



GRID METALS CORP.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Grid Metals Corp.

Opinion

We have audited the consolidated financial statements of Grid Metals Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of operations and comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that at December 31, 2023 the Company has cumulative operating losses and it expects to incur further losses. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP

A handwritten signature in black ink that reads "McGovern Hurley LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
April 24, 2024

GRID METALS CORP.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AS AT**

(In Canadian dollars)

	December 31, 2023	December 31, 2022
ASSETS		
Current		
Cash	\$ 2,717,813	\$ 9,396,673
Marketable securities (Note 5)	755,357	2,904,164
Amounts receivable (Note 6)	5,086,282	186,426
Prepays	118,961	330,986
Total current assets	8,678,413	12,818,249
Non-current		
Capital assets (Notes 7 and 12)	54,438	83,023
Right of use asset (Note 8)	4,057,632	-
Total assets	12,790,483	12,901,272
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 10, 11 and 15)	816,940	275,348
Lease obligations (Note 12)	4,612	13,384
Exploration program advances (Note 13)	-	279,260
Mill lease obligation (Note 8)	1,194,223	-
Flow through share premium (Note 9(a) and 9(c))	2,222,778	764,000
Total current liabilities	4,238,553	1,331,992
Non-current		
Term loan payable (Note 14)	60,000	60,000
Long term lease obligations (Note 12)	-	4,612
Property acquisition obligation (Note 10)	241,165	-
Mill lease obligation (Note 8)	2,152,634	-
Total liabilities	6,692,352	1,396,604
SHAREHOLDERS' EQUITY		
Capital stock (Note 9)	66,907,477	62,638,803
Contributed surplus (Note 9)	8,456,158	8,883,947
Deficit	(69,265,504)	(60,018,082)
Total shareholders' equity	6,098,131	11,504,668
Total liabilities and shareholders' equity	\$ 12,790,483	\$ 12,901,272

Going concern (Note 2)**Commitments and contingencies (Notes 10 and 11)****Approved on Behalf of the Board**'Thomas W. Meredith' Director'Robin E. Dunbar' Director

GRID METALS CORP.**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

(In Canadian dollars)

Years ended December 31	2023	2022
Expenses		
Exploration and evaluation expenditures (Note 10)	\$ 7,677,737	\$ 7,339,879
Management fees and directors fees (Note 15)	1,100,562	246,322
Office, general and administrative	711,064	584,180
Share-based payments (Note 9(b) and 15)	770,408	549,779
Professional and consulting fees	604,226	520,353
Public company costs	179,259	175,881
Amortization (Note 7 and 8)	151,197	25,248
Accretion (Notes 8 and 10)	135,237	-
Flow-through share premium recovery (Note 9(a))	(764,000)	(1,203,090)
Loss before the undernoted	(10,565,690)	(8,238,552)
Other income	238,802	27,000
Unrealized (loss) gain on marketable securities	168,397	49,814
Gain on disposition of exploration and evaluation properties (Notes 5 and 10)	133,750	8,697,750
Realized (loss) on marketable securities	(347,021)	(260,256)
Net income (loss) and comprehensive income (loss) for the year	\$ (10,371,762)	\$ 275,756
Net income (loss) per share		
Basic and diluted earnings (loss) per share	\$ (0.06)	\$ 0.00
Weighted average number of common shares outstanding - basic	170,024,203	124,566,830

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

GRID METALS CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(In Canadian dollars)

	Capital Stock		Contributed		Total
	# of shares	Amount	Surplus	Deficit	
Balance, December 31, 2021	94,492,302	\$55,192,232	\$9,147,409	\$(61,854,547)	\$2,485,094
Common shares issued in connection with unit private placements (Note 9(a))	49,862,404	5,970,357	-	-	5,970,357
Flow through common shares issued in connection with a private placment (Note 9(a))	20,000,000	4,200,000	-	-	4,200,000
Flow through share premium (Note 9(a))	-	(1,800,000)	-	-	(1,800,000)
Fair value assigned to finders' warrants issued in connection with the private placement (Note 9(c))	-	(741,566)	741,566	-	-
Cash share issue costs (Note 9(a))	-	(292,600)	-	-	(292,600)
Shares issued in satisfaction of a property acquisition(Note 9(a))	808,000	110,380	5,902	-	116,282
Stock-based compensation (Note 9(b))	-	-	549,779	-	549,779
Options expired (Note 9(b))	-	-	(596,505)	596,505	-
Warrants expired (Note 9(c))	-	-	(964,204)	964,204	-
Net income for the year	-	-	-	275,756	275,756
Balance, December 31, 2022	165,162,706	\$62,638,803	\$8,883,947	\$(60,018,082)	\$11,504,668
Flow through common shares issued in connection with a private placment (Note 9(a))	28,460,450	5,058,822	-	-	5,058,822
Flow through share premium (Note 9(a))	-	(2,222,778)	-	-	(2,222,778)
Fair value assigned to finders' warrants issued in connection with the private placement (Note 9(c))	-	(294)	294	-	-
Cash share issue costs (Note 9(a))	-	(17,399)	-	-	(17,399)
Shares issued in satisfaction of a property acquisition (Note 9(a))	9,092,858	1,144,142	-	-	1,144,142
Stock-based compensation (Note 9(b))	-	-	770,408	-	770,408
Warrants expired (Note 9(c))	-	-	(1,124,340)	1,124,340	-
Warrants exercised (Note 9(c))	1,160,150	232,030	-	-	232,030
Original fair value of warrants exercised (Note 9(c))	-	74,151	(74,151)	-	-
Net loss for the year	-	-	-	(10,371,762)	(10,371,762)
Balance, December 31, 2023	203,876,164	\$66,907,477	\$8,456,158	\$(69,265,504)	\$6,098,131

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

GRID METALS CORP.**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(In Canadian dollars)

	2023	2022
Cash flows from operating activities		
Net income (loss) for the year	\$ (10,371,762)	\$ 275,756
Adjustments not affecting cash		
Shares issued for property acquisition	1,144,142	110,380
Share based compensation	770,408	549,779
Realized loss on marketable securities	347,021	260,256
Amortization	151,197	25,248
Unrealized (gain) loss on marketable securities	(168,397)	(49,814)
Accretion	135,237	
Interest on lease obligations	596	1,247
Warrants issued in satisfaction of a property acquisition	-	5,902
Shares received pursuant to property sale	(113,750)	(4,020,000)
Flow-through share premium recovery	(764,000)	(1,203,090)
Changes in non-cash working capital		
Amounts receivable	80,169	(139,264)
Prepays	212,025	(314,773)
Accounts payable and accrued liabilities	714,133	16,733
Advance on exploration	(279,260)	279,260
Cash flows from operating activities	(8,142,241)	(4,202,380)
Cash flows from investing activities		
Proceeds on sale of marketable securities	2,483,932	917,541
Purchase of marketable securities	(400,000)	-
Additions to capital assets	-	(77,912)
Cash flows from investing activities	2,083,932	839,629
Cash flows from financing activities		
Issuance of common shares and warrants	78,798	10,170,357
Payment of Mill lease obligation	(900,000)	-
Proceeds on exercise of warrants	232,030	-
Payment of lease obligations	(13,980)	(13,980)
Share issue costs	(17,399)	(292,600)
Cash flows from financing activities	(620,551)	9,863,777
Change in cash for the year	(6,678,860)	6,501,026
Cash, beginning of year	9,396,673	2,895,647
Cash, end of year	\$ 2,717,813	\$ 9,396,673
Supplemental information		
Broker warrants issued in connection with the private placement (Note 9 (c))	\$ 294	\$ 741,566

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

GRID METALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

(In Canadian dollars)

1. GENERAL INFORMATION

Grid Metals Corp. (the "Company") was incorporated under the laws of Ontario on July 15, 1997 and is engaged in the business of exploring and developing base and precious metal mineral properties. Substantially all of the efforts of the Company are devoted to these business activities and to date the Company has not earned significant revenues. The principal business address of the Company is 3335 Yonge Street, Suite 304 Toronto, Ontario, M4N 2M1.

The consolidated financial statements of the Company for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors on April 24, 2024.

2. GOING CONCERN

The Company's ability to realize the costs it has incurred to date on its properties is dependent upon it being able to identify economically recoverable reserves; to finance their exploration and evaluation costs; to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the reserves; and to attain profitable operations.

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the expenditures incurred on the exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, Aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, and political uncertainty.

The Company has cumulative operating losses at December 31, 2023. The Company expects to incur further losses in the exploration and development of its properties. The Company will have an ongoing need for equity financing for working capital and exploration and development of its properties. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations.

Details of deficit and working capital of the Company are as follows:

	December 31, 2023	December 31, 2022
Deficit	\$ 69,265,504	\$ 60,018,082
Working capital	\$ 4,439,860	\$ 11,486,257

3. BASIS OF PRESENTATION

These consolidated financial statements are presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). IFRS represents standards and interpretations approved by the IASB, and are comprised of IFRSs, International Accounting Standards (“IASs”), and interpretations issued by the IFRS Interpretations Committee (“IFRICs”) and the former Standing Interpretations Committee (“SICs”).

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries. An investor controls an investee when it 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.

These consolidated financial statements include the accounts of the Company; its 72.56% owned Maskwa Nickel Chrome Mines Limited, a Manitoba corporation; its wholly-owned subsidiary, Global Nickel Inc., a Canadian federally incorporated company; and its wholly owned subsidiary 1000078824 Ontario Inc., an Ontario corporation that holds the Company’s 75% interest in a joint operation with Lithium Equities Investments LP. (“LEI”). The financial statements of the subsidiaries are consolidated from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated.

Basis of measurement

These consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, except for those financial instruments recorded at Fair Value through Profit and Loss and have been prepared using the accrual basis of accounting except for cash flow information.

Exploration and evaluation assets – acquisition costs and exploration expenditures

All acquisition costs and exploration expenditures relating to properties are expensed as incurred.

Joint Arrangements

A joint arrangement is defined as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. There are two types of joint arrangements, joint operations (“JO”) and joint ventures (“JV”). A JO is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A JV is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Provisions and decommissioning liabilities

Provisions, which include decommissioning liabilities, are liabilities that are uncertain in timing or amount. The Company records a provision when:

- (i) the Company has a present obligation, legal or constructive, as a result of a past event;
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation.

Constructive obligations are obligations that derive from the Company’s actions where:

- (i) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and
- (ii) as a result, the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Provisions are reviewed at the end of each reporting year and adjusted to reflect management’s current best estimate of the expenditure required to settle the present obligation at the end of the reporting year. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are reduced by actual expenditures for which the provision was originally recognized. Where discounting has been used, the

GRID METALS CORP.

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(In Canadian dollars)

carrying amount of a provision increases in each year to reflect the passage of time. This increase (accretion expense) is included in finance costs in the consolidated statement of operations.

The Company did not have any material reclamation provisions or decommissioning liabilities as at December 31, 2023 and 2022.

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated by assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the year, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share. During the year ended December 31, 2023, all outstanding warrants and options were excluded from diluted loss per share calculation as they were anti-dilutive (2022 - all outstanding warrants were excluded from diluted loss per share calculation and 5,320,000 options were excluded as they were anti-dilutive).

Income taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in the consolidated statement of operations except to the extent it relates to items recognized in other comprehensive loss or directly in equity.

Current income tax

Current income tax expense is based on the results for the year as adjusted for items that are not taxable and not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting year. Management at the end of each reporting year evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the financial statements and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the asset and liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Flow-through share financings

The Company periodically finances a portion of its exploration activities through the issue of flow-through shares, which transfers the tax deductibility of exploration expenditures to the investor (referred to as renunciation). Proceeds received on the issuance of such shares up to the value of similar non-flow through shares are credited to capital stock and any difference between that amount and the issue price is recognized as a flow-through share premium and recognized as a liability in the consolidated statement of financial position. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred income tax liability and corresponding deferred income tax expense is recognized, and the liability previously recorded as a flow through share premium is recorded to flow-through share premium income. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred income tax liability and record a recovery on the consolidated statement of operations. The related exploration costs are expensed as incurred.

Foreign currency translation

The Canadian dollar is the functional and reporting currency of the Company and all of its subsidiaries. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at the rate at the time of the transaction. Any resulting gain or loss is recorded in the consolidated statement of operations.

Share-based payments

The Company applies the fair value method of accounting for share-based payments granted to employees and other individuals providing similar services. The fair value of options is determined using an option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and

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its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. Each tranche of an option that vests over time is considered a separate award and the fair value of each tranche is expensed over its vesting period with the corresponding credit to contributed surplus. The fair value of options granted is recorded in contributed surplus. Cash consideration received from employees on exercise of options is credited to share capital along with the original grant date fair value of the options exercised. The value of options forfeited before vesting is removed from the option reserve and credited to operations, while the value of options that expire after vesting is credited directly to deficit.

Share-based payments granted to non-employees are measured at the fair value of goods received unless that cannot be reasonably estimated in which case the estimated fair value of the share-based payments is used. The measurement date is generally the date the goods or services are received.

Deferred Share Units (“DSU”) and Restricted Share Units (“RSU”) where cash-settled, the fair value of the units awarded, representing the fair market value of the Company’s shares is recognized as share-based compensation expense at grant date with a corresponding amount recorded as a share-based liability. The fair value of the units is remeasured at the end of each reporting year and at the date of settlement, with changes in fair value recognized as share-based compensation expense in the year.

Where DSU and RSU are equity-settled, the fair value of the units at the date of grant is charged to the statement of loss over the vesting year. Equity settled units are not subsequently remeasured. Performance vesting conditions are taken into account by adjusting the number of units expected to vest at each reporting date so that, ultimately the cumulative amount recognized over the vesting year is based on the number of units that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the units granted.

Warrants

All warrants issued are valued on the date of grant using the Black-Scholes option pricing model, net of related issue costs and are recorded in contributed surplus. The value of warrants that expire is credited directly to deficit.

Property, equipment and right of use assets

Recognition and Measurement

Capital assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset. Right-of-use assets are measured at the present value of the related obligation discounted by the Company’s incremental borrowing rate. In addition, at each reporting period, property, equipment and right of use assets are reviewed to determine whether there is any indication of impairment.

Amortization

Equipment and automobile are depreciated annually on a straight-line basis using rates of 20% and 30%, respectively. Right-of-use assets are amortized on a straight-line basis over the lesser of the useful life and the lease term of the underlying asset.

Segmented information

The Company conducts all of its operations in Canada in one business segment.

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either Fair Value through Profit or Loss (“FVPL”) or Fair Value through Other Comprehensive Income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The financial assets at amortized cost include the Company’s cash and accounts receivable.

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(In Canadian dollars)

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of earnings (loss) when the right to receive payments is established.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of earnings (loss). The Company's marketable securities are classified as financial assets at FVPL.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable, accrued liabilities, term loan payable and exploration advances, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

Leases

At inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method

from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Recent and future pronouncements

During the year ended December 31, 2023, the Company adopted a number of amendments and improvements of existing standards. These included IAS 1 and IAS 8. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after January 1, 2024 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

The Company expects to adopt these amendments as of their effective dates and is currently assessing their impact on adoption.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Income taxes and recoverability of potential deferred tax assets

The Company is subject to income, value added, withholding and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting year.

Share-based payments and warrants

Management determines the valuation of share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards and warrants are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments may include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Fair value of financial instruments

Marketable securities are measured at fair value. The estimated fair value of financial instruments, by their very nature, are subject to measurement uncertainty. The Company estimates fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial instruments recognized at fair value in the consolidated statements of financial position are classified into one of three levels in the fair value hierarchy as follows:

Level 1 — valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 — valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.

Level 3 — valuation techniques with significant unobservable market inputs

Joint arrangements

The Company has a joint arrangement with Lithium Royalty Corp ("LRC"). The Company has joint control over this arrangement as under the contractual agreement with the LRC, unanimous consent is required from all parties to the agreements for certain key strategic, operating, investing and financing policies. The Company's joint arrangement is structured as a partnership and provides the Company and LRC (parties to the agreements) with rights to the assets and obligations for the liabilities under the arrangements. Therefore, this arrangement has been classified as a joint operation.

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The joint operation does not have any assets or liabilities and the only activities are exploration and evaluation expenditures as described in Note 10.

Judgement is required to determine the type of joint arrangement that exists. This judgement involves considering its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Leases under IFRS 16

Critical judgements are required in the application of IFRS 16, including identifying whether a contract (or part of a contract) includes a lease and determining whether it is reasonably certain that an extension or termination option will be exercised. Sources of estimation uncertainty include estimation of the lease term, determination of an appropriate discount rate and assessment of whether a ROU asset is impaired. Such judgments, estimates and assumptions are inherently uncertain, and changes in these assumptions affect the fair value estimates.

Contingencies

Refer to Notes 10 and 11.

5. MARKETABLE SECURITIES

The Company's marketable securities have been designated as FVPL and are reported at fair value based on quoted market prices as follows:

	December 31, 2023	December 31, 2022
1911 Gold Corporation ⁽¹⁾	\$ 713,405	\$ nil
Other	41,952	13,049
Canada Nickel Company Inc. ⁽²⁾	nil	2,891,115
	\$ 755,357	\$ 2,904,164

(1) On December 21, 2023, the Company acquired 6,666,667 units (each a "Unit") of 1911 Gold Corporation ("1911") at \$0.06 per Unit for total consideration of \$400,000. Each Unit consisted of 1 common share and 1 common share purchase warrant, exercisable for two years at a strike price of \$0.10. During the year ended December 31, 2023 the Company recognized an unrealized gain of \$313,405 on the Units, based on the quoted market value of 1911's common shares on December 31, 2023.

(2) On June 7, 2022, the Company sold its 100% interest in Bannockburn to Canada Nickel Company Inc. ("Canada Nickel") in return for issuance of two million (2,000,000) Canada Nickel common shares to the Company with an estimated fair value of \$2.01, based on the closing price of Canada Nickel on June 7, 2022. During the period ended December 31, 2022 the Company recognized a realized loss of \$260,256 on the disposition of 589,700 shares of Canada Nickel and an unrealized gain of \$49,814 on its Canada Nickel share holdings in its consolidated statement of comprehensive income (loss). During the year ended December 31, 2023 the Company recognized a realized loss of \$347,021 on the disposition of 1,410,300 Canada Nickel shares, to hold nil.

6. ACCOUNTS RECEIVABLE

The balance of accounts receivable is comprised as follows:

	December 31, 2023	December 31, 2022
Subscription receivable	\$ 4,980,025	\$ -
Harmonized sales tax	106,257	186,426
	\$ 5,086,282	\$ 186,426

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7. CAPITAL ASSETS

The Company's capital assets consist of the following:

	Right-of-Use		
	Asset	Vehicles	Total
Cost			
Balance December 31, 2021	\$ 65,055	\$ -	\$ 65,055
Additions	-	77,912	77,912
Balance December 31, 2022	65,055	77,912	142,967
Additions	-	-	-
Balance December 31, 2023	65,055	77,912	142,967
Amortization			
Balance December 31, 2021	34,696	-	34,696
Amortization for the year	13,011	12,237	25,248
Balance December 31, 2022	47,707	12,237	59,944
Additions	13,011	15,574	28,585
Balance December 31, 2023	60,718	27,811	88,529
Net book value			
Balance December 31, 2021	30,359	-	30,359
Balance December 31, 2022	17,348	65,675	83,023
Balance December 31, 2023	\$ 4,337	\$ 50,101	\$ 54,438

For more information on the Company's right of use asset refer to Note 12.

8. MILL LEASE

On July 18, 2023, the Company signed a binding lease agreement with 1911 Gold Corporation ("1911 Gold") to use the True North mill, located in Bissett, Manitoba, for the production of lithium spodumene concentrate, which was finalized on October 25, 2023 (the "Lease").

The financial terms of the Lease, as amended, are as follows:

- An upfront, non-refundable payment of \$300,000 (paid);
- a \$550,000 payment by October 25, 2023 (paid);
- an equity participation payment in an equity offering of \$400,000 (paid);
- monthly payments covering incremental ongoing site expenses for site security, environmental monitoring and maintenance commencing January 1, 2024;
- payments for environmental liabilities of:
 - o \$500,000 on April 30, 2024,
 - o \$1,000,000 on December 31, 2024, and
 - o \$900,000 on December 31, 2025;
- \$1,000,000 payable upon commencement of commercial production by the Company at the True North Mill which is defined as the processing of at least 200,000 tonnes of lithium material;
- a payment of \$1,000,000 on the fifth anniversary of the Lease;
- a payment of \$2,000,000 if the Parties agree to extend the lease for an additional five-year period at the end of the first five-year term of the Lease;
- a payment of \$1,000,000 on the sixth anniversary of the Lease;
- a 1% net smelter returns royalty in favour of 1911, subject to the Company having the right of first refusal on any disposition of the royalty by 1911;
- a fee of \$7.50 per tonne of lithium material processed through the True North Mill during the term of the Lease; and,
- if the Lease is extended, the assumption by the Company of up to \$10,000,000 of reclamation obligations prorated equally over years 6-10 of the Lease.

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The continuity of the capitalized Lease costs for the year ended December 31, 2023 is as follows:

	December 31, 2023
Balance, beginning of year	\$ -
Additions	4,180,244
Accumulated amortization	(122,612)
Balance, end of year	\$ 4,057,632

The continuity of the Lease obligations for the year ended December 31, 2023 is as follows:

	December 31, 2023
Balance, beginning of year	\$ -
Additions	\$3,280,244
Accretion	66,613
Balance, end of year	3,346,857
Current portion of lease obligations	(1,194,223)
Long-term portion of lease obligations	\$ 2,152,634

The Company used an interest rate of 10% to determine the present value of the Lease obligations. Payments made to date totalling \$900,000, the Company's investment in 1911 Units totalling \$400,000 (Note 5), and contingent payments totalling \$13,500,000 were not included in the calculation of the present value of the Lease obligations.

9. CAPITAL STOCK**(a) Common shares****Authorized**

The authorized capital stock of the Company consists of an unlimited number of common shares.

- (i) During the year ended December 31, 2023 the following common share activity occurred:
- On December 29, 2023, the Company issued 4,000,000 special flow-through common shares at \$0.18 per special flow-through common shares for gross proceeds of \$720,000 and 1,151,143 ordinary flow-through common shares at \$0.14 per ordinary flow-through common share for proceeds of \$161,202.
 - On December 22, 2023, the Company issued 23,209,000 special flow-through common shares at \$0.18 per special flow-through common share for gross proceeds of \$4,177,620. At December 31, 2023, \$4,980,025 of the gross proceeds of the special flow-through common share and flow-through common shares offerings were included in accounts receivable and were collected subsequent to year end (Note 6).
 - On September 29, 2023, 7,142,858 common shares were issued in connection with the cancellation of an option to purchase an additional interest in the Donner Lake and Campus Creek Joint Ventures. The shares were valued at \$857,142 being the quoted market value of the shares on the date they were issued (see Note 9).
 - On April 26, 2023, 1,500,000 common shares were issued in connection with the acquisition of the Gossan Claims (see Note 10). These shares were valued at \$0.14 per share being the quoted market value of the shares on the date they were issued.
 - On April 9, 2023, 250,000 common shares were issued in connection with the acquisition of the Eagle Claims (see Note 10). These shares were valued at \$0.14 per share being the quoted market value of the shares on the date they were issued.
 - In February 2023, 1,160,150 shares were issued in connection with warrants exercised for \$232,030. The original fair value of the warrants was \$74,151, which amount was transferred from contributed surplus to capital stock.
 - On January 25, 2023, 200,000 common shares were issued in connection of mining claims located in Manitoba. The shares were valued at \$42,000 being the quoted market value of the shares on the date they were issued.
- (ii) During the year ended December 31, 2022 the following common share activity occurred:

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- a. On August 30, 2022, the Company issued 50,000 shares in connection with a property acquisition in the Bird River area. The shares were valued at \$8,000 being the quoted market value of the shares on the date they were issued.
- b. On September 26, 2022, the Company issued 20,000,000 flow-through shares at \$0.21 per flow-through share and 36,000,000 shares at \$0.12 per share in connection with a private placement for total gross proceeds of \$8,520,000. The Company paid share issue costs of \$283,200 and issued 12,360,000 finders' warrants in connection with the private placement; 12,000,000 finders' warrants entitle the holder to acquire one share per finders' warrant at an exercise price of \$0.20 per share until September 26, 2025 and 360,000 finders' warrants entitle the holder to acquire one share per finders' warrant at an exercise price of \$0.20 per share until September 15, 2024.
- c. On April 27, 2022, the Company issued 200,000 shares in connection with the acquisition of lithium properties for evaluation in the Bird River area of Manitoba. The shares were valued at \$41,000 being the quoted market value of the shares on the date they were issued.
- d. On January 12, 2022, the Company issued 13,962,404 shares at \$0.1182 per share in connection with a private placement for total gross proceeds of \$1,650,356 as part of the Lithium Royalty Corp. ("LRC") transaction ;
- e. On January 12, 2022, the Company issued 558,000 shares in connection with the acquisition via a buy out of the option on the Campus Creek property pursuant to the LRC transaction. The shares were valued at \$61,680 being the quoted market value of the shares on the date they were issued.

(b) Stock option plan and stock-based compensation

The Company has an equity incentive plan to provide employees, directors, officers, and consultants with equity offerings and options to purchase common shares of the Company (the "Plan"). Under the Plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares. At December 31, 2023, the maximum number of shares issuable pursuant to the Plan was 20,377,616, of which 11,220,000 shares had been granted, leaving 5,407,616 shares available for issue.

The following summarizes the employees, directors, officers, and consultants' stock options that have been granted, exercised, expired, vested, or cancelled during the periods ended December 31, 2023 and 2022.

	Number of options	Weighted average exercise price
Balance, December 31, 2021	5,930,000	\$0.27
Options granted	2,050,000	\$0.25
Options expired	(2,310,000)	(\$0.32)
Balance, December 31, 2022	5,670,000	\$0.24
Options granted	5,550,000	\$0.20
Balance, December 31, 2023	11,220,000	\$0.22

The total share-based payment expense recorded during the year ended December 31, 2023 was \$770,408 (2022 - \$549,779).

During the year ended December 31, 2023, nil options expired (2022 - 2,310,000). The original fair value of those options was estimated to be \$nil (2022 - \$596,505) which was transferred from contributed surplus to deficit.

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The following table summarizes information about the share options as at December 31, 2023:

Expiry date	Number of options outstanding	Weighted average remaining life (years)	Exercisable	Exercise price	Weighted average exercise price of exercisable options
August 21, 2024	100,000	0.01	100,000	\$ 0.15	\$ 0.00
February 26, 2025	2,340,000	0.24	2,340,000	\$ 0.25	\$ 0.06
June 17, 2025	130,000	0.02	130,000	\$ 0.25	\$ 0.00
May 12, 2026	800,000	0.17	800,000	\$ 0.25	\$ 0.02
October 19, 2026	250,000	0.06	250,000	\$ 0.12	\$ 0.00
March 11, 2027	1,750,000	0.50	1,750,000	\$ 0.25	\$ 0.04
October 28, 2027	300,000	0.10	300,000	\$ 0.19	\$ 0.01
May 2, 2028	5,550,000	2.15	4,516,667	\$ 0.20	\$ 0.09
	11,220,000	3.25	10,186,667		\$ 0.22

The vesting term of the options expiring on May 2, 2028 are as follows: 3,483,334 vested on the grant date; 1,033,333 vested on November 2, 2023, and 1,033,333 vest on May 2, 2024.

The fair value of options granted has been estimated using the Black-Scholes Option Pricing Model with the following assumptions on the grant date of the options:

Grant date	Number of options outstanding	Exercise price	Expected option life (years)	Risk free interest rate	Dividend yield	Expected volatility⁽¹⁾	Underlying share price	Fair value per option on grant date
August 21, 2019	100,000	\$ 0.15	5.00	1.27%	nil	157%	\$ 0.110	\$ 0.10
February 26, 2020	2,340,000	\$ 0.25	5.00	1.14%	nil	142%	\$ 0.190	\$ 0.17
June 17, 2020	130,000	\$ 0.25	5.00	0.37%	nil	159%	\$ 0.190	\$ 0.17
May 12, 2021	800,000	\$ 0.25	5.00	0.97%	nil	150%	\$ 0.230	\$ 0.21
October 19, 2021	250,000	\$ 0.12	5.00	1.42%	nil	170%	\$ 0.115	\$ 0.11
March 11, 2022	1,750,000	\$ 0.25	5.00	1.80%	nil	138%	\$ 0.220	\$ 0.19
October 28, 2022	300,000	\$ 0.19	5.00	3.38%	nil	110%	\$ 0.175	\$ 0.14
May 2, 2023	5,550,000	\$ 0.20	5.00	2.95%	nil	111%	\$ 0.165	\$ 0.13
	11,220,000							

(1) The expected volatility is based on the Company's historical share price.

Deferred Stock Units

During the year ended December 31, 2023, the Company issued nil Deferred Stock Units ("DSU's") to directors of the Company pursuant to the Plan (2022 – 1,100,000). The 2022 DSU's vested immediately and are exchangeable for common shares of the Company upon the retirement of the holder on a one for one basis. There are no other performance criteria. The DSU's were valued at the market price of the Company's common shares as of the date they were issued. The total charge to operations for the DSU's amounted to \$nil (2022 – \$198,000). As at December 31, 2023 the Company there were a total of 2,150,000 DSUs issued pursuant to the Plan (2022 – 2,150,000).

Restricted Share Units

During the year ended December 31, 2023 the Company issued 1,500,000 Restricted Share Units ("RSU's") pursuant to the Plan (2022 – nil), and are exchangeable into common shares of the Company on a one for one basis upon achieving the vesting conditions. The RSU's issued during the year ended December 31, 2023 vested as follows:

- 400,000 RSUs vest on performance based metrics; 300,000 vest upon the Company obtaining a listing on the Australian Stock Exchange and 100,000 vest upon, in the estimation of the board, there was a high level of technical performance by the exploration group during 2023 or, upon a new mineral discovery. The RSU's were valued at the market price as

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of the date they were issued, and the expense charged to income on a straight-line basis over the five year term of the RSU's. During the year ended December 31, 2024 the total charge to operations for the performance based RSU's amounted to \$8,778 (2022 - \$nil).

- 1,100,000 RSUs vest based on meeting the following performance requirements:
 - 366,668 RSU's vest upon the volume weighted average price ("VWAP") of the Company's shares being above \$0.25 for 20 consecutive trading days prior to May 3, 2026.
 - 366,666 RSU's vest upon the VWAP of the Company's shares being above \$0.35 for 20 consecutive trading days prior to May 3, 2026.
 - 366,666 RSU's vest upon the VWAP of the Company's shares being above \$0.45 for 20 consecutive trading days prior to May 3, 2026.

The market based RSUs were valued using the Monte Carlo pricing model assuming a risk free rate of 3.48% and volatility of 95.7% and an underlying share price of \$0.165, resulting in a value of \$141,937, which is recognized during the three year performance limitation based on the probability of the performance RSUs vesting.

At December 31, 2023 there were a total of 1,600,000 RSUs issued pursuant to the Plan (2022 – 100,000) of which 100,000 have vested. The total charge to operations for the RSU's during the year ended December 31, 2023 amounted to \$60,157 (2022 – \$6,533).

(c) Warrants

A summary of warrant activity for the years ended December 31, 2023 and December 31, 2022 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	25,349,681	\$ 0.25
Warrants issued	12,410,000	\$ 0.20
Warrants expired	(11,156,381)	\$ 0.22
Balance, December 31, 2022	26,603,300	\$ 0.24
Warrants issued	9,996	\$ 0.15
Warrants expired	(13,033,150)	\$ 0.20
Warrants exercised	(1,160,150)	\$ 0.20
Balance, December 31, 2023	12,419,996	\$ 0.20

During the year ended December 31, 2023, 1,160,150 warrants were exercised, and 13,033,150 warrants expired. The 13,033,150 warrants that expired had an original estimated fair value of \$1,124,340, which amount was transferred from contributed surplus to deficit. The 11,156,382 warrants that expired during the year ended December 31, 2022, had an original estimated fair value of \$964,204, which amount was transferred from contributed surplus to deficit.

The balance of warrants outstanding at December 31, 2023 is as follows:

Expiration date	Warrants Outstanding	Exercise price	Term (years)	Weighted average remaining life (years)	Risk free interest rate	Dividend yield	Expected volatility ⁽¹⁾	Underlying share price	Fair value per warrant on issue date
September 15, 2024	360,000	\$ 0.200	2.00	0.020	3.78%	nil	95%	\$ 0.120	\$ 0.05
September 26, 2025	12,000,000	\$ 0.200	3.00	1.680	3.81%	nil	95%	\$ 0.120	\$ 0.06
December 29, 2025	9,996	\$ 0.150	2.00	0.002	3.88%	nil	72%	\$ 0.230	\$ 0.03
April 5, 2027	50,000	\$ 0.175	5.00	0.013	1.79%	nil	113%	\$ 0.150	\$ 0.12
	12,419,996			1.715					

(1) The expected volatility is based on the Company's historical share price.

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(c) Flow-through share premium continuity

The flow-through share premium continuity is as follows:

Balance, December 31, 2021	\$ 167,090
Expenditures renounced	(167,090)
Flow-through share premium additions	764,000
Balance, December 31, 2022	764,000
Expenditures renounced	(764,000)
Flow-through share premium additions	2,222,778
Balance, December 31, 2023	\$ 2,222,778

10. EXPLORATION AND EVALUATION EXPENDITURES**For the year ended December 31, 2023**

	Makwa	Mayville	Eagle	Gossan	Donner Lake Lithium	Campus Creek	Falcon West	Other	Total
Acquisition	\$ 533	\$ 312	\$ 247,650	\$ 1,168,333	\$ 857,142	\$ -	\$ 368,020	\$ (3,750)	\$ 2,638,240
Assays	-	134,755	-	-	406,370	44,723	10,923	7,720	604,491
Consulting	62,215	50,041	7,563	13,322	462,805	7,517	67,244	35,832	706,539
Drilling	-	330,714	-	-	2,311,604	144,249	-	-	2,786,567
Geological	153,809	106,392	-	-	363,700	-	-	16,344	640,245
Geophysics	3,790	28,677	20,375	4,200	147,543	-	-	32,475	237,060
Labour	49,654	58,311	1,741	7,099	242,138	42,715	16,448	11,262	429,368
Other	106,072	67,822	-	50	582,678	8,318	40,865	37,449	843,254
Project Development	-	-	-	-	313,005	-	-	-	313,005
Staking	-	-	-	-	-	-	-	22,277	22,277
Subtotal	\$ 376,073	\$ 777,024	\$ 277,329	\$ 1,193,004	\$ 5,686,985	\$ 247,522	\$ 503,500	\$ 159,609	\$ 9,221,046
Reimbursements from JO partner	-	-	-	-	(1,482,852)	(60,457)	-	-	(1,543,309)
Total	\$ 376,073	\$ 777,024	\$ 277,329	\$ 1,193,004	\$ 4,204,133	\$ 187,065	\$ 503,500	\$ 159,609	\$ 7,677,737

For the year ended December 31, 2022

	Makwa	Mayville	Fox River West	Bannock- burn	Donner Lake Lithium	Campus Creek	Falcon West	Other	Total
Acquisition	\$ 20,000	\$ -	\$ 5,902	-	\$ -	\$ 286,380	\$ 20,000	\$ 185,545	\$ 517,827
Assays	76,970	48,685	-	16,322	236,200	5,770	-	146,844	530,791
Consulting	257,800	46,193	36,740	-	392,836	7,522	4,780	60,995	806,866
Drilling	1,909,955	-	-	-	2,524,801	-	-	-	4,434,756
Geological	59,012	55,225	52,576	37,193	15,183	1,943	-	42,778	263,910
Geophysics	32,347	13,870	10,047	-	389,559	1,464	552	-	447,839
Labour	58,484	10,511	-	-	180,200	2,904	-	46,182	298,281
Other	159,649	41,672	54,476	21,435	381,473	-	8,638	289,773	957,116
Project Development	1,699	28,209	-	-	70,095	-	-	-	100,003
Staking	-	10,000	-	-	49,000	-	81	-	59,081
Subtotal	\$ 2,575,916	\$ 254,365	\$ 159,741	\$ 74,950	\$ 4,239,347	\$ 305,983	\$ 34,051	\$ 772,117	\$ 8,416,470
Reimbursements from JO partner	-	-	-	-	(1,071,690)	(4,901)	-	-	(1,076,591)
Total	\$ 2,575,916	\$ 254,365	\$ 159,741	\$ 74,950	\$ 3,167,657	\$ 301,082	\$ 34,051	\$ 772,117	\$ 7,339,879

It is in the normal course of business for the Company to acquire and divest exploration and evaluation claims based on the

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results of exploration. Certain of the properties are subject to a net smelter return royalty ("NSR") payable on future mineral production.

MANITOBA

Makwa

The Company, through its wholly owned subsidiary Global Nickel Inc, owns a 100% interest in the Makwa property which is a nickel copper platinum group metal exploration project located near Lac du Bonnet, in southeast Manitoba.

The mineral rights of the Makwa Property consist of a mineral lease, a surface lease, and exploration and evaluation assets claims held by the Company. An annual payment of approximately \$10,000 must be made to the province of Manitoba to keep the mineral lease and surface lease in good standing. There is a 1.0% NSR royalty on the Makwa property. The Company has the option to purchase 0.5% of the NSR royalty for \$500,000.

Mayville

The Company directly owns a 60% interest in the Mayville property which is a copper nickel platinum group metal exploration project located near Lac du Bonnet, in southeast Manitoba, which includes the base metal rights on the Donner Lake Lithium Property.

An additional 29% interest is held through the Company's 72.56% interest in Maskwa Nickel Chrome Mines Limited ("MNCM"), a company which holds the remaining 40% interest in the Mayville property. A royalty payment in the amount of \$210,000 will be due in five equal annual payments upon the commencement of commercial production on any portion of the MNCM property. Under the terms of a joint arrangement between MNCM and the Company (also the "Operator"), if the interest of one party in the joint arrangement is diluted below 10% the interest is converted to a 10% Net Profits Interest which is payable after the property reaches commercial production and the Operator has recouped all capital investment, exploration and preproduction costs related to the property. As the Company owns 72.56% of MNCM this would equate to a 2.74% Net Profits Interest in the property.

Gossan Claims

During the year ended December 31, 2023, the Company acquired the Ore Fault, Page, and Chrome claims (the "Gossan Claims") located near the Makwa project. Consideration was \$1,100,000 in cash payable over three years (\$500,000 payable on closing, \$300,000 payable on each of the first and second anniversaries of closing), 1,500,000 common shares of the Company, valued at \$0.14 per share being the quoted market value of the shares on the date they were issued, a 2% net smelter return ("NSR") royalty payable upon the commencement of commercial production from the Gossan Claims, and a \$300,000 cash payment due upon the commencement of commercial production from the Gossan Claims. As a triggering event has not yet occurred, this contingent amount has not been reflected these financial statements.

The present value of the future payments was determined using a 20% discount rate. The difference between the present value and the future value of the payments will recognized as accretion expense on a pro rata basis to the payment date.

Eagle Claims

During the year ended December 31, 2023, the Company acquired a 100% interest in the Eagle Claims for consideration of \$300,000 cash on closing, 250,000 common shares, valued at \$0.14 per share being the quoted market value of the shares on the date they were issued, a 2% NSR royalty payable upon the commencement of commercial production from the Eagle Claims, half of which can be bought back by the Company for \$1,000,000, and a deferred cash payment of 350,000 if the Company defines a NI 43-101 compliant mineral resource of greater than 2 million tonnes. As a triggering event has not yet occurred, this contingent amount has not been reflected these financial statements.

Donner Lake Lithium (formerly Mayville Lithium)

The Property consists of mining claims in the Bird River area . On January 12, 2022, the Company completed a transaction with Lithium Royalty Corp. ("LRC") to create a lithium exploration property in the Mayville/Donner Lake area and immediately thereafter sell 25% of the designated property to LRC (the "LRC Transaction"). Grid incorporated 1000078824 Ontario Inc., to hold the Donner Lake claims and the Campus Creek claims located in Ontario (see Campus Creek below). LRC also had the right to acquire 20% of 1000078824 Ontario Inc., on commercially reasonable terms subject to Grid's approval (the "Option"). A joint arrangement was formed and 25% of the mineral rights over certain claims from the Mayville Property and the Tanco Property were sold to LRC for a price of \$1,563,750 (US\$1,250,000). The sale included

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offtake rights for 25% of products subject to the prior rights of Tanco on the Tanco Property. A 2% gross overriding royalty on lithium and related metals on the entire Donner Lake Property was sold to LRC for an additional C\$1,563,750 (US\$1.25 million). During the period LRC's interest in the Donner Lake joint arrangement was assigned to LEI, an investment fund managed by Waratah Capital Advisors.

On July 5, 2023, the Company announced that it had agreed to acquire and terminate the Option for consideration of 7,142,858 common shares of the Company valued at \$0.12 per share being the quoted market value of the shares on the date they were issued. The Option had been assigned by LRC to LEI. The acquisition of the Option was approved by non-interested shareholders of the Company at the Company's annual general meeting on September 29, 2023.

Grid is the project operator and has retained the base metal and precious metal mineral rights to the Donner Lake Lithium Property. Tantalum Mining Corporation of Canada Limited holds a 2% Net Smelter Return Royalty on certain claims comprising part of the property and has a right to match commercial terms on the sale of products produced from claims comprising part of the property.

Falcon West Lithium

The property consists of mining claims located in southeast Manitoba. One claim was acquired in 2022 from a third party for \$20,000 cash, 50,000 common shares, and a 2% NSR retained by the vendor which can be bought down to 1% by the Company for a \$1,000,000. The shares issued were valued at \$0.16 per share being the quoted market value of the shares on the date they were issued.

A parcel of two claims were acquired in 2022 from a second third party for \$300,000 cash, 200,000 common shares, and a 2% NSR retained by the vendor which can be bought down to 1% by the Company for a \$1,000,000. The balance of the property was acquired by the staking of mining claims. The shares issued were valued at \$0.21 per share being the quoted market value of the shares on the date they were issued.

Fox River West/Northern Manitoba

The Northern Manitoba properties consist of a 100% interest in certain mineral exploration licenses ("MELs") in the western one-third of the Fox River Belt ("Fox River") and the eastern flank of the Thompson Nickel Belt ("Thompson East").

The spending commitments on the MELs are as follows:

	Fox River	Thompson East	
Upon Issue	\$ 51,300	\$ 5,250	(paid in full)
September 8, 2022	\$ 51,269	\$ 13,250	(spending requirements met)
September 8, 2023	\$ 102,537	\$ 53,000	(Thompson East spending requirements met)
September 8, 2024	\$ 153,806	\$ 79,500	
September 8, 2025	\$ 307,611	*	
September 8, 2026	\$ 410,148	*	
Total	\$ 1,076,671	\$151,000	

* Spending commitments subject to renewal

ONTARIO

East Bull Lake

The East Bull Lake Palladium Property ("EBL") is a platinum group metals ("PGM") exploration project located in the Sudbury Mining Division, Ontario, Canada. The Company has fulfilled its commitments to earn a 100% interest in certain unpatented mining claims comprising the EBL property. EBL is subject to underlying royalties held by the original optionors of the property of up to 3%.

On April 27, 2020, and as amended on May 27, 2022, the Company entered into an option agreement to acquire the Shib property located at the east end of EBL. During the year ended December 31, 2023, the Company discontinued exploration work on the Shib Property and terminated the option agreement.

Campus Creek Lithium Property

During the year ended December 31, 2021 the Company entered into an option agreement for the Campus Creek property ("Campus Creek"). Campus Creek consists of certain mining claims in the McNamara Lake area northwest of Thunder Bay, Ontario. The option enabled the Company the right to earn a 100% interest in the mining claims subject to an 2% NSR interest by incurring annual work expenditures, making annual payments of cash, and issuing common shares as follows:

- On signing - \$10,000 and 100,000 shares (paid and issued)
- Year 1 - \$20,000, 125,000 shares and \$50,000 of work commitments (paid and issued)
- Year 2 - \$40,000, 133,000 shares and \$100,000 of work commitments (paid and issued)
- Year 3 - \$60,000, 150,000 shares and \$200,000 of work commitments (\$60,000 paid, shares issued)
- Year 4 - \$80,000, 150,000 shares and \$400,000 of work commitments (\$80,000 paid, shares issued)

Pursuant to the LRC Transaction, the Company formed a joint arrangement with LRC covering Campus Creek and sold 25% of the property to LRC for C\$312,750 (US\$250,000). The Company also sold a 2% gross overriding royalty on the property for C\$1,251,000 (US\$1,000,000). On closing of the LRC transaction the Company completed all option payments and stock issuances pursuant to the Campus Creek option agreement and the work requirements were cancelled. During the period LRC's interest in Campus Creek the joint arrangement was assigned to LEI, an investment fund managed by Waratah Capital Advisors, and Grid acquired the Option, as discussed above (see Donner Lake).

Bannockburn

The Bannockburn property is a nickel exploration project located in the Sudbury Mining Division, Ontario, Canada that consisted of optioned exploration and evaluation assets claims and staked exploration and evaluation assets claims.

On June 7, 2022, the Company sold its 100% interest in Bannockburn to Canada Nickel Company Inc. ("Canada Nickel") in return for issuance of two million (2,000,000) Canada Nickel common shares to the Company valued at \$2.01 per share, the Canada Nickel closing price on June 7, 2022.

11. COMMITMENTS AND CONTINGENCIES

See Notes 8, 9 and 11 for details of other commitments and contingencies.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

During 2023 flow-through common shares were issued in the amount of \$5,058,822, and as a result the Company must spend at least \$5,058,822 on eligible exploration expenses before December 31, 2024.

During 2022 flow-through common shares were issued in the amount of \$4,200,000, and as a result the Company must spend at least \$4,200,000 on eligible exploration expenses before December 31, 2023. The spending commitment was met by the Company during the year ended December 31, 2023.

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

An employment contract between the Company and its President & CEO provides for the following:

- a) Upon termination without cause the President is entitled to one month's severance for every year since 1998 to a maximum of twenty-four months, plus a prospective bonus equal to the greater of the last bonus paid to the president or 75% of his then annual salary. In this instance the estimated contingent liability would amount to approximately \$750,000.
- b) In the event of a change of control, if the President is terminated, or constructively dismissed, within nine months of the change of control the President is entitled to two year's remuneration plus a prospective bonus equal to the greater of two times the average annual bonus paid to the president or one year's annual remuneration. In this instance the estimated contingent liability would amount to approximately \$850,000.

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- c) The minimum amount due in one year pursuant to this contract is \$275,000.

A contract between the Company and Harris Capital Corporation, for Chief Financial Officer (“CFO”) consulting services, provides for the following:

- a) Upon termination without cause the CFO is entitled to six month’s notice. In this instance the estimated contingent liability would be \$60,000.
- b) In the event of a change of control, if the CFO is terminated the CFO is entitled to 12 month’s remuneration. In this instance the estimated contingent liability would be \$120,000.
- c) The minimum amount due in one year pursuant to this contract is \$120,000.

An employment contract between the Company and its Chief Development Officer (“CDO”) provides for the following:

- a) Upon termination without cause the CDO is entitled to six month’s notice. In this instance the estimated contingent liability would amount to approximately \$125,000.
- b) In the event of a change of control, if the CDO is terminated, or constructively dismissed, within six months of the change of control the CDO is entitled to one year’s remuneration. In this instance the estimated contingent liability would be approximately \$250,000.
- c) The minimum amount due in one year pursuant to this contract is \$250,000.

As a triggering event has not occurred, these contingent obligations have not been recorded in these financial statements.

12. LEASE OBLIGATIONS

The Company has a lease for office premises in the amount of \$1,165 per month base rent, until April 30, 2024. The Company recognized a right-of-use asset and corresponding lease obligations related to the office premises, analyzed as follows:

	December 31, 2023	December 31, 2022
Balance, beginning of year	\$ 17,996	30,729
Additions	-	-
Interest	596	1,247
Payments	(13,980)	(13,980)
Balance, end of year	4,612	17,996
Current portion of lease obligations	(4,612)	(13,384)
Long-term portion of lease obligations	\$ -	4,612

13. EXPLORATION PROGRAM ADVANCES

Pursuant to the Donner Lake and Campus Creek lithium exploration and development joint arrangements with LEI described in Note 10, the Company is entitled to request cash calls from LEI at the beginning of each quarter for their proportionate share of the estimated Exploration Costs, as adjusted pursuant to the joint arrangement agreements. The following is continuity schedule of the exploration advances:

Balance, December 31, 2021	\$ -
Exploration costs advanced by minority joint arrangement partner	1,355,851
Minority share of exploration expenses on joint arrangements during the year	(1,076,591)
Balance, December 31, 2022	\$ 279,260
Exploration costs advanced by minority joint arrangement partner	1,315,398
Minority share of exploration expenses on joint arrangements during the year	(1,664,719)
Minority share of operator's fee	(124,854)
Unrecovered portion of exploration expenses on joint arrangements during the year	194,915
Balance, December 31, 2023	\$ -

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14. TERM LOAN PAYABLE

The term loan payable of \$60,000 was taken by the Company under the Canada Emergency Business Assistance program (“CEBA”). The terms of the loan are as follows:

- a. It is unsecured,
- b. Non-interest bearing,
- c. Upon the repayment 66⅔% of the principal amount of the loan on or prior to January 18, 2024, the remainder of the CEBA loan will be forgiven.

Prior to January 18, 2024, the Company repaid 66⅔% of the principal amount of the CEBA loan, as a result, the remaining amount was forgiven.

15. RELATED PARTY TRANSACTIONS

Director’s fees, professional fees and other compensation of directors and key management personnel were as follows for the years ended December 31, 2023 and 2022:

	2023	2022
	\$	\$
Short-term compensation and benefits	1,441,666	777,662
Share-based payments (stock option, RSU and DSU grants)	584,919	458,480
Total key management compensation	2,026,585	1,236,142

Short-term compensation and benefits charged to exploration and evaluation expenditures amounted to \$115,335 (2022 – \$158,650).

Amounts due to key management personnel included in accounts payable amounted to \$246,438 (2022 – \$33,945).

Legal fees were charged by a legal firm during the period ended December 31, 2023, of which an officer of the Company is an employee, for legal and corporate secretarial services in the amount of \$119,186 (2022 - \$110,866). Accounts payable and accrued liabilities includes \$nil owing to the legal firm (2022 – \$nil).

Amounts due to related parties included in accounts payable are unsecured, non-interest bearing and due on demand.

See also Notes 9(b) and 11.

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16. INCOME TAXES

a) Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% to the effective tax rate is as follows:

	2023	2022
	\$	\$
(Loss) income before income taxes	(10,371,762)	275,763
Expected income tax recovery based on statutory rate	(2,749,000)	73,000
Adjustment to expected income tax recovery:		
Flow through renunciation	606,000	875,000
Stock-based compensation	204,000	146,000
Expenses not deductible for tax purposes	(211,000)	(253,000)
Change in unrecorded deferred tax asset	2,150,000	(841,000)
Deferred income tax provision (recovery)	-	-

b) Deferred Income Tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

	2023	2022
	\$	\$
<u>Unrecognized deferred tax assets</u>		
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Capital loss carry-forwards	655,000	615,000
Share issue costs	208,000	289,000
Marketable securities	42,000	4,000
Non-capital loss carry-forwards	1,873,000	1,105,000
Exploration and evaluation assets	4,956,000	4,682,000
Total	7,734,000	6,695,000

The tax losses expire from 2025 to 2043. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

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c) Losses Carried Forward

As at December 31, 2023, the Company had estimated non-capital losses for Canadian income tax purposes of approximately \$4,170,000 available to use against future taxable income. The non-capital losses expire between 2025 and 2042.

Expiry	\$
2025	8,000
2026	2,000
2027	2,000
2028	5,000
2029	9,000
2030	6,000
2038	856,000
2039	775,000
2040	1,047,000
2041	1,460,000
2043	2,897,000
	7,067,000

17. FINANCIAL INSTRUMENTS

The carrying amounts for cash, amounts receivable, accounts payable, accrued liabilities, term loans, and exploration program advances approximate their estimated fair value due to the short-term nature of these financial instruments.

Cash and amounts receivable are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Marketable securities are classified as FVPL, are measured at their fair value, which is based on quoted market prices at the end of the reporting period, and are therefore classified as Level 1 within the fair value hierarchy. Changes in fair value are included in profit and loss. The Company's investments in warrants have been classified as Level 2 within the fair value hierarchy.

Accounts payable and accrued liabilities, lease obligations and term loan payable are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The Company's risk exposures and the impact on its financial investments, as summarized below, have not changed significantly for the periods ended December 31, 2023 and 2022.

Credit Risk

The Company's credit risk is primarily attributable to cash and amounts receivable. The Company has no significant concentration of credit risk arising from operations. The Company's cash balances are held in high quality financial institutions and may be redeemed on demand. Management believes that the credit risk concentration with respect to the financial instruments included in accounts receivable is remote.

Liquidity Risk

The Company's main source of liquidity is derived from its common stock issuances. As at December 31, 2023, the Company had current assets of \$8,678,413 (2022 - \$12,818,249) to settle current liabilities of \$4,238,553 (2022 - \$1,331,992). Current liabilities include un-renounced flow through share premium, which will be a non-cash item on settlement, of \$2,222,778 (2022 - \$764,000). All of the Company's financial liabilities have contractual maturities that are subject to normal trade terms and will be settled within one year.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company monitors its

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cash balances and is satisfied with the creditworthiness of its banks. As a result, the Company's exposure to interest rate risk is minimal.

Market Risk

Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar, and all expenditures are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration and evaluation stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

- (i) The Company receives low interest rates on its cash balances and, as such, the Company does not have significant interest rate risk.
- (ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

18. CAPITAL MANAGEMENT

Capital management is reflected by the manner in which the Company manages its capital stock. The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

There were no significant changes in the Company's approach to capital management during the years ended December 31, 2023 and 2022.

As at December 31, 2023, the Company's capital stock was \$66,907,477 (December 31, 2022 - \$62,638,803). The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As at December 31, 2023, the Company believes it is compliant with the policies of the TSXV.