

MEGAWATT LITHIUM AND BATTERY METALS CORP.

Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months Ended December 31, 2023 and 2022

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Megawatt Lithium and Battery Metals Corp. for the interim periods ended December 31, 2023 and 2022, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Manning Elliott LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

February 28, 2024

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	December 31, 2023	September 30, 2023
		\$	\$
ASSETS			
Current			
Cash		11,054	36,715
Taxes recoverable		135,359	130,633
Prepaid expenses		6,110	39,606
		152,523	206,954
Exploration and evaluation assets	6	1,573,094	1,430,519
Total assets		1,725,617	1,637,473
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	540,771	419,895
Note payable	7	75,000	-
Flow-through premium liability	8	57,166	57,166
Total liabilities		672,937	477,061
EQUITY			
Share capital	9(b)	27,198,915	27,198,915
Reserves		1,766,137	1,766,137
Deficit		(27,912,372)	(27,804,640)
Total equity		1,052,680	1,160,412
Total liabilities and equity		1,725,617	1,637,473

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Anthony Zelen"
Director

/s/ "Kelvin Lee"
Director

MEGAWATT LITHIUM AND BATTERY METALS CORP.**Consolidated Interim Consolidated Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended	
	Note	2023	December 31, 2022
		\$	\$
Operating expenses			
General and administrative expense		7,247	7,290
Management and consulting	10	63,000	97,158
Marketing and shareholder communication		900	1,232
Professional fees		25,065	49,118
Regulatory and filing fees		11,520	9,167
Total operating expenses		107,732	163,965
Other expense (income)			
Impairment of exploration and evaluation assets	2(e)	-	47,652
Amortization of flow-through premium liability	8	-	(33,955)
Net loss and comprehensive loss		107,732	177,662
Net loss attributable to:			
Shareholders of the Company		107,732	176,401
Non-controlling interest		-	1,261
Net loss per share:			
Basic and diluted		0.01	0.02
Weighted average number of common shares:			
Basic and diluted		9,258,732	8,758,732

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

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended December 31,	
	2023	2022
	\$	\$
Operating activities:		
Net loss for the period	(107,732)	(177,662)
Items not affecting cash:		
Amortization of flow-through premium liability	-	(33,955)
Impairment of exploration and evaluation assets	-	47,652
Changes in non-cash working capital items:		
Mineral option payment receivable	-	175,000
Taxes recoverable	(4,726)	(19,897)
Prepaid expenses	33,496	11,067
Accounts payable and accrued liabilities	(21,699)	(90,060)
Cash used in operating activities	(100,661)	(87,855)
Investing activities:		
Exploration and evaluation expenditures - Australia Silver Mines	-	(508)
Exploration and evaluation expenditures - Tyr Silver Project	-	(6,304)
Exploration and evaluation expenditures - New Age	-	(64,472)
Exploration and evaluation expenditures - James Bay Lithium Project	-	(351,368)
Mineral property option proceeds	-	375,000
Cash used in investing activities	-	(47,652)
Financing activities:		
Proceeds from note payable	75,000	-
Cash provided by financing activities	75,000	-
Net change in cash	(25,661)	(135,507)
Cash, beginning of period	36,715	762,790
Cash, end of period	11,054	627,283
Supplemental cash flow information:		
Warrants issued as finders fees	-	40,584
Cash tax refund received	-	-
Cash Interest paid	-	-
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	142,575	-

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

MEGAWATT LITHIUM AND BATTERY METALS CORP.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Deficit	Non- controlling interest	Total equity
	#	\$	\$	\$	\$	\$
Balance, September 30, 2022	8,758,732	27,103,915	1,766,137	(26,523,997)	(190,662)	2,155,393
Net loss and comprehensive loss for the period	-	-	-	(176,401)	(1,261)	(177,662)
Balance, December 31, 2022	8,758,732	27,103,915	1,766,137	(26,700,398)	(191,923)	1,977,731
Purchase of TargetCo shares	500,000	95,000	-	(194,903)	194,903	95,000
Net loss and comprehensive loss for the period	-	-	-	(909,339)	(2,980)	(912,319)
Balance, September 30, 2023	9,258,732	27,198,915	1,766,137	(27,804,640)	-	1,160,412
Net loss and comprehensive loss for the period	-	-	-	(107,732)	-	(107,732)
Balance, December 31, 2023	9,258,732	27,198,915	1,766,137	(27,912,372)	-	1,052,680

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

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2023 and 2022
(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

MegaWatt Lithium and Battery Metals Corp. ("the Company") was incorporated on December 11, 2017 under the laws of British Columbia. On July 20, 2019, the Company completed its initial public offering and listed on the Canadian Securities Exchange ("CSE") under the symbol "MEGA". On April 20, 2022, the Company's common shares commenced trading on the OTCQB under the symbol "WALRF". The head office and principal address of the Company is located at Suite 1500 - 1055 West Georgia Street, Vancouver BC, V6E 4N7. The Company's principal business activities include the acquisition and exploration of mineral property assets.

As at December 31, 2023, the Company had not determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition.

As at December 31, 2023, the Company had a working capital deficit of \$520,414 (September 30, 2023 - \$270,107) an accumulated deficit of \$27,912,372 (September 30, 2023 - \$27,804,640) and has not generated revenue to date. The Company's operations to date have been funded through the issuance of equity. These factors represent a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These unaudited condensed interim consolidated financial statements for the three months ended December 31, 2023 and 2022 (the "financial statements") do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

On May 9, 2023, the Company consolidated its outstanding common shares on a ten-for-one basis. The presentation of the number of shares, warrants, stock options and loss per share in these financial statements have been retrospectively adjusted for this share consolidation.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on February 28, 2024.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended December 31, 2023 and 2022 (the "Annual Financial Statements").

b) Basis of measurement

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income, and expense as set out in the accounting policies below. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

MEGAWATT LITHIUM AND BATTERY METALS CORP.
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For the three months ended December 31, 2023 and 2022
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2. BASIS OF PRESENTATION (continued)

c) Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the Company's and its subsidiaries' functional and presentation currency. References to "\$" or "CAD" are to Canadian dollars.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of statement of financial position. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in these financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries included in these financial statements as at December 31, 2023 are as follows:

Name of subsidiary	Country of incorporation	Holding	Functional currency	Principal activity
1256714 B.C. Ltd. ("TargetCo")	Canada	100%	CAD	Holding company
1260945 B.C. Ltd. ("New Age Co")	Canada	100%	CAD	Holding company

e) Reclassification of prior period presentation

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the condensed interim consolidated statements of loss and comprehensive loss, condensed interim consolidated statements of cash flows, and note 6, exploration and evaluation assets for the three months ended December 31, 2022, to reclassify the exploration and evaluation expenses to impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

In the preparation of these financial statements, the Company used the same accounting policies as in the Annual Financial Statements.

4. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements under IFRS requires management to make judgements in applying its accounting policies and estimates that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

In preparing these financial statements, the Company applied the same significant judgements in applying its accounting policies and is exposed to the same sources of estimation uncertainty as disclosed in its Annual Financial Statements.

MEGAWATT LITHIUM AND BATTERY METALS CORP.
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5. ACQUISITION OF TARGETCO

On July 13, 2023, the Company closed the acquisition of the remaining 20% of TargetCo pursuant to a share purchase agreement effective July 4, 2023. Pursuant to the terms of the agreement, the Company acquired the remaining 20% of the issued and outstanding securities of TargetCo in consideration for the issuance of 500,000 common shares of the Company at a fair value of \$0.19 per share.

6. EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets is as follows:

	Cobalt Hill	Tyr Silver Project	Century South Silver-Zinc	James Bay Lithium Project	New Age	Australian Silver Mines	Total
	\$	\$	\$	\$	\$	\$	\$
Acquisition cost							
Balance, September 30, 2022	615,000	-	-	903,431	-	-	1,518,431
Additions	-	47,500	47,500	-	-	-	95,000
Impairment	-	(47,500)	(47,500)	-	-	-	(95,000)
Option and sale proceeds	-	-	-	(375,000)	-	-	(375,000)
Balance, December 31, 2023 and September 30, 2023	615,000	-	-	528,431	-	-	1,143,431
Exploration and evaluation expenditures							
Balance, September 30, 2022	284,358	-	-	-	-	-	284,358
Additions	2,730	20,205	-	443,503	26,790	7,261	500,489
Impairment	-	(20,205)	-	(443,503)	(26,790)	(7,261)	(497,759)
Balance, September 30, 2023	287,088	-	-	-	-	-	287,088
Additions	-	1,766	-	-	140,319	490	142,575
Balance, December 31, 2023	287,088	1,766	-	-	140,319	490	429,663
Balance, September 30, 2023	902,088	-	-	528,431	-	-	1,430,519
Balance, December 31, 2023	902,088	1,766	-	528,431	140,319	490	1,573,094

a) Cobalt Hill

Pursuant to an option agreement dated February 5, 2018, amended on April 25, 2019 and July 3, 2020, the Company was granted an option to acquire a 100% undivided interest in certain Cobalt Hill mineral claims ("Cobalt Hill") located in the Trail Creek Mining Division in British Columbia.

The Company fulfilled the terms of the option agreement and acquired a 100% undivided interest in Cobalt Hill by making cumulative cash payments totaling \$355,000 and issuing a cumulative total of 110,000 common shares of the Company. The optionor retained a 1.5% NSR on Cobalt Hill.

b) Tyr Silver Project and Century South Silver-Zinc Project

On October 15, 2020, pursuant to the terms of the definitive agreement dated August 13, 2020, the Company closed the acquisition for 60% of TargetCo (Note 5) which owns a 100% interest (subject to a 2% NSR) in two prospective silver-zinc projects in Australia, being the Tyr Silver Project and the Century South Silver-Zinc Project. On April 5, 2022, pursuant to the terms of the Definitive Agreement dated March 25, 2022, the Company closed the acquisition of an additional 20% of TargetCo. On July 13, 2023, the Company acquired the remaining 20% of the issued and outstanding securities of TargetCo.

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6. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended September 30, 2023, the Tyr Silver Project was fully impaired due to the Company's decision to focus on core projects instead. As a result, the Company recorded an amount of \$67,705 on September 30, 2023 as an impairment of exploration and evaluation assets. During the three months ended December 31, 2023, the Company capitalized \$1,766 (2022 - \$6,304) of exploration and evaluation expenditures on the property.

During the year ended September 30, 2023, the Century South Silver-Zinc Project was fully impaired due to the Company's decision to focus on core projects instead. As a result, the Company recorded an amount of \$47,500 on September 30, 2023, as an impairment of exploration and evaluation assets.

c) James Bay Lithium Project

In January 2021, the Company completed the acquisition of a 100% interest in and to the Route 381 Lithium, comprised of 40 mineral claims located in James Bay Territory in Quebec. In consideration for the acquisition, the Company paid the vendors an aggregate of \$60,000 in cash and issued 400,000 common shares of the Company with a fair value of \$1,720,000. In addition, the Company is subject to grant vendors a 2% NSR.

In December 2021, the Company acquired, by way of staking, 229 mineral exploration claims prospective for lithium in the James Bay region of Quebec, Canada ("Mitsumis").

During the year ended September 30, 2023, the James Bay Lithium Project was partially impaired due to the decrease in the fair value of mineral property option agreement (Note 6(e)). As a result, the Company recorded \$443,503 on September 30, 2023 as an impairment of exploration and evaluation assets.

d) New Age Co Properties

On April 14, 2021, the Company announced that it had completed the acquisition of all issued and outstanding securities of New Age Co.

Rare Earth Elements ("REE") (Northern Territory) - Arctic Fox and Isbjorn

Located in Australia's Northern Territory, both properties are in the exploration stage. Arctic Fox is contiguous with the Nolans Bore REE project and the Isbjorn asset is contiguous to the Charley Creek REE project.

Nickel-cobalt-scandium-HPA (New South Wales) - Chinook, Kodiak & Caribou

The three nickel-cobalt-scandium-HPA properties - Chinook, Kodiak and Caribou are located in Australia's central New South Wales, which is considered by management to be a highly prospective region of exploration. During the year ended September 30, 2023, the New Age Co Properties were fully impaired due to the application of IFRS to bring the Company's assets in line with its market capitalization. During the three months ended December 31, 2023, the Company capitalized \$140,319 (2022 - \$64,472) of exploration and evaluation expenditures on the property.

e) Option on the James Bay Lithium Project

Effective September 27, 2022, the Company entered into a mineral property option agreement (the "Property Option Agreement") with Cygnus Gold Limited ("Cygnus"), whereby the Company granted Cygnus the option to acquire up to an 80% interest in the Company's Route 381 Lithium and Mitsumis properties located in Quebec, Canada (the "James Bay Lithium Project"). Option consideration from Cygnus is recorded as a reduction of the properties' capitalized exploration and evaluation assets reflecting a recovery of past costs incurred.

Under the terms of the Property Option Agreement, Cygnus has the option to acquire an initial 51% interest in the James Bay Lithium Project (the "First Option"). Following the exercise of the First Option, Cygnus has the option to acquire an additional 29% interest in the Projects (the "Second Option").

6. EXPLORATION AND EVALUATION ASSETS (continued)

In order to exercise the First Option, Cygnus must commit to the following over three years:

- Payment of \$175,000 due on September 30, 2022 (which includes \$125,000 as an expense reimbursement to the Company) (the payment was received on October 12, 2022);
- Reimbursement of the Company's exploration expenditures of up to \$375,000 from its 2022 exploration program by December 31, 2022 (the reimbursement was received on December 20, 2022);
- Fund \$2,000,000 in exploration expenditures less expense reimbursements on the James Bay Lithium Project by the third anniversary date of the Property Option Agreement as follows:
 - \$500,000 to be incurred prior to September 27, 2023 which was satisfied through the payments in 2022 above;
 - \$500,000 to be incurred prior to September 27, 2024; and
 - \$1,000,000 to be incurred prior to September 27, 2025.

Cygnus will then have the option to exercise the Second Option by:

- Payment of \$50,000 to the Company within 30 days of the satisfaction of the First Option;
- Filing a NI 43-101 or the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") compliant mineral resource estimate which defines a lithium oxide resource on the Projects of at least 5 million tonnes with an average grade of not less than 0.8% lithium oxide in any resource category as defined in NI 43-101 or the JORC Code, by the date which is no later than 5 years from the exercise of the First Option; and
- Cash consideration to the Company of \$1,000,000 within 3 days of filing the above report.

7. NOTE PAYABLE

On December 21, 2023, the Company entered into a promissory note agreement with Aion Capital Inc. ("the Promisee"). Pursuant to this agreement, the Company promises to pay the Promisee a principal sum of \$75,000 with an annual interest rate of 15%. The principal sum and all outstanding interest that may accrue will be payable to the Promisee on demand.

8. FLOW-THROUGH PREMIUM LIABILITY

Flow-through units are issued at a premium, calculated as the difference between the price of a flow-through unit and the price of a unit at issuance date, as tax deductions generated by the eligible expenditures are passed through to the shareholders of the flow-through shares once the eligible expenditures are incurred and renounced.

Funds raised through the issuance of flow-through units are required to be expended on qualifying Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

On November 23, 2021, the Company issued 450,997 flow-through units at a purchase price of \$1.95 per flow-through unit for gross proceeds of \$879,445. The flow-through units were issued at a premium of \$0.15 per unit. As a result, a flow-through premium liability of \$67,650 was recorded.

On September 22, 2022, the Company issued 840,000 flow-through units at a purchase price of \$0.75 per flow-through unit for gross proceeds of \$630,000. The flow-through units were issued at a premium of \$0.10 per unit. As a result, a flow-through premium liability of \$84,000 was recorded.

The Company had intended to spend these proceeds on eligible exploration expenditures by the termination date, December 31, 2023. Due to natural disasters in Quebec, the Company was not able to carry out the exploration expenditures as planned. With the approval of the subscribers, the Company has extended the termination date to August 18, 2024.

MEGAWATT LITHIUM AND BATTERY METALS CORP.
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8. FLOW-THROUGH PREMIUM LIABILITY (continued)

A summary of the Company's flow-through share funding and expenditures along with the corresponding impact on the flow-through share premium liability is as follows:

	Flow-through funding and expenditure requirements	Flow-through premium liability
	\$	\$
Balance, September 30, 2022	1,428,905	143,558
Flow-through expenditures incurred, renounced, and reduction of liability	(859,909)	(86,392)
Balance, December 31, 2023 and September 30, 2023	568,996	57,166

The reduction in the flow-through premium liability is recorded in other income upon incurring flow-through eligible expenditures.

9. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued

As at December 31, 2023, the Company had 9,258,732 shares issued and outstanding (September 30, 2023 - 9,258,732).

During the three months ended December 31, 2023, the Company had the following share capital transactions:

- On November 17, 2023, 346,671 share purchase warrants expired unexercised.
- On November 18, 2023, 40,192 share purchase warrants expired unexercised.

During the year ended September 30, 2023, the Company had the following share capital transaction:

- On July 13, 2023, the Company issued 500,000 common shares at a fair value of \$0.19 per share for the remaining 20% of the TargetCo (Note 5).

c) Warrants

A summary of the Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, September 30, 2023 and September 30, 2022	888,463	1.81
Expired	(386,863)	2.61
Balance, December 31, 2023	501,600	1.20

As at December 31, 2023, the Company's outstanding warrants have a weighted average remaining life of 0.73 years and expiration date of September 22, 2024.

d) Stock options

The Company has a stock option plan for directors, employees, and consultants. The aggregate number of common shares issuable pursuant to stock options granted under the plan is 10% of the issued and outstanding common shares. The board of directors has the exclusive power over the granting of stock options, the exercise price and their vesting and cancellation provisions.

MEGAWATT LITHIUM AND BATTERY METALS CORP.
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(Unaudited - Expressed in Canadian dollars, except where noted)

9. SHARE CAPITAL (continued)

A summary of the Company's outstanding stock options as at December 31, 2023 is as follows:

Date of expiry	Weighted average exercise price	Number of stock options	Weighted average remaining life
	\$	#	Years
November 26, 2024	2.00	250,000	0.91
August 13, 2025	3.05	25,000	1.62
October 21, 2025	9.00	50,000	1.81
January 28, 2026	2.85	20,000	2.08
February 16, 2026	4.65	25,000	2.13
March 2, 2026	4.40	50,000	2.17
Balance, December 31, 2023	3.38	420,000	1.34

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

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. 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 includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

For the three months ended December 31, 2023, the Company's key management compensation was \$33,000 (2022 - \$33,000) for management and consulting services. As at December 31, 2023, the Company had \$92,400 (September 30, 2023 - \$57,950) due to related parties included in accounts payable and accrued liabilities balance. Interest is not charged on outstanding balances and is payable upon demand.

11. MANAGEMENT OF 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 sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject. The Company considers the aggregate of its share capital, reserves, and deficit as capital. 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 or dispose of assets or adjust the amount of cash. There have not been changes to the Company's capital management policy during the year.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Company's financial instruments consist of cash, note payable, and accounts payable and accrued liabilities measured at amortized cost. Their fair values approximate their carrying values due to their short-term nature.

The financial instruments expose the Company to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company is exposed to credit risk through its cash. The Company reduces its credit risk on cash by placing these instruments with financial institutions of high credit worthiness. As at December 31, 2023, the Company is not exposed to significant credit risk.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed through its accounts payable and note payable. The Company's accounts payable are all current and due within 90 days of the balance sheet date. The Company has a working capital deficit of \$520,414 and requires additional financing to fund current operations. As at December 31, 2023, the Company will need to raise more funding to discharge its financial liabilities as they become due.

c) Foreign exchange risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. As at December 31, 2023, the Company is not exposed to significant foreign currency risk.

d) 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. As at December 31, 2023, the Company is not exposed to significant interest rate risk.

13. SUBSEQUENT EVENTS

On January 17, 2024, the Company entered into a debt settlement agreement with 2710989 Ontario Limited ("the Creditor") in the amount of \$90,000. The Company issued 900,000 common shares (the "Debt Shares") to the Creditor. The Creditor provides general and administrative services to the Company and charges a monthly fee. The amount of debt is the outstanding accounts payable for the monthly general and administrative fees owing to the Creditor.

On January 22, 2024, the Company granted 200,000 stock options to an officer of the Company. These options have an exercise price of \$0.11 and are expiring on January 22, 2026. The options vested on the grant date.