

VICTORY BATTERY METALS CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MAY 31, 2024 AND 2023

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

VICTORY BATTERY METALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

AS AT

	May 31, 2024	February 29, 2024 (Audited)
ASSETS		
Current assets		
Cash	\$ 10,530	\$ 8,853
GST receivable	10,861	10,807
Prepaid expenditures	12,810	13,261
Asset held for sale (Note 6)		82,764
Total current assets	34,201	115,685
Non-current assets		
Long-term investments (Note 4)	1,500	1,500
Right-of-use asset (Note 5)	44,980	52,082
Reclamation deposits (Note 6)	37,146	37,146
Exploration and evaluation assets (Note 6)	2,585,213	2,301,334
Total non-current assets	2,668,839	2,392,062
Total assets	\$ 2,703,040	\$ 2,507,747
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 352,540	\$ 446,829
Due to related parties (Note 8)	43,323	117,934
Current portion of lease liability (Note 5)	30,672	30,672
Total current liabilities	426,535	595,435
Lease liability (Note 5)	22,889	30,972
Total liabilities	449,424	626,407
Shareholders' equity		
Share capital (Note 9)	40,405,017	39,779,467
Share-based payment reserve (Note 9)	715,651	715,651
Deficit	(38,867,051)	(38,613,778)
Total shareholders' equity	2,253,617	1,881,340
Total liabilities and shareholders' equity	\$ 2,703,040	\$ 2,507,747

Nature of operations and going concern (Note 1)

Segmented information (Note 10)

Subsequent events (Note 14)

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

“David Stadnyk”

Director

“Gerrald Tritt”

Director

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

VICTORY BATTERY METALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED MAY 31,

	2024	2023
EXPENSES		
Advertising and promotion	\$ 19,167	\$ 211,689
Amortization of right-of-use asset (Note 5)	7,102	7,102
Consulting fees	110,313	329,364
Interest on lease liability (Note 5)	721	1,086
Management and directors' fees (Note 8)	58,500	62,000
Office and administration	2,691	20,675
Professional fees	51,880	39,699
Transfer agent and filing fees	9,483	19,352
Travel	651	7,495
Unrealized gain/loss on long-term investment		18,026
Gain on sale of property	(7,235)	-
Net and comprehensive loss for the period	\$ (253,272)	\$ (716,488)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	36,164,754	23,340,348

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

VICTORY BATTERY METALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
FOR THE THREE MONTHS ENDED MAY 31,

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (253,273)	\$ (716,488)
Items not affecting cash:		
Amortization of right-of-use asset	7,102	7,102
Unrealized gain on long-term investments		18,026
Changes in non-cash working capital:		
Prepaid expenditures	451	(90,916)
Account receivable	(54)	(15,400)
Accounts payable and accrued liabilities	(94,289)	(72,255)
Net cash used in operating activities	<u>(340,063)</u>	<u>(869,931)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from common share issuances	708,314	340,400
Accounts receivable from related parties	(74,611)	(15,698)
Share issuance costs		(8,800)
Net cash provided by financing activities	<u>633,703</u>	<u>315,902</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(283,879)	(363,732)
Repayment of lease liability	(8,083)	(7,151)
Net cash used in investing activities	<u>(291,962)</u>	<u>(370,883)</u>
Change in cash for the period	1,678	(924,912)
Cash, beginning of the period	<u>8,853</u>	<u>1,156,773</u>
Cash, end of the period	<u>\$ 10,530</u>	<u>\$ 231,861</u>

Supplemental cash flow information

Supplemental disclosure with respect to cash flows (Note 13)

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

VICTORY BATTERY METALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MAY 31, 2024 AND 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, 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	-	-
Subscriptions received in advance	-	-	(154,800)	-	-	-	(154,800)
Share issuances for option agreement	203,534	40,000	-	70,000	-	-	110,000
Net and comprehensive loss for the period	-	-	-	-	-	(716,488)	(716,488)
Balance as at May 31, 2023	25,198,392	39,556,181	0	-	1,048,751	(37,327,766)	3,277,166
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 cancellation	300,000	13,500	-	-	-	-	13,500
Share-based compensation	-	-	-	-	410,100	-	410,100
Flow-through premium	-	(50,000)	-	-	-	-	(50,000)
Fair value of options cancelled	-	-	-	-	(678,414)	678,414	-
Adjustment	-	(1)	-	-	-	-	-
Net and comprehensive loss for the period	-	-	-	-	-	(1,964,426)	(1,964,426)
Balance as at February 29, 2024	26,931,724	\$ 39,779,467	\$ -	\$ -	\$ 715,651	\$ (38,613,778)	\$ 1,881,340
Shares issued for debt	9,260,500	463,025	-	-	-	-	463,025
Shares issued for property acquisition	3,250,000	162,525	-	-	-	-	162,525
Adjustment	(2)	-	-	-	-	-	-
Net and comprehensive loss for the period	-	-	-	-	-	(253,272)	(253,272)
Balance as at May 31, 2024	39,442,222	\$ 40,405,017	\$ -	\$ -	\$ 715,651	\$ (38,867,050)	\$ 2,253,617

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

VICTORY BATTERY METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED MAY 31, 2024 AND 2023

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 condensed consolidated interim 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 May 31, 2024, the Company had a deficit of \$38,867,051 (February 29, 2024 - \$38,613,778). 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 condensed consolidated interim 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”).

These condensed consolidated interim 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.

VICTORY BATTERY METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

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FOR THE THREE MONTHS ENDED MAY 31, 2024 AND 2023

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

Basis of Consolidation

The condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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.

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FOR THE THREE MONTHS ENDED MAY 31, 2024 AND 2023

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.

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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, and any equity-accounted investee is no longer equity accounted.

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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.

VICTORY BATTERY METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED MAY 31, 2024 AND 2023

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.

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.

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FOR THE THREE MONTHS ENDED MAY 31, 2024 AND 2023

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

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

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.

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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.

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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. LONG-TERM INVESTMENTS

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. As at May 31, 2024, the fair value of the shares was \$1,500.

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4. LONG-TERM INVESTMENTS (cont'd...)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 period 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
Amortization of right-of-use asset		(7,102)
Right-of-use asset, May 31, 2024	\$	44,980

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
Lease payments		(8,804)
Interest		721
Balance, May 31, 2024	\$	53,561
Current portion of lease liability	\$	30,672
Long-term lease liability		22,889
Total lease liability at May 31, 2024	\$	53,561

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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	Saque nay Prope rty	Chariot River Property, Canada	Lac Kash iwiss Prop erty,	Total
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
Acquisition costs - cash	-	-	-	-	-	-	-	-	-	75,000	75,000
Acquisition costs - shares	-	-	-	-	-	-	-	-	150,000	12,525	162,525
Exploration costs	-	-	-	46,354	-	-	-	-	-	-	46,354
Balance, May 31, 2024	\$ -	\$ -	\$ -	\$ 1,443,411	\$ 165,674	\$ 586,525	\$ -	\$ 152,078	\$ 150,000	\$ 87,525	\$ 2,585,213

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.

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

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. 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.

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 period 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.

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.

During the three months period ended May 31, 2024 the Company spent \$46,354 for exploration expenses.

Mal-Wen Property, British Columbia

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

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:

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

- 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.

Chariot River Athabasca Uranium 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.

Lac Kashwiss Property, Quebec

On June 28, 2024, the Company 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).

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2024	February 29, 2024
Trade payables	\$ 287,540	\$ 391,829
Accrued liabilities	65,000	55,000
	\$ 352,540	\$ 446,829

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:

	May 31, 2024	May 31, 2023
Management and directors' fees	\$ 58,500	\$ 62,000
Share-based compensation	-	-
	\$ 58,500	\$ 62,000

The amounts due to the related parties are as follows:

	May 31, 2024	February 29, 2024
Due to directors and officers	\$ 4,473	\$ 26,584
Due to companies controlled by directors and officers	38,850	91,350
	\$ 43,323	\$ 117,934

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

9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVEa) Authorized share capital:

The Company has unlimited authorized common shares without par value.

b) Issued share capital:

During the three months ended May 31, 2024, the Company:

- i) issued 3,000,000 shares to acquire a 40% interest in the Athabasca Property, Saskatchewan
- ii) issued 9,260,500 shares to settle \$463,025 of debt.
- iii) issued 250,000 shares for option agreement to acquire 100% interest in Quebec Property

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

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

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.

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)iv) Stock options: (cont'd...)

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.

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 and May 31, 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 May 31, 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:

	Three months ended May 31, 2024	Year ended February 29, 2024
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 three months ended May 1, 2024 was \$0.085. At May 31, 2024, the weighted average remaining life of the stock options was 4.91 years (February 28, 2023 - 3.25 years).

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9. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)c) 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 and May 31, 2024	10,865,056	\$ 0.06

At May 31, 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:

	Three months ended May 31, 2024	Year ended February 29, 2024
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%

VICTORY BATTERY METALS CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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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 three months ended May 31, 2024 and the year ended February 29, 2024, 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 May 31, 2024	As at February 29, 2024
Administrative and investing		
Long-term investments - Canada	\$ 1,500	\$ 1,500
Right-of-use asset - Canada	44,980	52,082
Acquisition, exploration and development of mineral properties		
Reclamation deposits - USA	37,146	37,146
Exploration and evaluation assets - USA	1,443,411	1,397,057
Exploration and evaluation assets - Canada	1,141,802	904,277
Total non-current assets	\$ 2,668,839	\$ 2,392,062
	Three months Ended May 31, 2024	Year Ended February 29, 2024
Loss from operations for the year		
Administrative and investing - Canada	\$ (253,272)	\$ (2,680,914)
Total net loss	\$ (253,272)	\$ (2,680,914)

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:

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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)
<i>As at May 31, 2024</i>				
Cash	\$ 10,530	\$ 10,530	\$ -	\$ -
Long-term investments	1,500	1,500	-	-
<i>As at February 29, 2024</i>				
Cash	\$ 8,853	\$ 8,853	\$ -	\$ -
Long-term investments	1,500	1,500	-	-

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 May 31, 2024, the Company had a cash balance of \$10,530 (February 29, 2024 - \$8,853) to settle current liabilities of \$426,535 (February 29, 2024 - \$595,435). 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.

VICTORY BATTERY METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED MAY 31, 2024 AND 2023

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

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 May 31, 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.

Market 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 \$2,253,617 at May 31, 2024 (February 29, 2024 - \$1,881,340).

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.

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 period ended May 31, 2024.

VICTORY BATTERY METALS CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED MAY 31, 2024 AND 2023

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 three months ended May 31, 2024, this includes:

- i) Shares issued for option agreement to acquire 100% interest in Quebec Property of \$12,525 (February 29, 2024 - \$13,500).
- ii) Shares issued to acquire a 40% interest in the Athabasca Property, Saskatchewan of \$150,000 (February 29, 2024 - \$110,000).

14. SUBSEQUENT EVENTS

Subsequent to May 31, 2024:

The Company has significantly expanded its focus on uranium, with the acquisition of the Yellow Chief uranium property in Utah, and a portfolio of four uranium properties in Saskatchewan. When combined with the previously announced Chariot River property in Saskatchewan, the companies' holdings comprise 3,643 hectares.

The Option Agreement dated June 26, 2024, subject to CSE approval, provides the Company the sole exclusive right to acquire 100% interest in the Property in accordance with the following terms: by making aggregate cash payments of \$200,000 to Yellow Chief, issuing an aggregate of 16,000,000 common shares to Yellow Chief and incurring aggregate exploration expenditures of \$500,000 on the Property as follows:

- iii) (a) Paying \$200,000 in cash to Yellow Chief as follows:
- iv) (i) \$100,000 within 14 days of signature;
- v) (ii) \$50,000 on the first anniversary of the initial payment;
- vi) (iii) \$50,000 on the second anniversary date;
- vii) (b) Issuing 16,000,000 common shares of Victory Battery Metals Corp as follows:
- viii) (i) 8,000,000 common shares upon signature of the Agreement;
- ix) (ii) 4,000,000 common shares on or before the 1st anniversary of the Effective Date;
- x) (iii) 4,000,000 common shares on or before the 2nd anniversary of the Effective Date;
- xi) c) Incurring aggregate exploration expenditures of \$600,000 on the Property as follows
- xii) (i) \$100,000 on or before the first anniversary date of the Agreement
- xiii) (ii) an aggregate of \$200,000 on or before the second anniversary date of the Agreement
- xiv) (iii) an aggregate of \$300,000 on or before the third anniversary date of the Agreement.