
GREAT NORTHERN ENERGY METALS INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED AUGUST 31, 2024 AND THE PERIOD FROM INCEPTION ON OCTOBER 5, 2022 TO
AUGUST 31, 2023
(Expressed in Canadian Dollars)**



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Great Northern Energy Metals Inc.

Opinion

We have audited the accompanying financial statements of Great Northern Energy Metals Inc. (the “Company”) which comprise the statements of financial position as at August 31, 2024 and 2023, the statements of loss and comprehensive loss, changes in equity, and cash flows for the year ended August 31, 2024 and the period from the date of incorporation on October 5, 2022 to August 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2024 and 2023, and its financial performance and its cash flows for the year ended August 31, 2024 and the period from the date of incorporation on October 5, 2022 to August 31, 2023 in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audits 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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended August 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditor’s report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

"SHIM & Associates LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
December 30, 2024

GREAT NORTHERN ENERGY METALS INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	Note	August 31, 2024 \$	August 31, 2023 \$
ASSETS			
Current assets			
Cash		154,730	106,915
Prepaid expenses		28,855	81,250
		183,585	188,165
Exploration and evaluation asset	4	263,377	56,739
Total assets		446,962	244,904
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		95,412	32,768
		95,412	32,768
Accounts payable and accrued liabilities		40,000	-
Loan payable	5	-	13,531
		135,412	46,299
SHAREHOLDERS' EQUITY			
Share capital	6	491,250	230,000
Stock options reserve	6	24,110	-
Deficit		(203,810)	(31,395)
		311,550	198,605
Total liabilities and shareholders' equity		446,962	244,904

Nature of operations and going concern (Note 1)
Subsequent events (Note 11)

Approved and authorized for issuance on behalf of the Board of Directors on December 30, 2024

_____"Terry Lynch"_____
Director

_____"Daniel Agustin Cruz"_____
Director

GREAT NORTHERN ENERGY METALS INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the year ended August 31, 2024 and
the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

	Notes	2024 \$	2023 \$
EXPENSES			
Bank charges		932	130
Consulting fees	9	7,600	-
Office and general expenses		1,049	-
Professional fees		122,224	31,265
Share-based compensation	6, 9	24,110	-
Transfer agent and filing fees		16,500	-
		(172,415)	(31,395)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD			
		(172,415)	(31,395)
BASIC AND DILUTED LOSS PER SHARE			
		(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING			
		17,191,781	3,751,515

GREAT NORTHERN ENERGY METALS INC.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars, except for share figures)

	Number of Shares #	Share Capital \$	Stock Options Reserve \$	Deficit \$	Total \$
Balance, Inception on October 5, 2022	-	-	-	-	-
Shares issued for cash	16,000,000	230,000	-	-	230,000
Net and comprehensive loss for the period	-	-	-	(31,395)	(31,395)
Balance, August 31, 2023	16,000,000	230,000	-	(31,395)	198,605
Shares issued for cash, net of issuance costs	4,800,000	260,000	-	-	260,000
Shares issued for exploration and evaluation asset	25,000	1,250	-	-	1,250
Share-based compensation	-	-	24,110	-	24,110
Net and comprehensive loss for the year	-	-	-	(172,415)	(172,415)
Balance, August 31, 2024	20,825,000	491,250	24,110	(203,810)	311,550

The accompanying notes are an integral part of these financial statements

GREAT NORTHERN ENERGY METALS INC.
STATEMENTS OF CASH FLOWS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

	2024 \$	2023 \$
Operating activities:		
Net loss for the period	(172,415)	(31,395)
Items not involving cash:		
Share-based compensation (Note 6)	24,110	-
Changes in non-cash working capital related to operations:		
Prepaid expenses	52,395	(81,250)
Accounts payable and accrued liabilities	90,700	32,768
Net cash used in operating activities	(5,210)	(79,877)
Investing activity:		
Acquisition and exploration costs on exploration and evaluation asset (Note 4)	(193,444)	(56,739)
Net cash used in investing activity	(193,444)	(56,739)
Financing activities:		
Proceeds from (repayment of) loan payable	(13,531)	13,531
Issuance of common shares	260,000	230,000
Net cash provided by financing activities	246,469	243,531
Increase in cash during the year	47,815	106,915
Cash – beginning of the year	106,915	-
Cash – end of the year	154,730	106,915
Supplemental cash flow information:		
Income taxes paid	-	-
Interest paid	-	-
Exploration costs included in accounts payable	11,944	-

The accompanying notes are an integral part of these financial statements

GREAT NORTHERN ENERGY METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Great Northern Energy Metals Inc. (“the Company” or “Great Northern Energy”) was incorporated under the Business Corporations Act of British Columbia on October 5, 2022. The Company is engaged in the exploration and evaluation of mineral properties. The Company’s head office is located at 1500 Royal Centre, 1055 West Georgia Street, Vancouver, BC V6E 4N7.

These financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At August 31, 2024, the Company had accumulated losses of \$203,810 since its inception and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration and corporate overhead. There is a material uncertainty related to these conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION

a) Statement of compliance

These financial statements have been prepared in conformity with International Financial Reporting Standards (“IFRS”) and related interpretations of the IFRS Interpretations Committee (“IFRIC”) as issued by the International Accounting Standards Board (“IASB”).

b) Basis of presentation

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

c) Foreign currencies

The functional currency of the Company is Canadian dollar, which is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

GREAT NORTHERN ENERGY METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

d) Financial instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the statements of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial instruments at initial recognition. The classification of financial asset debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

GREAT NORTHERN ENERGY METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost using the effective interest method, less any impairment. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

e) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. These direct expenditures include such costs as materials used, surveying, drilling, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are recognized in profit or loss in the period in which they occur.

GREAT NORTHERN ENERGY METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

Mineral properties are carried at cost less accumulated impairment losses, if any, until such time as the properties are technically feasible or put into production, sold, determined to no longer have commercially viable prospects to the Company or are abandoned. Exploration and evaluation expenditures in respect of properties are deemed to be impaired if the property has an indicator of impairment, and the Company determines the recoverable amount of the asset to be less than its carrying amount.

Mineral properties are assessed annually for indicators of impairment. A property is deemed to have an indicator of impairment if the period for which the Company has the right to explore the property has expired or is not expected to be renewed, substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned, exploration and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities for the specific property, or if sufficient data exists to indicate that development of a specific property would be unlikely to recover the carrying amount of the associated capitalized exploration and evaluation expenditures.

If there is an indication of impairment, the Company determines the recoverable amount of the specific property as the greater of the asset's value in use or fair value less costs of disposal, and comparing this to the carrying amount as at the reporting date. If the carrying amount exceeds the recoverable amount, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss as an impairment loss.

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", within property, plant and equipment. Exploration and evaluation assets are tested for impairment before the assets are transferred to mine under construction.

f) Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for decommissioning and restoration is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition, the carrying amount of the provision is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at August 31, 2024, the Company had no known material restoration, rehabilitation or environmental liabilities related to its exploration and evaluation asset.

GREAT NORTHERN ENERGY METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

g) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares, options and warrants are classified as equity instruments.

Costs directly identifiable with the raising of share capital are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are recognized in profit or loss.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the quoted market price and the balance, if any, is allocated to the attached warrants.

h) Income (loss) per share

Basic income (loss) per share represents the income (loss) for the period, divided by the weighted average number of common shares outstanding during the period. Diluted income per share represents the income for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the presumed exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive. Diluted loss per share is equivalent to basic loss per share, as the dilutive impact of shares from the presumed exercise of stock options, warrants and other similar instruments, would be anti-dilutive.

i) Income tax

Income tax on the 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 period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is provided 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 Company does not provide for temporary differences relating to differences in investments in subsidiaries, associates, and joint ventures 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 statement of financial position reporting date applicable to the period of expected realization or settlement.

GREAT NORTHERN ENERGY METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset 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.

j) Critical judgments and estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates with respect to future events. These judgments and estimates are based on past experience and other factors. The actual results may differ from the judgments and estimates made by management.

The following paragraphs describe the most critical management judgments and estimates in the recognition and measurement of assets, liabilities and expenses, and the application of accounting policies.

Indicators of impairment of exploration and evaluation assets

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project and whether a given exploration and evaluation asset has any indicators of impairment. In determining if indicators of impairment exist, management considers the legal title to properties, expectations for future exploration programs and funds available for such, intentions to abandon exploration and evaluation assets, and whether information is available to assess the overall economic viability of the exploration property, including the latest resource prices and forecasts for mineral extraction (if any).

3. RECENT ACCOUNTING PRONOUNCEMENTS

There are new standards and interpretations that have been issued by the IASB but are not yet effective and have not been applied in preparing these financial statements and are not expected to have a material impact on the financial statements.

GREAT NORTHERN ENERGY METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSET

	Kenora Project
	\$
October 5, 2022	-
Acquisition costs – cash	50,000
Geological and geophysics	5,188
Mapping	268
Project management and others	1,283
August 31, 2023	56,739
Acquisition costs – shares	1,250
Acquisition costs – cash	1,200
Geological and geophysics	27,720
Mapping	113
Project management and others	972
Survey	168,000
Technical reports and consultants	7,383
May 31, 2024	263,377

On May 5, 2023, the Company entered into an option agreement (the “Option Agreement”) with Madison Metals Inc. (“Madison”) and 2160083 Ontario Inc., to acquire a 60% interest in the Kenora Property located in the Province of Ontario. The Option Agreement was amended on May 3, 2024 and the Company issued 25,000 common shares with a fair value of \$1,250 to Madison as consideration for amending the agreement (Note 5).

Under the terms of the amended Option Agreement, the Company is required to:

- (a) pay \$50,000 on the effective date of the agreement (paid);
- (b) incur exploration expenditures of \$600,000 by May 5, 2025; and
- (c) incur exploration expenditures of \$300,000 by May 5, 2026.

5. LOAN PAYABLE

On January 1, 2023, the Company received an advance of USD\$10,000 from a director of the Company. The loan is non-interest bearing, unsecured and has a maturity date January 1, 2025. During the year ended August 31, 2024, the loan has been fully repaid (Note 9).

GREAT NORTHERN ENERGY METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

6. SHARE CAPITAL

a) Authorized – Unlimited common shares without par value.

b) Issued and outstanding – 20,825,000 common shares

c) Issuances

On May 25, 2023, the Company issued 6,000,000 common shares at \$0.005 per share for gross proceeds of \$30,000.

On June 27, 2023, the Company issued 10,000,000 common shares at \$0.02 per share for gross proceeds of \$200,000.

On October 31, 2023, the Company issued 400,000 common shares at \$0.10 per share for gross proceeds of \$40,000.

On May 3, 2024, the Company issued 25,000 common shares to Madison as consideration for amending the Option Agreement. The shares were determined to have a fair value of \$1,250. Refer to Note 4.

On May 28, 2024, the Company issued 400,000 common shares at \$0.05 per share for gross proceeds of \$20,000.

On June 24, 2024, the Company issued 4,000,000 common shares at \$0.05 per share for gross proceeds of \$200,000.

d) Stock Options

On May 2, 2024, the Company approved the Stock Option Plan (the “Plan”) whereby the number of common shares which will be available for purchase pursuant to the options granted at any point in time will equal 10% of the outstanding common shares of the Company at the time the common shares are reserved for issuance.

On May 2, 2024, the Company granted 600,000 stock options to officers and directors of the Company with an exercise price of \$0.125 per share expiring on May 2, 2029. The options vested immediately. The fair value of these options on the date of grant was determined using the Black-Scholes option pricing model and the following weighted average assumptions: expected dividend yield of 0%, expected volatility of 132%, risk free rate of return of 3.66%, expected life of 5 years, and share price of \$0.05.

During the year ended August 31, 2024, the Company recorded \$24,110 (2023 - \$nil) of share-based compensation expense.

GREAT NORTHERN ENERGY METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

The changes in the stock options for the period from inception on October 5, 2022 to August 31, 2023 and year ended August 31, 2024 are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, October 5, 2022 and August 31, 2023	-	\$-	-
Granted	600,000	\$0.125	
Balance, August 31, 2024	600,000	\$0.125	4.67

The balance of options outstanding as at August 31, 2024 was as follows:

Expiry date	Exercise price	Remaining Life (years)	Options Outstanding	Unvested	Vested
May 2, 2029	\$0.125	4.67	600,000	-	600,000

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern 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 shareholders' equity, which totaled \$311,550 at August 31, 2024.

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 debt, acquire or dispose of assets to adjust the amount of cash on hand. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

There were no changes to capital management during the year, and the Company is not subject to any capital requirements imposed by an external party.

8. FINANCIAL INSTRUMENTS

For financial instruments held by the Company, management classifies cash as FVTPL, and accounts payable and accrued liabilities and loan payable as at amortized cost.

GREAT NORTHERN ENERGY METALS INC.
NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023
(Expressed in Canadian Dollars)

a) Fair value of financial instruments

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at August 31, 2024, the Company believes that the carrying values of accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the cash at August 31, 2024 of \$154,730. The Company's cash is held with a reputable Canadian bank. The credit risk related to cash is considered minimal.

Market risk

Market risk is the risk that changes in market prices and interest rates will affect the Company's net earnings or the value of financial instruments. Market risk is comprised of risks from changes in foreign exchange rates, interest rates and other market prices. The Company has determined there is no material exposure related to foreign exchange, interest rate or other market price risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. At August 31, 2024, the Company had \$154,730 of cash, with which to settle \$135,412 of accounts payable and accrued liabilities.

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9. RELATED PARTY TRANSACTIONS

Key management personnel are those persons responsible for planning, directing and controlling the activities of the entity, and include executives and non-executive directors. The Company incurred charges from directors and officers, or to companies controlled by these individuals during the year ended August 31, 2024 and the period from inception on October 5, 2022 to August 31, 2023 as follows:

	2024	2023
	\$	\$
Consulting fees	7,600	-
Share-based compensation	24,110	-
	31,710	-

On January 1, 2023, the Company received an advance of USD\$10,000 from a director of the Company. The loan is non-interest bearing, unsecured and has a maturity date January 1, 2025. During the year ended August 31, 2024, the loan has been fully repaid (Note 5).

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2024	2023
	27%	27%
	\$	\$
Statutory tax rate	27%	27%
Loss before income taxes	(172,415)	(31,395)
Expected income tax recovery at statutory rate	(46,552)	(8,477)
Permanent differences	6,510	-
Change in deferred tax asset not recognized	40,042	8,477
Income tax recovery	-	-

The significant components of the Company's deferred unrecognized tax assets as at August 31, 2024 and 2023 are as follows:

	2024	2023
	\$	\$
Non-capital loss carry forwards	48,519	8,477
Unrecognized deferred income tax assets	(48,519)	(8,477)
	-	-

As at August 31, 2024, the Company has non-capital losses carried forward for income tax purposes in Canada of \$179,700 which can be applied against future years' taxable income, which expires in 2044. Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements.

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11. SUBSEQUENT EVENTS

On November 21, 2024, the Company filed a prospectus related to its initial public offering of 8,000,000 common shares of the Company at a price of \$0.10 per share for aggregate gross proceeds of \$800,000 (the "Offering"). The Offering is being made pursuant to the terms of an agency agreement between the Company and Haywood Securities Inc. (the "Agent"). The Company will pay to the Agent a cash commission equal to 10% of the gross proceeds of the Offering. The Company will also pay the Agent a cash corporate finance fee of \$50,000, and the reasonable costs and expenses of the Agent related to the Offering.

The Company has applied to the Canadian Securities Exchange ("CSE") for conditional approval to list the Company's common shares. The shares are anticipated to trade under the symbol "GNEM", or such other symbol approved by the CSE.