

COLLECTIVE METALS INC.
(FORMERLY ARCTIC FOX MINERALS CORP.)
Condensed Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READER

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

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

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

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Note	As at March 31, 2024 \$	As at December 31, 2023 \$
ASSETS			
Current assets			
Cash		449,980	771,840
Taxes recoverable		185,663	158,338
Prepaid expenses	4	345,475	152,466
Total current assets		981,118	1,082,644
Exploration and evaluation assets	3	3,060,906	3,034,494
TOTAL ASSETS		4,042,024	4,117,138
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	498,180	480,865
Promissory note	5,7	2,050	2,050
Flow-through liability	6	135,484	135,484
TOTAL LIABILITIES		635,714	618,399
SHAREHOLDERS' EQUITY			
Share capital	6	7,728,632	7,325,069
Warrant reserve	6	171,155	171,155
Option reserve	6	90,066	228,629
Shares issuable	6	-	115,000
Deficit		(4,583,543)	(4,341,114)
TOTAL SHAREHOLDERS' EQUITY		3,406,310	3,498,739
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,042,024	4,117,138

Nature and continuance of operations (Note 1)
 Commitments (Note 3)
 Subsequent events (Note 10)

Approved on behalf of the Board of Directors on May 30, 2024:

“Milos Masnikosa”

Director

“Paul Chung”

Director

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE
LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

		Three Months Ended	
		March 31,	March 31,
		2024	2023
Note		\$	\$
Expenses			
Filing fees		9,048	10,735
Investor communications		184,772	160
Management fees	7	-	30,000
Professional fees		15,866	48,027
Consulting fees	7	32,500	-
Share-based compensation	6,7	-	-
Office		243	959
Loss before other expenses		(242,429)	(89,881)
Other income (expense)			
Impairment of exploration and evaluation assets	3	-	-
Gain on settlement of accounts payable	6	-	178,500
Income (loss) and comprehensive income (loss) for the period		(242,429)	88,619
Income (loss) and comprehensive income (loss) per share – basic and diluted		(0.01)	0.01
Weighted average number of common shares outstanding		36,774,936	8,555,412

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

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Note	Share capital		Warrant Reserve \$	Option Reserve \$	Shares Issuable \$	Deficit \$	Total \$
		Number of shares #	Amount \$					
Balance at December 31, 2022		7,508,634	2,338,449	-	-	-	(1,709,370)	629,079
Shares issued to settle accounts payable	6	510,000	76,500	-	-	-	-	76,500
Shares issued to former CEO		100,000	15,000	-	-	-	-	15,000
Shares issued for private placement		8,840,000	1,105,000	-	-	-	-	1,105,000
Share issuance costs		-	(153,063)	66,880	-	-	-	(86,183)
Income and comprehensive income for the period		-	-	-	-	-	88,619	88,619
Balance at March 31, 2023		16,958,634	3,381,886	66,880	-	-	(1,620,751)	1,828,015
Balance at December 31, 2023		36,726,047	7,325,069	171,155	228,629	115,000	(4,341,114)	3,498,739
Exercise of options	6	1,000,000	288,563	-	(138,563)	-	-	150,000
Exercise of warrants	6	575,000	115,000	-	-	(115,000)	-	-
Net loss and comprehensive loss for the period		-	-	-	-	-	(242,429)	(242,429)
Balance at March 31, 2024		38,301,047	7,728,632	171,155	90,066	-	(4,583,543)	3,406,310

On March 13, 2023, the Company completed a share consolidation on the basis of ten (10) old shares for one (1) new share. For all periods presented, common shares, warrants, stock options and any amounts for those instruments that are stated on a per-unit basis have been adjusted for the 10-for-1 share consolidation.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Three months ended	
	March 31, 2024 \$	March 31, 2023 \$
Operating activities		
Income (loss) for the period	(242,429)	88,619
Items not affecting cash:		
Gain on settlement of accounts payable	-	(178,500)
Changes in non-cash working capital items:	-	
Taxes recoverable	(27,325)	(7,763)
Prepaid expenses	(193,009)	13,705
Accounts payable and accrued liabilities	17,315	(16,130)
Net cash used in operating activities	(445,448)	(100,069)
Investing activities		
Expenditures on exploration and evaluation assets	(26,412)	-
Net cash used in investing activities	(26,412)	-
Financing activities		
Proceeds from issuance of share capital	-	1,105,000
Proceeds from private placement	150,000	-
Share issuance costs	-	(86,183)
Net cash provided by financing activities		1,018,817
Change in cash	(321,860)	918,748
Cash, beginning of period	771,840	70,106
Cash, end of period	449,980	988,854
Non-Cash Investing and Financing Activities:		
Share capital issued to settle accounts payable	-	76,500
Share capital issued for services	-	15,000
Fair value of agent's warrants	-	66,880

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

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

1. Nature and continuance of operations

Collective Metals Inc. (formerly Arctic Fox Minerals Corp.) (“Collective” or the “Company”) was incorporated under the laws of the province of Ontario, Canada, and its principal activity is the acquisition and exploration of exploration and evaluation assets in Canada. On June 27, 2022, the Company listed on the Canadian Securities Exchange (“CSE”) under the ticker FOXY. Concurrent with the Company’s change of name on March 8, 2023, the Company’s ticker was amended to COMT.

On March 13, 2023, the Company completed a share consolidation on the basis of ten (10) old shares for one (1) new share. For all periods presented, common shares, warrants, stock options and any amounts for those instruments that are stated on a per-unit basis have been adjusted for the 10-for-1 share consolidation.

On April 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1335025 B.C. Ltd. On July 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1000587016 Ontario Ltd.

The head office, registered office and principal place of business of the Company is located at 409 – 22 Leader Lane, Toronto, Ontario, Canada, M5E 0B2.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. The Company has not advanced its mining properties to commercial production and has incurred operating losses and negative operating cashflows since inception of its business. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2024, the Company has completed share issuances to finance operations. The Company’s continuation as a going concern is dependent upon its ability to seek and acquire exploration properties, and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs and fund its exploration activities over the next twelve months with proceeds from private placement(s) of common shares and/or loans from directors and companies controlled by directors. There is no assurance financing will be available on acceptable terms, or at all.

These conditions give rise to a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in the normal course of business. Such adjustments could be material.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

2. Statement of compliance and material accounting policy information

These condensed consolidated interim financial statements were authorized for issue on May 30, 2024, by the Board of Directors of the Company.

Statement of compliance with International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2023.

Basis of consolidation

The Company’s condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, 1335025 B.C. Ltd. and 1000587016 Ontario Ltd. All inter-company transactions and balances have been eliminated on consolidation.

Basis of presentation

These condensed consolidated interim financial statements are based on historical cost, except for financial instruments measured at fair value. The condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company’s functional currency. In addition, the condensed consolidated interim financial statements have been prepared on an accrual basis, except for cash flow information.

Summary of significant accounting policies

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company’s significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company’s audited financial statements for the year ended December 31, 2023.

The preparation of the condensed consolidated interim financial statements requires that the Company’s management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company’s condensed consolidated interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

Recent Accounting Pronouncements

As at the date of authorization of these condensed consolidated interim financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company’s accounting periods commencing on or after January 1, 2024. Management has reviewed these upcoming accounting pronouncements and determined that they are not applicable or will not have a significant impact to the Company.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

3. Exploration and evaluation assets

Summary of exploration and evaluation assets for the three months ended March 31, 2024 and December 31, 2023:

	Whitemud	Landings Lake	Princeton	Up Town	Total
	\$	\$	\$	\$	\$
Balance December 31, 2022	-	-	-	945,048	945,048
Acquisition Costs - Cash	40,000	50,000	75,000	-	165,000
Acquisition Costs - Shares	1,240,000	1,059,793	220,000	-	2,519,793
Geological/Geophysical	6,353	11,445	272,897	45,498	336,193
Field Expenses	-	-	59,006	-	59,006
Impairment	-	-	-	(990,546)	(990,546)
Balance December 31, 2023	\$1,286,353	\$1,121,238	\$626,903	-	\$3,034,494
Geological/Geophysical	4,000	10,000	12,412	-	26,412
Balance March 31, 2024	\$1,290,353	\$1,131,238	\$639,315	-	\$3,060,906

Landings Lake Property

The Landings Lake property is a lithium property in Ontario consisting of 154 cells comprising 3,147 hectares. The property is located 53 kilometres east of Ear Falls, Ontario.

On April 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1335025 B.C. Ltd. The Company issued 7,700,000 common shares to the shareholders of 1335025 B.C. Ltd. at a fair value of \$0.14 per share, representing aggregate share consideration of \$1,078,000, in exchange for all of the outstanding common shares of 1335025 B.C. Ltd. In addition to the issuance of the Company's common shares, the Company incurred \$50,000 as transaction costs. The acquisition did not meet the definition of a business combination under IFRS 3 and as such was recorded as an asset acquisition. As of April 20, 2023, the Company owns 100% of 1335025 B.C. Ltd. 1335025 B.C. Ltd. was consolidated as a subsidiary from the date of acquisition. The net assets acquired consisted of the Landings Lake property which was the sole asset and there were no liabilities.

Princeton Project

On May 9, 2023, the Company signed an option agreement to acquire 70% of the Princeton Project, a copper-gold project located in south-central BC covering 70,570 acres (the "Princeton Project") from Tulmeen Resources Corporation ("Tulmeen"). The terms of the agreement are as follows:

- a) paying Tulmeen an aggregate of \$500,000 in cash as follows:
 - i. \$50,000 on or before the date that is ten (10) calendar days after May 9, 2023 (the Effective Date") (paid);
 - ii. \$25,000 on or before: (A) the date that the Company consummates an equity investor financing providing not less than \$200,000 in gross cash proceeds to the Company; or (B) December 1, 2023, whichever is earlier (paid);
 - iii. \$100,000 on or before May 9, 2024;
 - iv. \$162,500 on or before May 9, 2025; and
 - v. \$162,500 on or before May 9, 2026;
- b) issuing to Tulmeen an aggregate of 7,000,000 common shares ("Shares") as follows:
 - i. 1,000,000 Shares on or before the date that is ten (10) calendar days after the Effective Date (issued);
 - ii. 1,500,000 Shares on or before May 9, 2024;
 - iii. 2,000,000 Shares on or before May 9, 2025; and
 - iv. 2,500,000 Shares on or before May 9, 2026; and

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3. Exploration and evaluation assets (continued)

Princeton Project (continued)

- c) incurring a minimum of \$1,400,000 in exploration expenditures on the Princeton Project as follows:
- i. \$300,000 on or before September 9, 2024, \$85,000 of which must be incurred before June 30, 2023 (complete);
 - ii. \$300,000 on or before May 9, 2025;
 - iii. \$300,000 on or before May 9, 2026; and
 - iv. \$500,000 on or before May 9, 2027

Whitemud Lake Property

The Whitemud Lake property is a lithium project in Ontario consisting of 381 single cell mining claims totaling 7,775 hectares.

On July 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1000587016 Ontario Ltd. The Company issued 4,000,000 common shares to the Whitemud Vendors at a fair value of \$0.31 per share, representing aggregate share consideration of \$1,240,000, in exchange for all of the outstanding common shares of 1000587016 Ontario Ltd. In addition to the issuance of the Company's common shares, the Company incurred \$40,000 of transaction costs. The acquisition did not meet the definition of a business combination under IFRS 3 and as such was recorded as an asset acquisition. As of July 20, 2023, the Company owns 100% of 1000587016 Ontario Ltd. 1000587016 Ontario Ltd. was consolidated as a subsidiary from the date of acquisition. The net assets of 1000587016 consisted of the Whitemud Lake property which was the sole asset and there were no liabilities.

Up Town Mineral Property Assets

On August 9, 2023, the Up Town property option agreement pursuant to the assignment and assumption between the Assignor and SRR, was terminated and the Company fully impaired the property.

4. Prepaid expenses

	As at March 31, 2024	As at December 31, 2023
	\$	\$
Exploration expenditures	45,000	55,000
General and administrative	33,808	23,027
Marketing	266,667	74,439
Total	345,475	152,466

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
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5. Promissory note

	As at March 31, 2024	As at December 31, 2023
	\$	\$
Balance, beginning and end of period	2,050	2,050

During the year ended December 31, 2021, the Company repaid a promissory note with a former related party (the “Promissory Note”). The Promissory Note bore interest at 5% per month compounded monthly and was due on demand. The principal amount of the Promissory Note of \$20,000 has been repaid. As at March 31, 2024, \$2,050 (December 31, 2022 – \$2,050) in accrued interest remains owing.

6. Share capital

Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consist only of common shares and are fully paid.

a. Issued share capital

As at March 31, 2024, the Company had 38,301,047(December 31, 2023 – 36,726,047) shares outstanding.

During the three months ended March 31, 2024

On March 18, 2024, the Company issue 1,000,000 common shares in connection to the exercise of 1,000,000 options with an exercise price of \$0.15 for gross proceeds of \$150,000. The Company reclassified \$138,563 from reserves to share capital in connection to the exercise.

On March 23, 2024, the Company issued 575,000 common shares in connection to the exercise of 575,000 warrants with an exercise price of \$0.20 for gross proceeds of \$115,000. The Company reclassified \$115,000 from Shares Issuable in connection to the issuance of the shares.

During the year ended December 31, 2023

On February 6, 2023, the Company issued 510,000 common shares with a fair value of \$76,500 to settle accounts payable with third parties of \$237,500 and the former CEO of \$17,500, totaling \$255,000 of amounts owed. The Company recognized a gain on settlement of accounts payable of \$178,500.

On February 6, 2023, the Company issued 100,000 common shares with a fair value of \$15,000 to the former CEO pursuant to an employment agreement between the Company and the former CEO.

On March 13, 2023, the Company completed a share consolidation on the basis of ten (10) old shares for one (1) new share. For all periods presented, common shares, warrants, stock options and any amounts for those instruments that are stated on a per-unit basis have been adjusted for the 10-for-1 share consolidation.

On March 24, 2023, the Company closed a non-brokered private placement of 8,840,000 units at \$0.125 per unit for gross proceeds of \$1,105,000 (the “Offering”). Each unit consists of one common share and one whole common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.20 on or before March 23, 2025. Using the residual value method, no proceeds were attributed to the warrants on closing of the offering. In connection with the Offering, the Company incurred share issuance costs of \$16,916 and paid eligible finders a cash commission of \$74,235, and issued 593,600

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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6. Share capital (continued)

a. Issued share capital (continued)

During the year ended December 31, 2023 (continued)

share purchase warrants that were valued at \$66,880 using the Black Scholes model with an expected life of 2 years, volatility of 155% and a risk-free rate of 3.42%. Each finder's warrant entitles the holder thereof to purchase one common share at a price of \$0.20 per share.

On April 20, 2023, the Company issued 7,700,000 common shares at their fair value of \$0.14 for consideration of \$1,078,000 for the acquisition of the Landings Lake property (note 3).

On May 18, 2023, the Company issued 1,000,000 common shares with a fair value of \$220,000 pursuant to the Princeton option agreement (note 3).

On June 23, 2023, the Company closed a non-brokered private placement of 5,728,381 units at \$0.24 per unit for gross proceeds of \$1,374,811. Each unit consists of one common share and one whole common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.35 on or before June 23, 2025. Using the residual value method, no proceeds were attributed to the warrants on closing of the offering. In connection with the offering, the Company paid eligible finders a cash commission of \$92,402 and issued 385,003 share purchase warrants that were valued at \$94,515 using the Black Scholes model with an expected life of 2 years, volatility of 155% and a risk-free rate of 4.66%. Each finder's warrant entitles the holder thereof to purchase one share at a price of \$0.35 per share on the same terms as the warrants that were attached to the unit in the offering.

On July 20, 2023, the Company issued 4,000,000 common shares at their fair value of \$0.31 for share consideration of \$1,240,000, in exchange for the acquisition of the Whitemud Lake property (note 3).

On November 8, 2023, the Company issued 210,000 common shares for gross proceeds of \$42,000 on the exercise of 210,000 share purchase warrants.

On November 22, 2023, the Company closed a non-brokered private placement of 1,129,032 flow-through (FT) units at a price of \$0.31 per FT unit for gross proceeds of \$350,000. Each FT unit consists of one common share of the Company issued on a flow-through basis (each, a "FT Share") and one-half of one share purchase warrant, with each whole warrant exercisable to acquire one non-flow-through common share at a price of \$0.35 per share for a period of 24 months from the date of issuance. In connection with the offering, the Company paid eligible finders a cash commission of \$24,500 and issued 79,032 share purchase warrants that were valued at \$9,760 using the Black Scholes model with an expected life of 2 years, volatility of 155% and a risk-free rate of 4.43%. Each finder's warrant entitles the holder thereof to acquire one common share in the capital of the company at a price of \$0.35 per finder's warrant share for a period of 24 months from the date of issuance. The Company recorded a flow-through liability of \$135,484.

During the three months ended March 31, 2024, the Company received \$115,000 in connection with the exercise of warrants and recorded the amount as shares issuable. Subsequent to year end the Company issued 575,000 shares.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

6. Share capital (continued)

b. Warrants

Below is a summary of warrant transactions during the three months ended March 31, 2024 :

	Warrants Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2023	15,980,532	\$0.26
Exercised	(575,000)	\$0.20
Balance, as at March 31, 2024	15,405,532	\$0.27

The warrants outstanding as March 31, 2024, are as follows:

Number of warrants outstanding	Exercise price	Remaining life (years)	Expiry date
8,055,000	\$0.20	0.98	March 23, 2025
593,600	\$0.20	0.98	March 23, 2025
5,728,381	\$0.35	1.23	June 23, 2025
385,003	\$0.35	1.23	June 23, 2025
79,032	\$0.35	1.65	November 22, 2025
564,516	\$0.35	1.65	November 22, 2025
15,405,532	\$0.27	1.11	

b. Stock options

The Company has adopted a stock option plan (the “Plan”) which provides eligible directors, officers, employees and consultants with the opportunity to acquire an ownership interest in the Company and is the basis for the Company’s long-term incentive scheme. The key features of the Plan are as follows:

- The aggregate number of common shares that may be issued pursuant to the exercise of options awarded under the Plan and all other security-based compensation arrangements of the Company shall not exceed 10% of the outstanding issued and outstanding shares at any given time.
- The options have a maximum term of ten years from the date of issue.
- Options vest as the board of directors of the Company may determine upon the award of the options.
- The exercise price of the shares subject to each option shall be determined by the Board, subject to applicable exchange approval, at the time any option is granted.

The Plan may be terminated at any time by resolution of the board of directors, but any such termination will not affect or prejudice rights of participants holding options at that time. If the Plan is terminated, outstanding options will continue to be governed by the provisions of the Plan.

During the three months ended March 31, 2024 the Company did not issue any new stock options.

On May 10, 2023, the Company granted 2,475,000 stock options each with an exercise price of \$0.15 expiring on May 10, 2025, to officers, directors and consultants. Each option, upon payment of the exercise price, entitles the holder thereof to receive one common share. The options were valued at \$228,629 using the Black Scholes model with an expected life of 2 years, volatility of 135% and a risk-free rate of 3.77%.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
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6. Share capital (continued)

c. Options (continued)

Below is a summary of option transactions during the three months ended March 31, 2024:

	Options Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2023	2,475,000	\$0.15
Exercised	(1,500,000)	\$0.15
Balance, as at March 31, 2024	975,000	\$0.15

The options outstanding as at March 31, 2024, are as follows:

Number of options outstanding and exercisable	Exercise price	Remaining life (years)	Expiry date
975,000	\$0.15	1.11	May 10, 2025
975,000	\$0.15	1.11	

7. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Included in promissory note at March 31, 2024, is \$2,050 (December 31, 2023 - \$2,050) owing to a shareholder and former Director of the Company (Note 5).

On February 6, 2023, the Company issued 35,000 common shares with a fair value of \$5,250 to settle accounts payable with the former CEO of \$17,500. The Company recognized a gain on settlement of accounts payable of \$12,250.

On February 6, 2023, the Company issued 100,000 common shares with a fair value of \$15,000 to the former CEO pursuant to an employment agreement between the Company and the former CEO.

At March 31, 2024, amounts owing to the key management personnel and companies they control of \$11,578 (December 31, 2023 - \$39,675) were included in accounts payable and accrued liabilities.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
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7. Related party transactions (continued)

During the three months ended March 31, 2024 and 2023, the Company entered into the following transactions with key management personnel.

For the three months ended	March 31, 2024 \$	March 31, 2023 \$
Management fees paid/accrued to a former CEO, President and Corporate Secretary	-	30,000
Consulting fees paid to a company controlled by the CEO	15,000	-
Consulting fees paid to a company controlled by the CFO	12,000	-
Consulting fees paid to a company controlled by a Director	6,000	-
Consulting fees paid to a Director	1,030	-
Total	34,030	30,000

8. Financial instrument fair value and risk factors

Fair value

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

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

The Company's financial instruments include cash, accounts payable and accrued liabilities, and promissory note. The carrying amounts of accounts payable and accrued liabilities and the promissory note approximate their respective fair values due to the short-term to maturity of these financial instruments. Cash is measured based on Level 1 of the fair value hierarchy. There were no transfers between levels in the fair value hierarchy.

The following is an analysis of the Company's financial assets measured at fair value as at March 31, 2024 and December 31, 2023:

	As at March 31, 2024			
	Level 1	Level 2	Level 3	
Cash	\$ 449,980	\$ -	\$ -	-
	As at December 31, 2023			
	Level 1	Level 1	Level 3	
Cash	\$ 771,840	\$ -	\$ -	-

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8. Financial instrument fair value and risk factors (continued)

Risk factors

The Company is exposed in varying degrees to a variety of financial instrument-related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's maximum exposure to credit risk is the carrying amount of cash. As at March 31, 2024 cash totaled \$449,980 (December 31, 2023 - \$771,840). As all of the Company's cash is held at Canadian Schedule 1 banks, in either a trust bank account with the Company's legal firm or demand deposit bank accounts,, management believes that there is minimal credit risk. The Company's exposure to and management of credit risk has not changed materially during the three months ended March 31, 2024.

Market Risk

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

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar. From time to time the Company may transact in foreign currencies, such as the Euro, however the Company does not participate in any hedging strategies to offset fluctuations in foreign currencies. The Company's cash is held in Canadian dollars and has payables denominated in Euros. The Company's exposure to and management of foreign currency risk has not changed materially during the three months ended March 31, 2024.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to and management of interest rate risk has not changed materially during the three months ended March 31, 2024.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances, and raising funds through the issuance of debt or equity when the Company does not have sufficient cash balances. As at March 31, 2024, the Company's exposure to liquidity risk had changed from that of the prior year as the Company had cash of \$449,980 (December 31, 2023 - \$771,840) to and financial liabilities of \$635,714 (December 31, 2023 - \$618,399). The Company's management of liquidity risk has not changed materially during the three months ended March 31, 2024.

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9. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional exploration and evaluation interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, which totaled \$3,406,310 at March 31, 2024 (December 31, 2023 - \$3,498,739).

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

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the three months ended March 31, 2024.

10. Subsequent Events

On April 9, 2024, 260,000 warrants were exercised at \$0.20 per share for gross proceeds of \$52,000.

On May 8, 2024, the Company issued 1,500,000 common shares to the Optionor of the Princeton project in connection with the option agreement on the project.