ARCTIC FOX LITHIUM CORP.

Consolidated Financial Statements

Years Ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Arctic Fox Lithium Corp.

Opinion

We have audited the consolidated financial statements of Arctic Fox Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2024 and 2023, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has not generated any revenues and has negative cash flow from operations of $293,918 during the year ended June 30, 2024 and, as of that date, the Company has a working capital deficit of $35,774 and an accumulated deficit of $6,361,970. 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 consolidated financial statements for the year ended June 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Aside from the matter described in the Material Uncertainty Related to Going Concern in our report, we have identified the following key audit matter:

<u>Assessment of Impairment Exploration and Evaluation Assets</u>

As described in Note 5 of the consolidated financial statements, the carrying amount of the Company's exploration and evaluation assets is $345,963 as at June 30, 2024. As fully described in Note 2 to the consolidated financial statements, management assesses for indicators of impairment at each consolidated statement of financial position date.

The assessment of impairment indicators for exploration and evaluation assets is identified as a key audit matter due to significant judgment made by management, which in turn led to additional auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in this area, particularly regarding the estimation of the recoverable amounts of these assets.

Addressing this matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the exploration and evaluation assets through discussion and communication with management.
- Assessing compliance with agreements and expenditures requirements including reviewing option agreements.
- Obtaining, on a test basis through government websites or other sources, confirmation of title to ensure mineral rights underlying the exploration and evaluation assets are in good standing.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of 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 Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

October 31, 2024

ARCTIC FOX LITHIUM CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	June 30, 2024 $	June 30, 2023 $
Assets		
Current assets		
Cash	32,322	474,476
GST receivable	26,973	36,597
Prepaid expenses (Note 3)	37,875	219,709
Total current assets	97,170	730,782
Non-current assets		
Reclamation deposit	–	12,500
Exploration and evaluation assets (Note 5)	345,963	425,210
Total non-current assets	345,963	437,710
Total assets	443,133	1,168,492
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	126,125	217,861
Other liabilities (Note 7)	–	27,620
Loans payable (Note 8)	6,819	216,200
Total liabilities	132,944	461,681
Shareholders' equity		
Share capital (Note 9)	6,033,739	5,424,928
Equity reserves (Notes 9, 10, and 11)	638,420	392,168
Deficit	(6,361,970)	(5,110,285)
Total shareholders' equity	310,189	706,811
Total liabilities and shareholders' equity	443,133	1,168,492

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 16)

Approved and authorized for issuance on behalf of the Board on October 31, 2024:

/s/ "Harry Chew"
Harry Chew, Director

/s/ "Sonny Chew"
Sonny Chew, Director

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

ARCTIC FOX LITHIUM CORP.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended June 30, 2024 $	Year ended June 30, 2024 $
Expenses		
Investor relations	221,851	133,177
Impairment of exploration and evaluation assets (Note 5)	739,755	2,715,000
Management fees (Note 6)	72,000	54,000
Office and miscellaneous	24,526	15,924
Professional fees (Note 6)	103,578	105,599
Rent and administrative fees (Note 6)	60,000	48,000
Share-based compensation (Note 11)	162,077	372,184
Transfer agent and filing fees	19,155	20,667
Total expenses	1,402,942	3,464,551
Loss before other income (expense)	(1,402,942)	(3,464,551)
Other income (expense)		
Flow-through share premium (Note 7)	131,620	–
Gain on debt settlement (Note 9)	21,117	–
Interest expense	(1,480)	(14,674)
Total other income (expense)	151,257	(14,674)
Net loss and comprehensive loss	(1,251,685)	(3,479,225)
Loss per share, basic and diluted	(0.02)	(0.10)
Weighted average shares outstanding	58,482,188	34,472,479

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

ARCTIC FOX LITHIUM CORP.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital		Equity		Total
	Number of shares	Amount $	reserves $	Deficit $	shareholders' equity $
Balance, June 30, 2022	27,273,416	1,823,444	–	(1,631,060)	192,384
Units issued for private placement	5,679,799	893,400	–	–	893,400
Share issuance costs	–	(70,696)	19,984	–	(50,712)
Shares issued for acquisition of Pipeline Capital Corp.	12,000,000	1,860,000	–	–	1,860,000
Shares issued for acquisition of 1000383374 Ontario Inc.	6,000,000	720,000	–	–	720,000
Shares issued pursuant to the exercise of share purchase warrants	420,000	50,400	–	–	50,400
Shares issued for exploration and evaluation assets	1,200,000	176,000	–	–	176,000
Flow-through premium liability	–	(27,620)	–	–	(27,620)
Fair value of stock options granted	–	–	372,184	–	372,184
Net loss for the year	–	–	–	(3,479,225)	(3,479,225)
Balance, June 30, 2023	52,573,215	5,424,928	392,168	(5,110,285)	706,811
Units issued for private placement	6,066,666	581,000	67,000	–	648,000
Share issuance costs	–	(61,355)	9,175	–	(52,180)
Flow-through premium liability	–	(104,000)	–	–	(104,000)
Units issued for settlement of loan payable	400,000	52,000	8,000	–	60,000
Shares issued in lieu of interest payment	120,000	15,600	–	–	15,600
Shares issued for settlement of loan payable	333,333	13,333	–	–	13,333
Shares issued for exploration and evaluation assets	833,333	33,333	–	–	33,333
Shares issued for settlement of accounts payable	1,389,167	78,900	–	–	78,900
Fair value of stock options granted	–	–	162,077	–	162,077
Net loss for the year	–	–	–	(1,251,685)	(1,251,685)
Balance, June 30, 2024	61,715,714	6,033,739	638,420	(6,361,970)	310,189

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

ARCTIC FOX LITHIUM CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended June 30, 2024 $	Year ended June 30, 2023 $
Operating activities		
Net loss for the year	(1,251,685)	(3,479,225)
Items not involving cash:		
Flow-through share premium	(131,620)	–
Gain on debt settlement	(21,117)	–
Impairment of exploration and evaluation assets	739,755	2,715,000
Share-based compensation	162,077	372,184
Changes in non-cash operating working capital:		
GST receivable	9,624	(20,907)
Prepaid expenses	181,834	(219,709)
Accounts payable and accrued liabilities	17,214	43,378
Net cash used in operating activities	(293,918)	(589,279)
Investing activities		
Acquisition of Pipeline Capital Corp.	–	(50,000)
Exploration and evaluation asset expenditures	(627,175)	(6,234)
Refund of reclamation deposit	12,500	–
Net cash used in investing activities	(614,675)	(56,234)
Financing activities		
Proceeds from loans payable	–	216,200
Repayment of loans payable	(129,381)	–
Proceeds from issuance of units	648,000	893,400
Proceeds from exercise of share purchase warrants	–	50,400
Share issuance costs	(52,180)	(50,712)
Net cash provided by financing activities	466,439	1,109,288
Change in cash	(442,154)	463,775
Cash, beginning of year	474,476	10,701
Cash, end of year	32,322	474,476
Non-cash investing and financing activities:		
Acquisition costs included in accounts payable and accrued liabilities	–	165,000
Fair value of finder's warrants issued	9,175	19,984
Shares issued for exploration and evaluation assets	33,333	176,000
Shares issued for settlement of accounts payable	78,900	–
Shares issued for settlement of loan payable	13,333	–
Shares issued in lieu of interest payment	15,600	–
Shares issued for acquisition of Pipeline Capital Corp.	–	1,860,000
Shares issued for acquisition of 1000383374 Ontario Inc.	–	720,000
Units issued for settlement of loan payable	60,000	–

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

1. Nature of Operations and Continuance of Operations

Arctic Fox Lithium Corp. (formerly Arctic Fox Ventures Inc.) (the "Company") was incorporated in the province of British Columbia on February 19, 2013. The Company was focused on mobile application development. On October 20, 2020, the Company became a mineral exploration company. The Company's head office is located at Suite 905, 1030 West Georgia Street, Vancouver, BC, V6E 2Y3.

On February 7, 2023, the Company was approved to be listed on the Frankfurt Stock Exchange (the "FSE") under the symbol 7N4. The Company's shares are now cross listed on the Canadian Securities Exchange and FSE.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended June 30, 2024, the Company has not generated any revenues and has negative cash flow from operations of $293,918. As at June 30, 2024, the Company has a working capital deficit of $35,774 and an accumulated deficit of $6,361,970. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

2. Material Accounting Policy Information

(a) Statement of Compliance and Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Pipeline Capital Corp., a company incorporated in British Columbia on April 15, 2020 and 1000383374 Ontario Inc., a company incorporated in Ontario on December 7, 2022. The subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. All inter-company transactions, balances, income and expenses are eliminated on consolidation.

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

(b) Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. Material Accounting Policy Information (continued)

(b) Significant Accounting Judgments and Estimates (continued)

Significant estimates

Significant assumptions about the future and other sources of estimation uncertainty in estimates made by management at the statement of financial position date 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, but are not limited to, the following:

Share-based payments

Fair values are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company’s stock options.

Deferred income taxes

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of current and deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

Significant judgments

The critical judgments that the Company’s management has made in the process of applying the Company’s accounting policies that have the most significant effect on the amounts recognized in the Company’s consolidated financial statements are as follows:

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. If the acquisition of an asset does not constitute a business as defined in IFRS 3, Business Combinations, the acquirer identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

Exploration and evaluation assets

The application of the Company’s accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

2. Material Accounting Policy Information (continued)

(b) Significant Accounting Judgments and Estimates (continued)

Significant judgments (continued)

<u>Going concern</u>

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Foreign Currency Translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

(e) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

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

Mineral Property Options

The Company does not record any expenditures made by the optionee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation option arrangements but re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized.

2. Material Accounting Policy Information (continued)

(f) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the consolidated statement of operations.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the consolidated statement of operations.

(g) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit-of-production or straight-line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases, changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

2. Material Accounting Policy Information (continued)

(h) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are 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. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

2. Material Accounting Policy Information (continued)

(h) Financial Instruments (continued)

Impairment of financial assets (continued)

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(i) Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. The liability is derecognized to the consolidated statement of operations when the tax deductions are renounced through filing with the Canadian tax authorities.

2. Significant Accounting Policies (continued)

(j) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(k) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

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

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(l) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at June 30, 2024, the Company has 15,236,663 (2023 – 8,280,997) potentially dilutive shares outstanding

(m) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended June 30, 2024, and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Prepaid Expenses

	2024 $	2023 $
Investor relations	31,875	214,709
Geological consulting	6,000	–
Legal fees	–	5,000
	37,875	219,709

4. Acquisitions

Pipeline Capital Corp.

On January 27, 2023, the Company completed a share exchange agreement with Pipeline Capital Corp. ("Pipeline") and the shareholders of Pipeline, pursuant to which the Company acquired all of the issued and outstanding shares of Pipeline for consideration of 12,000,000 common shares and $150,000. The cash consideration is payable as follows: $50,000 due on closing (paid), $50,000 due 90 days from closing (paid), and $50,000 due 180 days from closing (paid). The acquisition of the Pipeline shares has been accounted for as an asset acquisition as, at the time of the transaction, Pipeline did not meet the definition of a business under IFRS 3. In connection with the acquisition of Pipeline, the Company acquired the rights to an option agreement on the Kana Lake Lithium Project (Note 5). The consideration paid has been allocated to the exploration and evaluation assets as at the date of acquisition.

(Expressed in Canadian Dollars)

4. Acquisitions (continued)

Pipeline Capital Corp. (continued)

The purchase price of the acquisition has been allocated as follows:

Purchase price	$
Cash consideration	150,000
Fair value of common shares	1,860,000
Total consideration	2,010,000

Net assets acquired	$
Exploration and evaluation assets (Note 5)	2,010,000
Net assets acquired	2,010,000

1000383374 Ontario Inc.

On March 15, 2023, the Company completed a share exchange agreement with 1000383374 Ontario Inc. (“1000383374”) and the shareholders of 1000383374, pursuant to which the Company acquired all of the issued and outstanding shares of 1000383374 for consideration of 6,000,000 common shares and $50,000. The acquisition of the Pipeline shares has been accounted for as an asset acquisition as, at the time of the transaction, 1000383374 did not meet the definition of a business under IFRS 3. In connection with the acquisition of 1000383374, the Company acquired the rights to an option agreement on the Pontax North Lithium Project (Note 5). The consideration paid has been allocated to the exploration and evaluation assets as at the date of acquisition.

The purchase price of the acquisition has been allocated as follows:

Purchase price	$
Cash consideration	50,000
Fair value of common shares	720,000
Total consideration	770,000

Net assets acquired	$
Exploration and evaluation assets	785,000
Accounts payable	(15,000)
Net assets acquired	770,000

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

	Spius Property $	Kana Lake Lithium Property $	Pontax North Lithium Property $	Delta Lake Lithium Property $	Total $
Acquisition costs:					
Balance, June 30, 2022	35,000	–	–	–	35,000
Additions	26,000	2,100,000	788,060	60,000	2,974,060
Impairment	–	(1,970,000)	(745,000)	–	(2,715,000)
Balance, June 30, 2023	61,000	130,000	43,060	60,000	294,060
Additions	–	37,073	433	–	37,506
Impairment	(61,000)	(167,073)	–	(60,000)	(288,073)
Balance, June 30, 2024	–	–	43,493	–	43,493
Exploration costs:					
Balance, June 30, 2022	127,976	–	–	–	127,976
Data compilation and reports	–	1,587	1,587	–	3,174
Balance, June 30, 2023	127,976	1,587	1,587	–	131,150
Assaying and sampling	–	10,287	9,791	837	20,915
Data compilation and reports	–	31,287	30,365	5,006	66,658
Exploration program	–	219,948	211,252	24,904	456,104
Surveying	–	20,010	49,475	9,840	79,325
Impairment	(127,976)	(283,119)	–	(40,587)	(451,682)
Balance, June 30, 2024	–	–	302,470	–	302,470
Net carrying value, June 30, 2023	188,976	131,587	44,647	60,000	425,210
Net carrying value, June 30, 2024	–	–	345,963	–	345,963

Spius Property

On October 20, 2020 (as amended on December 27, 2021, June 8, 2022, and September 29, 2022), the Company entered into a mineral property option agreement whereby the Company has the right to earn a 60% interest in certain mineral claims located in the Nicola and New Westminster Mining Districts in British Columbia, Canada.

To earn this interest, the Company is to make payments totalling $60,000, issue a total of 1,000,000 common shares, and incur exploration expenditures on the property aggregating $550,000 as follows:

Cash consideration to be paid:
- $15,000 to be paid within 5 business days of the Company being listed on the TSX Venture Exchange or the Canadian Securities Exchange (“Listing Date”) (paid);
- a further $15,000 on or before December 31, 2023 and
- a further $30,000 on or before December 31, 2024.

Common shares to be issued:
- 200,000 shares within 10 days of the Listing Date (issued);
- a further 200,000 shares on or before December 31, 2023; and
- a further 600,000 shares on or before December 31, 2024.

Exploration expenditures to be incurred:
- $150,000 on or before December 31, 2023; and
- $550,000 in aggregate on or before December 31, 2024.

5. Exploration and Evaluation Assets (continued)

Spius Property (continued)

Pursuant to the September 29, 2022, amendment, the Company issued 200,000 shares with a fair value of $26,000 to extend the payment dates under the option agreement.

The Company terminated the mineral property option agreement on December 4, 2023 and recognized an impairment of $188,976 as it has decided not to pursue further exploration activities.

Kana Lake Lithium Property

On January 27, 2023, in connection with the acquisition of Pipeline (Note 4), the Company acquired the rights to an option agreement dated January 5, 2023 to acquire a 100% interest in 37 active mineral claims located in the James Bay region of Quebec, collectively known as the Kana Lake Lithium project.

To earn this interest, the Company is to make payments as follows:

- $40,000 within 10 days following the effective date of January 5, 2023 (the "Effective Date") (paid);
- $80,000 on or before January 5, 2024;
- $150,000 on or before January 5, 2025; and
- $225,000 on or before January 5, 2026.

The option is subject to a 2% net smelter returns royalty and a bonus consisting of a one-time payment of $1,000,000, payable in cash or shares, upon receiving the results of test drillings on the property showing 1% or greater of Li_2O that is said to be at 10 meters or more below the property. The Company has the irrevocable right to purchase 1.5% of the 2% net smelter returns royalty at any time after the option has been exercised in consideration for $2,000,000.

On April 17, 2023, the Company entered into an option agreement to acquire a 100% interest in 51 additional claims adjacent to the Kana Lake Lithium property.

To earn this interest, the Company is to make payments as follows:

- 600,000 shares within 30 days following the effective date of April 17, 2023 (the "Effective Date") (issued);
- $50,000, payable in cash or shares, on or before October 17, 2023 (paid through issuance of 833,333 shares);
- $250,000, payable in cash or shares, on or before April 17, 2024; and
- $250,000, payable in cash or shares, on or before April 17, 2025.

The option is subject to a 2% net smelter returns royalty. The Company has the irrevocable right to purchase 1.5% of the 2% net smelter returns royalty at any time after the option has been exercised in consideration for $2,000,000.

During the year ended June 30, 2024, the Company staked 22 mineral claims adjacent to the Kana Lake Lithium property for $3,740.

During the year ended June 30, 2023, the Company recognized an impairment of $1,970,000.

During the year ended June 30, 2024, the Company recognized an impairment of $450,192 as it has decided not to pursue further exploration activities.

5. Exploration and Evaluation Assets (continued)

Pontax North Lithium Property

On March 15, 2023, in connection with the acquisition of 1000383374 (Note 4), the Company acquired the rights to an option agreement dated January 17, 2023 (as amended on July 1, 2024) to acquire a 100% interest in 34 active mineral claims located in the James Bay region of Quebec, collectively known as the Pontax North Lithium project.

To earn this interest, the Company is to make payments as follows:

- $25,000 within 10 days following effective date of January 17, 2023 (the "Effective Date") (paid);
- $15,000 on or before March 18, 2023 (paid);
- $5,000 per month from July to December 2024;
- $150,000 on or before January 17, 2025; and
- $225,000 on or before January 17, 2026.

The option is subject to a 2% net smelter returns royalty and a bonus consisting of a one-time payment of $1,000,000, payable in cash or shares, upon receiving the results of test drillings on the property showing 1% or greater of Li_2O that is said to be at 10 meters or more below the property. The Company has the irrevocable right to purchase 1.5% of the 2% net smelter returns royalty at any time after the option has been exercised in consideration for $2,000,000.

During the year ended June 30, 2023, the Company recognized an impairment of $745,000.

Delta Lake Lithium Property

On April 19, 2023, the Company entered into an option agreement to acquire a 100% interest in 20 active mineral claims located in the James Bay region of Quebec, collectively known as the Delta Lake Lithium project.

To earn this interest, the Company is to make payments as follows:

- 400,000 shares within 30 days following the effective date of April 19, 2023 (the "Effective Date") (issued); and
- 500,000 shares on or before April 19, 2024.

The Company must also incur an aggregate of $200,000 in expenditures on the property within 2 years following the Effective Date.

The option is subject to a 2% net smelter returns royalty. The Company has the irrevocable right to purchase 1.5% of the 2% net smelter returns royalty at any time after the option has been exercised in consideration for $1,000,000.

The Company terminated the option agreement on May 6, 2024 and recognized an impairment of $100,587 as it has decided not to pursue further exploration activities.

6. Related Party Transactions

(a) As at June 30, 2024, the amount of $23,819 (2023 – $5,379), included in accounts payable and accrued liabilities, is owed to the Chief Executive Officer of the Company ("CEO") and a company controlled by the CEO of the Company, which is unsecured, non-interest bearing, and due on demand. During the year ended June 30, 2024, the amount of $72,000 (2023 – $54,000) was incurred to a company controlled by the CEO for management fees.

(b) As at June 30, 2024, the amount of $25,200 (2023 – $nil), included in accounts payable and accrued liabilities, is owed to a company controlled by the Chief Financial Officer of the Company ("CFO"), which is unsecured, non-interest bearing, and due on demand. During the year ended June 30, 2024, the amount of $36,000 (2023 – $30,000) was incurred to a company controlled by the CFO for professional fees.

(Expressed in Canadian Dollars)

6. Related Party Transactions (continued)

(c) As at June 30, 2024, the amount of $2,000 (2023 - $nil), included in accounts payable and accrued liabilities, is owed to a company controlled by the CEO and the CFO of the Company. During the year ended June 30, 2024, the amount of $60,000 (2023 – $48,000) was incurred to a company controlled by the CEO and the CFO for rent and administration fees.

7. Other Liabilities

Other liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through share issuances:

	$
Balance, June 30, 2022	–
Liability incurred on flow-through shares issued (Note 9)	27,620
Balance, June 30, 2023	27,620
Liability incurred on flow-through shares issued (Note 9)	104,000
Derecognition of liability upon filing renunciation of tax deductions	(131,620)
Balance, June 30, 2024	–

8. Loans Payable

(a) As at June 30, 2024, the Company has a promissory note payable of $nil (2023 – $125,000) owing to an arm's length party, which is unsecured, non-interest bearing, and matures on July 17, 2023. In lieu of interest, the Company issued 120,000 common shares of the Company at the time the promissory note was repaid. Refer to Note 9.

(b) As at June 30, 2024, the Company has a loan payable of $1,819 (2023 - $91,200) owing to the CEO which is unsecured, non-interest bearing, and due on demand.

(c) As at June 30, 2024, the Company has a loan payable of $5,000 (2023 - $nil) owing to the spouse of the CFO which is unsecured, non-interest bearing, and due on demand.

9. Share Capital

Authorized: 100,000,000 Class A voting common shares without par value

Shares issued during the year ended June 30, 2024:

(a) On July 21, 2023, the Company issued 633,333 non flow-through units at $0.15 per unit for gross proceeds of $95,000 and 2,600,000 flow-through units at $0.18 per unit for gross proceeds of $468,000. Each non flow-through unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.25 per common share expiring on July 21, 2025. Each flow-through unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at $0.25 per common share expiring on July 21, 2025. Out of the 633,333 non flow-through units issued, 200,000 units were issued to the spouse of the CEO for proceeds of $30,000. In connection with the private placement, the Company paid a finder's fee of $39,600, and issued 174,000 finder's warrants with a fair value of $9,175. Each finder's warrant is exercisable $0.25 per common share expiring on July 21, 2025. Upon issuance, the Company recognized a flow-through premium of $104,000.

(b) On July 21, 2023, the Company issued 400,000 non flow-through units with a fair value of $60,000 to settle $60,000 of the promissory note described in Note 8(a). The Company also issued 120,000 common shares with a fair value of $15,600 pursuant to the promissory note.

9. Share Capital (continued)

Shares issued during the year ended June 30, 2024:

(c) On October 16, 2023, the Company issued 666,667 common shares with a fair value of $50,000 to settle accounts payable of $50,000.

(d) On November 17, 2023, the Company issued 833,333 common shares with a fair value of $33,333 pursuant to the Kana Lake mineral property option agreement (Note 5).

(e) On November 20, 2023, the Company issued 1,055,833 common shares with a fair value of $42,233 to settle accounts payable of $15,000 owed to a third party, $28,350 owed to companies controlled by the CEO and the CFO of the Company, and a loan payable of $20,000 owed to the CEO of the Company. This resulted in a gain on settlement of debt of $21,117.

(f) On March 26, 2024, the Company issued 2,833,333 units at a price of $0.03 per unit for proceeds of $85,000. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.06 per common share expiring on March 26, 2026. Out of the 2,833,333 units issued, 1,000,000 units were issued to the spouse of the CEO for proceeds of $30,000.

Shares issued during the year ended June 30, 2023:

(g) On September 29, 2022, the Company issued 200,000 common shares with a fair value of $26,000 pursuant to the Spius mineral property option agreement amendment as consideration for revising the terms (Note 5).

(h) On January 31, 2023, the Company issued 12,000,000 common shares with a fair value of $1,860,000 pursuant to a share exchange agreement to acquire Pipeline (Note 4).

(i) On February 7, 2023, the Company issued 420,000 common shares for proceeds of $50,400 pursuant to the exercise of share purchase warrants.

(j) On March 20, 2023, the Company issued 6,000,000 common shares with a fair value of $720,000 pursuant to a share exchange agreement to acquire 1000383374 (Note 4).

(k) On May 17, 2023, the Company issued 600,000 common shares with a fair value of $90,000 pursuant to the Kana Lake Lithium mineral property option agreement (Note 5).

(l) On May 17, 2023, the Company issued 400,000 common shares with a fair value of $60,000 pursuant to the Delta Lake Lithium mineral property option agreement (Note 5).

(m) On June 20, 2023, the Company issued 4,298,799 non flow-through units at $0.15 per unit, for gross proceeds of $644,820 and 1,381,000 flow through units at $0.18 per unit, for gross proceeds of $248,580. Each non flow-through unit consisted of one common share and one share purchase warrant, with each warrant exercisable at $0.25 per common share expiring on June 20, 2025. Each flow-through unit consisted of one common share and one-half of one share purchase warrant, with each whole warrant exercisable at $0.25 per common share expiring on June 20, 2025. Out of the 1,381,000 flow-through units issued, 290,000 units were issued to directors and spouses of directors for proceeds of $52,200. In connection with the private placement, the Company paid a finder’s fee of $32,288, issued 206,698 finder’s warrants with a fair value of $19,984. and incurred other financing costs of $18,424. Each finder’s warrant is exercisable $0.25 per common share expiring on June 20, 2025. Upon issuance, the Company recognized a flow-through premium of $27,620.

(Expressed in Canadian Dollars)

10. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, June 30, 2022	805,000	0.12
Issued	5,195,997	0.25
Exercised	(420,000)	0.12
Balance, June 30, 2023	5,580,997	0.24
Issued	5,340,666	0.15
Expired	(385,000)	0.12
Balance, June 30, 2024	10,536,663	0.20

As at June 30, 2024, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
5,195,997	0.25	June 20, 2025
2,507,333	0.25	July 21, 2025
2,833,333	0.06	March 26, 2026
10,536,663		

11. Stock Options

The following table summarizes the continuity of stock options:

	Number of stock options	Weighted average exercise price $
Balance, June 30, 2022	–	–
Granted	2,700,000	0.13
Balance, June 30, 2023	2,700,000	0.13
Granted	2,250,000	0.10
Forfeited	(250,000)	0.13
Balance, June 30, 2024	4,700,000	0.12

(Expressed in Canadian Dollars)

11. Stock Options (continued)

Additional information regarding stock options outstanding as at June 30, 2024 is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.03	950,000	4.8	0.03
0.13	2,500,000	3.6	0.13
0.15	1,250,000	4.1	0.15
	4,700,000	4.0	0.12

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the year ended June 30, 2024, the Company recognized share-based compensation expense of $162,077 (2023 - $372,184) in equity reserves, of which $68,504 (2023 - $293,690) pertains to officers and directors of the Company. The weighted average fair value of stock options granted during the year ended June 30, 2024, was $0.07 (2023 - $0.14) per option.

The weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2024	2023
Risk-free interest rate	3.65%	2.94%
Dividend yield	0%	0%
Expected volatility	178%	179%
Expected life (years)	5	5
Forfeiture rate	0%	0%

12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

13. Segmented Information

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Canada.

14. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

(Expressed in Canadian Dollars)

15. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2024 $	2023 $
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(337,955)	(939,391)
Tax effect of:		
Permanent differences and other	213,093	842,375
True up of prior year difference	(16,128)	–
Change in unrecognized deferred income tax asset	140,990	97,016
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2024 $	2023 $
Deferred income tax assets (liability)		
Non-capital losses carried forward	541,524	541,831
Resource pools	76,974	(56,058)
Share issuance costs	19,486	11,221
Unrecognized deferred income tax asset	(637,984)	(496,994)
Net deferred income tax asset	–	–

As at June 30, 2024, the Company has non-capital losses carried forward of $2,005,642, which is available to offset future years' taxable income. These losses expire as follows:

	$
2033	34,014
2034	183,853
2035	79,566
2036	63,415
2037	44,691
2038	39,803
2039	769,496
2040	100,011
2041	146,730
2042	143,326
2043	400,737
	2,005,642

The Company also has available mineral resource related expenditure pools totalling $631,051, which may be deducted against future taxable income on a discretionary basis.

16. Subsequent Events

(a) On July 29, 2024, the Company issued 5,100,000 units at a price of $0.015 per unit for gross proceeds of $76,500. Each unit consisted of one common share and one share purchase warrant exercisable at $0.05 per common share expiring on July 29, 2026.

(b) On August 27, 2024, the Company issued 1,750,000 flow-through units at $0.02 per unit and 1,901,667 non flow-through units at $0.015 per unit for total gross proceeds of $63,525. Each flow-through unit consisted of one common share and one share purchase warrant exercisable at $0.05 per common share expiring on August 27, 2026. Each non flow-through unit consisted of one common share and one share purchase warrant exercisable at $0.05 per common share expiring on August 27, 2026.