LODESTAR BATTERY METALS CORP.
(Formerly Silverton Metals Corp.)
Management's Discussion & Analysis
For the three months ended March 31, 2024

The following management's discussion and analysis ("MD&A"), prepared as of May 29, 2024, is a review of operations, current financial position and outlook for Lodestar Battery Metals Corp., formerly Silverton Metals Corp., ("Lodestar" or the "Company"). Additional information relevant to the Company's activities can be found on SEDAR+ at www.sedarplus.ca/.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2024 and the audited consolidated financial statements and MD&A for the year ended December 31, 2023, and the notes thereto. Amounts are reported in Canadian dollars, unless otherwise specified.

FORWARD-LOOKING STATEMENTS

Certain statements contained in the following MD&A constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, except as required by law.

COMPANY DESCRIPTION AND RECENT HIGHLIGHTS

Lodestar Battery Metals Corp., formerly, Silverton Metals Corp., was incorporated under the Business Corporations Act (Ontario) on July 15, 2013, was continued under the British Columbia Business Corporations Act on March 21, 2019 and on March 2, 2021, in conjunction with the closing of its qualifying transaction ("Qualifying Transaction") ceased to be classified as a Capital Pool Company as defined in Policy 2.4 of the TSX-Venture Exchange (the "TSX-V" or the "Exchange"). On November 10, 2022 the Company announced it changed its name to Lodestar Battery Metals Corp. and that it began trading on the 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".

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.

EXPLORATION PROGRAMS AND EXPENDITURES

During the three months ended March 31, 2024, the Company incurred deferred acquisition and exploration expenditures of $1,963 (year ended December 31, 2023 - $711,012) prior to government assistance received of $61,856 (year ended December 31, 2023 - $Nil). During the year ended December 31, 2023, the Company also recognized the following non-cash costs: (i) share-based compensation of $9,681, (ii) impairment charge of $8,239,965 *(see description of impairment in the Silver Properties further below)* and (iii) foreign exchange translation gain of $16,102.

The expenditures for the period ended March 31, 2024 related to consulting fees in connection with the Company's Peny property and during the years ended December 31, 2023 primarily related to the Peny and Peñasco Quemado properties. The expenditures for the year ended December 31, 2023, include exploration and investigation costs of $284,368 to expand the Peny property, consulting costs of $259,858 for sampling work on the Peny property resource estimate costs of $25,542 in relation to Peñasco Quemado, land/recording fees of $154,399, general exploration costs of $Nil, geological and geophysical expenses of $nil. In addition, $11,543 of unwinding of discounting on deferred cash consideration relating to the acquisition of the Silver Properties was recognized as exploration and evaluation asset additions during the year ended December 31, 2023.

The details of the deferred acquisition and exploration expenditures recognized during periods ended March 31, 2024 and December 31, 2023 are as follows:

	Peñasco Quemado	**La Frazada**	**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	-	-	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
Government assistance	-	-	(61,856)	(61,856)
	-	-	(59,893)	(59,893)
March 31, 2024	**-**	**-**	**2,546,133**	**2,546,133**

* *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 volcaniclastic and metasedimentary rocks. In 2022, the Company acquired a total of 15 mineral claims totaling 3,204 hectares in the Snow Lake district in Manitoba, Canada.

During the year ended December 31, 2023, the Company staked 32 additional claims in the Snow Lake district in Manitoba, totalling 7,859 ha, thereby expanding the Peny claims package to a total of 47 claims for 11,191 ha. 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. See *2024 Exploration Activities & Updates* for further details on the advancement of the Peny Property during the three months ended March 31, 2024.

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 (see Note 6 to the consolidated financial statements). The Mexican Congress recently passed a set of amendments to existing statutes that, materially change mining regulation and projects outlook in Mexico (the Mining Reform). The Mining Reform was published in the Federal Register on May 8, 2023, and includes major changes to Mexico's Mining Law, National Waters Law, General Law of Ecological Equilibrium and Environmental Protection and General Law for the Prevention and Integral Handling of Wastes. The Mining Reform is effective as of May 9, 2023, with additional implementing regulation is to be issued within 180 calendar days. The Company is currently working with legal counsel to assess the impacts of the Mining Reform on its Mexican exploration assets.

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 is not in the Company’s best interests to incur further expenditures in exploring the Silver Properties. As a result, an aggregate impairment charge on the Silver Properties of $8,239,965 was recorded in profit or loss for the year ended December 31, 2023. The impairment charge was based on the 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 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. During the year ended December 31, 2023 an impairment loss in connection with the property of $5,691,194 was recorded in profit or loss.

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. During the year ended December 31, 2023 an impairment loss in connection with the property of $2,548,771 was recorded in profit or loss.

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). During the year ended December 31, 2022, management decided the Pluton claim does not form a strategic asset of the Company and has therefore determined not to incur the costs of the related and outstanding property taxes. The property was written down to $nil. The property is also subject to annual assessment work expenditure requirements of approximately US$1,000,000.

2024 Exploration Activities & Updates

Peny Property

During 2023, management staked 32 additional claims with favourable infrastructure and lithium pegmatite potential in the Snow Lake district, Manitoba. These acquisitions expanded Peny property to the total of 47 claims for 11,191 ha. The claims were staked over the prospective ground along the northward extension of the Crowduck Bay fault and Berry Fault systems which are noted regionally to host pegmatites along this late stage controlling fault trends. Where these intersect Kisseynew Domain toward the north, claims have additionally been staked over areas with favourably oriented potentially dilatational structures interpreted from regional magnetics over parts of the property. The expanded claims blocks include outcroppings of Pegmatite noted from aerial reconnaissance over the property in late 2022. Based on a historical data compilation over the property, a total of 86 drill holes have been identified on the property, including 18 drill holes with noted pegmatite previously unsampled.

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 three months ended March 31, 2024, the Company received $61,856 in connection with the grant.

On February 8, 2024, the Company announced results from the previously announced rock sampling program conducted by Axiom. The new results identified up to 7 new K/Rb anomalous areas on pegmatite samples. Various element ratios such as K/Rb are fractionation indicators which can aid in vectoring fertile granites that can contain mineralization. These newly identified areas appear to be interesting and will require further evaluation.

SUMMARY OF QUARTERLY RESULTS

A summary of the Company's quarterly results for the 8 most recent quarters is as follows:

Three Months Ended:	**Mar 31, 2024**	**Dec 31, 2023**	**Sep 30, 2023**	**Jun 30, 2023**
Total revenue	$Nil	$Nil	$Nil	$Nil
Net loss	($105,842)	($3,619,542)	($228,337)	($150,909)
Net loss per share (basic and diluted)	$-	($0.08)	($0.01)	$-

Three Months Ended:	**Mar 31, 2023**	**Dec 31, 2022**	**Sep 30, 2022**	**Jun 30, 2022**
Total revenue	$Nil	$Nil	$Nil	$Nil
Net loss	($5,015,541)	($798,492)	($339,871)	($448,162)
Net loss per share (basic and diluted)	($0.11)	($0.02)	($0.01)	($0.02)

1 *Due to rounding, the sum of the quarterly net loss per share amounts may not equal the annual net loss per share amount.*

The net loss during the quarter ended March 31, 2024 is lower than in the other quarters as the Company is focusing on conserving cash and planning its exploration activities for 2024. The net loss during the quarter ended December 31, 2023 was higher than previous quarters due to impairment loss of $3,359,097 recognized on the Company's Mexican properties. The net loss for the quarter ending September 30, 2023, was lower than the first quarter and other quarters of 2022 due to the Company having reduced management fees and share-based compensation, which decreased the loss compared to other periods. However, it was higher than the quarter ended June 30, 2023 due to bad debts expense resulting from uncollectible receivable and higher investor relations fees due to an engagement of additional marketing consultants.

The loss during the three months ended March 31, 2023 was higher than other quarters due to the impairment charge, relating to the Peñasco Quemado and La Frazada properties, in the aggregate amount of $4,880,868 incurred in that period. This increase in losses was partly offset by a decrease in management, consulting and advisory fees to $41,000 and investor relation and marketing fees to $26,743 during the period ended March 31, 2023 from $243,905 and from $64,053, respectively, in the comparative quarter of 2022. These decreases were related to reduction in the Company's activities in the first quarter of 2023.

The loss for the quarter ended December 31, 2022, was higher than the majority of prior comparable periods primarily due to the recognition for an allowance for doubtful collection of IVA of $262,322 by Minera Terra, the Company's Mexican subsidiary, as well as share-based compensation of $274,555. Both are partly offset by a decrease in management, consulting and advisory fees to $112,000 from $215,216 as well as a reduction in investor relations and marketing expenses to $45,996 from $404,171. In addition, during the quarter ended December 31, 2021, bad debt expenses of $250,000, relating to unrecoverable amounts from a cancelled prepaid contract were incurred which were not repeated in the current period.

The net loss for the quarter ending September 30, 2022, was lower than the prior comparable period due to the recording, of bad debt expenses of $350,000, relating to unrecoverable amounts from a cancelled prepaid contract in the prior comparable period these costs were not incurred in the current period. The net loss for the quarter ending September 30, 2022, is primarily due to the impairment of the Pluton property of $168,389 recorded during the quarter ending September 30, 2022. In addition, 1,550,000 options were granted to officers and directors resulting in recording non-cash share-based compensation of $32,507 which were not incurred in the prior comparable period.

The net loss for the quarter ending June 30, 2022 was impacted primarily due to the non-cash share-based compensation recorded related to the 880,000 options granted to the CEO which was not repeated in the current period.

RESULTS OF OPERATIONS

Three months ended March 31, 2024

During the three months ended March 31, 2024, the Company reported a net loss of $105,842 and a loss per share of $0.00 (2023 - loss of $5,015,541 and a loss per share of $0.11).

The loss for the there months ended March 31, 2024 was higher than the lower for the same period of 2023 due to no impairment loss being recognized in 2024 compared to an impairment loss of $4,880,868 recognized in 2023. This decrease is offset with the slight increases in management, consulting and advisory fees, exploration and research investigation and filing and listing fees. During the three months ended March 31, 2023, the Company also recognized non-cash accounting income relating to settlement of flow-through premium liability of $10,000 compared to $Nil recognized in the same period of 2024.

	2024 **$**	**2023** **$**
Expenses		
Accounting and audit	15,000	17,429
Bank charges and interest	179	829
Exploration Research & 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	48,000	41,000
Office and miscellaneous	9,759	9,421
Rent	1,873	1,711
Share-based compensation	-	44,248
Transfer agent fees	550	700
Interest income	(13,885)	(15,770)
Foreign exchange loss (gain)	(4,989)	(7,176)
Settlement of flow-through premium liability	-	(10,000)
Impairment loss on mineral property	-	4,880,868
Loss for the period	**(105,842)**	**(5,015,541)**
Currency translation differences	5	(7,638)
Total comprehensive loss	**(105,837)**	**(5,023,179)**

The primary changes in expenses are as follows:

i. Share-based compensation of $Nil (2023 – $44,248)
The Company did not grant options during three months ended March 31, 2024. All previously granted options vested in the past periods, which resulted in a decrease in share-based compensation compared to the same period of 2023.

ii. Investor relations and marketing $16,725 (2023 - $26,743)
The Company reduced operations during 2024 to conserve cash. As a result, investor relations and marketing expenses continue to decrease due to lack of activity.

iii. Filing and listing fees of $16,421 (2023 - $8,665)
The increase is due to the timing of expenses.

Other items impacting loss for the period include:

i. Impairment loss $Nil (2023 - $4,880,868)
During the period ended March 31, 2023, management decided to reduce operations in Mexico. As a result, an impairment loss was recognized during the quarter ended March 31, 2023. The properties were further written down to $Nil at December 31, 2023.

ii. Settlement of flow-through liability $Nil (2023 - $10,000)
The Company closed a flow-through private placement in late 2022, giving rise to an accounting flow-through liability. Upon commencement of exploration work during 2023 the flow-through premium liability was amortized to the consolidated statement of comprehensive loss pro-rata with the amount of related qualifying flow-through expenditures that are incurred by the Company. The Company incurred all required expenses as of December 31, 2023, accordingly no comparative recovery occurred during the three months ended March 31, 2024.

FINANCING ACTIVITIES

The Company did not undertake any financing activities during the three months ended March 31, 2024.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2024, the Company had cash of $1,244,315 compared to $1,295,314 at December 31, 2023. The net decrease in cash for the year is primarily due to the Company's cash used in operating activities of $111,180, offset by cash received from government assistance of $61,856.

The Company's total liabilities outstanding as of March 31, 2024, were $1,304,914, which were classified as current. The Company's working capital deficit as at March 31, 2024 was $11,288.

The Company has not pledged any of its assets as security for loans and is not otherwise subject to any debt covenants.

At March 31, 2024, the Company's commitments primarily arise from the KCP acquisition deferred cash consideration payable of $1,250,000 and the annual maintenance fees payable to the Mexican authorities for the claims on the Silver Properties. The Company does not intend to continue to pay the property taxes on the Silver Properties.

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:

	Three months ended	
	March 31, 2024	March 31, 2023
	$	$
Professional fees	**6,419**	4,680
Management, consulting and advisory	**45,000**	30,000
Share-based compensation	**-**	21,327
	51,419	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.

Management, consulting and advisory charges represent fees paid to a company, in which the Chief Executive Officer ("CEO") and Execuitve 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 and 2023, management, consulting and advisory charges represented (i) fees paid to Integrity Capital Group, a company through which the CEO and EVP provides their services to the Company and (ii) fees charged by All Terrain Geology, a company through which Leo Horn, a Director, provides technical advisory services to the Company.

During the three months ended March 31, 2024 and 2023, the following management, consulting and advisory fees were charged for each of the foregoing parties:

	Three months ended	
	March 31, 2024	March 31, 2023
	$	$
Lowell Kamin (CEO)	**45,000**	30,000
Leo Horn (Director)	**3,000**	-
	48,000	30,000

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 Malaspina Consultants Inc., a company controlled by the Chief Financial Officer of the Company and are included in accounting and audit expenses in the condensed interim 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, EVP and a Director. These amounts are non-interest bearing and due on normal commercial terms.

ADOPTION OF NEW ACCOUNTING STANDARDS

The Company did not adopt any new accounting standards as of January 1, 2024, which had a material impact upon adoption.

FUTURE ACCOUNTING STANDARDS AND PRONOUNCEMENTS

New standards issued but not yet effective at March 31, 2024 are not currently expected to have a material impact on the Company's financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, other assets, accounts payable and accrued liabilities, deferred purchase consideration and other payables, the fair values of which, other than deferred purchase consideration, approximate their respective carrying values due to the short-term nature of these instruments. The Company's other financial instrument, being cash and deferred purchase consideration, are measured as follows: (i) cash at fair value using Level 1 inputs, and (ii) deferred purchase consideration is estimated as a Level 3 fair value of $1,250,000, determined using contractual cash flows and discounted at a rate of 15% from the date of expected payment to March 31, 2024.

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 of the condensed interim consolidated financial statements for more information regarding the Company's liquidity risk.

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 earn market rates of interest, therefore, is not exposed to fair value 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 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	**$**	**$**	**$**
Financial Assets			
Canada	214,372	-	214,372
Mexico	1,382	15,890	17,272
	215,754	15,890	231,644
Financial Liabilities			
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	**$**	**$**	**$**
Financial Assets			
Canada	207,349	-	207,349
Mexico	-	15,863	15,863
	207,349	15,863	223,212
Financial Liabilities			
Canada	-	-	-
Mexico	-	(5,354)	(5,354)
	-	(5,354)	(5,354)
Net foreign currency exposure	**207,349**	**10,509**	**217,858**

OUTSTANDING SHARE DATA

Authorized
The Company is authorized to issue an unlimited number of common shares.

The table below summarizes the Company's issued and outstanding common shares, and stock options and warrants that are convertible into common shares as of May 29, 2024:

Issued and outstanding common shares	44,336,500
Share options with a weighted average exercise price of $0.13	4,380,000
Share purchase warrants with a weighted average exercise price of $0.14	2,320,000
Fully diluted	**51,036,500**

RISKS AND UNCERTAINTIES

As a result of completing its Qualifying Transaction the Company has now become an exploration stage company and faces risks and uncertainties similar to other companies in the exploration sector. Accordingly, the Company is engaged in the exploration, development and exploitation of mineral resources for base metals and precious metals. Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company’s control. The properties of the Company are without a known body of commercial ore. The exploration programs undertaken and proposed constitute an exploratory search and there is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned. The Company’s properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects or governmental actions. The Company can never be certain that it or its option partners will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under law are often complex. The Company does not carry title insurance on its properties. A successful claim that the Company or its option partner does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property. The occurrence of any such event could have a material adverse effect on the Company and its prospects.

The Company requires licenses and permits from various governmental authorities to carry out exploration and development of its projects. Obtaining permits can be a complex, time-consuming process as well as dealing with changing governmental law and regulation. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities. In addition, the requirements applicable to sustain existing permits and licenses may change or become more stringent over time and there is no assurance that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

Development and exploration activities depend on adequate infrastructure, including reliable roads, power sources and water supply. The Company’s inability to secure adequate water and power resources, as well as other events outside of its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company’s operations and financial condition.

Other operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks. The Company is not insured against risks, nor are all risks insurable.

The Company has experienced losses in operations in prior years and has an accumulated deficit position. The Company expects to incur losses for the foreseeable future. The Company has not paid any dividends in the past, nor does it expect to do so in the foreseeable future. The continuation of the Company's operations is subject to its ability to continue to be able to raise funding to support its operations. While the Company has been successful to date in raising funding there is no guarantee that it will continue to do so in the future.

The profitability of the Company's operations, if ever established, will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, sales of copper, gold and silver by central banks, forward sales by producers, production, industrial and jewellery demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable. The Company's revenues and earnings also could be affected by the prices of other commodities as well so by the price of copper, gold, silver or zinc. The prices of these commodities are affected by numerous factors beyond the Company's control.

The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its mineral properties. Issuances of additional securities will result in dilution of the equity interests of the Company's shareholders. The Company may issue additional common shares in the future as further capital is required and on the exercise of outstanding options or other convertible securities issued from time to time. Sales or issuances of substantial amounts of additional securities, or the availability of such securities for sale, could adversely affect the market prices for the Company's securities. A decline in the market prices of securities of the Company could impair the Company's ability to raise additional capital through the sale of new common shares should it desire to do so. In addition, if additional common shares or securities convertible into common shares are sold or issued, such sales or issuances may substantially dilute the equity interests of the Company's holders of common shares.

Certain directors and officers of the Company are or may become associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the Business Corporations Act (British Columbia), a director or senior officer who has a material interest in a contract or transaction or a proposed contract or transaction that is material to the Company, or a director or senior officer who is a director or senior officer of, or has a material interest in, a person who has a material interest in the contract or transaction, is required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract or transaction. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. However, circumstances (including with respect to future corporate opportunities) may arise which are resolved in a manner that is unfavourable to the Company. Further, the non-management directors of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these persons and these persons will not devote all of their time to the business and affairs of the Company.

The Company is also subject to regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

Companies in all industries, including the mining industry, are subject to legal claims from time to time, some of which have merit and others of which do not. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material effect on the Company's financial position, results of operations or the Company's property development.

Companies in all industries, including the mining industry, are susceptible to cyber risk. The Company's primary operational exposure to cyber risk is with respect to proprietary geological, geochemical and exploration data and related models. The Company, similar to companies in all industries, is exposed to common place cyber risks such as, but not necessarily limited to, phishing, spam, fraudulent attacks, denial of service attacks, data loss, data theft, data corruption. The Company outsources its IT management to IT professionals who implement, among other controls and mitigation strategies, system access and authentication controls, transactional authentication, system activity logging, audit trails, "exception" handling, on-prem and off-prem backup and storage of the Company's data.

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 May 29, 2024, the Company has not been significantly impacted by these matters.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year ended December 31, 2023 and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR+ at www.sedarplus.ca/.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca.

Ty Magee, P. Geo., is the Company's Qualified Person and he has approved of the written disclosure of scientific and technical information contained herein.