MEGAWATT LITHIUM AND BATTERY METALS CORP.

BUSINESS ACQUISITION REPORT

FORM 51-102F4

Item 1.Identity of Company

1.1 Name and Address of Company

MegaWatt Lithium and Battery Metals Corp. (the "**Company**" or "**MegaWatt**")
c/o 1500, 1055 West Georgia Street
Vancouver, British Columbia V6E 4N7

1.2 Executive Officer

The following executive officer of the Company is knowledgeable about the significant acquisition and this business acquisition report:

Kelvin Lee, Chief Financial Officer
Telephone: (236)521-6500

Item 2. Details of Acquisition

2.1 Nature of Business Acquired

On May 7, 2024, the Company completed the acquisition (the "**Acquisition**") of all of the issued and outstanding shares in the capital of Labrador Mineral Resources Inc. ("**Labrador**"), a private company existing under the laws of British Columbia, pursuant to the terms and conditions of a Share Exchange Agreement dated April 1, 2024 (the "**Share Exchange Agreement**") among the Company, Labrador and the shareholders of Labrador (the "**Shareholders**").

Labrador purchased a 100% interest (subject only to a 1.5% NSR) in the Benedict Mountains Uranium Property located on the east coast of Labrador approximately 200 km NR of Goose Bay (the "**Property**"), pursuant to a Property Purchase Agreement dated effective February 8, 2024, between Labrador and the former registered and beneficial owner of the Property (the "**Property Purchase Agreement**"). Pursuant to the Share Exchange Agreement, the Company has assumed all of the obligations of Labrador under the Property Purchase Agreement, including the cash payment contemplated therein.

Background to Labrador, the Shareholders and the Property

Labrador was incorporated under the *Business Corporations Act* (British Columbia) on February 5, 2024. Labrador entered into the Property Purchase Agreement with Darrin Hicks on February 8, 2024 to acquire the Property in consideration of $25,000 on closing, $25,000 on or before the 12-month anniversary of the closing, and the issuance of

1,500,000 Labrador Shares, which, upon completion of the Acquisition, were exchanged for 1,500,000 MegaWatt Shares. There is currently no National Instrument 43-401 ("**NI 43-101**") technical report in respect of the Property. The Shareholders paid an aggregate of $73,875 and obtained 14,775,001 Labrador Shares on March 4, 2024, which, upon completion of the Acquisition, were exchanged for 14,775,001 MegaWatt Shares. The acquisition of the Property by Labrador from Darren Hicks was completed on March 15, 2024. Pug Communications Limited ("**Pug**") acted as a finder to Labrador in connection with the acquisition of the Property from Darren Hicks. In connection therewith, Pug received 75,000 Labrador Shares as a finder's fee, which, upon completion of the Acquisition, were exchanged for 75,000 MegaWatt Shares. Labrador's assets are cash and receivables of $40,484 and the Property of $103,750, primarily consisting of acquisition costs to Darrin Hicks, and the loss for the period from Labrador's inception on February 5, 2024 to the year ended March 31, 2024 is $36,672, mainly professional fees. In connection with the Acquisition, the purchase price for the Property was determined via arm's-length negotiation between the Company and Labrador. Based on its evaluation of the Property, the Company's board of directors determined that the consideration to be paid for the Property to be reasonable. The Company was not privy to the prior negotiations between Labrador and Darren Hicks with respect to the Property Purchase Agreement and, therefore, cannot speculate on how the previous purchase price was determined.

The Labrador acquisition is in accordance with the Company's principal business activities that include the acquisition and exploration of mineral property assets. Following the acquisition of Labrador, the Company intends to work with the property vendor to develop an initial exploration program with the goal of producing a NI 43-101 technical report on the project in the following year.

2.2 Date of Acquisition

The Company completed the Acquisition on May 7, 2024.

2.2 Consideration

Pursuant to the terms and conditions of the Share Exchange Agreement and in consideration for all of the issued and outstanding shares in the capital of Labrador (the "**Labrador Shares**"), the Company has issued an aggregate of 16,275,001 common shares in the capital of the Company (the "**MegaWatt Shares**") pro rata to the Shareholders at a deemed price of $0.13 per MegaWatt Share. Labrador Shareholders now own approximately 44.61% of all the issued and outstanding MegaWatt Shares on a non-diluted basis, and approximately 43.28% on a fully-diluted basis, based on the 36,483,733 MegaWatt Shares, 501,600 MegaWatt warrants and 620,000 options to acquire MegaWatt Shares currently issued and outstanding following the completion of the Acquisition.

In addition, pursuant to the terms of the Property Purchase Agreement assumed by the Company, the Company will make a cash payment of $25,000 by March 2025. The Property is subject to a royalty equal to 1.5% of net smelter returns upon commencement of commercial production and such royalty may be reduced from 1.5% to 0.5% by the payment of $1,000,000.

The Acquisition is an arm's length transaction and there is no change in management, or the Board of Directors of the Company. No finder's fees were paid in connection with the Acquisition. Labrador's board of directors is comprised solely of nominee of MegaWatt.

The Acquisition is not a Fundamental Change for the Company (as defined in the policies of the Canadian Securities Exchange (the "**CSE**"), nor did it result in a change of control of the Company, within the meaning of applicable securities laws and the policies of the CSE.

All of the MegaWatt Shares issued to the Labrador Shareholders will be restricted from trading until the date that is ten (10) days after the date on which MegaWatt has filed the applicable business acquisition report in respect of the Acquisition.

2.4 Effect on Financial Position

The Company does not have any current plans or proposals for material changes in its business affairs or the affairs of any of its subsidiaries, including Labrador, which may have a significant effect on the results of operations and financial position of the Company.

2.5 Prior Valuations

Not Applicable

2.6 Parties to the Transaction

Except as disclosed herein, the Acquisition was not with an informed person, associate or affiliate of the Company as defined in Section 1.1 of National Instrument 51 – 102 *Continuous Disclosure Obligations*.

Rita Derouin is the spouse of Anthony Zelen, a director of the Company, and therefore qualifies as an "associated entity" (as defined in Multilateral Instrument 61-101) of Mr. Zelen. In connection with the completion of the acquisition, Ms. Derouin acquired an aggregate of 400,000 common shares of the Company. Prior to the completion of the acquisition, Ms. Derouin beneficially owned or controlled, directly or indirectly, nil common shares in the capital of the Company. Upon closing of the acquisition, Ms. Derouin beneficially owns and controls, directly or indirectly, an aggregate of 400,000 common shares of the Company, representing approximately 1.10% of the issued and outstanding common shares of the Company.

2.7 Date of Report

May 9, 2024

Item 3. Financial Statements and Other Information

The following financial statements are attached to this Business Acquisition Report:

- audited financial statements of Labrador for the period from incorporation on February 5, 2024 to March 31, 2024.

The Company has obtained the consent of the auditor of Labrador to incorporate the auditor's report for the audited financial statements of Labrador for the period from incorporation on February 5, 2024 to March 31, 2024 in this Business Acquisition Report.

Other Information

Engagement of Outside the Box Capital for Marketing Services

Further to the Company's news release dated March 15, 2024, it wishes clarify the details of its engagement of Outside The Box Capital Inc. ("**OTBC**") for marketing services. On January 26, 2024, the Company entered into a marketing services agreement (the "**Marketing Agreement**") with an arm's length firm, OTBC of Oakville, Ontario, to provide, among other things, marketing and distribution services to communicate to the financial community information about the Company. In particular, it is expected that the services provided by OTBC will include, but are not limited to: (i) initial planning and strategy call with ongoing checkpoints to cover feedback, advice, and other strategic matters of the campaign, (ii) assist in social media and other community-driving mediums, with the goal of creating more company awareness and investor engagement, (iii) distribute company approved messaging, press releases, and other approved company materials across social channels that include Reddit, Discord, Telegram, Twitter, and StockTwits, (iv) spread company insights and announcements to new communities with hopes of attracting new clients and other interested parties (v) featuring the Company in different influencer-based videos, driving more engagement to the Company's story, and (vi) an occasional Q&A or highlight video surrounding recent company news to be posted on the Company's YouTube channel or other company mediums.

The Marketing Agreement will have an initial term of six months starting on March 8, 2024, and the Company will pay OTBC a cash fee of CAD$150,000 (plus applicable taxes) with the possibility of an additional monthly cash budget for marketing services if required.

OTBC's business address is 2202 Green Orchard PL., Oakville ON L6H 4V4 Canada, email: jason@outsidethebox.capital, telephone: 289-259-4455.

OTBC participated in the Company's previously completed LIFE offering and concurrent private placement, which closed March 15, 2024, pursuant to which OTBC acquired 1,000,000 common shares of the Company at $0.10 per share. Other than as set out in this press release, to the best of the Company's knowledge, OTBC does not currently own any other securities of the Company as of the date hereof. OTBC is an arm's length party and has no direct relationship with the Company.

Property Updates

<u>Cobalt Hill</u>

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.

The applicable mineral claims for Cobalt Hill expire on March 25, 2026.

<u>Tyr Silver Project and Century South Silver-Zinc Project</u>

On October 15, 2020, pursuant to the terms of the definitive agreement dated August 13, 2020, the Company closed the acquisition for 60% of 1256714 B.C. Ltd. ("**TargetCo**") 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.

The applicable mineral claims for Tyr Silver expire on March 29, 2030. 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. The Company intends to continue to invest in this property from future financings.

After management of the Company determined that the Century South Silver-Zinc Project was not a property of merit, the applicable tenements for the Century South Silver-Zinc Project expired on October 24, 2023. As the Century South Silver-Zinc Project was not a material project of the Company, management does not expect that that the expiry of the mineral tenements will have an impact on the present or future operations of the Company. 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.

<u>James Bay Lithium Project</u>

Effective September 27, 2022, the Company entered into a mineral 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. 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.

The applicable mineral claims for Route 381 expire on January 14, 2025.

The applicable mineral claims for Mitsumis expire on December 8, 2025.

The 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 Resources Pty Ltd. ("**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. The tenements EL32178 (Isbjorn) and EL32179 (Artic Fox) expire on February 20, 2026.

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

After management of the Company determined that the Chinook, Kodiak and Caribou properties were not properties of merit, the tenements EL8788 (Caribou), EL8738 (Chinook), and EL8737 (Kodiak) were cancelled on May 11, 2023. As the Chinook, Kodiak and Caribou properties were not material properties of the Company, management does not expect that that the expiry of the mineral tenements will have an impact on the present or future operations of the Company.

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.

The Company wishes to clarify that the applications for tenements EL32488 and EL32499 – which are referenced in the share purchase agreement dated March 29, 2021, between the Company, New Age Co and the shareholders of New Age Co – were, to the best of the Company's knowledge, never completed or acquired by the Company.

FINANCIAL STATEMENTS OF LABRADOR MINERAL RESOURCES INC.
FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 5, 2024
TO MARCH 31, 2024

LABRADOR MINERAL RESOURCES INC.

Financial Statements

For the period from incorporation on February 5, 2024 to March 31, 2024

(Expressed in Canadian Dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of:
Labrador Mineral Resources Inc.

Opinion
We have audited the financial statements of Labrador Mineral Resources Inc. ("the Company"), which comprise the statement of financial position as at March 31, 2024 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on February 5, 2024 to March 31, 2024, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and its financial performance and its cash flows for the period from incorporation on February 5, 2024 to March 31, 2024 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 in the financial statements, which indicates that the Company incurred a net loss of $36,672 during the period from incorporation on February 5, 2024, to March 31, 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

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 IFRS, 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.

SERVICE

INTEGRITY

TRUST

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WDM

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor’s report is Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C.
May 01, 2024

LABRADOR MINERAL RESOURCES INC.
Statement of Financial Position
As at March 31, 2024
(Expressed in Canadian Dollars)

	Note	**2024** **$**
ASSETS		
CURRENT		
Cash and cash equivalent		**19,591**
Refundable advance		**1,893**
Share subscription receivable	6	**19,000**
		40,484
NON-CURRENT		
Exploration and evaluation assets	5	**103,750**
TOTAL ASSETS		**144,234**
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities		**28,656**
SHAREHOLDERS’ EQUITY		
Share capital	6	**152,250**
Deficit		**(36,672)**
		115,578
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**144,234**

Nature of operations and going concern (Note 1)
Commitments (Note 10)
Subsequent event (Note 11)

Approved on behalf of the Board of Directors on May 1, 2024:

“Robert Birmingham"
Robert Birmingham, CEO and Director

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

LABRADOR MINERAL RESOURCES INC.
Statement of Loss and Comprehensive Loss
For the period from incorporation February 5, 2024 to March 31, 2024
(Expressed in Canadian Dollars)

	Note	**2024**
		$
EXPENSES		
Bank charges		**16**
Legal and accounting fees		**36,656**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		**36,672**
Loss per share - basic and diluted		**(0.00)**
Weighted average number of common shares outstanding - basic and diluted		**7,652,728**

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

LABRADOR MINERAL RESOURCES INC.

Statement of Changes in Shareholders' Equity

For the period from incorporation February 5, 2024 to March 31, 2024

(Expressed in Canadian Dollars)

	Note	Number of common shares	Share capital $	Deficit $	Total shareholders' equity $
Balance, February 5, 2024		**1**	**-**	**-**	**-**
Shares issued for cash	6	**14,700,000**	**73,500**	**-**	**73,500**
Shares issued for mineral properties	5,6	**1,575,000**	**78,750**	**-**	**78,750**
Net loss and comprehensive loss for the period		**-**	**-**	**(36,672)**	**(36,672)**
Balance, March 31, 2024		**16,275,001**	**152,250**	**(36,672)**	**115,578**

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

LABRADOR MINERAL RESOURCES INC.

Statement of Cash Flows

For the period from incorporation February 5, 2024 to March 31, 2024

(Expressed in Canadian Dollars)

	Note	2024 $
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss and comprehensive loss for the period		**(36,672)**
Changes in non-cash working capital		
Refundable advance		**(1,893)**
Accounts payable and other liabilities		**28,656**
Cash used in operating activities		**(9,909)**
CASH FLOWS USED IN OPERATING ACTIVITIES		
Acquisition of exploration and evaluation assets		**(25,000)**
Cash used in investing activities		**(25,000)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares		**54,500**
Cash provided from financing activities		**54,500**
Change in cash during the period		**19,591**
Cash, beginning of the period		**-**
Cash, end of the period		**19,591**

SUPPLEMENTAL CASH FLOW INFORMATION	
Shares issued for exploration and evaluation asset acquisition	**75,000**
Finder shares issued for exploration and evaluation asset acquisition	**3,750**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Labrador Mineral Resources Inc. (the "Company" or "LMR") was incorporated on February 5, 2024, under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The principal business of the Company is the acquisition, exploration and evaluation of resource properties. The head office and registered and records office of the Company is located at 1500, 1055 West Georgia Street, Vancouver, BC, V6E 4N7. LMR holds an 100% interest in certain rights, title and interests (subject to certain royalties) in the Benedict Mountains Uranium Property located 200 km NE of Goose Bay, Newfoundland and Labrador, and 50 km NW of Makkovik, Labrador (the "Property").

Proposed transactions

The Company entered into a share exchange agreement (the "SEA") dated April 1, 2024, with Megawatt Lithium and Battery Metals Corp. ("Megawatt"), pursuant to which Megawatt would acquire all of the issued and outstanding securities of LMR in exchange for common shares of Megawatt.

Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a loss of $36,672 during the period from incorporation on February 5, 2024 to March 31, 2024. The Company had a working capital of $11,828 as at March 31, 2024. The Company does not earn revenue and is reliant on share issuances for its funding. There is no assurance that sufficient funding (including adequate financing) will be available to conduct its business. These factors present a material uncertainty over the Company's ability to continue as a going concern. The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION, STATEMENT OF COMPLIANCE

Basis of presentation

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

These financial statements of the Company are presented in Canadian dollars, which is the Company's functional currency.

Statement of compliance

The financial statements have been prepared in accordance with and using accounting policies in full compliance with International Financial Report Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended March 31, 2024.

These audited financial statements of the Company were approved and authorized for issue by the Board of Directors on May 1, 2024.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash

The Company's cash is deposited with a major Canadian bank.

3.2 Exploration and evaluation assets

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries which are recorded when received, until these mineral properties are placed into commercial production, sold or abandoned. If commercial production is achieved from a mineral property, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

All expenditures related to the exploration and evaluation of mineral properties, net of recoveries which are recorded when received, are expensed to net loss in the period in which they are incurred.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

At the end of each reporting period, 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 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. 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

3.3 Share capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs. Shares issued for other than cash consideration are valued at either: (i) the fair value of the asset acquired or the fair value of the liability extinguished at the measurement date under current market conditions, or (ii) the market price of the shares of the Company at the date the agreement to issue the shares is reached.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. Under the residual value method, cash consideration received from the issuance of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against share capital. Proceeds received for shares that have not yet been issued as at the reporting date are recorded as share subscriptions.

3.4 Non-monetary transaction

Shares issued for non-monetary consideration to non-employees are recorded at the fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance. Shares to be issued, which are contingent upon future events or actions, are recorded by the Company when it is reasonably determinable that the shares will be issued.

3.5 Basic and diluted loss per share

The basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options or warrants and contingent share consideration, in the weighted average number of common shares outstanding during the period, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options that are used to purchase common shares at the average market price during the year. Shares to be issued have been considered outstanding from the date of their issuance for the purposes of basic loss per share calculations

3.6 Share-based payments

Share capital includes cash consideration received for share issuances, net of commissions and issue costs. Shares issued for other than cash consideration are valued at either: (i) the fair value of the asset acquired or the fair value of the liability extinguished at the measurement date under current market conditions, or (ii) the market price of the shares of the Company at the date the agreement to issue the shares is reached

3.7 Related party transactions

Parties are considered 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 related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

3.8 Income Tax

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.9 Financial instruments

A) Financial assets:

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A trade receivable without a significant financing component is initially measured at the transaction price. All other financial asset and financial liabilities are initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

On initial recognition, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The primary measurement categories for financial assets are as follows: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost, as described above, or at FVOCI are measured at FVTPL. This includes all derivative financial assets.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted estimate of credit losses, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset. Given the limited exposure of the Company to credit risk, no loss allowance has been recognized as management believes any such impairment will not have a significant impact on the financial statements.

Financial assets are written off when the Company has no reasonable expectation of recovering all or any portion thereof.

B) Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of these financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of these financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant judgments made by management in the preparation of these financial statements are outlined below:

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment-based assumptions including the probability that future events are considered reasonable according to the circumstances. Please refer to Note 1 for further information.

Exploration and evaluation assets

Significant judgments are made in:

- determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases;

- determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit.

This requires management to make several assumptions as to future events or circumstances.

These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	$
Balance – February 5, 2024	-
Acquisition costs	**103,750**
Balance – March 31, 2024	**103,750**

Benedict Mountains Uranium Property, Labrador

On February 8, 2024, the Company entered into a property purchase agreement for a 100% interest in the Benedict Mountains Uranium Property (the "Property") located on the east coast of Labrador, approximately 200 km NE of Goose Bay.

In consideration of the purchase, the Company must make the following:

i) pay $25,000 (paid) and issue 1,500,000 common shares (issued at a fair value of $75,000) on the closing date; and
ii) pay $25,000 on or before March 15, 2025.

The Property is subject to 1.5% net smelter returns royalty ("NSR") payable to vendor, 1.00% of which is purchasable by the Company for $1,000,000 at any time, reducing the NSR to 0.50%.

6. SHARE CAPITAL

The following details the share capital of Labrador Mineral Resources Inc.

a) **Authorized**

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

b) **Issued**

Movement in the Company's share capital are as follows:		**Number of shares**	**Amount $**
Balance, February 5, 2024		-	-
Shares issued on incorporation		1	-
Shares issued for cash - to founders	(i)	14,700,000	73,500
Shares issued for property	(ii)	1,500,000	75,000
Share issued as finder shares	(iii)	75,000	3,750
Balance, March 31, 2024		16,276,001	152,250

(i) Issued 14,700,000 common shares at a price of $0.005 per share for gross proceeds of $73,500, of which $19,000 was deposited subsequent to March 31, 2024.

(ii) Issued 1,500,000 common shares with a fair value of $75,000 pursuant to the acquisition of the Benedict Mountains Uranium Property (Note 5).

(iii) Issued 75,000 common shares with a value of $3,750 as finder shares pursuant to the acquisition of the Benedict Mountains Uranium Property (Note 5).

(Expressed in Canadian Dollars)

7. INCOME TAXES

The income tax expense of the Company is reconciled to the net comprehensive loss for the year as reported in the statements of comprehensive loss as follows :

	Period ended March 31, 2024 $
Net loss for the period	**(36,672)**
Statutory tax rate	**27%**
Expected income tax recovery	**(9,901)**
Adjustment to benefits resulting from:	
Change in unrecognized deductible temporary differences	**9,901**
Current income tax expense	**-**

The significant components of the deferred tax assets of the Company is as follows:

	Period ended March 31, 2024 $
Deferred tax assets	
Non-capital losses	9,901
Net deferred tax assets not recognized	**9,901**

The Company has non-capital losses of approximately $36,672 to reduce future income tax in Canada. The losses will expire in 2044.

8. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

The Company does not acquire, hold or issue derivative financial instruments for trading purposes.

Short-term financial instruments, comprising cash and accounts payable and other liabilities, are carried at amortized cost which, due to their short-term nature, approximates their fair value.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is dependent upon the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financing to meet current and future obligations. The Company has a working capital of $110,797 as at March 31, 2024. There can be no assurance that such financing will be available on terms acceptable to the Company.

9. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at March 31, 2024, the Company's shareholders' equity was $115,578 and current liabilities were $28,656. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company currently is not subject to externally imposed capital requirements.

10. COMMITMENT

The Company entered into a property purchase agreement dated February 8, 2024 to acquire a 100% undivided right, title, and interest in the Benedict Mountains Uranium Property (Note 5). Pursuant to the purchase agreement the Company is obligated to make a $25,000 payment to the vendor on or before March 15, 2025.

11. SUBSEQUENT EVENT

On April 1, 2024, the Company entered into a share exchange agreement (the "SEA") with Megawatt pursuant to which Megawatt will acquire all of the issued and outstanding shares of the Company in consideration for the issuance of 16,275,001 common shares in the capital of Megawatt (the "MegaWatt Shares") pro rata to the Company's shareholders at a deemed price of $0.13 per MegaWatt Share. In addition, Megawatt will assume the terms of the property purchase agreement and be obligated to make the cash payment of $25,000 by March 15, 2025 to the vendors of the Property (Note 5).