NOVA PACIFIC METALS CORP.
(Formerly NOVA LITHIUM CORP.)

Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2024

Unaudited - Expressed in Canadian Dollars

Notice of No Auditor Review of Interim Financial Statements

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

The Corporation's external auditors have not performed a review of these financial statements.

NOVA PACIFIC METALS CORP. (Formerly NOVA LITHIUM CORP.)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2024	June 30, 2024
Assets		
Current assets		
Cash	$ 42,653	$ 38,766
GST receivable	26,446	14,226
Prepaid expenses	11,982	12,891
	81,081	65,883
Exploration and evaluation assets (Note 4)	152,953	103,282
Total assets	$ 234,034	$ 169,165
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	$ 361,864	$ 250,672
Loan payable (Notes 9 and 11)	110,000	107,000
	471,864	357,672
Shareholders' equity		
Share capital (Note 5)	1,531,351	1,358,851
Subscriptions received (Note 11)	47,500	-
Reserves (Note 5)	440,050	341,300
Deficit	(2,256,731)	(1,888,658)
Total Shareholders' equity	(237,830)	(188,507)
Total Liabilities and shareholders' equity	$ 234,034	$ 169,165

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 11)

Approved on behalf of the Board:

"J. Malcolm Bell" *"Saman Eskandari"*

J. Malcolm Bell, Director Saman Eskandari, Director

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

NOVA PACIFIC METALS CORP. (Formerly NOVA LITHIUM CORP.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended September 30, 2024	For the three months ended September 30, 2023
Expenses		
Advertising and promotion	$ 44,592	$ -
Consulting fees (Note 7)	150,460	9,000
Filing fees	34,117	2,918
General and administrative	13,450	4,575
Interest on loans	3,000	831
Professional fees	6,779	-
Rent (Note 10)	9,000	-
Share-based compensation (Notes 5 and 7)	98,750	100,300
Travel	7,925	-
Net and comprehensive loss	$ (368,073)	$ (117,624)
Basic and diluted loss per share	$ (0.01)	$ (0.01)
Weighted average shares outstanding	25,102,046	20,486,013

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

NOVA PACIFIC METALS CORP. (Formerly NOVA LITHIUM CORP.)

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)

(Unaudited - Expressed in Canadian Dollars)

	Share Capital		Subscriptions			Shareholders' Equity
	Number	Amount	Received	Reserves	Deficit	(Deficiency)
Balance, June 30, 2023	20,437,100	$ 1,024,851	$ -	$ 87,000	$ (609,693)	$ 502,158
Share-based compensation (Note 5)	-	-		100,300	-	100,300
Exercise of options (Note 5)	150,000	15,000		-	-	15,000
Net loss	-	-		-	(117,624)	(117,624)
Balance, September 30, 2023	**20,587,100**	**$ 1,039,851**	**$ -**	**$ 187,300**	**$ (727,317)**	**$ 499,834**
Exercise of options (Note 5)	250,000	25,000		-	-	25,000
Exercise of warrants (Note 5)	1,250,000	125,000		-	-	125,000
Finder's fees (Notes 4 and 5)	400,000	64,000		-	-	64,000
Share-based compensation (Note 5)	-	-		154,000	-	154,000
Termination fee (Note 4)	1,500,000	105,000		-	-	105,000
Net loss	-	-		-	(1,161,341)	(1,161,341)
Balance, June 30, 2024	**23,987,100**	**$ 1,358,851**	**$ -**	**$ 341,300**	**$ (1,888,658)**	**$ (188,507)**
Share-based compensation (Note 5)	-	-		-	-	-
Exercise of options (Note 5)	1,725,000	172,500		-	-	172,500
Subscriptions received (Note 11)	-	-	47,500	-	-	47,500
Net loss	-	-		98,750	(368,073)	(269,323)
Balance, September 30, 2024	**25,712,100**	**$ 1,531,351**	**$ 47,500**	**$ 440,050**	**$ (2,256,731)**	**$ (237,830)**

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

NOVA PACIFIC METALS CORP. (Formerly NOVA LITHIUM CORP.)

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended September 30, 2024	For the three months ended September 30, 2023
Cash used in operating activities		
Net loss	$ (368,073)	$ (117,624)
Items not involving cash:		
Interest on loan	3,000	831
Share-based compensation	98,750	100,300
Changes in non-cash working capital balances:		
GST receivable	(12,220)	(781)
Prepaid expenses	909	(5,000)
Accounts payable and accrued liabilities	111,192	303,746
	(166,442)	281,472
Cash used in investing activities		
Exploration and evaluation expenditures	(49,671)	(335,675)
	(49,671)	(335,675)
Cash provided from financing activities		
Exercise of options	172,500	15,000
Proceeds from loan	-	53,203
Subscriptions received	47,500	
	220,000	68,203
Increase in cash	3,887	14,000
Cash, beginning of the period	38,766	21,959
Cash, ending of the period	$ 42,653	$ 35,959

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

1. Nature and Continuance of Operations

Nova Pacific Metals Corp. (formerly Nova Lithium Corp.) (the "Company") was incorporated under the British Columbia Business Corporations Act on March 7, 2017 under the name Halcyon Ventures Ltd. On June 11, 2021, the Company changed its name to Nova Lithium Corp., and on July 8, 2024, the Company changed its name to Nova Pacific Metals Corp. The Company is engaged in the exploration and evaluation of resource properties. The head office of the Company is located at Suite 306 – 1110 Hamilton Street, Vancouver, BC, V6B 2S2 and the registered and records office of the Company is located at 3148 Highland Boulevard, North Vancouver, BC, V7K 2X6.

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue, has an accumulated deficit of $2,256,731 and a working capital deficiency of $390,783 at September 30, 2024. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company will need to raise additional funds as the Company's current assets are not sufficient to finance its operations and administrative expenses. The Company is evaluating financing options including, but not limited to, the issuance of additional equity and debt. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of Preparation

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared based on the principles of International Financial Reporting Standards ("IFRS") and International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and follow the same accounting policies and methods of application as the Company's most recent audited annual financial statements. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2024 and accompanying notes.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 29, 2024.

(b) Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical costs basis except as detailed in the Company's accounting policies in Note 3 to the audited financial statements for the year ended June 30, 2024.

(c) Functional and Presentation Currency

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

(d) Consolidation

These condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary.

Name of subsidiary	Jurisdiction of Incorporation	Interest September 30, 2024	Interest June 30, 2024
Nova Lithium USA Corp.	Nevada, USA	100%	100%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

3. Critical Accounting Estimates and Judgments

The preparation of condensed consolidated interim financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects both current and future periods. The following discusses the most significant accounting judgments and estimates that the Company has made in these condensed consolidated interim financial statements.

<u>Going concern</u>
Management assesses the Company's ability to continue as a going concern in relation to its ability to raise funds.

Carrying value of exploration and evaluation assets
The Company has capitalized the cost of acquiring mineral property interests and has classified these interests as exploration and evaluation assets in its condensed consolidated interim statements of financial position. Mineral interests are expensed in the period in which the Company determines that the mineral property interests have no future economic value. Mineral interests may also be written down if future cash flow, including potential sales proceeds and option payments, related to the property are estimated to be less than the carrying value of the property. The Company reviews the carrying value of its mineral interests periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, reductions in the carrying value of each property would be recorded to the extent that the carrying value of the investment exceeds the property's estimated fair value. Such events or changes in circumstances involve changes in political risk, economic risk, commodity prices, exchange rates, and interest rates among others.

The Company has determined that there is no impairment in the carrying value of the Lara Project.

Impairment
An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate impairment exists include: significant underperformance of an asset relative to historical or projected operating results, significant changes in the manner in which an asset is used or in the Company's overall business strategy, the carrying amount of the net assets of the Company being more than its market capitalization or significant negative industry or economic trends. In some cases, these events are clear. However, in many cases, a clearly identifiable event indicating possible impairment does not occur. Instead, a series of individually insignificant events occur over a period of time leading to an indication that an asset may be impaired. Events can occur in these situations that may not be known until a date subsequent to their occurrence. When there is an indicator of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment, if any. If indicators conclude that the asset is no longer impaired, the Company will reverse impairment losses on assets only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Similar to determining if an impairment exists, judgment is required in assessing if a reversal of an impairment loss is required.

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	Deer Musk West Project	Edwards Creek Project	Lara Project	Total
Balance at June 30, 2023	**$ 516,375**	**$ -**	**$ -**	**$ 516,375**
Exploration expenditures:				
Assays, staking and mapping	39,346	296,329	-	335,675
Balance at September 30, 2023	**$ 555,721**	**$ 296,329**	**$ -**	**$ 852,050**
Acquisition costs:				
Common shares issued for option agreement	-	-	25,000	25,000
Finder's fee	-	-	64,000	64,000
	-	-	89,000	89,000
Exploration expenditures:				
Assays, staking and mapping	11,567	-	1,136	12,703
Consulting fees	-	-	10,215	10,215
Geological and geophysical	-	-	2,931	2,931
Impairment	(567,288)	(296,329)	-	(863,617)
	(555,721)	(296,329)	14,282	(837,768)
Balance at June 30, 2024	**$ -**	**$ -**	**$ 103,282**	**$ 103,282**
Exploration expenditures:				
Assays, staking and mapping	-	-	9,648	9,648
Consulting fees	-	-	33,220	33,220
Geological and geophysical	-	-	6,803	6,803
	-	-	49,671	49,671
Balance at September 30, 2024	**$ -**	**$ -**	**$ 152,953**	**$ 152,953**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

<u>Deer Musk West Project, USA</u>
On March 12, 2021, the Company entered into an asset purchase agreement (the "APA") with a private company in Nevada, USA (the "Vendor"), whereby the Company acquired 190 mineral claims comprising the Deer Musk West Project (the "Property") in Esmeralda County, Nevada by issuing 2,000,000 common shares at a deemed price of $0.02 per share for an aggregate purchase price of $40,000. Pursuant to the APA, the parties acknowledged that the transfer of title to the Property would occur at closing; however, until title had formally been transferred, the Vendor agreed to hold the same for the Company for the sole and exclusive use, benefit and advantage of the Company.

On May 12, 2022, the Company established a wholly owned U.S. subsidiary, Nova Lithium USA Corp. ("Nova USA"), a Nevada corporation, and title to the Property was subsequently transferred from the Vendor to Nova USA. In connection with the completion of the transfer, the status of the claims comprising the Property was changed from "Filed" to "Active" in the case management system maintained by the U.S. Department of The Interior, Bureau of Land Management.

During the period ended September 30, 2024, the Company abandoned the claims comprising the property and wrote off $567,288 in deferred costs as of June 30, 2024.

Edwards Creek Valley Project, USA
On January 31, 2023, the Company entered into a mineral property option agreement (the "Option Agreement") with Ameriwest Lithium Inc. ("Ameriwest"), a company with common directors. Pursuant to the Option Agreement, Nova USA acquired the exclusive right and option (the "Option") to purchase a 51% undivided interest in and to the Edwards Creek Valley Project (the "Property2") owned by Ameriwest's wholly owned Nevada subsidiary, Oakley Ventures USA Corp. ("Oakley USA").

The Property2 consists of 1,243 contiguous placer mineral claims covering approximately 22,200 acres in Churchill County, Nevada. In order to exercise the Option, Nova USA was required to incur qualifying exploration expenditures of at least $500,000 on the Property over a period of 24 months, including not less than $200,000 during the first 12 months. Neither the Company nor Nova USA was required to complete any cash payments or issue any securities in connection with the granting or exercise of the Option.

On June 3, 2024, the Company, Nova USA, and Ameriwest and Oakley USA entered into a settlement and termination agreement (the "Settlement Agreement"). The Settlement Agreement provided for the immediate termination of the Option Agreement and all related obligations, and also required the Company to pay $105,000 to Ameriwest in the form of 1,500,000 common shares of the Company at a deemed price of $0.07 per share, which shares were formally issued on the date of the Settlement Agreement (Note 5). Upon execution of the Settlement Agreement, the Company wrote off $296,329 in deferred costs.

Lara Project
On June 14, 2024, the Company entered into an option agreement (the "Option Agreement2") with two arm's length vendors (the "Lara Vendors") to acquire a 100% interest in four mineral claims known as the "Lara" deposit (the "Lara Project").

In order to exercise the option, the Company is obligated to pay the Lara Vendors an aggregate of $250,000 in cash as follows: $25,000 on or before June 17, 2024 (paid); $50,000 on or before December 1, 2024; $50,000 on or before April 1, 2025; $50,000 on or before August 1, 2025; and $75,000 on or before February 1, 2026.

Upon the Commencement of Commercial Production (as that term is defined in the Option Agreement2) on the Lara Project, the Company is required to pay a royalty to the Lara Vendors equal to an aggregate of 2% of net smelter returns. The Company may reduce the royalty at any time from 2% to 1% by paying the sum of $2,000,000 to the Lara Vendors, and the Company also has the right to accelerate the exercise of the option by making all the required cash payments in advance of any deadline dates.

In connection with the Option Agreement2, the Company paid a finder's fee of $64,000 through the issuance of 400,000 common shares of the Company (the "Finder's Fee"). See Note 5.

5. Share Capital

(a) Authorized

The Company has authorized an unlimited number of common shares with no par value.

(b) Issued and outstanding

On September 9, 2024, the Company issued 500,000 common shares upon the exercise of warrants for total proceeds of $50,000.

On July 22, 2024, the Company issued 625,000 common shares upon the exercise of warrants for total proceeds of $62,500.

On July 19, 2024, the Company issued 250,000 common shares upon the exercise of warrants for total proceeds of $25,000.

On July 11, 2024, the Company issued 350,000 common shares upon the exercise of warrants for total proceeds of $35,000.

On June 20, 2024, the Company issued 400,000 common shares at a price of $0.16 as the Finder's Fee pursuant to the Option Agreement2. See Note 4.

On June 3, 2024, the Company issued 1,500,000 common shares at a price of $0.07 per share pursuant to the Settlement Agreement. See Note 4.

On May 31, 2024, the Company issued 250,000 common shares upon the exercise of options for total proceeds of $25,000.

On May 30, 2024, the Company issued 750,000 common shares upon the exercise of warrants for total proceeds of $75,000.

On May 24, 2024, the Company issued 500,000 common shares upon the exercise of warrants for total proceeds of $50,000.

On August 31, 2023, the Company issued 150,000 common shares upon the exercise of options for total proceeds of $15,000.

For the year ended June 30, 2023, no common shares were issued.

(c) Stock options

The Company has an incentive stock option plan. Options to purchase common shares can be granted to directors, officers, employees and consultants of the Company at exercise prices determined by their market value on the date of the grant. The options vest immediately on the date of the grant or as otherwise determined at the discretion of the Board of Directors.

During the year ended June 30, 2024, 400,000 options were exercised resulting in the issuance of 400,000 common shares of the Company for total cash proceeds of $40,000.

(Unaudited - Expressed in Canadian Dollars)

During the year ended June 30, 2024, 500,000 options expired unexercised.

On September 12, 2024, the Company granted options to purchase an aggregate of 125,000 common shares to a director of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.37 per share for a period of five years. See Note 7.

On July 8, 2024, the Company granted options to purchase an aggregate of 210,000 common shares to various directors of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.25 per share for a period of five years. See Note 7.

On June 25, 2024, the Company granted options to purchase an aggregate of 750,000 common shares of the Company to various directors and officers of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.16 per share for a period of five years. See Note 7.

On August 15, 2023, the Company granted options to purchase an aggregate of 590,000 common shares of the Company to various directors and officers of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.23 per share for a period of five years. See Note 7.

On July 21, 2022, the Company granted options to purchase an aggregate of 850,000 common shares to various directors, officers, and consultants of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.10 per share for a period of three years. See Note 7.

The following is a summary of option transactions under the Company's stock option plan for the periods ended September 30, 2024 and 2023:

	Number of Options	**Weighted average exercise price**
Balance at June 30, 2023	1,450,000	$ 0.10
Exercised	(150,000)	$ 0.10
Issued	590,000	$ 0.23
Balance at September 30, 2023	**1,890,000**	**$ 0.14**
Exercised	(250,000)	$ 0.10
Expired	(500,000)	$ 0.10
Issued	750,000	$ 0.16
Balance at June 30, 2024	**1,890,000**	**$ 0.16**
Issued	335,000	$ 0.29
Balance at September 30, 2024	**2,225,000**	**$ 0.18**

Number of options outstanding	**Exercise price**	**Expiry date**	**Weighted average remaining life (Years)**

350,000	$0.10	July 21, 2025	0.13
200,000	$0.10	November 16, 2026	0.19
590,000	$0.23	August 15, 2028	1.03
750,000	$0.16	June 25, 2029	1.59
215,000	$0.25	July 8, 2029	0.45
125,000	$0.37	September 12, 2029	0.28
2,225,000			3.67

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the period ended September 30, 2024, the Company granted a total of 335,000 (2023 – 590,000) incentive stock options to directors, officers and consultants of the Company. During the period ended September 30, 2024, the options granted and vested resulted in share-based payments of $98,750 (2023 – $100,300) using the following assumptions:

	September 30, 2024	**June 30, 2023**
Expected Life	5 years	5 years
Risk-free interest rate	2.74% - 3.46%	3.51% - 3.90%
Annualized volatility	326.00%	258.00% - 271.00%
Dividend rate	N/A	N/A
Weighted average fair value of shares at grant date	$0.29	$0.19

(d) Warrants

On January 25, 2024, the Company amended the expiry date of an aggregate of 10,000,000 share purchase warrants that were scheduled to expire on March 9, 2024 for a further two years. The new expiry date of the warrants is March 9, 2026.

On May 16, 2023, the Company amended the expiry date of an aggregate of 7,410,000 share purchase warrants that were scheduled to expire on May 31, 2023 for a further two years. The new expiry date of the warrants is May 31, 2025.

Warrant transactions during the three months ended September 30, 2024 and the year ended June 30, 2024 and the number of warrants outstanding and exercisable at September 30, 2024 are summarized as follows:

	Number of Warrants	**Weighted average exercise price**
Balance at June 30, 2023 & September 30 2023	17,410,000	$ 0.27
Exercised	(1,250,000)	$ 0.10
Balance June 30, 2024	16,160,000	$ 0.28
Exercised	(1,725,000)	$ 0.10
Balance September 30, 2024	(14,435,000)	$ 0.31

(Unaudited - Expressed in Canadian Dollars)

Number of warrants outstanding	Exercise price	Expiry date	Weighted average remaining life (Years)
7,410,000	$0.50	May 31, 2025	0.70
7,025,000	$0.10	March 9, 2026	0.34
14,435,000			1.04

6. Loss Per Share

The basic loss per share for the three months ended September 30, 2024 was based on the loss attributable to common shareholders of $368,073 (2023 – $117,624) and the weighted average common shares outstanding of 25,102,046 (2023 – 20,486,013). Diluted loss per share has not been calculated as it is anti-dilutive.

7. Related Party Transactions

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include the directors of the Company.

All related party transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

As at September 30, 2024, accounts payable and accrued liabilities included $180,300 (2023 – $18,900) due to related parties. These amounts are unsecured and non-interest bearing.

During the three months ended September 30, 2024, the Company:

- paid or accrued $9,000 (2023 – $9,000) to a company controlled by the Chief Financial Officer of the Company for consulting services;
- paid or accrued $9,000 (2023 – $4,500) to a company controlled by the corporate secretary of the Company for professional services;
- paid or accrued $30,000 (2023 – $Nil) to the Chief Executive Officer of the Company for consulting and advisory services;
- paid or accrued $5,500 (2023 - $Nil) to a former director for consulting services; and
- incurred share-based compensation expense of $98,750 (2023 – $100,300) from the grant of 335,000 (2023 – 590,000) incentive stock options to related parties (see Note 5(c)).

During the three months ended September 30, 2024, the Company did not enter into any agreements with related parties.

During the year ended June 30, 2024, the Company entered into the following agreement with a company controlled by an officer of the Company:

Advisory and Consulting Agreement
On August 15, 2023, the Company entered into an advisory and consulting services agreement (the “CA2”) with a consultant, whereby the consultant agreed to provide the services generally required of a Chief Executive Officer of a publicly-traded corporation to the Company as well as such other

services as may be requested by the Company from time to time. Pursuant to the CA2, the consultant will receive a monthly fee of $10,000 as consideration for providing these services for a period of 12 months. The CA2 was renewed by mutual agreement until August 2025. The Company and the consultant each have the right to terminate the CA2 for any reason and at any time by giving the other party 30 days written notice.

8. Financial Instruments and Risk Management

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

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

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations. The Company's credit risk is limited to the carrying amount on the consolidated statements of financial position and arises from the Company's cash. The Company's cash is held in an account with a Canadian chartered bank. The Company has assessed credit risk as low.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2024, the Company had a cash balance of $31,887 to settle current liabilities of $581,280. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. As at September 30, 2024, the Company is not exposed to market risk.

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. As at September 30, 2024, the Company is not exposed to interest rate risk.

Foreign currency rate risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian and U.S. dollars. The Company funds certain exploration expenditures in the United States by converting funds from its Canadian dollar bank accounts and wiring U.S. funds to the foreign counterparty. Management does not currently hedge its foreign exchange risk. As at September 30, 2024, the Company had no foreign currency balances.

Sensitivity Analysis

The Company works toward its capital management objectives to the extent possible while facing the challenges of market conditions and the public's assessment of the Company's risk profile. Its capital management objectives have not changed over the period presented.

The carrying value of cash and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

The Company is not subject to any financial covenants. The Company monitors its financing requirements and financing decisions are based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining whether to issue equity include the amount of cash sought, the availability of these sources and their terms.

As at September 30, 2024, the Company had a working capital deficit of $390,783 (June 30, 2023 – working capital deficit of $291,789). The Company manages its cash and common shares as capital. The Company's objectives in managing its capital are to:

- maintain sufficient cash and cash equivalents to last a minimum of one year;
- have the flexibility to achieve its on-going business objectives, including but not limited to funding work programs on its exploration and evaluation assets and pursuing new business opportunities as they arise, and
- minimize dilution to existing shareholders.

The directors of the Company have not specified a quantitative return on capital criteria for management, but rather rely on the expertise of management to sustain future development of the business.

The Company's exploration and evaluation assets are in the development stage and the Company does not generate positive cash flows. As a consequence, the Company relies on accessing the capital markets to obtain the funds needed to carry on its business. It is the Company's intention to utilize its existing working capital and to raise additional funds as needed. The additional funds will be raised primarily through the issuance of its securities in private placements.

9. Loans

On August 23, 2023, the Company entered into a loan agreement (the "LA") with an arm's length lender (the "Lender") whereby the Company borrowed $53,203 (the "Loan") from the Lender for the purpose of paying certain claim fees associated with the Property. The Loan bears interest at the rate of 15% per annum, has minimum term of 60 days and a maximum term of 12 months. Pursuant to the LA, the Company is obligated to repay the Loan, plus the greater of any outstanding interest on the Loan or $5,000, to the Lender upon the completion of the term. On December 4, 2023, the Company repaid the Loan plus interest of $5,000 to the Lender.

On November 30, 2023, the Company entered into a loan agreement (the "LA2") with an arm's length lender (the "Lender2") whereby the Company borrowed $100,000 (the "Loan2") from the Lender2 for the purpose of refinancing the Loan. The Loan2 bears interest at the rate of 1% per month, has minimum term of 60 days and a maximum term of 12 months. Pursuant to the LA2, the Company is obligated to repay the Loan2, plus any outstanding interest on the Loan, to the Lender upon the completion of the term, plus a loan fee of $7,500. Subsequent to September 30, 2024, the Company repaid the Loan2 plus interest of $12,000 plus a loan fee of $7,500 to the Lender2.

10. Rent

On November 1, 2023, the Company entered into a shared space agreement (the "SSA") for office premises in Vancouver, British Columbia. The initial term of the SSA is for a period of 12 months commencing November 1, 2023, with the Company paying a monthly member fee of $3,000. Following the initial term, the SSA will automatically renew on a month-to-month basis until terminated. After the initial term, either party can terminate the SSA upon 30 days' written notice.

11. Subsequent Events

(a) On October 29, 2024, the Company closed a non-brokered private placement (the "Private Placement") pursuant to which the Company issued an aggregate of 11,478,600 units (each, a "Unit") at a price of $0.25 per Unit for gross proceeds of $2,869,650. Each Unit is comprised of one common share of the Company (each, a "Common Share") and one share purchase warrant (each, a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional Common Share at an exercise price of $0.40 per Warrant Share for a period of two years. The expiry date of the Warrants is subject to acceleration in certain limited circumstances.

In connection with the Private Placement, the Company paid an aggregate of $112,872 in cash and issued an aggregate of 451,488 non-transferable broker warrants (each, a "Broker Warrant") to certain finders. Each Broker Warrant entitles the holder thereof to purchase one Common Share at a price of $0.25 per Common Share for a period of two years.

As at September 30, 2024, $47,500 in subscription funds had been received and is reflected as Subscriptions Received in the Shareholders' Equity section of the Condensed Consolidated Interim Statements of Financial Position.

(b) On October 4, 2024, the Company issued 250,000 shares upon the exercise of warrants for total proceeds of $25,000.

(c) On October 11, 2024, the Company issued 400,000 shares upon the exercise of warrants for total proceeds of $40,000.

(d) On October 30, 20024, the Company granted an aggregate of 300,000 incentive stock options to certain directors, officers and consultants, each of which vests immediately and is exercisable into one Common Share at a price of $0.38 per Common Share for a period of five years.

(e) On October 30, 2024, the Company entered into a master services agreement (the "Services Agreement") and associated work order with Native Ads Inc. ("Native Ads"), pursuant to which the Company engaged Native Ads to provide certain digital media, marketing and data analytics services to the Company. The Services Agreement is for an estimated term of six (6) months and requires the Company to pay Native Ads a deposit of $50,000 on the basis of a total campaign budget of US$260,000. Pursuant to the Services agreement, Native Ads will execute a comprehensive digital media advertising campaign for the Company which includes content creation, web development, search engine optimization, campaign reporting and optimization.

(f) On October 30, 2024, the Company entered into a digital marketing services agreement (the "Marketing Agreement") with Alphai News Corp. ("Alphai News"), pursuant to which the Company engaged Alphai News will provide certain digital marketing services to the Company. The Marketing Agreement is for a term of three (3) months, and requires the Company to pay Alphai News a fee of $75,000 plus GST in consideration for Alphai News creating digital advertising campaigns, ad groups, text ads and display ads; performing detailed keyword research; setting up and managing remarketing campaigns; optimizing keyword options; coordinating online advertisers and marketers corresponding to online marketing targets; creating landing pages for ad campaigns and generally bringing attention to the business of the Company.

(g) On November 12, 2024, the Company entered into a property option agreement (the "Option Agreement") with three arm's length vendors to acquire 100% ownership of 9 mineral claims (the "Property") encompassing approximately 658 hectares located west-northwest of and contiguous to the Company's Lara Project on Vancouver Island, British Columbia.

In order to exercise the option, the Company is required to pay the vendors an aggregate of $120,000 in cash and issue 60,000 common shares to the vendors in tranches as follows (with 1/3 of each amount payable to each vendor or as may be directed by such vendor):

(i) $15,000 plus 60,000 common shares upon the execution and delivery of the Option Agreement;
(ii) $45,000 on or before November 1, 2025, of which $15,000 must be paid in cash and $30,000 may be paid, in the sole discretion of the Company, (i) in cash, (ii) through the issuance of common shares or (iii) in any combination of the two; and
(iii) $60,000 on or before November 1, 2026, of which $15,000 must be paid in cash and $45,000 may be paid, in the sole discretion of the Company, (i) in cash, (ii) through the issuance of common shares or (iii) in any combination of the two.

In each case, the common shares will be issuable at a price per share equal to the volume weighted average trading price of the common shares for the 10 trading days prior to the applicable issuance date.

In addition, the Option Agreement obligates the Company to pay the Optionors a total of $30,000 on November 1 of each year commencing in 2029, which amount may be paid, in the sole discretion of the Company, (i) in cash, (ii) through the issuance of common shares or (iii) in any combination of the two (the “Annual Pre-Production Royalty”), on the same basis as described above. The Company has the ability to satisfy the Annual Pre-Production Royalty payment obligation in any year by incurring qualifying expenditures on the Property of at least $300,000 in the 12-month period preceding the applicable payment date.

The Option Agreement provides for a 2% net smelter returns royalty in favour of the vendors upon the commencement of commercial production on the Property, 1.5% (or three-quarters) of which the Company has the ability to acquire upon the payment of $2,000,000 to the vendors in either cash or common shares.

(h) On November 26, 2024, the Company issued 100,000 shares upon the exercise of warrants for total proceeds of $10,000.