CHAMPION

ELECTRIC METALS

**(Formerly Idaho Champion Gold Mines Canada Inc.)**

# CONSOLIDATED FINANCIAL STATEMENTS

**For the Years Ended December 31, 2023 and 2022**

**(Expressed in Canadian Dollars)**

McGovern Hurley

**Independent Auditor's Report**

To the Shareholders of Champion Electric Metals Inc.

**Opinion**

We have audited the consolidated financial statements of Champion Electric Metals Inc. (formerly Idaho Champion Gold Mines Canada Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of change in shareholder's equity (deficiency) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

**Basis for opinion**

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

**Material uncertainty related to going concern**

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2023 and, as of that date, the Company had limited working capital. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3

mcgovernhurley.com

t. 416-496-1234

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

**Other information**

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

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

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

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

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

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

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

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

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

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

McGovern Hurley

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

**McGovern Hurley LLP**

McGovern Hurley LLP

**Chartered Professional Accountants**
**Licensed Public Accountants**

Toronto, Ontario
April 26, 2024

CHAMPION
ELECTRIC METALS

## Consolidated Statements of Financial Position

Expressed in Canadian dollars.

| As at | Note | **December 31, 2023** | December 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash | | **$2,621,192** | $1,082,934 |
| Accounts receivables and prepaids | | **468,072** | 180,701 |
| Total current assets | | **3,089,264** | 1,263,635 |
| Long-term prepaid | | — | 4,167 |
| **Total assets** | | **$3,089,264** | $1,267,802 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | | **$216,217** | $282,830 |
| Loans payable | **7** | — | 50,000 |
| Flow-through share premium liability | **8** | **277,479** | 88,273 |
| **Total liabilities** | | **493,696** | 421,103 |
| **Shareholders' Equity** | | | |
| Share capital | **9** | **$26,326,514** | $17,856,875 |
| Warrants | **10** | **1,797,043** | 3,066,574 |
| Contributed surplus | **11** | **2,684,759** | 1,162,945 |
| Accumulated deficit | | **(28,212,748)** | (21,239,695) |
| **Total equity** | | **2,595,568** | 846,699 |
| **Total liabilities and equity** | | **$3,089,264** | $1,267,802 |

| | |
|---|---|
| Nature of Operations and Going Concern | 1 |
| Commitments and Contingencies | 16 |
| Subsequent events | 18 |

On behalf of the Board,

"Signed" "Signed"

Jonathan Buick
Director

Paul Fornazzari
Director

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

CHAMPION ELECTRIC METALS

## Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars.

| For the years ended December 31, | Note | 2023 | 2022 |
|---|---|---|---|
| **Operating expenses** | | | |
| Exploration expenditures | 6 | **$3,218,633** | $898,486 |
| Property acquisition costs | 6 | **2,362,103** | 659,436 |
| Shareholder and investor relations | | **646,082** | 503,081 |
| Management fees | | **415,381** | 293,500 |
| Professional and consulting fees | | **358,205** | 144,135 |
| General and administrative expenses | | **68,229** | 60,680 |
| | | **7,068,633** | 2,559,318 |
| Share-based compensation expense | 11 | **668,864** | 156,988 |
| **Net loss for the year before the under-noted items:** | | **7,737,497** | 2,716,306 |
| Gain on flow-through premium | | **(332,044)** | (55,268) |
| Foreign exchange loss | | **17,268** | 14,910 |
| Interest income | | **(10,122)** | (153) |
| **Net loss and comprehensive loss for the year** | | **$7,412,599** | $2,675,795 |
| **Net loss per share - basic and diluted** | 15 | **$(0.03)** | $(0.02) |
| **Weighted average number of shares outstanding during the year – basic and diluted** | | **226,456,815** | 126,783,550 |

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

CHAMPION
ELECTRIC METALS

## Consolidated Statements of Change in Shareholders' Equity

**For the years ended December 31, 2023 and 2022**

Expressed in Canadian dollars.

| | | SHARE CAPITAL | | RESERVES | | SHAREHOLDERS' EQUITY | |
|---|---|---|---|---|---|---|---|
| | Note | Common Shares # | Share Capital $ | Warrants $ | Contributed Surplus $ | Deficit $ | Total $ |
| **Balance – December 31, 2021** | | **104,774,126** | **14,331,252** | **3,000,377** | **777,928** | **(18,651,318)** | **(541,761)** |
| Shares issued for property purchase | **6,9** | 50,000 | 2,500 | — | — | — | 2,500 |
| Shares issued for private placements | **9,10** | 50,491,710 | 2,155,944 | 368,642 | — | — | 2,524,586 |
| Share issue costs | **9** | — | (196,489) | — | — | — | (196,489) |
| Shares issued for QPM Transaction | **9** | 12,700,000 | 572,000 | — | — | — | 572,000 |
| Shares issued for Quebec FT Transactions | **9** | 14,354,100 | 1,004,787 | — | — | — | 1,004,787 |
| Shares issued for National FT Transaction | **9** | 1,866,667 | 112,000 | — | — | — | 112,000 |
| Flow-through share premium | **8,16** | — | (143,541) | — | — | — | (143,541) |
| Issuance of bonus warrants | **10** | — | (13,002) | 13,002 | — | — | — |
| Shares issued for services | **9** | 564,448 | 31,424 | — | — | — | 31,424 |
| Warrants expired | **10** | — | — | (315,447) | 315,447 | — | — |
| Share-based compensation | **11** | — | — | — | 156,988 | — | 156,988 |
| Options expired | **11** | — | — | — | (87,418) | 87,418 | — |
| Net loss for the year | | — | — | — | — | (2,675,795) | (2,675,795) |
| **Balance – December 31, 2022** | | **184,801,051** | **$17,856,875** | **$3,066,574** | **$1,162,945** | **$(21,239,695)** | **$846,699** |

CHAMPION ELECTRIC METALS

## Consolidated Statements of Change in Shareholders' Equity

**For the years ended December 31, 2023 and 2022**

Expressed in Canadian dollars.

| | | SHARE CAPITAL | | RESERVES | | SHAREHOLDERS' EQUITY | |
|---|---|---|---|---|---|---|---|
| | | Common Shares | Share Capital | Warrants | Contributed Surplus | Deficit | Total |
| | Note | # | $ | $ | $ | $ | $ |
| **Balance – December 31, 2022** | | **184,801,051** | **17,856,875** | **3,066,574** | **1,162,945** | **(21,239,695)** | **846,699** |
| Shares issued for property purchase | **6,9** | 12,950,000 | 1,841,039 | 182,253 | — | — | 2,023,292 |
| Shares issued for private placements | **9** | 23,192,308 | 2,240,000 | — | — | — | 2,240,000 |
| Share issue costs | **9** | — | (241,019) | — | — | — | (241,019) |
| Shares issued for finder's fee | **9** | 520,000 | 69,100 | — | — | — | 69,100 |
| Shares issued for FT transaction | **9** | 20,850,000 | 4,170,000 | — | — | — | 4,170,000 |
| Shares issued for services | **9** | 247,372 | 11,181 | — | — | — | 11,181 |
| Flow-through share premium | **8,16** | — | (521,250) | — | — | — | (521,250) |
| Warrants exercised | **10** | 5,603,000 | 640,690 | (80,390) | — | — | 560,300 |
| Warrant expired | **10** | — | — | (1,371,394) | 1,371,394 | — | — |
| Options exercised | **11** | 2,300,000 | 259,898 | — | (78,898) | — | 181,000 |
| Options expired | **11** | — | — | — | (439,546) | 439,546 | — |
| Share-based compensation | **11** | — | — | — | 437,412 | — | 437,412 |
| Grant of Restricted Stock Units (RSU) | **11** | — | — | — | 231,452 | — | 231,452 |
| Net loss for the year | | — | — | — | — | (7,412,599) | (7,412,599) |
| **Balance – December 31, 2023** | | **250,463,731** | **$26,326,514** | **$1,797,043** | **$2,684,759** | **$(28,212,748)** | **$2,595,568** |

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

CHAMPION
ELECTRIC METALS

## Consolidated Statements of Cash Flows

Expressed in Canadian dollars.

| For the years ended December 31, | Note | 2023 | 2022 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net loss for the year | | **$(7,412,599)** | $(2,675,795) |
| Adjustments to non-cash items: | | | |
| Shares issued for properties | | **2,023,292** | 574,500 |
| Share-based compensation expense | **11** | **668,864** | 156,988 |
| Shares issued for services | **9** | **11,181** | 31,424 |
| Gain on flow-through premium | **8** | **(332,044)** | (55,268) |
| Net change in non-cash working capital balances: | | | |
| Accounts receivables and prepaids | | **(287,372)** | (85,855) |
| Accounts payable and accrued liabilities | | **(66,613)** | (214,853) |
| Long-term prepaid expenses | | **4,167** | 7,500 |
| | | **$(5,391,124)** | $(2,261,359) |
| **FINANCING ACTIVITIES** | | | |
| Private placement proceeds | **9** | **6,410,000** | 3,466,162 |
| Share issue costs including finder's fees | | **(171,918)** | (196,489) |
| Shares issued for the exercise of options | | **181,000** | — |
| Shares issued for the exercise of warrants | **10** | **560,300** | — |
| Loans payable | **7** | **(50,000)** | 60,000 |
| | | **$6,929,382** | $3,329,673 |
| **Net increase (decrease) in cash** | | **$1,538,258** | $1,068,314 |
| Cash, beginning of year | | **1,082,934** | 14,620 |
| **Cash, end of year** | | **$2,621,192** | $1,082,934 |

**Supplementary cash flow information:**

| | | |
|---|---|---|
| Finder's fee warrants issued | **$69,100** | $13,002 |
| Shares issued for settlement of debt | **$11,181** | $175,211 |

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

## 1. Nature of Operations and Going Concern

**CHAMPION ELECTRIC METALS INC.**, (formerly Idaho Champion Gold Mines Canada Inc.) a company incorporated under the Canada Business Corporation Act, and its wholly owned subsidiaries (collectively the "**Company**" or "**Champion**") are engaged in the acquisition and exploration of certain mineral properties in Quebec, Canada, and Idaho, United States of America ("USA"). The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "ITKO", the OTCQB Exchange, under "GLDRF", and the Frankfurt Stock Exchange under "1QB1". The address of the registered office is Suite 2704, 401 Bay Street Toronto, Ontario, M5H 2Y4.

These consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. These adjustments could be material.

As at December 31, 2023, the Company has accumulated losses of $28,212,748 (December 31, 2022 - $21,239,695), and $2,621,192 cash (December 31, 2022- $1,082,934) and working capital of $2,595,568 (December 31, 2022 – $842,532).

Mineral exploration projects, even when successful, require large amounts of exploration investment to prove mineable reserves, generally over long periods of time, prior to the commencement of production. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing, the continued support of its existing shareholders, and the outlining and development of commercial deposits of metals at its project to generate positive cash flows from operations. While the Company has been successful in securing financing and identifying suitable properties to date, there is no assurance that the Company will continue to be successful in achieving these objectives. As at December 31, 2023, the Company has accumulated losses and limited working capital. For these reasons, there may exist material uncertainties that cast significant doubt on the ability of the Company to continue as a going concern.

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

## 2. Basis of Presentation

### a) Statement of compliance

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

**2. Basis of Presentation, continued**

**b) Basis of Measurement**

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention and were authorized for issue in accordance with a resolution of the directors dated April 23, 2024.

**c) Use of Estimates and Judgments**

The preparation of consolidated financial statements in conformity with IFRS requires management ("Management") to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the consolidated financial statements are disclosed in note 4.

**3. Material Accounting Policies**

The accounting policies set out below have been adopted for the years ended December 31, 2023 and 2022 and have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

**a) Basis of Consolidation**

These consolidated Financial Statements include the accounts of Champion and its wholly owned subsidiaries, Idaho Champion Gold Mines Ltd., Energy IQ Quebec Ltd, Idaho Champion Gold Mines USA, Inc., Idaho Champion Gold Mines LLC., and Idaho Champion Cobalt USA, Inc. Control is achieved when Champion has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition or to the date of disposal. Intergroup balances and transactions are eliminated on consolidation.

**b) Functional and Presentation Currency**

These consolidated Financial Statements are presented in Canadian dollars, which is the Company's presentation currency. The functional currency of Champion and its subsidiaries is the Canadian dollar. Monetary assets and liabilities in other currencies are translated at the closing rate at the reporting date. Non-monetary assets in other currencies are translated at historical rates. Income and expenses in other currencies are translated at the exchange rates at the dates of the transactions. All resulting exchange differences are recognized in income (loss).

**c) Exploration and Evaluation ("E&E") Expenditures**

The Company expenses the cost of its evaluation and exploration expenditures, which include the cost of acquiring interests in mineral rights, licenses, and properties, asset acquisitions or option agreements. The Company also expenses the cost of evaluation activity related to acquiring new exploration assets. E&E relates to costs incurred for the exploration and evaluation of potential mineral reserves such as: conducting geological studies; exploratory drilling and sampling and evaluating the technical feasibility and commercial viability of extracting a mineral resource.

## 3. Material Accounting Policies, continued

### d) Related Party Transactions

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

### e) Finance Income and Expenses

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues using the effective interest method. Finance income is considered an operating activity for cash flow purposes. Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized using the effective interest method. Finance costs are considered an operating activity for cash flow purposes.

### f) Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the consolidated statements of loss, except to the extent it relates to items recognized in other comprehensive loss or directly in equity.

i) Current income tax

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

ii) Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized where the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

### g) Loss per share

Basic Loss Per Share is calculated by dividing total loss from continuing operations attributable to shareholders of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. The denominator (number of shares) is calculated by adjusting the shares

## 3. Material Accounting Policies, continued

issued at the beginning of the period by the number of shares repurchased or issued during the period, multiplied by a time-weighting factor.

Diluted Loss Per Share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential shares. The effects of anti-dilutive potential shares are ignored in calculating diluted Loss Per Share. All options and warrants are considered anti-dilutive when the Company is in a loss position.

### h) Share-based compensation and warrants

The Company has a stock option plan (the "SOP") whereby employees, directors, officers and consultants may acquire shares of the Company, for a specified option amount at a future date. Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model and is recorded as share-based compensation expense over the vesting period of the options. Consideration paid on the exercise of stock options is credited to share capital. The fair value associated with the options is transferred to share capital upon exercise or to deficit upon expiry.

The Company has a restricted share unit ("RSU") plan (the "RSUP") whereby the Company may award to eligible directors, officers, employees and consultants RSUs pursuant to the terms of the RSUP. RSU payments may be awarded in shares, in cash or a combination of shares and cash. When these payments are cash-settled, the fair value of the RSUs awarded, representing the estimated market value of the Company's shares is recognized as share-based compensation expense at the grant date, with a corresponding amount recorded as a liability. The fair value of the RSUs is re-measured at the end of each reporting year and at the date of settlement, with changes in fair value recognized as share-based compensation expense in the year. Where RSUs are equity-settled, the fair value of the RSUs at the date of grant is charged to the statement of loss over the vesting term. Equity-settled RSUs are not subsequently remeasured. Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Warrants are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model. Consideration paid on the exercise of warrants is credited to share capital and the fair value recorded in warrants reserve is transferred to share capital upon exercise. Upon expiration, the fair value of the warrants is reclassified to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

## 3. Material Accounting Policies, continued

### i) Asset retirement obligations ("ARO")

ARO is obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site restoration work, discounted to their net present value, are provided for and capitalized to the carrying value of the asset, or expensed in the consolidated statements of loss if there is no related 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 depreciation using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the impact of discounting and for changes to the current market-based discount rate, amount, or timing of the underlying cash flows needed to settle the obligation.
As at December 31, 2023 and 2022, the Company has no material restoration, rehabilitation and environmental costs as the environmental disturbance to date is minimal.

### j) Financial Assets and Liabilities

**Financial assets**

Initial recognition and measurement

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

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Cash and amounts receivable held for collection of contractual cash flows are measured at amortized cost.

**Subsequent measurement – financial assets at amortized cost**

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

**Subsequent measurement – Financial assets at FVPL**

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

**Subsequent measurement – Financial assets at FVOCI**

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

## 3. Material Accounting Policies, continued

### j) Financial Assets and Liabilities, continued

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

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

**De-recognition**

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

**Leases**

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.
The lease liability is initially measured at the present value of the lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be re-measured when there is a change in either the future lease payments or upon assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and the interest on the obligation. Interest expense on the lease obligation is included in the consolidated statements of loss.
The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low-value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term.

**Impairment of financial assets**

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

## 3. Material Accounting Policies, continued

### j) Financial Assets and Liabilities, continued

**Financial liabilities**

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

**Subsequent measurement – financial liabilities at amortized cost**

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

**De-recognition**

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

**Flow-through shares ("FT Shares")**

From time to time, the Company will issue flow-through common shares to finance its exploration program. According to the terms of the Flow-through Share agreements, these FT Shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the FT Shares into i) a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a gain on flow-through premium for the amount of tax reduction renounced to the shareholders.

Proceeds received from the issuance of FT Shares are restricted to be used only for Canadian resource property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

## 4. Critical Judgments and Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires Management to make critical judgments, estimates, and assumptions that affect the application of the accounting policies to the financial information presented. Actual results may differ from the estimates, assumptions, and judgments made.

## 4. Critical Judgments and Accounting Estimates, continued

### Material Accounting Judgments

The critical judgments that Management has made in the process of applying the Company's accounting policies, apart from those involving estimations that have the most significant effect on the amounts recognized in the Company's Consolidated Financial Statements, are related to the functional currency assessment, related parties, the provision for reclamation and obligation, when and if deferred taxes are recoverable and the assumption that the Company will continue as a going concern.

The Company has determined that its functional currency and that of its subsidiaries is the Canadian dollar. Management considered all of the relevant primary and secondary factors in making this determination.

### Accounting Estimates and Assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the amounts recognized in the consolidated financial statements are:

#### i. Income, Value-Added, Withholding and Other Taxes

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

#### ii. Share-Based Payments

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

### Commitments and Contingencies

See note 16.

## 5. New Accounting Standards Issued and Future Accounting Changes

### Recent Accounting Pronouncements

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

### Future Accounting Changes

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

### Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

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

### Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

## 6. Exploration Projects/Mining Interests

### LITHIUM

<u>James Bay, Quebec Projects</u>

Effective November 11, 2022, the Company completed an acquisition with Quebec Precious Metals Corporation ("QPM") (the "Acquisition") with respect to the Blanche and Charles lithium pegmatite projects (the "Projects") in the Eeyou Istchee James Bay territory of Quebec. Consideration for 100% of the projects included $100,000 in cash and the issuance of 12,000,000 common shares of the Company. QPM will retain a 2% net smelter return royalty ("NSR") on the claims constituting the Projects. The Company has the option to repurchase 1% of the NSR from QPM for $1,000,000. In connection with the Acquisition, Champion issued 700,000 common shares of the Company as consideration for Finder's Fees.

Expressed in Canadian dollars.

**6. Exploration Projects/Mining Interests, continued**

During the year ended December 31, 2023, the Company acquired certain additional claims (the “2023 Claims”) in the Eeyou Istchee James Bay territory of Quebec (“JB”). Consideration for the 2023 Claims included payments in cash, common shares, warrants and finders’ fees (also payable in cash and/or common shares), as follows:

| | | Consideration | | |
|---|---|---|---|---|
| **Date** | **# Claims** | **$ Cash** | **# Shares** | **Finders’ fees (# shares/ warrants)** |
| Feb.22, 2023 | 50 | 25,000 | 2,000,000 | 125,000 common shares |
| March 2, 2023 | 29 | — | 2,000,000 | 100,000 common shares |
| May 23, 2023 | 148 | 25,000 | 3,000,000 | 175,000 common shares |
| May 26, 2023 | 8 | — | 700,000 | 35,000 common shares and 250,000 warrants |
| July 6, 2023 | 256 | 70,000 | 3,500,000 | 1,500,000 warrants |
| July 26, 2023 | 55 | — | 1,700,000 | 85,000 common shares |

All of these transactions contain provisions (“Provisions”) for a) the Vendors to retain a net smelter royalty (“NSR”) and b) the Company to repurchase the claims for certain future consideration including cash and/or the issuance of common shares. If/when spodumene is discovered on one or more of the claim areas, a bonus may also be paid in either cash or the issuance of common shares.

As no triggering event as defined by the terms of the Provisions has occurred, the contingent cash payments and equity issuances have not been recorded in these Consolidated Financial Statements.

**POLYMETALLIC**

Champagne Project
On April 30, 2020, Champion acquired certain patented claims (private property) that are located within the Company's past-producing Champagne Project in Idaho, USA. Consideration for the claims was US$150,000. The claims include five patent lode mining claims and one patent mill site which are located inside the project area controlled by Champion.

On May 6, 2020, Champion signed a binding Property Option Agreement (the “Agreement”) with a private family (the “Optionor”) which provides an option to acquire additional claims that are also located within the Company’s past producing Champagne Project. Under the terms of the Agreement, Champion shall pay the Optionor US$8,000 (paid) and issue 100,000 Champion common shares (issued). Further, the Company will pay US$8,000 on each anniversary date of the option agreement thereafter for the first 20 years of the agreement. The agreement can be renewed for an additional 20 years upon payment of US$15,000 and the issuance of shares with a value of US$20,000 on each anniversary date.

Expressed in Canadian dollars.

## 6. Exploration Projects/Mining Interests, continued

**POLYMETALLIC, continued**

Champion can purchase a 100% interest in the claims by paying the Optionor the following in US$:

| | |
|---|---|
| • If option is exercised during years 1 to 10 | $150,000 |
| • If option is exercised during years 11 to 20: | $200,000 |
| • If option is exercised during years 21 to 30: | $250,000 |
| • If option is exercised during years 31 to 40 | $300,000 |
| | |

On May 19, 2020, the Company acquired additional mining claims (“Reliance”) that are also located within the Company's Champagne Project. Consideration for the Reliance Claims was US$15,000 and the issuance of 150,000 Champion common shares.

On June 29, 2021, Champion signed a binding property option agreement to acquire a 100% fee simple interest in new surface and mineral rights on properties within Champion’s Champagne Gold Project. Under the terms of the option agreement, the parties have agreed to a five-year option, during which Champion will pay total consideration of US$240,000 and 500,000 common shares of the Company, structured as follows:

- An initial payment of US$10,000 and 50,000 common shares of the Company (completed);
- Annual payments of US$10,000 and 50,000 common shares of the Company on the first and second anniversaries, each of which is an option to be paid at the sole discretion of the Company (completed);
- Annual payments of US$10,000 and 750,000 common shares of the Company on the third and fourth anniversaries, each of which is an option to be paid at the sole discretion of the Company; and
- On or before the fifth anniversary, Champion has the option to remit the final consideration of US$190,000 and 200,000 common shares of the Company.

**COBALT**

Idaho Cobalt (Idaho)

The Company owns 100% of the Idaho Cobalt property through its subsidiary Idaho Champion Cobalt USA Inc. These claims are in good standing.

**GOLD**

Baner Project (Idaho)

In February 2018, the Company staked certain claims comprising the Baner property in Idaho, USA. These claims are in good standing. The Company owns 100% of the Baner project.

Expressed in Canadian dollars.

## 6. Exploration Projects/Mining Interests, continued

**<u>Property Acquisition and Exploration and Evaluation (“E&E”) Expenditures</u>**

E&E cumulative costs incurred to December 31, 2023, are summarized as follows:

| | Dec. 31, 2021 | Additions | Dec. 31, 2022 | Additions | Dec. 31, 2023 |
|---|---|---|---|---|---|
| Acquisition – James Bay (1) | – | 640,000 | 640,000 | 2,150,379 | **$2,790,379** |
| Acquisition – Cobalt (1) | $1,232,793 | $– | $1,232,793 | $67,250 | **1,300,043** |
| Acquisition – Baner (1) | 686,888 | – | 686,888 | 46,102 | **732,990** |
| Acquisition – Champagne (1) | 320,615 | 19,436 | 340,051 | 98,372 | **438,423** |
| Acquisition – Sally and Data (1) | 283,355 | – | 283,355 | – | **283,355** |
| | | | | | |
| Exploration – James Bay | – | 441,284 | 441,284 | 2,637,452 | **3,078,736** |
| Exploration – Cobalt | 298,138 | 142,564 | 440,702 | 558,020 | **998,722** |
| Exploration – Baner | 4,681,577 | 46,097 | 4,727,674 | | **4,727,674** |
| Exploration – Champagne | 5,570,810 | 268,541 | 5,839,351 | 16,655 | **5,856,006** |
| Exploration – Nudulama | 5,139 | – | 5,139 | 6,506 | **11,645** |
| | **$13,079,315** | **$1,557,922** | **$14,637,237** | **$5,580,736** | **$20,217,973** |

(1) Property acquisition costs include all payments made (including share issuances) to acquire and maintain mineral properties, claims, licenses, and permits.

## 7. Loans Payable

As a result of COVID-19, the Canadian federal government created the Canada Emergency Business Account (“CEBA”), designed to provide some financial assistance to qualifying Canadian companies. In April 2020, Champion applied for this funding and received $40,000 as an unsecured, non-interest-bearing demand loan. This loan is due on or before December 31, 2023. Since $30,000 of the $40,000 loan was repaid on August 21, 2023, $10,000 of the loan has been forgiven and treated as income.

In January and May 2022, a director loaned the Company a total of $60,000 pursuant to a step promissory note. As at December 31, 2022, $50,000 of the indebtedness was converted to 1,000,000 common shares as part of the September 2022 Offering. The balance of the note was repaid by the Company during the year ended December 31, 2023.

## 8. Flow-through Share Premium Liability

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is subsequently reduced and recorded in the consolidated statements of loss and comprehensive loss on a pro-rata basis based on the corresponding eligible exploration expenditures that have been incurred. A premium liability of $521,250 was recognized, in respect of the Charitable flow-through private placement completed during the year ended December 31, 2023.

Expressed in Canadian dollars.

## 8. Flow-through Share Premium Liability

During the year ended December 31, 2023, a total of $2,636,952 (2022 - $430,000) was expended on eligible Canadian Exploration Expenses ("CEE"), which resulted in a total of $332,044 being derecognized as flow-through share premium (2022 - $55,268).

The following is a continuity schedule of the flow-through share premium during the years ended December 31, 2023 and 2022:

| | |
|---|---|
| **Balance, December 31, 2021** | **$—** |
| Liability incurred on flow-through shares issued | $143,541 |
| Flow-through share premium derecognized | (55,268) |
| **Balance, December 31, 2022** | **$88,273** |
| Liability incurred on flow-through shares issued | 521,250 |
| Flow-through share premium derecognized | (332,044) |
| **Balance, December 31, 2023** | **$277,479** |

## 9. Share Capital

The Company is authorized to issue an unlimited number of common shares. At December 31, 2023, there are 250,463,731 (At December 31, 2022 – 184,801,051) common shares issued and outstanding:

(i) On January 19, 2022, 166,788 common shares were issued to contractors as compensation for services rendered. A value of $10,416 was assigned to these shares using market value.

(ii) On April 12, 2022, 185,050 common shares were issued to contractors as compensation for services rendered. A value of $10,434 was assigned to these shares using market value.

(iii) On June 17, 2022, the Company closed the first tranche of a private placement (the "June 2022 Offering"), with the issuance of 10,079,210 units ("June Units"), for gross proceeds of $503,960. The Company paid a cash finder's fee of $10,800 and issued 216,000 finder's warrants. See note 10 (ii)(iii) - Warrants. As part of the June 2022 Offering, creditors agreed to receive a total of 429,210 June 2022 Units in settlement of the $21,461 debt owed to them. Directors and officers participated in the debt settlement for an aggregate of $62,500, representing 1,250,000 June 2022 Units.

(iv) On June 23, 2022, the Company made a second annual payment as part consideration for the five-year option for the acquisition of certain properties in Idaho, USA, by issuing 50,000 common shares, valued at $0.05 each, based on the trading price of the Company's common shares on the date of issuance.

(v) On June 30, 2022, the Company closed the second tranche of the September 2022 Offering, with the issuance of 15,612,500 units, for gross proceeds of $780,625. The Company paid a cash finders' fee of $34,400 and issued 688,000 finders' warrants.

(vi) On July 7, 2022, 212,610 common shares were issued to contractors as compensation for services rendered. A value of $10,574 was assigned to these shares based on the trading price of the Company's common shares on the date of issuance.

(vii) On September 30, 2022, the Company closed the first tranche of a private placement, (the "September 2022 Offering"), with the issuance of 11,700,000 common shares for gross proceeds of $585,000.

**9. Share Capital, continued**

(viii) On October 5, 2022, the Company closed the second tranche of the September 2022 Offering with the issuance of 9,200,000 common shares, for gross proceeds of $460,000. In connection with the private placement, the Company paid a cash finder's fee of $21,250.

(ix) On October 12, 2022, the Company closed the third and final tranche of the September 2022 Offering, with the issuance of 3,900,000 common shares, for gross proceeds of $195,000. The Company paid a cash finder's fee of $4,750.

(x) On November 9, 2022, the Company acquired certain mineral claims from QPM, for $100,000 cash and the issuance of 12,000,000 common shares. The shares issued for the acquisition were valued at $based on the trading price of the Company's common shares at the date of issuance. In connection with the transaction, the Company issued 700,000 common shares for finder's fees.

(xi) On December 21, 2022, the Company closed the first tranche of a private placement (the "December 2022 Offering") with the issuance of 10,625,500 Québec Flow-Through Shares ("QFT Shares") for gross proceeds of $743,785. In connection with closing the first tranche of the December 2022 Offering, the Company paid $37,189 cash finder's fees.

(xii) On December 23, 2022, the Company closed the second and final tranche of the December 2022 Offering, with the issuance of 3,728,600 QFT Shares and 1,866,667 Flow-Through shares (the "FT Shares"), for aggregate proceeds of $373,002. In connection with the second closing, the Company paid a cash $18,650 finder's fees.

(xiii) On January 18, 2023, 247,372 common shares were issued to contractors as compensation for services rendered. A fair value of $11,181 was assigned to these shares based on the trading price of the Company's common shares on the date of issuance.

(xiv) On February 22, 2023, the Company acquired certain Lithium claims for $25,000 cash, the issuance of 2,000,000 common shares valued at $200,000 and 125,000 common shares for finder's fees valued at $12,500 based on the trading price of the Company's common shares at the date of issuance.

(xv) On February 27, 2023, the Company closed a private placement offering with the issuance of 15,500,000 common shares, for gross proceeds of $1,240,000. This Offering was subscribed for by a newly appointed Director.

(xvi) On March 2, 2023, the Company acquired certain Lithium claims for the issuance of 2,000,000 common shares valued at $270,000 and 100,000 common shares for finder's fees valued at $13,500, based on the trading price of the Company's common shares at the date of issuance.

(xvii) On May 12, 2023, the Company closed a private placement offering with the issuance of 7,692,308 common shares, for gross proceeds of $1,000,000. This Offering was subscribed for by a newly appointed Director.

(xviii) On May 23, 2023, the Company acquired certain Lithium claims for $25,000 cash, the issuance of 3,000,000 common shares valued at $420,000 and 175,000 common shares for finder's fees valued at $24,500, based on the trading price of the Company's common shares at the date of issuance.

(xix) On May 26, 2023, the Company acquired certain Lithium claims for the issuance of 700,000 common shares valued at $108,500 and 35,000 common shares for finder's fees valued at $5,425, based on the trading price of the Company's common shares at the date of issuance, and 250,000 common share purchase warrants - See note 10 - *Warrants*.

**9. Share Capital, continued**

(xx) On June 12, 2023, the Company closed a private placement with the issuance of 20,850,000 Charitable Flow-Through Shares for gross proceeds of $4,170,000 (“CFT Offering”). In connection with closing the CFT Offering, the Company paid $104,250 cash finder's fees.

(xxi) On June 29, 2023, the Company made a third annual payment as part consideration for the five-year option for the acquisition of certain property interests in Idaho, USA, by issuing 50,000 common shares, valued at $0.165 each, based on the trading price of the Company’s common shares on the date of issuance.

(xxii) On July 6, 2023, the Company acquired certain Lithium claims for $70,000 cash and the issuance of 3,500,000 common shares valued at $595,000 based on the trading price of the Company’s common shares at the date of issuance, and 1,500,000 common share purchases warrants - See note 10 - *Warrants*

(xxiii) On July 26, 2023, the Company acquired certain Lithium claims for the issuance of 1,700,000 common shares valued at $263,500 and 85,000 common shares for finder’s fees valued at $13,175, based on the trading price of the Company’s common shares at the date of issuance.

(xxiv) During the year ended December 31, 2023, a total of 2,300,000 common shares were issued for the exercise of 2,300,000 stock options, for proceeds of $181,000. During the year ended December 31, 2022, no stock options were exercised. See note 11 – *Share-based incentive plans.*

(xxv) During the year ended December 31, 2023, a total of 5,603,000 common shares were issued on the exercise of 5,603,000 warrants for proceeds of $560,300. During the year ended December 31, 2022, no warrants were exercised. See note 10 - *Warrants*.

**10. Warrants**

From time to time, the Company issues warrants as a component of equity financings. The Company assigns a fair value to the warrants using a Black-Scholes option pricing model, as at the date of issuance. As warrants are exercised, the fair value is transferred to share capital. Should warrants expire unexercised, the fair value is reclassified to contributed surplus.

**Issuances**

(i) On June 17, 2022, the Company closed the first tranche of the June 2022 Offering. As part of this Offering, the Company issued 10,079,210 warrants valued at $147,268 and 216,000 finders’ warrants valued at $3,070. Each warrant entitles the holder to purchase one common share at a price of $0.10 for a period of 24 months from the date of the issue.

(ii) On June 30, 2022, the Company closed the second tranche of the June 2022 Offering. In connection with the closing, the Company issued 15,612,500 warrants valued at $225,374 and 688,000 finders’ warrants valued at $9,932.

Expressed in Canadian dollars.

**10. Warrants, continued**

**Issuances, continued**

The following table summarizes the assumptions used in the valuation of the warrants itemized in (i) and (ii) above:

| | | |
|---|---|---|
| Issue date | June 17, 2022 | June 30, 2022 |
| Share price | $0.10 | $0.10 |
| Risk-free rate of return | 3.24% | 3.10% |
| Annualized volatility | 118.04% | 115.26% |
| Expected life | 2 | 2 |
| Dividend yield | 0% | 0% |

(iii) On May 26, 2023, the Company issued 250,000 warrants in connection with the acquisition of certain Lithium claims. A fair value of $24,211 was assigned to these warrants.

(iv) On July 6, 2023, the Company issued a total of 1,500,000 warrants in connection with the acquisition of certain Lithium claims. A fair value of $158,042 was assigned to these warrants.

The following table summarizes the assumptions used in the valuation of the warrants itemized in (iii) and (iv) above:

| | | |
|---|---|---|
| Issue date | May 26, 2023 | July 6, 2023 |
| Share price | $0.16 | $0.17 |
| Risk-free rate of return | 4.3% | 4.75% |
| Annualized volatility | 123.81% | 122.62% |
| Expected life | 1.87 | 1.71 |
| Dividend yield | 0% | 0% |

**Expired**

(v) On May 17, 2022, 1,678,610 warrants with an exercise price of $0.20, expired.
(vi) On July 29, 2022, 1,883,700 warrants with an exercise price of $0.30 expired.
(vii) On July 30, 2023, a total of 13,705,000 warrants, with an exercise price of $0.45, expired.
(viii) On September 18, 2023, 500,000 warrants, with an exercise price of $0.50, expired.

**Exercises**

(ix) On March 14, 2023, a total of 100,000 warrants were exercised for gross proceeds of $10,000.
(x) During June, 2023, a total of 5,303,000 warrants were exercised for gross proceeds of $530,300.
(xi) On July 23, 2023, 200,000 warrants were exercised for gross proceeds of $20,000.

Expressed in Canadian dollars.

### 10. Warrants, continued

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

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Balance, December 31, 2021** | **50,860,866** | **$0.27** |
| Issued | 26,595,710 | 0.10 |
| Expired | (3,562,310) | (0.25) |
| **Balance, December 31, 2022** | **73,894,266** | **$0.21** |
| Expired | (14,205,000) | (0.50) |
| Issued | 1,750,000 | 0.15 |
| Exercised | (5,603,000) | (0.10) |
| **Balance, December 31, 2023** | **55,836,266** | **$0.15** |

At December 31, 2023, there are 55,836,266 regular and finders' warrants outstanding, with each warrant entitling the holder to acquire one common share of the Company at the exercise prices noted below:

| Number | Fair Value Assigned ($) | Exercise Price | Remaining Contractual Life In Years | Expiry Date |
|---|---|---|---|---|
| 2,438,730 | 71,311 | $0.15 | 0.38 | May 17, 2024 |
| 1,631,000 | 52,192 | $0.15 | 0.44 | June 7, 2024 |
| 8,067,210 | 114,668 | $0.10 | 0.46 | June 17, 2024 |
| 12,925,500 | 186,586 | $0.10 | 0.50 | June 30, 2024 |
| 2,397,500 | 73,405 | $0.15 | 0.66 | Aug.27, 2024 |
| 6,749,037 | 220,442 | $0.15 | 1.13 | Feb. 14, 2025 |
| 1,417,821 | 45,338 | $0.15 | 1.16 | Feb. 26, 2025 |
| 6,523,500 | 214,728 | $0.15 | 1.18 | March 6, 2025 |
| 1,500,000 | 158,042 | $0.15 | 1.22 | March 20, 2025 |
| 250,000 | 24,211 | $0.15 | 1.27 | May 26, 2025 |
| 4,810,103 | 249,357 | $0.25 | 1.48 | June 24, 2025 |
| 5,675,399 | 298,154 | $0.25 | 1.55 | July 20, 2025 |
| 1,150,466 | 60,344 | $0.25 | 1.63 | Aug.18, 2025 |
| 300,000 | 28,265 | $0.25 | 2.35 | May 7, 2026 |
| **55,836,266** | **$1,797,043** | **$0.15** | **0.91** | |

## 11. Share-Based Incentive Plans

Champion has a stock option plan ("SOP") and a plan of restricted stock units ("RSU Plan"). The purpose of these plans is to equip the board of directors to be able to attract, retain and motivate management, staff, and consultants by providing them with the opportunity, through share options and share issuances, to acquire a proprietary interest in the Company and benefit from its growth.

The maximum number of options and common shares to be issued under the SOP and the RSU Plan shall not exceed 10% of the total number of common shares issued and outstanding.

**SOP**

Champion has a stock option plan that provides for the granting of incentive stock options up to a maximum of 10% of the Company's issued and outstanding common shares. Terms of the options granted are subject to the allocation and approval by the Board of Directors. All options granted are subject to a four-month hold period from the date of grant as required by the CSE.

(i) On April 19, 2022, the Company granted an aggregate of 1,150,000 stock options to consultants. These options vested immediately, have a five-year life and an exercise price of $0.15. The options were assigned a fair value of $57,194 based on a Black-Scholes option pricing model using the following assumptions: risk-free rate of return – 2.7%; annualized volatility – 110.76%; expected life – 5 years; dividend yield 0%.

(ii) On April 19, 2022, a total of 175,000 options with an exercise price of $0.21 expired as a result of the resignation of certain consultants, with $24,018 being reclassified from contributed surplus to retained earnings.

(iii) On August 23, 2022, a total of 500,000 options with an exercise price of $0.20 expired as a result of the resignation of certain consultants with $63,400 being reclassified from contributed surplus to retained earnings.

(iv) On August 24, 2022, the Company granted an aggregate of 3,700,000 stock options to certain directors, officers, and consultants. These five-year options vested immediately and have an exercise price of $0.05. The options were assigned a fair value of $99,794 based on a Black-Scholes option pricing model using the following assumptions: share price – $0.035; risk-free rate of return – 2.80%; annualized volatility – 112.49%; and dividend yield – 0%.

(v) On January 18, 2023, the Company granted an aggregate of 4,200,000 stock options to certain directors, officers, and consultants. These five-year options vested immediately and have an exercise price of $0.08. The options were assigned a fair value of $186,703 based on a Black-Scholes option pricing model using the following assumptions: share price – $0.055; risk-free rate of return – 3.27%; annualized volatility – 122.49%; and dividend yield – 0%.

(vi) On May 11, 2023, the Company granted an aggregate of 2,150,000 stock options to certain directors, officers, and consultants. These five-year options vested immediately and have an exercise price of $0.13. The options were assigned a fair value of $194,200 based on a Black-Scholes option pricing model using the

Expressed in Canadian dollars.

## 11. Share-Based Incentive Plans, continued

following assumptions: share price – $0.105; risk-free rate of return – 2.94%; annualized volatility – 133.58%; and dividend yield – 0%.

(vii) On August 9, 2023, the Company granted an aggregate of 550,000 five-year stock options to certain consultants. These options have an exercise price of $0.16 and vest one third on grant, one third on the first anniversary and the remaining third on the second anniversary. The options were assigned a fair value of $66,860 based on a Black-Scholes option pricing model using the following assumptions: share price – $0.15; risk-free rate of return – 3.86%; annualized volatility –114.09 %; and dividend yield – 0%.

(viii) During the year ended December 31, 2023, a total of 2,300,000 (2022 – nil) stock options were exercised for cash proceeds of $181,000 and the estimated fair value of $78,898 was reclassified to share capital.

(ix) During the year ended December 31, 2023, a total of 3,200,000 (2022 – 675,000) stock options expired. The fair value of $439,546 (2022 - $87,418) for these options was reclassified to retained earnings.

(x) A summary of stock option activity during the year ended December 31, 2023, is as follows:

| | Number of stock options outstanding | Weighted average exercise price |
|---|---|---|
| **Balance, December 31, 2021** | **8,250,000** | **$0.17** |
| Granted | 4,850,000 | $0.15 |
| Expired | (675,000) | $(0.21) |
| **Balance, December 31, 2022** | **12,425,000** | **$0.13** |
| Granted | 6,900,000 | $0.08-$0.16 |
| Exercised (viii) | (2,300,000) | $(0.13) |
| Expired (ix) | (3,200,000) | $(0.22) |
| **Balance, December 31, 2023** | **13,825,000** | **$0.10** |

Expressed in Canadian dollars.

## 11. Share-Based Incentive Plans, continued

(xi) A summary of the issued and outstanding stock options at December 31, 2023, is as follows:

| Exercise Price | Number of Options Outstanding | Number of Options Exercisable | Weighted Average Remaining Contractual Life – Years | Expiry Date |
|---|---|---|---|---|
| $0.10 | 3,175,000 | 3,175,000 | 1.12 | November 12, 2024 |
| $0.30 | 300,000 | 300,000 | 1.85 | August 4, 2025 |
| $0.20 | 700,000 | 700,000 | 2.48 | March 24, 2026 |
| $0.20 | 100,000 | 100,000 | 2.57 | April 26, 2026 |
| $0.15 | 400,000 | 400,000 | 3.55 | April 19, 2027 |
| $0.05 | 3,000,000 | 3,000,000 | 3.90 | August 24, 2027 |
| $0.08 | 3,500,000 | 3,500,000 | 4.30 | January 18, 2028 |
| $0.13 | 2,100,000 | 2,100,000 | 4.62 | May 11, 2028 |
| $0.16 | 550,000 | 183,332 | 4.86 | Aug 9, 2028 |
| | **13,825,000** | **13,458,332** | **3.33** | |

**RSU Plan**

Champion has an RSU Plan that provides for the granting of restricted stock units up to a maximum of 10% of the Company's issued and outstanding common shares, less any issued and outstanding stock options. Terms of the RSUs are subject to the allocation and approval by the Board of Directors. Each RSU shall be converted into one common share as vesting occurs. RSUs are measured at fair value on the grant date.

On August 8, 2023, the Company granted 6,000,000 RSUs. The RSUs have an exercise price of $0.16 and vest one-third on the first anniversary, one-third on the second anniversary, and the remaining one-third vest on the third anniversary. A fair value of $231,452 was recognized as a charge to share-based compensation expense, with a corresponding increase in equity.

## 12. Capital Management

The Company considers its capital structure to include cash and working capital. To maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected debt levels. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying natural resource properties. The Company's objective is met by retaining adequate cash to meet the ongoing financial obligations of the Company. To assess capital and operating efficiency and financial strength, the Company continually monitors its net cash and working capital.

Expressed in Canadian dollars.

## 13. Financial Instruments and Risk Management

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements and how the fair value of financial instruments is measured.

Fair values
Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the number of observable inputs used to value the instrument.

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. prices) or indirectly (derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are based on observable market data (unobservable inputs).

As at December 31, 2023 and 2022, the Company did not have any financial instruments measured at fair value.

| **Categories of Financial Instruments** | **December 31, 2023** | December 31, 2022 |
|---|---|---|
| Financial Assets—amortized cost | | |
| Cash | **$2,621,192** | $1,082,934 |
| Accounts receivable | **468,072** | 180,701 |
| Financial Liabilities – amortized cost | | |
| Accounts payable and accrued liabilities | **$216,217** | $282,830 |
| Loans payable | — | 50,000 |

The fair values of all the Company's financial instruments approximate the carrying value due to the short-term nature of the financial instruments. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates, and commodity prices). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

**13. Financial Instruments and Risk Management, continued**

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has established a standard of ensuring that it has enough resources available to withstand any downturn in the industry. As the Company's industry is very capital-intensive, the majority of its spending is related to its capital programs. The Company prepares periodic capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. The Company's goal is to prudently spend its capital while maintaining its credit reputation amongst its suppliers. The Company also mitigates liquidity risk by maintaining an insurance program to minimize exposure to insurable losses. At December 31, 2023, the Company had $2,621,192 in cash to settle $216,217 of accounts payable and accrued liabilities. (At December 31, 2022 - $1,082,934 of cash to settle $332,830 of current indebtedness). Amounts recorded for flow-through share premium liability will not be settled in cash.

Market Risk
Market risk is the risk that changes in interest rates, foreign exchange rates, and commodity and equity prices will affect the Company's net earnings or loss or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of the Canadian chartered bank.

Foreign exchange risk
The Company does engage in transactions and activities in currencies other than its reported currency as a portion of its exploration activities are carried out in the USA. Accordingly, expenses, assets and liabilities in the USA result in the Company being exposed to foreign exchange fluctuations. The Company does not have a hedging policy and attempts to mitigate foreign exchange risk by buying US dollars at optimal spots rates whenever possible.

Commodity and equity risk
The Company may be exposed to price risk in the future, with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of certain battery metals. There is no assurance that, even if commercial quantities of battery metals are produced in the future, a profitable market will exist for them.

Expressed in Canadian dollars.

## 14. Related Party Transactions and Key Management Compensation

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

### (a) Related party transactions

Since November 2021, the Company has retained Grove Corporate Services Ltd. ("Grove") to provide certain professional corporate services to the Company, including administrative, investor relations and those provided by the CFO and Corporate Secretary (the "Services"). During the year ended December 31, 2023, Grove billed the Company a total of $240,584 (2022 - $228,742) and included in accounts payable at December 31, 2023, is $nil (2022 - $10,332) owed to Grove for unpaid Services. The amount is unsecured, non-interest bearing, and due on demand.

On May 11, 2023, Grove was allocated 250,000 stock options as part of the 2,150,000 stock options granted ("Grove options") on that date. The fair value of the Grove options was $22,581. See note 11 – *Share-Based Incentive Plans*.

### (b) Key Management Compensation

During the year ended December 31, 2023, the Company remunerated its Chief Executive Officer ("CEO") $234,083 (2022 - $146,667); the 2023 wages included a performance bonus awarded by the Board of Directors, retroactively, for 2022.

Key Management Compensation for the year ended December 31, 2023, and 2022 is as follows:

| | **2023** | 2022 |
|---|---|---|
| Wages | **$234,083** | $146,667 |
| Corporate services | **240,584** | 228,742 |
| Share-based compensation (1)(2)(3) | **477,717** | 114,294 |
| | **$952,384** | $489,703 |

(1) During the year ended December 31, 2023, the Company granted an aggregate of 4,000,000 (2022 – 3,900,000) stock options to certain directors and officers.
(2) Directors and others are eligible for stock option grants. During the year ended December 31, 2023, the Company granted an aggregate of 4,000,000 (2022 – 3,900,000) stock options to certain directors.
(3) Directors and others are also eligible to be compensated with Restricted Stock Units ("RSUs"). RSUs entail the award of common shares, over a designated vesting period. During the Reporting Period a total of 6,000,000 RSUs were granted to the current directors. On the actual date of issuance of the common shares, any change in market value will also be recognized as a gain or loss on the statement of loss.

## 15. Loss Per Share

The calculation of basic loss per share for the year ended December 31, 2023, and 2022 was based on total loss attributable to common shareholders of $7,412,599 (2022 - $2,675,795, respectively), and a weighted average number of common shares outstanding of 226,456,815 and 126,783,550 respectively. Diluted loss per share equals basic loss per share as all outstanding options and warrants were anti-dilutive for all periods presented.

Expressed in Canadian dollars.

## 16. Commitments and Contingencies

Environment

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company periodically evaluates its obligations under environmental regulations and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through commitments

Pursuant to the December 2022 and June 2023 FT private placements, the flow-through agreements require the Company to renounce certain tax deductions for CEE incurred on the Company's mineral properties to flow-through subscribers. The Company is therefore required to incur $2,219,835 (the "Commitment") of CEE by December 31, 2024, to satisfy its obligation to the flow-through share subscribers therein. Certain interpretations are required to assess the eligibility of flow-through expenditures that if changed could result in the denial of renunciation. Accordingly, the Company has indemnified the subscribers against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting the Commitment.

Executive and Corporate Services Agreements

The Company is a party to certain Management contracts. Upon termination of the contracts, for other than cause, approximately $271,000 would become due and payable to the terminated parties. As no terminations have taken place as at December 31, 2023, no provision has been made in the Annual Financial Statements.

## 17. Income Taxes

### a) Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (December 31, 2022 – 26.5%) to the effective tax rate is as follows:

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Loss before income taxes | **(7,412,599)** | (2,675,795) |
| Expected income tax recovery based on statutory rate | **1,964,000** | (709,000) |
| Adjustment to expected income tax benefit: | | |
| Flow-through renunciation | **1,371,000** | — |
| Share-based compensation | **177,000** | 42,000 |
| Non-deductible expenses and other | **125,000** | 84,000 |
| Change in benefit of tax assets not recognized | **291,000** | 583,000 |
| Deferred income tax (recovery) | **—** | — |

Expressed in Canadian dollars.

## 17. Income Taxes, continued

### b) Deferred Income Taxes

| | **2023** **$** | 2022 $ |
|---|---|---|
| Unrecognized deferred tax assets<br>Deferred income tax assets have not been recognized in respect of the following deductible temporary differences: | | |
| Non-capital loss carry-forwards | **7,662,000** | 5,779,000 |
| Share issue costs | **544,000** | 617,000 |
| Mineral property costs | **421,000** | 556,000 |
| Total | **8,627,000** | 6,952,000 |

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits. The non-capital losses expire as follows:

| Year | Amount |
|---|---|
| 2030 | 70,433 |
| 2031 | 230,251 |
| 2032 | 201,292 |
| 2033 | 97,917 |
| 2034 | 147,744 |
| 2035 | — |
| 2036 | 51,471 |
| 2037 | 64,563 |
| 2038 | 32,028 |
| 2039 | 489,247 |
| 2040 | 1,320,462 |
| 2041 | 1,434,886 |
| 2042 | 1,259,661 |
| 2043 | 1,459,893 |
| **Total** | **$6,859,848** |

## 18. Subsequent events

(i) On February 12, 2024, the Company acquired certain Lithium claims for $100,000 cash, the issuance of 6,000,000 common shares, valued on the trading price of the Company's common shares at the date of issuance, and 3,000,00 common share purchase warrants.

(ii) On March 14, 2024, the Company granted an aggregate of 5,550,000 stock options to certain directors and consultants. These five-year stock options vested immediately and have an exercise price of $0.075.