

**SOUTH STAR BATTERY METALS CORP.**

**Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2025 and 2024**

(Unaudited - Expressed in US dollars)

**Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Nine Months Ended September 30, 2025 and 2024**

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of South Star Battery Metals Corp. for the interim periods ended September 30, 2025 and 2024, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, MNP LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

November 26, 2025

**SOUTH STAR BATTERY METALS CORP.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited - Expressed in US dollars)

	Note	September 30, 2025	December 31, 2024
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		16,010	2,091,299
Receivables		20,481	25,244
Prepaid expenses		73,715	137,388
Inventory	5	501,110	308,176
		<b>611,316</b>	2,562,107
Property, plant and equipment	6	18,789,072	16,291,846
Land	6	1,570,767	1,351,841
Exploration and evaluation asset	7	157,723	-
<b>Total assets</b>		<b>21,128,878</b>	20,205,794
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	14	1,497,273	954,116
Loans payable	8	461,595	-
Deferred revenue	5, 9	91,875	865,642
Derivative warrant liabilities	10	104,681	2,636,006
		<b>2,155,424</b>	4,455,764
Loans payable	8	212,196	-
Deferred revenue	5, 9	12,279,978	11,091,577
Decommissioning liability	11	486,295	438,125
<b>Total liabilities</b>		<b>15,133,893</b>	15,985,466
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	39,100,128	37,776,215
Subscriptions received in advance	12	-	51,507
Reserves		4,407,371	3,874,597
Accumulated other comprehensive loss		(3,217,883)	(5,256,206)
Deficit		(34,294,631)	(32,225,785)
<b>Total shareholders' equity</b>		<b>5,994,985</b>	4,220,328
<b>Total liabilities and shareholders' equity</b>		<b>21,128,878</b>	20,205,794

Nature of operations and going concern (Note 1)

Subsequent events (Note 19)

Approved and authorized for issue on behalf of the Board of Directors:

*/s/ "Priscila Costa Lima"*

Director

*/s/ "Tiago Cunha"*

Director

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

**SOUTH STAR BATTERY METALS CORP.**
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in US dollars, except per share amounts and number of shares)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2025	2024 (Restated - Note 2(d))	2025	2024 (Restated - Note 2(d))
		\$	\$	\$	\$
<b>Operating expenses</b>					
Business development		11,274	52,355	43,930	74,438
Consulting and management fees	14	185,784	193,667	539,474	589,171
Depreciation	5, 6	3,896	3,395	11,158	18,104
Exploration and evaluation expenditures	7	8,557	487,678	228,154	1,031,217
Foreign exchange loss (gain)		(143,089)	6,702	(139,767)	(120,920)
Graphite processing costs	5	647,657	-	1,289,121	-
Information technology		26,384	49,267	83,131	96,449
Investor relations and shareholder communications		5,296	14,555	18,217	88,999
Office and miscellaneous		123,801	10,505	367,476	178,175
Professional fees		33,541	101,191	208,714	356,183
Share-based compensation	12, 14	13,363	46,176	502,264	169,973
Security and site operating costs		41,842	129,901	210,495	129,901
Transfer agent and filing fees		6,680	7,205	29,944	28,809
Travel, vehicle and transportation		19,697	52,157	67,160	198,235
Wages and support staff		122,423	263,252	604,156	697,316
<b>Operating loss</b>		<b>(1,107,106)</b>	<b>(1,418,006)</b>	<b>(4,063,627)</b>	<b>(3,536,050)</b>
Finance expense	13	(169,122)	(302,994)	(478,084)	(901,207)
Gain on settlement of management bonus with equity	12(f), 14	-	-	42,766	-
Allowance against input tax credits		(40,549)	-	(117,994)	-
Fair value adjustment of derivative warrant liabilities	10	254,956	-	2,531,325	-
Interest income		579	34,430	16,768	139,703
<b>Net loss</b>		<b>(1,061,242)</b>	<b>(1,686,570)</b>	<b>(2,068,846)</b>	<b>(4,297,554)</b>
Cumulative translation adjustment		237,964	396,758	2,038,323	(1,807,068)
<b>Comprehensive loss</b>		<b>(823,278)</b>	<b>(1,289,812)</b>	<b>(30,523)</b>	<b>(6,104,622)</b>
<b>Net loss per share:</b>					
Basic and diluted		(0.02)	(0.03)	(0.03)	(0.09)
<b>Weighted average number of common shares:</b>					
Basic and diluted		61,933,223	52,640,227	60,804,798	50,391,917

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

**SOUTH STAR BATTERY METALS CORP.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited - Expressed in US dollars)

	Nine months ended September 30, 2024	
	2025	(Restated - Note 2(d))
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(2,068,846)	(4,297,554)
Adjustments for:		
Depreciation	11,158	18,104
Share-based payments	502,264	169,973
Finance expense, net	478,084	901,207
Gain on settlement of management bonus with equity	(42,766)	-
Allowance against input tax credits	117,994	-
Fair value adjustment of derivative warrant liabilities	(2,531,325)	-
Changes in non-cash working capital:		
Receivables	(112,807)	(47,294)
Prepaid expenses	68,843	(24,545)
Inventory	(134,656)	(354,578)
Accounts payable and accrued liabilities	678,927	491,242
Deferred revenue	(10,366)	-
<b>Cash used in operating activities</b>	<b>(3,043,496)</b>	<b>(3,143,445)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(448,809)	(4,673,843)
Exploration and evaluation asset costs	(8,243)	-
Purchase of land	-	(472,157)
Non-current advances, net	-	1,093,564
<b>Cash used in investing activities</b>	<b>(457,052)</b>	<b>(4,052,436)</b>
<b>Financing activities</b>		
Proceeds on issuance of common shares	1,130,552	4,966,413
Share issuance costs	(53,476)	(168,491)
Proceeds from loans payable	450,000	-
Exercise of warrants	-	231,599
Lease payments	-	(7,465)
<b>Cash provided by financing activities</b>	<b>1,527,076</b>	<b>5,022,056</b>
Effect of exchange rate on changes in cash	(101,817)	(314,622)
Change in cash and cash equivalents	(1,973,472)	(2,173,825)
Cash and cash equivalents, beginning of period	2,091,299	4,877,627
<b>Cash and cash equivalents, end of period</b>	<b>16,010</b>	<b>2,389,180</b>
<b>Cash paid during the period for:</b>		
Interest expense	-	-
Income taxes	-	-
<b>Supplemental cash flow information:</b>		
Change in estimate of decommissioning liability capitalized in mine development costs	62,150	-
Compensation loan reclassified from accounts payable and accrued liabilities	212,196	-
Purchase of property, plant and equipment in accounts payable and accrued liabilities	99,405	376,038
Shares issued as finders' fees	24,000	90,958
Restricted share units exercised	183,201	101,226

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

**SOUTH STAR BATTERY METALS CORP.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in US dollars, except number of shares)

	Common shares	Share capital	Subscriptions received in advance	Reserves	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2023	41,851,345	30,763,370	-	4,155,765	806,855	(26,621,002)	9,104,988
Common shares issued for private placements	9,301,532	4,966,413	-	-	-	-	4,966,413
Share issuance costs, cash	-	(168,491)	-	-	-	-	(168,491)
Share issuance costs, non-cash	169,914	-	-	-	-	-	-
Common shares issued for warrants	1,060,000	231,599	-	-	-	-	231,599
Restricted share units exercised	257,436	101,226	-	(101,226)	-	-	-
Share-based payments	-	-	-	169,973	-	-	169,973
Cumulative translation adjustment	-	-	-	-	(1,807,068)	-	(1,807,068)
Net loss for the period	-	-	-	-	-	(4,297,554)	(4,297,554)
Balance, September 30, 2024	52,640,227	35,894,117	-	4,224,512	(1,000,213)	(30,918,556)	8,199,860
Common shares issued for private placements	4,931,511	1,968,155	-	152,394	-	-	2,120,549
Share issuance costs, cash	-	(84,864)	-	-	-	-	(84,864)
Share issuance costs, non-cash	105,452	(1,193)	-	1,193	-	-	-
Subscriptions received in advance	-	-	51,507	-	-	-	51,507
Share-based payments	-	-	-	46,177	-	-	46,177
Change in functional currency	-	-	-	(549,679)	(2,086,327)	-	(2,636,006)
Cumulative translation adjustment	-	-	-	-	(2,169,666)	-	(2,169,666)
Net loss for the period	-	-	-	-	-	(1,307,229)	(1,307,229)
Balance, December 31, 2024	57,677,190	37,776,215	51,507	3,874,597	(5,256,206)	(32,225,785)	4,220,328
Common shares issued for private placements	3,420,731	1,046,677	(51,507)	135,382	-	-	1,130,552
Share issuance costs, non-cash	55,813	(1,969)	-	1,969	-	-	-
Share issuance costs, cash	-	(53,476)	-	-	-	-	(53,476)
Shares issued for BamaStar (Note 7)	445,454	149,480	-	-	-	-	149,480
Restricted share units exercised	334,035	183,201	-	(183,201)	-	-	-
Restricted share units to settle management bonus (Note 12(f))	-	-	-	76,360	-	-	76,360
Share-based compensation	-	-	-	502,264	-	-	502,264
Cumulative translation adjustment	-	-	-	-	2,038,323	-	2,038,323
Net loss for the period	-	-	-	-	-	(2,068,846)	(2,068,846)
<b>Balance, September 30, 2025</b>	<b>61,933,223</b>	<b>39,100,128</b>	<b>-</b>	<b>4,407,371</b>	<b>(3,217,883)</b>	<b>(34,294,631)</b>	<b>5,994,985</b>

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

**SOUTH STAR BATTERY METALS CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2025 and 2024**  
(Unaudited - Expressed in US dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

South Star Battery Metals Corp. (the “Company”, or “STS”) was incorporated in British Columbia on November 8, 1984. The Company is listed on the TSX Venture Exchange (the “Exchange”) in Canada under the symbol “STS” and the OTC Bulletin Board in the United States under the symbol “STSBF”.

The head office of the Company is 1507 - 1030 West Georgia Street, Vancouver, BC, V6E 2Y3. The registered records of the Company are located at 1500 - 1055 West Georgia Street, Vancouver, BC, V6E 4N7. The Company is a Canadian battery-metals project developer focused on the selective acquisition and development of graphite projects in the Americas. The Company is moving into production at the Santa Cruz Graphite Mine in Bahia, Brazil and has an exploration project, BamaStar Graphite Project, in Alabama, USA.

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2025 and 2024 (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at September 30, 2025, the Company has working capital deficiency of \$1,544,108 (December 31, 2024 - \$1,893,657) and an accumulated deficit of \$34,294,631 (December 31, 2024 - \$32,225,785). For the three and nine months ended September 30, 2025, the Company generated a net loss of \$1,061,242 and \$2,068,846 respectively (2024 - \$1,686,570 and \$4,297,554, respectively). For the nine months ended September 30, 2025, the Company used cash in operating activities of \$3,043,496 (2024 - \$3,143,445). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Subsequent to September 30, 2025, the Company completed a non-brokered financing for gross proceeds of \$4,800,000 (C\$6,672,000) (Note 19).

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on November 26, 2025.

These financial statements have been prepared in accordance with IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the years ended December 31, 2024 and 2025 (the “Annual Financial Statements”).

**b) Basis of presentation**

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS<sup>®</sup> Accounting Standards, as well as information presented in the condensed interim consolidated statements of cash flows.

**c) Functional and presentation currency**

The financial statements are presented in United States dollars (“US dollar” or “USD”). The Company’s functional currency is US dollars. An entity’s functional currency is the currency of the primary economic environment in which an entity operates and is listed in Note 2(e) for each of the Company’s subsidiaries. References to “C\$” or “CAD” are to Canadian dollars and references to “R\$” or “BRL” are to Brazilian real.

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**2. BASIS OF PREPARATION (continued)**

**d) Change in presentation currency**

As a result of the financings completed in December 2024 and changes to the Company's structure and operations, the Company made the determination that its financial statements should be presented in USD as this provides the most relevant and understandable information for its users. The change also provides alignment between the Company's external reporting and its internal financial metrics, currency of quotation for graphite sales and the predominant currency of the graphite market. During the year ended December 31, 2024, the Company changed the presentation currency of its financial statements from CAD to USD.

The change in the financial statement presentation currency is considered an accounting policy change and has been accounted for retrospectively. The consolidated statements of financial position for each period presented have been translated from the respective consolidated entity's functional currency (if other than USD) to the new USD presentation currency at the rate of exchange prevailing at the respective balance sheet date except for equity items which have been translated at accumulated historical rates from the respective entity's date of incorporation. The statements of income and comprehensive income were translated at the average exchange rates for the reporting period, or at the exchange rate prevailing at the date of transactions. Exchange differences arising in the opening statement of financial position at January 1, 2024 on translation from the respective entity's functional currency to USD have been recognized in other comprehensive income and accumulated as a separate component of equity. In prior reporting periods, the translation of entities that had a USD functional currency into the Company's presentation currency of CAD gave rise to a translation adjustment which was recorded as an adjustment to accumulated other comprehensive income (loss), a separate component of shareholders' equity. Upon the change of functional currency as at December 31, 2024, the Company recognized an impact of \$549,679 to reserves and \$2,086,327 to accumulated other comprehensive income (loss).

Adjustment to previously reported financial information due to change in presentation currency

For comparative purposes, the consolidated statement of loss and comprehensive loss for the three and nine months ended September 30, 2024 and the consolidated statement of cash flows for the nine months ended September 30, 2024 have been adjusted to reflect the change in presentation currency to USD. Refer to Note 18 for the effects of the translation.

Functional currency

The functional currencies of the Company and its subsidiaries remained unchanged for periods presented. Refer to Note 2(e) for a complete list of the Company's subsidiaries and their functional currencies.

**e) Basis of consolidation**

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries as at September 30, 2025 is as follows:

<b>Name of subsidiary</b>	<b>Country of incorporation</b>	<b>Percentage ownership</b>	<b>Functional currency</b>	<b>Principal activity</b>
South Star Battery Metals Corp.	Canada	100%	USD	Head office function
Brasil Graphite Corp. ("BGC")	Cayman Islands	100%	USD	Holding company
Brasil Grafite Mineração Ltda. ("BGM")	Brazil	100%	BRL	Mining development
South Star Battery Metals Alabama Corp.	USA	100%	USD	Mining exploration
BamaStar Graphite LLC	USA	100%	USD	Mining exploration

**SOUTH STAR BATTERY METALS CORP.**  
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**2. BASIS OF PREPARATION (continued)**

**f) Reclassification of prior period presentation**

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the report results of operations. A summary of the Company's reclassifications for the financial statements is as follows:

- For the three and six months ended June 30, 2025, the Company reclassified the following expenses out of graphite processing costs: \$4,178 to exploration and evaluation expenditures, \$137,726 to office and miscellaneous, \$168,653 to security and site operating costs, \$39,722 to travel, vehicle and transportation and \$481,733 to wages and support staff.
- For the three and six months ended June 30, 2025, the Company reclassified the following expenses into graphite processing costs: \$2,972 from business development, \$29,761 from consulting and management.
- For the three and six months ended June 30, 2025, the Company reclassified income of \$22,739 from revenue into graphite processing costs and \$22,739 from cost of goods sold.

**3. MATERIAL ACCOUNTING POLICIES**

In the preparation of these financial statements, the Company used the same accounting policies as in the Annual Financial Statements. There are no accounting pronouncements which have become effective from January 1, 2025, that have a significant impact on the Company's financial statements.

**4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

In the preparation of these financial statements, the Company was subject to the same significant accounting judgments and sources of estimation uncertainty as disclosed in Note 3 of the Annual Financial Statements.

**5. INVENTORY**

Inventory is comprised of graphite ore stockpiles and consumables including processing materials for the crushing circuit and fuel supplies at the Santa Cruz Graphite Mine.

A summary of the Company's inventory is as follows:

	<b>September 30,</b>	December 31,
	<b>2025</b>	2024
	\$	\$
Graphite ore stockpile	<b>260,063</b>	169,941
Materials and supplies	<b>241,047</b>	138,235
	<b>501,110</b>	308,176

During the three and nine months ended September 30, 2025, graphite processing costs of \$647,657 and \$1,289,121 respectively (2024 - \$nil and \$nil, respectively), were incurred in the operation of Santa Cruz and have been expensed due to the estimate of the net realizable value of the initial processed materials in progress. Graphite processing costs include wages, materials costs and overheads in Brazil attributable to the Santa Cruz graphite operations.

Additionally, during the three and nine months ended September 30, 2025, sales of graphite concentrate of \$22,739 and \$22,739, respectively (2024 - \$nil and \$nil, respectively), to one customer were included in graphite processing costs as the mine is in the commissioning period. The proceeds included \$10,366 of quarterly stream payment due to Sprott (Note 9).

**SOUTH STAR BATTERY METALS CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2025 and 2024**

(Unaudited - Expressed in US dollars)

**6. PROPERTY, PLANT AND EQUIPMENT**

A summary of the Company's property, plant and equipment is as follows:

	Plant and equipment	Leasehold improvements	Right-of-use asset	Construction- in-progress	Mine development	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance, December 31, 2023	4,609,315	18,144	27,683	5,223,525	4,476,398	14,355,065
Additions	-	-	-	4,226,460	962,389	5,188,849
Projects completed	8,520,972	-	-	(8,520,972)	-	-
Disposal of right-of-use asset and leasehold improvements	-	(16,735)	(25,534)	-	-	(42,269)
Foreign exchange	(1,749,595)	(1,409)	(2,149)	(929,013)	(508,269)	(3,190,435)
Balance, December 31, 2024	11,380,692	-	-	-	4,930,518	16,311,210
Additions	62,435	-	-	-	485,779	548,214
Change in decommissioning liability estimate	-	-	-	-	(62,150)	(62,150)
Foreign exchange	1,846,927	-	-	-	179,218	2,026,145
<b>Balance, September 30, 2025</b>	<b>13,290,054</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,533,365</b>	<b>18,823,419</b>
<b>Accumulated depreciation</b>						
Balance, December 31, 2023	12,437	13,370	21,916	-	-	47,723
Depreciation	11,019	4,381	5,292	-	-	20,692
Disposal of right-of-use asset and leasehold improvements	-	(16,735)	(25,534)	-	-	(42,269)
Foreign exchange	(4,092)	(1,016)	(1,674)	-	-	(6,782)
Balance, December 31, 2024	19,364	-	-	-	-	19,364
Depreciation	11,158	-	-	-	-	11,158
Foreign exchange	3,825	-	-	-	-	3,825
<b>Balance, September 30, 2025</b>	<b>34,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,347</b>
<b>Carrying amount</b>						
Balance, December 31, 2024	11,361,328	-	-	-	4,930,518	16,291,846
<b>Balance, September 30, 2025</b>	<b>13,255,707</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,533,365</b>	<b>18,789,072</b>

**Santa Cruz Graphite Mine**

The Company owns 100% of the Santa Cruz Graphite Mine through its wholly owned subsidiaries BGC and BGM. The project is located in the state of Bahia, Brazil and consists of 13 approved licenses covering 13,316 hectares. The development of the mine is currently underway.

**SOUTH STAR BATTERY METALS CORP.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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(Unaudited - Expressed in US dollars)

**6. PROPERTY, PLANT AND EQUIPMENT (continued)**

The Company entered into an agreement to acquire land pursuant to a payment schedule which is subject to the sellers' abilities to provide documentation required under Brazilian law. During the year ended December 31, 2024, the Company made the final payment to acquire the title of the land.

A summary of the Company's land asset is as follows:

	\$
Balance, December 31, 2023	1,648,167
Borrowing costs	20,587
Foreign exchange	(316,913)
Balance, December 31, 2024	1,351,841
Foreign exchange	218,926
<b>Balance, September 30, 2025</b>	<b>1,570,767</b>

A summary of the Company's land purchase liability is as follows:

	\$
Balance, December 31, 2023	473,290
Borrowing costs	20,587
Payments	(468,988)
Foreign exchange	(24,889)
<b>Balance, September 30, 2025 and December 31, 2024</b>	<b>-</b>

Borrowing costs recognized on land prior to commencement of development activities were expensed to profit or loss.

**7. EXPLORATION AND EVALUATION ASSET**

**BamaStar Graphite Project**

During the year ended December 31, 2021, the Company entered into a binding earn-in and option agreement ("BamaStar Agreement") to earn up to a 75% interest in the BamaStar Graphite Project (formerly Ceylon Graphite Project), which is located on the northeast end of the Alabama Graphite Belt and covers approximately 500 acres in Coosa County, Alabama, USA.

The BamaStar Agreement calls for the Company to, undertake 3 years' worth of assessment work on the property with an annual minimum expenditure of \$250,000 (\$750,000 total) to earn 75% in the BamaStar Graphite Project. During the year ended December 31, 2024, the Company met this requirement and exercised its option to acquire its 75% interest in the BamaStar Graphite Project. On March 17, 2025, the Company acquired the remaining 25% interest by issuing a total of 445,454 common shares to the vendor valued at \$149,480 and incurred additional acquisition costs of \$8,243. As a result, the Company has 100% of the rights to the BamaStar Graphite Project.

During the year ended December 31, 2023, the Company announced the receipt of a \$3.2 million grant from the Department of Defense ("DoD") under the Defense Production Act ("DPA") Title III authorities utilizing funds appropriated by the Inflation Reduction Act, to advance a National Instrument 43-101 Feasibility Study ("FS") for the BamaStar Graphite Project. The DoD will contribute funding to the BamaStar FS on a cost-share basis. As part of the agreement, the DoD will provide \$3,179,999 and the Company will contribute \$3,772,499 in matching funding on a cost-share basis over a period of 18 months, and after the successful delivery by the Company of a National Instrument 43-101 Preliminary Economic Assessment ("PEA"). The PEA was delivered in November 2024. No amounts have been received to date under the grant.

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**7. EXPLORATION AND EVALUATION ASSET (continued)**

A summary of the Company's exploration and evaluation expenditures is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Drilling and assay	-	-	-	1,899
Field office expenses	8,062	7,750	25,210	25,910
Geological and technical reporting	495	449,610	72,944	803,325
Material testing	-	30,152	-	70,390
Property costs	-	166	130,000	129,693
	<b>8,557</b>	<b>487,678</b>	<b>228,154</b>	<b>1,031,217</b>

**8. LOANS PAYABLE**

A summary of the Company's loans payable is as follows:

	Bridge Compensation		Total
	Loans <sup>(a)</sup>	Loan <sup>(b)</sup>	
	\$	\$	\$
Balance, December 31, 2024 and 2023	-	-	-
Additions	450,000	212,196	662,196
Interest	11,595	-	11,595
<b>Balance, September 30, 2025</b>	<b>461,595</b>	<b>212,196</b>	<b>673,791</b>
Current	461,595	-	461,595
Non-current	-	212,196	212,196

**a) Bridge Loans**

The Company received bridge loans from directors of the Company for gross proceeds of \$250,000 on July 7, 2025 and \$200,000 from the former CEO of the Company on July 23, 2025 (the "Bridge Loans"). The Bridge Loans bear interest at 1% per month (12% per annum, compounded monthly) and mature on January 7, 2026. The Company may prepay the Bridge Loans at any time without penalty.

The Bridge Loans are subject to acceleration upon:

- The completion of a debt financing of at least \$500,000 or
- Equity financings totaling at least \$3,000,000 during the term

Upon acceleration, all outstanding principal and accrued interest becomes payable within 15 days of the applicable financing.

During the three and nine months ended September 30, 2025, interest expense from the Bridge Loans was \$11,595 and \$11,595, respectively (2024 - \$nil and \$nil, respectively). Interest expense from loans payable is included in finance expense.

Subsequent to September 30, 2025, the Company partially repaid the outstanding principal and accrued interest of the Bridge Loans (Note 19).

**b) Compensation Loan**

On September 25, 2025, the Company entered into a loan with the former CEO for an amount of \$212,196 which replaced outstanding amounts payable for compensation, vacation and reimbursable expenses. The loan bears interest at 12% per annum, compounded monthly until September 25, 2026. After September 25, 2026, the loan bears interest at 18% per annum compounded monthly. The loan matures on March 25, 2027. The Company may prepay the loan at any time without penalty.

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**8. LOANS PAYABLE (continued)**

Effects of discounting were not material and there was no gain or loss resulting from the replacement.

The loan is subject to acceleration upon:

- A. The completion of equity, debt or other types of financings totaling \$4,000,000 during the term of the loan upon which 50% of the principal amount and all of the accrued interest becomes payable within 10 days of the applicable financings.
- B. The completion of equity, debt or other types of financings totaling \$8,000,000 during the term of the loan upon which 100% of the principal amount and all of the accrued interest becomes payable within 10 days of the applicable financings

Subsequent to September 30, 2025, the Company closed a non-brokered private placement for gross proceeds of \$4,800,000 (C\$6,672,000) (Note 19) and triggered acceleration clause A, requiring 50% repayment of principal and accrued interest on December 1, 2025.

**9. DEFERRED REVENUE**

On April 4, 2022, as amended October 4, 2022 and December 20, 2024, the Company entered into a binding streaming agreement ("Agreement") with Sprott Resource Streaming and Royalty Corp. ("Sprott") for the Santa Cruz Graphite Mine. The total cash consideration under the Agreement is up to \$28,000,000, as prepayment for graphite concentrates from the Santa Cruz Graphite Mine. In addition, the Company will act as sales agent for Sprott on the percentage of production subject to the Agreement.

The Agreement is structured in two phases. The Phase 1 Stream is applicable on sales and delivery of the first 6,000 tonnes per annum ("tpa") of graphite concentrates plus 15% of all graphite concentrates greater than 6,000 tpa, should annual production exceed 6,000 tonnes ("Phase 1 Stream Production"). The Phase 1 Stream is an upfront prepayment of \$10,000,000 of graphite concentrate for 21.875% of the Phase 1 Stream Production until a total sale and delivery of 75,000 tonnes of concentrate has been achieved. The per tonne sales price is determined based on quarterly average sales price of the other 78.125% of Phase 1 Stream Production to third parties. Sprott will pay the Company 20% of the per tonne sales price for its entitlement of the Phase 1 Stream Production. Once a total of 75,000 tonnes has been delivered to Sprott, the Phase 1 Stream will be reduced to 10.9375% of the Phase 1 Stream Production

The Company's obligations under the Agreement and related documents are secured by a pledge by the Company of the shares of its direct wholly-owned subsidiary BGC, in favour of Sprott (collectively, the "Initial Share Pledges"). The Initial Share Pledges serve as collateral under a limited recourse guarantee provided by the Company with respect to the Agreement. The obligations under the Agreement will be further guaranteed pursuant to a guarantee from each of BGM and BGC, and further secured by a pledge of the shares of BGM and certain assets of BGM (including real property) relating to the Santa Cruz Graphite Mine.

The Company completed conditions precedent and received the initial graphite stream advance payment of \$10,000,000 for the Phase 1 Stream during the year ended December 31, 2022. In connection with the Phase 1 Stream, the Company issued Sprott 1,200,000 warrants ("Sprott Warrants") at an exercise price of C\$0.72 and term of 3 years, accounted for as a share-based payment.

The Phase 2 Stream provides a minimum of \$9,000,000 and up to \$18,000,000 cash consideration at the Company's election. The Phase 2 Stream is applicable on sales and delivery of 85% of all graphite concentrates greater than 6,000 tpa ("Phase 2 Stream Production"). The Phase 2 Stream is an upfront prepayment up to \$18,000,000 of graphite concentrate for up to 20% ("Phase 2 Stream Percentage") of the Phase 2 Stream Production. The Company has the option of a reduced Phase 2 draw request of a minimum of \$9,000,000 with the Phase 2 Stream Percentage reduced pro rata, provided there is viable alternative project financing available for the balance.

Sprott will pay the Company 20% of the per tonne sales price for Phase 2 Stream Production. The Company has the option to buy back up to 100% of the Phase 2 Stream based amount of the draw request and a scaling multiplier over four years. Closing of the Phase 2 Stream is subject to Sprott Phase 2 due diligence and investment committee update and approval, standard closing conditions, completion of condition precedents and the approval of the TSXV.

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**9. DEFERRED REVENUE (continued)**

The Company recorded the Phase 1 Stream upfront payment as deferred revenue and recognizes amounts in revenue as graphite is delivered to Sprott. The Company determines the amortization of deferred revenue on a per unit basis using the estimated total number of graphite expected to be delivered to Sprott over the life of the Phase 1 Stream Production. The Company estimates the current portion of deferred revenue based on deliveries anticipated over the next twelve months based on the mine plan.

Deferred revenue consists of:

- 1) initial cash deposit received by the Company for future delivery of payable graphite under the terms of the Agreement, and
- 2) a significant financing component of the Agreement resulting from the difference in the timing of the upfront payment received and the promised goods delivered.

As such, the Company recognizes interest expense at each reporting period and will accrete the deferred revenue balance to recognize the significant financing element that is part of the Agreement. The interest rate of 4.21% (December 31, 2024 - 5.4%) is determined based on the effective rate in the expected deliveries against the deferred revenue.

The initial consideration received from the Agreement is considered variable, subject to changes in the total graphite tonnes to be delivered in the future.

A summary of the Company's deferred revenue is as follows:

	\$
Balance, December 31, 2023	11,328,219
Financing cost	629,000
Balance, December 31, 2024	11,957,219
Quarterly stream payment (Note 5)	(10,366)
Financing cost	425,000
<b>Balance, September 30, 2025</b>	<b>12,371,853</b>
Current portion	<b>91,875</b>
Non-current portion	<b>12,279,978</b>

**10. DERIVATIVE WARRANT LIABILITIES**

In accordance with IFRS<sup>®</sup> Accounting Standards, an obligation to issue shares for a price that is not fixed in the Company's functional currency, and that does not qualify as a rights offering or as employee compensation under IFRS 2 *Share-based payments*, must be classified as a derivative liability and measured at fair value through profit or loss.

Warrants exercisable in Canadian dollars after December 31, 2024, the date marking the Company's change in functional currency, are therefore classified as derivative liabilities. As at September 30, 2025, the Company had 22,509,667 (December 31, 2024 - 22,509,667) warrants from financing activities which qualify as derivative liabilities as detailed in Note 12(e).

A summary of the Company's derivative warrant liabilities is as follows:

	\$
Balance, December 31, 2023	-
Recognition of derivative warrant liabilities	2,636,006
Balance, December 31, 2024	2,636,006
Fair value adjustment	(2,531,325)
<b>Balance, September 30, 2025</b>	<b>104,681</b>

The Company uses the Black-Scholes option pricing model ("BSM") to estimate fair value.

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**10. DERIVATIVE WARRANT LIABILITIES (continued)**

A summary of the weighted average assumptions used to estimate the fair value of the derivative warrant liabilities during the nine months ended September 30, 2025 and the year ended December 31, 2024 is as follows:

	<b>2025</b>	<b>2024</b>
Share price	\$0.10	\$0.38
Exercise price	\$0.88	\$0.85
Expected life (years)	2.24	2.98
Risk-free interest rate	2.47%	2.91%
Expected volatility	84.59%	75.16%
Expected annual dividend yield	0.00%	0.00%

The derivative warrants are a recurring Level 3 fair value measurement. The market price and expected volatility are key inputs used by management to determine the fair value of these instruments. If the market price were to increase by 10%, this would increase the obligation by approximately \$28,222 as at September 30, 2025. If the market price were to decrease by 10%, this would decrease the obligation by approximately \$22,543. If the volatility were to increase by 10%, this would increase the obligation by approximately \$59,182. If the volatility were to decrease by 10%, this would decrease the obligation by approximately \$41,700 as at September 30, 2025.

A summary of the Company's warrant activity relating to warrants classified as derivative warrant liabilities is as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
	#	C\$
Balance, December 31, 2024 and 2023	-	-
Reclassified as derivative warrant liabilities (Note 10)	22,509,667	1.22
<b>Balance, September 30, 2025</b>	<b>22,509,667</b>	<b>1.22</b>

A summary of the Company's outstanding warrants classified as derivative warrant liabilities as at September 30, 2025, is as follows:

<b>Date of expiry</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
	#	C\$	Years
November 22, 2025 (Note 19)	1,200,000	0.72	0.15
June 23, 2027	3,467,254	1.25	1.73
November 3, 2027	4,356,346	1.25	2.09
November 15, 2027	4,390,000	1.25	2.13
January 9, 2028	434,277	1.25	2.28
May 23, 2028	127,925	1.25	2.65
July 14, 2028	1,159,981	1.25	2.79
August 11, 2028	7,373,884	1.25	2.87
	<b>22,509,667</b>	<b>1.22</b>	<b>2.24</b>

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**11. DECOMMISSIONING LIABILITY**

The Company has set up a decommissioning liability in connection with certain possible environmental and reclamation liabilities resulting from work done at the Santa Cruz Graphite Mine.

A summary of the Company's decommissioning liability is as follows:

	\$
Balance, December 31, 2023	-
Recognition of decommissioning liability	438,125
Balance, December 31, 2024	438,125
Accretion	41,489
Change in estimate	(62,150)
Foreign exchange	68,831
<b>Balance, September 30, 2025</b>	<b>486,295</b>

The total amount of estimated undiscounted cash flows required to settle the Company's estimated obligation is \$1,194,200 which has been discounted using a pre-tax risk-free rate of 14.25% as published by the Central Bank of Brazil for government instruments of a remaining term equal to the decommissioning liability expected payment timing and an inflation rate of 5.48%. The present value of the decommissioning liability may be subject to change based on management's current estimates, changes in remediation technology or changes to the applicable laws and regulations.

During the three and nine months ended September 30, 2025, accretion from the decommissioning provision was \$28,527 and \$41,489, respectively (2024 - \$nil and \$nil, respectively) and was included in finance expense.

**12. SHARE CAPITAL**

**a) Authorized share capital**

The Company is authorized to issue an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

**b) Issued share capital**

During the nine months ended September 30, 2025, the Company had the following share capital transactions:

- On January 8, 2025, the Company closed a third and final tranche of a private placement totaling 2,045,231 units at a price of \$0.43 (C\$0.60) per unit for gross proceeds of \$879,449 (C\$1,231,229), of which \$51,507 had been received as at December 31, 2024. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.89 (C\$1.25) for a period of five years. The share purchase warrants were attributed a fair value of \$37,906 using the residual method. The Company paid cash of \$40,000 and issued 55,813 common shares with a fair value of \$24,000 as finder's fees. Additional share issuance costs of \$5,608 were incurred in connection with the closing of the private placement.
- On August 6, 2025, the Company closed a non-brokered private placement totaling 1,375,500 units at a price of \$0.22 (C\$0.30) per unit for gross proceeds of \$302,610 (C\$415,263). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.22 (C\$0.30) for a period of five years. The share purchase warrants were attributed a fair value of \$97,476 using the residual method. The Company paid cash finders' fees of \$4,297 and issued 19,530 finders' warrants exercisable at \$0.22 (C\$0.30) for a period of five years. The Company attributed a fair value of \$1,969 to the finders' warrants which measured using the BSM. The inputs to the BSM are included in the weighted average assumptions in Note 12(e). Additional share issuance costs of \$3,571 were incurred in connection with the closing of the private placement.

During the year ended December 31, 2024, the Company had the following share capital transactions:

- During December 2024, the Company closed two tranches of a private placement totaling 4,931,511 units at a price of US\$0.43 per unit ("2024 Unit") for gross proceeds of US\$2,120,550. Each 2024 Unit consisted of one common share and one share purchase warrant exercisable at US\$0.89 for a period of five years. The Unit warrants were attributed a residual value of \$152,394. The Company paid cash of \$63,557 and issued 105,452 common shares as finder's fees and issued 4,665 broker warrants exercisable at US\$0.89 for a period of five years.

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**12. SHARE CAPITAL (continued)**

- On March 5, 2024, the Company closed a non-brokered private placement of 9,301,532 common shares at a price of C\$0.72 per common share for gross proceeds of \$4,966,413 (C\$6,697,103). The Company paid \$140,201 (C\$190,421) in cash and issued 169,914 common shares as finder's fees. The Company incurred \$28,290 (C\$38,414) in other share issuance costs.

**c) Equity plan**

The Company has an omnibus plan under which it is authorized to grant restricted share units, deferred share units and options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The vesting terms are determined by the Board of Directors.

**d) Stock options**

A summary of the Company's stock option activity is as follows:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, December 31, 2023	1,623,000	0.31
Expired	(148,000)	0.42
Balance, December 31, 2024	1,475,000	0.30
Granted	1,745,000	0.24
Expired	(438,000)	0.35
<b>Balance, September 30, 2025</b>	<b>2,782,000</b>	<b>0.26</b>
Exercisable, December 31, 2024	1,475,000	0.30
<b>Exercisable, September 30, 2025</b>	<b>2,782,000</b>	<b>0.26</b>

A summary of the Company's stock options outstanding as at September 30, 2025, is as follows:

Date of expiry	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
October 11, 2025 <sup>(1)</sup>	282,000	282,000	0.20	0.03
October 11, 2025 <sup>(1)</sup>	300,000	300,000	0.29	0.03
October 11, 2025 <sup>(1)</sup>	1,500,000	1,500,000	0.24	0.03
August 23, 2027	475,000	475,000	0.29	1.90
December 21, 2028	40,000	40,000	0.53	3.23
February 11, 2030	185,000	185,000	0.24	4.37
	<b>2,782,000</b>	<b>2,782,000</b>	<b>0.26</b>	<b>0.68</b>

(1) Accelerated expiry dates for options relating to officers and directors no longer working for the Company (Note 19).

On February 11, 2025, the Company granted 1,745,000 stock options. A summary of the Company's inputs used in the BSM for these stock options is as follows:

Share price	<b>\$0.31</b>
Exercise price	<b>\$0.31</b>
Expected life (years)	<b>5.00</b>
Risk-free interest rate	<b>2.78%</b>
Expected volatility	<b>101.78%</b>
Expected annual dividend yield	<b>0.00%</b>

During the three and nine months ended September 30, 2025, the Company recognized share-based compensation of \$nil and \$413,681, respectively (2024 - \$nil and \$nil, respectively) from the vesting of stock options.

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**12. SHARE CAPITAL (continued)**

**e) Warrants**

A summary of the Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2023	32,693,050	0.78
Expired	(8,961,818)	0.55
Granted	4,936,176	0.89
Exercised	(1,060,000)	0.22
Balance, December 31, 2024	27,607,408	0.87
Reclassified as derivative warrant liabilities (Note 10)	(22,509,667)	0.87
Granted	3,440,261	0.62
<b>Balance, September 30, 2025</b>	<b>8,538,002</b>	<b>0.77</b>

A summary of the Company's outstanding warrants as at September 30, 2025, is as follows:

Date of expiry	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
June 23, 2027	1,636	0.89	1.73
November 3, 2027	8,750	0.89	2.09
November 3, 2027	69,194	0.38	2.09
November 15, 2027	73,300	0.38	2.13
January 9, 2028	8,685	0.38	2.28
December 16, 2029	1,883,786	0.89	4.21
December 19, 2029	3,052,390	0.89	4.22
January 8, 2030	2,045,231	0.89	4.28
August 6, 2030	1,395,030	0.22	4.85
	<b>8,538,002</b>	<b>0.77</b>	<b>4.30</b>

On January 8, 2025, in connection with the closing of its non-brokered private placement, the Company issued 2,045,231 share purchase warrants. Each share purchase warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.89 until January 8, 2030. A fair value of \$37,906 was attributed to the warrants under the residual method using a stock price on the issuance date of \$0.15.

On August 6, 2025, in connection with the closing of a third and final tranche of a private placement, the Company issued 1,375,500 share purchase warrants. Each share purchase warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.22 until August 6, 2030. A fair value of \$97,476 was attributed to the warrants under the residual method using a stock price on the issuance date of \$0.15. Pursuant to the closing, the Company issued 19,530 finders' warrants exercisable at \$0.22 for a period of five years. The Company attributed a fair value of \$1,969 to the finders' warrants which was determined using BSM.

A summary of the Company's weighted average inputs used in the BSM for warrants issued during the nine months ended September 30, 2025 and the year ended December 31, 2024 is as follows:

	September 30, 2025	December 31, 2024
Share price	<b>\$0.15</b>	\$0.38
Exercise price	<b>\$0.22</b>	\$0.89
Expected life	<b>5.00</b>	5.00
Risk-free interest rate	<b>2.89%</b>	2.96%
Expected volatility	<b>95.12%</b>	106.48%
Expected annual dividend yield	<b>0.00%</b>	0.00%

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**12. SHARE CAPITAL (continued)**

**f) Restricted share units**

A summary of the Company's restricted share units ("RSUs") activity is as follows:

	Number of RSUs	Weighted average fair value per share at grant date
	#	\$
Balance, December 31, 2023	591,471	0.48
Exercised	(257,436)	0.39
Balance, December 31, 2024	334,035	0.55
Granted	542,889	0.31
Exercised	(334,035)	0.55
Forfeited	(65,000)	0.31
<b>Balance, September 30, 2025</b>	<b>477,889</b>	<b>0.31</b>

On February 11, 2025, the Company granted 542,889 RSUs to certain officers, consultants and employees of the Company with a settlement date of February 11, 2026. The fair value of each RSU was determined to be the Company's share price on the grant date, resulting in a total fair value of \$168,858 that will be recognized in share-based compensation. During the three and nine months ended September 30, 2025, the Company recognized a recovery on share-based compensation of \$646 and an expense of \$17,718, respectively (2024 - expenses of \$46,176 and \$169,973, respectively) from the vesting of RSUs.

Of the RSUs granted on February 11, 2025, 387,889 with a fair value of \$120,648 were granted to settle outstanding amounts payable of \$162,750 to the former CEO of the Company (Note 14). A gain of \$42,102 was recognized through profit and loss on the grant. During the three and nine months ended September 30, 2025, the Company recognized share-based compensation of \$30,412 and \$76,360, respectively (2024 - \$nil and \$nil, respectively) from the vesting of these RSUs to reduce the remaining amounts payable.

**g) Deferred share units**

A summary of the Company's deferred share units ("DSU") activity is as follows:

	Number of DSUs	Weighted average fair value per share at grant date
	#	\$
Balance, December 31, 2024 and 2023	-	-
Granted	480,000	0.31
Forfeited	(120,000)	0.31
<b>Balance, September 30, 2025</b>	<b>360,000</b>	<b>0.31</b>

On February 11, 2025, the Company granted 480,000 DSUs to certain directors of the Company with a settlement date of February 11, 2026. The fair value of each DSU was determined to be the Company's share price on the grant date, resulting in a total fair value of \$149,298 that will be recognized in share-based compensation. During the three and nine months ended September 30, 2025, the Company recognized share-based compensation of \$14,009 and \$70,865, respectively (2024 - \$nil and \$nil, respectively) from the vesting of DSUs.

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**13. FINANCE EXPENSE**

A summary of the Company's finance expense is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Interest related to loans payable (Note 8)	11,595	-	11,595	-
Finance cost on deferred revenue (Note 9)	129,000	302,926	425,000	900,999
Accretion expense on decommissioning liability (Note 11)	28,527	-	41,489	-
Accretion expense on lease liabilities	-	68	-	208
	<b>169,122</b>	<b>302,994</b>	<b>478,084</b>	<b>901,207</b>

**14. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

A summary of the Company's related party transactions is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Consulting and management fees	175,583	102,392	530,804	311,497
Share-based compensation from the vesting of options	-	-	369,824	-
Share-based compensation (recovery) from the vesting of RSUs	(7,700)	46,176	-	169,973
Share-based compensation from the vesting of DSUs	14,009	-	70,865	-
Share-based payments to settle management bonus	30,412	-	76,360	-
	<b>212,304</b>	<b>148,568</b>	<b>1,047,853</b>	<b>481,470</b>

Included in accounts payable and accrued liabilities as at September 30, 2025 is \$328,415 (December 31, 2024 - \$213,594) due to current officers, directors or companies with a director in common for cash advances, unpaid consulting fees, and unpaid expenses. The amounts due to related parties are unsecured, non-interest bearing and due on demand.

Included in loans payable as at September 30, 2025 is \$461,595 of Bridge Loans due to directors and the former CEO of the Company (December 31, 2024 - \$nil) (Note 8(a)). During the three and nine months ended September 30, 2025, interest expense from the Bridge Loans was \$11,595 and \$11,595, respectively (2024 - \$nil and \$nil, respectively).

On February 11, 2025, 387,889 RSUs with a fair value of \$120,648 were granted to settle an outstanding bonus payable to the former CEO of the Company (Note 12(f)). During the three and nine months ended September 30, 2025, the Company recognized share-based compensation of \$30,412 and \$76,360, respectively (2024 - \$nil and \$nil, respectively) from the vesting of these RSUs to reduce the remaining amounts payable.

**15. SEGMENT INFORMATION**

The Company operates in one segment, being mineral property exploration and development. As at September 30, 2025 and 2024, all of the Company's long-term property and equipment and land assets are situated in Brazil (Note 6).

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**16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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

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

The Company's financial assets and liabilities consist of cash and cash equivalents, accounts payable and accrued liabilities, loans payable, and derivative warrant liabilities.

All financial assets and liabilities of the Company are measured at amortized cost, except for the derivative warrant liabilities which are classified as fair value through profit or loss. The derivative warrant liabilities are recorded at fair value using unadjusted quoted prices in active markets and are therefore classified as level 3 within the fair value hierarchy.

The fair values of cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying values because of their short-term nature or are subject to insignificant movements in fair value. On initial recognition, the fair values of the Company's loans payable were determined using the discounted cash flow method which involves discounting future cash flows at a risk-adjusted discount rate.

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk relates primarily to cash and cash equivalents.

Cash and cash equivalents consists of bank deposits. The Company mitigates credit risk related to cash by transacting exclusively with sound financial institutions. The Company considers credit risk to be minimal.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. As at September 30, 2025, the Company had cash and cash equivalents of \$16,010 (December 31, 2024 - \$2,091,299) in order to meet its current liabilities of \$2,155,424 (December 31, 2024 - \$4,455,764). As at September 30, 2025, management has assessed the liquidity risk as high. Subsequent to September 30, 2025, the Company completed a non-brokered financing for gross proceeds of \$4,800,000 (Note 19).

A summary of the Company's contractual undiscounted cash flow requirements as at September 30, 2025, is as follows:

	<b>&lt; 1 year</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,497,273	-	-	-	1,497,273
Loans payable	461,595	212,196	-	-	673,791
	<b>1,958,868</b>	<b>212,196</b>	<b>-</b>	<b>-</b>	<b>2,171,064</b>

**c) Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

**d) Foreign exchange risk**

The Company's main project is in Brazil with local operations. As such, the Company is exposed to foreign currency risk. Fluctuations in the exchange rate between the Canadian dollar, United States dollar and the Brazilian real may have an adverse effect on the Company's business. The Company does not enter into any foreign exchange hedging contracts.

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**16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

A summary of the foreign exchange exposure on the financial assets and financial liabilities of the Company and its subsidiaries against their respective functional currencies, expressed in the presentation currency, as at September 30, 2025 is as follows:

	<b>CAD</b>	<b>BRL</b>
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	15,517	357
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	(212,253)	(848,025)
Derivative warrant liabilities	(104,681)	-
	(316,934)	(848,025)
<b>Net financial liabilities</b>	<b>(301,417)</b>	<b>(847,668)</b>

A 10% strengthening in the USD against CAD would change the Company's net loss and comprehensive loss by approximately \$30,142 (December 31, 2024 - \$30,700), and a 10% strengthening in the USD against BRL would change the Company's net loss and comprehensive loss by approximately \$84,767 (December 31, 2024 - \$40,700)

**e) Interest rate risk**

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in high-interest bank accounts and investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at September 30, 2025, the Company did not have any interest-bearing debt whose interest rates fluctuate with market interest rates.

**f) Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. The significant financing component in of the deferred revenue will fluctuate based on the price of graphite over the life of the Agreement and is susceptible to price risk. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**17. CAPITAL MANAGEMENT**

The Company's primary objectives in capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities.

The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. The Company has not changed its approach to capital management during the nine months ended September 30, 2025.

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**18. EFFECTS OF CHANGE IN PRESENTATION CURRENCY TO USD**

The effects of the presentation currency change from CAD to USD as discussed in Note 2(d) are presented below.

**a) Effect on the consolidated statements of loss and comprehensive loss for the three and nine months ended September 30, 2024**

The amounts for the three months ended September 30, 2024 were translated using an exchange rate of 0.733 USD/CAD which was the average exchange rate for the period. For the nine months ended September 30, 2024, the translated figures represent the sum of the amounts for each three-month period, translated at the average exchange rate for that respective period. The average exchange rates for the three months ended March 31, 2024, June 30, 2024 and September 30, 2024, were 0.741 USD/CAD, 0.731 USD/CAD and 0.733 USD/CAD, respectively.

A summary of the effect on the consolidated statements of loss and comprehensive loss for the three and nine months ended September 30, 2024 is as follows:

	Three months ended September 30, 2024		Nine months ended September 30, 2024	
	(Restated)	(Previously reported)	(Restated)	(Previously reported)
	\$	C\$	\$	C\$
<b>Operating expenses</b>				
Business development	52,355	71,406	74,438	101,406
Consulting and management fees	193,667	264,139	589,171	802,212
Depreciation	3,395	4,631	18,104	24,612
Exploration and evaluation expenditures	487,678	665,137	1,031,217	1,406,151
Foreign exchange loss (gain)	6,702	9,141	(120,920)	(163,976)
Information technology	49,267	67,195	96,449	131,274
Investor relations and shareholder communications	14,555	19,852	88,999	120,586
Office and miscellaneous	10,505	14,328	178,175	242,417
Professional fees	101,191	138,013	356,183	484,793
Share-based compensation	46,176	61,462	169,973	226,787
Security and site operating costs	129,901	177,170	129,901	177,170
Transfer agent and filing fees	7,205	9,827	28,809	39,082
Travel, vehicle and transportation	52,157	71,136	198,235	269,553
Wages and support staff	263,252	359,045	697,316	949,062
<b>Operating loss</b>	<b>1,418,006</b>	<b>1,932,482</b>	<b>3,536,050</b>	<b>4,811,129</b>
Finance expense	(302,994)	(413,225)	(901,207)	(1,225,966)
Interest income	34,430	46,959	139,703	190,160
<b>Net loss</b>	<b>(1,686,570)</b>	<b>(2,298,748)</b>	<b>(4,297,554)</b>	<b>(5,846,935)</b>
Cumulative translation adjustment	396,758	385,021	(1,807,068)	(2,134,753)
<b>Comprehensive loss</b>	<b>(1,289,812)</b>	<b>(1,913,727)</b>	<b>(6,104,622)</b>	<b>(7,981,688)</b>

**b) Effect on the consolidated statements cash flows for the nine months ended September 30, 2024**

The amounts for the nine months ended September 30, 2024 were translated using an exchange rate of 0.735 USD/CAD which was the average exchange rate for the period.

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**18. EFFECTS OF CHANGE IN PRESENTATION CURRENCY TO USD (continued)**

A summary of the effect on the consolidated statements cash flows for the nine months ended September 30, 2024 is as follows:

	Nine months ended September 30, 2024	
	(Restated)	(Previously reported)
	\$	C\$
Net loss for the period	<b>(4,297,554)</b>	(5,846,935)
Cash used in operating activities	<b>(3,143,445)</b>	(4,281,389)
Cash used in investing activities	<b>(4,052,436)</b>	(5,512,518)
Cash provided by financing activities	<b>5,022,056</b>	6,776,114
Effect of exchange rate on changes in cash	<b>(314,622)</b>	(206,799)
Change in cash and cash equivalents	<b>(2,173,825)</b>	(3,017,793)
Cash and cash equivalents, beginning of period	<b>4,877,627</b>	6,451,034
<b>Cash and cash equivalents, end of period</b>	<b>2,389,180</b>	3,226,442

**19. SUBSEQUENT EVENTS**

On November 21, 2025, the Company closed a non-brokered private placement totaling 44,479,999 units at a price of \$0.11 (C\$0.15) per unit for gross proceeds of \$4,800,000 (C\$6,672,000). Each unit consisted of one common share and one share purchase warrant exercisable at \$0.14 (C\$0.20) for a period of five years. The Company paid cash of \$186,328 as finders' fees and issued 1,987,722 finders' shares with a fair value of \$271,703.

The Company repaid \$414,181 of outstanding principal and accrued interest of the Bridge Loans.

A total of 2,082,000 options expired as the result of the holders no longer working with the Company and 1,200,000 warrants expired unexercised.