QUEST CRITICAL METALS INC.

FORM 51-102F4

BUSINESS ACQUISITION REPORT

ITEM 1 - IDENTITY OF COMPANY

1.1 Name and Address of Company

Quest Critical Metals Inc. ("**Quest**" or the "**Company**")
1558 West Hastings St., Vancouver, British Columbia
V6G 3J4,

1.2 Executive Officer

Kelsey Chin, Chief Financial Officer
Phone: 604-639-4457

ITEM 2 - DETAILS OF THE ACQUISITION

2.1 Nature of Business Acquired

On December 4, 2023, the Company acquired ("**Acquisition**") of all of the issued and outstanding securities of 1439266 BC Ltd. ("**143 BC**"), pursuant to an arm's length acquisition, in consideration for an aggregate of 12 million common shares (each, a "**Quest Common Share**") of the Company issued at a deemed price of $0.315. 143 BC is the legal and beneficial owner of a 100% interest in and to 15 mineral tenements totalling 24,427.28 hectares ("**Property**") located in 'Lithium Valley' in Minas Gerais State, Brazil.

The Property is located in the East Brazilian 'Lithium Belt', sometimes called, Lithium Valley, which is home to three operating lithium mines including Sigma Lithium's Groto do Cirilo mine and numerous advanced exploration projects such as Atlas Lithium's Neves project.

2.2 Acquisition Date

December 4, 2023.

2.3 Consideration

Each shareholder of 143 BC received one (1) Quest Common Share for every one common share of 143 BC held at a deemed price of $0.315.

The shareholders of 143 BC will also receive, on a pro rata basis, an aggregate cash payment of $200,000, which is to be paid within three (3) months of the date of closing.

Finally, 143 BC carries indebtedness of $100,000 in relation to a loan received by it for purposes of making a $100,000 payment to the original Property vendor. The Company agree to indirectly assume this obligation to pay this loan, with payment due within three (3) months.

All securities issued in connection with the Acquisition will be subject to a hold period expiring on the date that is 10 days following the date hereof.

2.4 Effect on Financial Position

Upon completion of the Acquisition, 143 BC became a wholly-owned subsidiary of the Company. The business and operations of 143 BC have been combined with those of the Company.

The Company does not currently have any plans or proposals for material changes in the business acquired pursuant to the Acquisition which may have a significant impact on the financial performance and financial position of the Company, including any proposal to sell, lease or exchange all or substantially all or a substantial part of the business acquired pursuant to the Acquisition or to make any material changes to the Company's business.

2.5 Prior Valuations

No valuation opinions were obtained within the last 12-months by the Company as required by securities legislation or as required by a Canadian exchange or a market to support the consideration paid by the Company in connection with the Acquisition.

2.6 Parties to the Transaction

The Acquisition is not with an informed person, associate or affiliate of the Company.

2.7 Date of Report

February 21, 2024.

ITEM 3 - FINANCIAL DISCLOSURE

Pursuant to Part 8 of NI 51-102, the following financial statements are attached as schedules to this Business Acquisition Report and form part of this Business Acquisition Report:

Schedule A The audited consolidated financial statements of 143 BC for the period ending September 30, 2023, together with the notes thereto and the independent auditor's report thereon.

Schedule B The unaudited pro forma balance sheet of the Company as at September 30, 2023 and unaudited pro forma income statement of the Company for the period ended September 30, 2023, that give effect to the Acquisition.

The Company has not requested the consent of 143 BC's auditor to incorporate the above financial statements of 143 BC, together with the notes and auditor's report for the audited financial statements into this Report, and therefore such consent has not been provided.

Schedule A

See attached.

1439266 BC LTD.

Financial Statements

(Expressed in Canadian dollars)

**Period from Incorporation on September 14, 2023
to September 30, 2023**

Independent Auditor's Report

To the Shareholders of 1439266 B.C. Ltd.

Opinion

We have audited the financial statements of 1439266 B.C. Ltd. (the "Company"), which comprise the statement of financial position as at September 30, 2023, and the statements of loss and comprehensive loss, changes in equity and cash flows for the period from incorporation on September 14, 2023 to September 30, 2023, and notes to the financial statements, including a summary of material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023, and its financial performance and its cash flows for the period from incorporation on September 14, 2023 to September 30, 2023 in accordance with International Financial Reporting Standards.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $10,411 during the period from incorporation on September 14, 2023 to September 30, 2023 and, as of that date, the Company's current liabilities exceeded its total assets by $10,399. 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

February 20, 2024

1439266 BC Ltd.

Statement of Financial Position
(Expressed in Canadian Dollars)

		September 30, 2023
ASSETS		
Current assets		
Amounts receivable	$	10
		10
Deposit (Note 6)		100,002
	$	100,012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 7 and 10)	$	10,411
Loan payable (Note 8 and 10)		100,000
		110,411
Shareholders' equity		
Share capital (Note 9)		12
Deficit		(10,411)
		(10,399)
	$	100,012

Nature of operations and going concern (Note 1)
Subsequent event (Note 15)

These financial statements were authorized for issue by the Board of Directors on February 20, 2024. They are signed on behalf of the Board of Directors by:

"Burton Egger"
Director

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

1439266 BC Ltd.

Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Period from Incorporation on September 14, 2023 to September 30, 2023
EXPENSES		
Interest expense (Note 8)	$	411
Professional fees		10,000
Loss and comprehensive loss	$	(10,411)
Basic and diluted loss per common share	$	(0.00)
Weighted average common shares outstanding		11,875,000

The accompanying notes are an integral part of these financial statements

1439266 BC Ltd.

Statement of Changes in Shareholders` Equity
(Expressed in Canadian Dollars)

	Number of Shares		Amount		Deficit		Total
Balance at September 14, 2023	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Founders shares issued	10,000,000		10		-		**10**
Shares issued pursuant to mineral property	2,000,000		2		-		**2**
Loss and comprehensive loss	-		-		(10,411)		(10,411)
Balance at September 30, 2023	**12,000,000**	**$**	**12**	**$**	**(10,411)**	**$**	**(10,399)**

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

1439266 BC Ltd.

Statement of Cash Flows
(Expressed in Canadian Dollars)

		Period from Incorporation on September 14, 2023 to September 30, 2023
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the year	$	(10,411)
Items not affecting cash:		
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities		10,411
		-
FINANCING ACTIVITIES		
Proceeds from loan payable		100,000
		100,000
INVESTING ACTIVITIES		
Deposit on mineral property acquisition		(100,000)
		(100,000)
Change in cash during the period		-
Cash, beginning of period		-
Cash, end of period	$	-

Supplementary cash flow information (Note 13)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

1439266 BC Ltd. (the "Company") was incorporated on September 14, 2023 under the laws of British Columbia. The Company's head office and registered and records office is located at 1558 West Hastings Street, Vancouver, BC, V6G 3J4, Canada. The Company is a mineral exploration company focused on acquiring and exploring an exploration and evaluation asset located in Brazil.

At the date of these financial statements, the Company has not identified a known body of commercial grade mineral on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on exploration and evaluation assets is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These financial statements have been prepared assuming the Company will continue on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations in the foreseeable future.

For the period for incorporation on September 14, 2023 to September 30, 2023, the Company recorded a net loss of $10,411 and at September 30, 2023, its current liabilities exceeded its total assets by $10,399 and an accumulated deficit of $10,411. The Company will continue to seek the funding necessary to enable it to carry on as a going concern, but management cannot provide assurance that the Company will be able to raise additional debt and/or equity capital or conclude a corporate transaction. If the Company is unable to raise additional funds in the immediate future, management expects to obtain funds from its parent company which acquired the Company subsequent to year end. These factors indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Management is aware, in making its assessment of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write-downs to the carrying value of the exploration and evaluation assets. Such adjustments could be material.

The recoverability of the costs incurred to date on exploration and evaluation project is dependent upon the existence of economically recoverable reserves, maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

2. BASIS OF PRESENTATION

These financial statements, including comparatives, are prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements were authorized for issue by the Board of Directors on February 20, 2024.

Basis of Measurement

These financial statements have been prepared on the historical cost basis, except for financial instruments classified as held for trading that have been measured at fair value. Cost is the fair value of consideration given in exchange for net assets.

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

The presentation and functional currency of the Company is the Canadian dollar.

Significant Accounting Judgments, Estimates and Assumptions

In the application of the Company's accounting policies which are described in Note 3, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and management's assessment of current events and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in these financial statements include:

Use of estimates and judgments

Estimates:

The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Impairment of exploration and evaluation asset

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

2. BASIS OF PRESENTATION (continued)

Judgements:

Determination of functional currency

The functional currency of the Company is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Deferred income tax

The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Exploration and Evaluation Assets

Costs related to the acquisition of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Costs incurred before the Company has obtained the legal rights to explore an area are recognized through profit or loss.

Costs related to exploration costs of exploration and evaluation assets, incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, are charged to operations as incurred. Development expenditures incurred subsequent to a development decision and impairment test, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves upon commencement of commercial production.

If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit-of-production method. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

Any option payments received by the Company from third parties are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign Currency Translation

The Company's reporting currency is the Canadian dollar.

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated.

Financial Instruments

Financial Assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company does not have any financial assets designated as FVTPL.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's deposits and amounts receivable are recorded at amortized cost.

Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income as a component of equity. This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and loan payable.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment

At the end of each reporting period, the carrying value of the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Provision for Environmental Rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets.

The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as related assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss.

Share Capital

The Company records proceeds from share issuances, net of commissions and issuance costs, as share capital. The Company engages in equity financing transactions to obtain the funds necessary to continue operations. The equity financings may involve the issuance of common shares or units. Warrants that are a part of units are assigned a value based on the residual value, if any, and included in reserves.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting periods. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the year ended September 30, 2023 this calculation proved to be anti-dilutive.

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

A provision is 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 that reflects current market assessments of the time value of money and the risks specific to the liability.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity.

Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Income Tax

Deferred income taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards that have recently been issued or amended but are not yet effective, have not been early adopted by the Company for the period from Incorporation on September 14, 2023 to September 30, 2023. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

5. AMOUNTS RECEIVABLE

As at September 30, 2023, amounts receivable consist of the following:

	September 30, 2023
Other receivables	$ 10
	$ 10

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSET

On September 15, 2023, the Company entered into a mining claims purchase agreement to purchase 100% interest in and to 15 mineral tenements, located in Lithium Valley in Minas Gerais state, Brazil. Pursuant to the agreement, the Company is obligated to pay a total of $300,000 as follows:

- $100,000 payable in cash upon execution of the agreement, as a non-refundable deposit (paid); and
- $200,000 payable in cash within 3 months of the execution of the agreement.

In addition, the Company has issued 2,000,000 common shares to the vendor on September 15, 2023 with a fair value of $2. At closing, the vendor will retain a 1% net smelter return royalty on all commercial mineral production from the property.

On November 9, 2023, the Company entered into an amended mining claims purchase agreement, refer to Note 15 c) for details.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities is comprised of the following:

		September 30, 2023
Accrued liabilities	$	10,000
Interest payable (Note 8)		411
	$	10,411

8. LOAN PAYABLE

During the period ended September 30, 2023, the Company issued unsecured notes payable for proceeds of $100,000, which bear interest at 10% per annum, for a term of one year. During the year ended September 30, 2023, $411 of interest was accrued and remains payable.

As at September 30, 2023, a total of $100,000 of loan principal remains outstanding.

9. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital

During the period from Incorporation on September 14, 2023 to September 30, 2023, the following transactions took place:

On September 14, 2023, being the date of incorporation, a total of 10,000,000 common shares were issued to founding shareholders at a price of $0.000001 per share.

On September 15, 2023, the Company issued 2,000,000 common shares in consideration of the purchase of mineral claims with a fair value of $2, see Note 6.

10. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed by the related parties). The following summarizes the Company's related party transactions during the period from incorporation on September 14, 2023 to September 30, 2023:

a) As of September 30, 2023, $100,000 in loan payable was payable to a company controlled by a former director of the Company. The loan payable bears interest at 10% per annum for a term of one year.
b) Accounts payable and accrued liabilities as of September 30, 2023 includes $411 in accrued interest payable to a company controlled by a former director of the Company in relation to loan payable.
c) As at September 30, 2023, $3 in amounts receivable relates to the subscription of 3,100,000 common shares of the Company by two directors of the Company.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of amounts receivable, deposit, accounts payable and loan payable.

The Company classified its amounts receivable and deposits as amortized cost; and accounts payable and loan payable as amortized cost. The fair values of amounts receivable, deposit, accounts payable and loan payable approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments.. The Company's amounts receivable consist primarily of other receivables; the balances are in good standing as at September 30, 2023. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities, consisting of accounts payable and loan payable, in the normal course of operations and to fund future operational and capital requirements future equity and debt financing.

To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will seek to secure additional funds through long-term debt and equity transactions.

Interest rate risk

The Company is exposed to interest rate risk. Interest rate risk is minimal as the Company does not have significant interest-bearing assets or any variable interest-bearing liabilities that are tied into market rates.

Foreign exchange risk

The Company is not exposed to any significant foreign currency risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

12. MANAGEMENT OF CAPITAL

The Company all components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends.

The properties in which the Company currently has an interest are in the exploration stage. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. There have been no changes to the Company's approach to capital management during the period ended September 30, 2023.

(Expressed in Canadian dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION

		Period from Incorporation on September 14, 2023 to September 30, 2023
Interest paid during the period	$	-
Income taxes paid during the period	$	-
Supplemental Disclosure of Cash Flow Information:		
Shares issued for exploration and evaluation asset	$	2

14. INCOME TAXES

a) Provision for Income Taxes

A reconciliation of the combined Canadian federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

		2023
Loss for the period	$	(10,411)
Statutory income tax rate		27%
Expected income tax recovery		(2,811)
Change in unrecognized deductible temporary differences		2,811
Income tax expense	$	-

b) Deferred Income Taxes

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consists of the following amounts:

		2023
Non-capital losses carry-forward	$	2,811
		2,811
Unrecognized deferred tax assets		(2,811)
	$	-

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

Temporary Differences	2023	Expiry Date Range
Non-capital losses available for future periods	$10,411	2043

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

15. SUBSEQUENT EVENTS

Subsequent to September 30, 2023, the following significant transactions took place:

a) On October 31, 2023, the Company entered into a share exchange agreement with Quest Critical Metals Inc. ("Quest") whereby Quest would acquire all of the issued and outstanding shares of the Company in exchange for 12 million Quest common shares issued to the shareholders of 1439266 B.C. Ltd. Pursuant to the terms of the acquisition, the shareholders of 1439266 BC Ltd. will also receive, on a pro rata basis, an aggregate cash payment of $200,000, which is to be paid within three months. In addition, Quest will indirectly assume the obligation to pay the $100,000 indebtedness that 1439266 BC Ltd. Carries in relation to a loan received for the purposes of making a $100,000 payment to the original property vendor. This acquisition closed on December 4, 2023.

b) On December 1, 2023, the Company received a unsecured promissory note from a director of the Company for $50,100, the promissory note bears interest at 10% per annum and had a maturity date of December 1, 2024. On December 6, 2023, the Company received an advance from Quest in amount of $50,000 and repaid the outstanding promissory note to the director of the Company.

c) On November 9, 2023, the Company entered into an amended mineral claims purchase agreement with Talisman Venture Partners Ltd., whereby Talisman and the Company agree that the $200,000 cash payment shall be payable within 4 months of signing of the agreement, following the transfer of all rights and interest in and to the property, refer to Note 5 for details of the mineral claims purchase agreement. In December 2023, the Company paid $50,000 to Talisman under the amended mineral claims purchase agreement.

Schedule B

See attached.

QUEST CRITICAL METALS INC.
(Formerly Canadian Palladium Resources Inc.)

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(Expressed in Canadian dollars)

Year Ended
September 30, 2023

Quest Critical Metals Inc.
(Formerly Canadian Palladium Resources Inc.)
Unaudited Pro-Forma Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Quest Critical Metals Inc. As at September 30, 2023	1439266 BC Ltd. As at September 30, 2023	Pro-Forma Adjustments	Note	Quest Critical Metals Inc. Pro-Forma Consolidated
	($)	($)	($)		($)
ASSETS					
Current assets					
Cash	182,352	-	-		182,352
Receivables	120,131	10	-		120,141
	302,483	10	-		302,493
Restricted deposits	15,000	-	-		15,000
Exploration and evaluation assets	1,084,148	100,002	3,780,000	5	5,174,549
			200,000	5	
			10,399	5	
	1,401,631	100,012	3,990,399		5,492,042
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities					
Accounts payable and accrued liabilities	688,673	10,411	200,000	5	899,084
Notes payable	204,343	100,000	-		304,343
Grant liability	231,104	-	-		231,104
	1,124,120	110,411	200,000		1,434,531
Shareholders' equity (deficiency)					
Share capital	37,259,841	12	3,780,000	5	41,039,841
			(12)	5	
Share-based payments reserve	4,186,818	-	-		4,186,818
Accumulated other comprehensive income	11,546	-	-		11,546
Deficit	(41,180,694)	(10,411)	10,411	5	(41,180,694)
	277,511	(10,399)	3,790,399		4,057,511
	1,401,631	100,012	3,990,399		5,492,042

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

Quest Critical Metals Inc.

(Formerly Canadian Palladium Resources Inc.)

Unaudited Pro-Forma Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Quest Critical Metals Inc. Year Ended September 30, 2023	1439266 BC Ltd. Period from Incorporation on September 14, 2023 to September 30, 2023	Quest Critical Metals Inc. Pro-Forma Consolidated
	($)	**($)**	**($)**
EXPENSES			
Consulting fees	148,784	-	148,784
Exploration and evaluation	292,470	-	292,470
Foreign exchange (gain) loss	(22,045)	-	(22,045)
Insurance	13,201	-	13,201
Investor relations	63,989	-	63,989
Management fees	210,000	-	210,000
Office and miscellaneous	142,265	411	142,676
Professional fees	67,968	10,000	77,968
Transfer agent and filing fees	51,231	-	51,231
Travel	11,932	-	11,932
Loss from operations	(979,795)	(10,411)	(990,206)
Gain on settlement of liabilities	302,763	-	302,763
Other income	36,779	-	36,779
	339,542	-	339,542
Net loss	(640,253)	(10,411)	(650,664)
Other Comprehensive Income			
Foreign currency translation differences	7,126	-	7,126
Total Comprehensive Loss	(633,127)	(10,411)	(643,538)
Basic and diluted loss per common share	(0.04)	(0.00)	(0.04)

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

1. BASIS OF PRESENTATION

These unaudited pro-forma consolidated financial statements of Quest Critical Metals Inc. (formerly Canadian Palladium Resources Inc.) (the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") from information derived from the consolidated financial statements of the Company and the financial statements of 1439266 BC Ltd. ("143 BC"), together with information available to the Company. The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The unaudited pro-forma consolidated financial statements to which these notes relate have been prepared for inclusion in the business acquisition report of the Company dated February 21, 2024 (the "BAR") to be filed by the Company in conjunction with the Transaction (as defined herein).

Pursuant to the terms of the Transaction, the Company entered into a share purchase agreement with 143 BC on October 31, 2023, whereby the Company has acquired all of the issued and outstanding shares of 143 BC in exchange for the issuance of 12 million common shares of the Company, issued to the shareholders of 143 BC, and a cash payment of $200,000, to be paid within three months of closing. In addition, 143 BC carries indebtedness of $100,000 in relation to a loan received by it for purposes of making a $100,000 payment to the original property vendor. The Company will indirectly assume this obligation to pay this loan, with payment due within three months.

It is management's opinion that the unaudited pro-forma consolidated financial statement include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in notes 3 and 4 in accordance with IFRS, applied on a basis consistent with the Company's accounting policies, except as otherwise noted. The unaudited pro-forma consolidated financial statements are not necessarily indicative of the financial position that would have resulted if the Transaction had occurred on September 30, 2023

The unaudited pro-forma consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the year ended September 30, 2023, and the audited financial statements of 143 BC, for the period of incorporation to September 30, 2023, included in the BAR.

The unaudited pro-forma consolidated financial statements of the Company have been compiled from (a) the audited consolidated financial statements of the Company as at September 30, 2023, (b) the audited financial statements of 143 BC for the period from incorporation to September 30, 2023, and (c) additional information set out in Note 5 hereof.

The unaudited pro-forma consolidated financial statements have been prepared as if the Transaction described in Note 3 hereof had occurred on September 30, 2023, and represents the related assets and liabilities included in the September 30, 2023 audited consolidated financial statements of the Company and subsequent material adjustments.

The unaudited pro-forma consolidated financial statements have been compiled using the significant accounting policies as set out in the Company's audited consolidated financial statements for the year ended September 30, 2023.

The unaudited pro-forma consolidated financial statements may not necessarily be indicative of the financial position that would have been attained had the transactions actually taken place at the dates indicated and do not purport to be indicative of the effects that may be expected to occur in the future.

In the opinion of the Company's management, the unaudited pro-forma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions described in Note 3.

1. BASIS OF PRESENTATION (continued)

Actual amounts recorded upon closing of the Transaction will differ from those recorded in the unaudited pro-forma consolidated financial statements of the Company.

These unaudited pro-forma consolidated financial statement are expressed in Canadian dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited pro-forma consolidated financial statements have been compiled using the significant accounting policies, as set out in the audited consolidated financial statements of the Company as at and for the year ended September 30, 2023. Management has determined that no material pro-forma adjustments are necessary to conform the Company's accounting policies to the accounting policies used by 143 BC in the preparation of its financial statements.

3. THE TRANSACTION

Pursuant to the terms of the Transaction, the Company entered into a share purchase agreement with 143 BC on October 31, 2023, which closed on December 4, 2023, whereby the Company acquired all of the issued and outstanding common shares of 143 BC, which has a 100% interest in and to 15 mineral tenements, located in Lithium Valley in Minas Gerais state, Brazil (the "Brazil Property"). Pursuant to the share purchase agreement, the Company is obligated to issue 12 million common shares to the shareholders of 143 BC, and issue an aggregate cash payment on a pro rata basis of $200,000, which is to be paid within three months of closing. In addition, 143 BC carries indebtedness of $100,000 in relation to a loan received by it for purposes of making a $100,000 payment to the original property vendor. The Company will indirectly assume this obligation to pay this loan, with payment due within three months of closing.

4. ACCOUNTING FOR THE ACQUISITION OF 1439266 BC LTD.

For accounting purposes, 143 BC does not meet the definition of a business under IFRS 3. Accordingly, the Transaction is accounted for as an asset acquisition. The purchase price of $3,980,000 is allocated amongst the identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition.

The Brazil Property does not meet the definition of a business; therefore, the transaction is outside of the scope of IFRS 3 Business Combinations. Instead, the Transaction will be accounted for under IFRS 2 Share-based Payment. IFRS 2 generally requires equity settled, share-based transactions to be measured or valued at the fair value of the consideration (goods or services) received. If the value of the goods or services received cannot be estimated reliably, then the default requires that they be measured indirectly, and requires the equity-settled transactions to be measured with reference to the fair value of the equity instruments issued rather than that of the goods or services received. As the fair value of the Brazil Property cannot be estimated reliably, the transaction was measured based on the fair value of shares issued to 143 BC, determined by using the closing market price of the Company's shares on the date the shares were issued.

(Expressed in Canadian dollars)

5. PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated financial statements reflect the following assumptions and adjustments:

The preliminary purchase price allocation is summarized as follows:

Consideration paid to acquire 143 BC shares:	$
Cash	200,000
Common Shares	3,780,000
	3,980,000
Allocated as follows to 143 BC assets and liabilities:	
Other receivables	10
Exploration and evaluation expenditures	4,090,401
Accounts payable and accrued liabilities	(10,411)
Note payable	(100,000)
Net assets acquired	3,980,000

Pursuant to the share purchase agreement, the Company will pay to 143 BC, $200,000 cash consideration, and repay note payable of $100,000 that 143 BC carries within three months of closing of the Transaction. In addition, the Company will issue 12,000,000 common shares with a deemed value of $0.315 per share for a total consideration of $3,780,000. The excess consideration over net assets acquired has been allocated to the minerals property interests.

The pro-forma consolidated statements of financial position include the audited account balances of 143 BC as at and for the period from incorporation of September 14, 2023 to September 30, 2023.