



St-Georges Eco-Mining Corp.

Consolidated Financial Statements

**For the Year Ended March 31, 2023
and
the Fifteen Months Ended March 31, 2022**

(Expressed in Canadian Dollars, except as otherwise noted)



KINGSTON
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July 31, 2023
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of St-Georges Eco-Mining Corp.

Opinion

We have audited the consolidated financial statements of St-Georges Eco-Mining Corp. (the Company), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with 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.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and has not generated any significant revenues during the year ended March 31, 2023 and, as of that date, the Company has an accumulated deficit of \$41,445,897. 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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. This matter was addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matter described in the Emphasis of Matter - Material Uncertainty Related to Going Concern section, we have determined that matters described below to be key audit matters to be communicated in our auditor's report.

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Independent Auditor's Report to the Shareholders of St-Georges Eco-Mining Corp.
(continued)

Existence and recoverability of exploration and evaluation assets

We refer to financial statement summary of significant accounting policies in Note 3 and related disclosure in Notes 6.

At the balance sheet date, the value of exploration and evaluation assets amounted to \$19,665,202.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Exploration and evaluation assets are assessed for impairment if sufficient evidence exists to determine technical feasibility and commercial viability, and facts and circumstances suggest the carrying amount exceeds the recoverable amount. Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property development assets within property and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependable on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

We considered this a key audit matter due to the significance of the Exploration and Evaluation Assets balance and the judgments made by management in its assessment of indicators of impairment related to mining claims and deferred exploration costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

To address the risk for material misstatement on exploration and evaluation assets, our audit procedures included, amongst other procedures:

Assessing the compliance of Company's accounting policies over exploration and evaluation assets with applicable accounting standards in IFRS 6.

Obtaining, for all mining claims, by reference to government registries, evidence to support the right to explore the area and claim expiration dates through examination of applicable licenses.

Assessing the asset valuation processes and practices.

Enquiring with management and reviewing budgets and other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future.

Assessing whether any data exists to suggest that the carrying value of the exploration and evaluation assets is unlikely to be recovered through development or sale.

We assessed the adequacy of the Company's presentation and disclosures related to exploration and evaluation assets.

Extinguishment of outstanding debt

We refer to financial statement summary of significant accounting policies on in Note 3 and related disclosures in Note 7.

During the year ended March 31, 2023, the Company recognized a gain on settlement of debt in the amount of \$7,966,523. The Company renegotiated its outstanding debts from prior years to more favourable terms which resulted in a significant gain being recognized in the financial statements. We identified the Company's recognized gain on settlement of debt as a key audit matter.

This recognized gain is significant to our audit because due to the size of the recognized gain and resulting impact to the overall financial results of the Company in the fiscal year.

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Independent Auditor's Report to the Shareholders of St-Georges Eco-Mining Corp.
(continued)

To address the risk for material misstatement on the recognized gain on settlement of debt, our audit procedures included, amongst other procedures:

Review the amended agreements for the extinguished and replacement debt.

Assessed managements calculation of the gain resulting from the debt extinguishment.

Compared managements analysis to the guidance in the IFRS regarding the treatment of debt extinguishment and the recognition criteria.

We assessed the adequacy of the Company's presentation and disclosures related to recognized the gain on settlement of debt.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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:

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Independent Auditor's Report to the Shareholders of St-Georges Eco-Mining Corp.
(continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Justin Rousseau.

Kingston Ross Pasmak LLP
Kingston Ross Pasmak LLP
Chartered Professional Accountants

St-Georges Eco-Mining Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars, except as otherwise noted)

As at	Note	March 31, 2023	March 31, 2022
Assets		\$	\$
Current assets			
Cash		1,527,292	3,787,083
Lawyers in trust		100,442	150,000
Accounts receivable		897,506	905,966
Promissory Note Receivable		-	25,000
Prepaid expenses		285,200	29,057
Marketable securities	9	307,525	328,157
Intangible assets	5,7	-	446,400
Total current assets		3,117,965	5,671,663
Non-current assets			
Equipment	6	110,178	8,185
ROU asset	20	1,577,768	82,918
Exploration and evaluation assets	6	19,665,202	15,655,582
Building and land	6	252,711	-
Battery recycling plant	6	396,845	-
Other assets		1,323,694	-
Total assets		26,444,363	21,418,348
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities			
Accounts payable and accrued liabilities	11	4,692,614	2,655,532
Debt due on demand	12	4,323,913	4,382,144
Flow-through liability	13	43,000	43,000
Lease liability	20	269,101	45,299
Convertible debentures at fair value	12	11,958	8,700
Total current liabilities		9,340,586	7,134,675
Long-Term Liabilities			
Loan from Related Party	17	20,000	20,000
Lease liability	20	1,312,659	56,623
Convertible debentures	12	-	5,620,213
Total liabilities		10,673,245	12,831,511
Shareholders' equity			
Common shares	13	48,124,503	44,995,938
Obligation to issue shares	7,12,13	227,150	-
Capital surplus	13	1,740,364	2,657,874
Reserves	13,17	19,128,927	13,695,578
Subscriptions receivable	13	(3,895)	(95,000)
Deficit		(41,445,897)	(39,486,653)
Shareholders' equity		27,771,152	21,767,737
Non-controlling interest	1	(12,000,034)	(13,180,900)
Total shareholders' equity		15,771,118	8,586,837
Total liabilities and shareholders' equity		26,444,363	21,418,348

Contingencies (Note 19)

Subsequent events (Note 22)

signed "Herb Duerr"

Herb Duerr
President and Chief Executive Officer

signed "Richard Barnett"

Richard Barnett
Chief Financial Officer

St-Georges Eco-Mining Corp.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the year ended March 31, 2023 and the fifteen months ended March 31, 2022
(Expressed in Canadian Dollars, except as otherwise noted)

	Note	Year ended March 31, 2023 \$	Fifteen months ended March 31, 2022 \$
Operating expenses			
Accretion and interest expenses	12	1,574,129	2,370,806
Consulting fees	17	499,700	707,248
Management fees	17	1,002,449	2,129,136
Office expenses		618,009	680,559
Professional fees		473,089	597,207
Property Tax	6	29,940	-
Publicity and promotions		359,042	363,486
Research and development fees	8, 17	601,083	1,657,450
Salary		100,832	198,006
Stock-based compensation	14	-	3,755,245
Transfer agent and listing fees		139,275	165,489
Travel		233,443	127,186
Loss from operations		(5,630,991)	(12,751,818)
Loss from continuing operations		(5,407,362)	(12,034,716)
Loss from discontinued operations		(223,629)	(717,102)
Other items			
Unrealized loss on marketable securities	9	(20,632)	(477,959)
Loss on sale of marketable securities	9	-	(23,755)
Gain on disposal of previously impaired BWA shares	9	57,000	-
Gain (loss) on fair market value change in debentures	12	(47,596)	(1,499,241)
Gain on settlement with Kamari tokens	12	-	4,491,806
Gain on lithium recovery technology	6	-	557,920
Gain on write-off accounts payable		35	18,442
Gain on debt settlement	7	7,966,523	-
Foreign exchange gain		13,613	94,129
Allowance for doubtful account	13	(25,000)	(435,000)
Impairment loss on property	6	(240,430)	-
Impairment of goodwill	7	-	(13,320,813)
Impairment of intangible assets	6,7	(446,400)	-
Gain on disposal of discontinued operations	7	7,260	-
Income tax refund		-	68,618
Rental income	6	36,010	-
Net income (loss) and comprehensive income (loss)		1,669,392	(23,277,671)
Income (loss) from continuing operations		2,192,314	(8,926,016)
Loss from discontinued operations		(522,922)	(14,351,655)
Net income (loss) per share – basic and diluted		\$ 0.01	\$ (0.11)
Net income (loss) per share from continuing operations – basic and diluted		\$ 0.01	\$ (0.04)
Net loss per share from discontinued operations – basic and diluted		\$ (0.00)	\$ (0.07)
Weighted average number of common shares outstanding basic and diluted		232,359,833	206,590,087
Net income (loss) and comprehensive income (loss) attributable to:			
Shareholders of the Company		(1,959,244)	(11,456,223)
Non-controlling interests		3,628,636	(11,821,448)
		1,669,392	(23,277,671)

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

St-Georges Eco-Mining Corp.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the year ended March 31, 2023 and the fifteen months ended March 31, 2022
(Expressed in Canadian Dollars)

	Number of Common Shares	Common Shares	Capital Surplus	Subscriptions Receivable	Obligation to Issue Shares	Subscriptions Received In Advance	Reserve	Deficit accumulated	Shareholders' Equity (Deficiency)	Non- Controlling Interests	Total Shareholders' Equity (Deficiency)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2021	166,188,936	22,178,472	1,693,482	(575,000)	-	-	4,753,804	(28,030,430)	20,328	(6,190,442)	(6,170,114)
Shares issued for cash	34,656,523	17,448,853	-	(55,000)	-	-	340,434	-	17,734,287	-	17,734,287
Finders fees – cash	-	(640,734)	-	-	-	-	-	-	(640,734)	-	(640,734)
Finders fees – warrants	-	(511,780)	-	-	-	-	511,780	-	-	-	-
Shares issued for warrants exercised	14,270,300	2,698,810	-	-	-	(231,250)	-	-	2,467,560	-	2,467,560
Shares issued for stock options exercised	3,670,000	396,500	-	(40,000)	-	-	-	-	356,500	-	356,500
Shares issued for convertible debt converted	3,962,878	2,632,425	-	-	-	-	-	-	2,632,425	-	2,632,425
Shares issued for acquisition	1,100,000	527,000	-	-	-	-	-	-	527,000	-	527,000
Shares issued for debt settlement	1,672,291	266,392	-	-	-	-	-	-	266,392	-	266,392
Subscriptions received	-	-	-	140,000	-	231,250	-	-	371,250	-	371,250
Write-off subscriptions receivable	-	-	-	435,000	-	-	-	-	435,000	-	435,000
Equity component of convertible debenture	-	-	2,857,852	-	-	-	4,334,315	-	7,192,167	-	7,192,167
Stock-based compensation	-	-	-	-	-	-	3,755,245	-	3,755,245	-	3,755,245
Capital contributions made by non-controlling	-	-	-	-	-	-	-	-	-	2,937,530	2,937,530
Allocation of equity to non-controlling interests	-	-	(1,893,460)	-	-	-	-	11,821,448	9,927,988	(9,927,988)	-
Net loss from continuing operations for the period	-	-	-	-	-	-	-	(8,926,016)	(8,926,016)	-	(8,926,016)
Net loss from discontinued operations for the period	-	-	-	-	-	-	-	(14,351,655)	(14,351,655)	-	(14,351,655)
Balance as at March 31, 2022	225,520,928	44,995,938	2,657,874	(95,000)	-	-	13,695,578	(39,486,653)	21,767,737	(13,180,900)	8,586,837
Shares issued for cash	17,200,000	3,101,636	-	-	-	-	1,967,000	-	5,068,636	-	5,068,636
Finders fees – cash	-	(306,000)	-	-	-	-	-	-	(306,000)	-	(306,000)
Finders fees – warrants	-	(101,069)	-	-	-	-	101,069	-	-	-	-
Shares issued for warrants exercised	896,733	165,896	-	(3,895)	-	-	-	-	162,001	-	162,001
Shares issued for debt settlement	1,203,267	268,102	-	-	-	-	-	-	268,102	-	268,102
Subscriptions received	-	-	-	95,000	-	-	-	-	95,000	-	95,000
Equity component of convertible debenture	-	-	(3,365,280)	-	-	-	3,365,280	-	-	-	-
Debt Settlement interest	-	-	-	-	227,150	-	-	-	227,150	-	227,150
Allocation of equity to non-controlling interests	-	-	2,447,770	-	-	-	-	(3,628,636)	(1,180,866)	1,180,866	-
Net income from continuing operations for the year	-	-	-	-	-	-	-	2,192,314	2,192,314	-	2,192,314
Net loss from discontinued operations for the year	-	-	-	-	-	-	-	(522,922)	(522,922)	-	(522,922)
Balance as at March 31, 2023	244,820,928	48,124,503	1,740,364	(3,895)	227,150	-	19,128,927	(41,445,897)	27,771,152	(12,000,034)	15,771,118

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

St-Georges Eco-Mining Corp.

Consolidated Statements of Cash Flows (Expressed in Canadian Dollars)

	Year ended March 31, 2023	Fifteen months ended March 31, 2022
	\$	\$
Operating activities		
Net income(loss) and comprehensive income (loss) for the	1,669,392	(23,277,671)
Non-cash items		
Accretion and interest on convertible debenture	1,574,129	2,370,806
Foreign exchange loss (gain)	(13,613)	(94,129)
Unrealized loss on marketable securities	20,632	477,959
Loss on sale of marketable securities	-	23,755
Loss on change in fair value of convertible debentures	47,596	1,499,241
Gain on debt settlement and other	(7,966,523)	(4,491,806)
Gain on write-off accounts payable	(35)	(18,442)
Gain on disposal of previously impaired BWA shares	(57,000)	-
Allowance doubtful account	25,000	435,000
Stock-based compensation	-	3,755,245
Income tax refund	-	(68,618)
Gain on lithium recovery technology	-	(557,920)
Depreciation expenses	8,114	-
Impairment of -s intangible assets	446,400	-
Gain on discontinued operations	(7,260)	-
Impairment of Goodwill	-	13,320,813
	<u>(4,253,168)</u>	<u>(6,625,767)</u>
Net changes in working capital items		
Marketable securities	-	(115,157)
Prepaid expenses	(356,585)	498,701
Accounts receivable	66,918	(846,817)
Promissory note receivable	-	(25,000)
Accounts payable and accrued liabilities	2,206,442	421,260
	<u>1,916,775</u>	<u>(67,013)</u>
Net cash used in operating activities	(2,336,393)	(6,692,780)
Net cash used in operating activities from continuing operations	(2,112,764)	(5,538,770)
Net cash used in operating activities from discontinued operations	(223,629)	(1,154,010)
Investing activities		
Exploration and evaluation recovery	(4,250,050)	(11,827,644)
Impairment on property	240,430	-
Purchase of building and land	(258,694)	-
Purchase of equipment	(105,582)	-
Other Assets and Plant	(719,140)	-
Sale of marketable securities	-	(150,000)
Net proceeds from sale of marketable securities	-	126,421
Net cash used in investing activities	(5,093,036)	(11,851,223)
Net cash used in investing activities from continuing operations	(5,093,036)	(11,851,223)
Net cash used in investing activities from discontinued operations	-	-
Financing activities		
Shares issued for cash (net)	4,762,637	16,753,119
Shares issued for warrants exercise	162,001	2,393,422
Shares issued for stock options exercise	-	356,500
Shares issued for convertible debenture	-	2,632,426
Subscription received	95,000	-
Advance from related party	-	20,000
Net cash provided by financing activities	5,019,638	22,155,467
Net cash provided by financing activities from continuing operations	5,019,638	22,155,467
Net cash provided by financing activities from discontinued operations	-	-
Change in cash	(2,409,791)	3,611,464
Cash, beginning of year	3,937,083	325,619
Cash, end of year	1,527,292	3,937,083

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

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

1. Corporate Information and Going Concern of Operations

St-Georges Eco-Mining Corp. (the “Company” or “St-Georges”) was incorporated under the Canada Business Corporations Act on June 21, 2002. The Company is listed on the Canadian Securities Exchange (“CSE”), having the symbol SX, on the OTCQB, having the symbol SXOOF, and on the Deutsche Börse in Frankfurt (FSE) under the symbol 85G1. The address of the Company’s corporate office and principal place of business is 2700-1000 Rue Sherbrooke West, Montreal, QC H3A 3G4, Canada. The Company maintains a diversified portfolio of complementary businesses focused on Critical and Strategic Minerals (CSMs) and covering key activities from mining exploration to minerals recovery and valorization.

In May 2018, the Company signed an Arrangement Agreement (“Arrangement”) providing for the spin-out of its subsidiary ZeU Technologies Inc. (formerly ZeU Crypto Networks Inc.) (“ZeU”) with the intent of listing ZeU on the Canadian Securities Exchange (“CSE”).

On December 24, 2019, the CSE accepted the listing of the common shares of ZeU, and ZeU started trading on the CSE on December 30, 2019, under the symbol “ZEU”. As a result of the Arrangement, effective December 24, 2019, ZeU ceased to be a wholly-owned subsidiary of the Company. ZeU distributed 11,098,074 shares of the 20,000,000 shares held by the Company to the Company’s shareholders pursuant to the Arrangement. At March 31, 2023, the Company retained 10,136,191 (2022 – 10,136,191) shares and de facto control of ZeU.

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At March 31, 2023, the Company had not yet achieved profitable operations, had an accumulated deficit of \$41,445,897 (2022 - \$39,486,653), had no operating income and had a working capital deficiency of \$6,222,621 (2022 - \$1,463,012), reoccurring losses, no revenue from operations. As such, the Company’s ability to continue as a going concern depends on its ability to raise additional financing successfully. If additional capital is not raised, the going concern basis may not be appropriate with the result that the Company may have to realize its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. No adjustments for such circumstances have been made in the consolidated financial statements.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, continuation of the Company’s interest in the underlying resource claims, the ability of the Company to obtain the necessary financing to complete their development and upon future profitable production or proceeds from the disposition thereof. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022
(Expressed in Canadian dollars, except as otherwise noted)

2. Basis of Presentation

a) Statement of Compliance

The consolidated financial statements of the Company 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 Interpretation committee (“IFRIC”).

The consolidated financial statements of the Company were authorized for issue by the Board of Directors on July 31, 2023.

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain assets and liabilities measured at fair value as required under specific IFRS pronouncements.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

c) Basis of Consolidation

These consolidated financial statements comprise the accounts of the Company and the following controlled subsidiaries:

Name	Country of incorporation	Ownership Percentage
Iceland Resources EHF (“Iceland Resources”)	Iceland	100%
Melmi ehf Iceland (“Melmi”)	Iceland	100%
ZeU Technologies Inc. (“ZeU”)	Canada	27.3%
ZeUPay Inc. (“ZeUPay”)	Canada	27.3%
ZeUPay AS	Norway	27.3%
ZeU Gaming Inc. (“ZeU Gaming”)	Canada	27.3%
Borealis Commodities Exchange ehf (“Borealis”)	Iceland	100%
St-Georges Metallurgy Corp. (“St-Georges Metallurgy”)	Canada	100%
EVSX Corp. (“EVSX”)	Canada	100%
H2SX Corp. (“H2SX”)	Canada	100%

All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. ZeU is consolidated due to the fact that common directors of St-Georges control the operations of ZeU.

During the year ended March 31, 2023, the Company discontinued operations in ZeUPay AS (Note 7).

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

2. Basis of Presentation (continued)

d) Functional and Presentation Currency

The functional currency of the parent company is the Canadian dollar, which is also the presentation currency of the consolidated financial statements. The functional currency of the Company and its subsidiaries is the Canadian dollar, and the functional currency of its subsidiaries, Iceland Resources EHF, Melmi ehf, and Borealis Commodities Exchange ehf, is the Iceland Krona.

3. Summary of Significant Accounting Policies

Standards, Amendments and Interpretations Issued but not yet Adopted

The following future accounting standards may include the following, which we believe are unlikely to have a material impact on future financial statements:

IAS 1, "Presentation of Financial Statements" which sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction.

IAS 8, "Changes in Accounting Estimates and Errors" which requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information.

IFRS 10, "Consolidated Financial Statements" outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls.

IAS 28 "Investments in Associates and Joint Ventures" outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures.

IFRS 12 "Disclosure of Interests in Other Entities" is a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'.

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the closing rate (the exchange rate at the reporting date). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in the consolidated statements of loss and comprehensive loss.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

3. Summary of Significant Accounting Policies (continued)

a) Mining Properties and Deferred Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation (“E&E”) expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur. Tax credits and mining duties are applied to reduce related E&E expenditures in the period recognized.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmer on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects for the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the consolidated statements of loss and comprehensive loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an 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 have been determined, the property is considered to be a mine under development and is classified as ‘mines under construction’. E&E assets are also tested for impairment before the assets are transferred to development properties. Mining exploration and evaluation expenditures are classified as intangible assets.

b) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset’s cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive loss.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

3. Summary of Significant Accounting Policies (continued)

c) Classification of digital currencies as current assets

The Company has determined that digital currencies are intangible assets under IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. The Company has classified digital currencies as current assets; if based on management's assessment its digital currencies held are considered to be commodities, there is a liquid market in which the Company may sell a portion of its holdings and if the Company is able to sell a portion of its digital currencies in the near future to generate a profit from price fluctuations. Digital currencies not classified as current assets are classified as long-term assets.

Digital currencies are initially recorded on the consolidated statements of financial position at their cost on the date acquired and are only remeasured at each reporting date if those assets are traded in an active market. Digital currencies that are not traded in an active market will be recorded at historical cost. Revaluation losses, as well as realized gains or losses on the sale of digital currencies, are included in the consolidated statement of loss and comprehensive loss. Unrealized revaluation gains, for those digital currencies that are traded in an active market, above their initial fair, are included in other comprehensive income.

The Company currently holds digital currencies that are not traded in a regulated active market and has therefore valued them at \$nil (2022 - \$nil).

d) Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Cash, promissory note receivable, marketable securities, loans from related parties, convertible debenture investment, certain convertible debentures, and derivative liability are classified as FVTPL. Accounts receivable, accounts payable, debt due on demand, and certain convertible debentures are classified as amortized cost.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

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

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022
(Expressed in Canadian dollars, except as otherwise noted)

3. Summary of Significant Accounting Policies (continued)

d) Financial Instruments (continued)

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

IFRS 9 requires the use of an expected credit loss model on financial assets that are measured at amortized cost to account for expected credit losses at each reporting date to reflect changes in credit risk.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

3. Summary of Significant Accounting Policies (continued)

d) Financial Instruments (continued)

Other financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities, debt due on demand and certain convertible debentures. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. This category includes accounts payable and accrued liabilities, certain convertible debentures, and debt due on demand.

e) Intangible assets

Intangible assets consist of digital currencies. If the digital currencies are traded in an active market, the Company initially records digital currencies at their cost on the date of acquisition and revalues the digital currencies at each reporting period at their then fair value under IAS 38. Under the revaluation model, intangible assets are measured at cost on initial recognition and subsequently remeasured at fair value at each reporting date. Unrealized revaluation increases above the initial cost or fair value are recognized in other comprehensive income. Revaluation losses, as well as realized gains or losses on the sale of digital currencies are included in the statement of loss and comprehensive loss.

For digital currencies that are not traded in an active market, the Company initially records the digital currencies at their cost on the date of acquisition and these digital currencies are not subsequently measured at fair value. At each reporting date, the Company will assess if the Digital currencies that are carried at cost are impaired and will record a loss if an impairment exists at the reporting date.

Intangible assets also include software and customers lists acquired from Prego. These are indefinite assets with no expiration date and are tested annually for impairment, with any impairment recorded as a loss.

f) Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure the expenditure attributable to the intangible asset reliably during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in the loss in the period in which the expenditure is incurred.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

3. Summary of Significant Accounting Policies (continued)

f) Research and development (continued)

Subsequent to initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. At March 31, 2023 and 2022, the Company had not recognized any internally-generated intangible assets and had recorded all amounts incurred as research costs.

g) Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company also provides consulting services to customize its products on a contract basis. Services are provided on both a time-and-materials basis and a fixed-fee basis. Revenue with respect to time-and-materials contracts is recognized as services are provided. Revenue from services on fixed fee contracts is recognized under the terms of the contract based upon when the services have been provided and accepted by the customer. Revenue from the sale of goods is recognized when the goods have been delivered and title has been passed. No revenue is recognized if there are significant uncertainties regarding recovery of the amount due, associated costs, or the possible return of goods.

h) Convertible debentures

Convertible debentures issued for cash are recorded at amortized cost and accounted for as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component, which will be accreted to face value over the life of the debenture. The derivative liability is remeasured at fair value at each period subsequent to initial recognition. Convertible debentures issued in consideration for goods and services are accounted as share-base payments under IFRS 2. At inception the fair value of the debt component is estimated and recorded as a liability, and the fair value of the conversion feature is determined and either recorded as a liability or as equity and allocated to capital surplus.

The carrying value of convertible debentures measured at amortized cost will be accreted to face value over the life of the debenture. The carrying value of convertible debentures measured at fair value is determined at each reporting date with changes in fair value recorded in profit or loss.

Any equity portion derecognized on settlements will be transferred to contributed surplus.

i) Tax Credits and Mining Duties

The Government of Quebec provides a 16% non-taxable refundable credit for losses to help operators meet exploration, mineral deposit evaluation and mine development costs by refunding part of eligible expenditures incurred. This credit is based on the lesser of:

- The amount of the annual loss; and
- 50% of eligible exploration expenditures, mineral deposit evaluation and mine development expenses, reduced by tax credits related to resources.

The Government of Quebec also offers businesses having establishments and that carry on activities in Quebec a refundable tax credit of 28% on eligible exploration expenses. Tax credits and mining duties, which are earned as a result of qualifying mineral exploration expenses, are recognized when the exploration expenses are incurred and collection is reasonably assured. They are applied to reduce related mineral exploration expense in the period recognized.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

3. Summary of Significant Accounting Policies (continued)

j) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

k) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition costs incurred are expensed.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

l) Goodwill

Goodwill is initially measured at cost, being the excess of consideration transferred and the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost, less any impairment losses. For impairment testing, goodwill acquired is allocated to the individual units that are expected to benefit from the acquisition, regardless of whether they are assigned to those individual units.

m) Comprehensive Income or Loss

Other comprehensive income or loss is the change in equity from transactions and other events and circumstances from non-shareholder sources. It refers to items recognized in comprehensive income or loss but are excluded from net income or loss calculated in accordance with IFRS.

n) Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate of the time value of money and the risks specific to the liability.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

3. Summary of Significant Accounting Policies (continued)

o) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, preferred shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares

The Company may, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital.

Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income, and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

p) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statements of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of loss and comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

3. Summary of Significant Accounting Policies (continued)

p) Share-based Payments (continued)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of a valuation model.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from the treasury, and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

q) Income or Loss per Share

The basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

The diluted loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Anti-dilutive instruments are ignored.

r) Rehabilitation Provisions

The Company is subject to various government laws and regulations relating to environmental disturbance caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation, and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. As of March 31, 2022 and 2023, no rehabilitation provision has been recorded.

s) Net Smelters Return ("NSR") Royalties

The NSR royalties are generally not to be accounted for when acquiring the mining property since they are deemed to be a contingent liability. Royalties are only accounted for when probable and can be measured with sufficient reliability.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, except as otherwise noted)

3. Summary of Significant Accounting Policies (continued)

t) Leases

Effective January 1, 2019, the Company adopted IFRS 16 – Leases. The standard introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset and a lease liability. The adoption of IFRS 16 had no impact on the financial statements as the Company had no leases as at January 1, 2019. During the year ended December 31, 2020, the Company entered into a lease in Iceland (Note 20). During the year ended March 31, 2023, the Company entered into a lease in Ontario Canada (Note 20). The right of use asset and the lease obligations has been disclosed in the consolidated statements of financial position.

u) Equity accounted investments

Equity accounted investments are those entities in which the Company has significant influence, but does not have control over the financial and operating policies of the investees. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Joint arrangement entities are those over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint ventures are joint arrangements whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to \$nil, and additional losses are not provided for unless the Company is committed to providing other financial support to the investee. The Company resumes accounting for its portion of income (loss) of the investment when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

Profits or losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Company.

The Company accounted for the following entity using the equity method up until January 2020, after which time the Company lost significant influence. Effective January 2020, the Company accounts for the shares in BWA Group PLC at FVTPL.

	Ownership	Jurisdiction
	Interest	
BWA Group PLC ("BWA")	0.65 %	United Kingdom

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

4. Critical Accounting Judgments and Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year is discussed below:

a) Judgments

i) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

ii) Going Concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, except as otherwise noted)

4. Critical Accounting Judgments and Estimates (continued)

b) Estimates

i) Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, and title may be affected by undetected defects.

ii) Digital assets – valuation and impairment

Judgment and estimation are involved with respect to the assessment of whether digital currencies that are not traded in regulated active markets are impaired. Management uses all possible evidence in determining if the digital currencies are impaired. Judgment is also required in determining if a digital currency is traded in an active market.

iii) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

iv) Provisions and Contingencies

The amount recognized as provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, the assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

v) Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for an impairment when facts and circumstances suggest that their carrying amount may exceed the recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present, and disclose any resulting impairment loss. Indications of impairment, as well as the evaluation of recoverable amount of exploration and evaluation assets, require significant judgment. Management considers various factors including, but are not limited to, financial and human resources available, exploration budgets planned, importance and results of exploration work done previously, industry and economic trends and price of minerals.

vi) Valuation of tax credits related to resources and mining tax credits

Tax credit related to resources and mining tax credit for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022
(Expressed in Canadian dollars, except as otherwise noted)

4. Critical Accounting Judgments and Estimates (continued)

b) Estimates (continued)

The calculation of the Company's credits necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to tax credit related to resources and to mining tax credit, exploration and evaluation assets and income tax expense in future periods.

The amounts recognized in the consolidated financial statements are derived from the Company's best estimation and management's judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that the eventual resolution could differ from the accounting estimates and therefore have an impact on the Company's financial position and its cash flows.

5. Intangible assets

Intangible assets consist of digital currencies. Digital currencies are typically part of a decentralized system of recording transactions and issuance of new units and rely on cryptography to secure its transactions, to control the creation of additional units, and to verify the transfer of assets. With the acquisition of ZeUPay AS by ZeU, the Company acquired \$13,309,142 of intangible assets. However, as at the fifteen months ended March 31, 2022, the Company determined the assets were impaired and wrote them down to the \$446,400 of intangible assets, which consisted of only the software and customer lists acquired with indefinite lives. During the year ended March 31, 2023, the Company impaired the balance of \$446,400 of intangible assets as the Company discontinued operations in the area (Note 7).

Kamari Tokens

In November 2019, the Company received 24,000,000 Kamari tokens in consideration for the issuance of \$7,834,000 in convertible debentures. On the date of issuance, the Kamari tokens' fair value was determined to be \$24,268,723.

The Kamari tokens are currently not trading on any exchange and, accordingly, there is no objective evidence to determine their fair value at December 31, 2020, or March 31, 2022 and 2023. Accordingly, the Company impaired their value to \$nil and recorded an impairment of \$6,881,396 in the statement of loss and comprehensive loss as at December 31, 2020.

The continuity of Kamari tokens is as follows:

	Number of Kamari tokens	Kamari tokens \$
Balance December 31, 2020	24,000,000	-
Settlement of \$1,161,834 of Kamari convertible debentures on March 31, 2021	(3,366,564)	-
Settlement of \$3,815,806 of Kamari convertible debentures on March 21, 2022	(15,338,551)	-
Balance March 31, 2022 and 2023	5,294,885	-

As at March 31, 2023, the Company held 5,294,885 (2022 - 5,294,885) Kamari tokens. The 24,000,000 Kamari tokens received in consideration for the convertible debenture with a face value of \$7,834,000 are subject to the following voluntary transfer restrictions without the prior written consent of Kamari: (i) in any one-month period, the transfer, directly or indirectly, is limited to 1/30th of the total number of Kamari tokens forming the consideration; and (ii) on any given day, any sale on an exchange is limited to 5% of the total volume of Kamari tokens traded. As of March 31, 2023, 5,294,885 (2022 - 3,694,885) Kamari tokens were available for disposal or transfer.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

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5. Intangible assets (continued)

As the Company has a contractual right to repay the debenture and accrued interest using Kamari tokens on a mark to market basis. On March 31, 2021, the Company repaid \$500,000 of the Kamari convertible debenture plus \$661,834 of accrued interest by transferring 3,366,564 Kamari tokens to the debenture holder. The Company recorded a gain of \$1,099,818 on the debt settlement in the statement of loss and comprehensive loss as at March 31, 2021.

On March 21, 2022, the Company repaid the remaining Kamari convertible debenture of \$3,417,000 plus \$398,806 of accrued interest by transferring 15,338,551 Kamari tokens to the debenture holder. The Company recorded a gain of \$3,391,988 on the debt settlement in the statement of loss and comprehensive loss as at March 31, 2022.

6. Exploration and Evaluation Assets

	Julie Property	Le Royal Property	Manicouagan Property	Villebon Property	Notre Dame Property	Iceland Properties	Total
	\$	\$	\$	\$	\$	\$	\$
December 31, 2020	-	234,852	303,466	-	-	2,762,620	3,300,938
Acquisition costs	82,427	220	500,000	-	3,584	-	586,231
Claims renewals	18,978	670	37,301	1,610	-	-	58,559
Exploration costs	3,377,492	3,762	7,293,842	-	101,369	933,389	11,709,854
March 31, 2022	3,478,897	239,504	8,134,609	1,610	104,953	3,696,009	15,655,582
Acquisition costs	-	-	8,640	8,594	-	-	17,234
Claims renewals	206	344	12,000	146	-	-	12,696
Exploration costs	14,564	-	3,761,326	-	183,306	260,924	4,220,120
	14,770	344	3,781,966	8,740	183,306	260,924	4,250,050
Impairment	-	(234,848)	-	-	-	(5,582)	(240,430)
March 31, 2023	3,493,667	5,000	11,916,575	10,350	288,259	3,951,351	19,665,202

The exploration and evaluation assets are described in more detail below.

Julie Project

The Julie Project is located near the seaport city of Baie-Comeau on the Quebec North shore. It is contained on NTS sheets 22K03, 22F13 and 22F14. The project is prospective for nickel, copper, cobalt, palladium, platinum, silver & magnesium.

In 2021, the Company added 212 new mining claims to the Project through electronic map staking. The project now comprises 294 claims for an area of 16,227 hectares.

On August 11, 2021, the Company entered into a purchase agreement for 28 mineral claims adjacent to the Julie project. Pursuant to the agreement, the Company issued 100,000 common shares at a fair value of \$27,000 (Note 13) and paid \$50,000 to the vendor upon signing of the agreement; and the Company will sign a Net Smelter Return ("NSR") agreement in favour of the vendors for one- and one-half percent within 60 days.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, except as otherwise noted)

6. Exploration and Evaluation Assets (continued)

Villebon Property

The Villebon Property is located within the Abitibi Greenstone Belt of northwestern Quebec. The property is comprised of 84 mining claims.

In a prior year, the Company concluded there were indications that certain of the remaining claims comprising the asset were impaired and, as a result, the Company recorded an impairment charge to write off the property in 2019.

Le Royal Property

The project, comprised of 5 mining claims for an area of 286.02 hectares, is located in the lithium mining camp of LaCorne, in the Abitibi region of Quebec. The acquisition was done jointly with Lepidico Ltd. (ASX: LPD) (formerly known as Platypus Minerals Ltd.) ("Lepidico"). St-Georges currently owns 90% of the project, and Lepidico owns 10%.

During the year ended March 31, 2023, the Company determined the Le Royal Property is not economically viable for the time being and impaired \$234,848 on the property.

Manicouagan Project

On January 27, 2020, the Company entered into an agreement to acquire 100% of the Manicouagan project, comprised of 77 mining claims and located on the Quebec North Shore. This project was co-owned by Exploration J. F. Inc and Frank Dumas (director of the Company).

On February 6, 2020, pursuant to the agreement, the Company issued 5 million shares (Note 13) at \$0.07 per share. The 2,000,000 shares issued to Exploration JF Inc. are subject to a 2 years escrow period with timed release. All 3,000,000 shares issued to Frank Dumas are subject to escrow for 60 months from issuance; \$50,000 was paid in two installments to Exploration JF Inc., \$25,000 at signing and \$25,000 at the anniversary date of the agreement; and a 2% NSR will be granted to the vendors as well as a zone of influence covering the 2 NTS sheets where the project is located.

In 2020, the Company added 36 new mining claims to the project through electronic map staking.

On August 13, 2020, the Company entered into an agreement to acquire two mining claims from two arms-length vendors, which are strategically located within the boundaries of the Manicouagan project of the Company.

The terms of the acquisition are:

- (1) Issue 600,000 common shares of the Company and a payment of \$10,000 within 30 days of the approval of the transaction;(completed) (Note 13)
- (2) A payment of \$10,000 at the 6-month anniversary of the first payment; (invested into units of the Company at a price of \$0.10 per unit in a private placement which closed on November 25, 2020) (Note 13) and
- (3) A payment of an additional of \$25,000 that has to be subscribed in the next financing of the Company, and allow an estimated 250,000 shares and 250,000 warrants at the price established by the Company in its offering; (invested into units of the Company at a price of \$0.10 per unit in a private placement which closed on November 25, 2020) (Note 13) and
- (4) The agreement also calls for the signing of an NSR agreement within 30 days following the acquisition. The NSR covering these claims will be set at 1.5%, of which 1% can be bought back for \$2,225,000 at any time at the Company's discretion. The NSR agreement will have to include an option in favor of the buyer to buy back 0.5% of this royalty for \$750,000 and a subsequent 0.5% of the remaining NSR royalty for \$1,500,000.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

6. Exploration and Evaluation Assets (continued)

The two mineral claims will be transferred from the vendors to the Company within 10 days of completion of (1), (2) and (3).

The fair value of the 5,600,000 shares issued was \$132,922, which was based on the fair value of the shares on the date of issuance less a discount for the escrow period. In addition, the Company issued 350,000 shares with a fair value of \$35,000 on November 25, 2020, and paid cash consideration of \$60,000.

In 2021, the Company added 37 new claims to the project through electronic map staking.

On November 17, 2021, the Company entered into an agreement to acquire the production royalty from one of the two royalty holders on its fully owned Manicouagan project on the Quebec North Shore. On November 22, 2021, pursuant to the agreement, the Company issued 1,000,000 common shares with a deemed value of \$500,000 to Exploration J. F. Inc.

On March 1, 2022, the Company added 106 new claims to the project through electronic map staking.

In November 2022, the Company added 54 new claims to the project through electronic map staking.

In December 2022, the Company added 74 new claims to the project through electronic map staking.

In February 2023, 2 claims were transferred from a holder, at no cost to the Company, the project now comprises of 388 claims.

Notre Dame Project (Niobium Claims)

On December 20, 2021, the company acquired, through electronic map staking, 35 mining claims located near the municipality of Notre-Dame de Lorette on the northern flank of the Lac St-Jean in Québec.

Lithium Extraction Technology

On December 7, 2017, the Company and Iconic Minerals Ltd (TSX-V: ICM) (“Iconic”) entered into a definitive exclusive technology licensing agreement for all sites to be operated by Iconic and/or its affiliates in the state of Nevada. In return for a perpetual license for the SX Technologies (the Company’s proprietary lithium extraction suite of technologies), and its future improvements, Iconic will provide the following to the Company:

- Invest by way of private placement CAD \$100,000 in the Company’s equity within 6 months or the next private placement offering (Iconic executed its options to invest \$100,000 into the share capital of the Company on the private placement closed on January 14, 2019);
- Issue in total 5 million common shares (“Shares”) of Iconic to be released in stages, based on benchmarks reached. The performance schedule outlining the stages of each development phase where Shares will be issued according to the schedule below:

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

6. Exploration and Evaluation Assets (continued)

- a) 2,000,000 shares at Stage 1 Benchmark completion: which is defined by the delivery of an independent laboratory report by the Company (received on August 29, 2019) (Note 9);
- b) 1,500,000 shares at Stage 2 Benchmark completion: which is defined by independent report describing results of initial pilot mining operations and the processing of a minimum of one (1) metric ton in a simulated industrial environment; and
- c) 1,500,000 shares at Stage 3 Benchmark completion: which is defined by the reception of a Preliminary Economical Assessment Report (PEA) or at commercialization decision or the third (3rd) year anniversary mark of this agreement assuming other issuance have all been done.

The shares, St-Georges earns in each stage will be escrowed for the duration of 36 months.

- A perpetual Net Revenue Interest Royalty (NRI) of 5% will be granted on all minerals produced on sites licensed with SX Technologies.

On July 24, 2019, the Company completed the Independent Review of Stage 1, and the report was delivered to Iconic. On August 29, 2019, Iconic issued 2,000,000 common shares to the Company (Note 9) with a fair value of \$118,293 upon completion of the Stage 1 benchmark.

Lithium Hydroxide

In October 2022, the Company received confirmation that the manufacturing of the industrial electrolysis unit built to the Company specifications had been completed.

In November 2022, the hydrolysis equipment for a lithium hydroxide pilot production at a cost of \$62,036 was received, and is now stored adjacent to the operation location in Thorold, Ontario.

Iceland Resources EHF

The Iceland Properties are located in Iceland.

On November 16, 2016, the Company entered into a Binding Term Sheet with Iceland Resources EHF, an exploration company incorporated under the laws of the Republic of Iceland. On February 28, 2017, the Company and Iceland Resources executed a Purchase of Business Agreement (the "Purchase Agreement"), whereby the Company acquired all of the issued and outstanding shares of Iceland Resources for total consideration of \$850,000.

On October 6, 2018, the Company entered into a share purchase agreement ("SPA") with the minority shareholders of Iceland Resources to acquire the remaining 40% interest in Iceland Resources, such that Iceland Resources is now a wholly owned subsidiary of the Company.

On October 11, 2018, Iceland Resources executed a share purchase and subscription agreement with Spá EHF and Íslensk Vatnsorka EHF to allow Iceland Resources to acquire a 15% interest in Íslensk Vatnsorka EHF, a private company with its main project being Hagavatnsvirkjun, a 10-20 MW hydropower plant located just south of Langjökull in Iceland.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

6. Exploration and Evaluation Assets (continued)

On June 29, 2020, the Company signed a binding letter of intent to acquire all of the issued and outstanding shares of Melmi ehf (“Melmi”), which owns a 100% interest in the Thor Gold Property. The Company only had a 41% farm-in option. Under the terms of the binding letter of intent, the Company will pay up to \$775,000 in consideration of the Melmi shares as follows:

- Pay \$65,000 upon the execution of the definitive share purchase agreement (“Definitive Agreement”) (paid);
- Pay an additional \$60,000 on the earlier of: (a) 90 days after execution of the Definitive Agreement; and (b) the start of drilling on the Thor Property (paid);
- Issue \$400,000 of non-transferable debentures of the Company bearing a 6% annual interest, maturing 3 years from issuance, of which \$100,000 will be convertible into common shares of the Company at a deemed price of \$0.10 per share, \$150,000 at a deemed price of \$0.15 per share, and \$150,000 at a deemed price of \$0.20 per share (Note 12);
- As additional consideration, subject to and upon all the licenses applications having been granted, issue \$250,000 non-transferable debentures of the Company bearing a 6% annual interest, maturing 3 years from issuance, and convertible into shares of the Company at a deemed price of \$0.20 per share. (This requirement has not yet been fulfilled.)

The fair value of the cash and the convertible debentures was determined to be \$519,573 and was based on a discount rate of 19% and a Black Scholes Pricing Model for the conversion feature.

St-Georges Metallurgy Corp.

On February 27, 2020, the Company incorporated a new subsidiary, St-Georges Metallurgy Corp. (“St-Georges Metallurgy”). This entity is owned 100% by the Company.

On July 9, 2020, St-Georges Metallurgy entered a pilot-plant service agreement with Carrefour innovation sur les matériaux de la MRC des Sources (“CIMMS”), a Quebec-based, publicly funded laboratory. The agreement allowed St-Georges Metallurgy access to a lithium metallurgical processing pilot plant.

On December 1, 2020, the Company signed a Binding Letter of Intent with Altair International Corp. (“Altair”) (US-OTC: ATAQ), pursuant to which the Company has agreed to provide access to its patent-pending lithium processing technology for lithium-in-clay mineral deposits, and also agreed to jointly develop a patentable electric vehicle battery recycling industrial process.

In return for the access to the lithium processing technology and as part of their contribution in the development of patentable intellectual property related to EV Battery Recycling, Altair will issue a total of 6,000,000 common shares in 3 tranches as milestones mutually agreed upon are met. Altair will also make a total of US\$300,000 cash payment to the Company. Both companies will contribute equally to the battery recycling research & development effort and to the design and construction of a battery recycling industrial pilot-plant circuit in the Company contracted installations in Quebec.

On February 12, 2021, the Company and St-Georges Metallurgy, and Altair entered into a License and Royalty Agreement for Altair to license St-Georges Metallurgy’s patent-pending extraction methods and technology in separation, recovery, and purification of lithium and to act as an agent of the Company’s developing technology in battery recycling.

Pursuant to the License and Royalty Agreement, St-Georges Metallurgy will grant Altair a non-exclusive license to use the lithium extraction technology for any of Altair’s lithium-bearing prospects in the United States. In exchange for the license, Altair has agreed to grant the Company a 5% net revenue royalty on all metals and minerals extracted and processed using any of the Company’s methods or technologies.

During the fifteen months ended March 31, 2022, the Company received 2,000,000 shares of Altair at a fair value of \$557,920 (Note 9).

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

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6. Exploration and Evaluation Assets (continued)

EVSX Corp.

On January 20, 2021, the Company incorporated a new subsidiary, EVSX Corp. ("EVSX"). This entity is owned 100% by the Company.

On April 16, 2021, EVSX entered a binding term sheet to secure the site and building for its proposed battery recycling plant in the deep seaport of Baie-Comeau on the Quebec North Shore.

On June 21, 2021, the Company executed a final option agreement that allows the Company to secure the land and building for its proposed battery recycling plant. St-Georges issued to Roberge Industries Inc. a total of 250,000 common share warrants with an execution price of \$0.75 for two years.

On March 18, 2022, the initial location proposed for the Company's first commercial showcase plant in Baie-Comeau was eliminated.

On March 12, 2021, the Company executed a definitive agreement with its new partner ID Manic. The agreement defines the mutual obligations and contributions of the partners related to the battery recycling feasibility study with a total estimated and projected allocation of \$600,000, of which \$300,000 is expected to be contributed from the Company's funds on hand.

On July 26, 2021, the Company received a grant from the Natural Sciences and Engineering Research Council of Canada ("NSERC") to initiate a partnership between St-Georges academic institutions within a new initiative called "A circular economy initiative to develop a Quebec-based production of fertilizer from the recycled products of lithium-ion batteries".

In April 2022, the Company made an offer to acquire three contiguous lots in Baie-Comeau totaling approximately 5,000 square meters for \$400,000. EVSX paid \$100,001 deposit in May 2022, and the balance of \$300,000 will be paid within 730 days.

In June 2022, EVSX acquired a building in Baie-Comeau to host its phase I development. EVSX closed the acquisition with \$258,694 in cash and started generating revenues in July 2022 from the commercial rent in the building. During the year ended March 31, 2023, the Company recorded rental income of \$36,010 from the commercial rental in the building.

In July 2022, EVSX commissioned and disbursed the initial payment of \$322,295 for manufacturing three identical battery-processing industrial units for the total cost of \$1,323,694, which is recorded as other assets during the year ended March 31, 2023.

In September 2022, EVSX signed a binding Memorandum of Understanding with AraBat S.R.L., a battery recycling technology company in Italy. It gives the partners four months to complete a detailed partnership agreement, wherein EVSX will initiate the planification to deploy its front-end solution to manufacture critical metals black mass from the used batteries sourced by Arabat in Italy and adjacent European countries.

In December 2022, EVSX entered into a lease agreement for the location for its Ontario battery recycling and battery mineral processing operations within the Bioveld Complex under the umbrella of the Thorold Multimodal Hub and the Hopa Port Authority in Niagara, Ontario (Note 20).

St-Georges Eco-Mining Corp.

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6. Exploration and Evaluation Assets (continued)

In December 2022, the Company and Call2Recycle Canada Inc. entered into a Memorandum of Understanding to sort and process battery volume with EVSX at the Bioveld Complex.

During the year ended March 31, 2023, EVSX incurred expenditures of \$396,845 (2022 - \$617,311) related to the development of the battery recycling process. The work consisted in engineering conception and adaptation of industrial equipment and processes, configuration and optimization of method, chemical and physical testing in pilot-plants and proof of concept reviewed by independent third party. During the year ended March 31, 2023, the Company capitalized \$396,845 research fees in the battery recycling plant.

H2SX Corp.

On January 14, 2022, H2SX Corp. ("H2SX") was incorporated as a wholly-owned subsidiary of the Company.

On April 25, 2022, H2SX executed a final agreement with the South Korean company Wintech Energy Corp. ("Wintech Energy"). The agreement allows H2SX to access Wintech Energy's green hydrogen technology. Through this agreement, Wintech Energy becomes a shareholder of H2SX.

H2SX is acquiring a global non-exclusive license as well as an exclusive license for the territories of Iceland, the State of Nevada in the United States of America, and the Provinces of Quebec and Ontario in Canada. The exclusive license also covers all-natural resource-based operations in Canada. Additional intellectual property developed by the partners will be co-owned, half by H2SX and half by the licensors.

H2SX will issue a total of 990,000 common shares representing 9.9% of its common shares, in favor of Wintech (4.95%) and ZeeOne (4.95%). The parties will also receive preferred shares with a conversion rate potentially representing 10% of the outstanding shares of H2SX. No cash will be disbursed. A series of 5-year Special Milestone Warrants exercisable at \$1.00 will also be issued based on the milestones.

As of March 31, 2023, no shares have been issued.

On February 14, 2023, H2SX and Altima Resources Ltd. ("Altima") entered into an agreement via a binding term sheet to move forward with the production of cheap and clean hydrogen (ccH₂TM) in Canada. H2SX will partner and work on an exclusive basis with Altima in British Columbia and Alberta in the natural gas domain and for projects and companies that have traditional natural gas production of 65 MMcf/d or less. In accordance with the provisions of the Terms Altima will issue 6,000,000 common shares to H2SX upon the completion of milestones as set out in the performance shares schedule as follow:

- 2,000,000 shares to be issued upon delivery of a preliminary technological engineering report.
- 2,000,000 shares to be issued upon receipt of a detailed engineering report tailored to Altima's initial project.
- 2,000,000 shares upon the delivery of a Preliminary Economical Assessment or a Prefeasibility Study.

In addition to the issuance of performance shares, Altima has committed to the construction of a hydrogen processing facility utilizing the patented technology.

As of March 31, 2023, no shares have been issued.

St-Georges Eco-Mining Corp.

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6. Exploration and Evaluation Assets (continued)

Kings of the North Corp

During the year ended December 31, 2017, the Company established a wholly-owned subsidiary, KOTN, to facilitate mining transactions in Canada.

Sale of Kings of the North Corp.

On May 29, 2019, the Company and the minority shareholders of KOTN entered into a share purchase agreement with BWA, pursuant to which BWA acquired of all the issued and outstanding shares of KOTN for an aggregate consideration of \$7,500,000 or approximately £4,400,000 unsecured, convertible interest-free loan notes ("Notes") with an initial repayment date three years after issued at a minimum price of £0.005 per share at the time of conversion.

On September 30, 2019, BWA's shareholders voted to approve the acquisition of KOTN. The Company received £2,451,409 (CAD\$4,183,000) of convertible loan notes with a fair value of \$2,698,575 on the completion of the sale (Note 10) and recognized a gain on the disposal of \$1,445,974.

In December 2020, the Company terminated the letter agreement with BWA to reacquire 100% of KOTN. The Company has commenced legal action to seek full reimbursement and compensation of its expenses related to the agreement and outstanding debts of BWA and KOTN, as well as to review potential actions on behalf of its shareholders and as a shareholder and debtholder of BWA (Note 10).

7. Distributed, decentralized, peer-to-peer technologies and commitments

Kamari Limited

On November 5, 2019, ZeU executed a joint venture agreement with Kamari Limited ("Kamari") of Malta for the joint development and deployment of lotteries and gaming offerings in Africa ("JV Co.").

As at March 31, 2023, the JV Co. remains inactive and did not incur any expenses or make any payments.

Prego International Group AS

On February 8, 2021, ZeU executed a definitive agreement to acquire all of the issued and outstanding shares of Prego International Group AS ("Prego"), through ZeUPay Inc. ("ZeUPay") for a total consideration of \$8,125,000 comprised of:

- a) Issuance of 2,500,000 common shares of ZeU at a price of \$0.25 (Done);
- b) The issuance of \$7,500,000 of convertible debentures of ZeUPay (Done); and
- c) The issuance of 7,500,000 non-transferable share purchase warrants of ZeU, each entitling the holder to acquire one common share of ZeU at a price of \$0.90 per share for a period of 12 months from the closing of the transaction, or at a price of \$1.50 for a period of 12 months from the date that is 12 months from the closing date (Done).

The primary reason for acquiring Prego was to acquire the custodial and legacy banking support for the Mula Platform as well as ZeU's other DeFi and Gaming initiatives. ZeUPay offers default legacy KYC and AML coverage for a suite of initiatives.

The Goodwill acquired was the excess of the fair value purchase price over the net assets of Prego, of which significant amounts had been expensed in prior years and not capitalized. During the period ended March 31, 2022, ZeUPay expended \$2,058,592, including \$1,393,295 accretion expense for the debentures to acquire Prego.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

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7. Distributed, decentralized, peer-to-peer technologies and commitments (continued)

An aggregate of 2,100,000 Consideration Shares and the Common Shares issuable upon conversion of the ZeUPay Debentures are subject to a voluntary resale restriction of one year from the Closing Date or the date of conversion, as applicable.

On March 2, 2021, ZeU completed the acquirement of Prego through its subsidiary ZeUPay. Prego changed its name to ZeUPay AS when the transaction is completed.

Consideration paid	CAD \$
Convertible Debenture	7,500,000
Shares and Warrants issuance fair value	4,959,314
Total consideration	12,459,314

Net assets acquired	CAD \$
Cash	1
Intercompany receivables	13,662
Intangible assets	446,400
Goodwill	13,320,813
Accounts Payable	(1,309,891)
	12,459,314

The acquired Goodwill consists of the proprietary software, customer lists and previously acquired goodwill. At March 31, 2022, ZeU determined that the Goodwill was impaired as the costs to build and operate the platform of ZeUPay as planned have increased up to 20times the original estimates. As a result, ZeU determined it was impaired and took a total write down of \$13,320,813.

ZeUPay AS put together a platform for micro-payments and remittance services based in Norway. Over the last year, the policies and fees structure of the clearing banks made the business model impossible to carry forward due to excessive new cost.

The operation was halted in August 2022, and the Company's attempts to replace the original setup failed. The operations of ZeUPay AS were completely stopped on September 30, 2022.

During the year ended March 31, 2023, ZeU settled the following items:

- \$1,514,910 accounts payable and loans of ZeUPay AS;
- A \$7,500,000 convertible debenture issued for the purchase agreement plus accrued interest of \$935,753 (Note 12); and
- \$35,000 accrued director fees.

These were settled with a promissory note of \$175,000 and 4,130,000 shares of ZeU valued at \$227,150. The Company recorded a gain of \$7,966,523 on the debt settlement. The Company recorded an obligation to issue shares of \$227,150 for the debt settlement, and those shares were issued after the year ended March 31, 2023 (Note 22).

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7. Distributed, decentralized, peer-to-peer technologies and commitments (continued)

MoneyLine Sports Inc.

On May 4, 2021, ZeU entered into a letter of intent with MoneyLine Sports Inc (“MoneyLine”), a licensed platform and provider of streaming sports content, to acquire all of their outstanding securities.

On August 11, 2021, ZeU executed the definitive agreement to acquire all of the issued and outstanding shares of MoneyLine through ZeU Gaming Inc. (“ZeU Gaming”), a wholly-owned subsidiary of ZeU for a total consideration of \$1,501,500.

On August 20, 2021, ZeU provided a principal sum of \$25,000 to MoneyLine without interest payable on the unpaid principal.

On September 24, 2021, ZeU did not complete the due diligence required to finalize the transaction and received notice from MoneyLine of their intent to withdraw from the proposed transaction. The share purchase agreement with MoneyLine was undone. No securities were issued.

On November 25, 2022, ZeU sent a Written Notice of Demand to MoneyLine requesting repayment of the \$25,000 Promissory Note by December 26, 2022.

During the year ended March 31, 2023, the Company fully impaired the \$25,000 promissory note receivable.

Borealis Derivatives DEX ehf.

ZeU developed Derivative Marketplace with its marketplace platform for Borealis Derivatives DEX ehf (“Borealis”), which is a Decentralized, Distributed, Digital Derivative marketplace. The pseudo-coding phase of the Marketplace’s platform has been initiated with the initial effort focused on the asset-spent back-stopped token.

8. Research and development expenses

During the year ended March 31, 2023, the Company incurred expenditures of \$18,682 (2022 - \$nil) related to the mineral recovery patent application.

During the year ended March 31, 2023, ZeU incurred research expenditures of \$293,121 (2022 - \$862,850) related to the development of its distributed and decentralized encrypted communication platform. The work consisted in redefining and developing patents in peer-to-peer communication, allowing optimization via machine learning of encryption, network data transport and protocols.

During the year ended March 31, 2023, St-Georges Metallurgy incurred \$93,305 (2022 - \$177,289) related to the development of mineral extraction processes with a focus on greener and more economical approaches. SXM is also improving its in-solution lithium hydroxide crystal growth, recirculation of acid and the development in-parallel of a new technology allowing for the production of aluminium nitrates.

During the year ended March 31, 2023, H2SX incurred \$195,975 (2022 - \$nil) related to the development of innovative cheap and clean hydrogen production solutions. The work consisted in an independent review of the licensed process, new fundamental research for the development of new carbon products and the conception of the industrial plant.

Since the technological and commercial stage has not yet been reached, all these expenditures were expensed in the consolidated statement of loss and comprehensive loss. Future expenditures on the technology may meet the guidelines and could be capitalized at that time.

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9. Marketable Securities and Equity Investments

Marketable securities consist of shares of publicly traded companies. Marketable securities are reported at their fair market value. The Company has the following investments at fair value as of March 31, 2023 and 2022:

	March 31, 2023		March 31, 2022	
	Number of Shares	Fair value \$	Number of Shares	Fair value \$
Iconic Minerals Ltd. ("Iconic") ⁽¹⁾	2,000,000	200,000	2,000,000	66,512
ThreeD Capital Inc. ⁽²⁾	300,000	102,000	300,000	198,000
BWA Group PLC ⁽⁴⁾	3,000,000	-	60,000,000	-
Altair International Corp. ⁽³⁾	80,000	5,525	2,000,000	63,645
		307,525		328,157

- (1) On August 29, 2019, Iconic issued 2,000,000 common shares with a fair value of \$118,293 to the Company upon completion of the Stage 1 benchmark. The shares will remain in escrow for three years (Note 6). As at March 31, 2023, the fair value of those marketable security was \$200,000.
- (2) On November 25, 2020, the Company received 300,000 common shares of ThreeD at a price of \$0.48 per common share and a cash payment of \$6,000 from ThreeD for the acquisition of 1,500,000 units of the Company at a price of \$0.10 per unit, a private placement closed on November 25, 2020.

On January 7, 2021, ZeU received 185,185 common shares of ThreeD Capital Inc. at a deemed price of \$0.81 per share from ThreeD Capital Inc. for the acquisition of 600,000 units of ZeU at a price of \$0.25 per unit.

During the period ended March 31, 2022, the ZeU sold 185,185 shares of ThreeD for proceeds of \$126,245 (cost of \$150,000), and the Company recorded a loss of \$23,755 upon the sale of 185,185 shares of ThreeD.

- (3) In January 2021, the Company received 2,000,000 shares of Altair International Corp. (USOTC: ATA0) upon signing the Binding Letter of Intent (Note 6).

On March 15, 2023, Altair International Corp. completed a share consolidation on a twenty-five for one basis. After the consolidation, the Company has 80,000 shares of Altair International Corp. As at March 31, 2023, the fair value of the Altair shares was \$5,525.

- (4) As of December 31, 2020, the Company remains a significant shareholder of BWA but no longer has the ability to appoint an officer or a director of BWA. As such, the Company no longer has significant influence over BWA; accordingly, the investment is recorded at fair value. As at December 31, 2020, the last significant trading price of the BWA shares was £0.002, and the shares were thinly traded. Management estimated at the time that it would take several years to dispose of the BWA shares based on the current trading volume and accordingly impaired the investment to \$nil. On December 31, 2020, the Company recorded an impairment loss of \$402,451 related to the BWA shares.

On July 25, 2022, the Company sold 57,000,000 shares of BWA, representing the majority of its holding of BWA to G&O Energy Investments Ltd. for \$57,000, which remains receivable.

As at March 31, 2023, the Company held 3,000,000 (2022 - 60,000,000) shares of BWA.

During the year ended March 31, 2023, the Company recorded a loss of \$nil (2022 - \$23,755) upon the sale of certain shares and an unrealized loss of \$20,632 (2022 - \$477,959) on the marketable securities held.

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10. Convertible debenture investment

On September 30, 2019, the Company received £2,451,409 of convertible debenture with a fair value of \$2,698,575 upon the completion of the sale of KOTN to BWA (Note 6). The BWA convertible debenture is unsecured, interest-free with an initial repayment date of 3 years from its issuance, and convertible into shares of BWA at a minimum price of £0.005 per share at the time of conversion or the VWAP of the 10 consecutive trading days preceding conversion. The conversion option is limited to 29% of the voting rights at the conversion date. On October 31, 2019, the Company converted £300,000 of the convertible debenture (Note 9) with a fair value of \$459,443 into 60,000,000 ordinary shares of BWA. As at December 31, 2019, the remaining principal amount of the convertible debenture investment is £2,151,409, and the fair value is \$2,213,564.

Due to a legal dispute that arose in the year ended December 31, 2020, that has not yet been settled, the Company determined that the likelihood of receiving value in a timely manner for the note was in doubt. As a result, the principal amount of the convertible loan receivable from BWA of £2,151,409 with a fair value of \$2,238,797 was impaired in that year. Should the dispute be resolved at a future date, any proceeds received will be recorded in that period.

On July 29, 2022, the Company sent a conversion notice to BWA to convert part of its convertible debentures into 116,412,500 ordinary shares of BWA. BWA declined the conversion. The Company's solicitors in the UK sent BWA a demand letter in response to their refusal to honor their obligation.

On November 28, 2022, the Company initiated legal proceedings against BWA in front of the High Court of Justice, Business and Property Court of England & Wales. In March 2023, the Company met BWA's representatives to investigate possible settlement scenarios. A scenario was proposed.

11. Accounts payable and accrued liabilities

	March 31, 2023	March 31, 2022
	\$	\$
Accounts payable (Note 17)	4,225,156	2,451,980
Accrued liabilities (Note 17)	467,458	203,552
	4,692,614	2,655,532

12. Convertible Debentures

The convertible debentures continuity schedule as at March 31, 2022 and December 31, 2020 is as follows:

	Convertible Debenture at Fair Value	Convertible Debenture at Amortized Cost	Debt due on Demand at Amortized Cost	Derivative Liability	Total
	\$	\$	\$	\$	\$
Balance at December 31, 2020	4,567,620	147,592	3,519,585	108,273	8,343,070
Convertible debenture issued	4,134,720	-	513,359	-	4,648,079
Convertible debenture on acquisition	92,198	-	-	-	92,198
Accretion expense and interest	2,019,236	2,370	349,200	-	2,370,806
Settlement of convertible debentures with Kamari tokens	(4,507,271)	-	-	-	(4,507,271)
Conversion to equity and buyback	(670,139)	(149,962)	-	(108,273)	(928,374)
Fair value adjustment	(7,451)	-	-	-	(7,451)
Balance at March 31, 2022	5,628,913	-	4,382,144	-	10,011,057
Current-term	(8,700)	-	(4,382,144)	-	(4,390,844)
Long-term	5,620,213	-	-	-	5,620,213

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12. Convertible Debentures (continued)

The convertible debentures continuity schedule as at March 31, 2023 and 2022 is as follows:

	Convertible Debenture at Fair Value	Debt due on Demand at Amortized Cost	Total
	\$	\$	\$
Balance at March 31, 2022	5,628,913	4,382,144	10,011,057
Issued	-	175,000	175,000
Accretion expense and interest	1,294,001	280,128	1,574,129
Settlement	(6,902,357)	(465,479)	(7,367,836)
Foreign exchange	(8,599)	(47,880)	(56,479)
Balance at March 31, 2023	11,958	4,323,913	4,335,871
Current-term	(11,958)	(4,323,913)	(4,335,871)
Long-term	-	-	-

a) Convertible Debentures issued in 2018

On October 6, 2018, the Company granted a 6% unsecured convertible debenture for an aggregate principal amount of \$300,000. The convertible debenture issued had a maturity date of October 6, 2019, and can be convertible into common shares of the Company at the 5-day weighted average share price, subject to a minimum price of \$0.15.

During the year ended December 31, 2019, debentures with a total face value of \$277,209, together with accrued interest were converted into 1,848,060 shares. On October 6, 2019, the Company extended the maturity date of the remaining \$22,791 debentures to October 6, 2021.

The variance between the discounted cash flow of the debt based on the original terms and the amended terms at the modification date was greater than 10%. Accordingly, the amendment to the terms of the convertible debentures was accounted as an extinguishment of debt in accordance with IFRS 9.

On October 11, 2018, the Company granted three 6% unsecured convertible debentures for an aggregate principal amount of \$600,000. The convertible debentures issued had a maturity date of October 11, 2028, and can be convertible into common shares of the Company at a 20% discount from the 7-day weighted average share price, subject to minimum prices ranging from \$0.10 to \$0.20. During the year ended December 31, 2018, debentures with fair value of \$200,000 were converted into 2,000,000 shares.

During the year ended December 31, 2019, debentures with a total face value of \$200,000, together with accrued interest were converted into 1,333,333 shares.

On February 10, 2021, the \$200,000 convertible debenture plus \$27,518 accrued interest was converted into 1,137,589 common shares of the Company at a price of \$0.20 per share (Note 13).

On May 10, 2021, the Company issued 17,669 common shares for the conversion of convertible debentures of the principal amount of \$5,656 plus accrued interest of \$864 at a price of \$0.369 per share (Note 13).

On June 14, 2021, the Company issued 2,620 common shares for the conversion of convertible debentures of the principal amount of \$870 plus accrued interest of \$139 at a price of \$0.385 per share (Note 13).

On August 2, 2021, the Company redeemed \$16,265 of convertible debentures issued in 2018 and \$7,632 of accrued interest with \$23,897 in cash.

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(Expressed in Canadian dollars, except as otherwise noted)

12. Convertible Debentures (continued)

a) Convertible Debentures issued in 2018 (continued)

As at March 31, 2023 and 2022, the Carrying value of the convertible debentures issued in 2018, including accrued interest was \$nil, and the accretion and interest expense recognized during the year was \$nil (period ended March 31, 2022 was \$4,258).

On July 5, 2020, the convertible debentures, with a face value of \$3,157,524, which were issued in 2018, matured. A portion of these convertible debentures, with a face value of \$2,801,274, were not renewed and are now due on demand and are presented as debt due on demand.

On July 7, 2020, ZeU entered into amending agreements with debenture holders to amend the terms of the remaining 2018 convertible debentures with a face value of \$371,354. The principal balance plus accrued interest totalling \$427,695 was converted into the 2020 convertible debentures on the terms described below.

As at March 31, 2023, the carrying value, including principal and interest of the debt due on demand was \$4,148,913(2022 - \$3,868,785), and interest expense recognized during the year was \$280,128 (period ended March 31, 2022 - \$349,200).

b) Convertible Debentures issued in 2019

On February 4, 2019, under the agreement with VN3T, ZeU issued a debenture in the amount of \$150,000 to VN3T (Note 7) in consideration for acquired research and development technology. The debenture matures in 2 years from its issuance and is convertible into common shares of ZeU at a price equal to the 5-day VWAP of ZeU's shares on the CSE, subject to a minimum of \$1.85.

The convertible debenture was accounted as share-based payment in accordance with IFRS 2 as the consideration received was in the form of goods and services. The fair value of the debt component at inception was determined to be \$107,137, based on an interest rate of 17%, and the residual value of \$42,864 was recorded in capital surplus. As at December 31, 2019, the carrying value of the convertible debentures, including accrued interest was \$124,699.

On March 1, 2021, ZeU entered into a debt settlement agreement with the debenture holder, and the \$150,000 debentures were converted into 217,391 common shares of ZeU at a deemed price of \$0.69 per share.

On November 13, 2019, ZeU completed a 12% unsecured convertible debenture financing in the principal amount of \$7,834,000, and in consideration, ZeU received digital currency, consisting of 24,000,000 Kamari ("KAM") from Kamari Limited (Note 7). Each convertible debenture may be converted into common shares of ZeU at a price equal to the greater of (i) \$1.50, and (ii) if the date of any conversion occurs after ZeU completes a transaction ("Liquidity Event") pursuant to which it will become a "reporting issuer" under applicable Canadian securities laws, the 10-day volume-weighted average trading price of the shares of ZeU, immediately prior to the applicable conversion date. The debenture issued pursuant to the offering will have a maturity date of May 12, 2022. The KAM are subject to voluntary transfer restrictions (Note 7).

This Kamari convertible debenture was accounted as share-based payment in accordance with IFRS 2 as ZeU received intangible assets. The fair value of the digital currencies received in consideration for the convertible debentures with the principal amount of \$7,834,000 was \$6,881,396, and the fair value of the conversion feature was determined to be \$nil. Accordingly, the fair value of the Kamari convertible debentures at the date of issuance was \$6,881,396 and was determined based on an interest rate of 17%. The Kamari Convertible debenture will be carried at fair value, with changes in fair value recorded in the statement of loss and comprehensive loss.

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12. Convertible Debentures (continued)

b) Convertible Debentures issued in 2019 (continued)

Upon the occurrence of a Liquidity Event, ZeU will be entitled to require the holders of the convertible debentures to convert up to 50% of the principal amount outstanding, together with any accrued and unpaid interest owing thereon, into shares of ZeU at the conversion price described above. On December 30, 2019, ZeU converted \$3,963,445, representing 50% of the principal amount, together with accrued interest on the outstanding Kamari convertible debentures into 2,642,297 common shares of ZeU at a price of \$1.50 per share.

On March 31, 2021, ZeU exercised its option to repay \$500,000 of the Kamari convertible debentures and all accrued interest for a total of \$1,161,834 using 3,336,564 KAM tokens.

On March 21, 2022, the Company exercised its options to repay the remaining \$3,417,000 of the Kamari convertible debentures and all accrued interest for a total of \$3,815,806 using 15,338,551 KAM tokens.

As at March 31, 2023, the Carrying value of the Kamari convertible debentures, including accrued interest was \$nil (2022 - \$nil), and the accretion and interest expense recognized during the year was \$nil (period ended March 31, 2022 - \$602,755).

c) Convertible Debentures issued in 2020

On July 7, 2020, ZeU entered into amending agreements with certain of the 2018 debenture holders to amend the terms of convertible debentures with a face value plus accrued interest of \$427,695, which matured on July 5, 2020.

Under the terms of the amended debentures ("Amended Debentures"), the maturity date has been extended two years from July 5, 2020 to July 5, 2022, and in exchange:

- 1) The floor conversion price of the principal amount of the Amended Debentures has been reduced from \$1.00 to \$0.25 per share;
- 2) The interest has been raised from 10% to 12%;
- 3) The Amended debentures now rank in priority of all unsecured debts; and
- 4) ZeU issued 1,718,972 warrants with a term of 2 years and an exercise price of \$0.30 per common share purchase for every tranche of \$0.25 of original debenture principal plus accrued interest. The proceeds of the warrants will be used to buy back the debentures if it has not been repaid or converted at the time of the warrants exercise.

The fair value of the new convertible debenture at inception was determined to be \$371,354, and the fair value of the warrants issued for this modification was \$160,724. The fair value of the convertible debenture was determined using at market interest rate of 17%, and the fair value of the warrants issued was estimated using a Black-Scholes Option Pricing Model (Stock price \$0.18, exercise price of \$0.30, volatility 200%, risk free interest rate of 2.40%, discount for lack of marketability of 35% and 0% dividend yield).

On July 28, 2020, ZeU converted \$36,016 of the principal amount together with accrued interest on the outstanding 12% debentures into 145,106 common shares of ZeU at a price of \$0.25 per share. As of December 31, 2020, the Company recorded an obligation to issue shares of \$31,496 for this conversion, and these shares were issued after the year ended December 31, 2020. On December 22, 2020, ZeU converted \$240,040 of the principal amount together with accrued interest on the outstanding 12% debentures into 1,030,200 common shares of ZeU at a price of \$0.25 per share.

On January 14, 2021, ZeU redeemed \$27,012 of amended convertible debentures with \$27,012 in cash.

On January 14, 2021, ZeU converted \$23,835 of the principal amount together with accrued interest into 95,339 common shares of ZeU at a deemed price of \$0.25 per share.

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12. Convertible Debentures (continued)

c) Convertible Debentures issued in 2020 (continued)

On January 26, 2021, ZeU converted \$19,216 of the principal amount together with accrued interest into 35,585 common shares of ZeU at a price of \$0.54 per share (volume weighted average price ("VWAP")).

On February 17, 2021, 255,034 warrants of ZeU were exercised, and the proceeds of \$76,510 were used to buy back the principal amount together with accrued interest.

As at March 31, 2023, the carrying value, including principal and interest of the 2020 amended convertible debentures was \$11,958 (2022 - \$8,700), and interest expense recognized during the year was \$3,258 (period ended March 31, 2022 - \$5,587).

On October 23, 2020, pursuant to the acquisition of Melmi agreement, the Company issued the following convertible debentures:

- \$100,000 of non-transferable debentures bearing 6% annual interest, maturing 3 years from issuance date, convertible into common shares of the Company at a deemed price of \$0.10 per shares; and
- \$150,000 of non-transferable debentures bearing 6% annual interest, maturing 3 years from issuance date, convertible into common shares of the Company at a deemed price of \$0.15 per shares; and
- \$150,000 of non-transferable debentures bearing 6% annual interest, maturing 3 years from issuance date, convertible into common shares of the Company at a deemed price of \$0.20 per shares; and

The fair value of the liability component at inception was determined to be \$229,151 based on an interest rate of 25%, and the residual value of \$170,849 was recorded in equity component of debenture. As at December 31, 2020, the carrying value of the convertible debentures of the Company issued in 2020, including accrued interest was \$300,524.

On February 26, 2021, the \$100,000 convertible debenture plus \$2,000 accrued interest was converted into 1,020,000 common shares of the Company at a price of \$0.10 per share (Note 13).

On February 26, 2021, the \$150,000 convertible debenture plus \$3,000 accrued interest was converted into 1,020,000 common shares of the Company at a price of \$0.15 per share (Note 13).

On February 26, 2021, the \$150,000 convertible debenture plus \$3,000 accrued interest was converted into 765,000 common shares of the Company at a price of \$0.20 per share (Note 13).

d) Convertible Debentures issued in 2021

On March 2, 2021, ZeUPay issued \$7,500,000 convertible debentures for the acquisition of Prego.

The ZeUPay Debentures mature in 4 years from its issuance and bear interest at the rate of 6.00% per annum until the earlier of: (i) their date of conversion or (ii) 48 months from the Closing Date (the "Maturity Date"). The interest on the ZeUPay Debentures may, at the sole discretion of ZeUPay, be paid (i) in cash or (ii) by the issue of the equivalent value in common shares of ZeUPay at a price per share equal to the greater of (a) \$1.00 and (b) the last financing price of ZeUPay.

The principal amount of the ZeUPay Debentures, together with the interest accrued thereon, will automatically convert into common shares of ZeUPay on the earlier of: (i) the Maturity Date and (ii) the occurrence of a liquidity event, at a conversion price equal to the higher of: (a) \$1.00 and (b) the last financing price of ZeUPay.

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12. Convertible Debentures (continued)

d) Convertible Debentures issued in 2021 (continued)

Holders of the ZeUPay Debentures have a right to convert all of the outstanding principal amount of the ZeUPay Debentures, together with the interest accrued thereon, into common shares of the Company at a price equal to the higher of: (i) \$1.00 and (ii) the 5-day volume-weighted average price of the Common Shares on the CSE, at any time prior to the earlier of: (i) the Maturity Date and (ii) the occurrence of a liquidity event. The fair value of the debt component at inception was determined to be \$4,134,720, based on a risk adjusted interest rate of 17%, and the residual value of \$3,365,280 was recorded in capital surplus.

On March 31, 2023, ZeU settled the \$7,500,000 convertible debenture issued for ZeUPay AS plus accrued interest of \$935,753, \$1,514,910 accounts payable and loans of ZeUPay AS, plus \$35,000 in accrued director fees with a promissory note of \$175,000 and 4,130,000 shares of ZeU valued at \$227,150 (Note 7). The Company recorded a gain of \$7,966,523 on the debt settlement.

During the year ended March 31, 2023, the Company recognized accretion and interest expenses of \$1,574,129 (2022 - \$2,370,806) on all the convertible debentures.

13. Share Capital

a) Common Shares

The Company is authorized to issue an unlimited number of common shares with no par value.

2021

On February 5, 2021, the Company closed a non-brokered private placement of 1,428,571 units at a price of \$0.14 per unit, for an aggregate gross proceed of \$200,000. Each unit is comprised of one common share of the Company and one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.21 per share until February 5, 2023.

On February 10, 2021, the Company issued 1,137,589 shares for the conversion of convertible debentures of the principal amount of \$200,000 plus interest accrued of \$27,518 at a price of \$0.20 per share. The carrying value of the debt component and the derivative liability of the debentures converted at the conversion date was \$352,653.

On February 26, 2021, the Company issued 2,805,000 shares for the conversion of convertible debentures of the principal amount of \$100,000 plus accrued interest of \$2,000 at a price of \$0.10 per share, principal amount of \$150,000 plus accrued interest of \$3,000 at a price of \$0.15 per share, and principal amount of \$150,000 plus accrued interest of \$3,000 at a price of \$0.20 per share. The carrying value of the debt component and the equity component of debenture at the conversion date was \$2,272,050.

On March 3, 2021, the Company closed its first tranche non-brokered private placement of 10,000,000 units at a price of \$0.50 and 7,831,632 flow-through units at a price of \$0.60 for total gross proceeds of \$9,698,979.

Each unit is comprised of one common share of the Company and one share purchase warrant, entitling the holder to purchase one share at an exercise price of \$0.65 until the first 18 months from the issuance, and \$1.05 for the 18 months thereafter, together 36 months expiry period. Each flow-through unit is comprised of one common share of the Company on a flow-through basis and one flow-through share purchase warrant. Each flow-through warrant entitles the holder thereof to purchase one share at an exercise price of \$0.75 until the first 18 months from the issuance and \$1.25 for the 18 months thereafter, together 36 months expiry period. The Company paid finder fee of \$201,034 in cash, issued 140,000 non-transferable Finders warrants valued at \$78,427 at an exercise price of \$0.65 until March 3, 2024, and issued 169,890 non-transferable finders warrants valued at \$94,177 at an exercise price of \$0.75 until March 3, 2024.

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13. Share Capital (continued)

a) Common Shares (continued)

2021 (continued)

On March 11, 2021, the Company closed its final tranche non-brokered private placement of 1,083,333 flow-through units at a price of \$0.60 for gross proceeds of \$650,000. Each flow-through unit is comprised of one common share of the Company on a flow-through basis and one flow-through share purchase warrant. Each flow-through warrant entitles the holder thereof to purchase one share at an exercise price of \$0.75 until the first 18 months from the issuance and \$1.25 for the 18 months thereafter. The Company paid finder fee of \$39,000 in cash and issued 65,000 non-transferable finders warrants valued at \$36,019 at an exercise price of \$0.75 until March 12, 2024.

On April 19, 2021, the Company issued 375,000 common shares to settle \$60,000 of accounts payable for its subsidiary EVSX.

On May 10, 2021, the Company issued 17,669 common shares for the conversion of convertible debentures of the principal amount of \$5,656 plus accrued interest of \$864 at a price of \$0.369 per share. The carrying value of the debt component and the derivative liability of the debentures converted at the conversion date was \$6,714.

On June 14, 2021, the Company issued 2,620 common shares for the conversion of convertible debentures of the principal amount of \$870 plus accrued interest of \$139 at a price of \$0.385 per share. The carrying value of the debt component and the derivative liability of the debentures converted at the conversion date was \$1,009.

On August 12, 2021, the Company issued 100,000 common shares at a fair value of \$27,000 to the vendor for the acquisition of 28 mineral claims adjacent to the Julie Nickel project.

On November 22, 2021, pursuant to the agreement, the Company issued 1,000,000 common shares with a deemed value of \$500,000 to Exploration J. F. Inc.

On November 30, 2021, the Company closed its non-brokered private placement of 10,127,273 flow-through units at a price of \$0.55 for gross proceeds of \$5,570,000.

Each flow-through unit is comprised of one common share of the Company on a flow-through basis and one-half flow-through share purchase warrant. Each flow-through warrant entitles the holder thereof to purchase one share at an exercise price of \$0.65 until November 30, 2023. The Company paid finder fee of \$302,700 in cash and issued 557,273 non-transferable finders warrants valued at \$226,682 at an exercise price of \$0.65 until November 30, 2023.

On December 21, 2021, the Company closed its non-brokered private placement of 4,185,714 units at a price of \$0.35 for gross proceeds of \$1,465,000. The proceeds of the offering are used to advance its subsidiary H2SX Corp. for the green hydrogen initiative.

Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share at an exercise price of \$0.40 until June 21, 2023. The Company paid finder fees of \$98,000 in cash and issued 280,000 non-transferable finders warrants valued at \$76,476 at an exercise price of \$0.40 until June 21, 2023.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

13. Share Capital (continued)

a) Common Shares (continued)

2022

During the fifteen months ended March 31, 2022, the Company issued 3,670,000 common shares for stock options exercised for proceeds of \$396,500 and issued 14,270,300 common shares for warrants exercised for proceeds of \$2,698,810. The Company recorded a write-off of \$435,000 subscription receivable.

2023

On November 1, 2022, the Company closed the first tranche of a non-brokered private placement offering of flow-through units at a price of \$0.25 for total gross proceeds of up to \$1,425,000.

Each flow-through unit is comprised of one common share in the capital of the Company on a flow-through basis and half a flow-through share purchase warrant. Each half flow-through warrant entitles the holder thereof to purchase half a share at an exercise price of \$0.29 per share until November 1, 2025. The Company paid finder fee of \$75,000 in cash and issued 300,000 finders warrants at a fair value of \$40,692 at an exercise price of \$0.29 until November 1, 2025.

On November 18, 2022, the Company closed the second tranche of a non-brokered private placement offering of flow-through units at a price of \$0.25 for total gross proceeds of up to \$1,800,000.

Each flow-through unit is comprised of one common share in the capital of the Company on a flow-through basis and half a flow-through share purchase warrant. Each half flow-through warrant entitles the holder thereof to purchase half a share at an exercise price of \$0.29 per share until November 18, 2025. The Company paid finder fee of \$108,000 in cash and issued 432,000 finders warrants at a fair value of \$60,379 at an exercise price of \$0.29 until November 18, 2025.

On December 30, 2022, the Company closed a non-brokered private placement offering of flow-through units at a price of \$0.41 for total gross proceeds of up to \$2,050,000.

Each flow-through unit is comprised of one common share in the capital of the Company on a flow-through basis and a share purchase warrant. Each warrant entitles the holder thereof to purchase a share at an exercise price of \$0.50 per share until December 30, 2025. The Company paid finder fee of \$123,000 in cash.

During the year ended March 31, 2023, the Company issued 896,733 common shares for warrants exercised for proceeds of \$165,896, of which \$3,895 remains receivable, and issued 503,267 common shares to settle accounts payable of \$93,104.

During the year ended March 31, 2023, the Company received subscriptions receivable of \$95,000 from prior year private placement and stock options exercise. The balance of subscription receivable as at March 31, 2023 is \$3,895 (2022 - \$95,000).

b) Preferred shares

The Company is authorized to issue an unlimited number of preferred shares without nominal or par value. The Company has not issued any preferred shares.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

13. Share Capital (continued)

c) Share-based payment reserve

The share-based payment reserve account is used to record the accumulated fair value of stock options recognized as share-based payments. The reserve is increased by the fair value of these items on vesting and is reduced by the corresponding amounts when options are exercised (Note 14).

As of March 31, 2023, the Company recorded contributed surplus of \$11,479,863 (2022 - \$11,479,863) related to options and \$4,283,783 (2022 - \$2,215,713) related to warrants.

d) Warrants

The following is a summary of changes in warrants from January 1, 2021 to March 31, 2023:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance as at January 1, 2021	25,770,300	0.19
Issued	31,055,049	0.625
Exercised	(15,059,580)	0.189
Expired	(6,500,000)	0.185
Balance as at March 31, 2022	35,265,769	0.57
Issued	12,182,000	0.376
Exercised	(1,400,000)	0.185
Expired	(2,810,720)	0.185
Balance as at March 31, 2023	43,237,049	0.55

On January 14, 2021, 6,300,000 warrants expired unexercised.

On March 3, 2021, the Company elected to exercise its right to accelerate the expiry date of 5,217,800 warrants of the Company issued on or before November 1, 2020, to April 5, 2021.

On April 5, 2021, 200,000 warrants expired unexercised.

On November 25, 2022, 2,810,720 warrants expired unexercised.

St-Georges Eco-Mining Corp.

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For the year ended March 31, 2023 and the fifteen months ended March 31, 2022
(Expressed in Canadian dollars, except as otherwise noted)

13. Share Capital (continued)

d) Warrants (continued)

On September 2, 2022, the Company extended the expiry dates of certain warrants issued during its private placement financings as follows:

<u>Number of Warrants</u>	<u>Current Expiry Date</u>	<u>Revised Expiry Date</u>
1,428,571	February 5, 2023	February 5, 2024
10,000,000	Exercise price of \$0.65 for a period of 18 months following the closing date, and \$1.05 for the 18 months thereafter.	Exercise price of \$0.65 for a period of 30 months following the closing date, and \$1.05 for the 6 months thereafter.
7,831,632	Exercise price of \$0.75 for a period of 18 months following the closing date, and \$1.25 for the 18 months thereafter.	Exercise price of \$0.75 for a period of 30 months following the closing date, and \$1.25 for the 6 months thereafter.
1,083,333	Exercise price of \$0.75 for a period of 18 months following the closing date, and \$1.25 for the 18 months thereafter.	Exercise price of \$0.75 for a period of 30 months following the closing date, and \$1.25 for the 6 months thereafter.
5,063,636	November 30, 2023	November 30, 2024
4,185,714	June 21, 2023	June 21, 2024

As at March 31, 2023, the warrants have a remaining average life of 1.52 years (2022 – 1.59 years).

e) Capital surplus

Capital surplus includes the equity component of the convertible debentures issued for goods and services (Note 12) attributable to the Company. As at March 31, 2023, the carrying value was \$1,740,365 (2022 - \$2,657,874).

14. Share-based Payments

Stock Option Plan

On September 1, 2009, the Company established a stock-based compensation plan. Under the stock-based compensation plan, the board of directors of the Company may, from time to time, at its discretion, and in accordance with CSE requirements, grant to directors, officers and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five (5) years from the date of grant.

The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares, and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised with a maximum period of one year after such death, subject to the expiry date of such option.

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

14. Share-based Payments (continued)

The subscription price of the shares which may be issued under the plan must not be lower than the closing price of the last regular board lot sold on the CSE on the trading day immediately preceding the date of grant. The option price is payable in full at the time the option is exercised. The vesting periods in respect of the options are determined by the Board of Directors at the time of each grant of options.

On January 21, 2021, the Company issued 500,000 stock options, vesting immediately, with an exercise price of \$0.20. The Company estimated a grant date fair value of these options of \$70,781. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.145; exercise price of \$0.20; expected life of 5 years; expected volatility of 207%; risk free interest rate of 0.45%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$70,781 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

On January 21, 2021, the Company issued 300,000 stock options, vesting immediately, with an exercise price of \$0.20. The Company estimated a grant date fair value of these options of \$36,644. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.145; exercise price of \$0.20; expected life of 3 years; expected volatility of 172%; risk free interest rate of 0.45%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$36,644 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

On May 18, 2021, the Company issued 1,025,000 stock options, vesting immediately, with an exercise price of \$0.45. The Company estimated a grant date fair value of these options of \$223,100. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.295; exercise price of \$0.45; expected life of 2 years; expected volatility of 175%; risk free interest rate of 0.32%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$223,100 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

On July 23, 2021, the Company issued 300,000 stock options, vesting immediately, with an exercise price of \$0.45. The Company estimated a grant date fair value of these options of \$59,093. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.275; exercise price of \$0.45; expected life of 2 years; expected volatility of 171%; risk free interest rate of 0.45%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$59,093 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

On October 26, 2021, the Company issued 700,000 stock options, vesting immediately, with an exercise price of \$0.60. The Company estimated a grant date fair value of these options of \$225,464. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.44; exercise price of \$0.60; expected life of 2 years; expected volatility of 169%; risk free interest rate of 0.86%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$225,464 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

On October 26, 2021, the Company issued 5,500,000 stock options, vesting immediately, with an exercise price of \$0.60. The Company estimated a grant date fair value of these options of \$2,333,469. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.44; exercise price of \$0.60; expected life of 5 years; expected volatility of 192%; risk free interest rate of 1.33%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$2,333,469 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

St-Georges Eco-Mining Corp.

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For the year ended March 31, 2023 and the fifteen months ended March 31, 2022
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14. Share-based Payments (continued)

On March 1, 2022, the Company issued 250,000 stock options, vesting immediately, with an exercise price of \$0.45. The Company estimated a grant date fair value of these options of \$79,063. The grant date fair values of these options were estimates based on the following assumptions: share price at grant date of \$0.33; exercise price of \$0.45; expected life of 5 years; expected volatility of 186%; risk free interest rate of 1.48%; expected dividend yield rate of 0%; and forfeiture rate of 0%. Stock-based compensation of \$79,063 was incurred during the period ended March 31, 2022 related to the vesting of options granted in the period.

Stock-based compensation related to options issued by ZeU during the year ended March 31, 2023 was \$nil (2022 - \$727,630).

The following options were outstanding as at March 31, 2023:

Grant Date	Expiry Date	Exercise Price	Closing balance March 31, 2022	Issued	Cancelled/ Exercised/ Expired	Closing balance March 31, 2023	Vested
April 19, 2018	April 19, 2023	\$ 0.80	3,850,000	-	-	3,850,000	3,850,000
April 19, 2018	April 19, 2023	\$ 0.70	250,000	-	-	250,000	250,000
December 8, 2020	December 7, 2023	\$ 0.20	1,100,000	-	-	1,100,000	1,100,000
December 8, 2020	December 7, 2025	\$ 0.20	5,080,000	-	-	5,080,000	5,080,000
January 22, 2021	December 28, 2022	\$ 0.20	500,000	-	(500,000)	-	-
January 22, 2021	January 22, 2024	\$ 0.20	300,000	-	-	300,000	300,000
May 18, 2021	May 18, 2023	\$ 0.45	1,025,000	-	-	1,025,000	1,025,000
July 23, 2021	July 23, 2023	\$ 0.45	300,000	-	-	300,000	300,000
October 26, 2021	October 26, 2023	\$ 0.60	700,000	-	-	700,000	700,000
October 26, 2021	October 26, 2026	\$ 0.60	5,500,000	-	-	5,500,000	5,500,000
March 1, 2022	March 1, 2027	\$ 0.45	250,000	-	-	250,000	250,000
			18,855,000	-	(500,000)	18,355,000	18,355,000

The following options were outstanding as at March 31, 2022:

Grant Date	Expiry Date	Exercise Price	Closing balance December 31, 2020	Issued	Cancelled/ Exercised/ Expired	Closing balance March 31, 2022	Vested
July 19, 2016	July 19, 2021	\$ 0.075	2,150,000	-	(2,150,000)	-	-
June 1, 2017	June 1, 2022	\$ 0.075	550,000	-	(550,000)	-	-
April 19, 2018	April 19, 2021	\$ 0.80	400,000	-	(400,000)	-	-
April 19, 2018	April 19, 2023	\$ 0.80	3,850,000	-	-	3,850,000	3,850,000
April 19, 2018	April 19, 2023	\$ 0.70	250,000	-	-	250,000	250,000
December 8, 2020	December 7, 2023	\$ 0.20	1,100,000	-	-	1,100,000	1,100,000
December 8, 2020	December 7, 2025	\$ 0.20	6,050,000	-	(970,000)	5,080,000	5,080,000
January 22, 2021	January 22, 2024	\$ 0.20	-	500,000	-	500,000	500,000
January 22, 2021	January 22, 2024	\$ 0.20	-	300,000	-	300,000	300,000
May 18, 2021	May 18, 2023	\$ 0.45	-	1,025,000	-	1,025,000	1,025,000
July 23, 2021	July 23, 2023	\$ 0.45	-	300,000	-	300,000	300,000
October 26, 2021	October 26, 2023	\$ 0.60	-	700,000	-	700,000	700,000
October 26, 2021	October 26, 2026	\$ 0.60	-	5,500,000	-	5,500,000	5,500,000
March 1, 2022	March 1, 2027	\$ 0.45	-	250,000	-	250,000	250,000
			14,350,000	8,575,000	(4,070,000)	18,855,000	18,855,000

As at March 31, 2023, the stock options have a weighted average exercise price of \$0.49 (2022 - \$0.48) and weighted average remaining life of 1.97 years (2022 - 2.94 years).

St-Georges Eco-Mining Corp.

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15. Financial Risk Management and Financial Instruments

Financial Risk

The primary goals of the Company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward are achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risks through preventative controls and transferring risk to third parties. The Company's exposure to potential loss from financial instruments is primarily due to various market risks, as detailed below.

Market Risk

Market risk is the risk of loss arising from adverse changes to market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates, and other relevant market rates or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how those exposures are currently managed.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. To manage cash flow requirements, the Company will have to issue additional common shares, conclude private placements, and complete debt settlements.

As at March 31, 2023, the Company has current liabilities of \$9,340,586 (2022 - \$7,134,675) due within 12 months and has cash of \$1,527,292 (2022 - \$3,787,083) and lawyer's trust account of \$100,442 (2022 - \$150,000) to meet its current obligations. Liquidity risk is assessed as high w. At March 31, 2023, the Company has long term lease liabilities of \$1,312,659 (2022 - \$56,623).

The table below summarises the maturity profile of the Group's financial liabilities based on undiscounted payments:

15 Months ended March 31, 2022	On demand	1 year	2 – 4 years	> 4 years	Total
Interest bearing loans	4,474,342	Matured	Matured	Matured	4,474,342
Short-term convertible debentures	8,700	1,080	Matured	Matured	9,780
Long-term convertible debentures	5,528,015	450,000	1,350,000	2,250,000	9,578,015
Lease liabilities	-	69,475	32,447	-	101,922

Year ended March 31, 2023	On demand	6 months	1 – 4 years	> 4 years	Total
Interest bearing loans	4,148,913	Due	Due	Due	4,148,913
Promissory note	-	95,000	80,000	-	175,000
Short-term convertible debentures	11,958	Due	Due	Due	11,958
Lease liabilities	-	420,447	1,260,000	336,000	2,016,447

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and promissory note receivable. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. This amount best represents the maximum exposure to any potential credit risk and the risk is assessed as low.

St-Georges Eco-Mining Corp.

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15. Financial Risk Management and Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's convertible debentures have fixed interest rates and, accordingly, are not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to reduce its exposure to risk.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company has operations in Iceland, and the exchange risk is not considered significant considering the level of assets and liabilities.

As at March 31, 2023, the Company had foreign exchange risk with respect to US accounts payable of CAD\$44,530 (2022 – CAD \$nil) and Iceland Krona accounts payable of CAD\$549,636 (2022 – CAD \$511,339). If the Canadian dollar changes by ten percent against all foreign currencies, with all other variables held constant, the impact of the foreign currency change on the Company's foreign denominated financial instruments would result in a reduction or increase of after-tax net loss of approximately \$59,417 (2022 - \$51,134) for the year ended March 31, 2023.

Fair Value Measurement

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The carrying amount and fair value of cash, accounts receivable, and accounts payables are considered to be a reasonable approximation of fair value because of their long-term maturities.

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Derivative liability and convertible debenture investment are measured using level 3 inputs. The fair value of the derivative liability was determined using Black-Scholes Option Pricing Model with the following assumptions:

Share price	\$0.10 - \$2.5 (ZeU)	\$0.11 (Zeu) - \$0.13
Exercise price	\$0.15 - \$1	\$0.10 - \$1
Expected life	0.51 - 8.79 years	0.75 - 9.79 years
Volatility	108% - 284%	236% - 289%
Risk free interest rate	1.70%	1.86%
Dividend yield rate	0%	0%
Forfeiture rate	0%	0%

The fair value of the convertible debenture investment was determined using an interest market rate of 17% and a Black-Scholes Option Pricing Model for the conversion feature using the following assumptions; share price of £0.003; exercise price of £0.005; expected life of 2.7 years; expected volatility of 70.65%; risk free interest rate of 0.71%; expected dividend yield rate of 0%; and forfeiture rate of 0%. At December 31, 2020, the Company determined that based on the financial condition of BWA, the convertible debenture investment was impaired.

St-Georges Eco-Mining Corp.

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15. Financial Risk Management and Financial Instruments (continued)

The fair value of the marketable securities was originally determined using Level 1 inputs and Level 3 inputs for the 3-year lock up period, which was determined using a Black-Scholes Option Pricing Model with the following assumptions:

Share price	\$0.08
Exercise price	\$0.08
Expected life	3 years
Volatility	140%
Risk free interest rate	1.32%
Dividend yield rate	0%
Forfeiture rate	0%

16. Capital Management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at March 31, 2023, the Company's shareholders' equity was \$15,771,118 (2022 - \$8,586,837) and it carried long term lease liabilities of \$1,312,659 (2022 - \$56,623). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term.

Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. To meet these objectives, management monitors the Company's capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case-by-case basis.

The capital for expansion is mostly from proceeds from the issuance of common shares and convertible debentures. The net proceeds raised will only be sufficient for a certain amount of exploration and development work on its properties and for working capital purposes. Additional funds may be required to finance the Company's corporate objectives.

There was no change in the Company's capital management policy for the year ended March 31, 2023. The Company is not currently exposed to any externally imposed capital requirements.

17. Related Party Transactions

a) Related party transactions

During the year, the Company incurred transactions with related parties, including companies or subsidiaries controlled by its Chief Executive Officer, President, CFO, Directors, and corporate secretary. During the year ended March 31, 2023, the Company incurred management and administration fees, including bonuses, of \$1,002,449 (2022 - \$2,129,136) and research fees of \$110,070 (2022 - \$667,699), which were expensed as research and development costs, and other consulting fees of \$60,000 (2022 - \$75,191).

A related party of the Company subscribed for a total of 2,100,000 units for proceeds of \$1,050,000 and subscribed for a total of 2,500,000 flow-through units for proceeds of \$1,500,000 in the private placement closed on March 3, 2021.

The related parties of the Company subscribed for a total of 554,545 flow-through units for proceeds of \$305,000 in the private placement closed on November 30, 2021.

The related parties of the Company subscribed for a total of 700,000 flow-through units for proceeds of \$175,000 in the private placement closed on November 1, 2022.

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17. Related Party Transactions (continued)

b) Due to Related Parties

As at March 31, 2023, included in accounts payable and accrued liabilities is \$763,572 (2022 - \$686,993) owing to directors. These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

As at March 31, 2023, the balance of \$20,000 (2022 - \$20,000) is due to a director of the Company and is included as a loan from related party. This amount is unsecured, non-interest bearing and has no fixed terms for repayment.

On January 7, 2021, ZeU issued 1,354,000 common shares at a deemed price of \$0.25 per share to settle an aggregate of \$338,500 of indebtedness owed to certain core management and directors.

c) Stock Options Granted

During the period ended March 31, 2022, a total of 5,500,000 stock options were granted to the key management to purchase common shares of the Company at an exercise price of \$0.60 per share on or before October 26, 2026. The Company recorded stock-based compensation of \$2,121,335 for options granted to related parties during the period ended March 31, 2022.

18. Segmented Information

The Company currently operates two operating segments: the acquisition and exploration of mining properties and distributed, decentralized, peer-to-peer technology development. All of the Company's activities are conducted in Canada and Iceland.

The Company operates in one business segment: the acquisition and exploration of properties.

The assets, liabilities and operating expenses as the geographic segment information. The primary indicators are as follows:

March 31, 2023	Canada	Iceland	Total
	\$	\$	\$
Assets	24,112,042	2,332,321	26,444,363
Liabilities	7,127,144	3,546,101	10,673,245
Operating expenses	(5,179,015)	(451,976)	(5,630,991)

March 31, 2022	Canada	Iceland	Total
	\$	\$	\$
Assets	19,412,663	2,005,685	21,418,348
Liabilities	10,063,964	2,767,547	12,831,511
Operating expenses	(12,116,176)	(541,513)	(12,657,689)

Key decision makers review assets, liabilities and operating expenses as the primary indicators of segment information. The primary indicators are as follows:

March 31, 2023	Exploration of mining properties	Peer-to-peer technology development	Total
	\$	\$	\$
Assets	26,191,651	252,712	26,444,363
Liabilities	3,631,463	7,041,782	10,673,245
Operating expenses	(2,931,450)	(2,699,541)	(5,630,991)

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

18. Segmented Information (continued)

March 31, 2022	Exploration of mining properties	Peer-to-peer technology development	Total
	\$	\$	\$
Assets	20,833,524	584,824	21,418,348
Liabilities	150,652	12,680,859	12,831,511
Operating expenses	(6,867,494)	(5,790,195)	(12,657,689)

19. Contingencies

In January 2020, the Company received a demand letter from BWA claiming there were material misrepresentations in the share purchase agreement and that BWA was claiming damages of \$1,500,000. In February 2020, the Company issued a cease and desist letter to BWA and claimed certain costs from BWA related to the share purchase agreement. The Company intends to defend itself from the claims made by BWA vigorously. As at March 31, 2023, no amounts have been accrued in the consolidated financial statements related to the claim made by BWA against the Company.

On November 28, 2022, the Company initiated legal proceedings against BWA in front of the High Court of Justice, Business and Property Court of England & Wales.

In the normal course of business, the Company's subsidiaries may incur potential liabilities that are indeterminable as at the date of these financial statements. Any costs resulting from these types of issues will be recorded in the period in which they are agreed.

20. Right-of-use asset and lease liability

The Company entered into a lease agreement on December 1, 2020, for the office premises of its subsidiary Iceland in Reykjavík, Iceland. The lease agreement is on November 30, 2023.

The discount rate used for the lease was 10%. Set out below are the carrying amounts of right of use assets and lease liabilities recognized and the movements during the year:

	Right-of-use asset	Lease liability
	\$	\$
As at December 31, 2020	148,968	155,216
Depreciation	(62,188)	-
Interest	-	16,844
Foreign exchange adjustment	(3,862)	(4,720)
Payments	-	(65,418)
As at March 31, 2022	82,918	101,922
Less: long-term portion		56,623
Current portion		45,299

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, except as otherwise noted)

20. Right-of-use asset and lease liability (continued)

Depreciation	(50,515)	-
Interest	-	7,525
Foreign exchange adjustment	1,273	1,565
Payments	-	(78,565)
As at March 31, 2023	33,676	32,447
Less: long-term portion		7,210
Current portion		25,237

The Company entered into a lease agreement on December 1, 2022, for the battery recycling and battery mineral processing operations of its subsidiary EVSX in Ontario. The lease agreement extends to December 31, 2027.

The discount rate used for the lease was 10%. Set out below are the carrying amounts of right of use assets and lease liabilities recognized and the movements during the year:

	Right-of-use asset	Lease liability
	\$	\$
As at December 31, 2022	1,597,336	1,597,336
Depreciation	(53,244)	-
Interest	-	26,300
Payments	-	(74,323)
As at March 31, 2023	1,544,092	1,549,313
Less: long-term portion		1,305,449
Current portion		243,864

21. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	March 31, 2023	March 31, 2022
	\$	\$
Net loss before income taxes	1,669,172	(23,277,671)
Statutory rate	27.0%	27.0%
Income taxes at statutory rates	450,677	(6,284,971)
Non-deductible expenses and prior year reconciliation items	(1,504,657)	5,739,042
Changes in temporary differences for which no deferred tax assets are recognized	(1,053,980)	545,929
Income tax recovery	-	-

St-Georges Eco-Mining Corp.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, except as otherwise noted)

21. Income Taxes (continued)

The Company has the following deferred tax assets and liability for which no deferred tax asset has been recognized:

	March 31, 2023	March 31, 2022
	\$	\$
Non-capital losses	4,525,426	3,471,390
Resource tax pools	601,058	(1,564,399)
Share issuance costs	86,620	205,502
Digital assets	-	409,907
Marketable securities	5,571	112,431
Convertible debentures	(26,545)	465,838
	5,188,130	3,100,669

The tax pools relating to these deductible temporary differences expire as follows:

	Non-capital losses	Resource tax pools
	\$	\$
2027	78,000	-
2028	161,000	-
2029	470,000	-
2030	946,000	-
2031	795,000	-
2032	351,000	-
2033	441,000	-
2034	418,000	-
2035	131,000	-
2036	166,000	-
2037	956,000	-
2038	1,775,000	-
2039	1,631,000	-
2040	2,516,000	-
2041	2,022,000	-
2042	3,903,631	-
No expiry	16,760,838	3,300,938
	16,760,838	3,300,938

22. Subsequent Events

- On April 4, 2023, the first of three-battery preparation modular plants was completed, its 26 sections commissioned and inspected and has met the requirements for Canadian safety standards, norms, and regulations.
- In May 2023, the Company announced its intention to raise up to \$3,000,000 by way of secured convertible debentures in up to three tranches of \$1,000,000 each to accelerate the development of EVSX's operations.

The debentures will be secured and will bear interest at 9.9% per annum, conversion price at \$0.25 per shares for two years and afterward at the volume weighted average of the previous 10 trading days (VWAP) discounted by 10% subject to a floor price of \$1.00 per shares.

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2023 and the fifteen months ended March 31, 2022

(Expressed in Canadian dollars, except as otherwise noted)

22. Subsequent Events (continued)

The debentures will receive one common share purchase warrant for each \$0.25 of principal amount of debenture. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price at \$0.35 per share for three years from the date of issuance.

The Company will use the net proceeds from the offering for general corporate purposes and as liquidity and cash flow reserve to support the launch of the battery recycling operations of its subsidiary EVSX.

- Subsequent to the year ended March 31, 2023, 530,000 warrants expired unexercised.
- Subsequent to the year ended March 31, 2023, 5,425,000 stock options expired unexercised.
- Subsequent to the year ended March 31, 2023, 2,037,500 warrants of ZeU expired unexercised.
- Subsequent to the year ended March 31, 2023, 1,125,000 stock options of ZeU expired unexercised.
- On April 13, 2023, 4,130,000 shares of ZeU are issued pursuant to the March 31, 2023 debt settlement agreement at a deemed price of \$0.055 per share, which are subject to a voluntary resale restriction for a period of 36 months from the date of issuance, with 20% of the shares being released every quarter starting on June 30, 2023.
- Pursuant to the March 31, 2023 debt settlement agreement, on May 17, 2023, 6,500,000 warrants of ZeU were released to the Company at an exercise price of \$0.15 per share until May 17, 2026, and on May 18, 2023, a further 1,386,328 shares of ZeU were released to the Company at a deemed price of \$0.10 per share.
- On June 26, 2023, the Company closed a non-brokered private placement offering of flow-through units at a price of \$0.18 for total gross proceeds of up to \$396,000.

Each flow-through unit is comprised of one common share in the capital of the Company on a flow-through basis and a share purchase warrant. Each warrant entitles the holder thereof to purchase a share at an exercise price of \$0.30 per share until June 26, 2026. The Company paid finder fees of \$23,760 in cash and issued 132,000 finders warrants at an exercise price of \$0.30 per share until June 26, 2026.