



HELIOSTAR METALS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended December 31, 2024 and 2023

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INTRODUCTION

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

This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended December 31, 2024, and the notes contained therein, which were prepared in accordance with IAS 34- Interim Financial Reporting of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Please consult the audited consolidated financial statements for the years ended March 31, 2024 and 2023, for more complete financial information. All financial statements and the MD&A are presented in Canadian dollars, unless otherwise indicated.

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

BUSINESS OVERVIEW

Heliostar Metals Ltd. ("Heliostar" or the "Company") is a gold mining company with mines, mine development and exploration projects in Mexico and the USA.. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 1723-595 Burrard Street, Vancouver, BC, V7X 1J1. The Company is currently listed on the TSX Venture Exchange under the symbol "HSTR" and on the OTCQX under the trading symbol "HSTXF."

This MD&A is dated February 27, 2025, and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes for the three and nine months ended December 31, 2024, and the Company's audited consolidated financial statements for the year ended March 31, 2024, and the related notes therein. The audited consolidated financial statements, unaudited condensed consolidated interim financial statements, and MD&A - Quarterly Highlights have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

MAJOR CORPORATE & CORPORATE DEVELOPMENT MILESTONES DURING THE NINE MONTHS ENDED DECEMBER 31, 2024

- On July 17, 2024, the Company entered into a binding agreement with Florida Canyon Gold Inc. ("FCGI") to acquire a 100% interest in all of FCGI's mining assets in Mexico for consideration of US\$5 million. The projects being acquired were recently spun out from Argonaut Gold Inc. The closing of the transaction was subject to certain conditions, including approval of the TSX Venture Exchange, other consents and regulatory approvals including approval from the Mexican Federal Economic Competition Commission, and the corporate entities holding the projects having net working capital of at least US\$2 million. Closing was not subject to any financing condition
- On August 22, 2024, the Company entered into a metals purchase contract with Ocean Partners USA, Inc. From the date of the purchase contract until December 31, 2025, the Company has the right to request an advance payment of up to US\$5 million in three equal monthly tranches. Each tranche of the advance payment must be repaid before a subsequent tranche can be drawn. The advance payment is subject to a fee equal to three months CME Term SOFR Reference Rates plus 4%. The Company made drawdown of a first tranche of US\$1,667,000 on August 30, 2024, and made a first tranche repayment including the accrued interest as of October 30, 2024, the repayment date on the loan.

On November 6, 2024, the Company made a drawdown of US\$5 million from Deans Knight Capital Management Ltd. ("DK") to make payment for the acquisition of Florida Canyon Gold Inc. The loan from DK bears annual interest of 15% annually and matures on November 30, 2026. The Company fully repaid the loan in February 2025 (US\$2 million in December 2024 and US\$3 million in February 2025).

- On November 8, 2024, the Company announced completion of the acquisition of a 100% interest in all of Florida Canyon Gold Inc.'s ("FCGI") mining assets in Mexico for cash consideration of US\$5,000,000. The assets include the San Agustin mine (formerly the El Castillo Complex), La Colorada mine, Cerro del Gallo project, and San Antonio project. Further, up to US\$150 million in conditional option payments and the issuance of a 2% net smelter returns royalty on the San Antonio project have been eliminated. The mines and projects being acquired were owned by Argonaut Gold Inc. until July 17, 2024.
- On December 2, 2024, the Company announced additional results from the 2024 drill program at the 100% owned Ana Paula project in Guerrero, Mexico. The Company is drilling 2,600 metres in phase one of the program and will follow-up the best results with a second phase of 2,400 metres.

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- On December 5, 2024, the Company announced the addition of Ramon Tomas Dávila Flores as non-executive director to Heliostar's board of directors. Mr. Dávila was former President of Guanajuato Silver Co., Minister of Economic Development for Durango (2016-2020), and ex-COO of First Majestic Silver, with senior roles at other mining companies.
- On December 12, 2024, the Company announced that it has undertaken a work program at the historical Junkyard Stockpile at the La Colorada Mine and plans to recommence crushing and stacking in January 2025. The planned restart would initially augment and then replace the current gold production from residual leaching at the mine.

FINANCING

- On June 21, 2024, the Company completed the initial tranche of its non-brokered private placement offering of 16,904,585 units at \$0.265 per unit for approximately \$4,479,715 in gross proceeds. The Company also paid finder's fees in connection with a portion of the financing, consisting of a cash fee of \$200,000. In addition, the Company issued the finders 554,718 non-transferable finder's warrants ("Finder's Warrant"). Each Finder's Warrant entitles the holder to purchase one share at a price of \$0.265 for a period of 12 months.
- On August 8, 2024, the Company completed the final tranche of its non-brokered private placement offering of 16,904,585 units at \$0.265 per unit for approximately \$499,790 in gross proceeds.
- For the period ended December 2024, the Company issued 5,221,936 common shares upon the exercise of warrants, for gross proceeds of \$1,569,384.
- On October 16, 2024, the Company announced that it has closed a non-brokered private placement of 10,000,000 units at a price of \$0.60 per unit for gross proceeds of \$6,000,000. The Company advised that Eric Sprott, through 2176423 Ontario Ltd., subscribed for the entire private placement. Each unit consists of one common share in the capital of the Company and one-half of one non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share (each, a "Warrant Share") at an exercise price of \$0.90 per Warrant Share for a period of 24 months following the closing date of the private placement.

ACQUISITION OF AUREA MINING

Ana Paula Option Agreement

On March 28, 2023, the Company acquired 100% of the issued and outstanding shares of Aurea Mining Inc. ("Aurea Mining"), a wholly owned subsidiary of Argonaut Gold Inc. ("Argonaut"), a publicly traded company listed on the Toronto Stock Exchange. Aurea Mining's wholly owned subsidiary Minera Aurea, S.A. de C.V. ("Minera Aurea") holds a 100% indirect interest in the Ana Paula project. For accounting purposes, the acquisition has been recorded as an asset acquisition as Aurea Mining did not meet the definition of a business, as defined in IFRS 3 Business Combinations.

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

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

The consideration payable upon exercise of the option is summarized below:

1. a US\$10 million (\$13,626,000) payment on closing (paid);
2. On the earlier of (a) receiving an extension to the existing Ana Paula open-pit mining permit and (b) the granting of a new underground mining permit, the issuance to Argonaut of such number of common shares in the capital of the Company (each, a "Heliostar Share") as is equal to US\$5.0 million divided by the volume-weighted average price ("VWAP") of Heliostar Shares for the ten trading days ending on the last trading day immediately prior to the date of award of the earlier of the permits referenced (March 31, 2023: US\$5.0 million divided by the Heliostar share price of \$0.25).
3. On the earlier of (a) the date of completion of a feasibility study for the Ana Paula project and (b) January 1, 2025 (March 31, 2023: July 1, 2024), a cash payment to Argonaut of US\$2.0 million.
4. On the date that the Company announces a construction decision for the Ana Paula project it will pay Argonaut a cash payment of US\$3.0 million and US\$2.0 million in cash or Heliostar Shares at a price equal to the "VWAP of Heliostar Shares for the ten trading days immediately prior to the announcement of the construction decision; and
5. If the Company doesn't announce mine construction at the Ana Paula Project by July 1, 2025, it must make annual payments of US\$300,000 to Argonaut. Alternatively, it can issue Heliostar Shares equal to US\$300,000 divided by VWAP of Heliostar Shares. However, if construction is delayed due to permit issues, no payments are required. Any payments made will be credited towards the US\$5.0 million payment required on the commencement of commercial production.
6. On the date that the Company commences commercial production at the Ana Paula project, it will pay Argonaut an additional US\$5.0 million in cash and US\$3.0 million in cash or Heliostar Shares at a price equal to the VWAP of Heliostar Shares for the ten trading days immediately prior to the announcement of commercial production.
7. As part of the completion of the acquisition of a 100% interest in all of Florida Canyon Gold Inc.'s ("FCGI") mining assets in Mexico, Heliostar and FCGI entered into an agreement eliminating to US\$150 million in conditional option payments and the issuance of a 2% net smelter returns royalty on the San Antonio project have been eliminated.

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Consideration payable is comprised of the US\$2.0 million payable due on the earlier of completion of a feasibility study and January 1, 2025.

San Antonio Option Agreement

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

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

Florida Canyon Gold Inc. Mining Assets

On July 17, 2024, the Company entered into a binding agreement, with Florida Canyon Gold Inc. ("FCGI") to acquire a 100% interest in all of FCGI's mining assets in Mexico for consideration of US\$5 million. The projects being acquired were recently spun out from Argonaut Gold Inc. The assets include the San Agustin mine (formerly the El Castillo Complex), La Colorada mine, Cerro del Gallo project, and San Antonio project.

As part of the completion of this acquisition, Heliostar and FCGI entered into an agreement eliminating US\$20 million of contingent payments payable by Heliostar to FCGI pursuant to the agreement under which Heliostar previously acquired the Ana Paula project. The agreement with FCGI was considered a cancelation of the consideration payable, and for accounting purposes the existing debt was extinguished, the contingent consideration balance and the account receivable balance of included in the recently acquired subsidiary were extinguished, resulting in a gain on extinguishment of transaction for \$1,9 million.

As part of the completion of this acquisition, Heliostar and FCGI entered into an agreement eliminating the contingent payments payable by Heliostar to FCGI pursuant to the agreement under which Heliostar previously acquired the San Antonio project. The agreement with FCGI was considered a cancelation of the consideration payable.

OPERATING PERFORMANCE

The Company acquired its operating mines on November 7, 2024. There were no operations in prior periods. Per the agreement with FCGI, cash generated from these assets, less US\$5.0 million in operating cashflow, were for the benefit of the Company.

Consolidated

A summary of the Company's consolidated financial and operating results for the period November 7 to December 31, 2024, are presented below:

		November 7 to December 31, 2024 US\$	November 7 to December 31, 2024 \$
Gold produced	Oz	5,429	5,429
Gold sold	Oz	5,145	5,145
Gold equivalent ounces ("GEOs") sold	GEO	5,277	5,277
Cost of sales	US\$ per GEO	1,308	\$1,897
Cash cost ¹	US\$ per GEO	1,241	\$1,755
All-in sustaining costs ¹ ("AISC")	US\$ per CEO	1,477	\$2,089

On November 7, 2024, the Company completed the acquisition of a 100% interest in all of FCGI's mining assets in Mexico. The assets acquired included the La Colorada mine, San Augustin mine and the El Castillo mine. The sections below present operating results for each property since acquisition.

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La Colorada Operations

La Colorada is an open pit mine in the state of Sonora, Mexico, which produces gold-silver doré ("La Colorada Operations"). The operating facilities include primary and secondary crushers with 13,000 tonnes per day ("tpd") capacity, conveyors, multi-lift single-use leach pads, a carbon absorption circuit (CIC), and a stripping and electro-winning circuit.

Operating results for the period since the acquisition on November 7, 2024, to December 31, 2024, were as follows:

		November 7 to December 31, 2024	
Gold produced	Oz	1,640	1,640
Gold sold	Oz	1,617	1,617
Gold equivalent ounces ("GEOs") sold	GEO	1,684	1,684
Cost of sales	\$/GEO sold	US\$ 1,434	\$2,028
Cash cost ¹	\$/GEO sold	US\$ 1,329	\$1,878
All-in sustaining costs ¹ ("AISC")	\$/GEO sold	US\$ 1,805	\$2,551

In late 2023, the previous owners of La Colorada placed the mine under care and maintenance, with metals production continuing from re-leaching of residual leach pads. Since acquisition of the mine on November 7, 2024, to the end of the quarter, the mine has produced 1,640 ounces of gold. Total revenues of \$6,231,261 were reported from sales of 1,617 ounces of gold.

For the period since the acquisition of the mine on November 7, 2024, to the end of the quarter, Cash Costs¹ were \$1,878 per GEO (US\$1,328 per GEO), which was significantly below the guidance of US\$2,200-US\$2,300, and All-In Sustaining Costs ("AISC")¹ were \$2,551 per GEO (US\$1,805 per GEO) which was below the range of US\$2,400 – US\$2,500 per GEO due to higher gold production.

As of December 31, 2024, the Company is continuing re-leaching of the residual leach pads.

Production and cost guidance for 2025 for the La Colorada Operation was published on February 4, 2025.

The Company completed Mineral Resource and Mineral Reserve estimates and a life-of-mine ("LOM") plan for the La Colorada Operation, with a technical report published on January 13, 2025, and with an effective date of October 31, 2024.

San Agustin Operations

San Agustin is an open pit mine in the state of Durango, Mexico, which produces gold-silver doré ("San Agustin Operations"). The operating facilities include primary and secondary crushers with 30,000 tpd capacity, conveyors, multi-lift single-use leach pads, a carbon absorption circuit (CIC) and a Merrill Crowe plant. Loaded carbon is shipped to La Colorada Operations for carbon stripping and carbon regeneration.

Operating results for the period since the acquisition on November 7, 2024, to December 31, 2024, were as follows:

		November 7 to December 31, 2024	
Gold produced	Oz	3,567	3,567
Gold sold	Oz	2,971	2,971
Gold equivalent ounces ("GEOs") sold	GEO	3,033	3,033
Cost of sales	\$/GEO sold	US\$ 1,418	\$2,004
Cash cost ¹	\$/GEO sold	US\$ 1,364	\$1,928
AISC ¹	\$/GEO sold	US\$ 1,572	\$2,223

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In September 2024, the previous owners of San Agustin placed the mine under care and maintenance, with metals production continuing from re-leaching of residual leach pads. Since acquisition of the mine on November 7, 2024, to the end of the quarter, the mine has produced 3,567 ounces of gold. Total revenues of \$ 11,223,030 were reported from sales of 2,971 ounces of gold.

The Cash Costs¹ of \$1,928 per GEO (US\$1,364 per GEO) were above the guidance range of US\$1,200-\$1,300 and AISC¹ of \$2,223 per GEO (US\$1,572 per GEO) were above the range of US\$1,400-US\$1,500 per GEO, for the period since the acquisition of the mine on November 7, 2024, to the end of the quarter.

As of December 31, 2024, the Company is continuing re-leaching of the residual leach pads.

Production and cost guidance for 2025 for the San Agustin Operation was published February 4, 2025

The Company completed a Mineral Resource and Mineral Reserve estimate and a LOM plan for the San Agustin Operation, with a technical report published January 13, 2025, and with an effective date of November 30, 2024.

El Castillo

El Castillo is an open pit mine in the state of Durango, Mexico, under care and maintenance.

Operating results for the period from the acquisition on November 7, 2024, to December 31, 2024, were as follows:

		November 7 to December 31, 2024	
Gold produced	Oz	222	222
Gold sold	Oz	557	557
Gold equivalent ounces ("GEOs") sold	GEO	560	560
Cost of sales	\$/GEO	US\$ 334	\$472
Cash cost ¹	\$/GEO	US\$ 316	\$447
AISC ¹	\$/GEO	US\$ 1,284	\$1,815

In late 2022, the previous owners of El Castillo placed the mine under care and maintenance, with metals production continuing from re-leaching of residual leach pads. Since acquisition of the mine on November 7, 2024, to the end of the quarter, the mine has produced 222 ounces of gold. Total revenues of \$2,101,514 were reported from sales of 557 ounces of gold.

The Cash Costs¹ and AISC¹ for the period since the acquisition of the mine on November 7, 2024, to the end of the quarter were in line with the guidance provided by the Company on November 12, 2024. Cash Costs were \$447 per GEO sold (US\$316 per GEO) while AISC were \$1,815 per GEO sold (US\$1,284 per GEO).

Reclamation expenditures at the El Castillo mine for the period November 7 to December 31, 2024, were \$1,562,320, which included rinsing of the east leach pad, reforestation initiatives in the vicinity of the mine, pit lake modelling and studies addressing water quality. Further reclamation work will continue to be performed in 2025.

¹This is a Non-IFRS Measure; please see "Non-IFRS Measures" section.

² Based on a silver to gold ratio of 80:1 in 2024 and in 2023.

Non-GAAP Financial Measures

Management believes that the following non-GAAP financial measures will enable certain investors to better evaluate the Company's performance, liquidity, and ability to generate cash flow. These measures do not have any standardized definition under IFRS, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate these measures differently.

Cash costs

The Company uses cash costs per ounce of metals sold to monitor its operating performance internally. The most directly comparable measure prepared in accordance with IFRS is cost of sales. The Company believes this measure provides investors and analysts with useful information about its underlying cash costs of operations. The Company also believes it is a relevant metric used to understand its operating profitability and ability to generate cash flow. Cash costs are measures developed by metals companies in an effort to provide a comparable standard; however, there can be no assurance that the Company's reporting of these non-IFRS financial measures are similar to those reported by other mining companies. They are widely reported in the metals mining industry as a benchmark for performance, but do not have a standardized meaning and are disclosed in addition to IFRS financial measures. Cash costs include production costs, refinery and transportation costs and extraordinary mining duty. Cash costs exclude non-cash depreciation and depletion and site share-based compensation.

AISC

All-in Sustaining Costs ("AISC") more fully defines the total costs associated with producing precious metals. The AISC is calculated based on guidelines published by the World Gold Council (WGC), which were first issued in 2013. In light of new accounting standards and to support further consistency of application, the WGC published an updated Guidance Note in 2018. Other companies may calculate this measure differently because of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus growth capital. Note that in respect of AISC metrics within the technical reports, because such economics are disclosed at the project level, corporate general and administrative expenses were not included in the AISC calculations.

2025 Production Guidance

In 2025, the Company expects to produce 31,400-41,000 GEOs at an all-in sustaining cost ("AISC") of US\$1,950-2,000 per GEO.

Project	Gold Production (Ounces)	Silver Production (Ounces)	GEO Production ³ (Ounces)	Cash Cost ⁴ (US\$ per GEO)	AISC ^{4,5} (US\$ per GEO)
La Colorada Mine	17,000-23,300	42,500-51,500	17,500-23,800	1,800-1,950	1,850-1,975
San Agustin Mine ¹	8,500-11,000	-	8,500-11,000	1,500-1,650	1,700-1,850
San Agustin Restart ²	4,500-5,700	34,000-43,000	5,000-6,200	2,350-2,500	2,900-3,035
Consolidated	30,000-40,000	76,500-94,500	31,000-41,000	1,800-1,950	1,950-2,100

Notes:

- San Agustin Mine Production from January to October, 2025
- San Agustin Restart from October to December, 2025. The Restart will require a change of use of soils permit prior to commencing which the company expects to receive in 2025. High AISCs reflect US\$4.2M of capital and two months of waste stripping costs. The San Agustin Operations, Durango, Mexico, NI 43-101 Technical Report supports AISCs of US\$1,790 for life of mine (excluding mine closure costs).
- Metal prices estimated at US\$2,400 per ounce gold and \$28 per ounce gold price.
- Cash costs and AISC are non-GAAP measures. Please refer to the "Non-GAAP Financial Measures" section of this news release for further information on this measure.
- Annual average exchange rate from all costs based on Mexican peso to US dollar (nineteen pesos per one dollar).

DEVELOPMENT AND EXPLORATION

Mineral Properties**a) Ana Paula Project**

The Ana Paula Project is an advanced-stage, gold development project located in the state of Guerrero, Mexico ("Ana Paula Project") and is 100% owned by the Company.

On September 17, 2024, the Company announced the commencement of a two-phase, 5,000 metre drill program at the Ana Paula Project, which will test the east, west and down dip extensions of the High-Grade Panel and the Parallel Panel targets. As of December 31, 2024, a total of 15 holes had been completed for a total of 3,355.6 metres. Drilling included geotechnical and water testing of potential tailings facility locations.

The results included Hole AP-24-317 with 87.8 metres @ 16.0 grams per tonne (g/t) gold including 16.1 metres @ 71.8 g/t gold, and Hole AP-24-315 with 125.9 metres @ 4.02 g/t gold including 23.6 metres @ 12.5 g/t gold. The holes grew the High-Grade Panel to the north and down-dip, increased resource confidence and locally improved gold grades compared to the resource model.

On November 27, 2023, the Company announced the results of an updated mineral resource estimate for the Ana Paula Project.

b) San Antonio Project

The San Antonio Project is a gold development project in the state of Baja California Sur, Mexico. The property comprises 15 titled concessions covering 23,284 ha.

The San Antonio Project requires further development planning and engineering. All major environmental and other permits will need to be obtained before an investment decision can be considered by the Company. Based on the results from the San Antonio Project technical report, the Company will conduct a strategic review of the Project with the objective of identifying and evaluating the next development steps and challenges. The Company will also consider additional work programs and alternative business possibilities to potentially add Project value to the San Antonio Project as presented in the PEA. This strategic review is expected to require 3-4 months to complete.

c) Cerro del Gallo Project

The Cerro del Gallo Project is a gold-silver development project in the Guanajuato state of Mexico, acquired as part of the FCGI assets on November 7, 2024. The property comprises 11 titled concessions covering 9,804 ha, and surface rights to land totalling 445 ha. An environmental permit for the project is pending.

The Cerro del Gallo Project requires further development planning and engineering. All major environmental and other permits will need to be obtained before an investment decision can be considered by the Company. The Company will conduct a strategic review of the Project with the objective of identifying and evaluating the next development steps and challenges. This strategic review is expected to require 3-4 months to complete.

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d) Unga Project, Alaska, USA

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

There has not been any significant drilling since 2021.

INTERIM PERIOD FINANCIAL CONDITION

Capital Resources

The Company had 220,560,948 issued and outstanding common shares as of December 31, 2024 (December 31, 2024 – 184,292,180).

On June 21, 2024, the Company completed the initial tranche of its non-brokered private placement offering of 16,904,585 units at \$0.265 per unit for approximately \$4,479,714 in gross proceeds. On August 8, 2024, the Company completed the final tranche of its non-brokered private placement offering of 16,904,585 units at \$0.265 per unit for approximately \$499,790 in gross proceeds. The Company also paid finder's fees in connection with a portion of the financing, consisting of a cash fee of \$201,000. In addition, the Company issued the finders 554,718 non-transferable finder's warrants, each entitling the holder to purchase one share at a price of \$0.265 for a period of 12 months.

On October 16, 2024, the Company completed a non-brokered private placement of 10,000,000 units at a price of \$0.60 per Unit for gross proceeds of \$6,000,000.

For the period ended December 2024, the Company issued 5,221,936 common shares upon the exercise of warrants, for gross proceeds of \$1,569,384.

Liquidity

As at December 31, 2024, the Company had positive working capital of \$51,969,000 (March 31, 2024 – negative working capital of \$3,424,000).

As at December 31, 2024, cash totaled \$7,727,945, an increase of \$6,975,051 from \$752,894 as at March 31, 2024. The increase was primarily due a \$15,848,245 inflow from share issuance and debt proceeds, and commercial participation in the Mexican assets of FCGI from July 10, 2024, offset by a \$7,692,237 outflow related to acquisition of FCGI assets and loan repayments.

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

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

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

Management's Discussion and Analysis

For the three and nine months ended December 31, 2024 and 2023

Operations

For the nine months ended December 31, 2024 ("2024") compared with the nine months ended December 31, 2023 ("2023"):

In 2024, the Company incurred \$7,412,351 (2023 - \$10,620,915) in resources property expenses. The decrease is due to drilling and exploration costs on the Ana Paula project having been deferred.

	Three months ended		Nine months ended	
	December 31,	December 31,	December 31,	December 31,
	2024	2023	2024	2023
Regional office, salaries	\$ 793,789	\$ -	\$ 793,789	\$ -
Depreciation	33,070	102,624	99,211	180,584
Directors' fees	20,694	14,750	59,694	44,250
Insurance	40,037	16,111	80,016	46,499
Investor relations and marketing	128,523	249,930	1,151,974	1,194,090
Management fees	152,916	104,247	361,416	312,747
Office operations	863,429	362,768	1,321,135	639,180
Professional fees	1,530,856	163,899	2,244,622	331,616
Regulatory fees	12,443	17,127	40,349	65,392
Transfer agent	22,356	5,751	29,237	15,146
Travel and promotion	20,222	20,239	33,749	43,275
	\$ 3,618,336	\$ 1,057,446	\$ 6,215,193	\$ 2,872,779

Excluding the non-cash depreciation of \$99,211 (2023 - \$180,584) and share-based compensation of \$1,642,646 (2023 - \$1,572,780), the Company's general and administrative expenses amounted to \$6,115,982 (2023 - \$2,692,195), an increase of \$3,423,787. The increase is mainly due to increase in (a) Mexico general & administration \$2,484,791 (2024 - \$2,484,791, 2023 - \$Nil); (b) professional fees \$1,913,006 (2024 - \$2,244,622; 2023 - \$331,616) including advisory fees \$580,493, consulting fees \$993,971, (c) office operations \$681,955 (2024 - \$1,321,135; 2023 - \$639,180). The increase in business development expenses, as well as professional fees, is primarily due to the due diligence work and financial advisory services related to the acquisition of FCGI's mining assets in Mexico, including the arrangement of the debt facilities to support the transaction. Office operations expenses increased due to higher costs for office services and rent.

For the three months ended December 31, 2024 ("2024") compared with the three months ended December 31, 2023 ("2023"):

In 2024, the Company incurred \$2,812,403 (2023 - \$3,385,606) in resources property expenses. The decrease is due to fewer drilling and exploration activities on the Ana Paula project.

Excluding the non-cash depreciation of \$33,070 (2023 - \$102,624) and share-based compensation of \$555,351 (2023 - \$607,445), the Company's general and administrative expenses amounted to \$3,618,336 (2023 - \$954,822), an increase of \$2,508,796. The increase is mainly due to increase in (a) Mexico G&A expenses \$2,484,791 (2024 - \$2,484,791, 2023 - \$Nil); (b) professional fees \$232,168 (2024 - \$396,067; 2023 - \$163,889). The increase in business development expenses, as well as professional fees, is primarily due to the due diligence work and financial advisory services related to the acquisition of FCGI's mining assets in Mexico, including the arrangement of the debt facilities to support the transaction. Office operations expenses increased due to higher costs for office services and rent.

Summary of Quarterly Results

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

	December 31, 2024	September 31, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Total revenues	\$ 19,555,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Profit/(Loss) for the period	75,374,211	(5,111,055)	(3,174,870)	(5,036,239)	(4,592,823)	(6,037,903)	(4,267,436)	(1,756,766)
Comprehensive Profit/(Loss)	75,374,211	(5,111,055)	(3,174,870)	(5,036,239)	(4,592,823)	(6,037,903)	(4,267,436)	(1,756,766)
Profit/(Loss) per share - basic	0.37	(0.03)	(0.02)	(0.03)	(0.03)	(0.04)	(0.03)	(0.03)
Total assets	174,694,017	28,714,578	30,798,131	28,363,295	32,286,232	30,089,562	29,840,724	33,682,802
Working capital	\$52,349,817	\$(5,951,855)	\$(1,534,268)	\$(3,424,082)	\$3,404,142	\$2,440,410	\$1,441,218	\$5,278,222

As the company's strategic focus has broadened to production in the La Colorada and San Agustin mines along with its focus on expanding its exploration programs in both Unga and the Mexican projects, it has led to profit in the quarter. The variation observed during 2024 can be attributed primarily to the acquisition of San Agustin and La Colorada mines and the fluctuations in exploration expenses, particularly in relation to the drill programs at Ana Paula project, as well as stock-based compensation.

OFF-BALANCE SHEET ARRANGEMENTS

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

SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Due to related parties

As of December 31, 2024, \$41,075 (March 31, 2024 - \$49,168) was payable to the management of the Company as part of their management fees.

(b) Key management compensation

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

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 December 31, 2024, was \$1,608,9344 (December 31, 2023 - \$1,314,692) and comprised of the following:

	Three months ended		Nine months ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Senior executive fees	\$235,417	\$104,250	\$558,917	\$312,750
Non-executive directors' fees	20,694	14,750	59,694	44,250
Share-based compensation	317,534	452,248	990,323	957,692
	\$573,646	\$571,248	\$1,608,934	\$1,314,692

During the nine months ended December 31, 2024, senior executive fees paid to the Executive Chairman. \$224,167 (2023 - \$187,500) paid to the CEO. \$197,500 (2023 – Nil) paid to the COO, and \$88,500 (2023 - \$76,500) paid to the CFO.

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

COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

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

Other than disclosed in this MD&A – Quarterly Highlights, the Company does not have any commitments, expected or unexpected, or uncertainties.

RISK FACTORS

In the Company's MD&A filed on SEDAR July 24, 2024, in connection with our annual financial statements (the "Annual MD&A"), management set out its discussion of the risk factors which are believed to be the most significant risks faced by Heliostar. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company's outstanding share data:

	Issued and Outstanding	
	February 27, 2025	March 31, 2024
Common shares outstanding	224,017,388	184,292,180
Stock options	18,332,722	14,170,662
Warrants	44,652,072	52,762,863
Fully diluted common shares outstanding	287,002,182	251,225,705

QUALIFIED PERSON

The technical information contained in this MD&A has been reviewed and approved by Samuel D. Anderson, CPG and Stewart Harris, P.Geo., Gregg Bush, P.Eng. and Mike Gingles of Heliostar who are Qualified Persons as defined in "National Instrument 43-101, Standards of Disclosure for Mineral Projects".

Cautionary Statements

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.