Spark Energy Minerals Inc. (formerly St. Anthony Gold Corp.)

Consolidated Financial Statements

Years Ended July 31, 2023 and 2022

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Spark Energy Minerals Inc. (formerly St. Anthony Gold Corp.)

Opinion

We have audited the consolidated financial statements of Spark Energy Minerals Inc. (formerly St. Anthony Gold Corp.) (the "Company"), which comprise the statement of financial position as at July 31, 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year 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 financial position of the Company as at July 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has no revenues and incurred negative cash flow from operations during the year ended July 31, 2023 and, as of that date, the Company had a working capital deficit of $688,411 and an accumulated deficit of $25,635,461. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate 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

We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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. If, based on the work we have performed, 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.

Other Matter

The financial statements of the Company for the year ended July 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on November 30, 2022.

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of 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 Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

January 18, 2024

Spark Energy Minerals Inc. (formerly St. Anthony Gold Corp.)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at July 31, 2023 and 2022

	Note	**2023** $	2022 $
Assets			
Current assets			
Cash		16,633	330,639
Marketable securities	3	2,947	230,000
Sales tax receivable		49,144	50,695
Accrued interest receivable	6	103,149	-
Prepaid expenses		8,767	115,002
Total current assets		**180,640**	726,336
Non-current assets			
Loan receivable	6	1,732,575	200,504
Exploration and evaluation assets	4	4,699,477	-
Total non-current assets		6,432,052	200,504
Total assets		**6,612,692**	**926,840**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		814,551	757,722
Due to related parties	7	54,500	32,320
Total liabilities		**869,051**	790,042
Shareholders' equity			
Share capital	5	22,433,556	16,063,082
Reserves	5	1,341,938	1,004,914
Contributed surplus		7,467,213	7,467,213
Share subscriptions received	5	177,415	-
Share subscriptions receivable	5,7	(41,020)	-
Deficit		(25,635,461)	(24,398,411)
Total shareholders' equity		**5,743,641**	136,798
Total liabilities and shareholders' equity		**6,612,692**	926,840
Nature of operations and going concern	1		
Subsequent events	11		

Approved on behalf of the Board of Directors on January 18, 2024:

"Peter Wilson" **Director** *"Eugene Hodgson"* **Director**

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

Spark Energy Minerals Inc. (formerly St. Anthony Gold Corp.)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended July 31, 2023 and 2022

	Note	**2023** **$**	2022 $
Expenses			
Consulting and management fees	7	258,976	391,446
Investor relations	7	239,336	92,063
Meals and entertainment		12,505	16,833
Office facilities and administration		130,815	119,262
Professional fees	7	357,341	247,662
Share-based compensation	5,7	384,377	109,096
Transfer agent and filing fees		34,205	24,400
Loss before other income (expense)		**(1,417,555)**	(1,000,762)
Other income (expense)			
Claims maintenance expense		-	(56,500)
Impairment of exploration and evaluation assets	4	(117,500)	(2,423,785)
Interest income		102,645	1,576
Loss on sale of exploration and evaluation asset	4	-	(203,301)
Loss on sale of marketable securities		(97,337)	-
Loss on settlement of debt	5	(38,549)	-
Other income on settlement of flow-through premium liability		-	2,948
Unrealized loss on marketable securities		-	(10,000)
Total other income (expense)		(150,741)	(2,689,062)
Net loss and comprehensive loss for the year		**(1,568,296)**	(3,689,824)
Loss per share - basic and diluted		**(0.08)**	(0.52)
Weighted average number of common shares outstanding		**20,506,528**	7,035,293

Spark Energy Minerals Inc. (formerly St. Anthony Gold Corp.)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

For the years ended July 31, 2023 and 2022

	Number of shares	Share capital	Reserves	Contributed surplus	Share subscriptions received	Share subscriptions receivable	Deficit	Total shareholders' equity
	#	$	$	$	$	$	$	$
Balance, July 31, 2021	6,126,470	15,217,082	969,275	7,467,213	-	-	(20,782,044)	2,871,526
Private placement - non-flow-through units	1,550,000	631,000	-	-	-	-	-	631,000
Shares issued for services	625,000	115,000	-	-	-	-	-	115,000
Common shares issued - exploration and evaluation assets	161,675	100,000	-	-	-	-	-	100,000
Share-based compensation	-	-	109,096	-	-	-	-	109,096
Re-allocated on expiry of options	-	-	(73,457)	-	-	-	73,457	-
Net loss and comprehensive loss for the year	-	-	-	-	-	-	(3,689,824)	(3,689,824)
Balance, July 31, 2022	8,463,145	16,063,082	1,004,914	7,467,213	-	-	(24,398,411)	136,798
Private placement - non-flow-through units	11,795,927	2,683,220	-	-	-	(41,020)	-	2,642,200
Common shares issued - debt settlement	256,997	134,923	-	-	-	-	-	134,923
Common shares issued - exploration and evaluation assets	8,233,000	3,728,150	197,769	-	-	-	-	3,925,919
Share issuance costs	-	(175,819)	86,124	-	-	-	-	(89,695)
Shares cancelled due to non-payment	(125,000)	-	-	-	-	-	-	-
Share-based compensation	-	-	384,377	-	-	-	-	384,377
Re-allocated on cancellation of options	-	-	(72,708)	-	-	-	72,708	-
Re-allocated on expiry of options	-	-	(258,538)	-	-	-	258,538	-
Share subscriptions received	-	-	-	-	177,415	-	-	177,415
Net loss and comprehensive loss for the year	-	-	-	-	-	-	(1,568,296)	(1,568,296)
Balance, July 31, 2023	**28,624,069**	**22,433,556**	**1,341,938**	**7,467,213**	**177,415**	**(41,020)**	**(25,635,461)**	**5,743,641**

On November 15, 2021, the Company completed a consolidation of its common shares on a 1-for-4 basis. The Company has retroactively restated all share amounts.

On August 3, 2023, the Company completed a consolidation of its common shares on a 1-for-10 basis. The Company has retroactively restated all share amounts.

On November 10, 2023, the Company completed a forward split of its common shares on a 2-for1 basis. The Company has retroactively restated all share amounts.

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

Spark Energy Minerals Inc. (formerly St. Anthony Gold Corp.)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended July 31, 2023 and 2022

	2023	2022
	$	$
Operating activities		
Net loss for the year	(1,568,296)	(3,689,824)
Items not involving cash:		
Impairment of exploration and evaluation assets	117,500	2,423,785
Interest income	(102,645)	(504)
Loss on settlement of debt	38,549	-
Loss on sale of exploration and evaluation asset	-	203,301
Loss on sale of marketable securities	97,337	-
Other income on settlement of flow-through premium liability	-	(2,948)
Share-based compensation	384,377	109,096
Shares issued for services	-	90,000
Unrealized loss on marketable securities	-	10,000
Change in non-cash working capital items:		
Sales tax receivable	1,551	116,838
Prepaid expenses	106,235	(75,004)
Accounts payable and accrued liabilities	153,203	252,656
Due to related parties	22,180	19,805
Net cash used in operating activities	**(750,009)**	(542,799)
Investing activities		
Proceeds from sale of marketable securities	129,716	-
Exploration and evaluation asset expenditures	(891,058)	(152,819)
Proceeds from sale of exploration and evaluation assets	-	500,000
Loan receivable advances	(1,532,575)	(200,000)
Net cash provided by (used in) investing activities	**(2,293,917)**	147,181
Financing activities		
Proceeds from issuance of units	2,642,200	631,000
Share subscriptions received	177,415	-
Share issuance costs	(89,695)	-
Net cash provided by financing activities	**2,729,920**	631,000
Net increase (decrease) in cash	**(314,006)**	235,382
Cash, beginning of year	**330,639**	95,257
Cash, end of year	**16,633**	330,639

Supplemental cash flow information (Note 9)

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

1. Nature of operations and going concern

Spark Energy Minerals Inc. (formerly St. Anthony Gold Corp.) (the "Company") was incorporated on April 19, 2000, under the laws of the province of British Columbia, Canada. The Company's shares are traded on the Canadian Securities Exchange (the "CSE") under the symbol "EMIN". The Company is in the business of exploration and evaluation of mineral property interests in Ontario, Quebec, and Brazil. On December 23, 2022, the Company changed its name to Spark Energy Minerals Inc.

The head office, principal address and records office of the Company are located at 702 - 595 Howe Street, Vancouver, BC, V6C 2T5.

The Company's principal business activity is the acquisition, exploration, and evaluation of mineral properties. The Company has been exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interests. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company does not have any revenues and has incurred negative cash flow from operations. As at July 31, 2023, the Company had a working capital deficit of $688,411 (2022 – $63,706) and an accumulated deficit of $25,635,461 (2022 - $24,398,411). The Company will continue to seek the funding necessary to enable it to carry on as a going concern, but management cannot provide assurance that the Company will be able to raise additional debt and/or equity capital or conclude a corporate transaction. If the Company is unable to raise additional funds in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware in making its assessment of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Company will continue to seek cost-saving measures, project partners, merger/acquisition or financing opportunities where available. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

(a) Basis of presentation

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").

These consolidated financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts in these consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company.

(b) Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after August 1, 2022. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and therefore have been excluded from discussion within these significant accounting policies.

2. Significant accounting policies (continued)

(c) **Principles of consolidation**

Subsidiaries are entities controlled by the Company and are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

These consolidated financial statements include the accounts of the Company and its controlled subsidiary as follows:

Name	Status	Ownership	Place of Incorporation
Spark Energy Minerais DO Brasil LTDA	Inactive	100%	Brazil

All intercompany balances and transactions between the Company and its subsidiary have been eliminated on consolidation.

(d) **Financial instruments**

Non-derivative financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value, and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the consolidated statement of loss and comprehensive loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated specifically as hedges. The Company classifies its cash at FVTPL.

Financial assets at FVTOCI

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 arising from changes in fair value recognized in other comprehensive income. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income following the derecognition of the investment. The Company does not have any financial assets within this category.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. Gains and losses on derecognition of financial assets classified amortized cost are recognized in profit or loss. The Company does not have any financial assets within this category.

Financial liabilities

Non-derivative financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. The Company's accounts payable and accrued liabilities and due to related parties are classified in this category.

2. Significant accounting policies (continued)

(d) **Financial instruments** (continued)

Derivative instruments

Derivative instruments, including embedded derivatives in executory contracts or financial liability contracts, are classified as at FVTPL and, accordingly, are recorded in the consolidated statement of financial position at fair value. Unrealized gains and losses on derivatives not designated in a hedging relationship are recorded as part of other operating income (expense) or non-operating income (expense) in profit depending on the nature of the derivative. Fair values for derivative instruments are determined using inputs based on market conditions existing at the statement of financial position date or settlement date of the derivative. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract. Accounts receivable related to provisionally priced sales are measured at fair value with changes recognized in the consolidated statement of loss and comprehensive loss as a component of revenue.

(e) **Foreign currency translation**

The financial statements of the Company are prepared in its functional currency, determined on the basis of the primary economic environment in which the entity operates. Given that operations are in Canada, the presentation and functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates and non-monetary items measured at historical cost are translated into the entity's functional currency at rates in effect at the date the transaction took place.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are included in the consolidated statements of loss and comprehensive loss for the period in which they arise.

(f) **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, deposits held with banks, and other highly liquid short-term investments that are readily convertible to cash and have maturities with terms of less than ninety days and/or with original maturities over ninety days but redeemable on demand without penalty.

(g) **Exploration and evaluation assets**

Title to exploration and evaluation assets including mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties.

The Company accounts for exploration and evaluation assets in accordance with IFRS 6 – Exploration for and evaluation of mineral properties ("IFRS 6"). Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation are recognized and capitalized, in addition to the acquisition costs. These expenditures include but are not limited to acquiring licenses, researching and analyzing existing exploration data, conducting geological studies, exploration drilling and sampling and payments made to contractors and consultants in connection with the exploration and evaluation of the property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Acquisition costs incurred in obtaining legal right to explore a mineral property are deferred until the legal right is granted and thereon reclassified to mineral properties. Transaction costs incurred in acquiring an asset are deferred until the transaction is completed and then included in the purchase price of the asset acquired.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

2. Significant accounting policies (continued)

(g) **Exploration and evaluation assets** (continued)

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. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

(h) **Environmental rehabilitation**

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

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

(i) **Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(j) **Impairment of assets**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there are any indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal of impairment is recognized in the consolidated statement of loss and comprehensive loss.

2. Significant accounting policies (continued)

(k) **Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

(l) **Flow-through share private placements**

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares at the date the private placement is announced. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The loss of the tax benefit is recorded as a deferred income tax liability and eliminates the original flow-through share premium liability, with the difference, if any, recorded as a deferred income tax expense. In instances where the Company has unused temporary income tax benefits, or unused non-capital losses or tax credits available to offset the deferred income tax liability, the realization of these income tax benefits is shown as a recovery in profit or loss in the period the deferred income tax liability is recorded.

The flow-through share premium liability is reduced on a pro-rata basis as the required exploration expenditures are completed and renounced to the flow-through shareholders.

(m) **Income taxes**

Income tax reported in the consolidated statement of loss and comprehensive loss for the period presented comprises current and deferred income tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax for each taxable entity in the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date and includes any adjustments to tax payable or recoverable with regards to previous periods.

Deferred income tax is determined 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 amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the expected future tax rates enacted or substantively enacted at the reporting date.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

2. Significant accounting policies (continued)

(n) **Share-based compensation**

The Company grants stock options to directors, officers, employees, and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black–Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Share purchase warrants issued on a standalone basis are recognized at the fair value using the Black-Scholes option pricing model at the date of issue. The value is initially recorded as a part of reserves in equity at the recognized fair value. Upon exercise of the share purchase warrants, the previously recognized fair value of the warrants exercised is reallocated to share capital from reserves. The proceeds generated from the payment of the exercise price are also allocated to share capital.

(o) **Earnings (loss) per share**

The Company presents basic and diluted earnings (loss) per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion proves to be anti-dilutive.

(p) **Use of estimates and critical judgments**

The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

(i) Provisions recognized in the consolidated financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

(ii) The determination of the fair value of stock options or warrants using pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options and warrants.

(iii) The provision for income taxes and composition of income tax assets and liabilities require management’s judgment. The application of income tax legislation also requires judgment in order to interpret legislation and apply those findings to the Company’s transactions.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(p) **Use of estimates and critical judgments** (continued)

Judgments

(i) These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the financial statements, then adjustments to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position would be necessary (note 1).

(ii) Management uses several criteria in its assessments of whether or not impairment indicators exist as outlined in IFRS 6 Exploration for and Evaluation of Mineral Resources, which includes whether the period for which the Company has the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed, whether substantive expenditure on further exploration is neither budgeted nor planned, and other factors such as exploration results, metal prices, project economics, financing prospects and sale or option prospects.

3. Marketable securities

	$
Balance, July 31, 2021	-
Additions (Note 4)	240,000
Unrealized loss	(10,000)
Balance, July 31, 2022	230,000
Disposals	(227,053)
Balance, July 31, 2023	**2,947**

Marketable securities consist of 4,150 shares of Renegade Gold Inc. (formerly Trillium Gold Mines Inc.) received in connection with the sale of the Panama Lake Gold Project (Note 4).

4. Exploration and evaluation assets

Changes in the project carrying amounts for the years ended July 31, 2023 and 2022, are summarized as follows:

	Panama Lake Gold Project $	James Bay Project $	St. Anthony Gold Project $	Minas Gerais and Bahia Lithium Project and Goas Rare Earth Elements Project $	Burgeo Lithium Project $	Lithium Valley Lithium Project $	Nova Energia Lithium Project $	Total $
Balance, July 31, 2021	839,564	5,535	1,838,597	-	-	-	-	2,683,696
Acquisition	100,000	-	-	-	-	-	-	100,000
Administration	-	-	211,158	-	-	-	-	211,158
Assay testing	-	-	37,535	-	-	-	-	37,535
Drilling	-	-	43,058	-	-	-	-	43,058
Equipment rental	-	-	69,349	-	-	-	-	69,349
Geologist and consulting	3,737	-	218,553	-	-	-	-	222,290
Sale	(943,301)	-	-	-	-	-	-	(943,301)
Impairment	-	(5,535)	(2,418,250)	-	-	-	-	(2,423,785)
Balance, July 31, 2022	-	-	-	-	-	-	-	-
Acquisition	-	-	-	2,578,150	25,000	1,300,000	697,769	4,600,919
Assay testing	-	-	17,500	30,168	-	-	-	47,668
Geologist and consulting	-	-	-	75,421	33,400	-	-	108,821
Licensing	-	-	-	17,969	41,600	-	-	59,569
Impairment	-	-	(17,500)	-	(100,000)	-	-	(117,500)
Balance, July 31, 2023	-	-	-	**2,701,708**	**-**	**1,300,000**	**697,769**	**4,699,477**

4. Exploration and evaluation assets (continued)

Panama Lake Gold Project

On October 22, 2019, the Company entered into an option agreement with Benton Resources Inc. ("Benton") to acquire the right to acquire a 100% interest in Benton's Panama Gold Project in the Red Lake Mining district, Ontario. The purchase and sale of the claims is to be achieved in stages and is conditional upon the following:

- Acceptance for filing of the agreement on behalf of the issuer by the Canadian Securities Exchange (completed);
- The issuance of 400,000 common shares upon signing the agreement (issued);
- The payment of either $100,000 or the equivalent value in common shares (issued) and expenditures by the issuer of $200,000 (incurred) on the property by the first anniversary; and
- The payment of either $100,000 or the equivalent value in common shares (issued) (Note 5(l) and expenditures by the issuer of $250,000 (incurred) on the property by the second anniversary.

At this stage, the Company will have earned an initial 50% interest in the Project. To earn an additional 20% interest, the following is required:

- The payment of either $100,000 or the equivalent value in common shares and expenditures by the issuer of $250,000 on the property by the third anniversary.

At this stage, the Company will have earned a 70% interest in the Project. To earn the final 30% interest, the following is required:

- The payment of either $300,000 or the equivalent value in common shares and expenditures by the issuer of $300,000 on the property by the fourth anniversary.

On June 1, 2022, the Company signed a Purchase and Sale Agreement ("P+S Agreement") to sell all of its rights and title to the Panama Lake Gold Project to Trillium Gold Mines Inc. ("Trillium"). Pursuant to an Assignment and Assumption Agreement (the "A+A Agreement"), entered into on the closing of the transactions under the P+S Agreement, the Company assigned all of its rights and obligations under the original option agreement to Trillium. In addition, pursuant to the A+A Agreement, Benton agreed to consent to the assignment and agreed to register 100% of the property's title to Trillium while retaining its 50% ownership interest in the property until such time as Trillium fulfills its option to earn 100% interest.

Pursuant to the terms of the P+S Agreement, at closing, Trillium paid the Company $500,000 and issued 1,000,000 common shares with a fair value of $240,000 (Note 3). In the event Trillium acquires a 100% interest in the property, the Company may cause Trillium to exercise its buyback right under the option agreement to repurchase from Benton one-half of the 2% net smelter return royalty ("NSR") on the property and convey such repurchased 1% net smelter return royalty to the Company in exchange for a cash payment by the Company to Trillium of $1,000,000.

During the year ended July 31, 2022, the Company recorded a loss on sale of mineral property of $203,301 in connection with the sale of the Panama Lake Gold Project.

James Bay Project

In January 2020, the Company signed a land package acquisition in James Bay, Quebec. During the year ended July 31, 2022, the Company recognized an impairment of $5,535 .

4. Exploration and evaluation assets (continued)

St. Anthony Gold Project

On October 14, 2020 (the "Effective Date"), the Company entered into a Definitive Joint Venture Earn-in Agreement (the "JV Agreement") with Magabra Resources Inc. ("Magabra"), which superseded a Letter of Intent dated August 10, 2020. Pursuant to the JV Agreement, the Company and Magabra will jointly explore a series of claims compiling the St. Anthony Gold Project located in the Kenora-Patricia mining district in Ontario, Canada.

Pursuant to the JV Agreement, the Company can earn an initial 8% interest (the "First Option") as follows:

- Issuing to Magabra a total of 200,000 common shares (issued) (Note 4);
- Payment of $300,000 to Magabra (paid);
- Completing a financing of at least $3,000,000 within 30 days of the Effective Date; and
- Issuing to Magabra a total of 5,000 share purchase warrants with an exercise price of $1.60 and a maturity date that is two years from issuance (issued).

The Company can earn an additional 8% interest (the "Second Option") as follows:

- On completion of the First Option, completing a financing of at least $3,000,000 within 30 days.

The Company can earn an additional 34% interest (the "Third Option") as follows:

- On completion of the Second Option, completing a financing of at least $12,000,000 within 12 months of the Effective Date.

On completion of the Third Option, the Company will have earned a 50% interest in the claims. Further, the JV Agreement includes the provision for a bonus payment to Magabra in the form of 800,000 common shares of the Company, so long as Magabra has a continued interest in the claims and upon completion of a National Instrument 43-101 compliant proven resource calculation for the first 1,000,000 ounces of gold identified, with an additional 200,000 common shares issuable for each additional 1,000,000 ounces under similar resource calculations.

Magabra will serve as project manager for all work programs to be conducted on the claims.

On March 15, 2021, the Company and Magabra signed a new option agreement whereby the Company now has an exclusive right to acquire an undivided 100% interest in the St. Anthony gold mine property. The first phase of a 5,000 metre initial drill program continues and Magabra remains the operator in respect to drilling and production at the property.

Magabara and the Company agreed to accelerate the first option of a 30% undivided interest in the property, which will be earned as follows. Under this first option, the Company's commitment to the first 5,000 metre drill program of approximately $1,500,000 remains in place. The Company will issue to Magabra under a voluntary escrow agreement 6,000,000 restricted common shares with no one shareholder having greater than 10% of the issued and outstanding shares of the Company, such shares to be released as follows: 10% or 600,000 restricted shares issuance immediately with a 4 month hold legend, and 15% every 6 months thereafter with each release having the same terms (the "Restricted Share Consideration"). Magabra also has the right to appoint 2 directors to the board of the Company.

The Company has a second option to earn a total of 65% with an additional 35% interest in the property. This option will include the next drill phase of 10,000 metres at an approximated drill budget cost of $1,500,000 per 5,000 metres. Magabra will be required to produce a 43-101 report of mineral reserves after the 15,000-metre drill program to the Company.

The Company can acquire the remaining 35% interest for a full 100% ownership at the St. Anthony gold property by committing to another drill program for further exploration on the property of $3,000,000.

To date, the Company has not issued the Restricted Share Consideration, nor has it appointed any directors. On March 31, 2022, the Company received formal termination of the JV Agreement between Magabra and the Company. During the year ended July 31, 2022, the Company recognized an impairment of $2,418,250.

4. Exploration and evaluation assets (continued)

Burgeo Lithium Project

On August 5, 2022, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims located in Burgeo, Newfoundland. In order to acquire the 100% interest, the Company shall:

- Pay $25,000 (paid) and issue 50,000 common shares;
- Completion of $100,000 of qualified expenditures on the property by December 31, 2022; and
- Completion of $92,000 of qualified expenditures on the property by December 31, 2023.

The Company has not issued the common shares and did not complete the qualified expenditures on the property. As a result, the Company recognized an impairment of $100,000 during the year ended July 31, 2023.

Minas Gerais and Bahia Lithium Project and Goas Rare Earth Elements Project

On December 19, 2022, the Company entered into a mining claims purchase agreement with Foxfire Metals Pty. Ltd. ("Foxfire") to acquire a 75% interest in certain mining claims and associated rights of Foxfire's Minas Gerais and Bahia Lithium Project in the Brazilian states of Minas Gerais and Bahia and Foxfire's Goas Rare Earth Elements Project in the Brazilian state of Goas.

To acquire the 75% interest the Company shall:

- Pay $250,000 (paid);
- Issue 4,233,000 common shares (issued) (Note 5)'
- Maintain the existing net smelter and gross sales royalties totaling 2% held by the original vendors remains, with a buyback provision of 50% for $1,000,000; and
- Fully fund all maintenance and operations until such time as a bankable feasibility study has been completed;

The Company and Foxfire are to agree to each annual exploration program, which shall be no less than $1,000,000 in each of the first two years.

Each party has the first right of refusal in relation to the sale or disposal of the other party's interest in the project.

Lithium Valley Lithium Project

On February 1, 2023, the Company entered into a mining claims purchase agreement with Talisman Venture Partners Ltd. ("Talisman") to acquire a 100% interest in 12 mineral tenements located in Minas Gerais, Brazil. The vendor retained a 1% net smelter return royalty. The Company can purchase the NSR from the vendor at any time for $1,000,000. The Company paid a total of $300,000 and 2,000,000 common shares of the Company (issued at a fair value of $1,000,000) (Note 5). The Company agrees to incur expenditures on or with respect to the property in the aggregate amount of no less than $100,000 during the first year of the agreement.

4. Exploration and evaluation assets (continued)

On April 23, 2023, the Company entered into a mining claims purchase agreement with Lithium Plus Mining Corp. ("Lithium Plus"), pursuant to which the Company will option up to a 65% ownership interest in the 12 mineral tenements to Lithium Plus.

Pursuant to the terms of the agreement and in order to complete the transaction, Lithium Plus shall:

- Pay the Company $100,000 upon execution of the agreement;
- Pay the Company an additional $500,000 on or before April 23, 2024;
- Commit to and conduct an exploration work program incurring at least $500,000 in eligible expenditures during the first year of the agreement; and
- Commit to and conduct an exploration work program incurring at least $1,000,000 in eligible expenditures during the second year of the agreement.

Nova Energia Property

On March 9, 2023, the Company entered into a mining claims purchase agreement with Talisman pursuant to which the Company acquired a 100% ownership interest in 6 mineral tenements located in Minas Gerais, Brazil. The vendor retained a 1% NSR. The Company can purchase the 1% NSR from the vendor at any time for $1,000,000. The Company paid a total of $100,000 and issued 2,000,000 units. Each unit consisted of one common share (Note 5) and one purchase exercisable at $0.75 per common share expiring on March 28, 2025.. The Company agrees to incur expenditures on or with respect to the property in the aggregate amount of no less than $100,000 on or before March 9, 2024.

5. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Transactions during the year ended July 31, 2023:

(a) On March 28, 2023, the Company issued 2,000,000 units with fair value of $400,000 pursuant to a mining claims purchase agreement to acquire a 100% ownership interest in 6 mineral tenements known as the Nova Energia property (Note 4). Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.75 per common share expiring on March 28, 2025. A residual value of $197,769 was recorded for the warrant component of the units issued.

(b) On February 23, 2023, the Company issued 2,000,000 common shares with a fair value of $1,000,000 pursuant to a mining claims purchase agreement to acquire a 100% interest in 12 mineral tenements known as the Lithium Valley property (Note 4).

(c) On February 22, 2023, the Company issued 2,195,667 units at a price of $0.375 per unit for gross proceeds of $823,375 ($177,415 of shares subscribed remain unissued as share subscriptions received as at July 31, 2023). Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.75 per common share expiring on February 22, 2025. No value was allocated to the warrant component of the units issued after applying the residual method. The Company paid finders' fees of $54,306 and issued 88,816 finders' warrants with a fair value of $26,914 in connection with the private placement. The finders' warrants have the same terms as those above.

(d) On January 24, 2023, the Company issued 256,997 common shares with a fair value of $134,923 to settle debt of $96,374, resulting in a loss on fair value of debt settlement of $38,549.

(e) On January 27, 2023, the Company issued 900,000 units at a price of $0.375 per unit for gross proceeds of $337,500. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.75 per common share expiring on January 27, 2025. No value was allocated to the warrant component of the units issued after applying the residual method. The Company issued 63,000 finders' warrants with a fair value of $18,916 in connection with the private placement. The finders' warrants have the same terms as those above.

5. Share capital (continued)

Transactions during the year ended July 31, 2023: (continued)

(f) On December 23, 2022, the Company issued 4,233,000 common shares with a fair value of $2,328,150 pursuant to a mining claims purchase agreement to acquire a 75% interest in certain mining claims and associated rights of the Minas Gerais and Bahia Lithium Project in the Brazilian states of Minas Gerais and Bahia and the Goas Rare Earth Elements Project in the Brazilian state of Goas (Note 4).

(g) On November 4, 2022, the Company issued 4,294,520 units at a price of $0.175 per unit for gross proceeds of $751,441. Each unit consisted of one common share and one common share purchase warrant. Each share purchase warrant is exercisable at $0.25 per common share expiring on November 4, 2024. No value was allocated to the warrant component of the units issued after applying the residual method. The Company paid finders' fees of $16,363 and issued 93,506 finders' warrants with a fair value of $27,563 in connection with the private placement. The finders' warrants have the same terms as those above.

(h) On October 26, 2022, the Company issued 4,405,740 units at a price of $0.175 per unit for gross proceeds of $771,005 ($41,020 remains outstanding as share subscriptions receivable from a company controlled by a director of the Company as at July 31, 2023). Each unit consisted of one common share and one common share purchase warrant. Each share purchase warrant is exercisable at $0.25 per common share expiring on October 26, 2024. No value was allocated to the warrant component of the units issued after applying the residual method. The Company paid finders' fees of $19,026 and issued 108,720 finders' warrants with a fair value of $12,731 in connection with the private placement. The finders' warrants have the same terms as those above.

(i) On August 2, 2022, the Company cancelled 125,000 common shares and 125,000 common share purchase warrants originally subscribed to by a company controlled by the CEO of the Company, as a portion of the non-brokered private placement closed on March 7, 2022, due to non-payment.

Transactions during the year ended July 31, 2022:

(j) On October 8, 2021, the Company issued 25,000 common shares at a fair value of $1 to Mi3 Communications Financiers as a final finder consulting fee payment in respect of the St. Anthony Gold Project (note 3).

(k) On December 2, 2021, the Company issued 610,000 units at a price of $0.50 per unit for proceeds of $305,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $1.00 per common share expiring on December 2, 2023.

(l) On December 10, 2021, the Company issued 161,675 common shares with a fair value of $100,000 pursuant to the option agreement on the Panama Lake Gold Project (Note 3).

(m) On March 7, 2022, the Company issued 940,000 units at a price of $0.40 per unit, 125,000 of which were subscribed to by a company controlled by a director and officer of the Company and were cancelled subsequent to the year ended July 31, 2022 due to non-payment, for proceeds of $326,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.75 per common share expiring on March 7, 2024.

(n) On July 26, 2022, the Company issued 600,000 common shares with a fair value of $90,000 per share and 600,000 share purchase warrants with a fair value of $36,388 to officers and directors of the Company as a bonus for the sale of the Panama Lake Gold Project (Note 4). Each share purchase warrant is exercisable at $0.25 per common share expiring on July 26, 2024. The fair value of the warrants of $36,388 was recorded as share-based compensation expense.

Stock options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 20% of the outstanding shares. Options granted under the Plan may have a maximum term of 5 years. The exercise price of options granted under the Plan will not be less than the closing price of the Company's shares on the CSE on the trading day immediately before the date of grant, less the discount permitted. The options vest at the discretion of the Board of Directors.

(Expressed in Canadian Dollars)

5. **Share capital** (continued)

Stock options (continued)

A summary of the status of the Company's stock options as at July 31, 2023 and 2022, and changes during the years then ended is as follows:

	2023		2022	
	Options #	Exercise price $	Options #	Exercise price $
Options outstanding, beginning of year	450,000	1.55	585,000	2.05
Granted	880,000	0.50	200,000	1.00
Expired	(250,000)	1.55	(335,000)	2.00
Cancelled	(200,000)	1.55	-	-
Options outstanding, end of year	**880,000**	**0.50**	450,000	1.55

As at July 31, 2023, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
880,000	880,000	0.50	4.5	January 27, 2028

On January 27, 2023, the Company granted 880,000 stock options to officers, directors, and consultants of the Company. These stock options vested immediately upon grant and are exercisable at a price of $0.50 per common share expiring on January 27, 2028. The stock options granted had a fair value of $384,377 which was calculated using the Black Scholes option pricing model with the following inputs: i) exercise price: $0.50; ii) share price: $0.475; iii) term: 5 years; iv) volatility: 154%; v) discount rate: 2.90%, vi) no dividends; vii) no expected forfeitures.

On October 8, 2021, the Company granted 200,000 stock options to consultants of the Company. These stock options vested immediately upon grant and are exercisable at a price of $1.00 per common share expiring on October 8, 2023. The stock options granted had a fair value of $72,708 which was calculated using the Black Scholes option pricing model with the following inputs: i) exercise price: $1.00; ii) share price: $1.00; iii) term: 2 years; iv) volatility: 67%; v) discount rate: 0.68% vi) no dividends; vii) no expected forfeitures.

On June 15, 2021, the Company granted 250,000 stock options to consultants of the Company. These stock options vested immediately upon grant and are exercisable at a price of $2.00 per common share expiring on June 14, 2023. The stock options granted had a fair value of $258,535 which was calculated using the Black Scholes option pricing model with the following inputs: i) exercise price: $0.50; ii) share price: $1.50; iii) term: 2 years; iv) volatility: 155%; v) discount rate: 0.49% vi) no dividends; vii) no expected forfeitures.

The total share-based payment expense for the year ended July 31, 2023 was $384,377 (2022 – $109,096). During the year ended July 31, 2023, the weighted average grant date fair value of stock options granted was $0.90 per option.

During the year ended July 31, 2023, a total of 250,000 stock options expired unexercised and 250,000 were cancelled. As a result, the original share-based compensation expense of $331,416 was reallocated from reserves to deficit during the year ended July 31, 2023.

During the year ended July 31, 2022, 335,000 stock options expired unexercised. As a result, the original share-based compensation expense of $73,457 was reallocated from reserves to deficit during the year ended July 31, 2022.

(Expressed in Canadian Dollars)

5. **Share capital** (continued)

Share Purchase Warrants (continued)

A summary of the status of the Company's share purchase warrants as at July 31, 2023 and 2022, and changes during the years then ended is as follows:

	2023		2022	
	Warrants #	Exercise price $	Warrants #	Exercise price $
Outstanding, beginning of year	3,934,289	1.35	2,428,075	2.25
Issued	14,149,969	0.43	2,150,000	0.70
Expired	(173,533)	0.91	(643,786)	2.45
Outstanding, end of year	**17,910,725**	**0.62**	3,934,289	1.35

As at July 31, 2023, the Company had warrants outstanding and exercisable as follows:

Warrants Outstanding #	Exercise Price $	Expiry Date
631,996	2.40	September 4, 2023
16,611	2.40	November 4, 2023
182,941	2.40	February 11, 2024
904,208	2.00	June 4, 2024
485,000	0.53	November 30, 2023
940,000	0.75	March 7, 2024
600,000	0.25	July 26, 2024
4,514,460	0.25	October 26, 2024
4,388,026	0.25	November 4, 2024
963,000	0.75	January 27, 2025
2,284,483	0.75	February 22, 2025
2,000,000	0.75	March 28, 2025
17,910,725		

6. **Loan receivable**

During the year ended July 31, 2022, the Company entered into a right of exclusivity agreement with an arm's-length party to acquire the Mallay mine in Peru. As at July 31, 2023, advanced a total of $1,732,575 (2022 - $200,000) to that party (the "borrower") which bears interest at 8% per annum and is due in 90 days if the parties decide not to proceed with the acquisition. As at July 31, 2023 , the Company has accrued interest receivable of $103,149 (2022 - $504). Failure to repay the loan in accordance with these terms will result in the Company having the option to convert the loan into common shares of the borrower, in the amount of 150% of the total of the principal amount of the loan plus accumulated interest, upon a go public event of the borrower.

7. **Related party transactions**

The Company's related parties include key management personnel and directors, and companies in which they have control or significant influence over the financial or operating policies of those entities.

(a) During the year ended July 31, 2023, the Company incurred $150,000 (2022 - $240,000) in management fees to the Chief Executive Officer ("CEO") or a company controlled by the CEO.

(b) During the year ended July 31, 2023, the Company incurred $51,500 (2022 – $nil) in management fees to the Chief Financial Officer ("CFO").

(Expressed in Canadian Dollars)

7. Related party transactions (continued)

(c) During the year ended July 31, 2023, the Company incurred $nil (2022 - $64,168) in professional fees to a company in which the former CFO has significant influence. As at July 31, 2023, $nil (2022 - $26,105) is included in due to related parties for amounts owed to a company in which the former CFO has significant influence.

(d) During the year ended July 31, 2023, the Company incurred $11,000 (2022 - $nil) in consulting fees and $30,000 (2022 - $nil) in investor relations to a company controlled by a director of the Company. As at July 31, 2023, $54,500 (2022 - $nil) is included in due to related parties for amounts owed to the company controlled by a director of the Company.

(e) During the year ended July 31, 2023, the Company granted 660,000 (2022 – nil) stock options with a fair value of $288,283 (2022 - $nil) to key management personnel, directors, and a company controlled by the CEO.

(f) As at July 31, 2022, $6,215 is included in due to related parties which is owed to the former Vice President of Exploration of the Company.

8. Income taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	2023 **$**	2022 $
Loss for the year before income taxes	(1,568,296)	(3,689,824)
Statutory Canadian corporate tax rate	27%	27%
Expected income tax recovery	(423,000)	(996,000)
Change in tax resulting from:		
Change in unrecognized deductble temporary differences	326,000	981,000
Impact of flow-through shares	-	2,000
Change instatutory rates and other	(2,000)	2,000
Permanent differences	119,000	32,000
Share issuance costs	(24,000)	(3,000)
Adjustment to prior year tax estimate	4,000	(18,000)
Income tax provision	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2023 **$**	**Expiry Date** **Range**	**2022** **$**	**Expiry Date** **Range**
Temporary differences				
Exploration and evaluation assets	1,643,000	No expiry date	1,959,000	No expiry date
Other	31,000	No expiry date	106,000	No expiry date
Share issuance costs	128,000	2044 to 2047	84,000	2043 to 2046
Allowable capital losses	498,000	No expiry date	448,000	No expiry date
Canadian non-capital losses available for future periods	8,377,000	2027 to 2043	6,879,000	2027 to 2042

Tax attributes are subject to review, and potential adjustments, by tax authorities.

(Expressed in Canadian Dollars)

9. Supplemental cash flow information

The Company incurred non-cash financing and investing activities during the years ended July 31, 2023 and 2022, as follows:

	2023	2022
	$	$
Non-cash financing activities:		
Common shares issued for debt settlement	134,923	-
Reserves on finders' warrants issued	86,124	-
	221,047	-
Non-cash investing activities:		
Common shares issued for acquisition of exploration and evaluation assets	3,728,150	100,000
Warrants issued for acquisition of exploration and evaluation assets	197,769	-
Deferred exploration expenditures included in accounts payable and related party payables	-	(282,249)
Common shares received for sale of mineral property	-	240,000
	3,925,919	57,751

10. Financial risk management

Capital management

The Company is a resource exploration company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at July 31, 2023, is comprised of shareholders' equity of $5,743,641 (2022 – $136,798).

The Company currently has no source of revenue. In order to fund future projects and pay for general and administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets (Note 1). There were no changes to the Company's management of capital during the year ended July 31, 2023.

Financial instruments - fair value

The Company's financial instruments consist of cash, marketable securities, loan receivable, accounts payable and accrued liabilities, and due to related parties. The carrying value of accounts payable and accrued liabilities, and due to related parties approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the consolidated statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian Dollars)

10. Financial risk management (continued)

Financial instruments - fair value (continued)

	Level 1	Level 2	Level 3	Total
	$	$	$	$
July 31, 2023				
Cash	16,633	-	-	16,633
Marketable securities	2,947	-	-	2,947
	19,580	**-**	**-**	**19,580**
July 31, 2022				
Cash	330,639	-	-	330,639
Marketable securities	230,000	-	-	230,000
	560,639	-	-	560,639

Financial instruments - risks

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and market and currency risk.

(a) **Credit risk**

The Company is exposed to credit risk by holding cash and loan receivable. All of the Company's cash is held in financial institutions in Canada, and management believes the exposure to credit risk with respect to such institutions is not significant. Management believes the loan receivable is recoverable based on the value of the underlying assets of the borrower.

(b) **Interest rate risk**

The Company is not exposed to interest risk as it does not hold financial securities or debt that would be impacted by fluctuating interest rates.

(c) **Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. See note 1 for further details.

(d) **Market and currency risk**

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A change of 100 basis points in interest rates would not be material to the financial statements.

- Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables are held constant with an increase or a decrease of 10% of the US dollar against the Canadian dollar, the net loss of the Company and the equity for the year ended July 31, 2023 would not have changed as it had no US dollar denominated assets or liabilities.

- The Company had no hedging agreements in place with respect to foreign exchange rates.

11. Subsequent events

(a) On August 3, 2023, the Company consolidated its issued and outstanding common shares on a 1-for-10 basis.

(b) On November 10, 2023, the Company completed a forward split of its common shares on a 2-for-1 basis.

(c) On August 10, 2023, the Company entered into a mining claims purchase agreement with Talisman to acquire a 100% ownership interest in 9 mineral tenements, known as the CE property, located in Ceara state, Brazil. Pursuant to the terms of the agreement, the Company paid $150,000 and issued 9,000,000 common shares to Talisman. Talisman retains a 1% NSR. The Company can purchase one half of the NSR at any time for $1,000,000.

(d) On October 10, 2023, the Company entered into a share exchange agreement to acquire all the issued and outstanding shares of Bulletproof Resources Corp. Pursuant to the acquisition, the Company has acquired beneficial ownership of an undivided 100% interest in 12 mineral tenements located in Rio Grande Do Norte state, Brazil, known as the RN property, subject to a 1% net smelter return royalty. On October 20, 2023, the Company issued 11,000,200 units with each unit consisting of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.075 per common share expiring on October 20, 2026.

(e) On November 19, 2023, the Company granted 3,860,000 stock options to officers, directors, and consultants. The stock options vest immediately upon grant and are exercisable at $0.10 per common share expiring on November 19, 2025.

(f) Subsequent to September 30, 2023, the Company has received share subscriptions proceeds of $112,000. The Company is to issue units at a price of $0.075 per unit, with each unit consisting of one common share and one common share purchase warrant. Each share purchase warrant is exercisable at $0.125 per common share expiring two years from the date of closing. The Company may accelerate the expiry date if the stock trades at $0.20 or more for a period of 10 trading days.

(g) On December 6, 2023, the Company entered into an amended mineral claims purchase agreement with Lithium Plus (Note 4), pursuant to which the company will option up to a 65% ownership interest in 12 exploration permits in Minas Gerais, Brazil. Pursuant to the terms of the amended agreement, Lithium Plus shall:
- Pay the Company $100,000 on or before December 23, 2023;
- Pay the Company an additional $500,000 on or before April 23, 2025;
- Commit to and conduct an exploration work program incurring at least $250,000 in eligible expenditures on or before April 23, 2025; and
- Commit to and conduct an exploration work program incurring at least $1,000,000 in eligible expenditures on or before April 23, 2026.

(h) On December 20, 2023, the Company amended the mineral claims purchase agreement with Foxfire (Note 4) to acquire a 75% interest in certain mining claims and associated rights of Foxfire's Minas Gerais and Bahia Lithium Project in the Brazilian states of Minas Gerais and Bahia and Foxfire's Goas Rare Earth Elements Project in the Brazilian state of Goas. The Company and Foxfire entered into a Mineral Rights Joint Venture Agreement (the "Joint Venture") which sets out the following terms:

- The Joint Venture Interests are 75% for the Company and 25% for Foxfire
- The manager of the Joint Venture will be Foxfire;
- The manager will provide a work program and budget prior to January 1, 2024, for the quarter ending March 31, 2024, in respect of which the majority of the funds will be allocated to exploration for lithium on the Bahia licenses with budgeted expenditure of a minimum of $250,000;
- The manager will incur a minimum of $1,000,000 on Joint Venture expenditures between December 19, 2022 and December 18, 2024 and a further $1,000,000 between December 19, 2024, and December 8, 2025; and
- The Company must pay the manager the prescribed amounts set out below:
  - $250,000 on or before March 31, 2024, to facilitate exploration on the Bahia licenses;
  - $250,000 on or before June 1, 2024, to facilitate exploration on the Goas licenses and one of the Minas Gerais licenses; and
  - $100,000 on or before October 1, 2024, to facilitate exploration on one of the Minas Gerais licenses.