Spark Energy Minerals Inc.

Consolidated Financial Statements

Years Ended July 31, 2024 and 2023

(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.

Opinion

We have audited the consolidated financial statements of Spark Energy Minerals Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2024 and 2023, and the consolidated 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2024 and 2023, and its financial performance and its cash flows for the years 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, 2024 and, as of that date, the Company had a working capital deficit of $1,169,868 and an accumulated deficit of $31,278,381. 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.

Emphasis of Matter

We draw attention to Note 12 to the consolidated financial statements, which explains that certain comparative information presented for the year ended July 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended July 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Aside from the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have identified the following key audit matter.

<u>Recoverability of loan receivable</u> (refer to Notes 7 and 12 to the consolidated financial statements)

Key Audit Matter Description

We considered this as a key audit matter due to (i) the significance of the loan receivable balance and (ii) the high degree of subjectivity in performing audit procedures related to the assumptions used by management in its assessment of impairment.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures to evaluate the appropriateness of management's assessment of recoverability of the loan receivable, included the following, among others:

- Reviewed the assessment prepared by management; and
- Reviewed any documentation available which supports the basis for the assumptions used by management.

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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

December 20, 2024

(Expressed in Canadian Dollars)

	Note	2024 $	2023 $
			(Restated - Note 12)
Assets			
Current assets			
Cash		200,587	16,633
Marketable securities	4	1,328	2,947
Sales tax receivable		74,311	50,158
Prepaid expenses		11,471	8,767
		287,697	78,505
Non-current assets			
Exploration and evaluation assets	5	6,532,734	4,699,477
Total assets		**6,820,431**	4,777,982
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		1,417,235	873,038
Due to related parties	8	40,330	43,500
Total liabilities		**1,457,565**	916,538
Shareholders' equity			
Share capital	6	25,905,775	22,433,556
Reserves	6	3,173,259	1,341,938
Contributed surplus	6	7,467,213	7,467,213
Share subscriptions received	6	120,000	177,415
Share subscriptions receivable	6	(25,000)	(41,020)
Deficit		(31,278,381)	(27,517,658)
Total shareholders' equity		**5,362,866**	3,861,444
Total liabilities and shareholders' equity		**6,820,431**	4,777,982
Nature of operations and going concerr	1		
Commitment	14		
Subsequent events	15		

Approved on behalf of the Board of Directors on December 20, 2024:

"Eugene Hodgson"	**Director**	*"Michael Stier"*	**Director**

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

Spark Energy Minerals Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended July 31, 2024 and 2023

	Note	**2024** $	2023 $
			(Restated - Note 12)
Expenses			
Consulting and management fees	8	234,581	260,111
Investor relations	8	119,795	262,985
Meals and entertainment		2,627	12,505
Office facilities and administration		116,850	130,815
Professional fees	8	375,853	379,030
Share-based compensation	6,8	513,092	384,377
Transfer agent and filing fees		51,464	34,205
Loss before other income (expense)		**(1,414,262)**	(1,464,028)
Other income (expense)			
Gain on foreign exchange		21,378	-
Impairment of exploration and evaluation assets	5	(2,683,739)	(117,500)
Impairment of loan and accrued interest receivable	7	-	(1,733,079)
Loss on sale of marketable securities		-	(100,323)
Unrealized gain (loss) on marketable securities	4	(1,619)	2,986
Gain (loss) on settlement of debt	6	2,480	(38,549)
Total other income (expense)		**(2,661,500)**	(1,986,465)
Net loss and comprehensive loss for the year		**(4,075,762)**	(3,450,493)
Loss per share - basic and diluted		**(0.08)**	(0.17)
Weighted average number of common shares outstanding		**53,875,434**	20,506,528

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

Spark Energy Minerals Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

For the years ended July 31, 2024 and 2023

	Number of shares #	Share capital $	Reserves $	Contributed surplus $	Share subscriptions received $	Share subscriptions receivable $	Deficit $	Total shareholders' equity $
							(Restated - Note 12)	(Restated - Note 12)
Balance, July 31, 2022	8,463,150	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	-	-	-	-	-	-	(3,450,493)	(3,450,493)
Balance, July 31, 2023	28,624,074	22,433,556	1,341,938	7,467,213	177,415	(41,020)	(27,517,658)	3,861,444
Private placement - non-flow-through units	10,191,801	650,018	194,406	-	(100,050)	(25,000)	-	719,374
Common shares issued - exploration and evaluation assets	24,000,000	1,972,500	-	-	-	-	-	1,972,500
Common shares issued - acquisition of Bulletproof	11,000,200	880,016	-	-	-	-	-	880,016
Warrants issued - exploration and evaluation assets	-	-	676,312	-	-	-	-	676,312
Warrants issued - acquisition of Bulletproof	-	-	713,168	-	-	-	-	713,168
Modification of warrants exercise price - exploration and evaluation assets	-	-	49,382	-	-	-	-	49,382
Share issuance costs	-	(30,315)	-	-	-	-	-	(30,315)
Share-based compensation	-	-	513,092	-	-	-	-	513,092
Re-allocated on cancellation of options	-	-	(315,039)	-	-	-	315,039	-
Share subscriptions received reallocated to accrued liabilities	-	-	-	-	(12,500)	-	-	(12,500)
Share subscriptions received	-	-	-	-	75,000	-	-	75,000
Share subscriptions received refunded	-	-	-	-	(19,865)	-	-	(19,865)
Share subscriptions receivable settled with accounts payable	-	-	-	-	-	41,020	-	41,020
Net loss and comprehensive loss for the year	-	-	-	-	-	-	(4,075,762)	(4,075,762)
Balance, July 31, 2024	**73,816,075**	**25,905,775**	**3,173,259**	**7,467,213**	**120,000**	**(25,000)**	**(31,278,381)**	**5,362,866**

On August 3, 2023, the Company completed a consolidation of its common shares on a basis of one post-consolidated common shares for every ten pre-consolidated common shares. The Company has restated all number of share and per share information for the effect of this consolidation.

On November 10, 2023, the Company completed a forward split of its common shares on a basis of two post-split common shares for every pre-consolidated common share. The Company has restated all number of share and per share information for the effect of this split.

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

Spark Energy Minerals Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended July 31, 2024 and 2023

	2024	2023
	$	$
		(Restated - Note 12)
Operating activities		
Net loss for the year	(4,075,762)	(3,450,493)
Items not involving cash:		
Impairment of exploration and evaluation assets	2,683,739	117,500
Impairment of loan and accrued interest receivable	-	1,733,079
Loss (gain) on settlement of debt	(2,480)	38,549
Loss on sale of marketable securities	-	100,323
Share-based compensation	513,092	384,377
Unrealized loss (gain) on marketable securities	1,619	(2,986)
Change in non-cash working capital items:		
Sales tax receivable	(24,153)	537
Prepaid expenses	(2,704)	106,235
Accounts payable and accrued liabilities	467,571	211,690
Due to related parties	40,330	11,180
Net cash used in operating activities	**(398,748)**	(750,009)
Investing activities		
Proceeds from sale of marketable securities	-	129,716
Exploration and evaluation asset expenditures	(161,492)	(891,058)
Loan receivable advances	-	(1,532,575)
Net cash used in investing activities	**(161,492)**	(2,293,917)
Financing activities		
Proceeds from issuance of units	719,374	2,642,200
Share subscriptions received	75,000	177,415
Return of shares subscriptions received	(19,865)	-
Share issuance costs	(30,315)	(89,695)
Net cash provided by financing activities	**744,194**	2,729,920
Net increase (decrease) in cash	**183,954**	(314,006)
Cash, beginning of year	**16,633**	330,639
Cash, end of year	**200,587**	16,633

Supplemental cash flow information 10

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. Effective December 23, 2022, the Company changed its name to Spark Energy Minerals Inc. The Company’s shares are traded on the Canadian Securities Exchange (the “CSE”). Effective June 10, 2024, the Company’s CSE trading symbol changed from “EMIN” to “SPRK”. The Company is in the business of exploration and evaluation of mineral property interests in Brazil. The head office, principal address and records office of the Company are located at 704 - 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 revenues and has incurred operating losses since incorporation. As at July 31, 2024, the Company had a working capital deficit of $1,169,868 (2023 – $838,033) and an accumulated deficit of $31,278,381 (2023 - $27,517,658). 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. Material accounting policy information

(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 on these financial statements are presented in Canadian dollars which is the functional currency of the Company.

2. Material accounting policy information (continued)

(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, 2024. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company's consolidated financial statements and therefore have been excluded from discussion within the material accounting policy information.

(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 subsidiaries as follows:

Name	Status	Ownership	Place of Incorporation
Spark Energy Minerais DO Brasil LTDA	Active	100%	Brazil
Bulletproof Resources Corp.	Active	100%	Canada
1385119 B.C. Ltd.	Inactive	100%	Canada

All intercompany balances and transactions between the Company and its subsidiaries 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 marketable securities 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 classifies its cash at amortized cost.

2. **Material accounting policy information** (continued)

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

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 the consolidated statement of loss and comprehensive 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.

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**

These consolidated 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.

2. Material accounting policy information (continued)

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

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.

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.

2. Material accounting policy information (continued)

(j) **Impairment of assets** (continued)

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.

(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.

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.

(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 issuance, 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.

2. Material accounting policy information (continued)

(m) **Income taxes** (continued)

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.

(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) **Loss per share**

The Company presents basic and diluted loss per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the 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 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:

2. Material accounting policy information (continued)

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

Estimates

Recoverability of loan receivable

The recoverability of the loan receivable is assessed by management at the reporting date by applying expected credit loss impairment model. The model reflects historical loss experiences, facts and circumstances that have existed during the period, informed credit assessment, and consideration of forward-looking information. If actual credit losses differ from estimates, future earnings would be affected.

Share-based payments

Fair values are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options.

Deferred income taxes

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of current and deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

Judgments

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. If the acquisition of an asset does not constitute a business as defined in IFRS 3, Business Combinations, the acquirer identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of loss in the period when the new information becomes available.

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(Expressed in Canadian Dollars)

3. Acquisition of Bulletproof Resources Corp.

On October 20, 2023, the Company acquired Bulletproof Resources Corp. ("Bulletproof") pursuant to a share exchange agreement. Bulletproof is a corporation existing under the laws of the province of British Columbia and the beneficial owner of an undivided 100% interest in 12 mineral tenements in Rio Grande Do Norte State, Brazil, subject to a 1% net smelter return royalty.

The Company issued 11,200,200 units in exchange for all of the issued and outstanding common shares of Bulletproof. Each unit consisted of one common share and one share purchase warrant exercisable at $0.075 per common share expiring on October 20, 2026. (Note 6)

This acquisition has been accounted for as an acquisition of assets as Bulletproof did not meet the definition of a business under IFRS 3, Business Combinations.

Purchase price	**$**
Fair value of common shares	880,016
Fair value of share purchase warrants	713,168
	1,593,184
Net assets acquired:	
Exploration and evaluation assets (Note 5)	1,624,255
Accounts payable and accrued liabilities	(31,071)
	1,593,184

4. Marketable securities

	$
Balance, July 31, 2022	230,000
Disposals	(227,053)
Balance, July 31, 2023	2,947
Unrealized loss	(1,619)
Balance, July 31, 2024	**1,328**

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 during the year ended July 31, 2022.

5. Exploration and evaluation assets

Changes in the project carrying amounts for the years ended July 31, 2024, and 2023, are summarized as follows:

	St. Anthony Gold Project $	Burgeo Lithium Project $	Minas Gerais and Bahia Lithium and Goas Rare Earth Elements Project $	Lithium Valley Lithium Project $	Nova Energia Lithium Project $	CE Property Lithium Project $	RN Property Lithium Project $	Tristar Lithium Project $	Total $
Balance, July 31, 2022	-	-	-	-	-	-	-	-	-
Acquisition	-	25,000	2,578,150	1,300,000	697,769	-	-	-	4,600,919
Assay testing	17,500	-	30,168	-	-	-	-	-	47,668
Geologist and consulting	-	33,400	75,421	-	-	-	-	-	108,821
Licensing	-	41,600	17,969	-	-	-	-	-	59,569
Impairment	(17,500)	(100,000)	-	-	-	-	-	-	(117,500)
Balance, July 31, 2023	-	-	2,701,708	1,300,000	697,769	-	-	-	4,699,477
Acquisition	-	-	-	-	49,382	922,500	1,624,255	1,726,312	4,322,449
Claims maintenance	-	-	-	50,603	7,464	16,648	26,161	42,300	143,176
Geologist and consulting	-	-	-	17,759	2,974	1,317	1,317	29,283	52,650
Geophysical				5,630	943	417	417	9,283	16,690
Impairment	-	-	(2,701,708)	-	-	-	-	-	(2,701,708)
Balance, July 31, 2024	**-**	**-**	**-**	**1,373,992**	**758,532**	**940,882**	**1,652,150**	**1,807,178**	**6,532,734**

5. 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;
- Complete $100,000 of qualified expenditures on the property by December 31, 2022; and
- Complete $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 mineral 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 6);
- 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.

On September 19, 2023, the Company and Foxfire entered into an amended 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;
  - $100,000 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.

The Company did not make the scheduled payments. As a result, the Company recognized an impairment of $2,701,708 during the year ended July 31, 2024. Effective August 8, 2024, the agreement was officially terminated and the Company transferred its Joint Venture interest to Foxfire for $nil consideration, and the parties mutually released each other from all future obligations relating to the Joint Venture. As a result , the Company wrote off accounts payable of $17,969 owed to Foxfire against the impairment loss.

5. Exploration and evaluation assets (continued)

Lithium Valley Lithium Project

On February 1, 2023, the Company entered into a mineral claims purchase agreement with Talisman Venture Partners Ltd. to acquire a 100% interest in 12 mineral tenements located in Minas Gerais, Brazil. The vendor retained a 1% net smelter return ("NSR"). The Company can purchase the NSR from the vendor at any time for $1,000,000. The Company paid $300,000 and issued 2,000,000 common shares (Note 6). The Company agreed 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. On November 23, 2024, Talisman waived the requirement to incur the $100,000 in expenditures on the property.

On April 23, 2023 (as amended on December 6, 2023), the Company entered into a mineral claims purchase agreement with International Metals Mining Corp. (formerly "Lithium Plus Mining Corp.") ("IMM"), pursuant to which IMM has the right and option to acquire up to a 65% ownership interest in the 12 mineral tenements. Pursuant to the terms of the agreement and in order to complete the transaction, IMM shall:

- Pay the Company $100,000 on or before December 23; 2025;
- 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 by April 23, 2025; and
- Commit to and conduct an exploration work program incurring at least $1,000,000 in eligible expenditures by April 23, 2026.

On May 9, 2024, IMM terminated the mineral property option agreement.

Nova Energia Lithium Project

On March 9, 2023, the Company entered into a mineral 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 and one common share purchase warrant exercisable at $0.75 per common share expiring on March 28, 2025 (repriced to $0.125 per common share on September 19, 2023, pursuant to which, the Company recognized an increase in acquisition cost of $49,382 during the year ended July 31, 2024) (Note 6). The Company agreed 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. On November 15, 2024, Talisman waived the requirement to incur the $100,000 in expenditures on the property.

CE Property Lithium Project

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 (the "CE property"), located in Ceara state, Brazil. Pursuant to the terms of the agreement, the Company is to pay $150,000 on or before July 31, 2025 and issued 9,000,000 common shares (Note 6). Talisman retains a 1% NSR. The Company can purchase one half of the NSR at any time for $1,000,000. The Company agreed to incur expenditures on or with respect to the property in the aggregate amount of no less than $100,000 on or before August 10, 2024. On November 21, 2024, Talisman waived the requirement to incur the $100,000 in expenditures on the property.

5. Exploration and evaluation assets (continued)

RN Property Lithium Project

On October 10, 2023, the Company entered into a securities exchange agreement to acquire Bulletproof, which has an undivided 100% interest in 12 mineral tenements located in Rio Grande Do Norte state, Brazil, (the "RN property"), subject to a 1% NSR retained by Talisman (Note 3). Bulletproof can purchase one half of the 1% NSR at anytime for $1,000,000. Bulletproof agreed to incur expenditures on or with respect to the property in the aggregate amount of no less than $100,000 on or before September 5, 2024. On November 21, 2024, Talisman waived the requirement to incur the $100,000 in expenditures on the property.

Tristar Property Lithium Project

On February 28, 2024 (as amended on August 7, 2024), the Company entered into a mineral claims purchase agreement with Tristar Energy Corp. pursuant to which the Company acquired the option to acquire a 100% ownership interest in 23 mineral tenements located in Minas Gerais state, Brazil (the "Tristar property"). Pursuant to the terms of the agreement the Company is to pay $400,000 on or before August 7, 2025 provided that the Company pays $50,000 of this amount on or before October 26, 2024 and issued 15,000,000 units. Each unit consisted of one common share and one share purchase warrant exercisable at $0.15 per common share expiring on March 15, 2026 (Note 6). Talisman retains a 1% NSR. The Company has the right to purchase one-half of the 1% NSR at any time for $1,000,000.

6. Share capital

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

Share transactions during the year ended July 31, 2024:

(a) As at July 31, 2024, the Company had share subscriptions received of $120,000, of which $45,000 relates to the February 22, 2023 private placement and $75,000 relates to the August 8, 2024 private placement (Note 15).

(b) On July 22, 2024, the Company issued 3,709,999 units at a price of $0.075 per unit for proceeds of $278,250. Each unit consisted of one common share and one share purchase warrant exercisable at $0.125 per common share expiring on July 22, 2026. The Company allocated $74,200 to the warrant component of the units issued after applying the residual method. The Company incurred share issuance costs of $12,740.

(c) On May 21, 2024, the Company issued 2,008,334 units at a price of $0.075 per unit for proceeds of $150,625. Each unit consisted of one common share and one share purchase warrant exercisable at $0.12 per common share expiring on May 21, 2026. The Company allocated $40,166 to the warrant component of the units issued after applying the residual method. Out of the 2,008,334 units issued, 1,333,334 units were issued to a company controlled by the former Chief Executive Officer of the Company for proceeds of $100,000.

(d) On March 15, 2024, the Company issued 15,000,000 units with a fair value of $1,726,312 pursuant to a mineral claims purchase agreement to acquire a 100% interest in 23 mineral tenements, known as the Tristar property, located in Minas Gerais state, Brazil (Note 5). The warrants issued had a fair value of $676,312 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, volatility of 159%, risk-free rate of 4.13%, and no expected dividends.

(e) On January 31, 2024, the Company issued 4,206,668 units at a price of $0.075 per unit for gross proceeds of $315,500 ($25,000 remains outstanding as share subscriptions receivable as at July 31, 2024). Each unit consisted of one common share and one share purchase warrant exercisable at $0.125 per common share expiring on January 31, 2026. No value was allocated to the warrant component of the units issued after applying the residual method. The Company paid finders' fees of $1,575 and incurred share issuance costs of $16,000.

6. **Share capital** (continued)

Share transactions during the year ended July 31, 2024 (continued)**:**

(f) On December 29, 2023, the Company issued 266,800 units at a price of $0.375 per unit that should have been included in the private placement that closed on February 22, 2023. Each unit consisted of one common share and one share purchase warrant exercisable at $0.75 per common share expiring on April 30, 2025. The Company allocated $80,040 to the warrant component of the units issued after applying the residual method.

(g) On October 20, 2023, the Company issued 11,000,200 units with a fair value of $1,593,184 pursuant to a securities exchange agreement to acquire all the issued and outstanding shares of Bulletproof (Notes 3 and 5). Each unit consisted of one common share and one share purchase warrant exercisable at $0.075 per common share expiring on October 20, 2026. The warrants issued had a fair value of $713,168 using the Black-Scholes option pricing model with the following assumptions: expected life of 3 years, volatility of 145%, risk-free rate of 4.66%, and no expected dividends.

(h) On September 19, 2023, the Company repriced the 2,000,000 warrants issued on March 28, 2023 from an exercise price of $0.75 per common share to $0.125 per common share. As a result, the Company recognized the incremental share-based compensation amount of $49,382 in warrant reserves with a corresponding increase in the Nova Energia property acquisition costs (Note 5).

(i) On August 28, 2023, the Company issued 9,000,000 common shares with a fair value of $922,500 pursuant to a mineral claims purchase agreement to acquire a 100% interest in 9 mineral tenements, known as the CE property, located in Ceara state, Brazil (Note 5).

Share transactions during the year ended July 31, 2023:

(j) On March 28, 2023, the Company issued 2,000,000 units with fair value of $597,769 pursuant to a mining claims purchase agreement to acquire a 100% ownership interest in 6 mineral tenements known as the Nova Energia property (Note 5). 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 (repriced to $0.125 per common share on September 19, 2023). The warrants issued had a fair value of $197,769 using the Black-Scholes option pricing model with the following inputs: expected life of 2 years, volatility of 147%, risk-free rate of 3.60%, and no expected dividends.

(k) 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 5).

(l) 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.

(m) 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.

(n) 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 the settlement of debt of $38,549.

(Expressed in Canadian Dollars)

6. **Share capital** (continued)

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

(o) 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 5).

(p) 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.

(q) 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.

(r) 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.

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.

A summary of the status of the Company's stock options as at July 31, 2024 and 2023, and changes during the years then ended is as follows:

	2024		2023	
	Options	Exercise price	Options	Exercise price
	#	$	#	$
Balance, beginning of year	880,000	0.50	450,000	1.55
Granted	8,000,607	0.10	880,000	0.50
Cancelled/expired	(2,255,000)	0.19	(450,000)	1.55
Balance, end of year	**6,625,607**	**0.12**	880,000	0.50

(Expressed in Canadian Dollars)

6. **Share capital** (continued)

Stock options (continued)

As at July 31, 2024, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
400,000	400,000	0.50	0.18	October 3, 2024
700,000	700,000	0.10	0.02	October 3, 2024
440,000	440,000	0.10	0.08	September 27, 2025
1,570,000	1,570,000	0.10	0.33	November 17, 2025
1,175,000	1,175,000	0.10	0.89	April 15, 2029
2,340,607	2,340,607	0.10	1.81	May 23, 2029
6,625,607	**6,625,607**	**0.12**	**2.95**	

On May 23, 2024, the Company granted 2,440,607 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 May 23, 2029. The options granted had a fair value of $108,179 using the Black-Scholes option pricing model with the following assumptions: expected life of 5 years, volatility of 152%, risk-free rate of 3.66%, and no expected dividends.

On April 15, 2024, the Company granted 1,700,000 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 April 15, 2029. The options granted had a fair value of $131,862 using the Black-Scholes option pricing model with the following assumptions: expected life of 5 years, volatility of 152%, risk-free rate of 3.77%, and no expected dividends.

On November 17, 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 17, 2025. The options granted had a fair value of $273,051 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, volatility of 159%, risk-free rate of 4.47%, and no expected dividends.

On January 27, 2023, the Company granted 880,000 stock options to officers, directors and consultants. These options vested immediately upon grant and are exercisable at $0.50 per common share expiring on January 27, 2028. The options granted had a fair value of $384,377 using the Black-Scholes option pricing model with the following assumptions: expected life of 5 years, volatility of 154%; risk-free rate of 2.90%, and no expected dividends.

The total share-based payment expense for the year ended July 31, 2024, was $513,092 (2023 – $384,377). During the year ended July 31, 2024, the weighted average grant date fair value of stock options granted was $0.10 per option (2023 - $0.90).

During the year ended July 31, 2024, a total of 2,255,000 options were cancelled. As a result, the original share-based compensation expense of $315,039 was reallocated from reserves to deficit during the year ended July 31, 2024.

During the year ended July 31, 2023, a total of 250,000 options expired unexercised and 250,000 were cancelled. As a result, the original share-based compensation expense of $331,246 was reallocated from reserves to deficit during the year ended July 31, 2023.

(Expressed in Canadian Dollars)

6. Share capital (continued)

Share purchase warrants

As an incentive to complete private placements, the Company may issue units which consist of common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to private placement units.

A summary of the status of the Company's warrants as at July 31, 2024 and 2023, and changes during the years then ended is as follows:

	2024		2023	
	Warrants #	Exercise price $	Warrants #	Exercise price $
Balance, beginning of year	17,910,725	0.62	3,934,289	1.35
Issued	36,192,001	0.12	14,149,969	0.43
Expired/cancelled	(3,760,756)	1.31	(173,533)	0.91
Balance, end of year	**50,341,970**	**0.19**	17,910,725	0.62

As at July 31, 2024, the Company had warrants outstanding and exercisable as follows:

Warrants outstanding #	Exercise price $	Expiry date
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	0.125	March 28, 2025
11,000,200	0.075	October 20, 2026
266,800	0.75	April 30, 2025
4,206,668	0.125	January 31, 2026
15,000,000	0.15	March 15, 2026
2,008,334	0.12	May 21, 2026
3,709,999	0.125	July 22, 2026
50,341,970		

7. Loan receivable

On July 17, 2022, the Company entered into a right of exclusivity agreement with Premier Silver Corp.("Premier") to negotiate a potential merger transaction to acquire all of the issued shares outstanding of Premier. As at July 31, 2023, the Company had advanced a total of $1,732,575 to Premier as a demand loan bearing interest at 8% per annum, due in 90 days if the parties decide not to proceed with the merger.

As at July 31, 2023, the Company determined that the loan was uncollectible and recorded an impairment of $1,733,079 of the loan principal and accrued interest receivable. Refer to Note 12.

(Expressed in Canadian Dollars)

8. 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.

Key management compensation

(a) During the year ended July 31, 2024, the Company incurred $139,113 (2023 - $150,000) in management fees to a company controlled by the former Chief Executive Officer of the Company.

(b) During the year ended July 31, 2024, the Company incurred $30,967 (2023 -$nil) in management fees to the Chief Executive Officer. As at July 31, 2024, $13,616 (2023 - $nil) is included in due to related parties for amounts owed to the Chief Executive Officer of the Company.

(c) During the year ended July 31, 2024, the Company incurred $54,000 (2023 – $51,500) in professional fees to the Chief Financial Officer of the Company. As at July 31, 2024, $7,785 (2023 - $nil) is included in due to related parties for amounts owed to the Chief Financial Officer of the Company.

(d) During the year ended July 31, 2024, the Company incurred $nil (2023 - $11,000) in consulting fees and $nil (2023 - $30,000) public relations and advertising expense to a company controlled by a director of the Company. As at July 31, 2024, $nil (2023 - $54,500) is included in due to related parties for amounts owed to the company controlled by the Director of the Company.

(e) During the year ended July 31, 2024, the Company incurred $19,673 (2023 - $nil) in geological consulting fees capitalized as exploration and evaluation assets to a company controlled by the VP Exploration of the Company. As at July 31, 2024, $18,929 (2023 $nil) is included in due to related parties for amounts owed to the company controlled by the VP Exploration of the Company.

(f) During the year ended July 31, 2024, the Company granted 3,465,607 (2023 – 660,000) stock options with a fair value of $207,773 (2023 - $288,283) to key management personnel.

9. 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:

	2024 **$**	2023 $
Loss for the year before income taxes	(4,075,762)	(3,450,493)
Expected income tax (recovery)	(1,101,000)	(932,000)
Change in tax resulting from:		
Change in unrecognized deductble temporary differences	904,000	600,000
Change in statutory rates and other	(123,000)	(1,000)
Permanent differences	132,000	353,000
Share issuance costs	(8,000)	(24,000)
Adjustment to prior year tax estimate	-	4,000
Impact of initial recognition exemption	196,000	-
Total income tax expense (recovery)	-	-

(Expressed in Canadian Dollars)

9. Income taxes (continued)

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:

	2024 $	Expiry Date Range	2023 $	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	3,400,000	No expiry date	2,130,000	No expiry date
Other	30,000	No expiry date	31,000	No expiry date
Share issuance costs	107,000	2045 to 2048	128,000	2044 to 2047
Allowable capital losses	1,819,000	No expiry date	1,364,000	No expiry date
Non-capital losses available for future periods	9,680,000	2027 to 2044	8,040,000	2027 to 2043
Canada	9,671,000		8,040,000	
Brazil	9,000		-	

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

10. Supplemental cash flow information

The Company incurred non-cash financing and investing activities during the years ended July 31, 2024 and 2023, as follows:

	2024 **$**	2023 $
Non-cash financing activities:		
Common shares issued for debt settlement	-	134,923
Share subscriptions receivable offset by accounts payable	41,020	-
Share subscriptions received reallocated to accrued liabilities	(12,500)	-
Reserves on finders' warrants issued	-	86,124
Non-cash investing activities:		
Common shares issued for acquisition of exploration and evaluation assets	1,972,500	3,728,150
Common shares issued for acquisition of subsidiary	880,016	-
Warrants issued for acquisition of exploration and evaluation assets	725,694	197,769
Warrants issued for acquisition of subsidiary	713,168	-

11. 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, 2024, is comprised of shareholders' equity of $5,362,866 (2023 – $3,861,444).

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 (see Note 1). There were no changes to the Company's management of capital during the year ended July 31, 2024.

(Expressed in Canadian Dollars)

11. Financial risk management (continued)

Financial instruments - fair value

The carrying values of the Company's financial instruments, which consist of cash, marketable securities, loan receivable, accounts payable and accrued liabilities, and due to related parties, approximate their fair values due to 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).

	Level 1 $	Level 2 $	Level 3 $	Total $
July 31, 2024				
Cash	200,587	-	-	200,587
Marketable securities	1,328	-	-	1,328
	201,915	**-**	**-**	**201,915**
July 31, 2023				
Cash	16,633	-	-	16,633
Marketable securities	2,947	-	-	2,947
	19,580	-	-	19,580

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

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

11. Financial risk management (continued)

Financial instruments – risks (continued)

(d) Foreign currency risk

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. The Company operates in Canada and Brazil, but has most of its cash held in Canada in Canadian dollars. The Company is exposed to foreign exchange risk due to fluctuations in foreign currencies (U.S. dollars and Brazilian real). Foreign currency risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations

(e) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

12. Restatement

The Company has restated its consolidated financial statements for the year ended July 31, 2023 to recognize the impairment of the loan receivable and accrued interest of $1,733,079, reverse interest income of $102,645, and to correct expense cut-off errors. The restatement resulted in an increase in net loss from $1,568,296 to $3,450,493 with an increase in loss per share from $0.08 to $0.17.

The impact of the restatement as at July 31, 2023 and for the year then ended is summarized below:

<u>Consolidated Statement of Financial Position</u>

	As at July 31, 2023		
	As reported $	Adjustment $	As restated $
Assets			
Current assets			
Sales tax receivable	49,144	1,014	50,158
Accrued interest receivable	103,149	(103,149)	–
Total current assets	180,640	(102,135)	78,505
Non-current assets			
Loan receivable	1,732,575	(1,732,575)	–
Total non-current assets	6,432,052	(1,732,575)	4,699,477
Total assets	6,612,692	(1,834,710)	4,777,982
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	814,551	58,487	873,038
Due to related parties	54,500	(11,000)	43,500
Total liabilities	869,051	47,487	916,538
Shareholders' equity			
Deficit	(25,635,461)	(1,882,197)	(27,517,658)
Total shareholders' equity	5,743,641	(1,882,197)	3,861,444
Total liabilities and shareholders' equity	6,612,692	(1,834,710)	4,777,982

(Expressed in Canadian Dollars)

12. Restatement (continued)

Consolidated Statement of Operations and Comprehensive Loss

	Year ended July 31, 2023		
	As reported $	Adjustment $	As restated $
Expenses			
Consulting and management fees	258,976	1,135	260,111
Investor relations	239,336	23,649	262,985
Professional fees	357,341	21,689	379,030
Loss before other income (expense)	(1,417,555)	(46,473)	(1,464,028)
Other income (expense)			
Interest income	102,645	(102,645)	–
Impairment of loan and accrued interest receivable	–	(1,733,079)	(1,733,079)
Total other income (expense)	(150,741)	(1,835,724)	(1,986,465)
Net loss and comprehensive loss for the year	(1,568,296)	(1,882,197)	(3,450,493)
Loss per share, basic and diluted	(0.08)	(0.09)	(0.17)

Consolidated Statement of Changes in Shareholders' Equity

	Year ended July 31, 2023		
	As reported $	Adjustment $	As restated $
Deficit	(25,635,461)	(1,882,197)	(27,517,658)
Total shareholders' equity	5,743,641	(1,882,197)	3,861,444

Consolidated Statement of Cash Flows

	Year ended July 31, 2023		
	As reported $	Adjustment $	As restated $
Operating Activities			
Net loss for the year	(1,568,296)	(1,882,197)	(3,450,493)
Items not involving cash:			
Impairment of loan and accrued interest receivable	–	1,733,079	1,733,079
Interest income	(102,645)	102,645	–
Changes in non-cash working capital items:			
Sales tax receivable	1,551	(1,014)	537
Accounts payable and accrued liabilities	153,203	58,487	211,690
Due to related parties	22,180	(11,000)	11,180
Net cash used in operating activities	(750,009)	–	(750,009)

13. Segmented information

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Brazil.

14. Commitment

On July 31, 2024, the Company entered into an agreement with a consultant to provide advertising and communications services regarding the Company's business plan for a period of six months starting on August 1, 2024 for consideration of $400,000.

15. Subsequent events

Subsequent to July 31, 2024, the Company issued 1,940,000 common shares for proceeds of $194,000 pursuant to the exercise of stock options.

Subsequent to July 31, 2024, the Company issued 3,744,999 common shares for proceeds of $468,125 pursuant to the exercise of share purchase warrants. An additional 160,000 common shares are to be issued for proceeds of $20,000 received pursuant to the exercise of share purchase warrants.

On December 13, 2024, the Company extended the consulting agreement dated July 31, 2024 (Note 14) for an additional term of three months for $200,000 (paid).

On November 8, 2024, the Company issued 1,043,333 units at a price of $0.15 per unit for proceeds of $156,500. $47,000 of the total represented debt settlements. Each unit consisted of one common share and one share purchase warrant exercisable at $0.30 per common share expiring on November 8, 2026.

On October 23, 2024, the Company entered into a consulting agreement with a consultant to provide investor relations services to the Company for a 31-day period, pursuant to which the Company made a payment of US$150,000.

On October 16, 2024, the Company issued 3,666,667 common shares to settle $550,000 owing for the acquisitions of the CE Property and Tristar Property (Note 5).

On September 30, 2024, the Company granted 2,000,000 stock options exercisable at $0.13 per common share expiring on September 30, 2027 to the Chief Executive Officer of the Company.

On September 23, 2024, the Company completed the acquisition of Latam Energy Acquisition Corp. ("Latam"). pursuant to a securities exchange agreement dated September 10, 2024. The Company issued 20,000,000 common shares to the shareholders of Latam for all of the issued and outstanding shares of Latam. Through this transaction, the Company has acquired the rights to the Joaima and Vertex projects located in Minas Gerais, Brazil. The Joaima project consists of 12 lithium tenements.

On August 26, 2024, the Company granted 1,216,000 stock options exercisable at $0.10 per common share expiring on August 26, 2027 to officers, directors, and consultants of the Company.

On August 26, 2024, the Company granted 30,000 stock options exercisable at $0.10 per common share expiring on September 27, 2025 to a former director of the Company.

On August 8, 2024, the Company issued 4,999,999 units at a price of $0.075 per unit for proceeds of $375,000, of which $75,000 was included in share subscriptions received as at July 31, 2024. Each unit consisted of one common share and one share purchase warrant exercisable at $0.125 per common share expiring on August 8, 2026. The Company may accelerate the expiry date of the warrants if the shares trade at $0.20 or more for a period of 10 days, including days where no trading occurs.