# VICTORY BATTERY METALS CORP.

## CONSOLIDATED FINANCIAL STATEMENTS
**(Expressed in Canadian Dollars)**

## FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

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# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Victory Battery Metals Corp.:

## *Opinion*

We have audited the consolidated financial statements of Victory Battery Metals Corp. and its subsidiary (together the "Company"), which comprise the consolidated statements of financial position as at February 29, 2024 and February 28, 2023 and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows, and consolidated statements of changes in shareholders' equity for the years then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 29, 2024, and February 28, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

## *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, and 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 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may 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 judgment, were of most significance in our audit of the consolidated financial statements for the year ended February 29, 2024. 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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matter described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of the existence of impairment indicators for exploration and evaluation assets</td></tr>
<tr><td>Refer to note 6</td><td>Our approach to addressing the matter involved the following procedures, among others:</td></tr>
<tr><td>As at February 29, 2024, the carrying amount of the Company’s exploration and evaluation assets was $2,301,334.<br><br>At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset’s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.<br><br>Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any of the following indicators:<br>(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;<br>(ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;<br>(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or<br>(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.<br><br>Impairment indicators were identified for the Black Diablo and the Georgia Lithium properties. The carrying amounts exceeded the recoverable amounts of the assets for the year ended February 29, 2024, an aggregate impairment of $283,404 was recognized.<br><br>We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of impairment indicators related to the exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</td><td>Evaluating the judgments made by management in determining the impairment indicators, which included the following:<br><br>• Obtained, for a sample of claims by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates.<br>• Read the board of directors’ minutes and resolutions and observed evidence supporting the continued and planned exploration expenditures, which included evaluating results of events subsequent to year end.<br>• Assessed whether available data indicates the potential for commercially viable mineral resources and evaluated the status of agreements relating to future feasibility studies.<br>• Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.</td></tr>
</table>

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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 and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. 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 Accounting Standards, 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 to 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 the 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 judgment 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 risk 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 on the audit resulting in this independent auditor's report is Aycha Aziz.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
June 26, 2024

**VICTORY BATTERY METALS CORP.**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

| | February 29, 2024 | February 28, 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | $ 8,853 | $ 1,156,773 |
| GST receivable | 10,807 | 10,711 |
| Prepaid expenditures | 13,261 | 20,215 |
| Asset held for sale (Note 6) | 82,764 | - |
| **Total current assets** | 115,685 | 1,187,699 |
| **Non-current assets** | | |
| Long-term investments (Note 4) | 1,500 | 24,404 |
| Right-of-use asset (Note 5) | 52,082 | 80,491 |
| Reclamation deposits (Note 6) | 37,146 | 37,146 |
| Exploration and evaluation assets (Note 6) | 2,301,334 | 2,311,538 |
| **Total non-current assets** | 2,392,062 | 2,453,579 |
| **Total assets** | $ 2,507,747 | $ 3,641,278 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (Note 7) | $ 446,829 | $ 209,961 |
| Due to related parties (Note 8) | 117,934 | 18,088 |
| Current portion of lease liability (Note 5) | 30,672 | 30,672 |
| **Total current liabilities** | 595,435 | 258,721 |
| Lease liability (Note 5) | 30,972 | 60,503 |
| **Total liabilities** | 626,407 | 319,224 |
| **Shareholders' equity** | | |
| Share capital (Note 9) | 39,779,467 | 38,802,881 |
| Subscriptions received in advance (Note 9) | - | 84,800 |
| Share-based payment reserve (Note 9) | 715,651 | 1,045,651 |
| Deficit | (38,613,778) | (36,611,278) |
| **Total shareholders' equity** | 1,881,340 | 3,322,054 |
| **Total liabilities and shareholders' equity** | $ 2,507,747 | $ 3,641,278 |

**Nature of operations and going concern** (Note 1)
**Segmented information** (Note 10)
**Subsequent events** (Note 15)

Approved and authorized on behalf of the Board of Directors on June 26, 2024.

*"Mark Ireton"* Director *"David Lane"* Director

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

**VICTORY BATTERY METALS CORP.**
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED

| | February 29, 2024 | February 28, 2023 |
|---|---|---|
| **EXPENSES** | | |
| Advertising and promotion | $ 475,509 | $ 277,282 |
| Amortization of right-of-use asset (Note 5) | 28,409 | 28,408 |
| Consulting fees | 609,832 | 307,815 |
| Flow-through premium recovery (Note 9) | (50,000) | - |
| Impairment of exploration and evaluation assets (Note 6) | 283,404 | - |
| Interest income | (1,422) | - |
| Interest on lease liability (Note 5) | 3,792 | 5,162 |
| Loss on sale of exploration and evaluation assets (Note 6) | 392,483 | - |
| Management and directors' fees (Note 8) | 237,500 | 234,000 |
| Office and administration | 24,521 | 94,738 |
| Option agreement cancellation (Note 6) | 13,500 | - |
| Professional fees | 158,466 | 144,379 |
| Share-based compensation (Note 9) | 410,100 | - |
| Transfer agent and filing fees | 49,543 | 40,434 |
| Travel | 22,373 | 29,855 |
| Unrealized loss on long-term investments (Note 4) | 22,904 | 193,541 |
| Impairment of loan receivable (Note 4) | - | 80,000 |
| Net and comprehensive loss for the year | $ (2,680,914) | $ (1,435,614) |
| **Basic and diluted loss per common share** | $ (0.11) | $ (0.11) |
| Weighted average number of common shares outstanding – basic and diluted | 25,291,062 | 12,858,126 |

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

**VICTORY BATTERY METALS CORP.**
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED

| | February 29, 2024 | February 28, 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss for the year | $ (2,680,914) | $ (1,435,614) |
| Items not affecting cash: | | |
| Amortization of right-of-use asset | 28,409 | 28,408 |
| Flow-through premium recovery | (50,000) | - |
| Impairment of exploration and evaluation assets | 283,404 | - |
| Loss on sale of exploration and evaluation assets | 392,483 | - |
| Share-based compensation | 410,100 | - |
| Unrealized loss on long-term investments | 22,904 | 193,541 |
| Impairment of loan receivable | - | 80,000 |
| Changes in non-cash working capital: | | |
| GST receivable | (96) | (292) |
| Prepaid expenditures | 6,954 | 94,525 |
| Accounts payable and accrued liabilities | 251,520 | 38,346 |
| Due to related parties | 99,846 | 14,588 |
| Net cash used in operating activities | (1,235,390) | (986,498) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from common share issuances | 765,400 | 1,602,750 |
| Repayment of lease liability | (29,531) | (27,782) |
| Subscription received in advance | - | 154,800 |
| Share issuance costs | (8,800) | (72,793) |
| Net cash provided by financing activities | 727,069 | 1,656,975 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Exploration and evaluation expenditures | (639,599) | (432,360) |
| Net cash used in investing activities | (639,599) | (432,360) |
| **Change in cash for the year** | (1,147,920) | 238,117 |
| **Cash, beginning of the year** | 1,156,773 | 918,656 |
| **Cash, end of the year** | $ 8,853 | $ 1,156,773 |
| **Supplemental cash flow information** | | |
| **Interest paid** | $ - | $ - |
| **Income taxes paid** | $ - | $ - |

**Supplemental disclosure with respect to cash flows** (Note 13)

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

**VICTORY BATTERY METALS CORP.**
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

| | Share capital # | Share capital $ | Subscriptions received in advance | Shares issued in advance | Share-based payment reserve | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| **Balance as at February 28, 2022** | 12,365,095 | $ 36,595,924 | $ - | $ - | $ 1,021,151 | $ (35,175,664) | $ 2,441,411 |
| Private placement | 7,121,944 | 1,672,750 | - | - | - | - | 1,672,750 |
| Share issuance costs – cash | - | (72,793) | - | - | - | - | (72,793) |
| Share issuance costs – warrants | - | (24,500) | - | - | 24,500 | - | - |
| Share issuances for property acquisition | 1,944,485 | 631,500 | - | - | - | - | 631,500 |
| Subscriptions received in advance | - | - | 154,800 | - | - | - | 154,800 |
| Share issuances for option agreement | - | - | - | (70,000) | - | - | (70,000) |
| Net and comprehensive loss for the year | - | - | - | - | - | (1,435,614) | (1,435,614) |
| **Balance as at February 28, 2023** | 21,431,524 | 38,802,881 | 154,800 | (70,000) | 1,045,651 | (36,611,278) | 3,322,054 |
| Private placement | 3,563,333 | 725,200 | - | - | - | - | 725,200 |
| Share issuance costs – cash | - | (8,800) | - | - | - | - | (8,800) |
| Share issuance costs – warrants | - | (3,100) | - | - | 3,100 | - | - |
| Share issuances for stock option exercise | 1,100,000 | 189,786 | - | - | (64,786) | - | 125,000 |
| Shares issued for services (Note 6) | 333,333 | 70,000 | - | - | - | - | 70,000 |
| Share issuances for option agreement | 203,534 | 40,000 | - | - | - | - | 40,000 |
| Share issuances for option agreement cancellation | 300,000 | 13,500 | - | - | - | - | 13,500 |
| Share-based compensation | - | - | - | - | 410,100 | - | 410,100 |
| Flow-through premium | - | (50,000) | - | - | - | - | (50,000) |
| Subscriptions received in advance | - | - | (154,800) | 70,000 | - | - | (84,800) |
| Fair value of options cancelled | - | - | - | - | (678,414) | 678,414 | - |
| Net and comprehensive loss for the year | - | - | - | - | - | (2,680,914) | (2,680,914) |
| **Balance as at February 29, 2024** | 26,931,724 | $ 39,779,467 | $ - | $ - | $ 715,651 | $ (38,613,778) | $ 1,881,340 |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Victory Battery Metals Corp. ("Victory" or "the Company") is a publicly traded company (CSE: VR) incorporated under the laws of British Columbia, Canada. The Company is a junior exploration stage mining corporation with interests in North America. The Company has no plans to divest itself of its existing exploration properties, although it is currently seeking and investigating other business opportunities in the mining industry.

On December 22, 2022 and October 24, 2023, the Company consolidated its common shares on the basis of three (3) pre-consolidation common shares for one (1) post-consolidation common share. All shares, warrants and stock options in these consolidated financial statements are on a post consolidated basis.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at February 29, 2024, the Company had a deficit of $38,613,778 (February 28, 2023 - $36,611,278). The Company is in the process of exploring and developing its mineral properties and has not yet determined whether those properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to fund property commitments and to complete the exploration and development of the properties and upon achieving future profitable production or proceeds from the disposition thereof. These conditions indicate a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company has financed its operations primarily through the issuance of common shares, proceeds from loans and advances from related parties. The Company continues to seek capital through various means including the issuance of equity and/or debt. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future or on terms that are favorable to the Company. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

## 2. BASIS OF PREPARATION

**Basis of Presentation**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

## 2. BASIS OF PREPARATION (cont'd…)

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Basis of Consolidation**

The consolidated financial statements include the Company and its wholly owned subsidiary Victory Resources (Nevada) Inc. All inter-company transactions have been eliminated.

Subsidiaries are entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. Subsidiaries are consolidated from the date on which control is obtained until the date that control ceases.

**Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly owned subsidiary.

**Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

*Critical accounting estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include the following:

*Valuation of stock options and compensation warrants*

The fair value of stock options and compensation warrants issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options and compensation warrants.

*Critical accounting judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

*Determination of functional currency*

In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates management determined that the functional currency of the Company and its subsidiary is the Canadian dollar based on the primary economic environment in which the companies operate. Such determination involves certain judgments to identify the primary economic environment of each entity.

## 2. BASIS OF PREPARATION (cont'd...)

**Use of estimates and judgments** (cont'd…)

*Carrying amount and recoverability of exploration and evaluation assets*

The assessment of the potential impairment of the carrying amount and recoverability of exploration and evaluation assets included in the consolidated statements of financial position is based on management's best judgment of the prospects for each property based on currently available information.

*Title to exploration and evaluation assets*

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims that may be impacted by the conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its exploration and evaluation properties, and to the best of its knowledge, title to all of properties are properly registered and in good standing.

## 3. MATERIAL ACCOUNTING POLICIES

**Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rates in effect at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the period end date.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

**Financial instruments**

*Recognition*

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset. A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires.

*Classification and Measurement*

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
ii) those to be measured subsequently at amortized cost.

**3. MATERIAL ACCOUNTING POLICIES** (cont'd...)

**Financial instruments** (cont'd…)

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

The classification and measurement bases of the Company's financial instruments are as follows:

| Financial Instrument | Classification |
|---|---|
| Cash | FVTPL |
| Long-term investments | FVTPL |
| Reclamation deposits | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Due to related parties | Amortized cost |

After initial recognition at fair value, financial liabilities are classified and measured at either:

i) amortized cost;
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs for all classifications of financial instruments, other than those at FVTPL, that are directly attributable to the acquisition or issuance of a financial asset or financial liability are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are recognized in profit or loss.

**Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classifications as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, an any equity-accounted investee is no longer equity accounted.

**3. MATERIAL ACCOUNTING POLICIES** (cont'd...)

**Exploration and evaluation assets**

*Pre-exploration costs*

Pre-exploration costs are expensed in the period in which they are incurred.

*Exploration and evaluation expenditures*

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company.

Exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly with a charge to profit or loss.

Impairment reviews for the Company's exploration and evaluation assets are carried out on a project by project basis, with each project representing a single cash generating unit. An impairment review for an exploration and evaluation asset is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the area has expired or will expire in the near future with no expectation of renewal;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the area is neither planned nor budgeted;
- No commercially viable deposits have been discovered, and the decision had been made to discontinue exploration in the area; and
- Sufficient work has been performed to indicate that the carrying amount of the expenditure.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred.

Exploration and evaluation assets are classified as intangible assets.

**Impairment of long-lived assets**

At the end of each reporting period, the Company's long-lived assets are reviewed to determine whether there is any indication that those assets may be impaired. If an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

## 3. MATERIAL ACCOUNTING POLICIES (cont'd...)

**Impairment of long-lived assets** (cont'd…)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Provision for environmental rehabilitation**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development, or ongoing production of exploration and evaluation assets. The estimated costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using the unit-of-production method. The related liability is adjusted at each reporting date for accretion, for changes to the current market-based discount rate, and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged to profit or loss as extraction progresses.

The Company has no known restoration, rehabilitation, or environmental costs related to its exploration and evaluation assets.

**Earnings (loss) per share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In a loss period, potentially dilutive stock options and warrants are excluded from the loss per share calculation as the effect would be anti-dilutive. As such, basic loss per share is equivalent to diluted loss per share.

Where equity-settled stock options are awarded to employees, consultants, officers and directors, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Fair value is determined on the grant date using the Black-Scholes option pricing model. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

## 3. MATERIAL ACCOUNTING POLICIES (cont'd...)

**Share-based payments** (cont'd...)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payments cannot be reliably estimated, the fair value is measured using the market value of the Company's common shares where the share-based payment is made in shares, and the Black-Scholes option pricing model for grants of stock options or warrants. The expected life used in the model is adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payment reserve until exercised. Upon exercise, shares are issued from treasury and the associated amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amount recorded in share-based payment reserve for unexercised share options is transferred to deficit upon expiry or cancellation of such options.

**Income taxes**

Income tax on profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## 3. MATERIAL ACCOUNTING POLICIES (cont'd...)

### Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations, make investments and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned the residual value after the main component of the equity financing (common shares) is valued, which is determined by the closing market price of the Company's common shares on the date of issuance. Warrants that are issued as payment for agency fees or other transaction costs are accounted for as share-based payments. When warrants expire they remain in share-based payment reserve. Where subscriptions for common shares or units are received in advance of the Company issuing the associated common shares or units, the subscriptions are recorded as a component of shareholders' equity, and are subsequently reclassified to share capital when the common shares or units are issued.

### Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby any premium paid by the investor for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to flow-through premium liability. As resource expenditures are incurred, the Company derecognizes the liability and recognizes other income.

At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows:

i) Share capital – the market trading price of the common share;
ii) Flow-through premium – the difference noted between the market trading price of the common share and the price for each flow-through share or unit.
iii) Warrant reserve – any excess noted, if any.

### Leases

*Right-of-use assets*

The Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets is equal to the lease liabilities recognized. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. As such, the Company's right-of-use assets are depreciated over the facilities lease and term of the lease. Right-of-use assets are subject to impairment assessment consistent with other long-lived assets.

*Lease liabilities*

The Company recognizes lease liabilities at the commencement date of the lease measured at the present value of lease payments to be made over the term of the lease. The lease payments are fixed. Other variable lease payments that do not depend on an index or rate are recognized as rent expense in the period the expense is incurred. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

## 3. MATERIAL ACCOUNTING POLICIES (cont'd...)

**New and upcoming accounting standards and interpretations**

Effective March 1, 2023, amendments to IAS 1 Presentation of Financial Statements were adopted with respect to disclosure of the Company's accounting policies. The adoption of the amendments did not result in any changes to the Company's accounting policies, the only impact was to the accounting policy information disclosed in the financial statements. Where management determined necessary, clarifying language was applied in order to enhance focus on the materiality of a policy, and immaterial policy language was deleted.

Effective March 1, 2023, amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors were adopted with respect to the new definition of "accounting estimates". The amendments clarify how measurement techniques and inputs are used to develop accounting estimates, and also clarify changes in accounting estimates (now defined), changes in accounting policies, and correction of prior period errors. The adoption of the amendments did not result in any impact to the Company's financial statements.

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after March 1, 2024 or later periods. The new and amended standards are not expected to have a material impact on the Company.

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

## 4. LOAN RECEIVABLE AND LONG-TERM INVESTMENTS

**Loan Receivable**

CIA Cannabis Intelligence Agency Inc. ("CIA")

During the year ended February 29, 2020, the Company entered into a Letter of Intent with CIA with respect to an equity investment. The Company advanced $80,000 to CIA by way of a secured loan bearing interest at 8% and repayable in one year. The loan was extended to be repayable by February 28, 2023. Security on the loan consists of a general security interest against the assets and undertakings of CIA. The Company recorded this amount as a loan receivable until such time as the transaction completed and an equity investment in CIA was received. On February 28, 2023, the Company wrote off the loan receivable as it was determined to be uncollectible.

(Expressed in Canadian Dollars)

## 4. LOAN RECEIVABLE AND LONG-TERM INVESTMENTS (cont'd...)

**Long-term investments**

Jolt Health Inc. ("Jolt")

During the year ended February 29, 2020, the Company advanced $150,000 to Jolt for the future issuance of common shares which was recorded as a deposit. On March 20, 2020, the Company received 300,000 common shares with respect to this deposit.

As at February 28, 2023, the fair value of the shares was $15,000. An unrealized loss on long-term investments of $45,000 was recognized.

As at February 29, 2024, the fair value of the shares was $1,500. An unrealized loss on long-term investments of $13,500 was recognized.

Love Hemp Group PLC ("Love Hemp")

As at February 28, 2023, the Company held 13,820,600 shares of Love Hemp with a fair value of $9,404. During the year ended February 28, 2023, the Company recorded an unrealized loss on the Love Hemp long-term investments of $148,540.

As at February 29, 2024, the Company held 13,820,600 shares of Love Hemp with a fair value of $Nil. During the year ended February 29, 2024, the Company recorded an unrealized loss on the Love Hemp long-term investments of $9,404.

## 5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On January 1, 2020, the Company entered into a lease agreement for office space which expires on December 31, 2025.

*Right-of-use asset*

| | | |
|---|---|---|
| Right-of-use asset, February 28, 2022 | $ | 108,899 |
| Amortization of right-of-use asset | | (28,408) |
| Right-of-use asset, February 28, 2023 | | 80,491 |
| Amortization of right-of-use asset | | (28,409) |
| Right-of-use asset, February 29, 2024 | $ | 52,082 |

*Lease liability*

| | | |
|---|---|---|
| Balance, February 28, 2022 | $ | 118,957 |
| Lease payments | | (32,944) |
| Interest | | 5,162 |
| Balance, February 28, 2023 | | 91,175 |
| Lease payments | | (33,323) |
| Interest | | 3,792 |
| Balance, February 29, 2024 | $ | 61,644 |

| | | |
|---|---|---|
| Current portion of lease liability | $ | 30,672 |
| Long-term lease liability | | 30,972 |
| Total lease liability at February 29, 2024 | $ | 61,644 |

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS

| | Black Diablo Property USA | Lac Simard Property, Canada | Tahlo Lake, Canada | Smokey Lithium Property, USA | Mal-Wen Property, Canada | Stingray Property, Canada | Georgia Property, Canada | Saquenay Property, Canada | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance, February 28, 2022** | $ 37,476 | $ 420,815 | $ - | $ 579,477 | $ 186,359 | $ - | $ - | $ - | $1,224,127 |
| Acquisition costs - cash | - | - | 3,461 | - | - | 117,000 | 25,000 | 10,000 | 155,461 |
| Acquisition costs - shares | - | - | - | - | - | 454,000 | 40,000 | 137,500 | 631,500 |
| Exploration costs | 36,771 | - | 840 | 245,838 | 8,915 | 715 | 6,731 | 640 | 300,450 |
| **Balance, February 28, 2023** | 74,247 | 420,815 | 4,301 | 825,315 | 195,274 | 571,715 | 71,731 | 148,140 | 2,311,538 |
| Acquisition costs - cash | - | - | - | - | - | 978 | 10,000 | - | 10,978 |
| Acquisition costs - shares | - | - | - | - | - | - | 40,000 | - | 40,000 |
| Exploration costs | 5,205 | 111,668 | 78,463 | 571,742 | 4,637 | 13,832 | 82,221 | 3,938 | 871,706 |
| Held for sale | - | - | (82,764) | - | - | - | - | - | (82,764) |
| Refund/recovery | - | (25,000) | - | - | (34,237) | - | - | - | (59,237) |
| Gross proceeds | - | (115,000) | - | - | - | - | - | - | (115,000) |
| Loss on sale of exploration and evaluation assets | - | (392,483) | - | - | - | - | - | - | (392,483) |
| Impairment of exploration and evaluation assets | (79,452) | - | - | - | - | - | (203,952) | - | (283,404) |
| **Balance, February 29, 2024** | $ - | $ - | $ - | $1,397,057 | $165,674 | $ 586,525 | $ - | $ 152,078 | $2,301,334 |

### Black Diablo Property, Nevada, USA

During the year ended February 28, 2021, the Company staked certain claims to the Black Diablo Property, located in Nevada, USA. During the year ended February 29, 2024, the Company abandoned the property and impaired $79,452 of exploration and evaluation assets.

### Lac Simard Property, Quebec

On September 22, 2020, the Company acquired the Lac Simard Property in Quebec by issuing 555,556 shares at a fair value of $0.225 per share or $375,000. The Company was required to pay $25,000 in cash on acquisition however as at February 28, 2023 the amount remained unpaid and was included in accounts payable and accrued liabilities. On April 14, 2023, the amount was forgiven and reversed from the property and accounts payable and accrued liabilities.

On August 15, 2023, the Company sold an undivided 100% interest in the Lac Simard Property, for total consideration of $115,000 and realized a $392,483 loss. The Company retained a 2% net smelter return royalty ("NSR"). The Purchaser has the option to purchase one half of the NSR (1%) from the Company upon payment of $1,000,000, and up to an additional ½% NSR upon the payment of an additional $1,000,000. The Purchaser has retained first right of refusal to purchase the remaining NSR Royalty owned by the Company at the discretion of the Company.

### Tahlo Lake Property, British Columbia

On November 15, 2022, the Company staked the Tahlo Lake Property in British Columbia.

In July 2023, management committed to a plan to divest from the property. Accordingly, the property is presented as a disposal group held for sale as at February 29, 2024. The property is included in the reportable segment of acquisition, evaluation, and exploration of mineral properties. Subsequent to the year ended February 29, 2024, the Company sold the property for $90,000 and recognized a gain of $7,236 (Note 15).

**6. EXPLORATION AND EVALUATION ASSETS** (cont'd…)

**Smokey Lithium Property, Nevada, USA**

On April 14, 2021, the Company acquired the Smokey Lithium Project, located in Esmeralda County, Nevada for cash consideration of $221,970 (USD$178,500) and by issuing 166,667 common shares at a fair value of $135,000. The property is subject to a NSR equal to 2% on revenues derived from the sale of lithium and other ores extracted from the property. The Company has the right to purchase one half (1%) of the NSR at any time for $1,000,000. The Company has further agreed to pay the vendor $1,000,000 in cash or common shares in 4 staged payments (90-day intervals), upon completion of a positive feasibility study. The Company has the option to purchase an additional 350 claims for consideration of $200 per claim and the issuance of 166,667 common shares.

During the year ended February 28, 2022, the Company paid a reclamation deposit of $18,414 (US$13,990).

During the year ended February 29, 2024, the Company entered into an agreement for payment of services in the aggregate total of $70,000 by issuing common shares of the Company. Pursuant to the agreement, the Company issued an aggregate of 333,333 common shares at a fair value of $0.21 per share.

**Mal-Wen Property, British Columbia**

The Company owns 100% of certain claims to the Mal-Wen property.

During the year ended February 29, 2024, the Company received a British Columbia mining exploration tax credit ("BCMETC") refund of $34,237 which was recorded as a recovery of exploration and evaluation assets.

**Stingray Lithium Property, Quebec**

During the year ended February 28, 2023, the Company issued 1,588,889 shares with a fair value of $454,000 and paid $117,000 pursuant to a mining claims purchase agreement to acquire a 100% of the rights, title and interest in the Stingray Lithium Project in Quebec.

**Georgia Lithium Property, Ontario**

On April 11, 2022, the Company entered into an option agreement to earn a 100% interest in the Georgia Lithium Property located in Ontario, Canada. On January 9, 2024, the Company terminated the agreement and issued 300,000 shares valued at $13,500 as a break fee.

The Company made the following payments prior to terminating the agreement:

i) paid $25,000 on signing of the agreement;
ii) issued 77,818 common shares with a fair value of $40,000;
iii) paid $10,000 during the year ended February 29, 2024;
iv) issued 203,534 common shares with a fair value of $40,000 during the year ended February 29, 2024; and
v) incurred aggregate exploration expenditures of $88,952.

**Saguenay Nickel Property, Quebec**

On April 11, 2022, the Company acquired a 100% interest in the Saguenay Nickel Project in Saguenay, Quebec by paying $10,000 and issuing 277,778 shares with a fair value of $137,500.

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

**Athabasca Property, Saskatchewan**

On February 23, 2024, the Company entered into an option agreement to acquire a 100% interest in the Athabasca Property, Saskatchewan. The Company will earn interest in the Property as follows:

i) An initial 40% interest for $50,000 (unpaid) and issuance of 3,000,000 shares (issued subsequently);
ii) An additional 10% interest for a total of 50% on completion of exploration expenditures during the first year of $100,000;
iii) An additional 25% interest for a total of 75% on completion of $150,000 in exploration expenditures during the second anniversary of $150,000 and issuance of 2,000,000 shares; and
iv) An additional 25% interest for a total of 100% completion of $300,000 in exploration expenditures during the third anniversary and issuance of 2,000,000 shares.

The vendor retains a 2% NSR. The Company has the right to purchase on half (1%) of the 2% NSR at any time for $1,000,000.

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | | February 29, 2024 | | February 28, 2023 |
|---|---|---|---|---|
| Trade payables | $ | 391,829 | $ | 127,461 |
| Accrued liabilities | | 55,000 | | 82,500 |
| | $ | 446,829 | $ | 209,961 |

All trade payables and accrued liabilities for the Company are expected to fall due within the next 12 months.

## 8. RELATED PARTY TRANSACTIONS

**Management compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and directors.

Key management personnel compensation was as follows:

| | | During the year ended February 29, 2024 | | During the year ended February 28, 2023 |
|---|---|---|---|---|
| Management and directors' fees | $ | 237,500 | $ | 234,000 |
| Share-based compensation | | 99,805 | | - |
| | $ | 337,305 | $ | 234,000 |

(Expressed in Canadian Dollars)

## 8. RELATED PARTY TRANSACTIONS (cont'd…)

The amounts due to the related parties are as follows:

| | | As at February 29, 2024 | | As at February 28, 2023 |
|---|---|---|---|---|
| Due to directors and officers | $ | 26,584 | $ | - |
| Due to companies controlled by directors and officers | | 91,350 | | 18,088 |
| | $ | 117,934 | $ | 18,088 |

The amounts owing are unsecured, non-interest bearing and have no fixed terms for repayment.

## 9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

a) Authorized share capital:

The Company has unlimited authorized common shares without par value.

b) Issued share capital:

During the year ended February 29, 2024, the Company:

i) completed a non-brokered private placement of 1,146,667 units at $0.24 per unit for gross proceeds of $275,200 and a private placement of 416,666 flow-through units at $0.36 per unit for gross proceeds of $150,000, of which $84,800 was received during the year ended February 28, 2023. The premium paid by investors was calculated as $0.12 per share. Accordingly, $50,000 was recorded as flow through premium liability, at the date of issuance. The Company recorded $50,000 as recovery of flow-through premium liability during the year ended February 29, 2024 and had no remaining commitment to incur exploration expenditures.

Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional share at $0.45 per share, with an expiry date of two years from issuance. Warrants were valued at $Nil using the residual value method. The Company incurred cash finder fees of $8,800 and issued 33,333 finder's warrants with a fair value of $3,100 using the Black-Scholes option pricing model. The warrants have the same terms as those in the private placement unit.

ii) issued an aggregate of 333,333 common shares at a fair value of $0.21 per share. The Company paid for services in the aggregate total of $70,000 by issuing common shares of the Company (Note 6).

iii) issued 203,534 shares pursuant to an option agreement on the Georgia Lithium property (Note 6).

iv) completed a non-brokered private placement of 2,000,000 units at $0.15 per unit for gross proceeds of $300,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional share at $0.21 per share, with an expiry date of two years from issuance. Warrants were valued at $Nil using the residual value method.

v) issued 700,000 shares upon the exercise of stock options with an exercise price of $0.15 for total proceeds $105,000.

vi) issued 400,000 shares upon the exercise of stock options with an exercise price of $0.05 for total proceeds $20,000.

**9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE** (cont'd…)

b) Issued share capital: (cont'd…)

vii) issued 300,000 shares pursuant to cancellation of an option agreement on the Georgia Lithium property (Note 6).

During the year ended February 28, 2023, the Company:

i) issued 277,778 shares pursuant to an option agreement to acquire a 100% interest in the Saguenay Nickel Project in Quebec (Note 6).

ii) issued 77,818 shares pursuant to an option agreement on the Georgia Lithium property (Note 6).

iii) issued 1,588,889 shares pursuant to an option agreement to acquire a 100% interest in the Stingray Nickel Project in Quebec (Note 6).

iv) completed a non-brokered private placement of 869,444 units at $0.198 per unit for gross proceeds of $172,500. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional share at a price of $0.45 per share, with an expiry date of November 7, 2024. Unit warrants were valued at $Nil using the residual value method. The Company incurred cash finder fees of $3,520 and issued 17,778 finder's warrants with a fair value of $3,100 using the Black-Scholes option pricing model. The warrants have the same terms as those in the private placement unit.

v) completed a non-brokered private placement of 6,252,500 units at $0.24 per unit for gross proceeds of $1,500,600. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional share at a price of $0.36 per share, with an expiry date of February 13, 2025 for 1,866,667 warrants, February 16, 2025 for 1,516,667 warrants and February 22, 2025 for 2,869,167 warrants. Unit warrants were valued at $Nil using the residual value method. The Company incurred cash finder fees of $30,880 and issued 128,667 finder's warrants with a fair value of $21,400 using the Black-Scholes option pricing model. The warrants have the same terms as those in the private placement unit.

c) Stock options:

The Company grants options under the terms of its rolling stock option plan to executive officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding shares of the Company.

On July 18, 2023, the Company granted 2,401,667 options to management, employees and consultants of the Company. The options are exercisable at a price of $0.15 per option for a period of five years. The options were valued using the Black-Scholes option pricing model resulting in share-based compensation of $304,700. The options were fully vested on the grant date. On January 31, 2024, the Company cancelled these options.

On February 5, 2024, the Company granted 2,450,000 options to the consultants of the Company. The options are exercisable at a price of $0.05 per option for a period of five years. The options were valued using the Black-Scholes option pricing model resulting in share-based compensation of $105,400. The options were fully vested on the grant date.

(Expressed in Canadian Dollars)

**9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE** (cont'd...)

c) Stock options: (cont'd...)

A summary of stock options is presented as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|---:|---:|
| Outstanding and exercisable, February 28, 2023 and 2022 | 847,778 | $ 0.746 |
| Cancelled | (2,527,223) | $ 0.347 |
| Granted | 4,851,667 | $ 0.085 |
| Exercised | (1,100,000) | $ 0.114 |
| Outstanding and exercisable, February 29, 2024 | 2,072,222 | $ 0.055 |

The weighted average share price of exercised options at the date of exercise during the year ended February 29, 2024 was $0.096 (February 28, 2023 - $Nil).

At February 29, 2024, the following stock options were outstanding and exercisable:

| Expiry Date | Number of Options | Exercise Price |
|---|---:|---:|
| December 14, 2025 | 22,222 | $ 0.495 |
| February 5, 2028 | 2,050,000 | $ 0.050 |
| | 2,072,222 | $ 0.055 |

The following weighted average assumptions were used in the Black-Scholes option pricing model for the fair value of stock options:

| | Year ended February 29, 2024 | Year ended February 28, 2023 |
|---|---:|---:|
| Share price | $0.09 | - |
| Exercise price | $0.100 | - |
| Risk-free interest rate | 3.73% | - |
| Expected life of warrants | 5 years | - |
| Expected annualized volatility | 172.77% | - |
| Expected dividend rate | 0.00% | - |

The weighted average fair value of options granted during the year ended February 29, 2024 was $0.085. At February 29, 2024, the weighted average remaining life of the stock options was 4.91 years (February 28, 2023 - 3.25 years).

(Expressed in Canadian Dollars)

**9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE** (cont'd...)

d) Warrants:

A summary of warrants is presented as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, February 28, 2022 | 8,224,469 | $ 0.87 |
| Issued | 7,268,389 | 0.39 |
| Expired | (2,918,155) | 0.93 |
| Outstanding, February 28, 2023 | 12,574,703 | 0.53 |
| Issued | 3,596,667 | 0.05 |
| Expired | (5,306,314) | 0.75 |
| Outstanding, February 29, 2024 | 10,865,056 | $ 0.06 |

At February 29, 2024, the following warrants were outstanding:

| Expiry date | Number of Warrants Outstanding | Exercise Price |
|---|---|---|
| May 26, 2025 | 2,000,000* | 0.05 |
| November 7, 2026 | 869,444* | $ 0.05 |
| November 7, 2024– agent warrants | 17,778 | 0.45 |
| February 13, 2027 | 1,866,667* | 0.05 |
| February 16, 2027 | 1,516,667* | 0.05 |
| February 16, 2025– agent warrants | 118,000 | 0.36 |
| February 22, 2027 | 2,869,167* | 0.05 |
| February 22, 2025– agent warrants | 10,667 | 0.36 |
| March 10, 2027 | 1,563,333* | 0.05 |
| March 10, 2025– agent warrants | 33,333 | 0.45 |
| | 10,865,056 | $ 0.06 |

*On February 1, 2024, the Company has extended the expiry date of an aggregate of 10,685,278 previously issued warrants for an additional 2 years and repriced at $0.05, with an acceleration clause, in that if the shares trade at or more than $0.075 for a 10-day period, the expiry date shall terminate upon 30 days' notice.

The following weighted average assumptions were used in the Black-Scholes option pricing model for the fair value of agent warrants:

| | Year ended February 29, 2024 | Year ended February 28, 2023 |
|---|---|---|
| Share price | $0.24 | $0.33 |
| Exercise price | $0.45 | $0.36 |
| Risk-free interest rate | 3.95% | 4.20% |
| Expected life of warrants | 2 years | 2 years |
| Expected annualized volatility | 100% | 100% |
| Expected dividend rate | 0.00% | 0.00% |

(Expressed in Canadian Dollars)

**9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE** (cont'd...)

d) Warrants: (cont'd...)

The weighted average fair value of warrants issued during the year ended February 29, 2024 was $0.093 (2023 - $0.056). At February 29, 2024, the weighted average remaining life of the warrants was 2.32 years (February 28, 2023 - 1.29 years).

## 10. SEGMENTED INFORMATION

During the year ended February 29, 2024 and the year ended February 28, 2023, the Company operated in two reportable operating segments within the geographic locations of Canada and the USA.

The segments being administrative and investing activities, and the acquisition, evaluation and exploration of mineral properties. Segment information is as follows:

| | As at February 29, 2024 | As at February 28, 2023 |
|---|---|---|
| Administrative and investing | | |
| Long-term investments - Canada | $ 1,500 | $ 24,404 |
| Right-of-use asset - Canada | 52,082 | 80,491 |
| Acquisition, exploration and development of mineral properties | | |
| Reclamation deposits - USA | 37,146 | 37,146 |
| Exploration and evaluation assets - USA | 1,397,057 | 899,562 |
| Exploration and evaluation assets - Canada | 904,277 | 1,411,976 |
| Total non-current assets | $ 2,392,062 | $ 2,453,579 |

| | Year Ended February 29, 2024 | Year Ended February 28, 2023 |
|---|---|---|
| Loss from operations for the year | | |
| Administrative and investing - Canada | $ (2,680,914) | $ (1,435,614) |
| Total net loss | $ (2,680,914) | $ (1,435,614) |

## 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

*Fair values*

The Company's financial instruments consist of cash, reclamation deposits, long-term investments, accounts payable and accrued liabilities and due to related parties. Cash and long-term investments are carried at fair value. The fair values of accounts payable and accrued liabilities and due to related parties approximate their carrying amounts due to their current nature. Reclamation deposits are non-interest-bearing, have no maturity date and carrying amounts approximate fair value.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

(Expressed in Canadian Dollars)

**11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS** (cont'd...)

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets measured at fair value on a recurring basis were classified as follows:

| | Balance | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| *As at February 29, 2024* | | | | |
| Cash | $ 8,853 | $ 8,853 | $ - | $ - |
| Long-term investments | 1,500 | 1,500 | - | - |
| *As at February 28, 2023* | | | | |
| Cash | $ 1,156,773 | $ 1,156,773 | $ - | $ - |
| Long-term investments | 24,404 | 24,404 | - | - |

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risks associated with cash are minimal as the Company deposits the majority of its cash with a large Canadian financial institution. The Company's credit risk associated with reclamation deposits are monitored by management, and are adjusted for expected credit losses if or when the associated financial instrument is deemed to be impaired. The Company's maximum exposure to credit risk is equal to the carrying value of cash and reclamation deposits. The Company's management of credit risk has not changed materially from that of the prior year.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk through the management of its capital structure, as outlined below. As at February 29, 2024, the Company had a cash balance of $8,853 (February 28, 2023 - $1,156,773) to settle current liabilities of $595,435 (February 28, 2023 - $258,721). All of the Company's trade accounts payable and amounts due to related parties have contractual maturities of 30 days or are due on demand and accounts payable are subject to normal trade terms. The Company will require financing from lenders, shareholders and other investors, or liquidation of long-term investments to generate sufficient capital to meet its short-term business requirements. The Company's management of liquidity risk has not changed materially from that of the prior year.

## 11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (cont'd...)

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at February 29, 2024, the Company did not hold any material interest bearing financial assets or liabilities with variable interest rates, and therefore has no significant interest rate risk.

b) Currency risk

Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company currently has no significant foreign currency exposure.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The recoverability of the Company's exploration and evaluation assets is indirectly related to the market price of commodities. The Company's ability to continue with its exploration of the properties is also indirectly subject to commodity prices. The Company is not currently directly exposed to fluctuations in commodity prices as the Company is currently in the exploration phase and has no production.

The recoverability of the Company's investments in Jolt and Love Hemp are directly tied to the market price of those companies' common shares. A 5% change in the fair value of the Jolt and Love Hemp common shares would impact profit or loss by approximately $75.

## 12. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the evaluation and exploration of its mineral properties, maximize the return on its investments to support the evaluation and exploration of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, which totaled $1,881,340 at February 29, 2024 (February 28, 2023 - $3,322,054).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, and/or acquire or dispose of assets.

(Expressed in Canadian Dollars)

## 12. CAPITAL RISK MANAGEMENT (cont'd...)

The Company is dependent on the capital markets as its sole source of operating capital. The Company's capital resources are largely determined by the strength of the junior resource markets, the status of the Company's projects in relation to these markets and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements.

The Company's approach to capital management did not change during the year ended February 29, 2024.

## 13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not require the use of cash are excluded from the consolidated statements of cash flows. For the year ended February 29, 2024, this includes:

i) shares issued for exploration and evaluation asset acquisitions and expenditures of $110,000 (February 28, 2023 - $631,500).
ii) shares issued for option agreement cancellation of $13,500 (February 28, 2023 - $Nil).
iii) $38,203 (February 28,2023 - $23,551) in accounts payable that related to exploration and evaluation assets.
iv) issuance of 1,100,000 common shares upon exercise of options resulting in a reallocation of share-based reserves of $64,786 from reserves to share capital (February 28, 2023 - $Nil).
v) fair value of cancelled options of $678,414 (February 28, 2023 - $Nil).
vi) fair value of agent warrants of $3,100 (February 28, 2023 - $Nil).

## 14. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's income (loss) before income taxes. The components of these differences are as follows:

| | February 29, 2024 | February 28, 2023 |
|---|---|---|
| Loss before taxes for the year | $ (2,680,914) | $ (1,435,613) |
| Expected income tax recovery | $ (724,000) | $ (388,000) |
| Difference in tax rates in other jurisdictions, foreign exchange rates and other | 2,000 | 26,000 |
| Non-deductible items | 99,000 | 2,000 |
| Impact of flow-through shares | 14,000 | - |
| Share issuance costs | (3,000) | (64,000) |
| Adjustment to prior year provision versus statutory tax returns | 41,000 | 140,000 |
| Change in tax benefits not recognized | 571,000 | 284,000 |
| Deferred income tax expense (recovery) | $ - | $ - |

(Expressed in Canadian Dollars)

**14. INCOME TAXES** (cont'd...)

The significant components of the Company's unrecognized deductible temporary differences are as follows. Deferred income tax assets have not been recorded in respect of these amounts.

| | February 29, 2024 | February 28, 2023 |
|---|---|---|
| Non-capital losses | $ 5,432,000 | $ 4,967,000 |
| Allowable capital losses | 556,000 | 556,000 |
| Long-term investments | 330,000 | 287,000 |
| Property and equipment | 51,000 | 51,000 |
| Exploration and evaluation assets | 1,942,000 | 1,850,000 |
| Investment tax credits | 24,000 | 24,000 |
| Share issuance costs | 51,000 | 80,000 |
| | $ 8,386,000 | $ 7,815,000 |

The Company has non-capital losses of $20,118,000 (2023 – $18,396,000) which may be available to offset future taxable income for income tax purposes. Non-capital losses expire as follows:

| Year of expiry | Non-capital losses |
|---|---|
| 2028 | $ 93,000 |
| 2029 | 182,000 |
| 2030 | 378,000 |
| 3031 | 854,000 |
| 2032 | 1,273,000 |
| 2033 | 1,927,000 |
| 2034 | 1,291,000 |
| 2035 | 1,313,000 |
| 2036 | 1,089,000 |
| 2037 | 968,000 |
| 2038 | 1,064,000 |
| 2039 | 1,247,000 |
| 2040 | 1,687,000 |
| 2041 | 2,014,000 |
| 2042 | 1,736,000 |
| 2043 | 1,280,000 |
| 2044 | 1,722,000 |
| | $ 20,118,000 |

In addition, the Company has approximately $7,194,000 of unclaimed resource expenses and allowable capital losses of approximately $2,060,000 for Canadian tax purposes which may be carried forward indefinitely.

## 15. SUBSEQUENT EVENTS

Subsequent to February 29, 2024, the Company:

i) issued 3,000,000 shares to acquire a 40% interest in the Athabasca Property, Saskatchewan (Note 6).

ii) issued 9,260,500 shares to settle $463,025 of debt.

iii) entered into an option agreement to acquire a 100% interest in four claim groupings in the Sept Iles region of Quebec. To earn the interest the Company must:

a) pay $75,000 (paid subsequently) and issue 250,000 common shares (issued subsequently);
b) pay $112,500 and issue 250,000 common shares on or before the first anniversary date of the initial payment date;
c) pay $112,500 and issue 250,000 common shares on or before the second anniversary date; and
d) pay $100,000 and issue 500,000 common shares on or before the third anniversary date.

The Company is required to incur aggregate expenditures of $3,000,000 as follows:

a) $400,000 on or before April 11, 2025;
b) $500,000 on or before April 11, 2026;
c) $1,100,000 on or before April 11, 2027; and
d) $1,100,000 on or before April 11, 2028.

The agreement is subject to a 3% Gross Metal Royalty (“GMR”). The Company will have the right to purchase one third (1%) of the GMR for $1,000,000 before commercial production.

The Company will pay a finder’s fee of 700,000 shares subject to CSE policies (not yet issued).

iv) sold a 100% interest in Tahlo Lake Property for $90,000 and recognized a gain of $7,236. The Company will retain a 2% Gross Metal Royalty (“GMR”). The GMR may be reduced at any time from 2% to 1% by the Royalty Payor, or its permitted assign, paying to the Company $1,000,000. The Royalty Payor will retain a first right of refusal to purchase any remaining GMR owned by the Company or its successors or assignees.