EUREKA LITHIUM CORP.
(formerly Scout Minerals Corp.)

Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eureka Lithium Corp. (formerly Scout Minerals Corp.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eureka Lithium Corp. (formerly Scout Minerals Corp.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of the 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 December 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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 2 in the consolidated financial statements, which indicates that the Company has not generated any revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future. As stated in Note 2, the Company's ability to continue as a going concern is dependent upon its ability to successfully raise capital. These matters, along with other matters as set forth in Note 2, 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 of the current period. 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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there is the following key audit matter to communicate in our auditor's report.

Key audit matter:	**How our audit addressed the key audit matter:**
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
Refer to note 3 – Accounting policy Mineral property acquisition costs and exploration and evaluation expenditures, note 4 – Estimates and judgements and Note 7 Exploration and evaluation assets	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:

Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgement in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment. We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgement.	• Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment. • Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit. • Confirmed that the Company's right to explore the properties had not expired. • Obtained management's written representations regarding the Company's future plans for the exploration and evaluation properties. • Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation properties.

Other Information

Management is responsible for the other information. The other information comprises the information included in "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, we 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 IFRS, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Roxburgh.

De Visser Gray LLP

Chartered Professional Accountants
Vancouver, BC, Canada
April 4, 2024

Eureka Lithium Corp. (formerly Scout Minerals Corp.)
Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(Expressed in Canadian dollars)

As at	**Note**		**December 31, 2023**		**December 31, 2022**
ASSETS					
Current assets					
Cash and cash equivalents	5	$	2,599,427	$	173,547
Other receivables	6		378,026		-
Prepaid expenses			905,513		-
Total current assets			**3,882,966**		**173,547**
Exploration and evaluation assets	7		6,195,965		62,500
TOTAL ASSETS		**$**	**10,078,931**	**$**	**236,047**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	8	$	509,283	$	68,226
Flow-through share premium liability	11		438,891		-
TOTAL LIABILITIES			**948,174**		**68,226**
SHAREHOLDERS' EQUITY					
Share capital	9(b)		14,546,860		354,206
Reserves	9(b,e,f)		839,019		8,241
Accumulated deficit			(6,255,122)		(194,626)
Total shareholders' equity			**9,130,757**		**167,821**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**10,078,931**	**$**	**236,047**

Nature of Operations (Note 1)
Subsequent Events (Note 17)

Approved and Authorized by the Board of Directors on April 4, 2024:

"Jeffrey Wilson" Director *"Trevor Nawalkowski"* Director

The accompanying notes form an integral part of these consolidated financial statements.

(Expressed in Canadian dollars)

	Note		For the year ended December 31, 2023		For the year ended December 31, 2022
OPERATING EXPENSES					
Marketing fees		$	2,523,992	$	-
Exploration and evaluation expenditures	7		1,956,510		105,720
Share-based compensation	9(e,f), 10		707,146		8,241
Professional fees			361,253		36,959
Investor relations			322,056		-
Consulting fees	10		266,569		-
Management fees	10		65,912		2,500
Listing and filing fees			35,368		31,745
Administrative expense			26,554		702
Transfer agent fees			19,819		-
Amalgamation expense	1, 9(b)		-		4,000
Total operating expenses			(6,285,179)		(189,867)
OTHER ITEMS					
Flow-through share premium recovery	11		230,571		-
Interest income	5		20,693		257
Foreign exchange loss			(26,581)		-
Total other items			224,683		257
NET LOSS AND COMPREHENSIVE LOSS		**$**	**(6,060,496)**	**$**	**(189,610)**
Basic and diluted loss per common share		$	(0.19)	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted			**31,770,136**		**13,853,315**

The accompanying notes form an integral part of these consolidated financial statements.

Eureka Lithium Corp. (formerly Scout Minerals Corp.)
Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	Common shares	Share capital $	Reserves $	Accumulated deficit $	Total shareholders' equity $
Balance at December 31, 2021	**12,479,997**	**197,100**	**-**	**(5,016)**	**192,084**
Shares issued for					
Redemption of special warrants (Note 9(b,d))	2,303,000	156,301	-	-	156,301
Amalgamation (Note 1, 9(b))	200,000	4,000	-	-	4,000
Share issuance costs (Note 9(b))	-	(3,195)	-	-	(3,195)
Share-based compensation (Note 9(e), 10)	-	-	8,241	-	8,241
Net loss	-	-	-	(189,610)	(189,610)
Balance at December 31, 2022	**14,982,997**	**354,206**	**8,241**	**(194,626)**	**167,821**

	Common shares	Share capital $	Reserves $	Accumulated deficit $	Total shareholders' equity $
Balance at December 31, 2022	**14,982,997**	**354,206**	**8,241**	**(194,626)**	**167,821**
Shares issued for					
Private placement (Note 9(b), 11)	17,992,590	9,649,082	-	-	9,649,082
Nunavik Purchase Agreement (Note 7, 9(b))	8,000,000	4,640,000	-	-	4,640,000
McKinney Option Agreement (Note 7, 9(b))	250,000	230,000	-	-	230,000
Exercise of warrants (Note 9(b,c))	10,243,999	1,062,808	-	-	1,062,808
Exercise of stock options (Note 9(b,e))	85,000	13,881	(5,381)	-	8,500
Conversion of restricted share rights (Note 9(b,f))	200,000	164,000	(164,000)	-	-
Share issuance costs (Note 9(b))	-	(897,655)	293,013	-	(604,642)
Share-based compensation (Note 9(e,f), 10)	-	-	707,146	-	707,146
Flow-through share premium liability (Note 11)	-	(669,462)	-	-	(669,462)
Net loss	-	-	-	(6,060,496)	(6,060,496)
Balance at December 31, 2023	**51,754,586**	**14,546,860**	**839,019**	**(6,255,122)**	**9,130,757**

The accompanying notes form an integral part of these consolidated financial statements.

Eureka Lithium Corp. (formerly Scout Minerals Corp.)
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

Cash provided by (used in)		**For the year ended December 31, 2023**		**For the year ended December 31, 2022**
Cash flows used in operating activities				
Net loss	$	(6,060,496)	$	(189,610)
Non-cash transactions:				
Share-based compensation		707,146		8,241
Flow-through share premium recovery		(230,571)		-
Amalgamation expense		-		4,000
Changes in operating assets and liabilities:				
Other receivables		(378,026)		-
Prepaid expenses		(905,513)		-
Accounts payable and accrued liabilities		426,510		63,219
Net cash used in operating activities		**(6,440,950)**		**(114,150)**
Cash flows used in investing activities				
Acquisition of Nunavik Lithium Projects		(1,200,000)		-
Acquisition of mining rights for Nunavik Lithium Projects		(8,465)		-
Option payments for McKinney property		(55,000)		(62,500)
Net cash used in investing activities		**(1,263,465)**		**(62,500)**
Cash flows provided by financing activities				
Proceeds from private placement		9,649,082		-
Share issuance costs		(590,095)		(3,195)
Proceeds from warrants exercised		1,062,808		-
Proceeds from stock options exercised		8,500		-
Issuance of special warrants		-		156,301
Net cash provided by financing activities		**10,130,295**		**153,106**
Net increase (decrease) in cash and cash equivalents		2,425,880		(23,544)
Cash and cash equivalents, beginning of period		173,547		197,091
Cash and cash equivalents, end of period	**$**	**2,599,427**	**$**	**173,547**

Supplemental Disclosure with Respect to Cash Flows (Note 12)

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Eureka Lithium Corp. (formerly Scout Minerals Corp.) (the "Company") was incorporated in the Province of British Columbia ("BC"), Canada on October 26, 2021, under the Business Corporations Act (British Columbia). The Company is domiciled in Canada and has been focused since incorporation on the acquisition of mineral property interests for the purposes of exploration and development. The Company commenced trading on the Canadian Securities Exchange ("CSE") on July 14, 2022, under the stock symbol "SCTM", which was subsequently updated to "ERKA" when the Company changed its name from Scout Minerals Corp. to Eureka Lithium Corp. on June 1, 2023. The Company is also listed on the Frankfurt Stock Exchange under the stock symbol "S580" and the OTCQB Venture Market under the symbol "UREKF" (previously "SCMCF" in the OTC Pink).

The Company's head office along with registered and records office is located at Suite 2700, 1133 Melville Street, Vancouver, British Columbia, V6E 4E5.

Amalgamation Transaction

The Company entered into an amalgamation agreement dated January 10, 2022 (the "Amalgamation Agreement") with Chara Capital Corp. ("Chara"), and 1341715 B.C. Ltd. ("1341715"), a wholly owned subsidiary of the Company incorporated on January 7, 2022. Pursuant to the Amalgamation Agreement, Chara and 1341715 amalgamated (the "Amalgamation") to form 1342683 B.C. Ltd. ("Amalco").

The Company issued the following consideration with the following effect:

- One common share of the Company in exchange for each of the 187,500 Class B common shares of Chara issued and outstanding at the time of the Amalgamation; and
- One common share in exchange for each of the 12,500 Class A common shares of Chara issued and outstanding at the time of the Amalgamation.

The 200,000 common shares issued by the Company pursuant to the Amalgamation were valued at $4,000 (Note 9(b)). The acquisition and amalgamation did not constitute a business combination under IFRS 3, *Business Combinations*. Because 1342683 BC Ltd. had no significant assets or liabilities; the $4,000 was accounted for as a non-cash "amalgamation expense" on the consolidated statements of loss and comprehensive loss.

Pursuant to the Amalgamation, the one common share in the capital of 1341715 was cancelled and replaced by one common share in the capital of Amalco. The Amalgamation took effect January 13, 2022.

2. BASIS OF PRESENTATION

Statement of Compliance

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 were approved and authorized for issue by the Board of Directors of the Company on April 4, 2024.

Certain prior year amounts have been reclassified for consistency with current period presentation. These reclassifications had no effect on the reported results of operations or cash flow.

Basis of Consolidation

These consolidated financial statements include the financial statements of the parent company, Eureka Lithium Corp., and, pursuant to having completed the Amalgamation, its one subsidiary, 1342683 B.C. Ltd.

2. BASIS OF PRESENTATION (CONTINUED)

A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company. All intercompany transactions have been eliminated upon consolidation.

Going Concern

These consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

As at December 31, 2023, the Company had an accumulated deficit of $6,255,122 (December 31, 2022 - $194,626) and working capital of $2,934,792 (December 31, 2022 - $105,321). The Company has not generated any revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future.

The Company’s continuation as a going concern depends on its ability to successfully raise capital. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company; therefore giving rise to a material uncertainty which may cast significant doubt as to whether the Company’s cash resources and working capital will be sufficient to enable the Company to continue as a going concern for the 12-month period after the date of these consolidated financial statements. Consequently, management is pursuing various financing alternatives to fund operations and advance its business plan. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company may determine to reduce the level of activity and expenditures to preserve working capital and alleviate any going concern risk.

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management’s strategic planning. Should those judgments prove to be inaccurate, management’s continued use of the going concern assumption could be inappropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Company’s material accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

a) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets classified as fair value through profit or loss which are measured at fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Foreign exchange

The presentation currency of these consolidated financial statements is the Canadian dollar ("CAD").

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The Company raises its financing and incurs head office expenditures in CAD, giving rise to a CAD functional currency.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

b) Foreign exchange (continued)

In preparing the consolidated financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are in a currency other than CAD are translated at the rates prevailing at that date, giving rise to foreign exchange gains and losses in the statement of loss. Non-monetary assets and liabilities are translated at historical rates, being the rate on the date of the transaction. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in this case, the exchange rates at the dates of the transactions are used. Equity transactions are translated using the exchange rate at the date of the transaction.

c) Cash and cash equivalents

The Company considers cash in banks, deposits in transit, and highly liquid term deposits with original maturities of three months or less to be cash and cash equivalents. Because of the short maturity of these instruments, the carrying amounts approximate their fair value. Restricted cash, if any, is excluded from cash and cash equivalents and is included in long-term assets.

d) Mineral property acquisition costs and exploration and evaluation expenditures

Mineral property acquisition costs are capitalized until the viability of the mineral interest is determined. Capitalized amounts may be written down if future cash flows, including potential sales proceeds, related to the property are estimated to be less than the carrying value of the property.

The Company's policy is to expense, as incurred, due diligence and mineral property assessment expenditures, and upon successful acquisition of a mineral property, exploration and evaluation expenditures incurred until the mineral property reaches the development stage.

e) Income taxes

The Company uses the statement of financial position method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be realized.

f) Resource tax credits

The Company recognizes resource tax credit amounts when the Company's application for such credits is approved by the relevant jurisdiction or when the amount to be received can be reasonably estimated and collection is reasonably assured. Resource tax credit amounts are accounted for as a credit to exploration and evaluation expenditures in the statement of loss.

g) Loss per share

Loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of the Company's common shares outstanding during the reporting period. The calculation of diluted earnings per share assumes that outstanding options and warrants (if any) are exercised, and the proceeds are used to repurchase shares at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share relative to basic earnings per share and is only recognized when the effect is dilutive.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

h) *Financial assets and liabilities*

The following is the Company's accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Financial assets/liabilities	
Cash and cash equivalents	Amortized cost
Other receivables (excluding sales taxes)	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of loss and comprehensive loss in the period in which they arise.

Financial assets and liabilities at FVOCI

Financial assets carried at FVOCI are initially recorded at fair value. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in the consolidated statement of loss and comprehensive loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

h) Financial assets and liabilities (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statement of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statement of loss and comprehensive loss.

i) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded in reserves.

j) Share-based compensation

Share-based compensation to employees is measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves or share capital. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest. Over the vesting period, share-based compensation is recorded as an operating expense and in reserves. When options are exercised, the consideration received is recorded as share capital and the related share-based compensation originally recorded in reserves is transferred to share capital.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

k) Flow-through shares

Canadian income tax legislation permits companies to issue flow-through instruments whereby the income tax deductions generated by eligible expenditures of the Company, defined in the income tax act (Canada) as qualified Canadian exploration expenses, are claimed by the investors rather than by the Company. Shares issued on a flow-through basis are typically sold at a premium above the market share price which relates to the tax benefits that will flow through to the investors. The Company often issues flow-through shares as part of its equity financing transactions in order to fund its exploration activities. The Company estimates the portion of the proceeds attributable to the premium as being the excess of the flow-through share price over the market share price of the common shares without the flow-through feature at the time of subscription. The premium is recorded as a liability which represents the Company's obligation to spend the flow-through funds on eligible expenditures and is amortized through the consolidated statement of loss and comprehensive loss as the eligible expenditures are incurred.

l) Accounting standards and amendments

The Company is currently assessing the impact of new and amended standards on its consolidated financial statements; however, they are not expected to have a material impact on the Company's current or future reporting periods.

<u>Amendments to IAS 1 – Classification of Liabilities as Current or Non-current</u>

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the consolidated statements of financial position and not the amount or timing of recognition of any asset, liability, income, or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. They specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and that rights are in existence if covenants are complied with at the end of the reporting period. The amendments introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023.

<u>Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments – Disclosure of Accounting Policies</u>

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions, is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB's amendments also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

m) Accounting policies not yet adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

4. ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. The Company bases its estimates and assumptions on current facts, limited historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. The valuation technique requires the input of subjective assumption including expected price volatility, interest rate, forfeiture rate, dividend yield and expected life. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and reserves.

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Impairment of mineral property interest

Critical judgment is involved in determining whether there are any indications of impairment for the mineral property interest and may require significant measurement uncertainty.

5. CASH AND CASH EQUIVALENTS

		As at December 31, 2023		As at December 31, 2022
Cash held in bank	$	1,599,427	$	173,547
Guaranteed investment certificates ("GIC")		1,000,000		-
	$	**2,599,427**	**$**	**173,547**

On August 16, 2023, the Company entered into a guaranteed investment certificate ("GIC") of $1,000,000 with a one-year term cashable after 90 days. The GIC earns interest at 5.35% per annum and during the year ended December 31, 2023, the Company accrued interest income of $20,026 in relation to the GIC. During the year ended December 31, 2023, the Company redeemed a GIC of $100,000 in which the Company recorded interest income of $667 during the year ended December 31, 2023 (2022 - $257).

(Expressed in Canadian dollars)

6. OTHER RECEIVABLES

	As at December 31, 2023	As at December 31, 2022
Quebec sales tax ("QST") receivable	$ 194,732	$ -
Goods and services tax ("GST") receivable	163,268	-
GIC interest receivable	20,026	-
	$ 378,026	**$ -**

7. EXPLORATION AND EVALUATION ASSETS

Details of the Company's acquisition costs related to its mineral property projects are as follows:

Acquisition costs	McKinney	Nunavik	Total
Balance, December 31, 2021	$ -	$ -	$ -
Cash payments	17,500	-	17,500
Go Public Transaction milestone payment	45,000	-	45,000
Balance, December 31, 2022	62,500	-	62,500
Cash payments	55,000	1,208,465	1,263,465
Issuance of common shares (Note 9(b))	230,000	4,640,000	4,870,000
Balance, December 31, 2023	$ 347,500	$ 5,848,465	$ 6,195,965

McKinney Property

On January 27, 2022, the Company entered into a mineral property option agreement (the "Option Agreement") with 1218802 B.C. Ltd. (the "Optionor"), providing the Company the ability to acquire a 75% interest in certain mining claims making up the McKinney exploration property located in the Greenwood Mining Division, British Columbia, Canada ("McKinney").

The Option Agreement was amended in an extension letter dated January 26, 2023, to extend the date of the 12-month anniversary of the listing date to June 30, 2023, thus extending the deadline of the payment of $50,000 and the issuance of 250,000 common shares to June 30, 2023. As consideration for the foregoing amendments, the Company agreed to pay the Optionor $5,000 within 30 days of acceptance of the extension letter. During the year ended December 31, 2023, the cash payments and issuance of common shares were made prior to the deadlines to maintain the Company's ability to acquire a 75% interest in the McKinney property.

To acquire the 75% interest, the Company must make cash payments, issue common shares, and incur exploration expenditures as follows:

	Cash $	Common shares #	Exploration expenditures $
Within five days of the effective date of January 27, 2022 – *paid*	17,500	-	-
On June 28, 2022, the listing date – *paid*	45,000	-	-
Within thirty days of acceptance of extension letter dated January 26, 2023 – *paid*	5,000	-	-
On or before the 12-month anniversary of the listing date – *paid, issued and incurred (Note 9(b))*	50,000	250,000	100,000
On or before the 24-month anniversary of the listing date	75,000	350,000	-
On or before the 36-month anniversary of the listing date	100,000	500,000	400,000
Total	**292,500**	**1,100,000**	**500,000**

Cash payments in lieu of a shortfall in exploration expenditures for a given period may be made by the Company to the Optionor.

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

McKinney Property (continued)

Upon satisfaction of the Option Agreement, the Optionor will retain a 2% net smelter return ("NSR") royalty interest on the property, of which the Company will have the right at any time to repurchase half the NSR (or 1%) for $1,000,000.

Nunavik Lithium Projects

On April 6, 2023, the Company entered into an agreement (the “Nunavik Purchase Agreement”) to acquire 100% of a large-scale land package prospective for spodumene-bearing lithium pegmatites in Northern Quebec’s Nunavik region. The Nunavik Purchase Agreement comprises 3,819 active claims and 21 pending claims covering approximately 172,681 hectares.

The Company purchased these claims from Shawn Ryan and Syndicate in exchange for $1,200,000 in cash, 8,000,000 common shares (Note 9(b)) of the Company with a fair value of $4,640,000 (the “Consideration Shares”) and the grant of a 1% NSR royalty. The Consideration Shares are subject to an escrow arrangement whereby one-third of the Consideration Shares will be released from escrow every six months after the closing of the agreement (“Closing”). The first release date was November 30, 2023.

The Company also paid $8,465 to the Government of Quebec as a registration fee to transfer mining rights. This has been capitalized in the acquisition cost of the property as a necessary cost to acquire the rights to explore.

Lac la Motte Project

In December 2023, the Company entered into a letter of intent (“LOI”) with respect to an option to acquire a 100% undivided interest in and to the mineral claims comprising the Lac la Motte project in the mining area of Abitibi, Quebec, subject to a 1% NSR royalty in favor of the underlying owner. Under the LOI, the Company had an exclusive period of 30 days to conduct due diligence (the “Exclusivity Period”) with a view to negotiating and entering into a definitive agreement. As at December 31, 2023, due diligence work was ongoing. Subsequent to December 31, 2023, the Company decided not to pursue a definitive agreement on the Lac La Motte project (Note 17).

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

A breakdown of the exploration and evaluation expenditures incurred during the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023 $	For the year ended December 31, 2022 $
Nunavik Lithium Projects		
Travel, meals and accommodation	803,397	-
Fuel transportation	446,953	-
Prospecting and mapping	272,645	-
Administration fees	125,089	-
Drilling	124,178	-
Equipment transportation	71,362	-
Field equipment and supplies	64,579	-
Consulting fees	30,328	-
Planning and permitting	14,500	-
Other expenses	13,035	-
Sampling	12,920	-
	1,978,986	-
McKinney Property		
Geological services	-	55,414
Administration fees	-	32,039
Geophysics and geochemistry	-	18,267
BC mining exploration tax credit	(22,476)	-
	(22,476)	105,720
Total	**1,956,510**	**105,720**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		As at December 31, 2023		As at December 31, 2022
Accounts payable	$	465,458	$	56,362
Accrued liabilities		43,825		11,864
	$	**509,283**	**$**	**68,226**

9. SHARE CAPITAL

a) *Authorized*

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

b) *Issued*

For the year ended December 31, 2023, the Company:

On May 31, 2023, issued 8,000,000 common shares (Note 7) with a fair value of $4,640,000 to Shawn Ryan and Syndicate as part of the Nunavik Purchase Agreement for the acquisition of the Nunavik Lithium Projects. These Consideration Shares are subject to an escrow arrangement whereby one-third of the Consideration Shares will be released from escrow every six months after the closing of the agreement, with the first such release date to occur on the date that is six months from closing. The closing date was May 31, 2023.

9. SHARE CAPITAL (CONTINUED)

b) Issued (continued)

During June 2023, upon closing two tranches of a brokered private placement:

(i) Issued 1,037,693 Quebec super flow-through ("SFT") units at a price of $0.65 per SFT unit for gross proceeds of $674,500. Each SFT unit is comprised of one common share in the capital of the Company that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) and one-half of one flow-through common share purchase warrant that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) (each whole flow-through common share purchase warrant, a "Super FT Warrant"), with each Super FT Warrant entitling the holder to purchase one common share in the capital of the Company (a "Super FT Warrant Share") at a price of $0.85 per Super FT Warrant Share for a period of two years after the date of issuance. Upon issuance of these SFT units, the Company recognized a flow-through share premium liability of $155,654 (Note 11);
(ii) Issued 3,637,333 flow-through ("FT") units at a price of $0.60 per FT unit for gross proceeds of $2,182,400. Each FT unit is comprised of one common share in the capital of the Company that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) and one-half of one flow-through common share purchase warrant that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) (each whole flow-through common share purchase warrant, a "FT Warrant"), with each FT Warrant entitling the holder to purchase one common share in the capital of the Company (a "FT Warrant Share") at a price of $0.85 per FT Warrant Share for a period of two years after the date of issuance. Upon issuance of these FT units, the Company recognized a flow-through premium liability of $363,733 (Note 11);
(iii) Issued 7,830,564 non-flow-through ("Non-FT") units at a price of $0.50 per Non-FT unit for gross proceeds of $3,915,282. Each Non-FT unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Non-FT Warrant"), with each Non-FT Warrant entitling the holder to purchase one common share (a "Non-FT Warrant Share") at a price of $0.75 per Non-FT Warrant Share for a period of two years after the date of issuance.

In connection with the two tranches of a brokered private placement, the Company incurred share issuance costs of $459,146 consisting of $325,432 of finder's fees and $133,714 of legal fees. The Company also issued the following broker warrants in connection with the two tranches of the private placement:

(i) 456,839 broker warrants in connection with Non-FT units with a fair value of $168,101. Each broker warrant entitles the holder to purchase one common share at a price of $0.75 per share for a period of two years from the date of issuance;
(ii) 156,825 broker warrants in connection with FT and SFT units with a fair value of $54,908. Each broker warrant entitles the holder to purchase one common share at a price of $0.85 per share for a period of two years from the date of issuance.

On June 27, 2023, issued 250,000 common shares with a fair value of $230,000 to the Optionor in relation to the Option Agreement for the McKinney property (Note 7) to maintain the Option Agreement in good standing.

On October 25, 2023, closed a brokered private placement of 2,152,000 units at a price of $0.50 per unit for gross proceeds of $1,076,000. Each unit is comprised of one common share and one-half of one share purchase warrant with each share purchase warrant entitling the holder to purchase one common share of the Company for $0.65 for a period of two years. In connection with the private placement, the Company incurred share issuance costs of $65,452 consisting of $53,270 of finder's fees and $12,182 of legal fees. The Company also issued 106,540 broker warrants with a fair value of $32,295. Each broker warrant entitles the holder to purchase one common share at a price of $0.65 per share for a period of two years from the date of issuance.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (CONTINUED)

b) Issued (continued)

On November 29, 2023, closed a brokered private placement of 3,335,000 FT units at a price of $0.54 per unit for gross proceeds of $1,800,900. Each FT unit is comprised of one FT share and one-half of one flow-through share purchase warrant with each share purchase warrant entitling the holder to purchase one common share of the Company for $0.75 for a period of two years. In connection with the private placement, the Company incurred share issuance costs of $80,044 consisting of $77,679 of finder's fees and $2,365 of legal fees. The Company also issued 143,850 broker warrants with a fair value of $37,709. Each broker warrant entitles the holder to purchase one common share at a price of $0.75 per share for a period of two years from the date of issuance. Upon issuance of these FT units, the Company recognized a flow-through share premium liability of $150,075 (Note 11).

Fair values of the broker warrants were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	Year ended December 31, 2023	**Year ended December 31, 2022**
Weighted average fair value	$0.34	N/A
Risk-free interest rate	4.17% - 4.73%	N/A
Share price on grant date	$0.495 - $0.87	N/A
Exercise price	$0.65 - $0.85	N/A
Expected volatility	112%-118%	N/A
Expected life (years)	2.00	N/A
Expected dividend yield	N/A	N/A

During the year ended December 31, 2023, 9,475,846 warrants were exercised at $0.10 per share for gross proceeds of $947,585, 768,153 warrants were exercised at $0.15 per share for gross proceeds of $115,223, 85,000 stock options were exercised at $0.10 per share for gross proceeds of $8,500, and 200,000 restricted share rights ("RSRs") were converted into common shares of the Company without payment of additional consideration. As a result of the stock option exercise and the conversion of RSRs, $5,381 and $164,000, respectively, was transferred from reserves to share capital.

As at December 31, 2023, the Company holds 5,514,982 common shares in escrow pursuant to the rules of the CSE.

For the year ended December 31, 2022, the Company:

On January 13, 2022, pursuant to the Amalgamation (Note 1), the Company issued 200,000 common shares with a fair value of $4,000, which was determined with reference to the price of the common shares issued on December 1, 2021.

On January 20, 2022, the Company issued 1,479,979 special warrants at $0.05 per special warrant for gross proceeds of $73,999. Each of the special warrants entitles the holder to acquire one common share in the capital of the Company and one common share purchase warrant ("Warrant") for no additional consideration. Each warrant will be exercisable into a common share for a period of two years at an exercise price of $0.10.

On February 15, 2022, the Company issued 823,021 special warrants at $0.10 per special warrant for gross proceeds of $82,302. Each of the special warrants entitles the holder to acquire one common share in the capital of the Company and one common share purchase warrant for no additional consideration. Each warrant will be exercisable into a common share for a period of two years at an exercise price of $0.15.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (CONTINUED)

b) Issued (continued)

The special warrants issued on January 20, 2022, and February 15, 2022, shall be deemed to have been exercised, for no additional consideration, upon the earlier of:

- The date that is 18 months after issuance; or
- The fifth business day after the date on which the Company obtains a receipt from the applicable securities commission(s) in Canada for a final prospectus qualifying the distribution of the common shares and warrants upon the exercise or deemed exercise of the special warrants.

On June 28, 2022, pursuant to the receipt by the British Columbia Securities Commission of the Company's long form prospectus qualifying the distribution of 2,303,000 units resultant from the conversion of the previously issued special warrants (Note 9(d)), the Company issued 2,303,000 common shares and warrants for no additional consideration. A total of $3,195 in share issuance costs was recorded to share capital in connection with the issuance arising from the conversion of the special warrants and qualification of the common shares.

As at December 31, 2022, the Company held 164,475 common shares in escrow pursuant to the rules of the CSE.

c) *Warrants*

The movement in warrants during the years ended December 31, 2023, and 2022 are summarized as follows:

	Number of warrants	Weighted-average exercise price
Balance, December 31, 2021	8,979,999	$ 0.10
Issued on conversion of special warrants (Note 9(d))[1]	2,303,000	0.12
Balance, December 31, 2022	11,282,999	$ 0.10
Issued	9,860,350	0.76
Exercised	(10,243,999)	0.10
Expired	(889,466)	0.10
Balance, December 31, 2023	**10,009,884**	**$ 0.75**

(1) Issued on June 28, 2022, pursuant to conversion of special warrants (see Note 9(d)); each warrant is exercisable into a common share for a period of two years from the date of issue at an exercise price of $0.10 or $0.15.

The weighted average share price on the date the warrants were exercised during the year ended December 31, 2023, was $0.81 per share.

As of December 31, 2023, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
94,666	$ 0.10	June 28, 2024
54,868	$ 0.15	June 28, 2024
3,162,618	$ 0.75	May 31, 2025
2,076,289	$ 0.85	May 31, 2025
1,209,503	$ 0.75	June 23, 2025
418,050	$ 0.85	June 23, 2025
1,182,540	$ 0.65	October 25, 2025
1,811,350	$ 0.75	November 29, 2025
10,009,884		

As of December 31, 2023, the weighted-average remaining life of the outstanding warrants was 1.55 years (December 31, 2022: 1.04 years).

(Expressed in Canadian dollars)

9. SHARE CAPITAL (CONTINUED)

d) *Special warrants*

The movement in special warrants during the years ended December 31, 2023 and 2022 are summarized as follows:

	Number of special warrants		Weighted average exercise price	Weighted average life remaining
Balance, December 31, 2021	-	$	-	-
Issued(1)	2,303,000	$	-	-
Exercised(1)	(2,303,000)	$	-	-
Balance, December 31, 2022 and 2023	-	$	-	-

(1)The special warrants were converted into common shares for no additional consideration during the year ended December 31, 2022.

e) *Stock options*

On March 27, 2023, the Company issued a new Equity Incentive Plan (the "Plan"), to replace the previous Stock Option Plan dated February 15, 2022. Under the Plan, directors, employees and consultants are eligible to receive stock option grants, Deferred Share Units ("DSUs") and RSRs.

Under the Plan, the exercise price of each stock option is determined by the Board at the time of grant and cannot be less than the price permitted by whichever stock exchange on which the common shares are listed for trading. The CSE requires that the exercise price of stock options must be equal to or greater than the discounted market price (as defined in the policies of the CSE). The Board has the discretion to determine the term (to a maximum of 5 years) and vesting provisions of any stock options granted under the Plan at the time of grant, subject to the policies of the CSE. The maximum number of stock options, DSUs and RSRs under the Plan is limited to 10% of the number of issued and outstanding common shares.

For the year ended December 31, 2023, the Company:

Pursuant to the resignation of an officer of the Company on February 23, 2023, 20,000 stock options were forfeited. During the year ended December 31, 2023, there was a reversal of share-based compensation of $598 (December 31, 2022 - $Nil), in relation to the forfeiture of 20,000 stock options on February 23, 2023.

On June 21, 2023, the Company granted an aggregate of 750,000 stock options with a fair value of $497,109 to a Company controlled by an officer of the Company and to consultants of the Company. Of these stock options, 375,000 vested immediately, with one third of the remaining 375,000 vesting every six months thereafter. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $0.78 per share for a period of five years.

On August 3, 2023, the Company granted 50,000 stock options with a fair value of $40,744 to a consultant of the Company. All of these stock options vested immediately. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $1.01 for a period of five years.

During the year ended December 31, 2023, the Company recognized share-based compensation of $444,746 in relation to stock options vesting during the year.

For the year ended December 31, 2022, the Company:

On February 15, 2022, granted an aggregate of 50,000 stock options with a fair value of $2,640 to certain directors of the Company (Note 10). Each stock option has a 2-year term from the date of the award, vested upon issuance, and is exercisable at a price of $0.10 per common share. However, pursuant to the resignation of one of the recipients, 25,000 stock options were forfeited on August 9, 2022. Share-based compensation of $2,640 was recognized during the year ended December 31, 2022, in relation to the 50,000 stock options granted.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (CONTINUED)

e) *Stock options (continued)*

On August 24, 2022, granted an aggregate of 105,000 stock options with a fair value of $6,648 to certain officers and directors of the Company (Note 10). Each stock option has a 3-year term from the date of the award and is exercisable at a price of $0.10 per common share. Of the 105,000 stock options granted, 45,000 vested immediately and the remaining 60,000 stock options vested in thirds over the course of the nine months following the date of the award. Share-based compensation of $5,601 was recognized during the year ended December 31, 2022, in relation to the 105,000 stock options granted during the year.

The movement in stock options during the years ended December 31, 2023 and 2022, are summarized as follows:

	Number of stock options	Weighted-average exercise price
Balance, December 31, 2021	-	$ -
Granted	155,000	0.10
Forfeited	(25,000)	0.10
Balance, December 31, 2022	130,000	$ 0.10
Granted	800,000	0.79
Exercised	(85,000)	0.10
Forfeited	(20,000)	0.10
Balance, December 31, 2023	**825,000**	**$ 0.77**

The weighted average share price on the date the stock options were exercised during the year ended December 31, 2023, was $0.75 per share.

The following table summarizes information about the stock options outstanding as at December 31, 2023:

Number of stock options outstanding	Number of stock options exercisable	Weighted average exercise price	Weighted average remaining life (years)
25,000	25,000	$0.10	0.13
750,000	500,000	$0.78	4.48
50,000	50,000	$1.01	4.59
825,000	575,000	$0.77	4.35

Fair values of the stock options granted were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	Year ended December 31, 2023	Year ended December 31, 2022
Weighted average fair value	$0.67	$0.06
Risk-free interest rate	3.74% - 4.04%	1.55% - 3.44%
Share price on grant date	$0.82 - $1.01	$0.10
Exercise price	$0.78 - $1.01	$0.10
Expected volatility	111%	100%
Expected life (years)	5.00	2.00 - 3.00
Expected dividend yield	N/A	N/A

f) *Restricted share rights*

In accordance with the Plan (Note 9(e)), the Company has the right to grant to its directors, employees and consultants, the right to receive any number of fully paid and non-assessable RSRs as discretionary payment in consideration for past services to the Company or as an incentive for future services, as determined appropriate by the Board.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (CONTINUED)

f) *Restricted share rights (continued)*

On June 21, 2023, the Company granted an aggregate of 320,000 RSRs to a company controlled by an officer and a consultant of the Company. All RSRs vest immediately. During the year ended December 31, 2023, share-based compensation of $262,400 (December 31, 2022 - $Nil) was recognized in relation to these RSRs based on the fair value of the Company's common shares at the grant date.

On December 4, 2023, 200,000 of the RSRs that were held by a company controlled by an officer of the Company (Note 10) were converted to common shares in the Company. This resulted in $164,000 being transferred from reserves to share capital.

RSR transactions are summarized as follows:

	Outstanding
Balance, December 31, 2021 and 2022	-
Granted	320,000
Converted to common shares	(200,000)
Balance, December 31, 2023 (1)	**120,000**

(1) As at December 31, 2023, all outstanding RSRs are fully vested.

10. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

All related party transactions are 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 related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured, and have no fixed terms of repayments.

Related party transactions with management personnel and former management personnel and companies controlled by management personnel include the following:

	For the year ended December 31, 2023 $	**For the year ended December 31, 2022 $**
Management fees (1)	65,912	2,500
Share-based compensation (2)	354,595	4,018
Total	420,507	6,518

(1) Management fees were paid to a Company controlled by the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and the former CFO.
(2) Share-based compensation was issued to a Company controlled by the CEO and the former CFO.

Related party transactions with directors and former directors include the following:

	For the year ended December 31, 2023 $	**For the year ended December 31, 2022 $**
Consulting fees (1)	30,581	-
Share-based compensation (2)	-	4,223
Total	30,581	4,223

(1) Consulting fees were paid to a director of the Company.
(2) Share-based compensation was issued to a director and a former director of the Company.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (CONTINUED)

Other related party transactions and balances owing to related parties during the years ended December 31, 2023, and 2022 include the following:

On December 4, 2023, 200,000 RSRs held by a company controlled by an officer of the Company were converted into 200,000 common shares of the Company.

On June 28, 2022, directors and officers of the Company purchased an aggregate of 60,000 special warrants of the Company for gross proceeds of $3,000, which were converted to 60,000 common shares and 60,000 warrants during the year ended December 31, 2022 (Note 9(d)).

As at December 31, 2023, $3,150 in consulting fees (December 31, 2022 - $Nil) was due to related parties and included in accounts payable and accrued liabilities.

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

Balance, December 31, 2021 and 2022	**$**	**-**
Flow-through share premium liability at issuance		669,462
Flow-through share premium recovery		(230,571)
Balance, December 31, 2023	**$**	**438,891**

During June 2023, the Company closed two tranches of a brokered private placement, issuing 1,037,693 SFT units at a price of $0.65 per unit for gross proceeds of $674,500 and 3,637,333 FT units at a price of $0.60 per unit for gross proceeds of $2,182,400 (Note 9(b)). The SFT units were issued at a premium of $0.15 per SFT unit and the FT units were issued at a premium of $0.10 per FT unit. The premium was determined based on the difference between the price of the SFT and FT units and the price of the Non-FT units which were issued at the same time at $0.50 per Non-FT unit. Upon closing of the private placement, the Company recognized an aggregate flow-through share premium liability of $519,387, representing the Company's obligation to spend the $2,856,900 on eligible expenditures.

During November 2023, the Company closed a brokered private placement, issuing 3,335,000 FT units at a price of $0.54 per unit for gross proceeds of $1,800,900 (Note 9(b)). The FT units were issued at a premium of $0.045 per FT unit. The premium was determined based on the difference between the price of the FT units and the adjusted closing market value of the Company's common shares on the date of issuance, which was $0.0495 per common share. Upon closing of the private placement, the Company recognized a flow-through share premium liability of $150,075, representing the Company's obligation to spend the $1,800,900 on eligible expenditures.

During the year ended December 31, 2023, the Company incurred $1,604,202 of eligible expenditures resulting in recognition of flow-through share premium recovery in the consolidated statement of loss and comprehensive loss of $230,571 (December 31, 2022 – $Nil). The eligible expenditures of $1,604,202 include the total exploration and evaluation expenditures during the year of $1,978,986, offset by a Quebec Mining tax credit of $374,784. As this tax credit has not yet been claimed by the Company and as such, collection cannot be reasonably assured, it has not been recognized in these consolidated financial statements. As at December 31, 2023, the Company has a flow-through share premium liability of $438,891 (December 31, 2022 – $Nil). As at December 31, 2023, the Company has a remaining obligation to spend $3,053,598 in eligible expenditures to fulfill the flow-through requirements.

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the year ended December 31, 2023		For the year ended December 31, 2022	
Shares issued for acquisition of Nunavik Lithium Projects	$	4,640,000	$	-
Broker warrants issued	$	293,013	$	-
Shares issued for McKinney Option Agreement	$	230,000	$	-
Fair value of converted RSRs transferred to share capital	$	164,000	$	-
Share issuance costs in accounts payable and accrued liabilities	$	14,547	$	-
Fair value of exercised stock options transferred to share capital	$	5,381	$	-

(Expressed in Canadian dollars)

13. INCOME TAXES

a) Provision for income taxes:

A reconciliation of income taxes at statutory rates is as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	$	$
Loss before income taxes	(6,060,496)	(189,610)
Combined federal and provincial income tax rate	27%	27%
Expected income tax recovery	(1,636,334)	(51,195)
Non-deductible expenditures	196,185	3,305
Share issuance costs	(163,253)	(863)
Flow-through expenditures incurred	433,135	-
Flow-through share premium recovery	(62,254)	-
Benefit not recognized and other	1,232,521	48,753
Income tax expense	-	-

b) Deferred income taxes are provided as a result of temporary differences that arise due to differences between the income tax values and the carrying amounts of assets and liabilities. Deferred tax assets have not been recognized in respect of the following temporary difference:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	$	$
Non-capital losses carried forward	1,027,740	49,417
Share issuance costs	131,120	690
Exploration and evaluation assets	123,768	-
	1,282,628	50,107
Unrecognized deferred tax assets	(1,282,628)	(50,107)
Net deferred tax assets	-	-

There are no income taxes owed by the Company at December 31, 2023.

As at December 31, 2023, the Company had available for deduction against future taxable income in Canada, non-capital losses of approximately $3,806,446, expiring between 2041 and 2043.

14. SEGMENT INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company undertakes administrative activities in Canada and is engaged in the acquisition and potential exploration and evaluation of mineral property interests. The Company's operations are in one geographic and only one commercial segment.

The net loss for the year ended December 31, 2023, and the total assets attributable to the geographical locations, as at December 31, 2023, relate only to operations in Canada.

15. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's financial instruments consist of cash and cash equivalents, other receivables excluding sales taxes, and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

The financial instrument which potentially subjects the Company to concentration of credit risk is cash and cash equivalents. As at December 31, 2023, the balance of cash and cash equivalents was $2,599,427, comprised of $1,599,427 held on deposit and $1,000,000 held in a GIC. The Company has not experienced any losses in such amounts and believes it is not exposed to any significant risks on its cash and cash equivalents.

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 manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash and cash equivalents. In the long term, the Company may have to issue additional shares to ensure there is sufficient capital to meet long term objectives.

The Company's financial liabilities of accounts payable and accrued liabilities are payable without repayment terms and are to be funded from cash provided by private placement financings.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Company does not hold any variable rate debt or investments in publicly traded securities as at December 31, 2023. The interest earned on cash and cash equivalents is insignificant and the Company does not rely on interest to fund its operations. As a result, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. As at December 31, 2023, the Company is not exposed to significant foreign currency risk.

c) 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. The Company closely monitors those prices to determine the appropriate course of action.

16. MANAGEMENT OF CAPITAL RISK

The Company relies upon management to manage capital in order to accomplish the objective of safeguarding the Company's ability to continue as a going concern and actively commence operations on the Nunavik Lithium Projects and McKinney property, continue to satisfy the terms of the Option Agreement, and maintain a capital structure which optimizes the costs of capital at an acceptable risk. The Company's current capital consists of equity funding through private issuances of common shares. As the Company is currently in the exploration phase none of its financial instruments are exposed to commodity price risk; however, the Company's ability to obtain long-term financing and its economic viability may be affected by commodity price volatility. There have been no changes to the Company's policies around the management of its capital requirements for the year ended December 31, 2023.

17. SUBSEQUENT EVENTS

On January 12, 2024, the Company entered into an amending agreement to update the Exclusivity Period for the Lac La Motte project to end on February 15, 2024 (Note 7). Subsequent to December 31, 2023, the Company decided to not pursue a definitive agreement for the Lac La Motte project.