

LODESTAR BATTERY METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

Notice of no Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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 a review of interim financial statements by an entity's auditor.

Lodestar Battery Metals Corp.

Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2024 and December 31, 2023

(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2024 \$	December 31, 2023 \$
ASSETS			
Current Assets			
Cash		1,244,315	1,295,314
Other receivables		8,067	12,120
Prepaid expenses and other assets	5	41,244	50,029
Total current assets		1,293,626	1,357,463
Non-Current Assets			
Exploration and evaluation assets	6	2,546,133	2,606,026
Total assets		3,839,759	3,963,489
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	9	50,952	68,845
Other payables		3,962	3,962
Deferred purchase consideration	6	1,250,000	1,250,000
Total liabilities		1,304,914	1,322,807
SHAREHOLDERS' EQUITY			
Common shares	7	15,029,080	15,029,080
Contributed surplus		549,462	549,462
Accumulated other comprehensive loss		523,710	523,705
Deficit		(13,567,407)	(13,461,565)
Total shareholders' equity		2,534,845	2,640,682
Total liabilities and shareholders' equity		3,839,759	3,963,489

Nature of operations and going concern (Note 1)

APPROVED BY THE BOARD OF DIRECTORS

Lowell Kamin ("signed")

Director

Gary Prihar ("signed")

Director

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

Lodestar Battery Metals Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2024 \$	March 31, 2023 \$
General and administrative expenses			
Accounting and audit	9	15,000	17,429
Bank charges and interest		179	829
Exploration research and investigation		3,927	-
Filing and listing fees		16,421	8,665
Insurance		7,711	8,016
Investor relations and marketing		16,725	26,743
Legal and professional fees		4,571	8,857
Management, consulting and advisory fees	9	48,000	41,000
Office and miscellaneous		9,759	9,421
Rent	9	1,873	1,711
Share-based compensation	7(c),9	-	44,248
Transfer agent fees		550	700
Loss before other items		(124,716)	(167,619)
Other income (expenses)			
Interest income		13,885	15,770
Foreign exchange gain		4,989	7,176
Settlement of flow-through premium liability		-	10,000
Impairment of exploration and evaluation assets	5	-	(4,880,868)
Net loss for the period		(105,842)	(5,015,541)
Other comprehensive loss			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Currency translation differences		5	(7,638)
Total other comprehensive profit (loss) for the period		5	(7,638)
Total comprehensive loss for the period		(105,837)	(5,023,179)
Weighted average number of common shares outstanding during the period	7(e)	44,336,500	44,336,500
Loss per share - basic and diluted		-	(0.11)

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

Lodestar Battery Metals Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

	Number of shares #	Capital Stock \$	Contributed Surplus \$	AOCI* \$	Deficit \$	Total \$
Balance - December 31, 2022	44,336,500	15,029,080	744,028	508,191	(4,735,932)	11,545,367
Share-based compensation – stock options	-	-	49,408	-	-	49,408
Transfer of expired share-based payment awards	-	-	(288,696)	-	288,696	-
Net and comprehensive loss for the period	-	-	-	(7,638)	(5,015,541)	(5,023,179)
Balance - March 31, 2023	44,336,500	15,029,080	504,740	500,553	(9,462,777)	6,571,596
Share-based compensation – stock options	-	-	44,722	-	-	44,722
Net and comprehensive loss for the period	-	-	-	23,152	(3,998,788)	(3,975,636)
Balance - December 31, 2023	44,336,500	15,029,080	549,462	523,705	(13,461,565)	2,640,682
Net and comprehensive loss for the period	-	-	-	5	(105,842)	(105,837)
Balance - March 31, 2024	44,336,500	15,029,080	549,462	523,710	(13,567,407)	2,534,845

* AOCI Accumulated other comprehensive income (loss)

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

Lodestar Battery Metals Corp.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

	2024	2023
	\$	\$
Operating activities:		
Net loss for the period	(105,842)	(5,015,541)
<i>Items not affecting cash:</i>		
Impairment of exploration and evaluation assets, net of reversal of related accrued liabilities	-	4,880,868
Settlement of flow-through premium liability	-	(10,000)
Share-based compensation	-	44,248
	(105,842)	(100,425)
<i>Changes in non-cash working capital related to operations:</i>		
Other receivables	4,053	3,661
Prepaid expenses	8,785	27,970
Accounts payable and accrued liabilities	(18,176)	(130,436)
Net cash used in operating activities	(111,180)	(199,230)
Investing activities:		
Investment in exploration and evaluation assets	(1,490)	(188,367)
Government assistance received for exploration and evaluation assets	61,856	-
Net cash from (used) in investing activities	60,366	(188,367)
Decrease in cash during the period	(50,814)	(387,597)
Foreign exchange effect on cash and cash equivalents	(185)	(7,716)
Cash – beginning of the period	1,295,314	2,732,167
Cash – end of the period	1,244,315	2,336,854

Supplemental Cash Flow Information – Note 10

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

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Lodestar Battery Metals Corp. (“Lodestar” or the “Company”) was incorporated under the Business Corporation Act (Ontario) on July 15, 2013. On March 21, 2019, the Company was continued under the British Columbia Business Corporations Act, and on March 2, 2021, in conjunction with the closing of its qualifying transaction (“Qualifying Transaction”), the Company changed its name to Silverton Metals Corp. On November 10, 2022, the Company announced it changed its name to Lodestar Battery Metals Corp. and that it began trading on the TSX Ventures Exchange (“TSX-V”), effective November 14, 2022, under the symbol “LSTR”. On May 5, 2021, the Company’s shares commenced trading on the OTC Markets system, through the SEC-registered Alternative Trading System quotation facilities (known as OTC Link® ATS), under the symbol “SVTNF”. The head office of the Company is located at 704-595 Howe Street, Vancouver, British Columbia, V6C 2T5.

On March 2, 2021, the Company completed its Qualifying Transaction with the acquisition of three silver-focused Mexican mineral properties, being Peñasco Quemado, Sonora; La Frazada, Nayarit; and Pluton, Durango (the “Silver Properties”), from Silver One Resources Inc. (“Silver One”), a TSX-V listed company, by acquiring from Silver One all of the issued and outstanding shares of KCP Minerals Inc. (“KCP”), which holds, through its wholly owned Mexican subsidiary, Minera Terra Plata S.A. de C.V. (“Minera Terra”), a 100% interest in the Silver Properties (see Note 5).

On August 31, 2022, the Company completed the acquisition of all of the outstanding share capital of Wholesome Organics Limited (“WOL”) thereby acquiring the lithium focused Peny Property in Snow Lake, Manitoba (Note 6). On November 28, 2022, the Company changed the name of Wholesome Organics Limited to Lodestar Exploration Inc. (“LEI”).

Going Concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company’s ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements. The Company expects to incur further losses in the development of its business. At March 31, 2024, the Company had an accumulated deficit of \$13,567,407 since inception and a working capital deficit of \$11,288 (December 31, 2023 – working capital of \$34,656).

The Company’s ability to continue as a going concern will be dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These factors give rise to material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The economic uncertainties around persistent inflation pressure, geopolitical and other global factors have the potential to slow growth in the global economy. Future developments in these challenging areas could impact on the Company’s results and financial condition and the full extent of that impact remains unknown. However, as at March 31, 2024, the Company has not been significantly impacted by these matters.

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

2. Basis of presentation

Statement of Compliance

These condensed interim consolidated financial statements 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 financial statements, including *IAS 34 - Interim Financial Reporting*. These condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2023 which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were approved by the board of directors for use on May 29, 2024.

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual financial statements for the year ended December 31, 2023.

3. Critical accounting estimates and judgement

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim financial statements and the reported amount of expenses during each year. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2023.

4. New and future accounting standards and pronouncements

New standards or amendments to existing standards issued but which have not yet been applied by the Company based on the effective date are not currently expected to have a material impact on the Company's financial statements.

5. Prepaid expenses and other assets

	March 31, 2024	December 31, 2023
	\$	\$
Prepaid expenses	35,716	44,702
Other assets	5,528	5,327
	41,244	50,029

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

6. Exploration and evaluation assets

Exploration expenditures incurred during the year ended December 31, 2023 and the three months ended March 31, 2024 are as follows:

	Peñasco Quemado	La Frazada	Pluton	Peny Property	Total
	\$	\$	\$	\$	\$
December 31, 2022	5,494,556	2,537,823	-	2,076,817	10,109,196
Unwind of discounting on deferred cash consideration	7,514	4,029	-	-	11,543
Consulting	25,542	-	-	234,316	259,858
Exploration research & investigation	-	-	-	284,368	284,368
Travel	-	-	-	844	844
Land / recording fees	145,073	9,326	-	-	154,399
Share-based compensation (Note 8)	-	-	-	9,681	9,681
Impairment of exploration and evaluation assets	(5,691,194)	(2,548,771)	-	-	(8,239,965)
Foreign exchange translation	18,509	(2,407)	-	-	16,102
	(5,494,556)	(2,537,823)	-	529,209	(7,503,170)
December 31, 2023	-	-	-	2,606,026	2,606,026
Consulting	-	-	-	1,963	1,963
	-	-	-	1,963	1,963
Government assistance	-	-	-	(61,856)	(61,856)
	-	-	-	(59,893)	(59,893)
March 31, 2024	-	-	-	2,546,133	2,546,133

¹ The foreign currency translation amount arises from the Company's subsidiary, Minera Terra, incurring exploration expenditures in currencies other than the Canadian dollar while the Company's consolidated financial statements are presented in Canadian dollars, thereby giving rise to foreign currency translation differences upon inclusion of the Canadian dollar equivalent of the foreign currency expenditures in the Company's consolidated financial statements.

Peny Property

On August 31, 2022, the Company completed the acquisition of a lithium focused property, being the Peny Property, from WOL by acquiring all of the issued and outstanding shares of WOL, which holds a 100% interest in the Peny Property.

The Peny Property is located approximately 25 kilometres north-east of the town of Snow-Lake, Manitoba. The property is prospective for Lithium Pegmatite and Volcanic Massive Sulphide style mineralization which is known to occur in the local area. The property encompasses rocks belonging to Churchill Province and comprises of meta volcanoclastic and metasedimentary rocks. In 2022, the Company acquired a total of 15 mineral claims totaling 3,204 ha in the Snow Lake district in Manitoba, Canada.

On December 13, 2023 the Company entered into a grant agreement with the Manitoba Mineral Development Fund ("MMDF") for \$123,723 to fund exploration activities at the Peny property. During the period ended March 31, 2024, the Company received the first of two instalments under the grant of \$61,856.

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

The Silver Properties

On March 2, 2021, the Company completed the acquisition of three silver-focused Mexican mineral properties, being Peñasco Quemado, Sonora; La Frazada, Nayarit; and Pluton, Durango, from Silver One by acquiring from Silver One all of the issued and outstanding shares of KCP, which holds, through its wholly owned subsidiary, Minera Terra, a 100% interest in the Silver Properties. Under the terms of the transaction the Company agreed to pay Silver One \$6,000,000 in cash and shares with (a) \$750,000 of the cash consideration being payable eighteen months after closing, and (b) \$500,000 of the cash consideration being payable twenty-four months after closing. The deferred cash consideration payments are in the form of non-interest promissory notes. On acquisition of KCP on March 2, 2021, the Company recorded an adjustment to mineral properties of \$264,122 of fair value discount applied to the deferred cash consideration, which was estimated using a discount rate of 15%. This discount is being unwound over the period from acquisition of KCP to the date of maturity of the deferred cash consideration. During the three months ended March 31, 2024, the Company recognized an unwind of discounting on deferred cash consideration of \$Nil (2023 - \$11,543).

At March 31, 2024 the deferred cash consideration payable at each due date is represented as follows:

	September 2, 2022	March 2, 2023	Total
	\$	\$	\$
Balance, December 31, 2021	682,841	424,745	1,107,586
Unwind of fair value discount*	67,159	63,712	130,871
Balance, December 31, 2022	750,000	488,457	1,238,457
Unwind of fair value discount*	-	11,543	11,543
Balance, December 31, 2023 and March 31, 2024	750,000	500,000	1,250,000

* During the period ended March 31, 2024, unwinding of the discount of \$Nil arising from the fair value (2023 - \$11,543).

Silverton also granted a 1.5% net smelter return royalty (the "Royalty") on each of the Silver Properties to Silver One. At the option of Silverton, Silverton may repurchase, two-thirds (2/3) of the Royalty (being a 1% net smelter return royalty) with a payment equal to US\$500,000 for each of the Silver Properties.

Each of the Silver Properties is subject to a 1.5% NSR per property with a buyback of 1% for US\$500,000 in favor of a third party, First Mining Finance Corp. ("First Mining"). Upon closing of the Qualifying Transaction, the Company granted Silver One a 1.5% Net Smelter Return Royalty on each of the Silver Properties. At the option of the Company, the Company may purchase two-thirds of each individual royalty (being 1% of the applicable royalty) with a payment equal to US\$500,000.

Impairment

During the second half of 2023, management commenced marketing the Silver Properties for sale to third party potential purchasers. Despite management's efforts, the marketing sale campaign was unsuccessful. Accordingly, and in conjunction with management's determination that the Silver Properties do not form part of the strategic assets of the Company, management determined that it would not further explore the Silver Properties. As a result, the properties were written down to \$Nil at December 31, 2023 based on an estimated fair value of \$Nil, which was a Level 3 estimate in the fair value hierarchy. During the three months ended March 31, 2023, the Company recorded an impairment charge on the Silver Properties of \$4,880,868, comprised of \$2,336,272 and \$2,544,596, respectively, arising from the Peñasco Quemado and La Frazada properties, respectively. The Peñasco Quemado property was written down to its estimated recoverable amount of \$3,250,000, determined from the results of the NI 43-101 Technical Report published on the property (see **Peñasco Quemado** section below). During the period ended March 31, 2023, management decided to focus on other properties, and did not intend to further develop the La Frazada property. Accordingly, the La Frazada property was written down to its estimated fair value of \$Nil. The fair value

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

estimates of each of Peñasco Quemado and La Frazada at March 31, 2023 are Level 3 estimate in the fair value hierarchy.

Peñasco Quemado

The Peñasco Quemado Silver Property is located within the north central portion of the Mexican state of Sonora, south of the American state of Arizona. KCP Minerals holds 100% of the Peñasco Quemado Property through Minera Terra. The property consists of seven mining concessions. The main concessions are contiguous and vary in size for a total property area of approximately 3,746 ha, while the fractional claims are not contiguous. The concessions are subject to bi-annual property taxes (which are paid in January and July), and the filing of assessment work reports in May of each year covering the work accomplished on the property between January and December of the preceding year. At present, the aggregate property tax payable to the Mexican government for the mineral concessions is Mx\$ 762,610 per semester (approximately US\$48,434) every six months which are due on or before the end of January (paid) and July (paid) respectively. The mineral concessions at Peñasco Quemado expire between October 29, 2028 and September 14, 2056. The property is also subject to annual assessment work expenditure requirements of approximately US\$300,000. In May 2023, the Company filed a NI 43-101 Technical Report for the 2023 Mineral Resource Estimate on the Peñasco Quemado Project, Sonora, Mexico with an effective date of March 21, 2023.

La Frazada

The La Frazada Property is located within the central portion of the Mexican state of Nayarit, approximately 55 km northwest of Tepic, the capital of the state of Nayarit. The La Frazada Property is situated in the El Zopilote mining district in the Ruiz municipality. KCP Minerals holds 100% of the La Frazada Property through Minera Terra, which holds La Frazada mining concession totaling 299 ha. The concession is subject to bi-annual property taxes and the filing of assessment work reports in May of each year covering the work accomplished on the property between January and December of the preceding year. At present, the property tax bi-annual (i.e., twice per year) fee payable to the Mexican government for the mineral concession is Mx \$60,889 (approximately US\$3,867) every six months which are due on or before the end of January (paid) and July (paid) respectively. The mineral concession expires on May 22, 2058.

Pluton

Pluton is a 6,534 ha property comprised of 3 contiguous mining concessions. It is strategically located within the historic "Ojuela-Mapimi Mining District" and lies along the eastern front of the Sierra Madre Oriental in northern Durango. KCP Minerals holds 100% of the Pluton Property through Minera Terra. The concessions are subject to bi-annual property taxes and the filing of assessment work reports in May of each year covering the work accomplished on the property between January and December of the preceding year. At present, the total bi-annual (i.e., twice per year) property tax fee payable to the Mexican government for the property's concessions is Mx \$1,290,430 per semester (approximately US\$81,956). The property was written down to \$nil during the year ended December 31, 2022. The property is also subject to annual assessment work expenditure requirements of approximately US\$1,000,000.

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

7. Share Capital

a) Authorized and issued

Unlimited common shares, without par value

b) Financings

During the three months ended March 31, 2024 and 2023 no common shares were issued.

c) Stock options

On July 25, 2023, the Company adopted a fixed share option plan (the "Fixed Plan"). The Fixed Plan, as of the date of adoption, permits a maximum of 4,433,650 common shares of the Company to be acquired under all options granted and outstanding. The exercise price of option grants will be determined by the Board of Directors, but cannot be lower than the price permitted by the TSX-V. The Fixed Plan Provides that the number of Shares reserved for issuance to an Optionee pursuant to an Option grant, together with all other stock options granted to the Optionee in the previous 12 months, at the time of granting of the Option: (a) may not exceed 5% of the outstanding Shares, if the Optionee is an Insider; (b) shall not exceed 2% of the outstanding Shares, if the Optionee is a Consultant; or (c) 2% of the outstanding Shares (including all other Shares reserved for issuance to all Optionees providing investor relations services to the Company), if the Optionee is engaged in providing investor relations services to the Company and the Shares are listed on the TSX-V. Subject to earlier termination, all share options granted under the Fixed Plan will expire not later than the date that is ten years from the date that such share options are granted.

In the event that an optionee ceases to be a director, officer, employee or consultant, the option will terminate within ninety days. In the event of the death of an optionee, the options will only be exercisable within 12 months of such death. Options granted under the Fixed Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

The balance of options outstanding and related information for the three months ended March 31, 2024 and 2023 are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance December 31, 2023	4,380,000	\$0.13	3.77
Balance March 31, 2024	4,380,000	\$0.13	3.52
Exercisable, March 31, 2024	4,380,000	\$0.13	3.52

The balance of options outstanding as at March 31, 2024 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Exercisable
June 13, 2027	\$0.14	3.45	880,000	-	880,000
September 2, 2027	\$0.16	3.67	1,550,000	-	1,550,000
December 23, 2027	\$0.10	3.98	1,950,000	-	1,950,000
			4,380,000	-	4,380,000

During the period ended March 31, 2024, the Company recognized share-based compensation of \$Nil (2023 - \$49,408 with \$5,160 being capitalized to exploration and evaluation assets).

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

d) Share Purchase Warrants

The balance of warrants outstanding and related information for the three months ended March 31, 2024 and 2023 are as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance December 31, 2023	13,894,000	\$0.98	0.45
Expired*	(11,574,000)	-	-
Balance March 31, 2024	2,320,000	\$0.14	1.59

* The warrants that expired during the three months ended March 31, 2024 were issued as part of units issued in private placements and when bifurcated, on recognition of the private placements, were allocated a \$nil fair value. No warrants expired during the three months ended March 31, 2023.

The balance of warrants outstanding as at March 31, 2024 was as follows:

Expiry date	Exercise price	Remaining life (years)	Warrants Outstanding
December 23, 2024	\$0.10	0.98	320,000
December 23, 2025	\$0.15	1.98	2,000,000
			2,320,000

e) Escrowed shares

Upon completion of the Qualifying Transaction, 130,000 escrow shares ("Original Escrow Shares") were no longer contingently returnable to treasury, but instead are to be released on a time basis with 10% released upon closing of the Qualifying Transaction and a further 15% to be released each subsequent six months thereafter. The Original Escrow Shares were included in the calculation of the weighted average number of shares outstanding during the three months ended March 31, 2024 and 2023. In addition, as part of the closing of the Qualifying Transaction, 4,475,000 shares were placed in a time release escrow ("Additional Escrow Shares") with 10% released upon closing of the Qualifying Transaction and a further 15% to be released each subsequent six months thereafter. The full number of these Additional Escrow Shares are included in the calculation of the weighted average number of shares outstanding during the three months ended March 31, 2024 and 2023. During the three months ended March 31, 2024, 19,500 (2023 – 19,500) Original Escrow Shares and 671,250 (2023 - 671,250) Additional Escrow Shares, respectively, were released from escrow. At March 31, 2024, Nil (December 31, 2023 – 19,500) Original Escrow Shares and Nil (December 31, 2023 - 690,750) Additional Escrow Shares remain in escrow.

8. Capital Management

The Company defines its capital as its shareholders' equity which as at March 31, 2024, totaled \$2,534,845 (December 31, 2023 - \$2,640,682). The Company manages its capital to ensure that sufficient funds are available to fund operations, including the identification and acquisition of businesses or assets.

The Company's capital management objectives, policies and processes have remained unchanged since the year ended December 31, 2023. The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's processes for managing its capital during the three months ended March 31, 2024.

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

9. Related Party Transactions

Key management comprises the directors, officers and consulting geologist of the Company. Compensation paid or accrued to key management or companies controlled by key management personnel during the three months ended March 31, 2024 and 2023 are as follows:

	March 31, 2024	March 31, 2023
	\$	\$
Professional fees	6,419	4,680
Management, consulting and advisory	48,000	30,000
Share-based compensation	-	21,327
	54,419	56,007

Professional fees represent fees charged by a Company controlled by the Chief Financial Officer ("CFO") of the Company for the provision of CFO services and are included in accounting and audit expenses in the consolidated statements of loss and comprehensive loss.

Management, consulting and advisory charges represent fees paid to a company, in which the Chief Executive Officer ("CEO") and Executive Vice President ("EVP") are directors, for the provision of CEO and management services, as well as fees charged by a company controlled by a director of the Company for technical consulting services.

During the three months ended March 31, 2024, the Company incurred professional fees of \$8,581 (2023 - \$11,708) for the provision of non-CFO accounting and advisory support services charged by a company controlled by the Chief Financial Officer of the Company and are included in accounting and audit expenses in the consolidated statements of loss and comprehensive loss.

All transactions with related parties have occurred in the normal course of operations.

Included in accounts payable and accrued liabilities at March 31, 2024 are amounts due to related parties of \$5,408 (December 31, 2023 - \$20,597) owing to (i) a company controlled by the CFO for the provision of CFO, and non-CFO accounting and advisory support services, and (ii) to key management – other than the CFO – for management and consulting fees for amounts owing to the CEO and EVP. These amounts are non-interest bearing and due on normal commercial terms.

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

10. Supplemental cash flow information

Other cash flow information relating to operating activities is presented below:

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. As at, and during the three months ended March 31, 2024 and 2023, the following transactions were excluded from the consolidated statements of cash flows:

	March 31, 2024	March 31, 2023
	\$	\$
Non-cash investing and financing transactions		
Share-based compensation included in exploration and evaluation assets	-	5,160
Change in exploration and evaluation assets included in accounts payable and accrued liabilities	473	17,512
Change in exploration and evaluation assets arising from unwind of discount on deferred cash consideration	-	11,543
Change in exploration and evaluation assets arising from foreign exchange translation	-	78
Change in exploration and evaluation assets arising from impairment charges	-	(4,880,868)

11. Financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, deferred purchase consideration and other payables; the fair values of which, other than deferred purchase consideration, approximates their carrying values due to the short-term nature of these instruments. The fair value of the deferred purchased consideration is estimated to be \$1,250,000 at March 31, 2024 (December 31, 2023 - \$1,250,000), using a discount rate of 15%.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in paying its financial liabilities. The Company manages this risk by ensuring it has sufficient cash on hand to meet obligations as they come due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities. Accounts payable are due under normal commercial terms, typically within 30 days. As at March 31, 2024, the Company had cash of \$1,244,315 (December 31, 2023 - \$1,295,314) to settle liabilities of \$1,304,914 (December 31, 2023 - \$1,322,807) due within 12 months. Certain conditions cast significant doubt on the Company's ability to meet its financial obligations. Refer to Notes 1 for more information regarding the Company's liquidity risk.

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash balances are not held in investment accounts, therefore, is not exposed to the risk from interest rate fluctuations. The Company is not exposed to significant interest rate risk.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the party by failing to pay for its obligations. The Company is subject to credit risk with respect to its cash balances. The Company mitigates credit risk by depositing cash with a Canadian schedule I chartered bank and other depository insured Canadian financial institutions as well as monitoring those institutions' credit ratings.

Foreign currency risk

The Company conducts its business in Canada and Mexico. A large number of Minera Terra's exploration expenditures, and its funding provided by the Company, are primarily incurred in US dollars. Accordingly, the Company's cash profile and exploration expenditures are exposed to changes in the Canadian dollar/US dollar exchange rates. The Company is exposed to currency exchange rate risks to the extent of its activities in currencies which are not the functional currency of the economic environment in which the Company or its subsidiaries operate. Based on this exposure as at March 31, 2024 a 5% change in exchange rates could give rise to a change in the net loss by approximately \$11,090 (December 31, 2023 - \$10,893). The Company does not employ the use of any hedging or other derivative instruments in the management of its foreign currency risk.

The Canadian dollar equivalent of financial assets and financial liabilities denominated in other currencies at March 31, 2024 and December 31, 2023 are shown below:

March 31, 2024	USD	MXN	Total
CAD Equivalent	\$	\$	\$
<i>Financial Assets</i>			
Canada	214,372	-	214,372
Mexico	1,382	15,890	17,272
	215,754	15,890	231,644
<i>Financial Liabilities</i>			
Canada	-	-	-
Mexico	-	(8,441)	(8,441)
	-	(8,441)	(8,441)
Net foreign currency exposure	215,754	7,449	223,203

December 31, 2023	USD	MXN	Total
CAD Equivalent	\$	\$	\$
<i>Financial Assets</i>			
Canada	207,349	-	207,349
Mexico	-	15,863	15,863
	207,349	15,863	223,212
<i>Financial Liabilities</i>			
Canada	-	-	-
Mexico	-	(5,354)	(5,354)
	-	(5,354)	(5,354)
Net foreign currency exposure	207,349	10,509	217,858

Lodestar Battery Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

Price risk

The Company is not exposed to significant price risk.

12. Segmented Information

The Company's operations are limited to a single industry segment, being mineral exploration and development. Geographic segment information of the Company's assets and liabilities as at March 31, 2024 and December 31, 2023 is as follows:

Identifiable assets	March 31, 2024	December 31, 2023
	\$	\$
<i>Current</i>		
Canada	1,270,826	1,335,516
Mexico	22,800	21,947
Total current assets	1,293,626	1,357,463
<i>Non-Current</i>		
Canada	2,458,017	2,517,915
Mexico	88,116	88,111
Total non-current assets	2,546,133	2,606,026
Total assets	3,839,759	3,963,489

Identifiable liabilities	March 31, 2024	December 31, 2023
	\$	\$
Canada	1,296,473	1,317,448
Mexico	8,441	5,359
Total liabilities	1,304,914	1,322,807

Geographic segmentation of the Company's net loss for the three months ended March 31, 2024 and 2023 is as follows:

	March 31, 2024	March 31, 2023
	\$	\$
Canada	(103,611)	(721,390)
Mexico	(2,231)	(4,294,151)
Net loss	(105,842)	(5,015,541)