has no substantial revenue and supports its operations through the sale of equity or assets such as mineral properties. The value of any mineral property is dependent upon the existence or potential existence of economically recoverable mineral reserves. See Section 1.15 “Risk Factors”, below.

b) Major Operating Milestones During the Year Ended March 31, 2023

- The Company closed its transaction with Argonaut Gold to acquire the Ana Paula Project in Mexico. The purchase price for Aurea Mining consists of US\$10 million (\$13,626,000) at closing (paid). Subsequent milestone payments are comprised of US\$10 million of cash payments, US\$5 million of shares, and US\$5 million of cash or share payments.
- The Company completed an option agreement with Argonaut and Compañía Minera Pitalla, which holds the title to the San Antonio Gold Project.
- The Company announced plans to re-scope the Ana Paula Project in Mexico. Subsequently, the Company commenced a 3,000 to 3,600 metre drill program at the Ana Paula Project and reported results from the first two holes at Ana Paula.
- The Company completed a 4,948-metre drill program at the Cumaro property in Mexico and reported maiden drilling results.

Overview (continued)

- The Company completed a non-brokered private placement for gross proceeds of \$16,280,000 on March 17, 2023. The Company used the net proceeds to acquire and advance the Ana Paula project as well as for working capital and general corporate purposes.
- The Company completed a non-brokered private placement for gross proceeds of \$3,005,000 on August 2, 2022. The Company used the net proceeds from the Offering to advance its Alaskan and Mexican projects, focusing primarily on a proposed drill program at Unga, as well as for working capital and general corporate purposes.

c) Financial Position

As of March 31, 2023, the Company had working capital of \$5,278,222 (2022 -\$8,000) and an accumulated deficit of \$56,503,895 (2022 - \$51,972,189). During the year ended on March 31, 2023, the Company incurred a comprehensive loss of \$4,531,706 (2022 - \$12,454,579) primarily due to expanded exploration at the Unga project in Alaska and Cumaro project in Mexico.

During the year, the Company incurred \$1,050,243 (2022 - \$9,060,568) in exploration expenses and incurred \$3,267,289 (2022 - \$3,346,546) in general and administrative and overhead expenses.

d) Share Capital

- On March 16, 2023, the Company closed a non-brokered private placement, issuing 92,727,272 units at \$0.22 per unit for gross proceeds of \$20,400,000.
- On August 2, 2022, the Company closed a non-brokered private placement, issuing 12,020,000 units at \$0.25 per unit for gross proceeds of \$3,005,000.
- During the year ending March 31, 2023, the Company granted 8,651,250 stock options at an exercise price of \$0.30 and 2,218,750 restricted share units (RSUs) to directors, officers, employees, and consultants. The options have a five-year exercise period and vest over two years, while the RSUs vest in three equal annual installments starting from the first anniversary of the grant date.

e) Subsequent Financing

Subsequent to the year ended March 31, 2023, on July 11, 2023, the Company completed a private placement, offering of 18,919,024 units at \$0.37 per unit for approximately \$7,000,000 in gross proceeds.

Each unit includes one common share and half of a warrant. The warrant allows purchasing one common share at \$0.50 for the first six months until January 11, 2024, and then at \$0.70 for the remaining 18 months.

In connection with the brokered portion of the financing, the Company paid \$221,782 cash broker fees and \$30,000 corporate finance fee. The Company issued 599,412 non-transferable compensation options to the agents. Each compensation option entitles the holder to purchase one common share at \$0.37 for a period of 18 months.

In connection with the non-brokered portion of the financing, the Company paid \$41,400 finder's fees and issued 111,894 non-transferable finder's warrants to the finder. Each finder's warrant entitles the holder to purchase one common share at \$0.37 for a period of 18 months.

ACQUISITION OF ANA PAULA AND SAN ANTONIO PROJECTS

Ana Paula

On March 28, 2023, the Company acquired 100% of the issued and outstanding shares of Aurea Mining Inc. ("Aurea Mining"), a wholly owned subsidiary of Argonaut Gold Inc. ("Argonaut"), a publicly traded company listed on the Toronto Stock Exchange. Aurea Mining's wholly owned subsidiary Minera Aurea, S.A. de C.V. ("Minera Aurea") holds a 100% indirect interest in the Ana Paula project..

For accounting purposes, the acquisition has been recorded as an asset acquisition as Aurea Mining did not meet the definition of a business, as defined in IFRS 3 Business Combinations.

At closing, the Company acquired all the issued and outstanding shares of Aurea Mining in exchange for a cash payment of US\$10.0 million (\$13,626,000) (paid) and the following consideration contingent upon the occurrence of the following future events:

Purchase consideration includes the following:

1. a US\$10 million (\$13,626,000) payment on closing (paid);
2. On the earlier of (a) receiving an extension to the existing Ana Paula open-pit mining permit and (b) the granting of a new underground mining permit, the issuance to Argonaut of such number of common shares in the capital of the Company (each, a "Heliostar Share") as having an aggregate value of US\$5.0 million divided by the Heliostar share price of \$0.25;
3. On the earlier of (a) the date of completion of a feasibility study for the Ana Paula project and (b) July 1, 2024, a cash payment to Argonaut of US\$2.0 million;
4. On the date that the Company announces a construction decision for the Ana Paula project it will pay Argonaut a cash payment of US\$3.0 million and US\$2.0 million in cash or Heliostar Shares at a price equal to the Volume-Weighted Average Price ("VWAP") of the Heliostar Shares for the ten trading days immediately prior to the announcement of the construction decision; and
5. If the Company doesn't announce mine construction at the Ana Paula Project by July 1, 2025, they must make annual payments of US\$300,000 to Argonaut. Alternatively, they can issue Heliostar Shares equal to US\$300,000 divided by VWAP of Heliostar Shares. However, if construction is delayed due to permit issues, no payments are required. Any payments made will be credited towards the US\$5.0 million payment required on the commencement of commercial production.
6. On the date that the Company commences commercial production at the Ana Paula project, it will pay Argonaut an additional US\$5.0 million in cash and US\$3.0 million in cash or Heliostar Shares at a price equal to the VWAP of the Heliostar Shares for the ten trading days immediately prior to the announcement of commercial production.

Consideration payable is comprised of the US\$2.0 million payable due on the earlier of completion of a feasibility study and July 1, 2024.

The pre-tax discount rate applied to the consideration payable calculation is 12%, which represents the current market assessment of the risk specific to the Company, taking into consideration the time value. A 10% decrease/increase in the discount rate would increase/decrease the contingent consideration balance as of March 31, 2023, by approximately \$36,000.



Acquisition of Ana Paula and San Antonio Projects (continued)

Ana Paula (continued)

Net identifiable assets (liabilities) acquired in the acquisition of Ana Paula are identified as follows:

Total consideration	
Cash payment	\$ 13,626,000
Transaction costs	452,699
Consideration payable	2,308,246
	\$ 16,386,945
Net identifiable assets (liabilities) acquired	
Cash and cash equivalents	\$ 18,016
Prepaid expenses and deposits	45,028
Property, plant, and equipment	1,259,766
Exploration and evaluation assets	15,489,131
Accounts payable and accrued liabilities	(68,381)
Other long-term liabilities	(168,717)
Asset retirement obligation	(187,898)
Total	\$ 16,386,945

San Antonio Option Agreement

In December 2022, the Company entered into an Option Agreement with Argonaut with an amendment in February 2023, whereby the Company has been granted the option to acquire a 100% interest in and to Argonaut's San Antonio project, located in Baja California Sur, Mexico. The term of the Option Agreement is for a three-year period, provided, however, the term may be extended for an additional 18-months in the event the Company is able to successfully acquire the required environmental permits to advance the San Antonio gold project. The consideration payable upon exercise of the option is summarized below:

1. A cash payment to Argonaut of US\$80 million in the event the average gold price is below \$1,800 per ounce for the six months preceding the Company exercising the option; or
2. A cash payment to Argonaut of US\$120 million in the event the average gold price is between \$1,800 per ounce to \$2,000 per ounce for the six months preceding the Company exercising the option; or
3. A cash payment to Argonaut of US\$150 million in the event the average gold price is above \$2,000 per ounce for the six months preceding the Company exercising the option; and
4. Granting Argonaut a 2% NSR royalty in the event of exercise of the option (capped at 2% for claims with existing NSR considerations).

SELECTED ANNUAL FINANCIAL INFORMATION

	Year Ended March 31, 2023	Year Ended March 31, 2022	Year Ended March 31, 2021
Total revenues	\$ -	\$ -	\$ -
Net loss for the year	4,531,706	12,456,251	8,255,849
Comprehensive loss for the year	4,531,706	12,454,579	7,476,910
Loss per share (basic and diluted)	0.08	0.32	0.30
Total assets	33,687,802	12,159,795	13,124,632
Total long-term financial liabilities	-	-	-
Cash dividends declared – per share	N/A	N/A	N/A

RESULTS OF OPERATION

Mineral Properties

a) Ana Paula Project

The Ana Paula Gold Project is an advanced-stage, gold development project located in Guerrero State, Mexico. A 2023 preliminary feasibility study of Ana Paula completed by the Company at Ana Paula reported proven and probable mineral reserves of 14,122,000 tonnes at 2.38 g/t gold and 5.61 g/t silver for 1,081,000 ounces of gold and 2,547,000 ounces of silver based on an open pit mining scenario. Measured and indicated (M&I) mineral resources considered amenable to open pit and underground mining include 1,468,800 oz gold (21,202,000 tonnes at 2.16 g/t gold) and 3,600,000 oz silver (21,202,000 tonnes at 5.3 g/t silver).

On April 3, 2023, the Company announced the commencement of a re-scoping study of the project that would determine the optimal balance between open pit and underground mining methods. The re-scoping study would include mine engineering, geotechnical studies, resource modeling and metallurgical studies.

On April 19, 2023, the Company announced the commencement of a 3,000 to 3,600 metre drill program at Ana Paula in support of the re-scoping study.

On May 23, 2023, the Company announced the results from the first two holes of the drill program at Ana Paula. Drill results include:

Results of Operation (continued)

a) Ana Paula Project (continued)

- Hole AP-23-291 which returned:
5.44 g/t gold over 118.55 metres including ¹,
11.0 g/t gold over 44.5 metres and including ¹,
48.5 g/t gold over 4.0 metres.
- Hole AP-23-292 which returned:
8.35 grams per tonne (g/t) gold over 101.1 metres, including ²
11.0 g/t gold over 53.2 metres ³

1 includes 0.5 metres of sample removed for geotechnical studies and assumed to have 0 g/t

2 includes 2.86 metres of samples removed for geotechnical studies and assumed to have 0 g/t

3 includes 0.5 metres of sample removed for geotechnical studies and assumed to have 0 g/t

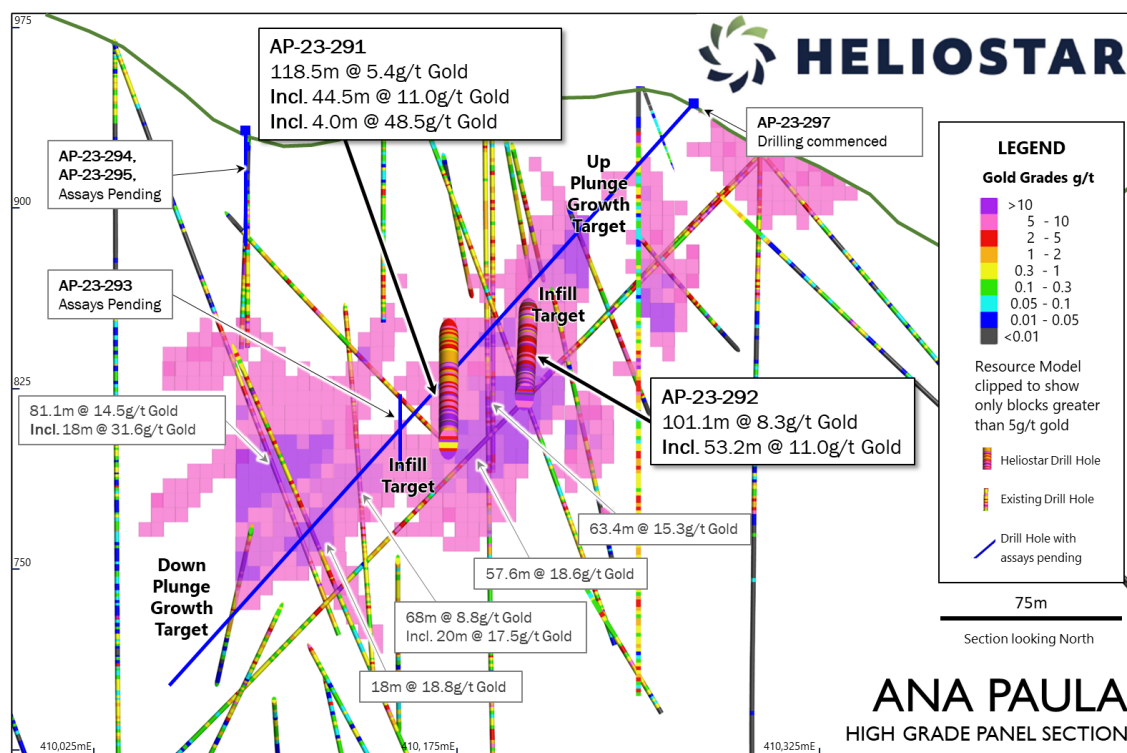


Figure 1: A section through the resource model from 2023 PFS highlighting the High Grade Panel (clipped to greater than 5g/t resource blocks). Heliostar results labelled in black and historic intercepts labelled in grey. Completed and ongoing holes are shown in blue, and Growth and Infill targets areas labelled.

Results of Operation (continued)

a) Ana Paula Project (continued)

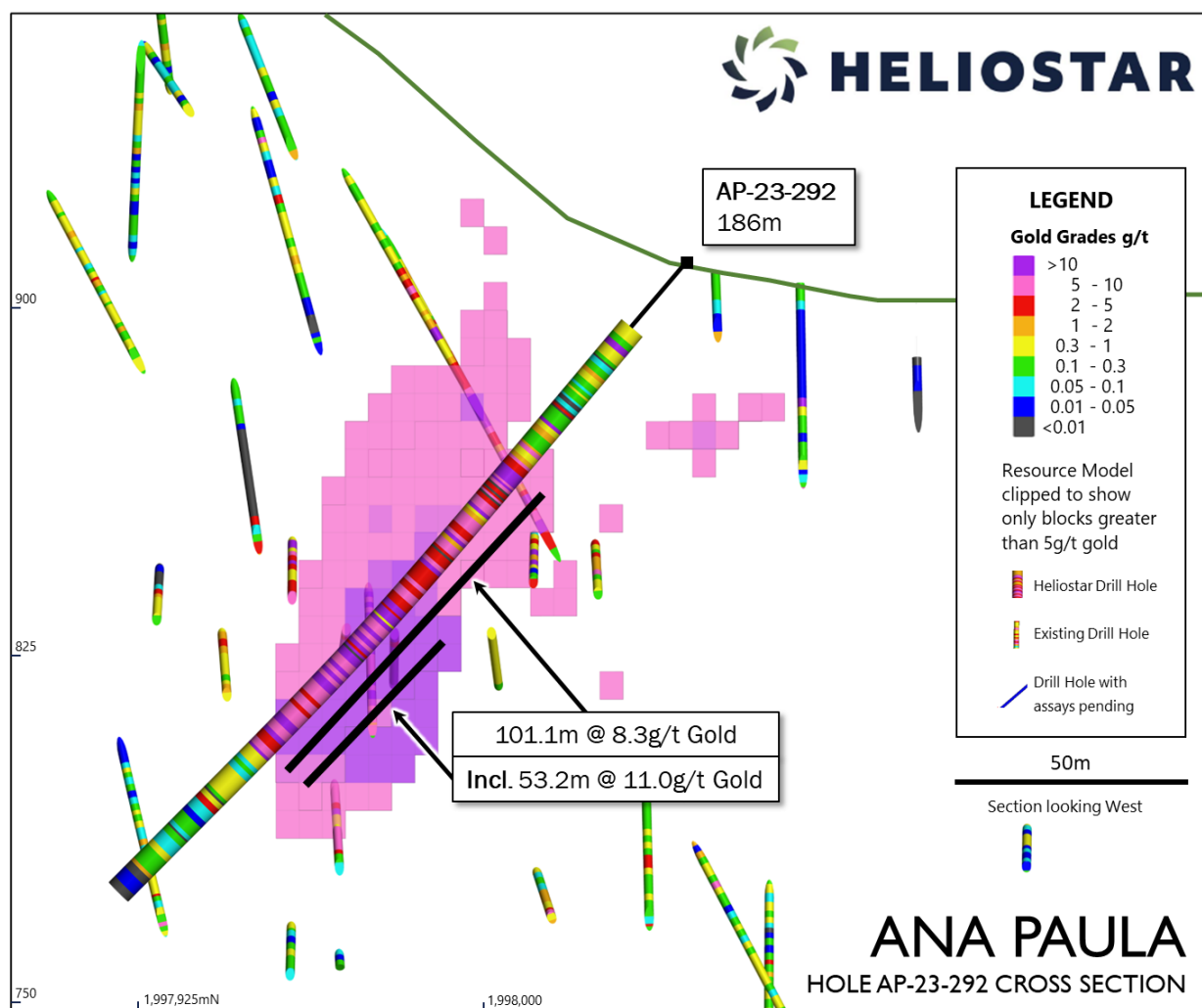


Figure 2: Cross section showing hole AP-23-292 and the resource model clipped to only show greater than 5 g/t gold resource blocks.

Results of Operation (continued)

b) San Antonio Project

The San Antonio Gold Project is an advanced stage, gold development project located in Baja California Sur State, Mexico. Development is currently paused due to a pending environmental permit. The Company will earn the option to acquire a 100% interest in the project by obtaining this permit.

A 2012 preliminary economic assessment completed by Argonaut reported measured and indicated mineral resources of 65,089,000 tonnes at 0.83 g/t gold for 1,735,000 ounces of gold and an inferred resource of 6,215,000 tonnes at 0.34 g/t gold for 67,000 ounces of gold. The project NPV8% from 2012 is \$293 million on a pre-tax basis, based on a \$1,500 per ounce gold price.

The preliminary economic assessment outlines the San Antonio Gold Project as a medium scale, open pit mine with an approximate 3:1 strip ratio. Processing is proposed to be by conventional heap leach of crushed ore.

c) Unga Project, Alaska, USA

The Unga gold-silver project covers 250 square kilometers of neighbouring Unga and Popof Islands, near the Alaska Peninsula and approximately 900 kilometres southwest of Anchorage, Alaska. The property consists of two tracts of subsurface mineral tenure, one on Popof Island and the other on adjacent Unga Island. Both are 100% controlled by Heliostar under an exploration agreement and Mining Lease option with the Aleut Corporation ("AC"), an Alaska Native Regional Corporation. These two tracts surround six State of Alaska mining claims at the Shumagin deposit and 16 patented U.S. federal mining claims at the Apollo-Sitka prospect, all owned 100% by Heliostar.

Significant drill intersections were returned from 2021 drilling at the Zachary Bay, Aquila and Sitka prospects and extensions of the past-producing Apollo Mine. The Company is planning follow-up drill programs at these targets in addition to the Centennial prospect on Popof Island and the SH-1 Deposit.

The Company continues to follow precautionary measures on its projects in Alaska and Mexico to manage and respond to the risks associated with COVID-19. These include following guidance and directives as updated by federal, regional, and local health authorities in respect of general and site-specific protocols.

Heliostar is the first exploration company to consolidate the land of the Unga Project, allowing for comprehensive district-scale exploration. The Company controls 100% of the 240 km² underexplored Unga Gold Project, known as an intermediate sulphidation epithermal district with multiple high-grade vein fields and disseminated mineralized systems capable of yielding significant mineralization. The Unga Gold Project refers collectively to the entire land package on Unga and Popof Islands located in the Shumagin Islands approximately 950 kilometres southwest of Anchorage, Alaska. Unga Island hosts the past producing high grade Apollo-Sitka gold mine which was the first underground gold mine in Alaska. Unga Island hosts multiple distinct gold zones with SH-1 deposit the most advanced, hosting an inferred resource of 384,318oz of gold at an average grade of 13.8g/t Au.

The project is accessible and positioned at 55° N Latitude, conducive to a low-cost year-round operation. Neighboring Popof Island is the local infrastructure hub, with a one-mile-long public paved airstrip servicing routine flights from Anchorage, and an active deep-water port that receives regular cargo ships from Fife, WA.

Results of Operation (continued)

c) Unga Project, Alaska, USA (continued)

On July 1, 2019 (amended on August 29, 2019), the Company signed an exploration agreement with option to lease with The Aleut Corporation ("TAC") (the "Agreement"). The Agreement provides for an exploration license with a follow-on 20-year extendable mining lease on TAC's lands which form part of Heliostar's "Unga Project" on Unga and Popof Islands located at the centre of the Aleutian Arc. The Agreement runs for a period of eight (8) years allowing Heliostar to conduct sub-surface work including drilling, trenching and sampling which permits the Company to advance the numerous mineral showings on the islands which number in excess of 38 distinct prospects including the SH-1 Zone (formerly the Shumagin Zone).

Pursuant to the Agreement, Heliostar is required to complete the following:

	Cash ^(a) (US\$)	Exploration Expenditure on the Property ^(b) (US\$)
On the execution date of the agreement	\$75,000 ⁽ⁱ⁾	\$500,000 ⁽ⁱⁱ⁾
January 1, 2020	75,000 ⁽ⁱ⁾	525,000 ⁽ⁱⁱ⁾
January 1, 2021	80,000 ⁽ⁱ⁾	525,000 ⁽ⁱⁱ⁾
January 1, 2022	85,000 ⁽ⁱ⁾	550,000 ⁽ⁱⁱ⁾
January 1, 2023	90,000 ⁽ⁱ⁾	600,000 ⁽ⁱⁱ⁾
January 1, 2024	95,000	700,000
January 1, 2025	100,000	750,000
January 1, 2026	110,000	850,000
	\$710,000	\$5,000,000

^(a) The cash amount includes the option payments and the materials payments.

^(b) The first year's period begins from July 1, 2019 until December 31, 2019. Subsequent years commence on January 1 of each year and finishes on December 31 of that year.

⁽ⁱ⁾ Paid

⁽ⁱⁱ⁾ Incurred

Results of Operation (continued)

c) Unga Project, Alaska, USA (continued)

SH-1 Resource

On November 24th, 2020, the Company filed a completed mineral resource estimation that has resulted in a maiden National Instrument 43-101-compliant resource within a portion of the SH-1 zone. The report has been filed on www.sedar.com.

This resource derives from the centre of the SH-1 Zone which has been traced by diamond drilling for a total of 1.7 km of strike. SH-1 is a high-grade gold zone and displays all the features of an intermediate sulphidation system including bonanza gold grades and crustiform vein textures. It is one of several known, high-grade gold occurrences on the Shumagin vein corridor. The resource cut-off grade was based on a gold price of US\$1,450/ounce and preliminary metallurgical testing that yielded recovery rates of 87.8% for gold.

- 395,825-ounce gold equivalent maiden resource grading 14.2 grams per tonne (g/t) gold equivalent
- The inferred resource is contained in 866,015 tonnes at a 3.5 g/t Au cut-off consisting of: 384,318 oz of Gold at an avg. grade of 13.8 g/t Au; and 986,321 oz of Silver at an avg. grade of 35.4 g/t Ag.
- The mineralization outcrops at surface for 450 metres (m) along strike and has been drilled to 310 metres down dip at the eastern end the 9.5 kilometre (km) long Shumagin Trend.
- The SH-1 Zone's mineralization remains open at depth.

Further drilling was completed at SH-1 in 2020 and delivered robust widths and high grades as the company expanded on the historical drilling, particularly in holes SH20-03 and SH20-04.

Results of Operation (continued)

c) Unga Project, Alaska, USA (continued)

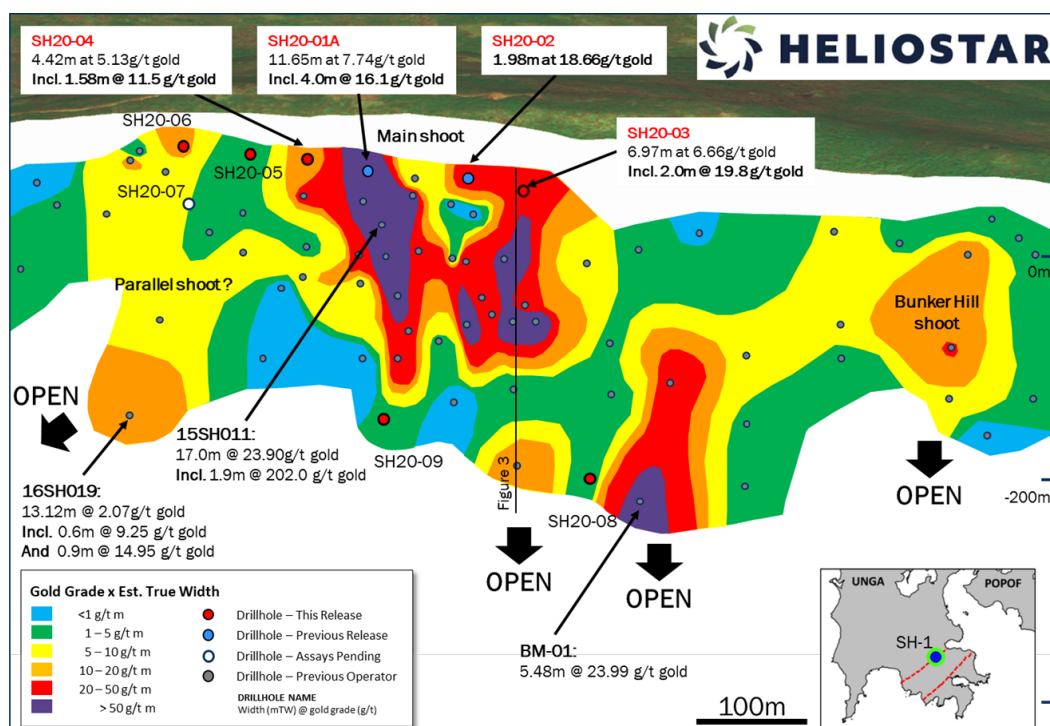


Figure 3: Longitudinal section of SH-1 looking northwest with 2020 holes shown and 2020 results labelled in red.

On May 13, 2021, the Company announced the commencement of the 2021 exploration program at Unga. The exploration program comprised three drills testing the SH-1 resource, the historic Apollo-Sitka Mine, the Aquila prospect and district-scale opportunities.

Apollo

The historic Apollo Mine produced approximately 130,000 ounces of gold at an estimated grade of 10 g/t. Ore is reported to have been mined from three closely spaced, parallel veins. The Apollo vein transitions from gold rich at shallow levels to gold with silver and base metals at depth.

In 2020 the company completed seven holes at the former Apollo-Sitka Mine.

Results of Operation (continued)

c) Unga Project, Alaska, USA (continued)

On June 16, 2021, the Company announced the first results from four drill holes at Apollo-Sitka with highlights of:

- Hole APSRC21-02 which returned:
88.3 g/t gold over 3.05 m from 21.35 m downhole
- Hole SKRC21-03 which returned:
7.98 g/t gold (10.0 g/t Aueq) over 4.57 metres from 13.72 m downhole and,
1.91 g/t gold (5.20 g/t Aueq) over 4.57 metres from 39.62 m downhole and,
8.65 g/t gold (9.09 g/t Aueq) over 10.67 metres from 54.86 m downhole including,
19.3 g/t (20.1 g/t Aueq) gold over 4.57 metres from 56.39 m downhole and,
10.2 g/t gold (10.3 g/t Aueq) over 1.52 metres from 83.82 m downhole.
- True thickness is estimated at 77% of drilled length for APSRC21-02. True thicknesses are not known for SKRC21-03. Gold equivalent is calculated using the following formula: $\text{gold-equivalent} = ((\text{Au_g/t} \times 48.23) + (\text{Ag_g/t} \times 0.6431) + (\text{Pb_ppm} \times 0.0019) + (\text{Zn_ppm} \times 0.0021)) / 48.23$. Metal price assumptions are US\$1,500 per ounce gold, US\$20 per ounce silver, US\$0.85 per pound lead and US\$0.95 per pound zinc.

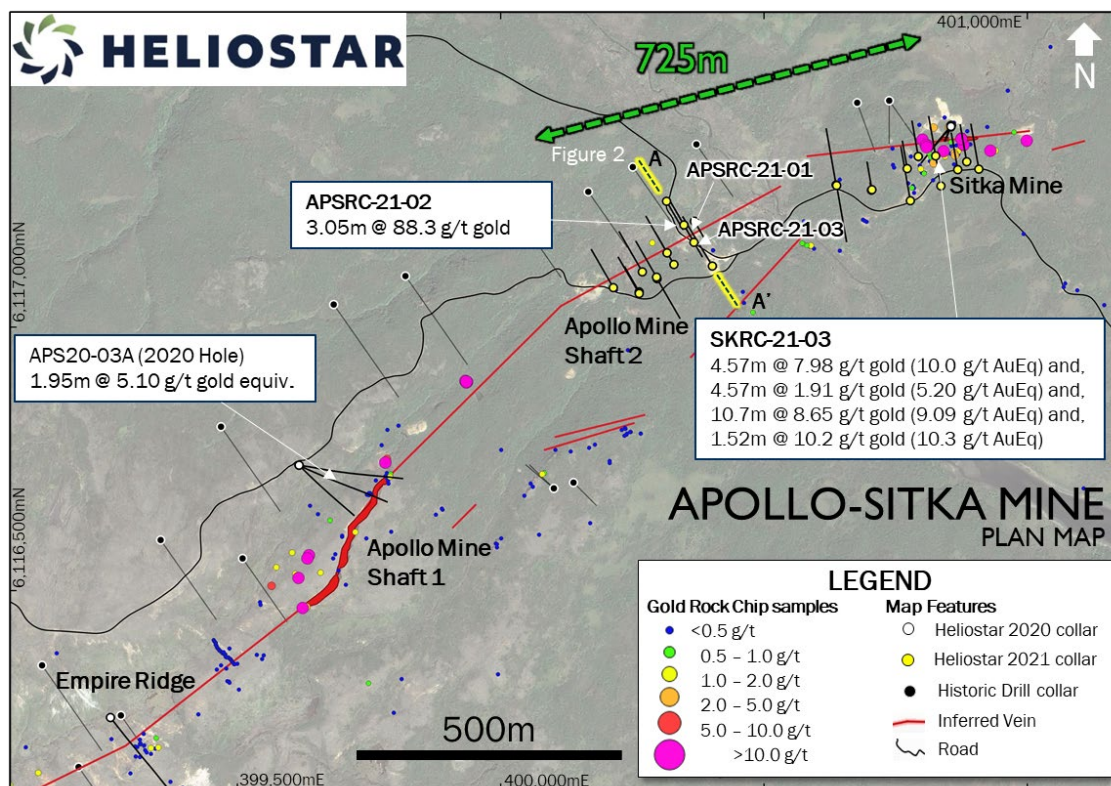


Figure 4: Plan map showing location of the Heliostar and historic drilling at the Apollo prospect.

Results of Operation (continued)

c) Unga Project, Alaska, USA (continued)

On July 13, 2021, the Company announced the results from nineteen additional drill holes at Apollo-Sitka. Highlights included:

- Hole APSRC21-06 which returned:
7.00 g/t gold over 1.52 m from 68.6 m downhole
- Hole APSRC21-08 which returned:
2.04 g/t gold-equivalent (0.031 g/t gold) over 22.9 m from 93.0 m downhole including
5.63 g/t gold-equivalent (0.038 g/t gold) over 3.05 m from 109.7 m downhole
- Hole SKRC21-04 which returned:
7.07 g/t gold-equivalent (1.76 g/t gold) over 1.52 metres from 39.6 m downhole and,
4.32 g/t gold-equivalent (0.646 g/t gold) over 1.52 metres from 54.9 m downhole
- Hole SKRC21-10 which returned:
9.81 g/t gold over 1.52 metres from 89.9 m downhole.
- Intervals reported are drilled lengths and true thicknesses are not known. Gold equivalent is calculated using the following formula: $\text{gold equivalent} = ((\text{Au_g/t} \times 48.23) + (\text{Ag_g/t} \times 0.6431) + (\text{Pb_ppm} \times 0.0019) + (\text{Zn_ppm} \times 0.0021)) / 48.23$. Metal price assumptions are US\$1,500 per ounce gold, US\$20 per ounce silver, US\$0.85 per pound lead and US\$0.95 per pound zinc.

Step-out drilling has intersected at least three parallel veins between Apollo Shaft 2 and the Sitka Mine, and it remains open to depth and along strike.

Aquila

The Aquila target is a newly targeted zone at the Unga project and is interpreted as on the same structure as the SH-1 resource, but 6 kilometres to the southwest. In this area, gold mineralization outcrops are over 750 metres.

On September 7, 2021, the Company announced the results from seven drill holes completed at the Aquila target at the Unga project in 2021. Highlights included:

- AQRC21-09 which returned
 - 6.51 g/t gold over 3.05 m from 28.96 m downhole
- AQRC21-01 which returned
 - 2.45 g/t gold over 7.62 m from 60.96 m downhole, including;
 - 9.91 g/t gold over 1.52 m from 65.53 m downhole
- AQRC21-05 which returned
 - 5.57 g/t gold over 1.52 m from 73.15 metres downhole
- Intervals reported are rounded and widths represent drilled lengths. True thickness is estimated at 70-90% of drilled thickness.

Results of Operation (continued)

c) Unga Project, Alaska, USA (continued)

Unga Regional Targets

In addition to the priority projects, Unga hosts many additional high-grade gold vein, bulk-tonnage gold and porphyry copper-gold targets. Company geologists advanced and drilled some of these targets in the 2022 drilling program.

On September 16, 2021, the Company announced the results from two drill holes completed at the Zachary Bay target at the Unga project in 2021. Highlights included:

- ZBRC21-01 which returned
 - 0.44 g/t Aueq over 71.63 m from 30.48 m downhole, including;
 - 0.58 g/t Aueq over 16.76 m from 30.48 m downhole, including;
 - 0.69 g/t Aueq over 6.10 m from 30.48 m downhole
- ZBRC21-02 which returned
 - 0.34 g/t Aueq over 91.44 m from 9.14 m downhole, including
 - 0.40 g/t Aueq over 41.15 m from 9.14 m downhole
- All numbers are rounded, and intervals represent drilled lengths. Gold equivalent is calculated using the following formula: $\text{gold-equivalent} = ((\text{Au_g/t} \times 48.23) + (\text{Cu_ppm} \times 0.0077)) / 48.23$. Metal price assumptions are US\$1,500 per ounce gold and US\$3.50 per pound copper.

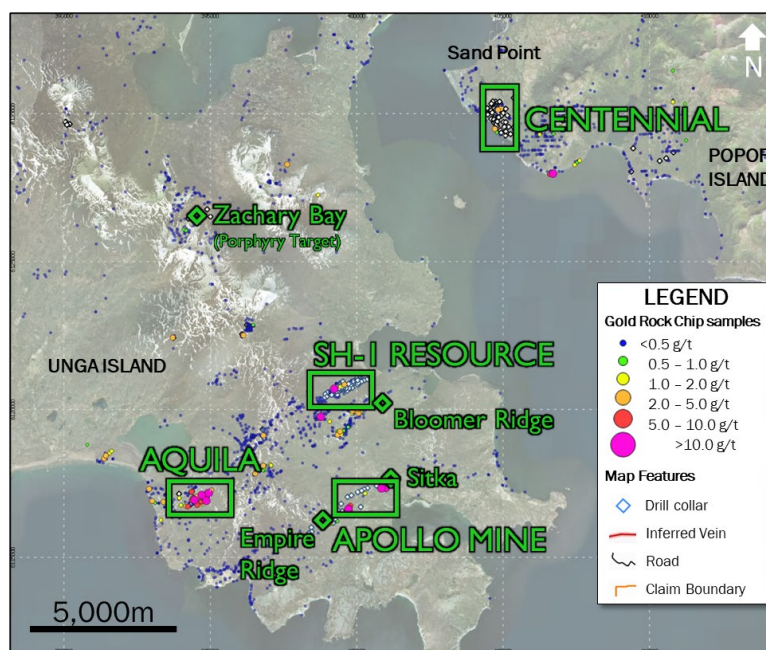


Figure 6: Location of Heliostar's main targets at the Unga Project, Alaska

Results of Operation (continued)

d) Heliodor Metals Ltd and the projects in Mexico

Heliostar owns 100%, or has the option to acquire a 100% interest in three properties in the northern portion of Mexico's Sonora state:

- a) The Oso Negro project is an early-stage intermediate sulphidation epithermal vein system prospect within a 1,275-hectare concession. The project has high grades but has never been drilled. The Company has an option to acquire 100% interest in this property by making the following payments: US\$50,000 after 6 months (paid); and US\$100,000 after 18 months (December 15, 2022). The December 15, 2022, payment was re-negotiated and settled for US\$75,000 on September 13, 2022, as the final payment to acquire the property. The project is subject to a 1% net smelter royalty that the Company can buy for US\$500,000.
- b) The La Lola project comprises a large, 5,400-hectare land package that is prospective for low-sulphidation epithermal systems. The project contains the La Barra vein, which extends for five km and is as wide as 40 metres. The Company has an option to acquire 100% interest in this property by making the following payments: US\$12,500 on signing (paid); US\$25,000 by March 25, 2022 (paid); and US\$25,000 by March 25, 2023 (paid). The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,750,000 at any time.
- c) The Cumaro project is a low-sulphidation vein field with outcropping gold bearing veins in the western portion of the property. Gold values in veins include 12.6 g/t Aueq over 5.0 metres and 13.1 g/t Aueq over 1.75 metres. The eastern half of the property is interpreted to be a higher-level exposure of the same system that was preserved when the eastern block was down dropped by faulting. As such, gold mineralization in veining may be preserved at depth. Historic production in the western area of the vein field indicates excellent widths and grades while very little exploration has been undertaken on the eastern extension at Cumaro. The Company has a 100% interest in this property. The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,000,000 at any time.

On April 6, 2021, the Company announced the results of a mapping and sampling program at the Cumaro property which included 390 g/t silver over 1.0 metres.

Results of Operation (continued)

e) Heliodor Metals Ltd and the projects in Mexico (continued)

On June 3, 2021, the Company announced the results from a mapping and sampling program at the Oso Negro property. Highlights included multiple high-grade channel and grab samples at the Prospecto Vein:

- 1,428 g/t silver equivalent ("AgEq") over 1.2 metres
 - 588 g/t AgEq over 1.8 metres
 - 362 g/t AgEq over 2.4 metres
 - 360 metres of strike with an average width of 1.3 metres and weighted average grade of 420 g/t silver equivalent.
- Note: Silver-equivalent = $((Au_g/t \times 48.23) + (Ag_g/t \times 0.6431) + (Pb_ppm \times 0.0019) + (Zn_ppm \times 0.0021)) / 0.6431$. Metal price assumptions are USD\$1,500 per ounce gold, USD\$20 per ounce silver, USD\$0.85 per pound lead and USD\$0.95 per pound zinc.

In addition, the Company announced the staking of a new claim at the property, the Angel de Plata 2 claim.

On September 28, 2021, the Company announced the results from a mapping and sampling program at the Cumaro property. Highlights included multiple high-grade gold and silver samples from three closely spaced veins along the Verde Vein Corridor and highlights included;

- 12.6 g/t Aueq (10.3 g/t gold and 168 g/t silver) over 5.0 metres.
 - 13.1 g/t Aueq (11.5 g/t gold and 125 g/t silver) over 1.75 metres
 - 9.57 g/t Aueq (8.35 g/t gold and 92 g/t silver) over 2.1 metres
 - 5.49 g/t Aueq (4.68 g/t gold and 61 g/t silver) over 3.0 metres
 - 13.6 g/t Aueq (11.9 g/t gold and 130 g/t silver) over 1.65 metres
 - 4.05 g/t Aueq (2.65 g/t gold and 105 g/t silver) over 5.9 metres
- Note: Widths are true thicknesses and gold equivalent is calculated with a gold:silver ratio of 1:75.

On December 8, 2021, the Company announced the commencement of a 5,000-metre drill program at the Cumaro property. The program was slated to drill the Verde target and the Basaitegui and Palmita Vein Corridors.

On January 12, 2022, the Company announced the resumption of the drill program at the Cumaro property. A total of 427.5 metres had been drilled in December at the Verde target before a break for the holidays. Veining was intersected in all four holes.

On February 28, 2022, the Company announced the results from the first eleven holes drilled at the Verde target. Results were still pending for five additional holes at Verde and for six holes at the Dos Amigos and Palmita vein targets. Highlights included:

Results of Operation (continued)

e) Heliodor Metals Ltd and the projects in Mexico (continued)

- VVDH22-09 which returned
 - 0.89 g/t Aueq over 8.1 metres including,
 - 1.65 g/t Aueq over 3.0 m
 - VVDH21-02 which returned
 - 1.87 g/t Aueq over 1.15 m
 - VVDH21-01 which returned
 - 1.79 g/t Aueq over 1.1 m
- Note: True thickness is estimated at 64-94% of drilled lengths. Gold equivalent is calculated with a gold:silver ratio of 1:75.

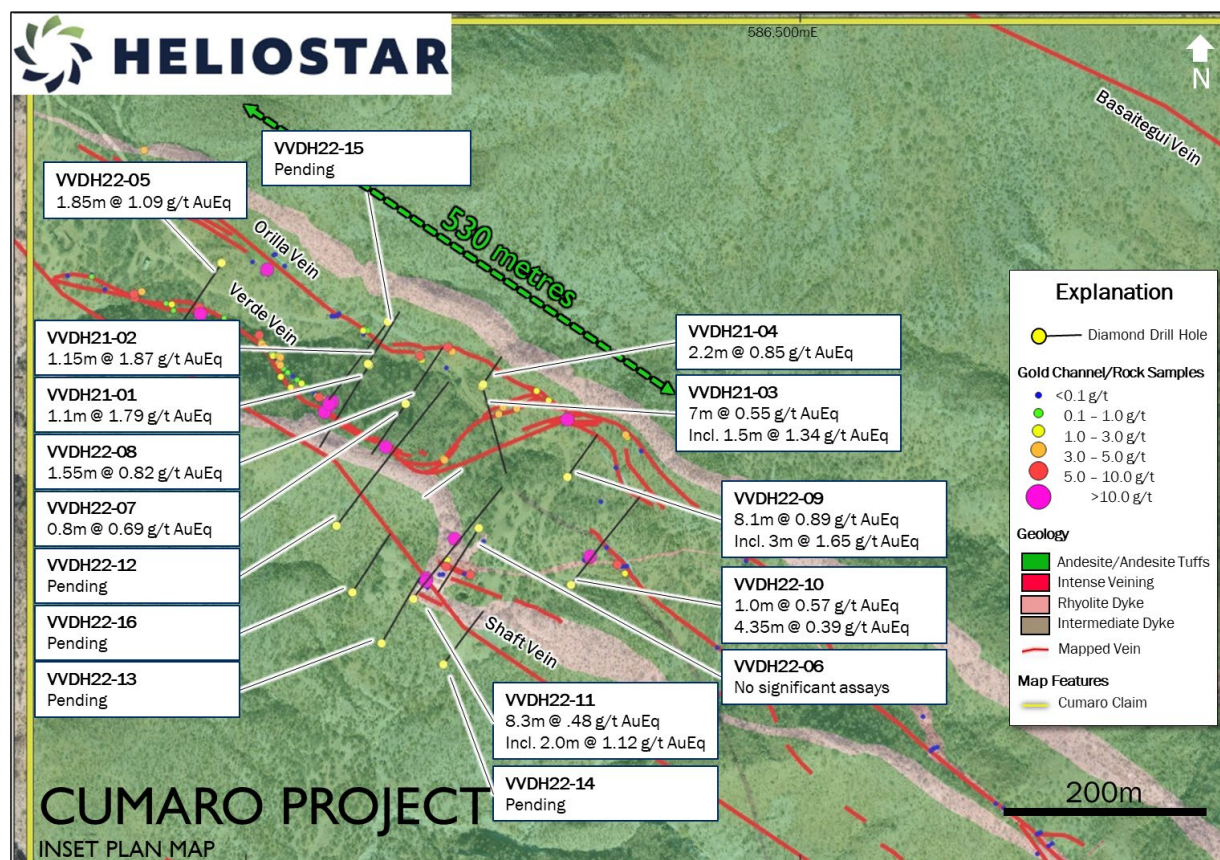


Figure 7: Drill results of the first 11 holes from the Verde Vein Corridor



QUALIFIED PERSON

The technical information contained in this MD&A has been reviewed and approved by Stewart Harris, P.Geo. of Heliostar who is a Qualified Person as defined in "National Instrument 43-101, Standards of Disclosure for Mineral Projects".

FINANCIAL RESULTS

For the year ended March 31, 2023, and March 31, 2022

During the year ended March 31, 2023, the Company reported a comprehensive loss of \$4,531,706 (\$0.08 loss per share) (2022 – \$12,454,579 (\$0.32 loss per share)).

The Company incurred \$1,050,243 (2022 – \$9,060,568) in exploration and evaluation expenses for the exploration programs in Alaska and Mexico (Ana Paula and Heliodor). The Company completed comprehensive exploration programs in Alaska and Mexico during fiscal 2023.

The variances in general and administrative expenses between the fiscal year ended March 31, 2023, and March 31, 2022, are below:

General and administrative expenses	Year ended March 31,			Variances
	2023	2022		
Directors fees	\$ 79,507	\$ 81,250		(1,743)
Insurance	60,645	28,445		32,200
Investor relations	619,745	891,478		(271,733)
Management fees	417,000	417,000		-
Office operations	414,311	320,000		94,311
Professional fees	263,454	336,241		(72,787)
Regulatory fees	53,135	49,269		3,866
Rent	26,729	30,866		(4,137)
Transfer agent	13,813	15,421		(1,608)
Travel and promotion	34,605	60,372		(25,767)
Total	\$ 1,982,944	\$ 2,230,342		(247,398)

Excluding depreciation of \$28,841 (2022 – \$52,798) and share-based payments of \$1,255,504 (2022 – \$1,063,406), the Company's general and administrative expenses amounted to \$1,982,944 during the year ended March 31, 2023, compared to \$2,230,342 in 2022, a decrease of \$247,398. The decrease was mainly due to decrease in (a) investor relations \$271,733 (2023 - \$619,745; 2022 - \$891,478), (b) professional fees \$72,787 (2023 - \$263,454; 2022 - \$336,241), and (c) travel and promotion \$25,767 (2023 - \$34,605; 2022 - \$60,372). These decreases are due to reduced marketing activities while the Company reviewed the results of previous exploration efforts and engaged in Ana Paula acquisition and negotiation.

These decreases are offset by several increases including (a) office operations \$94,311 (2023 - \$414,311; 2022 - \$320,000), (b) insurance \$32,200 (2023 - \$60,645; 2022 - \$28,445). The increases are due to an increase in salary allocation for reviewing work associated with the Ana Paula acquisition.



FINANCIAL RESULTS (continued)

During the year ended March 31, 2023, the Company sold marketable securities for proceeds of \$nil (March 31, 2022 - \$81,770) and recognized realized gains of \$nil (March 31, 2021 - gains of \$1,672) which is recorded in other comprehensive loss.

During the year ended March 31, 2023, the Company sold marketable securities for proceeds of \$nil (March 31, 2022 - \$1,332,369) and recorded a fair value loss of \$nil (March 31, 2021 – fair value loss of \$125,200) in profit or loss.

For the three months period ended March 31, 2023, and March 31, 2022

The variances in general and administrative expenses between the three months period ended March 31, 2023, and March 31, 2022, are below:

General and administrative expenses	Three months period ended March 31,		
	2023	2022	Variances
Directors fees	\$ 20,632	\$ 24,062	(3,430)
Insurance	18,938	7,513	11,425
Investor relations	197,032	250,060	(53,028)
Management fees	133,584	104,250	29,334
Office operations	68,861	90,109	(21,248)
Professional fees	104,834	172,286	(67,452)
Regulatory fees	24,080	18,614	5,466
Rent	6,683	10,820	(4,137)
Transfer agent	5,800	1,158	4,642
Travel and promotion	7,294	11,029	(3,735)
Total	\$ 587,738	\$ 689,901	(102,163)

Excluding depreciation of \$7,210 (2022 – \$18,138) and share-based payments of \$834,457 (2022 – \$184,726), the Company's general and administrative expenses amounted to \$587,738 during the three months ended March 31, 2023, compared to \$689,901 in 2022, a decrease of \$102,163. The decrease was mainly due to a decrease in (a) investor relations \$53,028 (2023 - \$197,032; 2022 - \$250,060), (b) professional fees \$67,452 (2023 - \$104,834; 2022 - \$172,286), and (c) office operations \$21,248 (2023 - \$68,861; 2022 - \$90,109). These decreases are due to reduced marketing and corporate activities while the Company focused on the closing of Ana Paula acquisition.

SUMMARY OF QUARTERLY RESULTS

Selected quarterly information for each of the eight most recently completed financial periods is set out below. All results were compiled using IFRS.

	March 31, 2023 Q4	December 31, 2022 Q3	September 30, 2022 Q2	June 30, 2022 Q1	March 31, 2022 Q4	December 31, 2021 Q3	September 30, 2021 Q2	June 30, 2021 Q1
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss for the period	(1,756,766)	(772,523)	(856,363)	(1,146,054)	(3,347,586)	(1,546,887)	(2,862,080)	(4,699,598)
Comprehensive Loss	(1,756,766)	(772,523)	(856,363)	(1,146,054)	(3,390,208)	(1,783,816)	(2,879,380)	(4,401,175)
Loss per share - basic	(0.03)	(0.01)	(0.02)	(0.03)	(0.09)	(0.04)	(0.09)	(0.17)
Total assets	33,682,802	11,877,914	12,383,968	11,074,778	12,159,795	13,682,786	11,526,081	14,016,495
Working capital	\$ 5,278,222	\$ 498,452	\$ 1,157,567	\$ (999,178)	\$ 8,167	\$ 3,458,783	\$ 894,980	\$ 3,468,343

The Company remains focused on expanding its exploration programs in Unga and Mexican projects, resulting in incurred losses. The variance observed between quarters in fiscal year 2023 primarily stems from the fluctuation of corporate activities, including negotiations related to the Ana Paula and San Antonio projects, as well as reviewing the outcomes of prior exploration efforts. The larger losses recorded in the fourth quarter of fiscal year 2023 can be attributed to share-based compensation and exploration expenses specifically related to Ana Paula.

LIQUIDITY

As of March 31, 2023, the Company's working capital was \$5,278,222 (2022 – \$8,167). With respect to working capital, \$4,129,232 was held in cash (2022 – \$1,183,046) while \$28,750 (March 2022 – \$28,750) was held in short-term investments.

As of March 31, 2023, the Company's cash balance amounted to \$4,129,232, reflecting a significant increase of \$2,946,186 compared to the previous year's balance of \$1,183,046 as of March 31, 2022. This increase can be attributed to a cash injection of \$22,731,714 from share issuance. However, it was partially offset by (a) \$5,612,147 used in operating activities and (b) \$14,173,381 expended in net resource property expenses, which includes the acquisition of Ana Paula amounting to \$13,626,000 (US\$10,000,000).

Actual future funding requirements may vary from those planned due to several factors, including macroeconomic conditions, the progress of exploration and development activity, and foreign exchange fluctuations.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Historically the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

The Company faces ongoing risks related to global inflation and foreign exchange rate volatility. It remains vigilant in monitoring these risks and will implement necessary measures promptly. Additionally, the current economic environment introduces greater uncertainty in near-term metal prices, exchange rates, discount rates, and other key assumptions used in the Company's accounting estimates. Any changes to these assumptions could have a significant impact on the Company's accounting estimates.



COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

As of the date of this MD&A, the Company has no outstanding commitments.

CAPITAL RESOURCES

The Company had 147,773,612 issued and outstanding common shares as of March 31, 2023, (2022 – 43,026,340).

During the year, the Company issued the following common shares:

- On March 16, 2023, the Company closed a non-brokered private placement, issuing 92,727,272 units at \$0.22 per unit for gross proceeds of \$20,400,000.

Each unit includes one common share and half of a non-transferable warrant, allowing the holder to purchase an additional share at \$0.30 per share within 36 months of issuance.

In connection with the financing, the Company paid \$554,700 in cash broker fees and issued 2,521,461 non-transferable broker warrants to three finders. Each warrant allows the purchase of one share at an exercise price of \$0.30 per share for thirty-six months from the issue date. The broker warrants have a fair value of \$398,995 according to the Black-Scholes Option Pricing Model. The Company also incurred \$76,745 in share issue costs.

- On August 2, 2022, the Company closed a non-brokered private placement, issuing 12,020,000 units at \$0.25 per unit for gross proceeds of \$3,005,000.

Each unit consists of one common share and one common share purchase warrant. The warrant allows the holder to exercise it for one common share at an exercise price of \$0.50 within a six-month period following the closing date (the "Transition Date"). On the Transition Date, each existing warrant will automatically convert into a half-warrant, requiring the holder to exercise two half-warrants to purchase one Common Share at an aggregate exercise price of \$0.75 per Common Share. The half-warrants will remain valid for eighteen months after the Transition Date. The allocated value of the proceeds assigned to the warrants is \$240,400.

In connection with the financing, the Company paid \$14,700 cash broker fees and issued 58,800 broker warrants. The broker warrants have a fair value of \$4,121 using the Black-Scholes Option Pricing Model. The Company also incurred an additional \$27,141 in share issue costs.

- During the year ending March 31, 2023, the Company granted 8,651,250 stock options at an exercise price of \$0.30 and 2,218,750 restricted share units (RSUs) to directors, officers, employees, and consultants. The options have a five-year exercise period and vest over two years, while the RSUs vest in three equal annual installments starting from the first anniversary of the grant date.

CAPITAL RESOURCES (continued)

- During the year ending March 31, 2023, 363,334 options expired, and no options were exercised. The fair value of the options granted was calculated using the Black-Scholes option pricing model with a risk-free interest rate of 2.42%, expected volatility of 148.73%, and zero expected dividend yield for 4.49 years expected life of options. For the year ended March 31, 2023, the Company recorded a total fair value of \$1,251,204 (March 31, 2022 - \$1,063,406) in share-based payments expense for the fair value of stock options granted and vested. There are 5,780,973 options outstanding as of March 31, 2023 (March 31, 2022 - 2,187,668).
- During the year ending March 31, 2023, 15,327,362 warrants expired, and no warrants were exercised. The fair value of the warrants issued was calculated using the Black-Scholes option pricing model with a risk-free interest rate of 3.50%, expected volatility of 113.91%, and zero expected dividend yield for 2.92 years expected life of warrants. The fair value of the finder's warrants issued during the period ended March 31, 2023, was \$530,022 (March 31, 2022: \$239,771). There are 58,048,763 warrants outstanding as of March 31, 2023 (March 31, 2022 – 6,372,828).
- The fair value of each RSU is \$0.29 which is the value of a Heliostar common share on issuance day (March 27, 2023). The total share-based compensation of the RSUs is valued at \$643,438, which will be realized as the RSUs vest.
For the year ended March 31, 2023, the Company has recognised a fair value of \$4,300 (2022: \$nil) for the RSUs.

OFF-BALANCE SHEET ARRANGEMENTS

As a policy, the Company does not enter off-balance sheet arrangements with special- purpose entities in the normal course of business, nor does it have any unconsolidated affiliates.

TRANSACTIONS WITH RELATED PARTIES**(a) Due to related parties**

Balance as of March 31, 2023, of \$195,635 (March 31, 2022: \$61,854) was payable to the management of the Company as part of their management fees.

(b) Key Management compensation

Key management consists of the Company's directors and officers. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.



TRANSACTIONS WITH RELATED PARTIES (continued)

(b) Key Management compensation (continued)

In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the period ended March 31, 2023, was \$1,155,739 (March 31, 2022 - \$958,002) and comprised of the following:

	March 31, 2023	March 31, 2022
Senior executive fees	\$ 416,996	\$ 417,000
Non-executive directors fees	79,507	81,250
Share-based compensation	659,236	459,772
	<u>\$ 1,155,739</u>	<u>\$ 958,022</u>

Senior executive fees include \$65,000 (2022 - \$65,000) paid to Executive Chairman, \$250,000 (2022 - \$250,000) paid to the CEO, and \$102,000 amounts (2022 - \$102,000) paid to the CFO.

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

FOURTH QUARTER

During the three months ended March 31, 2023, the Company completed the acquisition of Ana Paula on March 28, 2023.

On March 16, 2023, the Company closed a non-brokered private placement, issuing 92,727,272 units at \$0.22 per unit for gross proceeds of \$20,400,000.

On March 27, 2023, the Company granted 8,651,250 stock options at an exercise price of \$0.30 and 2,218,750 restricted share units (RSUs) to directors, officers, employees, and consultants. The Options have a five-year exercise period and vest over two years, while the RSUs vest in three equal annual installments beginning on the first anniversary of the grant date.

PROPOSED TRANSACTIONS

There are no proposed transactions as of the date of this MD&A

CRITICAL ACCOUNTING ESTIMATES

In the application of the Company's accounting policies, management is required to make judgments, estimates, and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

Share-based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 2. The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date, additional liability could result from audits by tax authorities. Where the outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Estimated Useful Lives and Depreciation of Equipment and Intangible asset

Depreciation of equipment and intangible assets is dependent upon estimates of useful lives based on management's judgment.

CRITICAL ACCOUNTING ESTIMATES (continued)

Reclamation and closure cost provisions

The Company's provisions for reclamation and closure costs represent management's best estimate of the present value of the future cash outflows required to settle the liabilities, which reflects estimates of future costs, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above estimates and assumptions can result in changes to the provisions recognized by the Company.

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Going concern evaluation

As discussed on note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications used, and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as of March 31, 2023.

Exploration and evaluation assets

Management reviews the carrying value of the Company's exploration and evaluation assets on a quarterly basis or when there are indications that the carrying amount may not be recovered. The assessment of potential impairment involves judgment and considers various factors such as the Company's market capitalization, fluctuations in metal prices, property plans, and the results of exploration activities conducted so far. This evaluation also considers changes in the market or business environment, events that have affected the asset, and information obtained from internal reporting to determine if any indications of impairment exist.

Acquisitions

On acquisition of a set of assets and liabilities, management applies judgment in determining whether the set acquired includes the inputs and processes applied to those inputs necessary to constitute a business as defined in IFRS 3 – Business Combinations. Transactions accounted for as business combinations may result in goodwill, or a bargain purchase gain, and transaction costs are expensed. Transactions accounted for as asset acquisitions do not result in goodwill, or a bargain purchase gain, and transaction costs are capitalized as part of the assets acquired.

Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisition of Aurea Mining Inc. (Note 5) met the criteria for accounting as an asset.

Contingent consideration

The Company's accounting policy for contingent consideration involves making estimates and assumptions regarding future events or circumstances. These include assessing probabilities and timing of payments and applying discount rates to cash flows. These estimates are subject to change with new information.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There has been no adoption or recognition of accounting policies other than that are disclosed in note 2 to the annual audited consolidated financial statements for the years ended March 31, 2023, and 2022.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments of the Company carried on the Statements of Financial Position are carried at amortized cost except for marketable securities, which are carried at fair value.

The fair values of the Company's marketable securities are quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's marketable securities have been assessed on the fair value hierarchy described above and classified as Level 1.

Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, short-term investments, marketable securities, accounts receivable, reclamation bond, accounts payable and accrued liabilities, due to related parties, and long-term liabilities. As of March 31, 2023, and March 31, 2022, the carrying value of cash and cash equivalents approximates fair value due to its short-term nature. Marketable securities are marked to fair value at each financial statement reporting date. Reclamation bonds, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature. Long-term liabilities are classified as financial liabilities at amortized cost using the effective interest rate method.

Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits while maximizing returns. The Company is not exposed to significant market risk.

Interest rate risk

Interest rate risk is the risk of losses that arise because of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS (continued)

Currency risk

The Company's main property interest in Alaska, USA make it subject to foreign currency fluctuations which may adversely affect the Company's Consolidated Statements of Financial Position, Consolidated Statements of Comprehensive Loss and Consolidated Statements of Cash Flows. The Company is affected by changes in exchange rates between the Canadian Dollar, Mexican pesos and the US Dollar. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of approximately \$667,426 dominated in US dollars and \$14,626 denominated in Mexican pesos. A 1% change in the absolute rate of exchange in US dollars would affect its net loss by approximately \$8,631.

Price risk

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada and the United States; accordingly, the Company believes it not exposed to significant credit risk.

The Company's maximum exposure to credit risk is equal to the carrying amounts of cash, short-term investments, marketable securities, and reclamation bonds.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay its financial obligations. As of March 31, 2023, the Company had a cash balance of \$4,129,232 to settle current liabilities of \$1,286,910.

OTHER REQUIREMENTS

RISKS AND UNCERTAINTIES

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditure made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditure is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain the commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.



OTHER REQUIREMENTS (continued)

RISKS AND UNCERTAINTIES (continued)

Exploration

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to consider results to date. The revision, reduction, or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions, and sentiments are subject to change, both in short term time horizons and longer-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Commodity price

The Company's exploration projects are primarily related to exploration for gold and other precious metals in Canada, Mexico and the USA. While these minerals have recently been the subject of significant price increases from levels prevalent earlier in the past, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties. Before a number of claims under option can be recorded in the Company's name, the underlying title holder must assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title.

OTHER REQUIREMENTS (continued)**RISKS AND UNCERTAINTIES (continued)****Aboriginal land claims**

Canadian, Mexico and US Aboriginal rights may be claimed on properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is generally supportive of measures established to achieve such cooperation. The risk of unforeseen aboriginal title claims also could affect existing exploration activities as well as potential development projects and possible future acquisitions and transfer of properties. While there is no existing claim to the Company's knowledge in respect of any of its properties, the advent of any future aboriginal land claims and the outcome of any aboriginal land claims negotiations cannot be predicted.

Financing

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Share price volatility and price fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Key personnel

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

OTHER REQUIREMENTS (continued)**RISKS AND UNCERTAINTIES (continued)***Foreign countries and regulatory requirements*

Currently, the Company's only non-Canadian properties are located in the United States. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency fluctuations, inflation, and political risk. Mineral exploration and mining activities and production activities in foreign countries may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to community rights, restrictions on production, price controls, export controls, restriction of earnings, taxation laws, expropriation of property, environmental laws.

Environmental and other regulatory requirements

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties. To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

OTHER REQUIREMENTS (continued)**RISKS AND UNCERTAINTIES (continued)****History of net losses; accumulated deficit; lack of revenue from operations**

The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties, nor has the Company yet determined that commercial development is warranted on any of its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Uninsurable

The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

Critical accounting estimates

In the preparation of financial information, management makes judgments, estimates and assumptions that affect, amongst other things, the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value. Management's estimates of exploration, operating, capital and reclamation costs, if any, are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

The Company also uses the Black-Scholes Option Pricing Model in relation to share-based payments. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

Increased Costs

Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to several factors, such as the results of ongoing exploration activities (positive or negative), changes in mineralisation encountered, and revisions to exploration programs, if any, in response to the foregoing. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could render the costs of exploration programs to increase significantly over those budgeted. A material increase in costs for any significant exploration programs could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

OTHER REQUIREMENTS (continued)**RISKS AND UNCERTAINTIES (continued)***Conflicts of Interest*

Certain directors and officers of the Company also serve as directors, officers and advisors of other companies involved in natural resource exploration and development. To the extent that such companies may participate in ventures with the Company, such directors and officers may have conflicts of interest in negotiating and concluding the terms of such ventures. Such other companies may also compete with the Company for the acquisition of mineral property rights. If any such conflict of interest arises, the Company's policy is that such director or officer will disclose the conflict to the board of directors and, if the conflict involves a director, such director will abstain from voting on the matter. In accordance with the Business Corporations Act (BC), the directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

Government Regulation

The Company operates in an industry that is governed by numerous regulations, including but not limited to, environmental regulations as well as occupational health and safety regulations. Most of the Company's mineral properties are subject to government reporting regulations. The Company believes that it is in full compliance with all regulations and requirements related to mineral property interest claims. However, it is possible that regulations or tenure requirements could be changed by the respective governments resulting in additional costs or barriers to the development of the properties. This would adversely affect the value of properties and the Company's ability to hold onto them without incurring significant additional costs. It is also possible that the Company could be in violation of, or non-compliant with, regulations it is not aware of.

On April 21, 2023, the Mexican parliament's lower house voted to approve significant changes to the country's mining laws with the intention of avoiding overexploitation of natural resources (the "Proposed Mining Law Amendments"). It is uncertain whether the Proposed Mining Law Amendments will be enacted in the form approved by the lower house of parliament or at all. This MD&A does not take into account the Proposed Mining Law Amendments.

Military Conflict in Ukraine

The military conflict in Ukraine could lead to heightened volatility in the global financial markets, increased inflation, and turbulence in mining markets. More recently, in response to Russian military actions in Ukraine, several countries (including Canada, the United States, and certain allies) have imposed economic sanctions and export control measures and may impose additional sanctions or export control measures in the future, which have and could in the future result in, among other things, severe or complete restrictions on exports and other commerce and business dealings involving Russia, certain regions of Ukraine, and/or particular entities and individuals. While the Company does not have any direct exposure or connection to Russia or Ukraine, as the military conflict is a rapidly developing situation, it is uncertain how such events and any related economic sanctions could impact the global economy. Any negative developments in respect thereof could have an adverse effect on the Company's business, operations, financial condition, and the value of the Company's securities.



OTHER REQUIREMENTS (continued)

RISKS AND UNCERTAINTIES (continued)

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements. Further, the effectiveness of internal control is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may change. There were no changes in our internal controls over financial reporting during the year period ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Legal proceedings

As at the year-end and the report date, there were no legal proceedings against or by the Company.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company completed an impairment analysis as of March 31, 2023, and concluded that no impairment charge was required because:

- the Company capitalized only the property acquisition costs and expense all its exploration expenditures;
- there have been no significant changes in the legal factors or climate that affect the value of the properties in Alaska and Mexico;
- all properties in Alaska and Mexico remain in good standing; and
- the Company intends to continue its exploration and development plans on the properties.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The consolidated financial statements present the significant components of general and administrative expenditures. Significant components of mineral property expenditures are included in Section Results of Operations.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 166,692,636 issued and outstanding common shares. In addition, the Company has 11,967,917 outstanding stock options that expire through March 27, 2028, and 67,620,163 common share purchase warrants that expire through August 2, 2024. Details of issued share capital are included in Note 12 of the audited consolidated financial statements for the years ended March 31, 2023, and 2022.

OTHER INFORMATION

All technical reports on material properties, press releases, and material change reports are filed on SEDAR at www.sedar.com.