GLOBAL LI-ION GRAPHITE CORP.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by management)

For the three months ended November 30, 2023 and 2022

GLOBAL LI-ION GRAPHITE CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended November 30, 2023 and 2022
(Expressed in Canadian Dollars)
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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GLOBAL LI-ION GRAPHITE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2023 AND AUGUST 31, 2023
(Expressed in Canadian Dollars)
(Unaudited – Prepared by management)

	November 30, 2023	August 31, 2023
ASSETS		
Current		
Cash	$ 4,287	$ 7,337
Amounts receivable	36,110	31,752
GST recoverable	28,800	27,618
Deposits and prepaid expenses	74,750	74,750
Investments (Note 4)	3,000	3,000
	146,947	144,457
Non-Current		
Amounts due from related parties (Note 3)	134,894	130,559
Exploration and evaluation assets (Note 5)	2,832,710	2,827,937
Total Assets	$ 3,114,551	$ 3,102,953
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 148,207	$ 178,795
Amounts due to related parties (Note 3)	521,665	503,515
Loans payable (Note 6)	208,857	141,158
Shares to be issued (Note 6)	54,688	34,200
	933,417	857,668
EQUITY		
Share capital (Note 7)	10,971,290	10,971,290
Reserves	1,619,201	1,619,201
Deficit	(10,409,357)	(10,345,206)
	2,181,134	2,245,285
Total Liabilities and Equity	$ 3,114,551	$ 3,102,953

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Directors on January 29, 2024:

"Jason Walsh" Director *"Geoff Watson"* Director

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

GLOBAL LI-ION GRAPHITE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)
(Unaudited – Prepared by management)

	For the three months ended November 30, 2023	November 30, 2022
EXPENSES		
Administration fees (Note 8)	$ 1,872	$ 11,400
Advertising and awareness	3,495	-
Consulting fees (Note 8)	15,000	30,000
Foreign exchange	517	1,804
General and administrative (Note 8)	6,204	19,326
Interest expense (Note 6)	7,515	-
Professional fees (Note 8)	22,936	13,217
Travel, meals and entertainment	9,584	11,741
	(67,123)	(87,488)
Interest income	2,972	621
Unrealized loss on investment (Note 4)	-	(2,000)
Net and comprehensive loss	$ (64,151)	$ (88,867)
Loss per share – basic and diluted	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding – basic and diluted	68,980,216	63,326,216

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

GLOBAL LI-ION GRAPHITE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)
(Unaudited – Prepared by management)

	Number of Shares	Share capital	Reserves	Deficit	Total
Balance August 31, 2022	63,326,216	$ 10,688,590	$ 1,619,201	$ (9,894,164)	$ 2,413,627
Net loss for the period	-	-	-	(88,867)	(88,867)
Balance, November 30, 2022	63,326,216	10,688,590	1,619,201	(9,983,031)	2,324,760
Balance August 31, 2023	68,980,216	10,971,290	1,619,201	(10,345,206)	2,245,285
Net loss for the period	-	-	-	(64,151)	(64,151)
Balance November 30, 2023	68,980,216	$ 10,971,290	$ 1,619,201	$(10,409,357)	$ 2,181,134

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

GLOBAL LI-ION GRAPHITE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)
(Unaudited – Prepared by management)

	For the three months ended November 30, 2023	For the three months ended November 30, 2022
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the period	$ (64,151)	$ (88,867)
Accrued interest	6,237	-
Unrealized loss on investments	-	2,000
Changes in working capital:		
Amounts receivable	(4,358)	-
GST recoverable	(1,182)	(2,665)
Deposits and prepaid expenses	-	4,800
Accounts payable and accrued liabilities	21,299	6,205
Cash used in operating activities	(42,155)	(78,527)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share subscriptions received	-	52,700
Loans received	81,950	-
Advances from (repayments to) related parties	(38,072)	38,813
Cash provided by financing activities	43,878	91,513
CASH FLOWS USED IN INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(4,773)	(25,938)
Cash used in investing activities	(4,773)	(25,938)
Change in cash	(3,050)	(12,952)
Cash, beginning	7,337	18,514
Cash, ending	$ 4,287	$ 5,562
Supplemental disclosures		
Taxes paid	$ -	$ -
Interest paid	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Global Li-Ion Graphite Corp. (the “Company”) was incorporated under the laws of the province of British Columbia on November 6, 2014. The Company’s principal business is the exploration and evaluation of mineral resources. The Company's corporate office is located at 908 - 510 Burrard Street, Vancouver B.C. Effective July 11, 2017, the Company completed a corporate name change from “Thelon Diamonds Ltd.” to “Global Li-Ion Graphite Corp.” and effective July 14, 2017, the Company trades on the Canadian Securities Exchange (the “CSE”) under the symbol LION.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the three months ended November 30, 2023, the Company has not generated revenues, net loss was $64,151 (2022: $88,867) and, as at November 30, 2023, it had working capital deficit of $786,470 (August 31, 2023: $713,211). The ability of the Company to remain in operation as a going concern is dependent on its ability to obtain necessary financing, generate positive cash flows and, ultimately, the achievement of profitable operations.

These conditions create a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. As the outcome of these matters cannot be predicted at this time, these consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue in business. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standards 34 - Interim Financial Reporting of the 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 interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements as at and for the year ended August 31, 2023.

(b) Basis of preparation, consolidation and functional currency

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

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

The consolidated financial statements include Global Li-Ion Graphite Corp. and its wholly owned subsidiary Khensani Limited (“Khensani”) from the date of acquisition, April 4, 2018, which owns 100% of Avana Industrial Minerals (“AIM”). All inter-company transactions have been eliminated.

Subsidiaries are entities over which the Company has exposure, or has rights, to variable returns from its involvement, and has the ability to use power over the investee to direct the relevant activities of the entity to affect its returns.

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company, and its wholly owned subsidiaries, is the Canadian dollar, which is also the Company’s presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made relate to the following:

i. The recoverable amount of exploration and evaluation assets.

Critical accounting judgments

In the preparation of these consolidated financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The judgments which may have an effect on the amounts recognized in the consolidated financial statements include the following:

i. The determination of the functional currencies of the Company and its subsidiaries; and
ii. The assessment of impairment indicators for the exploration and evaluation assets.

(d) Changes in accounting policies

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than November 30, 2023. These updates are not currently relevant to the Company or are not expected to have a material impact on these condensed interim consolidated financial statements and are therefore not discussed herein.

3. AMOUNTS DUE TO AND FROM RELATED PARTIES

Bios Energy Corp., Bua Capital Management Ltd., Incubara Capital Corp., Walsh Bros Holdings Inc., Swiss EMX, XRApplied Technologies Inc. (“XRApplied”), GRWiNC, and 667981 BC J ROOZ are companies with directors in common with the Company. Unless otherwise noted amounts due from and to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian Dollars)

3. AMOUNTS DUE TO AND FROM RELATED PARTIES (continued)

Amounts due from related parties

	November 30, 2023	August 31, 2023
Director	$ 3,940	$ 3,940
Bios Energy Corp.	3,450	2,750
Bua Capital Management Ltd.	75,300	75,300
Incubara Capital Corp.	12,563	9,844
Swiss EMX	15,967	15,967
XRApplied	23,674	22,758
Total	$ 134,894	$ 130,559

Amounts due to related parties

	November 30, 2023	August 31, 2023
667981 BC J ROOZ	$ 5,250	$ 5,250
Bua Capital Management Ltd.	170,506	170,506
Director	287,500	272,500
GRWiNC	39,025	35,875
Incubara Capital Corp.	19,384	19,384
Total	$ 521,665	$ 503,515

The amount due to Incubara Capital Corp. includes the amount of $19,384 represents outstanding interest on a previous interest-bearing debt that was settled in the year ended March 31, 2019. The interest portion remains unsettled.

4. INVESTMENTS

As at November 30, 2023, the fair value of the 100,000 common shares of XRApplied was $3,000 (August 31, 2023: $3,000). The Company recorded an unrealized loss on investment of $Nil (2022: $2,000) during the three months ended November 30, 2023.

5. EXPLORATION AND EVALUATION ASSETS

a) Lac de Gras property

During the year ended August 31, 2016, the Company acquired an interest in the Lac de Gras property, Northwest Territories. The Company holds a 29.46 % interest in 3 claims, pursuant to a NMT Head Agreement with Peregrine Diamonds Ltd. The property is subject to a Gross Overriding Royalty (“GOR”) of 4% on diamonds and a net smelter royalty (“NSR”) of 4% on all metals, of which 50% of either of these royalties can be purchased for $4,000,000.

In addition to the royalty noted above, royalty payments would also be required to be made to the Government of the Northwest Territories in the event of future production.

In 2017, management wrote down the costs accumulated on the Lac de Gras property to $10,000 as an asset impairment.

5. EXPLORATION AND EVALUATION ASSETS (continued)

b) Neuron Graphite Project

On October 27, 2017, and amended October 25, 2019, the Company entered into an option agreement to purchase a 100% interest in the Neuron Graphite Project in the Thompson mining district of Northern Manitoba from Callinex Mines Inc. ("Callinex").

The Company may exercise its option to acquire 100% of the Neuron Graphite Project from Callinex by:

- Paying $200,000 cash (paid) and issuing 1,000,000 common shares (issued – fair value of $760,000) to Callinex within three days of signing the option agreement; and
- Issuing 1,000,000 common shares to Callinex on the second anniversary of signing the option agreement. On November 7, 2019, the Company agreed to extend the deadline to issue these common shares by one full year. In consideration for this extension, the Company issued an additional 250,000 common shares to Callinex valued at $22,500. On October 25, 2020, Callinex and the Company entered into a second amendment agreement to extend the deadline to issue 1,000,000 common shares to Callinex by October 27, 2021. As at the date of approval of these consolidated financial statements, the 1,000,000 common shares had not yet been issued.

The Company also issued 100,000 common shares with a fair value of $76,000 as a finder's fees.

The Company is also required to issue 3,000,000 common shares to Callinex on the earlier of completing a Preliminary Economic Assessment, Pre-Feasibility Study or Feasibility Study on or before the third anniversary of signing the option agreement. These common shares were due on October 27, 2021, but have not been issued.

During the year ended August 31, 2022, the Company impaired the mineral property as the option agreement with Callinex had expired and no new agreement was entered into. The impairment write-down of the property costs in full amounted to $1,110,995 for the year ended August 31, 2022.

c) Madagascar Graphite Project

On September 13, 2017, the Company entered into a memorandum of understanding ("MOU") with Avana Resources Limited ("Avana") to acquire a 100% interest in Avana's graphite interests in Madagascar. On April 4, 2018, the Company entered into and closed a definitive share purchase agreement with Avana for the acquisition of Avana's graphite interests in Madagascar. Pursuant to this agreement the Company acquired 100% of Khensani Limited which owns 100% of Avana Industrial Minerals ("AIM") which entered into an agreement to acquire certain mining permits from the original permit holders. The project comprises 3 mining exploitation permits totaling 4,375 hectares (10,811 acres), in the vicinity of Andasibe in Toamasina Province in Madagascar (collectively, the "Property").

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Pursuant to the MOU and definitive share purchase agreement to acquire a 100% interest in the Property, the Company will make the following cash and share payments to Avana:

- US$40,000 within one day of signature of the MOU (paid);
- US$100,000 within 5 business days of signature of the Definitive Agreement (paid);
- US$100,000 within 30 business days of signature of the Definitive Agreement (paid);
- EUR$200,000 to be directed to certain third parties in respect of an agreement to transfer the Property from the original permit holders to AIM (paid);
- 4,000,000 common shares of the Company within 10 business days of approval by the CSE of the transaction (issued – fair value of $1,720,000);
- Upon the Company achieving an annualized production rate from the Property of at least 5,000 tons of graphite oxide per year as calculated on a monthly basis for at least three consecutive months;

  (i) US$1,000,000 in cash or in common shares of the Company; and
  (ii) The greater in terms of value of either 1,000,000 common shares of the Company or common shares of the Company worth US$1,000,000.

The Company also issued 333,797 common shares with a fair value of $143,533 as a finder's fees.

	Lac de Gras	Neuron Graphite	Madagascar Graphite	Total
Acquisition Costs				
Balance, August 31, 2022	$ 10,000	$ -	$ 2,584,032	$2,594,032
Additions – cash	-	-	13,271	13,271
Balance, August 31, 2023	$ 10,000	$ -	$ 2,597,303	$2,607,303
Additions – cash	-	-	2,717	2,717
Balance, November 30, 2023	$ 10,000	$ -	$ 2,600,020	$2,610,020
Deferred Exploration Costs				
Balance, August 31, 2022	$ -	$ -	$ 177,322	$ 177,322
Technical reports	-	-	10,867	10,867
Other	-	-	32,445	32,445
Balance, August 31, 2023	$ -	$ -	$ 220,634	$ 220,634
Technical reports	-	-	182	182
Other	-	-	1,874	1,874
Balance, November 30, 2023	$ -	$ -	$ 222,690	$ 222,690
Balance at August 31, 2023	$ 10,000	$ -	$ 2,817,937	$2,827,937
Balance at November 30, 2023	$ 10,000	$ -	$ 2,822,710	$2,832,710

(Expressed in Canadian Dollars)

6. LOANS PAYABLE

During the year ended August 31, 2023, the Company entered into a promissory note agreement with a Walsh Bros Holdings Inc., which is a company with directors in common with the Company, in the total amount of $78,700 (Note 8). The loans are subject to an interest rate of 10% per annum, unsecured and repayable on September 30, 2024. In addition, the Company must pay a 25% stock bonus valued at $19,675 based on the 10 day trading average prior to the date of the loans.

During the year ended August 31, 2023 and three months ended November 30, 2023, the Company entered into a promissory note agreement with Incubara Capital Corp., which is a company with directors in common with the Company, in the total amount of $140,050 (Notes 3 and 8). The loans are subject to an interest rate of 10% per annum, unsecured and repayable on June 30, 2024. In addition, the Company must pay a 25% stock bonus valued at $35,013 based on the 10 day trading average prior to the date of the loans.

During the year ended August 31, 2023, a third party creditor provided a loan to the Company in the amount of $4,500. The loan is unsecured, non-interest bearing and repayable on demand.

	November 30, 2023	August 31, 2023
Balance at beginning of period	$ 141,158	$ -
Loans received	81,950	141,300
Transaction costs	(20,488)	(34,200)
Interest	6,237	34,058
Balance at end of period	$ 208,857	$ 141,158

7. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

a) Authorized

An unlimited number of common shares, without par value.

b) Issued

On January 18, 2023, the Company closed a non-brokered private placement and issued 5,654,000 units at a price of $0.05 per unit for gross proceeds of $282,700. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to acquire one common share at an exercise price of $0.15 per share until January 18, 2024.

c) Options

The Company has an incentive stock option plan (the “Plan”), whereby the Company may grant stock options to directors, officers, employees or consultants. Under the Plan, options are exercisable up to a maximum of 5 years and vest as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of options. The Plan provides for the issuance of up to 10% of the Company’s issued common shares at the date of the grant. Options awarded under the Plan are equity settled.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Option transactions and the number of options outstanding are summarized as follows:

	Number of options	Weighted average exercise price
Outstanding, August 31, 2022	4,500,000	$ 0.15
Expired	(2,000,000)	0.18
Outstanding, August 31, 2023 and November 30, 2023	2,500,000	$ 0.12

During the year ended August 31, 2023, a total of 2,000,000 stock options with exercise prices ranging from $0.12 to $0.245 per share expired unexercised.

Options outstanding and exercisable at November 30, 2023 are as follows:

Number of options	Exercise price	Grant date	Expiry date	Remaining life (years)
2,500,000	$0.12	April 10, 2022	April 10, 2024*	0.36
2,500,000	$0.12			0.36

*During the year ended August 31, 2022, 2,500,000 stock options exercisable at $0.12 per share expired on February 20, 2022. On April 10, 2022, the options were reissued with a new expiration date of April 10, 2024. This re-issuance resulted in the recognition of additional share-based payment expense of $104,094. The inputs to the Black-Scholes option pricing model to calculate the fair value of the share-based payment expense were: stock price $0.075, exercise price $0.12, expected life of 2 years, volatility of 128%, annual dividend rate of 0% and interest rate of 2.43%.

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding, August 31, 2021 and 2022	8,417,334	$ 0.10
Issued	5,654,000	0.15
Expired	(8,417,334)	0.10
Outstanding, August 31, 2023 and November 30, 2023	5,654,000	$ 0.15

During the year ended August 31, 2023, 8,417,334 warrants with an exercise price of $0.10 per share expired unexercised.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

Warrants outstanding at November 30, 2023 are as follows:

Number of warrants	Exercise price	Issue date	Expiry date
5,654,000	$0.15	January 18, 2023	January 18, 2024
5,654,000	$0.15		

8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include directors and officers of the Company.

The Company paid or accrued fees to companies controlled by key management personnel as follows:

	November 30, 2023	November 30, 2022
Administration fees	$ -	$ 11,400
Consulting fees	15,000	30,000
Interest expense	10,502	-
Occupancy costs, included in general and administrative	-	4,800
Professional fees	10,500	10,500
	$ 36,002	$ 56,700

Refer to Note 3 for balances owing to and from to related parties and Note 6 for loans payable to related parties as at November 30, 2023 and August 31, 2023.

9. CAPITAL DISCLOSURES

The Company's principal source of capital is from the issuance of common shares. The Company's capital management objective is to obtain sufficient capital to explore current exploration and evaluation assets, and to develop new business opportunities for the benefit of its shareholders. To meet the objectives, management monitors the Company's ongoing capital requirements on specific business opportunities on a case by case basis. The capital structure of the Company consists of equity attributable to common shareholders, consisting of issued share capital, share-based payment reserve and deficit. The Company's capital totaled $2,181,134 as at November 30, 2023 (August 31, 2023: $2,245,285). The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management from the previous year.

10. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, deposits, amounts receivable, amounts due from related parties, investment, accounts payable and accrued liabilities, subscriptions received in advance, amounts due to related parties, shares to be issued and loans payable. The fair value of these financial instruments, except for investment, shares to be issued and loans payable which are discussed below, approximates their carrying amounts, due to their short terms to maturity.

Financial instruments measured at fair value are classified into one of the 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 Company’s investment is measured at FVTPL using Level 1 inputs.

The shares to be issued and loans payable are measured at FVTPL using level 3 inputs. The shares to be issued are considered to be a derivative liability closely related to the loans payable. They have been measured at fair value based on 25% of the face value of the loans payable, which are current liabilities. The loans payable have been fair valued using an effective interest rate of 35%.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has credit risk in the amount of its cash, deposits, amounts receivable and amounts due from related parties, with the carrying amounts of each representing the Company’s maximum exposure to credit risk. The Company manages credit risk by placing cash and deposits with major Canadian financial institutions. Management assesses the recoverability of amounts receivable and amounts due from related parties. While management believes that credit risk related to amounts receivable and due from related parties is nominal, there is no guarantee that the amounts will be recovered in full. The Company had not provided an allowance for doubtful accounts against any of the amounts receivable or amounts due from related parties. The Company’s exposure to and management of credit risk has not changed materially during the three months ended November 30, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company has a working capital deficit of $786,470 as at November 30, 2023, which includes $4,287 of cash to settle current liabilities of $933,417. Management is assessing various options to raise funds including the issuance of shares and units. The Company closed a private placement of units at $0.025 per unit for 11,800,000 units for total proceeds of $295,000 on January 11, 2024. The Company’s exposure to and management of liquidity risk has not changed materially during the three months ended November 30, 2023.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk, other price risk and foreign exchange risk.

(Expressed in Canadian Dollars)

10. FINANCIAL RISK MANAGEMENT (continued)

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 exposure to interest rate risk is limited to the fixed rate of interest on the loans payable, which is 10%. Fluctuations in the prime rate of interest will not impact the cash flows of the Company, due to the interest rate being fixed, and the Company does not believe that the loans payable have a material fair value risk due to changes in the interest rates, as the notes payable are current liabilities. The Company's exposure to and management of interest rate risk has not changed materially during the three months ended November 30, 2023.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The other price risk associated with the Company's current investments primarily relates to the change in the market price of the investment in XRApplied common shares. As at November 30, 2023, the Company owns 100,000 common shares. Each common share is fair valued at $0.03 (August 31, 2023: $0.03). A 10% change in the market price of XRApplied common shares would have an impact of approximately $300 (2022: $300) on profit or loss. Management believes there is other price risk related to this investment. While the Company will seek to maximize the proceeds it receives from the sale of its investment, there is no assurance as to the timing of disposition or the amount that will be realized. The Company's exposure to and management of other price risk has not changed materially during the three months ended November 30, 2023.

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange rate risk on its foreign currency denominated cash, and accounts payable and accrued liabilities. As at November 30, 2023, the Company held US$1,117 cash, and US$36,124 accounts payable and accrued liabilities. As at November 30, 2023, a 10% change in the foreign exchange rate would have impacted profit or loss by approximately $4,800. The Company's exposure to and management of foreign exchange risk has not changed materially during the three months ended November 30, 2023.

11. SEGMENTED INFORMATION

The assets and operations of the Company are located in Canada and Madagascar.

	Canada	**Madagascar**	**TOTAL**
	$	**$**	**$**
For the Three Months Ended November 30, 2023			
Net loss	(64,151)	-	(64,151)
As at November 30, 2023			
Current assets	146,947	-	146,947
Non-current assets	144,894	2,822,710	2,967,604
Total liabilities	891,653	41,764	933,417

(Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION (continued)

	Canada	Madagascar	TOTAL
	$	**$**	**$**
For the Three Months Ended November 30, 2022			
Net loss	(88,867)	-	(88,867)
As at August 31, 2023			
Current assets	144,457	-	144,457
Non-current assets	140,559	2,817,937	2,958,496
Total liabilities	815,557	42,111	857,668

12. SUBSEQUENT EVENTS

On January 11, 2024, the Company closed a non-brokered private placement and issued 11,800,000 units at a price of $0.025 per unit for gross proceeds of $295,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to acquire one common share at an exercise price of $0.10 per share in the first year of the exercise period and at a price of $0.20 per share in the second year of the exercise period until January 11, 2026.

In January 2024, the Company issued 805,000 common shares related to the stock bonus of four common shares for every $1 in principal amounts of the loans payable (Note 6).