REFLEX | ADVANCED MATERIALS

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Reflex Advanced Materials Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Reflex Advanced Materials Corp. (the "Company"), which comprise the statement of financial position as at January 31, 2024, and the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, 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 January 31, 2024 and its financial performance and its cash flows for the year 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.

Other Matter

The consolidated financial statements of the Company for the year ended January 31, 2023 were audited by another auditor who expressed an unqualified opinion on those statements on May 31, 2023.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended January 31, 2024 and has an accumulated deficit as of January 31, 2024. The Company does not generate cash flow from operations to fund its exploration activities and its ability to continue as a going concern is dependent upon the issuance of securities for financing. 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 are the following key audit matters to communicate in our auditor's report.

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of the Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
Refer to note 4a. – Accounting policy for Exploration and evaluation assets, note 4l. – Use of estimates and judgments and note 6 Exploration and evaluation assets and expenses	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 the 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 assets. • Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

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
May 30, 2024

Reflex Advanced Materials Corp. (Formerly Freedom Battery Metals Inc.)

Consolidated Statements of Financial Position

As at January 31, 2024 and 2023

In Canadian Dollars, unless noted

As at	Notes	January 31, 2024	January 31, 2023
		$	**$**
ASSETS			
Cash		65,100	435,171
Accounts receivable		118,452	35,579
Prepaid expenses	**5**	15,188	266,697
TOTAL CURRENT ASSETS		**198,740**	**737,447**
Reclamation deposits	**6**	265,309	-
Exploration and evaluation assets	**6, 8**	1,604,920	1,559,128
Investments	**7**	800,000	-
TOTAL ASSETS		**2,868,969**	**2,296,575**
LIABILITIES			
Accounts payable and accrued liabilities	**9**	341,739	143,910
TOTAL LIABILITIES		**341,739**	**143,910**
SHAREHOLDERS' EQUITY			
Share capital	**8**	10,226,919	2,889,021
Share subscription		-	340,000
Reserves	**8**	884,722	1,173,093
Deficit		(8,584,411)	(2,249,449)
TOTAL SHAREHOLDERS' EQUITY		**2,527,230**	**2,152,665**
TOTAL LIABILITIES AND EQUITY		**2,868,969**	**2,296,575**

Nature of Operations (Note 1) and Subsequent Events (Notes 6b) and 12)

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

Approved on behalf of the Board of Directors:

"Paul Gorman" Director

"David Bowen" Director

Reflex Advanced Materials Corp. (Formerly Freedom Battery Metals Inc.)
Consolidated Statements of Net Loss and Comprehensive Loss
For the Years Ended January 31, 2024 and 2023
In Canadian Dollars, unless noted

For the Year Ended January 31,	Notes	2024	2023
		$	$
EXPENSES			
Advertising and marketing		2,086,300	308,879
Consulting fees	**9**	474,764	269,170
Director fees	**9**	36,000	9,000
Exploration and evaluation costs	**6, 9**	3,312,478	208,997
Filing fees		47,387	72,533
Office and miscellaneous		73,245	39,958
Professional fees		258,017	138,042
Share-based compensation	**8**	634,594	1,173,093
Foreign exchange loss		14,105	-
		(6,936,890)	**(2,219,672)**
OTHER INCOME			
Gain on asset disposition	**6**	(601,928)	-
NET AND COMPREHENSIVE LOSS		**(6,334,962)**	**(2,219,672)**
Loss per share, basic and diluted		(0.13)	(0.10)
Weighted average number of common shares outstanding – Basic and diluted		48,842,704	22,937,207

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

Reflex Advanced Materials Corp. (Formerly Freedom Battery Metals Inc.)

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended January 31, 2024 and 2023

In Canadian Dollars, unless noted

	Common Shares	Share Capital	Share Subscription	Reserves	Deficit	Total Equity
	Number (#)	$	$	$	$	$
Balance, January 31, 2022	**15,700,100**	**409,604**	**192,167**	**-**	**(29,777)**	**571,994**
Shares issued - private placement - special warrants (Note 8)	2,945,666	294,567	(192,167)	-	-	102,400
Shares issued - private placement - $0.105 (Note 8)	9,700,000	1,018,500	-	-	-	1,018,500
Shares issued - Ruby Graphite Property (Note 6)	2,750,000	1,124,750	-	-	-	1,124,750
Shares issued - Zig-Zag Lithium Property (Note 6)	25,000	10,750	-	-	-	10,750
Share issuance costs (Note 8)	-	(2,175)	-	-	-	(2,175)
Exercise of warrants (Note 8)	174,500	33,025	-	-	-	33,025
Share subscriptions	-	-	340,000	-	-	340,000
Share-based compensation (Note 8)	-	-	-	1,173,093	-	1,173,093
Net and comprehensive loss for the year	-	-	-	-	(2,219,672)	(2,219,672)
Balance, January 31, 2023	**31,295,266**	**2,889,021**	**340,000**	**1,173,093**	**(2,249,449)**	**2,152,665**
Balance, January 31, 2023	**31,295,266**	**2,889,021**	**340,000**	**1,173,093**	**(2,249,449)**	**2,152,665**
Shares issued – private placement - $0.40 (Note 8)	10,000,000	4,000,000	(340,000)	-	-	3,660,000
Shares issued – private placement - $0.55 (Note 8)	454,545	250,000	-	-	-	250,000
Shares issued – private placement - $0.20 (Note 8)	4,850,000	952,500	-	17,500	-	970,000
Shares issued – private placement - $0.10 (Note 8)	5,750,000	575,000	-	-	-	575,000
Shares issued for exploration and evaluation assets (Note 6)	400,000	128,500	-	-	-	128,500
Share issuance costs (Note 8)	-	(551,180)	-	303,285	-	(247,895)
Exercise of warrants (Note 8)	5,461,358	739,328	-	-	-	739,328
Exercise of restricted share units (Note 8)	2,750,000	1,243,750	-	(1,243,750)	-	-
Share-based compensation (Note 8)	-	-	-	634,594	-	634,594
Net and comprehensive loss for the year	-	-	-	-	(6,334,962)	(6,334,962)
Balance, January 31, 2024	**60,961,169**	**10,226,919**	**-**	**884,722**	**(8,584,411)**	**2,527,230**

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

Reflex Advanced Materials Corp. (Formerly Freedom Battery Metals Inc.)

Consolidated Statements of Cash Flows

For the Years Ended January 31, 2024 and 2023

In Canadian Dollars, unless noted

For the Year Ended January 31,	Note	2024	2023
		$	$
OPERATING ACTIVITIES			
Net loss for the year		**(6,334,962)**	**(2,219,672)**
Items not affecting cash			
Share-based compensation	**8**	634,594	1,173,093
Gain on asset disposition	**6**	(601,928)	-
Net changes in non-cash working capital items:			
Accounts receivable		(82,873)	(31,081)
Prepaid expenses		251,509	(266,697)
Accounts payable and accrued liabilities		197,829	138,670
Cash used in operating activities		**(5,935,831)**	**(1,205,687)**
INVESTING ACTIVITIES			
Property option agreement payments	**6**	(260,542)	(354,628)
Reclamation deposits		(265,309)	-
Investments	**7**	(200,000)	-
Proceeds on asset disposition	**6**	345,178	-
Cash used in investing activities		**(380,673)**	**(354,628)**
FINANCING ACTIVITIES			
Proceeds from issuance of shares	**8**	5,455,000	1,120,900
Proceeds from exercise of warrants	**8**	739,328	33,025
Proceeds from subscriptions received		-	340,000
Share issuance costs	**8**	(247,895)	(2,175)
Cash received from financing activities		**5,946,433**	**1,491,750**
Net change in cash		(370,071)	(68,565)
Cash, beginning of year		435,171	503,736
Cash, end of year		**65,100**	**435,171**
Supplemental cash flow information			
Shares issued for mineral property acquisition	**6**	128,500	1,135,500
Shares received on asset disposition	**6, 7**	600,000	-

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

1. NATURE OF OPERATIONS

Freedom Battery Metals Inc. (the "Company") was incorporated under the *BC Business Corporations Act* on June 10, 2021. The principal business of the Company is the acquisition, exploration and evaluation of resource properties. The Company's registered and records office and principal place of business is 2501 – 550 Burrard Street, Bentall 5, Vancouver, BC, V6C 2B5.

On July 25, 2022, the Company obtained a receipt for its final long form prospectus (the "Prospectus") from the British Columbia Securities Commission, Alberta Securities Commission, Manitoba Securities Commission and Ontario Securities Commission. The Prospectus qualified the distribution of 2,945,666 common shares and 2,945,666 common share purchase warrants of the Company upon the exercise of 2,945,666 issued and outstanding special warrants. On August 3, 2022, the Company's common shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol "FBAT" and the Company's special warrants were converted into 2,945,666 common shares and 2,945,666 common share purchase warrants.

On October 7, 2022, the Company changed its name to "Reflex Advanced Materials Corp." and changed its stock trading symbol from "FBAT" to "RFLX". The purpose of the name change was to emphasize that both lithium and graphite are used in more applications than batteries alone.

These consolidated financial statements (the "financial statements") were approved by the Board of Directors on May 30, 2024.

2. GOING CONCERN

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss of $6,334,962 (2023 - $2,219,672) during the year ended January 31, 2024 and has an accumulated deficit of $8,584,411 as of January 31, 2024 (2023 - $2,249,449). The Company does not generate cash flow from operations to fund its exploration activities and has therefore relied upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its future operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future.

These events and conditions create a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments may be required to the carrying value of assets and liabilities and the statement of financial position classifications used. These financial statements do not include any adjustments that may arise should the Company be unable to continue as a going concern.

3. BASIS OF PRESENTATION

a. Statement of compliance

These financial statements have been prepared under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements, unless otherwise indicated, are expressed in Canadian dollars, which is the Company's and its subsidiaries functional currency.

b. Basis of presentation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value as detailed in the accounting policies disclosed in Note 4 of these financial statements. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c. Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian and Montana subsidiaries, 1377838 B.C. Ltd. ("Subco") and Reflex Advanced Montana LLC. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.

d. Foreign Currencies

The Company's functional and presentation currency is the Canadian dollar.

Monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the date of the statement of financial position.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

4. MATERIAL ACCOUNTING POLICY INFORMATION

a. Exploration and evaluation assets

i. Exploration and evaluation

Staking costs, property option payments, and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as intangible assets, whereas exploration and evaluation expenditures are recognized as an expense as they are incurred. Exploration and evaluation expenditures include costs of conducting geological and geophysical surveys, equipment rental, geochemical analysis, mapping and interpretation, and costs to obtain legal rights to explore an area.

Management reviews the carrying value of capitalized exploration costs annually. This review is based on the Company's intentions for development of the undeveloped property.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

ii. Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mineral property acquisition and development costs. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development expenditures are net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

iii. Impairment

The carrying value of all categories of exploration and evaluation assets are reviewed at least annually by management for impairment indicators. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash-generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs.

Once calculated, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Impairment losses are recognized in other expenses. Assumptions, such as commodity prices, discount rate, and expenditures underlying the fair value estimates are subject to risk uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior reporting periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

iv. Provision for environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight-line method.

The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

b. Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchase the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to common shares based on the market trading price of the common shares at the time the flow-through shares are issued, and any excess is allocated to flow-through premium liability.

At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows:

- Capital stock – the market trading price of the common share;
- Warrant reserve – based on the valuation derived using the Black-Scholes option pricing model; and
- Flow-through premium – any excess, recorded as a liability.

Thereafter, as qualifying resource expenditures are incurred, these costs are expensed as exploration and evaluation expenses and the flow-through premium, if any, is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule in accordance with Government of Canada flow-through regulations. When applicable, this flow-through share tax expense is accrued and recorded in profit or loss.

c. Mining exploration tax recoveries

The Company recognizes mining exploration tax recoveries in the period in which there is reasonable expectation, based on management's estimate, of receiving a refund. The amount of tax credit receivable is subject to review and approval by the taxation authorities and is adjusted for in the period when such approval is confirmed.

d. Financial instruments

i. Financial assets

Initial recognition and measurement

The Company recognizes a financial asset when it becomes party to the contractual provisions of the instrument. A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are carried in the statement of financial position at fair value with changes in fair value therein, included in other comprehensive income. The Company has no financial assets classified as fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in the statement of loss and comprehensive loss. The Company classifies cash and investments as fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset measured at amortized cost is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if necessary. The Company has no financial assets classified as amortized cost.

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 profit or 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

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

- The contractual rights to receive cash flows from the financial asset have expired; or
- The Company has transferred substantially all the risks and rewards of the financial asset.

ii. Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Financial liabilities at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method. The Company's accounts payable and accrued liabilities are measured at amortized cost.

Financial liabilities at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises. The Company has no financial liabilities classified as fair value through profit or loss.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

iii. Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy is cash. The Company's financial instruments classified as Level 3 in the fair value hierarchy are its investments.

e. Investments

The Company holds investments in certain private companies. The Company recognizes its investments upon initial recognition at fair value, with any subsequent changes in value recognized through profit and loss.

As the Company's investments are held in private companies, the Company classifies them as Level 3 in the fair value hierarchy.

f. Common shares

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

g. Equity units

The proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated first to share capital up to the fair value of the common share, determined by reference to the quoted market price of the common shares on the issuance date, with the residual amount of proceeds, if any, allocated to the reserve for warrants.

h. Restricted share units

The fair value of the restricted share units ("RSU") is recognized over the vesting periods based on the volume weighted average trading price of the Company's common shares for the five trading days immediately preceding the grant date. Costs recognized when the RSU vest are charged to share-based payment with the corresponding equity recorded as reserves. When the RSU are settled in shares, recorded fair value is transferred from reserves to share capital. For cash settled RSU, the fair value of the RSU is recognized as share-based payment expense, with a corresponding increase in accrued liabilities over the vesting period. The amount recognized as an expense is based on the estimate of the number of RSUs expected to vest. Cash settled RSU are measured at their fair value at each reporting period on a mark-to-market basis. Upon vesting of the cash settled RSU, the liability is reduced by the cash payout.

i. Share-based payments

The Company has a stock option plan that is described in Note 8 and grants share options to acquire common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments granted. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued as calculated using the Black-Scholes option pricing model. The offset to the recorded expense is to reserves. Consideration received on the exercise of stock options is recorded as share capital and the recorded amount in reserves is transferred to share capital.

j. Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

k. Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets, as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted rates. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

l. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant areas requiring the use of management’s judgments include:

Going concern

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

In Canadian Dollars, unless noted

Recoverability of mineral properties

The application of the Company's accounting policy for mineral properties requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Business combinations or asset acquisitions

At the time of acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets is acquired. More specifically, consideration is given to the extent to which significant processes are acquired.

When the acquisition does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Control

At the time of acquisition, the Company assesses whether it has control over the acquiree. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Where control exists, the Company consolidates the results of the acquired entity.

Significant areas requiring the use of management estimates include:

Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share purchase options and share purchase warrants issued as finders fees. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Valuation of privately held investments

The Company determines the value of its privately held investments with reference to the underlying entities financial information, including but not limited to share prices established through recent private placements, and other financial information readily available.

5. PREPAID EXPENSES

As at January 31, 2024 the Company has $15,188 (2023 - $266,697) in prepaid expenses and consists of the following:

	January 31, 2024	January 31, 2023
	$	$
Marketing and advertising	-	252,388
Filing fees	15,188	14,309
Total	**15,188**	**266,697**

In Canadian Dollars, unless noted

6. EXPLORATION AND EVALUATION ASSETS AND EXPENSES

The following table summarizes the Company's exploration and evaluation assets by property at January 31, 2024 and 2023:

	Zig-Zag Lithium	Ruby Graphite	Total
	$	**$**	**$**
Balance, January 31, 2022	**69,000**	**-**	**69,000**
Option agreement – cash	60,000	294,628	354,628
Option agreement – share issuance	10,750	1,124,750	1,135,500
Balance, January 31, 2023	**139,750**	**1,419,378**	**1,559,128**
Balance, January 31, 2023	**139,750**	**1,419,378**	**1,559,128**
Option agreement – cash	125,000	135,542	260,542
Option agreement – share issuance	78,500	50,000	128,500
Dispositions	(343,250)	-	(343,250)
Balance, January 31, 2024	**-**	**1,604,920**	**1,604,920**

The following tables summarize the Company's exploration and evaluation expenses by property and type of expense, for the years ended January 31, 2024 and 2023:

	Zig-Zag Lithium	Ruby Graphite	Total
	$	**$**	**$**
Geophysics and geology	**-**	208,997	208,997
Balance, January 31, 2023	**-**	**208,997**	**208,997**
Geophysics and geology	91,341	789,074	880,415
Drilling	-	1,282,050	1,282,050
Metallurgical	-	295,799	295,799
Analysis and reporting	163,837	-	163,837
Project management and equipment	-	690,377	690,377
Balance, January 31, 2024	**255,178**	**3,057,300**	**3,312,478**

a) Zig-Zag Lithium Property, Ontario, Canada

On September 1, 2021, the Company entered into an option agreement with Alex Pleson (a related party), ("Optionor") to acquire a 100% interest in the Zig-Zag Lithium Property ("Zig-Zag") by paying consideration of $250,000 in cash, agreeing to incur at least $310,000 in expenditures on the Zig-Zag Property, and issue 500,000 Shares to the Optionor. The Property Agreement was negotiated on an arm's length basis, as the Optionor was not a director when the Property Agreement was entered into on September 1, 2021. The Optionor is now a director of the Company, having been appointed to the Board on September 21, 2021.

Pursuant to the Zig-Zag option agreement, the Company had the option to acquire a 100% interest in the Zig-Zag Lithium Property, in consideration for completing a series of cash payments, common share issuances and exploration expenditures commitments, in accordance with the following schedule:

In Canadian Dollars, unless noted

Milestones	Cash Payments	Common Shares Issuances	Annual Exploration Expenditures	Met
Within five (5) days following the "Effective Date" (September 1, 2021)	$65,000	200,000 common shares	-	**Yes**
Within five (5) days following receipt of the final technical report, prepared in accordance with the appropriate National Instrument standards (NI 43-101F1)	$60,000	-	-	**Yes**
On or before the first anniversary of the date upon which the Company's shares are listed for trading on any stock exchange in Canada.	$50,000	100,000 common shares	$110,000(1)	**Yes**
On or before the second anniversary of the date upon which the Company's shares are listed for trading on any stock exchange in Canada.	$75,000	200,000 common shares	$200,000	**Yes**
Total	**$250,000**	**500,000 common shares**	**$310,000**	

Note:

(1) The Company received an extension from the Optionor to extend the annual exploration expenditures required in the first year to the second year. The total exploration expenditures remain at $310,000.

During the year ended January 31, 2024, the Company fulfilled the option agreement and acquired its 100% interest in Zig-Zag by making cash payments of $125,000 and issuing 300,000 common shares, valued at $78,500.

On January 8, 2024, the Company sold its 100% interest in Zig-Zag to Integral Metals Corp. ("Integral Metals"), a related party due to a common officer. Total consideration of $945,178, comprising of $345,178 cash (net of $54,822 of remaining exploration expenditures requirement), and 1,000,000 common shares of Integral Metals, was received by the Company, resulting in a gain on disposition of $601,928.

b) Ruby Graphite Property, Montana, USA

On October 7, 2022, pursuant to a securities exchange agreement (the "Agreement"), among the Company, Broadstone Resources Inc. ("Broadstone") and a subsidiary of Broadstone ("Subco"), The Company acquired all the issued and outstanding shares of Subco in consideration for the issuance of 2,750,000 common shares of the Company (the "Consideration Shares") to Broadstone and cash consideration of $294,628 (the "Acquisition").

The Acquisition is considered to be outside the scope of IFRS 3 Business Combinations since Subco does not meet the definition of a business for accounting purposes, as such the Acquisition was accounted for as an asset acquisition. The Acquisition of Subco is accounted for considering IFRS 2 Share Based Payment, whereby the Company is deemed to have issued shares in exchange for the net assets of Subco. As a result, the Acquisition has been measured at the market value of the Company's shares issued, being the more reliable measure of fair value. The total share and cash purchase consideration of $1,419,378 were allocated to exploration and evaluation assets. Subco holds an option to acquire a 100% interest in the Ruby Graphite project (the "Ruby Option"), a project area covering approximately 2,000 acres and 96 federal lode mining claims located in Beaverhead County, Montana, U.S.A.

Pursuant to the Ruby Option, the Company has the option to acquire a 100% interest in the Ruby Graphite Property, in consideration for completing a series of cash payments, common share issuances and exploration expenditures commitments, in accordance with the following schedule:

Milestones	Cash Payments (US$)	Common Shares Issuances	Annual Exploration Expenditures (US$)	Met
April 7, 2023	$100,000	100,000 common shares	$125,000	**Yes**
April 7, 2024	-	-	$200,000	**Yes**
April 14, 2024	$100,000	100,000 common shares	-	**Yes**
April 7, 2025	$200,000	-	$250,000	**No**
April 7, 2026	$300,000	-	$250,000	**No**
April 7, 2027	$300,000	-	$250,000	**No**
April 7, 2028	-	-	$250,000	**No**

In Canadian Dollars, unless noted

Identification by a QP of a mineral resource of 500,000 tonnes of graphite on the Property (proven, indicated or inferred)	-	300,000 common shares	-	**No**
Receipt of a favorable economic valuation (positive PFS)	-	300,000 common shares	-	**No**
Receipt of a bulk sampling permit from BLM that is supported by the Montana Department of Environment Quality	-	300,000 common shares	-	**No**
Commencement of Commercial Production	$3,000,000	-	-	**No**
Total	**$4,000,000**	**1,100,000 common shares**	**$1,325,000**	

Upon the exercise of the Ruby Option, the optionor will retain a 2.0% net smelter returns royalty ("NSR") on the property. The Company will retain the right to purchase 1.0% of the NSR, at any time, at a cost of $3,000,000.

A portion of the property is also subject to a separate underlying 3.0% NSR, of which 1.5% can be purchased by the optionor, at any time, at a cost of $1,500,000.

During the year ended January 31, 2024, the Company made cash payments of US$100,000 (CA$135,542) (2023 - $nil) and issued 100,000 common shares, valued at $50,000 (2023 – nil), in connection with the Ruby option agreement.

During the year ended January 31, 2024, the Company paid a $265,309 (US$199,762) deposit to the United States Office of Environmental Quality ("DEQ"), which is a requirement to obtain drilling permits. The amounts will be returnable to the Company upon completion of drilling activities and approval of closure of the drilling site.

7. INVESTMENTS

The Company's investment balance comprises the following private company investments:

	January 31, 2024	January 31, 2023
	$	**$**
Bio Graphene Solutions Inc.	200,000	-
Integral Metals Corp.	600,000	-
Total	**800,000**	**-**

a) Bio Graphene Solutions Inc.

On April 1, 2023, the Company entered into a subscription agreement to make a strategic investment in Bio Graphene Solutions Inc. ("BGS") by purchasing 571,428 common shares of BGS for $200,000.

The investment in BGS was recorded at fair value on the statement of financial position, with changes in fair value being recorded through the statement of loss.

b) Integral Metals Corp.

On January 8, 2024, the Company entered into an agreement with Integral Metals Corp. ("Integral Metals"), to sell its 100% interest in Zig-Zag for consideration of $400,000 cash and 1,000,000 common shares of Integral Metals, valued at $600,000.

As Integral Metals is a private company, their common shares were valued on the transaction date based upon its last private placement offering.

The investment in Integral Metals was recorded at fair value on the statement of financial position, with changes in fair value being recorded through the statement of loss.

Subsequent to January 31, 2024, Reflex's CFO was appointed as an officer of Integral Metals.

8. SHAREHOLDERS' EQUITY

(a) Authorized and Issued Share Capital

Unlimited number of common shares without par value. At January 31, 2024, the Company had 60,961,169 common shares outstanding.

i) Year-ended January 31, 2024

On February 8, 2023, the Company closed a non-brokered private placement for aggregate gross proceeds of approximately $4,250,000. Pursuant to the private placement, the Company issued 10,000,000 non-flow through units at a price of $0.40 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.40 until February 8, 2025.

On February 8, 2023, the Company also issued 454,545 flow-through units pursuant to the private placement at a price of $0.55 per flow-through unit. Each flow-through unit consists of one flow-through share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.65 until February 8, 2025. There was no residual value allocated to the flow-through obligation, as the shares were issued at a discount to the market share price at the date of issuance.

In connection with closing of the February 8, 2023 private placement, the Company paid finder's fees in the aggregate of $203,095 in cash and issued 533,987 finder's warrants, fair valued at $285,693. Each finder's warrant is exercisable into one common share at an exercise price of $0.55 until February 8, 2025.

On October 13, 2023, the Company closed a non-brokered private placement for aggregate gross proceeds of approximately $410,000. Pursuant to the private placement, the Company issued 2,050,000 non-flow through units at a price of $0.20 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.35 until October 13, 2025. The Company paid finder's fees in the aggregate of $8,000 in cash and issued 40,000 finder's warrants, fair valued at $3,659. Each finder's warrant is exercisable into one common share at an exercise price of $0.35 until October 13, 2025. Using the residual method, 100% of the proceeds were allocated to the value of the common shares, as their fair value at the time of issuance was in excess of total proceeds. As a result, the fair value of the warrants is $nil.

On October 18, 2023, the Company closed a non-brokered private placement for aggregate gross proceeds of approximately $460,000. Pursuant to the private placement, the Company issued 2,300,000 non-flow through units at a price of $0.20 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.35 until October 18, 2025. The Company paid finder's fees in the aggregate of $36,800 in cash and issued 164,000 finder's warrants, fair valued at $13,933. Each finder's warrant is exercisable into one common share at an exercise price of $0.35 until October 18, 2025. Using the residual method, 100% of the proceeds were allocated to the value of the common shares, as their fair value at the time of issuance was in excess of total proceeds. As a result, the fair value of the warrants is $nil.

On November 17, 2023, the Company closed a non-brokered private placement for aggregate gross proceeds of $100,000. Pursuant to the private placement, the Company issued 500,000 units at a price of $0.20 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.35 until November 17, 2025. Using the residual method, $82,500 of the proceeds were allocated to the value of the common shares and $17,500 was allocated to the fair value of the warrants.

On January 8, 2024, the Company closed a non-brokered private placement for aggregate gross proceeds of $575,000. Pursuant to the private placement, the Company issued 5,750,000 units at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.15 until January 4, 2026. Using the residual method, 100% of the proceeds were allocated to the value of the common shares, as their fair value at the time of issuance was in excess of total proceeds. As a result, the fair value of the warrants is $nil.

In Canadian Dollars, unless noted

During the year ended January 31, 2024, the Company issued 100,000 common shares valued at $50,000 in connection with the Ruby option agreement (Note 6) and 300,000 common shares valued at $78,500 in connection with the Zig-Zag property option agreement (Note 6).

During the year ended January 31, 2024, 5,461,358 warrants were exercised, for total cash proceeds of $739,328. In addition, 2,750,000 restricted share units were exercised for 2,750,000 common shares of the Company.

ii) Year-ended January 31, 2023

On April 22, 2022, the Company completed a non-brokered private placement financing raising aggregate gross proceeds of $294,567 by the issuance of 2,945,666 special warrants at $0.10 per special warrant. Each special warrant is convertible into one unit of the Company at any time for no additional consideration. Each unit comprises one common share and one whole share purchase warrant. Each warrant will be exercisable for a period of two years from the date the Company's common shares commence trading on the Canadian Securities Exchange, at an exercise price of $0.20. The Company received $192,167 in subscription funds related to this private placement prior to January 31, 2022.

On August 3, 2022, the Company's common shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol "FBAT" and the Company's special warrants were converted into 2,945,666 common shares and 2,945,666 common share purchase warrants. Using the residual method, 100% of the proceeds were allocated to the value of the common shares, as their fair value at the time of issuance was in excess of total proceeds. As a result, the fair value of the warrants is $nil. In connection with the issuance of special warrants, the Company incurred $2,175 in issuance costs.

On August 30, 2022, the Company completed a non-brokered private placement through the issuance of 9,700,000 units of the Company at $0.105 per unit for aggregate gross proceeds of $1,018,500. Each unit is composed of one common share and one-half of one common share purchase warrant. Each warrant is exercisable at $0.15 per share for two years from issuance. Using the residual method, 100% of the proceeds were allocated to the value of the common shares, as their fair value at the time of issuance was in excess of total proceeds. As a result, the fair value of the warrants is $nil.

On October 7, 2022, the Company issued 2,750,000 common shares with a fair value of $1,124,750 in connection with the Ruby Graphite Property option acquisition (note 6).

On November 17, 2022, the Company issued 25,000 common shares with a fair value of $10,750 in connection with the Zig-Zag Lithium property option agreement (note 6).

(b) Warrants

A summary of the movement in warrants during the years ended January 31, 2024 and 2023 is as follows:

Number of warrants for the years ended	January 31, 2024	January 31, 2023
Balance, Opening	11,621,166	4,000,000
Issued	19,367,532	7,795,666
Exercised	(5,461,358)	(174,500)
Balance, Ending	**25,527,340**	**11,621,166**

In Canadian Dollars, unless noted

The warrants outstanding as at January 31, 2024 are as follows:

Date Granted	Exercise Price	Warrants Issued	Warrants Exercised	Warrants Remaining	Expiry Date	Remaining Life
November 18, 2021	$0.10	4,000,000	(2,960,000)	1,040,000	November 18, 2024	0.80
August 3, 2022	$0.20	2,945,666	(552,000)	2,393,666	August 3, 2024	0.51
August 30, 2022	$0.15	4,850,000	(1,936,358)	2,913,642	August 30, 2024	0.58
February 8, 2023	$0.40	10,000,000	(187,500)	9,812,500	February 8, 2025	1.02
February 8, 2023	$0.55	533,987[(a)]	-	533,987	February 8, 2025	1.02
February 8, 2023	$0.65	454,545	-	454,545	February 8, 2025	1.02
October 13, 2023	$0.35	1,065,000[(b)]	-	1,065,000	October 13, 2025	1.70
October 18, 2023	$0.35	1,314,000[(c)]	-	1,314,000	October 18, 2023	1.72
November 17, 2023	$0.35	250,000	-	250,000	November 17, 2025	1.80
January 4, 2024	$0.15	5,750,000	-	5,750,000	January 4, 2026	1.93
Balance, January 31, 2024	**$0.29**	**31,163,198**	**(5,635,858)**	**25,527,340**		**1.19**

Notes:
a) Finder's warrants.
b) Includes 40,000 of finder's warrants.
c) Includes 164,000 of finder's warrants.

(c) Share purchase options

On November 20, 2022, the Company adopted a stock option plan (the "Plan") to grant share purchase options ("options") to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option exercise price under each option shall be not less than the Market Value on the Grant Date.

During the year ended January 31, 2024, the Company granted 50,000 (2023 – 1,050,000) options to officers, employees and consultants of the Company. The fair value of each option granted was determined using the Black-Scholes option pricing model with the weighted average assumptions as follows:

	January 31, 2024	January 31, 2023
Exercise price	$0.38	$0.43
Risk-free interest rate	3.40%	3.35%
Volatility	100%	100%
Dividend yield	0.00%	0.00%
Expected life (years)	2.00	5.00
Forfeiture rate	0.00%	0.00%

Option pricing models require the use of highly subjective estimates and assumptions. The expected volatility assumption is based on the historical volatility of comparable entities to the Company's common share price on the CSE. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model.

A summary of the Company's options at January 31, 2024 is as follows:

Date Granted	Exercise Price	Options Issued	Options Exercised	Options Cancelled	Options Remaining	Expiry Date	Remaining Life
November 20, 2022	$0.43	1,050,000	-	(150,000)	900,000	November 20, 2027	3.81
June 13, 2023	$0.38	50,000	-	-	50,000	June 13, 2025	1.37
Balance, January 31, 2024	**$0.43**	**1,100,000**	**-**	**(150,000)**	**950,000**		**3.68**

In Canadian Dollars, unless noted

During the year ended January 31, 2024, the Company recorded share-based compensation expense of $244,534 (2023 - $71,481) pursuant to options vesting. A remaining share-based compensation expense of $44,794 (2023 - $275,019) is expected to be recognized as the remaining options vest.

(d) Restricted share units

On November 20, 2022, the Company adopted a restricted share unit plan (the "RSU Plan") to grant restricted share units ("RSUs") to directors, senior officers, employees and consultants of the Company. The aggregate outstanding RSUs are limited to 10% of the outstanding common shares.

A summary of the Company's restricted share units at January 31, 2024 is as follows:

	RSUs	Fair Value
Balance, January 31, 2022	**-**	**-**
Grant – November 20, 2022	2,800,000	$0.43
Balance, January 31, 2023	**2,800,000**	**$0.43**
Grant – February 16, 2023(d)	175,000	$0.78
Grant – June 13, 2023(e)	450,000	$0.38
Exercised	(2,750,000)	$0.45
Balance – January 31, 2024	**675,000**	**$0.40**

Notes:

d) On February 16, 2023, the Company awarded an aggregate of 175,000 RSUs to consultants of the Company under the Company's restricted share unit plan. The RSUs shall vest immediately following approval of the Plan and the grant of such RSUs in accordance with the policies of the Canadian Securities Exchange ("CSE"). Each vested RSU entitles the holder to receive one common share of the Company.

e) On June 13, 2023, the Company awarded an aggregate 450,000 RSUs to employees and consultants of the Company under the Company's restricted share unit plan. The RSUs shall vest immediately following approval of the Plan and the grant of such RSUs in accordance with the policies of the Canadian Securities Exchange ("CSE"). Each vested RSU entitles the holder to receive one common share of the Company.

During the year ended January 31, 2024, the Company recorded share-based compensation expense of $390,060 (2023 - $1,101,612) pursuant to RSUs vesting. A remaining share-based compensation expense of $19,313 (2023 - $102,388) is expected to be recognized as the remaining RSUs vest.

(e) Escrow shares

As at January 31, 2024, the Company had 1,020,060 (2023 – 1,530,090) common shares subject to escrow. Under the escrow agreement, 10% of the total common shares to be released upon listing with the Canadian Securities Exchange and 15% of the remaining shares are to be released every six months following listing. The Company was listed on the Canadian Securities Exchange on August 3, 2022.

9. RELATED PARTY TRANSACTIONS

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

The aggregate value of transactions relating to key management personnel during the years ended January 31, 2024 and 2023 were as follows:

For the Year Ended	January 31, 2024	January 31, 2023
	$	**$**
Management fees (to company owned by CEO)	150,000	102,500
Management fees (to company owned by CFO)	90,000	19,500
Management fees (to company owned by former CEO)	-	28,000
Management fees (to company owned by former CFO)	-	23,000
Director fees	36,000	9,000
Exploration and evaluation costs (to company owned by a director)	255,178	-
Share-based compensation (to directors and officers)	346,355	84,478
Total	**877,533**	**266,478**

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.

As at January 31, 2024, $20,250 (2023 - $35,680) was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

10. RISK MANAGEMENT

a) Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below:

i. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk on its $65,100 in cash (January 31, 2023 - $435,171) is low as the Company's cash is held with major Canadian financial institutions.

ii. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at January 31, 2024, the Company's working capital deficit is $142,999 (January 31, 2023 – surplus of $593,537), and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

iii. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as price risk and interest rate risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

iv. Currency Risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to minimal currency risk and is nominal to the financial statements.

In Canadian Dollars, unless noted

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

b) Fair Values

The carrying values of cash, investments, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

c) Capital Management

The Company considers its shareholders' equity as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to satisfy its capital obligations and ongoing operational expenses, and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company manages its capital structure and makes adjustments as necessary in light of economic conditions. The Company, upon approval from its Board of Directors, intends to balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. To maintain its capital structure the Company may, from time to time, issue equity or debt, repay debt or sell assets.

The Company is not exposed to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended January 31, 2024.

11. INCOME TAX

A reconciliation of the expected income tax recovery is as follows:

For the Year Ended	January 31, 2024	January 31, 2023
	$	$
Net loss for the year	(6,334,962)	(2,219,672)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory rate	(1,710,440)	(599,311)
Items not deductible for tax purposes	172,958	316,735
Unused tax losses and offsets not recognized	1,604,413	283,163
Change in unrecognized deductible temporary differences	(66,931)	(587)
Income tax recovery	-	-

In Canadian Dollars, unless noted

The Company recognizes tax benefits on losses or other deductible amounts generated where it is probable the Company will generate future taxable income to utilize deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consists of the following amounts:

For the Year Ended	January 31, 2024	January 31, 2023
	$	$
Deferred tax assets:		
Loss carry-forwards	3,903,373	869,155
Share issuance costs	200,380	2,879
Resource properties	2,919,548	208,997
Unrecognized deferred tax assets	(7,023,301)	(1,081,031)
Net deferred tax assets	-	-

The Company has non-capital losses of approximately $3,903,000 available to offset future income for income tax purposes which commence expiring in 2044. Due to the uncertainty of realization of these loss-carry forwards, the benefit is not reflected in the financial statements.

12. SUBSEQUENT EVENTS

On April 7, 2024, the Company entered into an amending agreement with the optionor for the Ruby Graphite Project to extend the due date of the $100,000 cash payment payable by the Company under the Option Agreement in consideration for the issuance of an additional 100,000 common shares of the Company to the Optionor.

On April 19, 2024, the Company issued 100,000 common shares to the optionor of the Ruby Graphite Project, in accordance with the amending agreement discussed above.

Subsequent to year end, the Company entered into convertible promissory notes with arms-length parties for $270,000 and $100,000. Both notes are unsecured and are convertible at the option of the lender into common shares at the market price of the common shares.