



HELIOSTAR METALS LTD.
CONDENSED INTERM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
SEPTEMBER 30, 2022, AND 2021

NOTICE TO READER
NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 Canadian Institute of Chartered Professional Accountants for a review of interim financial statements.

HELIOSTAR METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note	September 30, 2022	March 31, 2022
		\$	\$
Assets			
Current			
Cash		1,313,510	1,183,046
Short-term investments	4	28,750	28,750
Marketable securities	5	56,250	125,000
Amounts receivable		6,544	12,350
Prepaid amounts and advances	6	554,603	538,297
		1,959,657	1,887,443
Non-current			
Long-term prepaid amounts	6	82,633	53,517
Reclamation bond	7	-	7,407
Exploration and evaluation assets	7	10,259,962	10,115,291
Equipment	8	81,716	96,137
		10,424,311	10,272,352
		12,383,968	12,159,795
Liabilities			
Current			
Accounts payable and accrued liabilities		753,364	1,817,422
Due to related parties	10	48,726	61,854
		802,090	1,879,276
Shareholders' equity			
Share capital	11	57,690,264	54,732,184
Accumulated other comprehensive income		282,795	282,795
Reserves	11	7,583,424	7,237,729
Deficit		(53,974,605)	(51,972,189)
		11,581,878	10,280,519
		12,383,968	12,159,795

Nature of operations and continuance of operations (Note 1)

These consolidated financial statements are authorized for issue by the Board of Directors on November 15, 2022. They are signed on the Company's behalf by:

/s/ Jacques Vaillancourt, Director

/s/ Ken Booth, Director

HELIOSTAR METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

		Three months ended September 30,		Six months ended September 30,	
	Note	2022	2021	2022	2021
Exploration and evaluation					
Exploration expenditures	7	\$ 141,149	\$ 2,189,973	\$ 508,881	\$ 5,994,269
General and administrative					
Depreciation	8	7,211	\$ 11,131	14,421	22,262
Directors fees	10	22,062	19,062	44,125	39,437
Insurance		13,231	7,478	29,444	12,553
Investor relations		142,999	200,545	321,745	439,826
Management fees	10	104,250	104,250	208,500	209,323
Office operations		130,951	33,184	245,598	140,865
Professional fees		68,490	15,675	106,640	100,251
Regulatory fees		11,243	16,798	19,764	24,507
Rent		6,682	6,682	13,364	13,364
Share-based compensation	10, 11(c)	155,637	316,830	340,617	565,825
Transfer agent		3,185	1,437	6,065	3,114
Travel and promotion		1,276	(36,018)	2,588	832
		667,217	697,054	1,352,871	1,572,159
Loss before the undernoted		(808,366)	(2,887,027)	(1,861,752)	(7,566,428)
Other income / (expense)					
Foreign exchange (loss)		(34,430)	268,566	(72,098)	145,094
Interest income		184	2,045	184	10,865
Changes in fair value of marketable securities	5	(13,750)	(245,665)	(68,750)	(151,210)
		(47,996)	24,946	(140,664)	4,749
Loss for the period		(856,363)	(2,862,081)	(2,002,416)	(7,561,679)
Other comprehensive income (loss)					
Items that may be reclassified to profit or loss					
Changes in fair value of marketable securities		-	(17,300)	-	281,123
Comprehensive loss for the period		\$ (856,363)	\$ (2,879,381)	\$ (2,002,416)	\$ (7,280,556)
Basic and diluted loss per share		\$ (0.02)	\$ (0.09)	\$ (0.04)	\$ (0.23)
Weighted average number of common shares outstanding (basic and diluted)		50,734,818	33,345,548	46,901,641	32,610,647

HELIOSTAR METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

Share Capital						
	Number of Shares	Amount	Reserves	Accumulated Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance, March 31, 2021	31,805,319	\$ 45,927,290	\$ 5,978,542	\$ 281,123	\$ (39,515,938)	\$ 12,671,017
Private placement	5,348,616	5,616,047	-	-	-	5,616,047
Share issuance costs	-	(645,803)	145,181	-	-	(500,622)
Exercise of options	138,333	127,071	(23,320)	-	-	103,751
Share-based compensation	-	-	524,264	-	31,106	555,370
Unrealized loss on marketable securities	-	-	-	(281,123)	281,123	-
Loss for the period	-	-	-	-	(7,531,679)	(7,531,679)
Balance, September 30, 2021	37,292,268	\$ 51,024,605	\$ 6,624,667	\$ -	\$ (46,735,388)	\$ 10,913,884
Balance, March 31, 2022	43,026,340	\$ 54,732,184	\$ 7,237,729	\$ 282,795	\$ (51,972,189)	\$ 10,280,519
Private placements	12,020,000	3,005,000	-	-	-	3,005,000
Share issuance costs - cash	-	(41,842)	-	-	-	(41,842)
Share issuance costs - warrants	-	(5,078)	5,078	-	-	-
Share-based compensation	-	-	340,617	-	-	340,617
Loss for the period	-	-	-	-	(2,002,416)	(2,002,416)
Balance, September 30, 2022	55,046,340	\$ 57,690,264	\$ 7,583,424	\$ 282,795	\$ (53,974,605)	\$ 11,581,878

HELIOSTAR METALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	Six months ended September 30,	
	2022	2021
Cash provided by (used in):		
Operating activities		
Loss for the year	\$ (2,002,416)	\$ (7,561,679)
Items not affecting cash:		
Depreciation	14,421	22,262
Share-based payments	340,617	565,825
Reclamation bond	-	(47)
Fair value gain on marketable securities	68,750	109,404
Unrealized foreign exchange loss / (gain)	-	(36,776)
<i>Net change in non-cash working capital</i>		
Amounts receivable	5,806	11,936
Prepaid amounts and advances	(45,422)	(346,785)
Accounts payable and accrued liabilities	(1,064,058)	47,749
Reclamation bond	7,407	-
Due to related parties	(13,128)	110,834
	\$ (2,688,023)	\$ (7,077,277)
Investing activities		
Acquisition of exploration and evaluation assets	(144,671)	(94,089)
Proceeds from sale of marketable securities	-	1,344,763
	\$ (144,671)	\$ 1,250,674
Financing activities		
Proceeds from the issuance of shares, net	2,963,158	5,115,425
Shares issued for the exercise of options	-	127,071
	\$ 2,963,158	\$ 5,242,496
Change in cash	130,464	(584,107)
Cash, beginning of the period	\$ 1,183,046	\$ 1,238,723
Cash, end of the period	\$ 1,313,510	\$ 654,616

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Heliostar Metals Ltd. (the "Company") is 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 Suite 900, 885 West Georgia Street, Vancouver, BC, V6C 3H1. The Company is trading on the TSX Venture Exchange (TSX-V) under the trading symbol "HSTR". The Company is also trading on the OTCQX under the trading symbol "HSTXF".

These condensed interim consolidated financial statements (the "Financial Statements") have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The Company has incurred operating losses since inception, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

The COVID-19 pandemic has not resulted in any material impact on operations and the Company currently does not expect it will impact its 2022 exploration activities. Preventative measures are in place to ensure the well-being of employees and contractors and no risks were noted at the end of the reporting period. Management continues to monitor the situation at the site and corporate office to identify any issues that may affect operational or financial reporting activities.

The Company's ability to continue as a going concern is dependent on the Company's ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio and to be able to derive material proceeds from the sale or divestiture of those properties and/or other assets, such as sale proceeds, royalty rights and equity interests. These 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. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Rounded to 000's	September 30, 2022	March 31, 2022
Working capital (deficit) / surplus	\$ 1,158,000	\$ 8,000
Accumulated deficit	\$ (53,975,000)	\$ (51,972,000)

2. BASIS OF PREPARATION – STATEMENT OF COMPLIANCE

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss and fair value through other comprehensive income, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These financial statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

Name of the company	Place of incorporation	Proportion of ownership interest June 30, 2022	Proportion of ownership interest March 31, 2022	Principal activity
Heliostar Gold USA Inc.	Nevada, USA	100%	100%	Mineral exploration
Heliostar Gold (Alaska) Inc.	Alaska, USA	100%	100%	Mineral exploration
Heliodor Metals Limited	British Columbia, Canada	100%	100%	Holding company
Heliodor Metals Mexico SA de CV	Chihuahua, Mexico	100%	100%	Mineral exploration

Since these Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended March 31, 2022.

The preparation of Financial Statements in accordance with IAS1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies.

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a complete summary of significant accounting policies, please refer to the Company's audited annual consolidated financial statements for the year ended March 31, 2022. Certain comparative figures may have been reclassified to conform to the current period's presentation.

The following are the critical judgments and areas involving estimates, that management have 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.

a) Key sources of estimation uncertainty

Share-based payments

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 do not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Impairment

Judgment is involved in assessing whether there is any indication that an asset may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset, and information from internal reporting.

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 an 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 a determination is made.

Estimated Useful Lives and Depreciation of Equipment and Intangible asset

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

b) Key sources of judgment uncertainty

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 at September 30, 2022.

Exploration and evaluation assets

The carrying value of the Company's exploration and evaluation assets is reviewed by management quarterly, or whenever events or circumstances indicate that its carrying amount may not be recovered. Management considers certain impairment indicators such as market capitalization of the Company, metal price changes, plans for the properties and the results of exploration to date.

Impairment

Judgment is involved in assessing whether there is any indication that an asset may be impaired. This assessment is made based on the analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset, and information from internal reporting.

4. SHORT-TERM INVESTMENTS

As at September 30, 2022, the Company pledged \$28,750 with Bank of Montreal (March 31, 2022 - \$28,750) as collateral for a credit card.

5. MARKETABLE SECURITIES

Description	Shares	Cost	Fair value at	
			September 30, 2022	Fair value at March 31, 2022
Trillium Gold	250,000	\$ 375,000	\$ 56,250	\$ 125,000

6. PREPAID AMOUNTS AND ADVANCES

	September 30, 2022	March 31, 2022
Prepaid amounts and advances	\$ 554,603	\$ 538,297
Long-term prepaid amounts	\$ 82,633	\$ 53,517

Prepaid amounts include advances made to contractors and expenses related to future periods which are expensed when they are incurred. All the prepayments are short-term in nature except for the long-term amounts.

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022, AND 2021
(Presented in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

The Company has the following interests in mineral properties as at September 30, 2022, and 2021:

Property acquisition costs	March 31, 2022	Acquisition costs	September 30, 2022
Alaska (USA)			
Unga project	\$ 4,448,300	\$ 144,671	\$ 4,592,971
Sonora (Mexico)			
Heliodor projects	5,666,991	-	5,666,991
	<u>\$ 10,115,291</u>	<u>\$ 144,671</u>	<u>\$ 10,259,962</u>
Property acquisition costs	March 31, 2021	Acquisition costs	March 31, 2022
Alaska (USA)			
Unga project	\$ 4,268,505	\$ 179,795	\$ 4,448,300
Sonora (Mexico)			
Heliodor projects	5,522,135	144,856	5,666,991
	<u>\$ 9,790,640</u>	<u>\$ 324,651</u>	<u>\$ 10,115,291</u>

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022, AND 2021
(Presented in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS *(Continued)*

The Company incurred the following exploration expenditures during the period ended September 30, 2022, and September 30, 2021:

	Alaska	Mexico	Total
Exploration expenditures	Unga		
Assaying	\$ -	\$ 35,085	\$ 35,085
Camp	23,346	-	23,346
Consulting	137,449	-	137,449
Drilling	-	8,192	8,192
Equipment rental	1,549	2,306	3,855
Fuel & transportation	49,421	229	49,650
Geological	263	85,278	85,541
Geophysical	77,345	12,335	89,680
Helicopter	-	-	-
Maps and reports	-	-	-
Other	-	422	422
Permitting	258	6,187	6,445
Safety	-	-	-
Supplies and materials	20	604	624
Technical report	-	-	-
Transportation and surface access	25,822	10,698	36,520
Travel and accommodation	22,988	9,084	32,072
Period ended September 30, 2022	\$ 338,461	\$ 170,420	\$ 508,881

	Alaska	Mexico	Total
Exploration expenditures	Unga		
Assaying	\$ 499,957	\$ 56,081	\$ 556,038
Camp	471,110	6,130	477,240
Consulting	332,865	-	332,865
Drilling	1,524,565	977	1,525,542
Equipment rental	328,483	8,220	336,703
Fuel & transportation	118,770	33	118,803
Geological	1,107,780	192,121	1,299,901
Geophysical	78,421	-	78,421
Helicopter	917,390	-	917,390
Maps and reports	1,310	-	1,310
Other	484	-	484
Safety	14,150	-	14,150
Permitting	-	8,472	8,472
Supplies and materials	37,166	3,833	40,999
Technical report	5,042	-	5,042
Transportation and surface access	96,075	-	96,075
Travel and accommodation	175,264	9,570	184,834
Period ended September 30, 2021	\$ 5,708,832	\$ 285,437	\$ 5,994,269

7. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(a) Unga Project, Alaska, USA

The Unga Project is comprised of patented and Alaska State claims and Alaskan Native Corporation lands. The Company owns 100% of the patented claims and the state claims in the Unga Project.

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 properties which form part of the Company's "Unga Project". The Agreement runs for a period of eight (8) years allowing the Company to conduct sub-surface work.

Pursuant to the Agreement, the Company 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

On October 8, 2019, the Company signed a surface access agreement with The Shumagin Corporation ("TSC"). The agreement provides access to the Company's mineral exploration license underlain by TSC's property which forms part of the Company's "Unga Project". Upon signing this agreement, the Company paid Shumagin a fee in the amount of US\$10,000. If the Company conducts drilling or bulk sampling, before commencing that activity the Company will pay an additional US\$22,500 (paid).

(b) Reclamation bond

As at September 30, 2022, the Company received the reclamation bond of US\$5,927 (\$7,407) (March 31, 2022 – US\$5,927 (\$7,407)) related to a property in Nevada that was sold to NV Gold. The Company returned the bond to Plateau Minerals Corp. subsequent to the quarter.

7. EXPLORATION AND EVALUATION ASSETS *(Continued)*

(c) Heliodor projects, Sonora, Mexico

As part of the acquisition of Heliodor Metals Limited ("Heliodor"), the Company acquired the following Heliodor projects located in the northern portion of Mexico's Sonora state:

(i) The Oso Negro project

The Company has an option to acquire 100% interest in this property by making the following payments: US\$25,000 on signing (paid); US\$50,000 after 6 months (paid); and US\$100,000 after 18 months (December 15, 2021). The December 15, 2021, payment was re-negotiated and settled for US\$75,000 (paid) on September 13, 2021, 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.

(ii) The La Lola project

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, 2021 (paid); and US\$25,000 by March 25, 2022 (paid). The project is subject to a 2% net smelter royalty that the Company can buy 1% of such for US\$1,750,000.

(iii) The Cumaro project

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.

8. EQUIPMENT

	Equipment		Vehicles		Total
Cost					
Balance - March 31, 2022	\$	4,200	\$	199,997	\$ 204,197
Additions		-		-	-
Balance - September 30, 2022	\$	4,200	\$	199,997	\$ 204,197
Accumulated depreciation					
Balance - March 31, 2022	\$	4,200	\$	103,860	\$ 108,060
Depreciation		-		14,421	14,421
Balance - September 30, 2022	\$	4,200	\$	118,281	\$ 122,481
Carrying amounts					
As at March 31, 2022	\$	-	\$	96,137	\$ 96,137
Balance - September 30, 2022	\$	-	\$	81,716	\$ 81,716

9. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period ended September 30, 2022. The Company is not subject to externally imposed capital requirements.

10. RELATED PARTY TRANSACTIONS

Key management consists of the Company's directors and officers. 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 September 30, 2022, was \$403,852 (September 30, 2021 - \$466,829) and comprised of the following:

	Three months ended		Six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Senior executive fees	\$ 104,250	\$ 104,250	\$ 208,500	\$ 208,500
Non-executive directors fees	22,062	19,062	44,125	39,437
Share-based compensation	70,332	98,656	151,227	218,892
	<u>\$ 196,644</u>	<u>\$ 221,968</u>	<u>\$ 403,852</u>	<u>\$ 466,829</u>

Other balances due to related parties include the following:

(a) Due to related parties

As of September 30, 2022, \$48,726 (March 31, 2022 - \$61,854) was payable to the management of the Company as part of their management fees.

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 term of repayment.

11. SHARE CAPITAL

(a) Authorized:

At September 30, 2022, and 2021, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

11. SHARE CAPITAL (Continued)

(b) Share issuances:

On August 2, 2022, the Company closed a non-brokered private placement where it issued 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 ("Warrant"). Each Warrant is exercisable for one common share at an exercise price of \$0.50 for a period of 6 months following the closing date (the "Transition Date"). On the Transition Date, each outstanding Warrant shall automatically (without any need for notice or action) convert into a half-warrant (each, a "Half-Warrant") and thereafter the holder will only be entitled to purchase one Common Share upon the exercise of two Half-Warrants at an aggregate exercise price of \$0.75 per Common Share. The Half-Warrants will expire eighteen months after the Transition Date.

In connection with the financing, the Company paid \$14,700 cash broker fees and issued 58,800 broker warrants ("Broker Warrants"). Each Broker Warrant is exercisable into one Share at an exercise price of \$0.50 per Common Share until the Transition Date. On the Transition Date, each outstanding Warrant shall automatically (without any need for notice or action) convert into a Half-Warrant and thereafter the holder will only be entitled to purchase one Common Share upon the exercise of two Half-Warrants at an aggregate exercise price of \$0.75 per Common Share. The Half-Warrants will expire eighteen months after the Transition Date. The Broker Warrants have a fair value of \$5,078 using the Black-Scholes Option Pricing Model. The Company also incurred an additional \$27,141 share issue costs.

For the year ended March 31, 2022:

On October 18, 2021, the Company completed the first tranche of a private placement where it issued 1,857,465 units at \$0.70 per unit for gross proceeds of \$1,300,226.

Each unit consists of one common share and one half of one common share purchase warrant ("Warrant"). Each Warrant is exercisable for one common share at an exercise price of \$1.20 for a period of 24 months following the closing date.

In connection with the first tranche of the financing, the Company paid \$40,677 cash broker fees and issued 58,107 broker warrants, each of which is exercisable into one common share at a price of \$1.20 for a period of 24 months following the closing date. The finder's warrants have a fair value of \$19,831 using the Black-Scholes Option Pricing Model.

On November 5, 2021, the Company completed final tranche of the private placement where it issued 3,876,607 units at \$0.70 per unit for gross proceeds of \$2,713,625.

Each unit consists of one common share and one half of one common share purchase warrant ("Warrant"). Each Warrant is exercisable for one common share at an exercise price of \$1.20 for a period of 24 months following the closing date.

In connection with the final tranche of the financing, the Company paid \$139,388 cash broker fees and issued 199,124 broker warrants, each of which is exercisable into one common share at a price of \$1.20 for a period of 24 months following the closing date. The finder's warrants have a fair value of \$74,759 using the Black-Scholes Option Pricing Model.

The Company also incurred an additional \$73,107 share issue costs for both tranches for the financing.

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022, AND 2021
(Presented in Canadian Dollars)

11. SHARE CAPITAL (*Continued*)

For the year ended March 31, 2022 (*continued*):

On May 5, 2021, the Company closed a brokered private placement where it issued 5,348,616 units at \$1.05 per unit for gross proceeds of \$5,616,047.

Each unit consists of one common share and one half of one common share purchase warrant ("Warrant"). Each Warrant is exercisable for one common share at an exercise price of \$1.70 for a period of 12 months following the closing date.

In connection with the financing, the Company paid \$307,150 cash broker fees and issued 310,921 broker warrants, each of which is exercisable into one common share at a price of \$1.05 until May 5, 2022. The finder's warrants have a fair value of \$145,181 using the Black-Scholes Option Pricing Model. The Company also incurred an additional \$193,471 share issue costs.

During the year ended March 31, 2022, 138,333 options were exercised for gross proceeds of \$103,750. In connection with the exercise, the grant date fair value of \$43,990 was transferred from reserves to share capital.

(c) Share Purchase Option Compensation Plan:

The Company has established a stock option plan whereby the Company may grant options to directors, officers, employees, and consultants of up to 10% of the common shares outstanding at the time of grant. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange, and the term cannot exceed 10 years. The vesting period of each option are determined by the board of directors within regulatory guidelines.

Stock option transactions and the number of stock options for the period ended September 30, 2022, and 2021 is summarized as follows:

Expiry date	Exercise price	March 31, 2022	Granted	Exercised	Expired / Cancelled	September 30, 2022
April 11, 2022	\$ 2.10	136,667	-	-	(136,667)	-
March 15, 2024	\$ 0.75	96,667	-	-	-	96,667
October 29, 2024	\$ 0.75	454,667	-	-	-	454,667
September 4, 2025	\$ 1.73	1,382,000	-	-	-	1,382,000
January 15, 2026	\$ 1.44	125,000	-	-	-	125,000
July 29, 2026	\$ 1.00	220,000	-	-	-	220,000
August 11, 2026	\$ 1.00	15,000	-	-	-	15,000
December 6, 2026	\$ 0.72	1,250,000	-	-	-	1,250,000
Options outstanding		3,680,001	-	-	(136,667)	3,543,334
Options exercisable		2,187,668	-	-	-	2,187,668
Weighted average exercise price	\$	1.20	\$	-	\$ 2.10	\$ 1.16

Expiry date	Exercise price	March 31, 2021	Granted	Exercised	Expired / Cancelled	March 31, 2022
December 20, 2021	\$ 2.40	33,333	-	-	(33,333)	-
April 11, 2022	\$ 2.10	136,667	-	-	-	136,667
March 15, 2024	\$ 0.75	161,667	-	(65,000)	-	96,667
October 29, 2024	\$ 0.75	528,000	-	(73,333)	-	454,667
September 4, 2025	\$ 1.73	1,382,000	-	-	-	1,382,000
January 15, 2026	\$ 1.44	125,000	-	-	-	125,000
July 29, 2026	\$ 1.00	-	220,000	-	-	220,000
August 11, 2026	\$ 1.00	-	15,000	-	-	15,000
December 6, 2026	\$ 0.72	-	1,250,000	-	-	1,250,000
Options outstanding		2,366,667	1,485,000	(138,333)	(33,333)	3,680,001
Options exercisable		1,362,000	-	-	-	2,187,668
Weighted average exercise price	\$	1.46	\$ 0.76	\$ 0.75	\$ 2.40	\$ 1.20

As of September 30, 2022, the weighted average contractual remaining life is 3.30 years (March 31, 2022 – 3.66 years).

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022, AND 2021
(Presented in Canadian Dollars)

11. SHARE CAPITAL (Continued)

(c) Share Purchase Option Compensation Plan (Continued)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	September 30, 2022	March 31, 2022
Expected dividend yield	Nil	Nil
Expected stock price volatility	100.00%	100.00%
Fair value of stock price	\$0.28	\$0.45
Risk-free interest rate	1.72%	1.72%
Fair value	\$0.11	\$0.56
Forfeiture rate	Nil	Nil
Expected life of options	5.0 years	5.0 years

As at September 30, 2022, the Company recognized \$340,617 (March 31, 2022 - \$1,063,406) in share-based payments expense for the fair value of stock options granted and vested.

(d) Warrants

A continuity of warrants for the period ended September 30, 2022, is as follows:

Expiry date	Exercise price	March 31, 2022	Issued	Exercised	Expired	September 30, 2022
August 21, 2022	\$ 1.50	263,333	-	-	(263,333)	-
May 5, 2022	\$ 1.70	2,674,308	-	-	(2,674,308)	-
May 5, 2022	\$ 1.05	310,921	-	-	(310,921)	-
October 18, 2022	\$ 1.20	928,732	-	-	-	928,732
October 18, 2023	\$ 1.20	58,107	-	-	-	58,107
November 5, 2023	\$ 1.20	1,938,303	-	-	-	1,938,303
November 5, 2023	\$ 1.20	199,124	-	-	-	199,124
August 2, 2024	\$ 0.50	-	12,020,000	-	-	12,020,000
August 2, 2024	\$ 0.50	-	58,800	-	-	58,800
Outstanding		6,372,828	12,078,800	-	(3,248,562)	15,203,066
Weighted average exercise price	\$	1.41	\$ 0.50	\$ -	\$ 1.62	\$ 0.64

Expiry date	Exercise price	March 31, 2021	Issued	Exercised	Expired	March 31, 2022
August 21, 2022	\$ 1.50	263,333	-	-	-	263,333
May 5, 2022	\$ 1.70	-	2,674,308	-	-	2,674,308
May 5, 2022	\$ 1.05	-	310,921	-	-	310,921
October 18, 2022	\$ 1.20	-	928,732	-	-	928,732
October 18, 2023	\$ 1.20	-	58,107	-	-	58,107
November 5, 2023	\$ 1.20	-	1,938,303	-	-	1,938,303
November 5, 2023	\$ 1.20	-	199,124	-	-	199,124
Outstanding		263,333	6,109,495	-	-	6,372,828
Weighted average exercise price	\$	1.50	\$ 1.41	\$ -	\$ -	\$ 1.41

The weighted average remaining life of the outstanding warrants as at September 30, 2022, is 1.88 years (March 31, 2022 – 0.84 years).

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022, AND 2021
(Presented in Canadian Dollars)

11. SHARE CAPITAL *(Continued)*

(e) Warrants *(Continued)*

The fair value of the finder's warrants issued during the period ended September 30, 2022, was \$nil (March 31, 2022: \$239,771). The following table summarizing the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the finder's warrants:

	September 30, 2022	March 31, 2022
Risk-free interest rate	3.18%	0.57%
Expected stock price volatility	100.00%	100.00%
Expected warrant life in years	2 years	1.45 years
Fair value	\$0.09	\$0.42
Expected dividend yield	Nil	Nil
Share price on grant date	\$0.23	\$1.00

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the consolidated statements of financial position are carried at amortized cost with the exception of marketable securities and short-term investments which are carried at fair value.

The fair value of the Company's marketable securities is 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 and short-term investments have been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, short-term investments, marketable securities, amounts receivable, reclamation bond, due from related parties, accounts payable and accrued liabilities, and due to related parties. Marketable securities are marked to fair value at each financial statement reporting date. Cash, amounts receivable, due from related parties, accounts payable and accrued liabilities, and due to related parties approximate their fair value due to their short-term nature.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) 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.

d) 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, the United States and Mexico; accordingly, the Company believes it not exposed to significant credit risk.

e) Interest rate risk

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

f) Currency risk

The Company's main property interests in Alaska, USA and Sonora, Mexico make it subject to foreign currency fluctuations which may adversely affect the Company's consolidated statements of financial position, consolidated statements of loss and comprehensive loss and consolidated statements of cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US Dollar and the Mexico pesos. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of approximately \$99,871 denominated in US dollars and net monetary assets of 897,863 denominated in Mexican pesos. A 1% change in the absolute rate of exchange in US dollars or Mexican pesos would have an immaterial affect to the net loss.

g) 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 for its financial obligations. As at September 30, 2022, the Company had a cash balance of \$1,313,510 to settle current liabilities of \$802,091.

HELIOSTAR METALS LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022, AND 2021
(Presented in Canadian Dollars)

12. SEGMENTED DISCLOSURE

The Company has one reportable segment being the exploration and evaluation of mineral properties. The company's assets and liabilities are held within Canada, Mexico and the US as follows:

<i>Rounded to 000's</i>	Canada	United States	Mexico	Total
September 30, 2022				
<i>Non-current assets</i>				
Long-term prepaid amounts	\$ 32,000	\$ -	\$ 50,000	\$ 82,000
Exploration and evaluation assets	-	4,593,000	5,667,000	10,260,000
Equipment	-	82,000	-	82,000
<i>Current liabilities</i>	\$ 68,000	\$ 731,000	\$ 3,000	\$ 802,000
March 31, 2022				
<i>Non-current assets</i>				
Reclamation bond	\$ -	\$ 7,000	\$ -	\$ 7,000
Exploration and evaluation assets	-	4,448,000	5,667,000	10,115,000
Equipment	-	96,000	-	96,000
<i>Current liabilities</i>	\$ 169,000	\$ 1,039,000	\$ 672,000	\$ 1,880,000
March 31, 2021				
<i>Non-current assets</i>				
Reclamation bond	\$ -	\$ 7,000	\$ -	\$ 7,000
Exploration and evaluation assets	-	4,268,000	5,522,000	9,790,000
Equipment	-	96,000	-	96,000
<i>Current liabilities</i>	\$ 83,000	\$ 82,000	\$ 288,000	\$ 453,000