NORDIQUE RESOURCES INC.

(formerly Brascan Resources Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nordique Resources Inc. (formerly Brascan Resources Inc.)

Opinion

We have audited the consolidated financial statements of Nordique Resources Inc. (formerly Brascan Resources Inc.) (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 shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had no revenues, incurred a net loss of $1,236,248, and had negative cash flow from operations during the year ended December 31, 2023 and, as at that date, the Company had an accumulated deficit of $4,159,226. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 17, 2024

NORDIQUE RESOURCES INC.
(formerly Brascan Resources Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	December 31, 2023 $	December 31, 2022 $
ASSETS			
CURRENT			
Cash		120,107	215,442
Prepaid expenses	8	134	101,625
		120,241	317,067
NON-CURRENT			
Exploration and evaluation assets	6	-	661,500
Total assets		120,241	978,567
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Accounts payable and accrued liabilities	8	67,249	31,732
Total liabilities		67,249	31,732
SHAREHOLDERS' EQUITY			
Share capital	7	3,793,859	3,514,930
Share-based reserves	7	585,296	521,820
Deficit		(4,159,226)	(3,089,915)
Shareholders' equity attributable to shareholders of the Company		219,929	946,835
Non-controlling interest	5	(166,937)	-
Total shareholders' equity		52,992	946,835
Total liabilities and shareholders' equity		120,241	978,567

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 13)

Approved and authorised for issuance on behalf of the Board:

"Johan Shearer"
Johan Shearer, Director

"Bernhard Klein"
Bernhard Klein, Director

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

NORDIQUE RESOURCES INC.
(formerly Brascan Resources Inc.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year ended December 31, 2023 $	Year ended December 31, 2022 $
Expenses			
Advertising and investor relations		137,775	346,304
Consulting fees	8	209,795	499,444
Exploration and evaluation expenditures	6	88,289	801,716
General and administrative		7,747	6,598
Impairment of exploration and evaluation assets	6	667,500	48,250
Professional fees		82,811	248,544
Share-based compensation	7, 8	19,905	110,570
Transfer agent and filing fees		40,352	70,636
Travel		-	17,069
Total expenses		1,254,174	2,149,131
Net loss before other income		(1,254,174)	(2,149,131)
Other income			
Flow-through premium recovery	7	-	95,238
Gain on sale of exploration and evaluation assets	6	17,926	-
Total other income		17,926	95,238
Net loss and comprehensive loss		(1,236,248)	(2,053,893)
Loss per share, basic and diluted		(0.27)	(0.85)
Weighted average number of shares outstanding		4,645,833	2,437,138
Net loss and comprehensive loss attributed to:			
Shareholders of the Company		(1,069,311)	(2,053,893)
Non-controlling interest	5	(166,937)	-
		(1,236,248)	**(2,053,893)**

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

NORDIQUE RESOURCES INC.
(formerly Brascan Resources Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	Share capital		Share subscriptions received	Share-based reserves	Non-controlling interest	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$	$	$
Balance, December 31, 2021	**2,000,284**	**1,906,522**	**316,800**	**381,018**	**-**	**(1,036,022)**	**1,568,318**
Shares issued in private placement	340,126	1,020,380	(316,800)	-	-	-	703,580
Share issuance costs	-	(64,472)	-	30,232	-	-	(34,240)
Shares issued for mineral properties	82,500	90,000	-	-	-	-	90,000
Shares issued to acquire 1000348637 Ontario Inc.	650,000	162,500	-	-	-	-	162,500
Shares issued to acquire NAAI	1,000,000	400,000	-	-	-		400,000
Share-based compensation	-	-	-	110,570	-	-	110,570
Net loss and comprehensive loss	-	-	-	-	-	(2,053,893)	(2,053,893)
Balance, December 31, 2022	**4,072,910**	**3,514,930**	**-**	**521,820**	**-**	**(3,089,915)**	**946,835**
Shares issued in private placement	435,714	108,929	-	43,571	-	-	152,500
Shares issued for services	30,000	9,000	-	-	-	-	9,000
Shares issued for mineral properties	470,000	161,000	-	-	-	-	161,000
Share-based compensation	-	-	-	19,905	-	-	19,905
Net loss and comprehensive loss	-	-	-	-	(166,937)	(1,069,311)	(1,236,248)
Balance, December 31, 2023	**5,008,624**	**3,793.859**	**-**	**585,296**	**(166,937)**	**(4,159,226)**	**52,992**

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

NORDIQUE RESOURCES INC.
(formerly Brascan Resources Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended December 31, 2023 $	Year ended December 31, 2022 $
OPERATING ACTIVITIES		
Net loss for the year	(1,236,248)	(2,053,893)
Items not involving cash:		
Flow-through premium recovery	-	(95,238)
Gain on sale of exploration and evaluation assets	(17,926)	-
Impairment of exploration and evaluation assets	667,500	48,250
Share-based compensation	19,905	110,570
Shares issued for mineral property finders' fees	-	24,500
Shares issued for services	9,000	-
Changes in non-cash working capital:		
Amounts receivable	-	400
Prepaid expenses and deposits	101,491	32,696
Accounts payable and accrued liabilities	35,517	(95,742)
Net cash used in operating activities	(420,761)	(2,028,457)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	(96,174)	(49,000)
Proceeds from sale of exploration and evaluation assets	269,100	-
Net cash provided by (used in) investing activities	172,926	(49,000)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	152,500	703,580
Share issuance costs	-	(34,240)
Net cash provided by financing activities	152,500	669,340
Change in cash	(95,335)	(1,408,117)
Cash, beginning of year	215,442	1,623,559
Cash, end of year	120,107	215,442
Non-cash investing and financing activities:		
Fair value of brokers' warrants granted	-	30,232
Fair value of shares issued for mineral properties	161,000	90,000
Shares issued to acquire 1000348637 Ontario Inc.	-	162,500
Shares issued to acquire NAAI	-	400,000

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Nordique Resources Inc. (formerly Brascan Resources Inc.) (the "Company") was incorporated July 6, 2018 in the Province of British Columbia. The Company's head office is located at 1000-409 Granville Street Vancouver, BC, V6C 1T2. The Company's registered and records office address is Suite 620, 1111 Melville Street, Vancouver, British Columbia, V6E 3V6. On April 3, 2023, the Company changed its name from Brascan Gold Inc. to Brascan Resources Inc. On September 21, 2023, the Company changed its name to "Nordique Resources Inc." The Company's shares trade on the Canadian Securities Exchange under the trading symbol "NORD."

The Company is engaged in the identification, exploration, and development of mineral resources, specifically focusing on lithium and gold exploration activities on its properties in Newfoundland and Brazil.

On December 16, 2022, the Company acquired a 25% interest in North Atlantic Aggregates Inc. ("NAAI"), a company focused on completing exploration programs on the Iceberg Vanadium, Titanium, and Magnetite Project in Newfoundland. See Note 5 for additional details.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. During the year ended December 31, 2023, the Company had no revenues, incurred a net loss of $1,236,248, and had negative cash flows from operations. As at December 31, 2023, the Company had accumulated losses of $4,159,226. The Company's future capital requirements will depend on many factors, including the costs of exploring and developing its exploration and evaluation assets, operating costs, the current capital market environment, and global market conditions.

The Company's ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses, and the consolidated statement of financial position classifications used. The effects of such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

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

These consolidated financial statements were authorized for issuance by the Board of Directors on April 17, 2024.

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement

These consolidated financial statements have been prepared on a historical basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary at the end of the reporting period:

	Incorporated	Nature	Ownership December 31, 2023	Ownership December 31, 2022
1000348637 Ontario Inc.	Ontario	Exploration	100%	100%
Baie Verte Resources Inc.	British Columbia	Exploration	100%	100%
Brascan Aggregates Inc.	British Columbia	Exploration	100%	100%
North Atlantic Aggregates Inc.	British Columbia	Exploration	62.5%	62.5%

The results of the wholly owned subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout by the Company for purposes of these consolidated financial statements.

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

b) Financial instruments

Financial Assets

All financial assets not classified at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss ("FVTPL"). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets

Financial assets that meet the following conditions are measured at fair value through other comprehensive income (“FVTOCI”):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net income (loss) for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method. The Company’s financial instruments are classified as follows:

Financial Assets / Liabilities	Classification and Measurement
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified under other financial liabilities and carried on the consolidated statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in the consolidated statement of loss. The Company does not have any derivative financial assets and liabilities.

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 credit risk on 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 operations, 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.

c) Provisions

A provision is recognized when it becomes probable that a present obligation arising from a past event will require an outflow of resources that can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to settle this obligation. Where a potential obligation resulting from past events exists, but occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed in commitments and contingencies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

e) Income Taxes

Income tax comprises current and deferred income taxes. Income tax is recognized in the consolidated statement of loss except to the extent that it relates to items recognized directly in equity in which case the related income tax is recognized directly in equity.

Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustments to tax payable in respect of previous years.

In general, deferred income tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that such assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current income tax liabilities when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current income tax assets and liabilities on a net basis.

f) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. 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, stock options, share purchase warrants, and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the share-based payments reserve. The fair value of the common shares is based on the closing quoted bid price on the announcement date. Consideration received for the exercise of warrants is recorded in share capital and the related residual value in warrants reserve is transferred to share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. As at December 31, 2023, the Company has 993,780 (2022 – 1,616,114) potentially dilutive shares outstanding.

h) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees, and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in share-based payments reserve is transferred to share capital.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of loss over the remaining vesting period.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options are transferred from share-based reserve to deficit upon their expiry or cancellation.

h) Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the period in which they are incurred.

Costs incurred to acquire the legal right to explore a property are capitalized. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and expensed in the statement of operations and comprehensive loss. These direct expenditures include such costs as surveying costs, drilling costs, labor and contractor costs, materials used and licensing and permit fees.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Exploration and evaluation assets (continued)

Once the technical feasibility and commercial viability of extracting the mineral resources have been determined, the property is considered to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

Once commercial production has commenced, all capitalized costs related to the property are transferred to producing properties and the costs of acquisition, exploration and development will be amortized over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in other income for the period. If a property is abandoned, the acquisition, deferred exploration and development costs will be written off to other expenses.

Currently, all mineral properties of the Company are at the exploration stage.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Exploration costs renounced due to flow-through share subscription agreements remain expensed; however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge that changes in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded as incurred.

i) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable potential cash flow generating units ("CGU's"). The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (being the present value of the expected future cash flows of the CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the consolidated statement of operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Reclamation and remediation provisions

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

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

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

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

k) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events, and circumstances from sources other than the Company’s shareholders and includes items that are not included in the consolidated statement of loss. As at December 31, 2023 and 2022, the Company had no items that represented comprehensive income (loss).

l) New accounting standards issued but not yet effective

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or IFRC that are mandatory for accounting years beginning after January 1, 2024, or later years. New accounting pronouncements that are not applicable or are not consequential to the Company have been excluded in the preparation of these consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments

Management has made critical judgments in the process of applying accounting policies. The one has the most significant effect on the amounts recognized in the consolidated financial statements include:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

ii. The carrying value of exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

iii. The determination of whether a set of assets acquired, and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. The acquisitions of 1000348637 Ontario Inc. and North Atlantic Aggregates Inc., as described in Note 5, did not constitute a business, and were accounted for as asset acquisition transactions.

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

ii. The Company uses the market price of the Company's common shares based on the end-of-day trading price to record the fair value of common shares for share-based compensation purposes.

(Expressed in Canadian dollars)

5. ACQUISITIONS

Acquisition of 1000348637 Ontario Inc.

On November 23, 2022, the Company signed a share exchange agreement with 1000348637 Ontario Inc. ("637 Ontario") to acquire 100% of the issued and outstanding shares of 637 Ontario to attain the rights to a lease of a mineral property comprising of approximately 2,376 hectares of mineral rights located in in the Porcupine mining division, 365 km northwest of the town of Timmins, ON, in the James Bay Lowlands, commonly referred to as the "Albany Forks" project.

On December 8, 2022, the Company completed the acquisition of all of the issued and outstanding shares of 637 Ontario in exchange for the issuance of 650,000 common shares with a fair value of $162,500.

At the date of acquisition, the Company determined that 637 Ontario did not constitute a business as defined under IFRS 3, *Business Combinations*, and the 637 Ontario acquisition was accounted for as an asset acquisition. The consideration paid was determined as an equity share-based payment under IFRS 2, *Share-based Payment*, and recognized at the fair value of the common shares of the Company on the date of issuance of $0.25 per share.

The purchase price allocation of the assets acquired of 637 Ontario are:

Consideration paid:		
Fair value of 650,000 common shares at $0.25 per share	$	162,500
Net assets acquired		
Exploration and evaluation asset	$	162,500

During the year ended December 31, 2023, the Company recognized an impairment of exploration and evaluation assets related to the Albany Forks project for $162,500, as the Company does not intend to continue any further exploration work on the property.

Acquisition of North Atlantic Aggregates Inc. ("NAAI")

On August 23, 2022, the Company entered into a share exchange agreement with NAAI to acquire 25% interest in the issued and outstanding shares of NAAI. As consideration to NAAI, the Company issued 1,000,000 common shares to the existing shareholders of NAAI on December 16, 2022 in exchange for 25% of the share capital of NAAI, which included 12.5% of the common shares held by the spouse of the CEO of the Company. As a result of the acquisition, the Company and the spouse of the CEO of the Company collectively held 62.5% of the voting common shares of NAAI, which constituted a change of control. From the Company's acquisition date on December 16, 2022, NAAI is consolidated as a 62.5% owned subsidiary.

At the date of acquisition, the Company determined that NAAI did not constitute a business as defined under IFRS 3, *Business Combinations*, and the NAAI acquisition was accounted for as an asset acquisition. The consideration paid was determined as an equity share-based payment under IFRS 2, *Share-based Payment*, and recognized at the fair value of the common shares of the Company on December 16, 2022 (the date of issuance) at a price of $0.40 per share for fair value of $400,000.

The purchase price allocation of the assets acquired of NAAI are:

Consideration paid:		
Fair value of 1,000,000 common shares at $0.40 per share	$	400,000
Net assets acquired		
Exploration and evaluation asset	$	400,000

During the year ended December 31, 2023, the Company recognized an impairment of exploration and evaluation assets related to the Concrete Stone Quarry and Ilmenite properties for $400,000, of which $150,000 has been recorded as non-controlling interest to reflect the 37.5% of NAAI that is not owned by the Company.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

Acquisition Costs

During the year ended December 31, 2023, the Company made acquisition and property option payments equal to $257,174 (2022 - $677,000). See table below for a breakdown of acquisition and property option payments by geographic region.

	Brazil $	Ontario $	Quebec $	Newfoundland $	Total $
Acquisition costs:					
Balance, December 31, 2021	-	-	-	32,750	32,750
Additions	68,000	162,500	-	446,500	677,000
Impairment	-	-	-	(48,250)	(48,250)
Balance, December 31, 2022	68,000	162,500	-	431,000	661,500
Additions	242,500	-	14,674	-	257,174
Impairment	(74,000)	(162,500)	-	(431,000)	(667,500)
Sale of properties	(236,500)	-	(14,674)	-	(251,174)
Balance, December 31, 2023	-	-	-	-	-
Carrying amounts:					
Balance, December 31, 2022	68,000	162,500	-	431,000	661,500
Balance, December 31, 2023	-	-	-	-	-

During the year ended December 31, 2023, the Company sold its interest in the Brasil-Li 1 and Brasil-Li 2 for proceeds of $244,100, resulting in a gain on sale of exploration and evaluation assets of $7,600.

During the year ended December 31, 2023, the Company sold its interest in the James Bay mineral claims in Quebec for proceeds of $25,000, resulting in a gain on sale of exploration and evaluation assets of $10,326.

Exploration Expenditures

During the year ended December 31, 2023, the Company incurred exploration expenditures of $88,289 (2022 - $801,716) as follows:

	Brazil $	Newfoundland $	Total $
Consulting	15,000	-	15,000
Geological and geophysical	14,525	-	14,525
Tenure and acquisitions	6,500	52,264	58,764
Balance, December 31, 2023	36,025	52,264	88,289

	BC $	Brazil $	Newfoundland $	Total $
Analytical	-	11,043	2,166	13,209
Consulting	-	37,780	-	37,780
Equipment rentals	-	-	92,090	92,090
Geochemical	-	-	11,453	11,453
Geological and geophysical	579	284,563	112,597	397,739
Labour	-	-	183,400	183,400
Tenure and acquisitions	-	5,775	14,525	20,300
Travel, transportation, and camp	-	13,327	32,418	45,745
Balance, December 31, 2022	579	352,488	448,649	801,716

6. EXPLORATION AND EVALUATION ASSETS (continued)

Middle Arm Fault Property, Newfoundland

On October 15, 2021, the Company entered into an option agreement with Jason Flight, Wayne Hurley, Kenneth Lewis, and Daniel Jacobs (the "Vendors") to acquire a 100% interest in the Middle Arm Fault Property located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of $168,000 and issue 67,000 common shares of the Company as follows:

- $5,000 (paid) and issue 2,500 common shares (issued) of the Company on execution of the agreement;
- $27,000 and issue 9,500 common shares of the Company on or before October 15, 2022;
- $24,000 and issue 10,000 common shares of the Company on or before October 15, 2023;
- $32,000 and issue 15,000 common shares of the Company on or before October 15, 2024; and
- $80,000 and issue 30,000 common shares of the Company on or before October 15, 2025.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before October 15, 2022;
- An additional $150,000 on or before October 15, 2023;
- An additional $200,000 on or before October 15, 2024; and
- An additional $300,000 on or before October 15, 2025.

The agreement is subject to a 2.5% net smelter royalty ("NSR") to the Middle Arm Vendors, payable upon the commencement of commercial production. The Company has the right to purchase 1.5% of the NSR for $2,000,000. As at December 31, 2022, the Company elected to discontinue future exploration work on the property and recognized an impairment loss of $16,000. On March 8, 2023, the Company terminated the option agreement.

Black Cat Property, Newfoundland

On December 7, 2021, the Company entered into an option agreement with Jason Flight, Wayne Hurley, Kenneth Lewis, Peter Hurley, Garland Rice, and Daniel Jacobs (the "Vendors") to acquire a 100% interest in the Black Cat Property located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of $168,000 and issue 67,000 common shares of the Company as follows:

- $5,000 (paid) and issue 2,500 common shares (issued) of the Company on execution of the agreement;
- $27,000 and issue 9,500 common shares of the Company on or before December 7, 2022;
- $24,000 and issue 10,000 common shares of the Company on or before December 7, 2023;
- $32,000 and issue 15,000 common shares of the Company on or before December 7, 2024; and
- $80,000 and issue 30,000 common shares of the Company on or before December 7, 2025.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before December 7, 2022 (completed);
- An additional $150,000 on or before December 7, 2023;
- An additional $200,000 on or before December 7, 2024; and
- An additional $300,000 on or before December 7, 2025.

The Company must pay a 2.5% NSR to the Vendors payable upon the commencement of commercial production and the Company has the right to purchase 1.5% of the NSR for $2,000,000. As at December 31, 2022, the Company elected to discontinue future exploration work on the property and recognized an impairment loss of $16,750. On March 8, 2023, the Company terminated the option agreement.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Miguels Lake, Newfoundland

On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Miguels Lake Property, located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of $168,000 and issue 67,000 common shares of the Company as follows:

- $5,000 (paid) and issue 2,500 common shares (issued) of the Company on execution of the agreement;
- $27,000 and issue 9,500 common shares of the Company on or before February 10, 2023;
- $24,000 and issue 10,000 common shares of the Company on or before February 10, 2024;
- $32,000 and issue 15,000 common shares of the Company on or before February 10, 2025; and
- $80,000 and issue 30,000 common shares of the Company on or before February 10, 2026.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before February 10, 2023;
- An additional $150,000 on or before February 10, 2024;
- An additional $200,000 on or before February 10, 2025; and
- An additional $300,000 on or before February 10, 2026.

The agreement is subject to a 2.5% NSR, which is payable upon the commencement of commercial production. The Company has the right to purchase 1.5% of the NSR for $2,000,000. On June 20, 2023, the Company terminated the option agreement and recorded an impairment loss of $15,500.

Mountain Pond, Newfoundland

On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Mountain Pond Property, located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of $168,000 and issue 67,000 common shares of the Company as follows:

- $5,000 (paid) and issue 2,500 common shares (issued) of the Company on execution of the agreement;
- $27,000 and issue 9,500 common shares of the Company on or before February 10, 2023;
- $24,000 and issue 10,000 common shares of the Company on or before February 10, 2024;
- $32,000 and issue 15,000 common shares of the Company on or before February 10, 2025; and
- $80,000 and issue 30,000 common shares of the Company on or before February 10, 2026.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before February 10, 2023 (completed);
- An additional $150,000 on or before February 10, 2024;
- An additional $200,000 on or before February 10, 2025; and
- An additional $300,000 on or before February 10, 2026.

The agreement is subject to a 2.5% NSR, which is payable upon the commencement of commercial production. The Company has the right to purchase 1.5% of the NSR for $2,000,000. On June 20, 2023, the Company terminated the option agreement and recorded an impairment loss of $15,500.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Birchy Lake, Newfoundland

On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Birchy Lake Property, located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of $168,000 and issue 67,000 common shares of the Company as follows:

- $5,000 (paid) and issue 2,500 common shares (issued) of the Company on execution of the agreement;
- $27,000 and issue 9,500 common shares of the Company on or before February 10, 2023;
- $24,000 and issue 10,000 common shares of the Company on or before February 10, 2024;
- $32,000 and issue 15,000 common shares of the Company on or before February 10, 2025; and
- $80,000 and issue 30,000 common shares of the Company on or before February 10, 2026.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before February 10, 2023 (completed);
- An additional $150,000 on or before February 10, 2024;
- An additional $200,000 on or before February 10, 2025; and
- An additional $300,000 on or before February 10, 2026.

The agreement is subject to a 2.5% NSR, which is payable upon the commencement of commercial production. The Company has the right to purchase 1.5% of the NSR for $2,000,000. For the year ended December 31, 2022, the Company elected to discontinue future exploration work on the property and recognized an impairment loss of $15,500. On February 10, 2023, the Company terminated the option agreement.

Alegre Property, Brazil

On November 22, 2021, the Company entered into an option agreement with Chapada Brasil Mineracao Ltda. (“Chapada”) to acquire a 100% interest in the Alegre Property located in the Chachoeira do Piria region of Brazil for cash payments of $400,000 and the issuance of 80,000 common shares of the Company as follows:

- $30,000 (paid) and issue 5,000 common shares (issued) of the Company on the execution of the agreement;
- $50,000 and issue 10,000 (issued) common shares within five days of completing a Phase I exploration program;
- $100,000 and issue 20,000 common shares within five days of completing a Phase II exploration program; and
- $220,000 and issue 45,000 common shares within five days of completing a Phase III exploration program.

In addition, the Company is required to incur exploration expenditures on the property as follows:

- Complete a $250,000 Phase I exploration program on or before July 30, 2022 (completed);
- Within one year of completing the Phase I exploration program, commence an additional $250,000 Phase II exploration program; and
- Within one year of completing the Phase II exploration program, commence an additional $500,000 Phase III exploration program.

The agreement is subject to a 2% NSR, which is payable upon the commencement of commercial production. The Company has the right to purchase 1% of the NSR for $1,000,000. On July 13, 2023, the Company terminated the option agreement and recorded an impairment loss of $70,000.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Parana Cu, Brazil

On June 17, 2022, the Company executed a letter of intent with a third-party vendor to acquire an undivided 100% interest in the Parana Cu Property, located in the Parana state region of Brazil. To earn the 100% interest, the Company is required to make cash payments of $4,000, issue $70,000 worth of common shares of the Company and incur exploration expenditures of $50,000 of the Company as follows:

- $4,000 (paid) on execution of the agreement; and
- Issue $70,000 worth of common shares of the Company on or before June 17, 2023.

In addition, the Company is required to incur exploration expenditures of $75,000 on or before June 17, 2023. If the exploration expenditure requirement is not met, the Company must pay a penalty of $10,000, which is pro-rated relative to the amount of exploration expenditures incurred on the property.

The agreement is subject to a 2% NSR, which is payable upon the commencement of commercial production. The Company has the right to purchase 1% of the NSR for $1,000,000. During the year ended December 31, 2023, the Company elected to discontinue future exploration work on the property and recorded an impairment loss of $4,000.

Brasil-Li 1, Brazil

On February 13, 2023, the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Brasil-Li 1 Property, located in Minas Gerais in Brazil for cash payments of $125,000, the issuance of 250,000 common shares of the Company, and completing a minimum of $100,000 in exploration expenditures on the property as follows:

- $25,000 (paid) and issue 100,000 common shares (issued) of the Company within 5 days of commencement of the agreement;
- $25,000 and issue 100,000 common shares of the Company on or before September 20, 2023;
- $25,000 and issue 50,000 common shares of the Company on or before September 20, 2024; and
- $50,000 on September 21, 2024.

The Company is required to incur exploration expenditures of $100,000 on the property on or before September 20, 2023.

The optionors will retain a 2% NSR with the Company having the option to repurchase 1% of the NSR for a cash payment of $500,000 for a period of two years after the commencement of commercial production.

On August 7, 2023, the Company entered into an option assignment agreement with Quebec Pegmatite Corp. (“QPC”) for the assignment of the option to acquire a 100% interest in the Brasil-Li 1 property for $95,800 as follows:

- $3,300 (paid) in claim maintenance fees within two days of the effective date of the agreement;
- $15,000 (paid) within two days of the effective date of the agreement;
- $52,500 (paid) within five days of the effective date of the agreement; and
- $25,000 (paid) on or before the date that is 45 days after the effective date of the agreement.

Further to the consideration outlined above, the Company is eligible to receive an additional $100,000 within five days upon confirmation of the existence of spodumene from the surface sample assay results on the property if they result in a grading of a minimum of 1% lithium.

In accordance with the agreement, the Company must also issue 15,000 common shares (issued) to the third-party vendors associated with the Brasil-Li 1 Property.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Brasil-Li 2, Brazil

On March 6, 2023, the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Brasil-Li 2 Property, located in Minas Gerais in Brazil, for cash payments of $200,000, the issuance of 500,000 common shares of the Company, and completing a minimum of $200,000 in exploration expenditures on the property as follows:

- $50,000 (paid) and issue 200,000 common shares (issued) of the Company within 5 days of commencement of the agreement;
- $50,000 and issue 200,000 common shares of the Company on or before September 20, 2023;
- $50,000 and issue 100,000 common shares of the Company on or before September 20, 2024; and
- $50,000 on September 21, 2024.

The Company is required to incur exploration expenditures of $200,000 on the property over a period of two years as follows:

- $100,000 on or before September 20, 2023; and
- $100,000 on or before September 20, 2024.

The optionors will retain a 2% NSR with the Company having the option to repurchase 1% of the NSR for a cash payment of $500,000 for a period of two years after the commencement of commercial production. The optionors will retain a 2% NSR with the Company having the option to repurchase 1% of the NSR for a cash payment of $500,000, whereby the option to repurchase expires two years after the commencement of commercial production.

On August 4, 2023, the Company entered into an option assignment agreement with Hertz Lithium Inc. (“HLI”) for the assignment of the option to acquire a 100% interest in the Brasil-Li 2 property. In consideration for the assignment agreement, HLI must make aggregate payments of $148,300 as follows:

- $3,300 (paid) in claim maintenance fees within two days of the effective date of the agreement;
- $15,000 (paid) within two days of the effective date of the agreement;
- $105,000 (paid) within five days of the effective date of the agreement; and
- $25,000 (paid) on or before the date that is 45 days after the effective date of the agreement.

Further to the consideration outlined above, the Company is eligible to receive an additional $100,000 within five days upon confirmation of the existence of spodumene from the surface sample assay results on the property if they result in a grading of a minimum of 1% lithium.

James Bay, Quebec

The Company staked 3,020 hectares of claims located in the James Bay region of Northern Quebec, which host prospective lithium deposits, for $14,674. On May 1, 2023, the Company entered into an agreement to sell the claims for total proceeds of $25,000, resulting in a gain on sale of exploration and evaluation assets of $10,326. The Company does not intend to continue further exploration work on the property and will be letting the claims lapse.

7. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

On September 21, 2023, the Company completed a share consolidation of its common shares on the basis of 1 common share for every 10 existing common shares. The share consolidation has been retroactively presented in the consolidated financial statements by adjusting all share amounts, including per share amounts.

7. SHARE CAPITAL (continued)

b) Issued

For the year ended December 31, 2023:

On August 18, 2023, the Company issued 150,000 common shares with a fair value of $30,000 pursuant to the Brasil-Li 2 option assignment agreement. Refer to Note 6.

On July 19, 2023, the Company issued 10,000 common shares with a fair value of $2,500 pursuant to the Alegre Property option agreement. Refer to Note 6.

On June 16, 2023, the Company completed a private placement for the issuance of 435,714 units at a price of $0.35 per unit for proceeds of $152,500. Each unit consisted of one common share and one warrant, with each warrant exercisable at a price of $0.70 per share expiring on June 16, 2025. The Company allocated the fair values of the common shares and warrants using the residual method, which resulted in the allocation of $43,571 to share-based reserve for the fair value of the warrants.

On April 18, 2023, the Company issued 30,000 common shares with a value of $9,000 for consulting services rendered.

On March 16, 2023, the Company issued 10,000 common shares with a fair value of $3,500 pursuant to the Alegre Property option agreement. Refer to Note 6.

On March 9, 2023, the Company issued 200,000 common shares with a fair value of $80,000 pursuant to the Brasil-Li 2 option agreement. Refer to Note 6.

On March 6, 2023, the Company issued 100,000 common shares with a fair value of $45,000 pursuant to the Brasil-Li 2 option agreement. Refer to Note 6.

For the year ended December 31, 2022:

On December 16, 2022, the Company issued 1,000,000 common shares with a fair value of $400,000 pursuant to the share exchange agreement to acquire NAAI. Refer to Note 5.

On December 8, 2022, the Company issued 650,000 common shares with a fair value of $162,500 pursuant to the share exchange agreement to acquire 637 Ontario. Refer to Note 5.

On August 23, 2022, the Company issued 70,000 common shares with a fair value of $24,500 as finders' fees pursuant to the acquisition of the Middle Arm Fault and Alegre properties. Refer to Note 6.

On March 3, 2022, the Company issued 7,500 common shares with a fair value of $31,500 (2,500 common shares with a fair value of $10,500 for each option agreement) pursuant to the Miguels Lake, Mountain Pond, and Birchy Lake option agreements. Refer to Note 6.

On February 11, 2022, the Company completed a private placement for the issuance of 190,350 units at a price of $3.00 per unit for gross proceeds of $571,050. Each unit consisted of one common share and one-half of a warrant, with each whole share purchase warrant exercisable at a price of $4.00 per share expiring on February 11, 2024. In connection with the private placement, the Company paid finders' fees of $34,240 and issued 8,000 brokers' warrants with a fair value of $30,232. The fair value of the broker's warrants was determined using the Black Scholes option pricing model assuming volatility of 130%, expected life of 2 years, risk-free rate of 1.44%, and no expected dividends.

On January 25, 2022, the Company issued 5,000 common shares with a fair value of $34,000 pursuant to the Alegre Property option agreement. Refer to Note 6.

On January 12, 2022, the Company completed a private placement for the issuance of 149,777 units at a price of $3.00 per unit for proceeds of $449,330. Each unit consisted of one common share and one-half of a warrant, with each whole warrant exercisable at a price of $4.00 per share expiring on January 12, 2024.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

c) Stock Options

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange") to grant stock options to directors, officers, consultants or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than $0.10 per share and, in the event that the Company is listed on the Exchange, the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

The following table summarizes the continuity of the Company's stock options:

	December 31, 2023		**December 31, 2022**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	280,000	$ 2.00	165,000	$ 2.20
Granted	100,000	$ 0.50	115,000	$ 1.70
Outstanding, end of year	380,000	$ 1.61	280,000	$ 2.00

The following stock options were outstanding and exercisable as at December 31, 2023:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
March 21, 2024	0.22	$ 2.00	55,000
October 17, 2024	0.80	$ 0.50	50,000
April 12, 2025	1.28	$ 0.50	50,000
May 18, 2025	1.38	$ 0.50	25,000
June 6, 2025	1.43	$ 0.50	25,000
March 10, 2026	2.19	$ 1.00	100,000
October 22, 2026	2.81	$ 4.00	40,000
October 27, 2026	2.82	$ 4.00	15,000
November 1, 2026	2.84	$ 4.50	10,000
January 12, 2027	3.04	$ 6.00	10,000
	1.63	$ 1.61	380,000

During the year ended December 31, 2023, the Company recognized share-based compensation of $19,905 (2022 - $110,570) relating to stock options granted to officers, directors, and consultants of the Company. During the year ended December 31, 2023, the weighted average grant date fair value per option was $0.20 (2022 - $0.96) per option.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The weighted average assumptions used in calculating the fair value of stock options granted, assuming no expected dividends and forfeitures, are as follows:

	Year ended December 31, 2023	**Year ended December 31, 2022**
Risk-free interest rate	4.01%	2.89%
Expected option life (in years)	2.0	2.3
Expected share price volatility*	126%	100%

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

d) Warrants

The following table summarizes the continuity of the Company's warrants:

	December 31, 2023		**December 31, 2022**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	1,305,284	$ 2.00	1,135,220	$ 1.70
Granted	435,714	$ 0.70	170,064	$ 4.00
Expired	(1,135,218)	$ 3.46	-	-
Outstanding, end of period	605,780	$ 1.63	1,305,284	$ 2.00

The following warrants were outstanding and exercisable as at December 31, 2023:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
January 12, 2024	0.04	$ 4.00	74,889
February 11, 2024	0.12	$ 4.00	95,177
June 16, 2025	1.46	$ 0.70	435,714
	1.07	$ 1.63	605,780

e) Brokers' warrants

The following table summarizes the continuity of the Company's brokers' warrants:

	December 31, 2023		**December 31, 2022**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	30,830	$ 4.00	22,830	$ 4.00
Granted	-	$ -	8,000	$ 4.00
Expired	(22,830)	$ 4.00	-	$ -
Outstanding, end of year	8,000	$ 4.00	30,830	$ 4.00

The following brokers' warrants were outstanding and exercisable as at December 31, 2023:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
February 11, 2024	0.12	$ 4.00	8,000

During the year ended December 31, 2023, the Company recognized share issuance costs of $nil (2022 - $30,232) relating to brokers' warrants issued to finders who assisted the Company in closing financing transactions.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

e) Brokers' warrants (continued)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its brokers' warrants granted. The weighted average assumptions used in calculating the fair value of brokers' warrants granted, assuming no expected dividends and forfeitures, are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Risk-free interest rate	-	1.46%
Expected option life in years	-	2 years
Expected share price volatility*	-	100.00%

8. RELATED PARTY TRANSACTIONS

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

Key Management Compensation

Key management includes directors (executive and non-executive) and officers of the Company. The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

During the years ended December 31, 2023 and 2022, the Company entered into following transactions with related parties:

	Year ended December 31, 2023	Year ended December 31, 2022
Key Management Compensation		
Advertising fees	$ 19,050	$ -
Consulting fees	202,916	231,500
Share-based compensation	11,128	35,624
	$ 233,094	$ 267,124

As at December 31, 2023, the Company had advanced $nil (2022 - $65,625) to one of the Company's directors for prepayment of fees.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, price risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Fair values

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 in Active Markets for Identical Assets

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

Level 2 - Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

Level 3 - Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices. There are no items in Level 3 of the fair value hierarchy.

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

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of cash. The Company's cash is held at a large Canadian financial institution.

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable and accrued liabilities are typically due in 30 days, which are settled using cash. As at December 31, 2023, the Company has working capital of $52,992 (2022 - $285,335).

At present, the Company's operations do not generate positive cash flow. The Company's primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. Interest rate risk is minimal as the Company has no exposure to interest rates as at December 31, 2023.

e) Price risk

The Company has limited exposure to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities with a potential future project may be subject to risks associated with fluctuations in the market price of commodities.

(Expressed in Canadian dollars)

10. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash. The Company is not subject to any externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the prior year.

There were no changes to the Company's approach to capital management during the year ended December 31, 2023.

11. SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment: the acquisition and exploration of mineral properties in Canada and Brazil. As at December 31, 2023, the Company had $nil (2022 - $593,500) of non-current assets in Canada and $nil (2022 - $68,000) of non-current assets in Brazil.

12. INCOME TAXES

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

	2023 $	2022 $
Loss before income taxes	(1,236,248)	(2,053,893)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(334,000)	(555,000)
Tax effect of:		
Permanent differences and other	3,000	165,000
True up of prior year differences	(118,000)	-
Change in unrecognized deferred income tax assets	449,000	390,000
Income tax provision	-	-

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

	2023 $	2022 $
Deferred income tax assets:		
Non-capital losses carried forward	539,000	457,000
Mineral properties	463,000	89,000
Share issuance costs	15,000	22,000
Unrecognized deferred income tax assets	(1,017,000)	(568,000)
Net deferred income tax asset	-	-

(Expressed in Canadian dollars)

12. INCOME TAXES (continued)

As at December 31, 2023, the Company has non-capital losses carried forward of $1,995,000, which are available to offset future years' taxable income. These losses expire as follows:

	$
2040	132,000
2041	345,000
2042	1,023,000
2043	495,000
	1,995,000

The Company also has available mineral resource related expenditure pools of $1,714,000, which may be deducted against future taxable income on a discretionary basis.

13. SUBSEQUENT EVENTS

On January 12, 2024, 74,889 warrants with an exercise price of $4.00 per share expired unexercised.

On February 11, 2024, 95,177 warrants with an exercise price of $4.00 per share and 8,000 broker's warrants with an exercise price of $4.00 per share expired unexercised.